

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on April 26, 2022.

Commission President O'Day called the meeting to order.

Commission Roll Call

Mike Angland – Present

Tad Johnson – Present

Patrick Wussow – Present

Mark O'Day – Present

Dolly Matten – Present

Utility Staff Present

Finance Director

Superintendent

Recording Secretary

Accounting Supervisor

Wastewater Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Jana Pernula

Charlie Gammon

Others in Attendance

Brainerd City Administrator

Jennifer Bergman

Commission President O'Day opened the meeting with the Pledge of Allegiance.

Approval of Consent Items

Motion by Commissioner Matten and seconded by Commissioner Angland to approve the minutes from the February 22, 2022, and March 29, 2022 regular monthly meetings and approval of current month's bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

- None

President's Report

- Commissioner O'Day noted the article in the MMUA Resource on all our current projects.

Other Commissioners' Reports

- Commissioner Wussow noted he has registered to attend the National APPA conference in June in Nashville. Commissioner Matten will also be in attendance.

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City Administrator Report

City Administrator Bergman reported on the following:

- Staffing Changes: Community Development Director, David Chanski, resigned as of April 22, 2022. The City hopes to have the position filled as of August 1st. City Engineer/Public Works Director, Paul Sandy, announced his resignation and his last day will be May 6th. This position will be posted as of May 3rd, pending council approval. In addition, the City will be seeking council approval to enter in an agreement with WSB for engineering services in the interim.
- North Brainerd Construction Project: Due to supply chain issues this is now looking to be a 2023 construction project. Ductile iron water main is out about 20 weeks. Bid opening is scheduled for May 6th.
- Mississippi Trail Head Park: Bid opening was April 14th and came in under budget. Custom Builders was the low bid at \$2.1 million. The funding for this project is the \$2.85 million grant received from Legislative-Citizen Commission on Minnesota Resources (LCCMR). Construction is scheduled to begin mid to late May.
- Rate Study: Working with Utility Financial Services (UFS) for Sanitary and Storm for a potential rate increase. The City worked with UFS back in 2018 on a previous rate study.
- Purchase of Roberts' land: City Council approved the purchase agreement for the Roberts' land. All further questions between the City Attorney and Realtor have been resolved.

Commissioner Johnson inquired about the rate study and if they could be combined and completed at the same time as BPU's. Finance Director Wicklund stated that BPU reviews rates on an annual basis while the City reviews rates every four or five years with effective implementation dates varying between BPU and the City. BPU will investigate whether there are any possibilities of coordinating rate studies in the future.

City Liaison Report

- None

Finance Director's Report

February 2022 Financial Report Highlights:

1. Total operating revenue increased \$355,490 (8.0%) from 2021.
2. Power costs increased \$292,309 (15.4%) from 2021. The changes are related to the following:
 - kWh Purchased – Increase of 2.2 million (7.9%) from 2021
 - Energy - \$95,414 – Increase of 7.9% from 2021
 - Demand - \$(3,285) – Decrease of 1.1% from 2021
 - Transmission (MISO) - \$204,126 – Increase of 54.2% from 2021
3. Total operating expenses increased \$391,569 (9.5%) from 2021.
4. Change in net assets decreased \$218,411 from 2021.
5. Total cash and investments increased \$5.2 million from 2021 which includes \$4.6 million in water project bonding proceeds. Total receivables decreased \$244,715 while inventory increased \$359,129 from 2021.
6. Change in net position for Electric Department decreased \$153,356 from 2021.
7. kWh sold for 2022 increased 5.0% while utility revenue increased 5.5%.
8. Change in net position before capital contribution from City for Water Dept. is \$180,254 for 2022 compared to \$107,952 for 2021.

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9. Gallons of water sold increased 26.7 million from 2021. 2022 sales include sales to Baxter of 42 million gallons.
10. Change in net position for Wastewater Department is a negative \$120,894 for 2022 compared to \$16,463 for 2021.
11. Wastewater gallons processed decreased 0.2% while utility revenue is up 6.2%.

Days unrestricted cash on hand as of February 28, 2022, 2021, and 2020:

1. Combined – 147, 161 and 163
2. Electric – 98, 106 and 97
3. Water – (8), (28) and 20
4. Wastewater – 497, 570 and 562

2021 Audit

- Auditors finalizing 2021 financial statements; appears no reportable conditions noted. Mary Reedy will be at next month's meeting to report.

Software Conversion

- Conversion to Incode Version 10 accounting software is ongoing with utility billing to be converted next.

HR Director's Report

- Noted

Next Board meeting is scheduled for May 31, 2022.

Superintendent's Report

Water Department

- Projects
 - Baxter water: 26.8 million gallons sold in March. New completion date to begin water production at Baxter plant was April 25, 2022. Currently Baxter is using the interconnect due to an issue with the filters and high iron and will be until this is resolved.
 - Water storage tank project: First pour of tank one slab was done last Thursday, April 21st. The second of three pours will be done on the 26th and then the third pour to be completed the following week. They are working on yard piping and framing walls in between slab pours.

