

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on October 26, 2021.

Commission President Johnson called the meeting to order.

Commission Roll Call

Mike Angland – Present

Tad Johnson – Present

William Wroolie – Present

Mark O’Day – Present

Dolly Matten – Present

Utility Staff Present

Finance Director

Superintendent

Recording Secretary

Accounting Supervisor

Operations Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Julie Batters

Trent Hawkinson

Others in Attendance

Brainerd City Administrator

Jennifer Bergman

Commission President Johnson opened the meeting with the Pledge of Allegiance.

Approval of Consent Items

Motion by Commissioner Wroolie and seconded by Commissioner Angland to approve payment for the current month bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

- **Minutes from the September 28th, 2021 meeting will be approved next month**

Public Forum

None

President’s Report

- MMUA Resource published electric vehicle charging rates for other utilities which will be a good resource when we establish our electric charging rates.

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Other Commissioners' Reports

- Commissioner Matten acknowledged the submission and completion of the performance evaluations for the Finance Director and Superintendent at the September 28th, 2021 commission meeting.

Motion by Commissioner Matten and seconded by Commissioner Angland to accept and approve the submission of the performance evaluations for Finance Director Wicklund and Superintendent Magnuson. There was a unanimous vote in favor of the motion. Motion carried.

- Commissioner Matten reported meeting with City of Baxter City Administrator and encouraged a future task force meeting for future capital projects. Commission President Johnson inquired about how often BPU meets with them. Operations Supervisor Hawkinson confirmed that they typically meet annually to discuss projects but noting that last year was different with supplies so hard to come by.

City Administrator Report

City Administrator Bergman reported on the following:

- Zoning code is being updated - work session was held in October and November where both residential and commercial standards are being reviewed.
- City Council recreated the Parking Commission and recommendations have been submitted. Discussion included fees for city parking lots and potential parking meters at cross streets from Laurel to 6th and 8th and on 7th from Maple Street to Front Street. Potential Implementation date for January 1, 2022 if the council is interested. Proceeds after expenses would go to the Brainerd Economic Development Authority (EDA) to reinvest in downtown. A public hearing would be held before moving forward.
- Street light policy is continuing to move forward.
- Banners: Downtown Business Coalition requested 150-year banners come down and are requesting holiday banners reinstalled and looking for a cost. Discussion about cost of 150-year banners installation and removal. Recommendation to have a standard size banner and brackets going forward. Commissioner O'Day suggested BPU participates by covering half of BPU's cost of installation and then the City covering the other half. Cost divided would be for the downtown holiday banners only with the 150-year banners being a labor donation per previous discussion. Commissioner Matten recommended drafting a policy for the future.

Motion by Commissioner O'Day and seconded by Commissioner Wroolie to charge half of BPU's cost to change out the downtown banners. There was a roll call vote with Commissioners O'Day, Wroolie, Matten and Angland voting aye and Johnson voting nay. Motion carried.

Motion by Commissioner Matten and seconded by Commissioner O'Day for BPU staff to draft a policy for pole attachments for banners indicating the size of banners and leaving brackets for both bridges and downtown area. There was a unanimous roll call vote in favor of the motion. Motion carried.

- Union Contract updates: Council approved the Hydro union contract, Law Enforcement Labor Services (LELS) contract moving forward and currently working with Teamsters.

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Finance Director's Report

September 2021 financial report highlights:

1. Total operating revenue increased \$1.6 million (8.4%) from 2020.
2. Power costs increased \$1,162,300 (14.5%) from 2020. The changes are related to the following:
 - o Energy - \$476,500
 - o Demand - \$152,700
 - o Transmission (MISO) - \$524,500
3. Total operating expenses increased \$2.0 million (11.2%) from 2020.
4. Change in net assets increased \$579,200 from 2020. This change includes \$976,000 capital contribution received from City to BPU related to WAC charges.
5. Total cash and investments increased \$854,700 (5.2%) from 2020. Total receivables decreased \$410,300 while inventory increased \$211,000 from 2020.
6. Change in net position for Electric Dept. decreased \$944,000 from 2020.
7. kWh sold for 2021 increased 6.0% while utility revenue increased 3.75%.
8. Change in net position before capital contribution from City for Water Dept. is \$874,300 for 2021 compared to negative \$48,000 for 2020.
9. Gallons of water sold increased 309.4 million from 2020. 2021 sales include sales to Baxter of 266.7 million gallons.
10. Change in net position for Wastewater Dept. is a negative \$122,100 for 2021 compared to a positive \$253,300 for 2020.
11. Wastewater gallons processed increased 4.0% while utility revenue is up 3.3%.

Days cash on hand as of September 30, 2021, 2020, and 2019:

1. Combined – 156, 173 and 159
2. Electric – 112, 114 and 83
3. Water – 20, 46 and 137
4. Wastewater – 464, 546 and 574

Rising MISO charges

Increasing costs of transmission costs prompted conversation about potential future projects to help reduce this expense. Commissioner O'Day suggested looking into teaming up with another municipal within MMUA. Finance Director Wicklund noted that they will continue to monitor and look into future options. Commissioner O'Day encouraged reaching out to MMUA to see if they would assist with getting involved in a transmission project.

Commissioner O'Day questioned the last time BPU increased rates, with the revenue per kWh decreasing from 2020. Finance Director Wicklund noted last effective rate adjustment was January 1, 2021, but it was more related to demand changes rather than the energy rate. Fluctuating MISO charges is affecting the revenue but the Power Cost Adjustment (PCA) is not tied to the long-term energy rate and can be changed at any time, noting that could be adjusted. The next scheduled Cost of Service Study is scheduled for the summer of 2022 with a potential rate adjustment that fall. Commissioner O'Day encouraged a small adjustment around year end to avoid a potential large rate increase down the road. Commissioner Johnson and Finance Director Wicklund discussed that BPU and AEP locked in energy and demand cost – transmission is the only variable. Commissioner Johnson inquired why has PCA stayed fixed instead of variable with Finance Director Wicklund noting being wary of reaction of Commercial customers. Commissioner Johnson suggested plugging in a few projections for PCA numbers for December meeting.

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Work has begun on preparing operating and capital budgets for 2022. Timeline for Commission review is November 30th and presentation to council on December 6th.

Next Board meeting is scheduled for November 30, 2021.

HR Director's Report

Noted

- Insurance enrollment for Commissioners needing to be completed by December 1, 2021.

Superintendent's Report

Water Department

- Projects

- Baxter water: 37.1 million gallons sold in September. Scheduled completion date for their project is February 2022.
- Water storage tank project: started exploratory digging and working on bypass plan. Plan is to work on the tank while waiting for back up parts.
- Crews working on pumping hydrants for winter, doing flushing as they go.
- Airport extension project: Going quickly and potentially completed early next week. Plan is to have buildings be built in the Spring with hookup occurring after that.
- Working with Bolton and Menk to try and combat copper issues, adjusting ph values and running certain wells together to get the best mix of water.

Wastewater Treatment Department

- Projects

- Ongoing plant and lift station maintenance.
- Fall biosolids applying going on now and hopefully be done next week.
- Penalty received from the MPCA for biosolids incident back in 2016. Application site was not approved for application in 2016, was approved in 2017 and updated on our maps as good but not resubmitted to the MPCA in 2018 when application occurred. Penalty was \$1,400 and Wastewater Supervisor Gammon is working on required Standard Operating Procedures for the process currently.
- River crossing/main lift upgrade: Currently working with Widseth and received estimates from directional drillers. Approximately \$1.1 million to redrill the river which would bypass the two vaults on either end. To recondition the two valve pits was estimated at \$550-\$600,000 but then would still have the old pipes in the water. More information will come as BPU works with the DNR on requirements for the old pipe.

Electric Department

- Outage report

- September 22, 2021: fuse failed on Thiesse Road – 1 meter out, 1 hour 30 minutes
- September 26, 2021: squirrel on transformer at 600 block of 3rd Ave – 12 meters out, 1 hour 4 minutes
- October 2, 2021: tree on the line at 15000 block of McKay Road – 6 meters out, 1 hour 5 minutes
- October 15, 2021: bird on transformer bank at 14000 block of Baxter Drive

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- Electric crew projects:
 - North Brainerd rebuild: line between Washington and Kingwood has been rebuilt.
 - AMI's: working on installation with only about 800 accounts left and only a handful that are non-compliant.
 - Streetlight policy: Meeting with City Engineer Paul Sandy on Thursday to review City Council's decision. The policy is to help with consistency as requests come up. Style of lights are being discussed as well with the objective to keep inventory as condensed as possible.

Hydro Department

- Filed Owners Inspection Form with FERC. Regional engineer will review and then set up video call to discuss. This started last year with COVID, instead of having the FERC engineers travel, owners complete their own forms and then review online. FERC did send engineers to dams of concern. After our apron repair, we are off that list.
- Two generators running currently, one at 100% and another at 80%, with river at 836 cfs.
- FERC re-licensing ongoing. Cultural study is the last item and are looking at four properties in our APE (Area of Potential Effect) that could possibly have archeological significance. March of 2023 is the Expiration date of current license.

Old Business

- Charter Commission Update:
 - City Administrator Bergman discussed recent Charter Commission meeting regarding the PUC chapter. City Attorney has sent through a revised red-line draft to review. Next meeting is on November 10th. Commissioner Wroolie mentioned that the Charter Commission was designed to keep BPU separate from the City. City Administrator Bergman noted that BPU employees are City employees and how this may affect operations in conjunction with pay equity requirements. Also, a potential liability issue with the end liability for personnel being the City. If the City Council gives approval for staffing the liability falls on them. There was discussion and acknowledging of the many specialized positions within the City and BPU. Commissioner Johnson suggested updating the Charter to current reflect operations and then implement a second phase of changes rather than incorporating both into one project. Commissioner Johnson inquired about hiring of BPU employees, noting that Commission currently hires their own employees, and the Charter should reflect such. City Administrator Bergman mentioned the recent removal of the hiring and firing of employees from the Park Board chapter and that is what they are trying to significantly change in the Public Utilities Chapter as well. Superintendent Magnuson mentioned that this proposed change would be approving BPU's personnel changes but also wages, which in a way happens with the approval of the union contract. Bergman reiterated that the changes would need to have a unanimous vote to pass and encouraged attendance at the next meeting upcoming on November 10th.
- Commissioner O'Day inquired about automation at the Hydro. Superintendent Magnuson and Operations Manager Hawkinson discussed current work on gates and goals for adding in more technology pointing out there is valuable knowledge in the current employees and will build on that in the future but will still need physical employees in several areas of operations.
- Commissioner Matten inquired about an alarm system at Central Station. Superintendent confirmed that there is a security system in place.

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- Commissioner Johnson inquired if the non-fluorinated tap was back up and running. Superintendent Magnuson confirmed it was.

New Business

None

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Wroolie to adjourn to the Charter Commission meeting on November 10, 2021 at 5:00pm at the Council Chambers. Motion carried at 10:15 AM.

Tad Johnson, Commission President

Todd Wicklund, Commission Secretary