Wastewater Treatment Department

- Projects
 - Ongoing plant and lift station maintenance.
 - MWOA Central division meeting held at the plant on April 19th, which was very well attended and a well put together conference. Supervisor Gammon stated the agenda topics and speakers helped with the attendance. Staff met with MPCA after to discuss PFAS and the monitoring plan that the MPCA just released. Ninety-one municipalities are on the monitoring report, not including BPU – BPU was asked to volunteer to test their influent. Ongoing it could be added to our permit.
 - Getting ready to haul biosolids once weather permits.
 - Working with Baxter and Brainerd on sewer ordinances and SIU agreements.

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Electric Department

- Outage report
 - April 7th, 2022: 100 block of Laurel St. – jumper on underground riser pole broke, 5 meters out 15 minutes.
 - April 12, 2022: 1200 block of Pine St. – service connection failed, 2 meters out 1 hour.
 - April 14th, 2022: Underground primary hit near Anderson Brothers, 300 meters out 11 minutes.
- Electric crew projects:
 - Building new feeder to Industrial Park for 50 MW project:
 - Poles are in and North to South lines are done
 - Waiting for ditch to dry out for the East to West line
 - Check for cost reimbursement anticipated this week from VCV Digital.
 - Streetlight policy: City Council still deciding on mast arms, BPU will install different poles and lights in conjunction with street projects, and as BPU have time where BPU have new conductor in place.

Hydro Department

- Generators #1, 2, 3 and 5 at 100%. Generator # 4 is down for repairs. River rising but slowly – currently at about 8,000 cubic feet per second.
- Relicensing update: Relicensing going well, in contact with SHPO and FERC – surveying an additional four properties this week.
- Relays/Automation: Commissioner O’Day inquired on status of automation. Superintendent Magnuson reported they are getting new relays and automation on three of the generators that have governors on them. Working with Barr Engineering on pit 6 generator. Operations Supervisor Hawkinson found a Minneapolis company who is the manufacturer of the turbines - working with them on bearing repairs and ongoing knowledge of machinery and equipment as well as a potential estimate on pit 6 as well. Commissioner Matten inquired on gate automation and there was discussion around gate styles and cost to automate but with future retirements may be an option.

Other

Water Plant Staffing

- Operator Lynn Germann retirement as of June 30, 2022- accept resignation letter.

Motion by Commissioner Wussow and seconded by Commissioner Matten to accept the resignation of Water Plant Operator, Lynn Germann, as of June 30, 2022. There was a unanimous vote in favor of the motion. Motion carried.

Roberts Gravel Pit land purchase

- Ongoing with City Attorney review completed, minor changes made to purchase agreement with realtor and reviewing with Roberts’ brothers and closing date still undecided. Superintendent Magnuson will follow up.

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Old Business

Discussion of Policy 2021-02 – Banner Organization Assistance Policy

Brief discussion of policy draft with a decision to have City Administrator and City staff to review and bring feedback to May meeting. Commissioner Wussow encouraged allowing for minor changes directly through BPU leadership.

New Business

Pay request No. 5 received from Magney Construction

Pay request in the amount of \$203,550.95 was received for the water tank storage project. Commissioner Matten commended the contractors and how clean the worksite is.

Motion by Commissioner Matten and seconded by Commissioner Wussow to approve pay request No. 5 to Magney Construction in the amount of \$203,550.95. There was a unanimous roll call vote in favor of the motion. Motion carried.

Water Plant Staffing

- Back fill the Water Plant Operator position vacancy created with Lynn Germann's retirement.
- Recreate relief position as a Relief Operator/Laborer -
 - Position would cover staff leaves at Water Plant, float to help distribution crew as needed, and potentially rehouse water testing back to Central staff, and help reduce overtime at Water Plant.

Motion by Commissioner Johnson and seconded by Commissioner Angland to recommend to City Council to accept the retirement of Water Plant Operator, Lynn Germann and authorize posting the replacement position for Water Plant Operator. There was a unanimous vote in favor of the motion. Motion carried.

Motion by Commissioner Wussow and seconded by Commissioner Matten to recommend to City Council approval to proceed with adding and posting a Water Plant Relief Operator/Laborer position. There was a unanimous vote in favor of the motion. Motion carried.

Renewable Hydro Energy Credits (RECs)

Discussion of Purchase and Sale Agreement for Renewable Energy Credits to AEP. This agreement would be effective back to 2012 for \$182,463.

Motion by Commissioner Matten and seconded by Commissioner Angland to approve the Purchase and Sale Agreement to AEP for \$182,463 for historical Hydroelectric REC's. There was a unanimous vote in favor of the motion. Motion carried.

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Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Angland to adjourn meeting. Motion carried at 10:06 AM.

Mark O'Day, Commission President

Todd Wicklund, Commission Secretary