

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on May 31, 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

Wastewater Supervisor

Operations Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Charlie Gammon

Trent Hawkinson

Others in Attendance

Brainerd City Administrator

Brainerd City Council Member

Principal, Clifton Larson Allen LLP

Jennifer Bergman

Gabe Johnson

Mary Reedy

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

Approval of Consent Items

Motion by Commissioner Johnson and seconded by Commissioner Wussow to approve the minutes from the April 26, 2022 regular monthly meeting 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

- None

Other Commissioners' Reports

- Commissioner Wussow mentioned attending a virtual MNDOT presentation on electric vehicles for Minnesota and grant dollars from Federal funds which shows potential down the road.

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- Commissioner Johnson mentioned the potential project with Wastewater with Biosolids converting to electricity. Supervisor Gammon will continue to research and update.

City Administrator Report

City Administrator Bergman reported on the following:

- Staffing Changes:
 - Community Development Director: a workgroup was appointed by City Council with two candidates interviewed. An offer was extended to James Kramvik, current Assistant City Planner and Interim Community Development Director. This will be on the June 6, 2022, City Council agenda for approval.
 - City Engineer and Public Works Director: Four applications were received. Applications will be reviewed June 1, 2022, with the work group and interviews to be conducted on June 22. There is an agreement with WSB and Paul Sandy for interim City Engineer. This agreement is good until August 31, 2022, with the goal to have the position filled by September 1, 2022.
- North Brainerd Construction Project: Bids came in about 3% higher than the engineers estimate. Supply chain is an issue with product being approximately 20-25 weeks out. Bid was awarded to Dechantel Excavating LLC. with a 2023 completion date. There is potential to start phase 1, by the hospital, in 2022 if product is in, however, only if it can be completed in its entirety before winter.
- Greenwood Street Project: Bids came in under budget and was awarded to Anderson Brothers.
- Mississippi Trail Head Park: Project is moving forward along with redesign of East River Road for diagonal parking. Project is with Custom Builders.
- Joint City and BPU work session: Scheduled for June 27, 2022, to cover the review of Employee Policy Manual, the use of Roberts property as well as the Contribution Policy between City Council and the BPU Commission regarding the new crypto mining electric load.
- Storm: Extended a huge thank you to Street and BPU Electric Staff in the storm relief.

Commissioner Angland and Operations Supervisor Hawkinson inquired on when the City would know more about the North Brainerd Construction Project start date. City Administrator Bergman stated August.

City Liaison Report

- Councilman Johnson inquired on the status of bucket truck training for Streets Department to be able to use BPU bucket trucks. There was discussion in detail around the safety concerns that makes this not a feasible option. Superintendent Magnuson and Operations Supervisor Hawkinson discussed dielectric testing, ongoing critical maintenance, damage done not being disclosed to line workers all of which can create a potential catastrophic situation. To really understand and be a qualified operator, one needs at least six years of being around energized lines. Commission President O'Day appreciated the thorough discussion.

Special Presentation

CliftonLarsonAllen - 2021 Audit

Mary Reedy, CliftonLarsonAllen (CLA), reviewed the 2021 audit report. No compliance or internal control matters noted for 2021. The following items were noted during the presentation:

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- Electric revenues increased due to an increase in rates, a slight change in billing and an increase in usage. Expenses increased due to an increase in purchased power and an increase in wages. Net income of \$988,000 compared to \$2,087,000 in prior year.
- Water revenues increased significantly due to an increase in usage from the City of Baxter. Expenses increased slightly resulting in a positive change in net position of \$768,000 before capital contribution. Net income of \$1,744,000 for the current year compared to a net loss of \$102,000 in the prior year after capital contribution of \$976,000. \$283,000 increase in operating expenses and \$823,000 increase in operating revenues.
- Wastewater revenues increased due to an increase in usage, operating expenses increased due to an increase in depreciation expense while local option sales tax increased again from the prior year. Wastewater had a net loss of \$280,000 compared to net income of \$296,000 in the prior year.
- BPU had overall positive cash flow from operations for 2021.
- Continue to monitor the rates and assess each department individually.

Motion by Commissioner Johnson and seconded by Commissioner Matten to accept the 2021 audit report. There was a unanimous vote in favor of the motion. Motion carried.

Finance Director's Report

April 2022 Financial Report Highlights:

1. Total operating revenue increased \$468,278 (5.4%) from 2021.
2. Power costs increased \$374,586 (10.2%) from 2021. The changes are related to the following:
 - kWh Purchased – Increase of 2.6 million (4.4%) from 2021
 - Energy - \$164,670 – Increase of 7.1% from 2021
 - Demand - \$(6,585) – Decrease of 1.1% from 2021
 - Transmission (MISO) - \$226,498 – Increase of 31.2% from 2021
3. Total operating expenses increased \$703,517 (8.5%) from 2021.
4. Change in net assets decreased \$501,917 from 2021.
5. Total cash and investments increased \$4.8 million from 2021 which includes \$4.1 million in water project bonding proceeds. Total receivables decreased \$64,302 while inventory increased \$199,381 from 2021.
6. Change in net position for Electric Department decreased \$190,036 from 2021.
7. kWh sold for 2022 increased 4.4% while utility revenue increased 3.9%.
8. Change in net position before capital contribution from City for Water Dept. is \$155,495 for 2022 compared to \$101,852 for 2021.
9. Gallons of water sold increased 28.7 million from 2021. 2022 sales include sales to Baxter of 88.6 million gallons.
10. Change in net position for Wastewater Department is a negative \$401,688 for 2022 compared to a negative \$36,164 for 2021.
11. Wastewater gallons processed decreased 1.6% while utility revenue decreased 1.2%.

Days unrestricted cash on hand as of April 30, 2022, 2021, and 2020:

1. Combined – 146, 158 and 175
2. Electric – 101, 114 and 105
3. Water – (3), (80) and 40
4. Wastewater – 457, 556 and 587

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Purchase Order and Capital Projects Status

Report was presented on current projects with and without purchase orders (PO's) for amounts greater than \$5,000.

- Totals included: \$10,106,450 for current projects with and without PO's, \$2,745,563 payments made towards those outstanding project totals and outstanding amount owing of \$7,360,887.

Discussion of electric purchasing market and department job overview

Operations Supervisor Hawkinson presented to the Commission on the current issue(s) that exists with procurement of electric materials. Pre-pandemic a pole mounted transformer took 6-10 weeks to get while a pad mounted transformer was taking 20-30 weeks. Today, obtaining a pad mounted transformer is projected out after March of 2024. Manufacturers are inundated with orders and utilities trying to get ahead of the supply chain issue. Department of Energy (DOE) has correspondingly changed the specs to make transformers more efficient. Previous steel and copper are now being replaced with smaller wire and aluminum along with bigger tanks. Newer styles are not able to endure heat waves the way the old style used to, and failure can happen sooner. BPU staff is trying to re-evaluate current equipment and loads and utilize current inventory to its best potential to stay ahead of the demand. Pricing on materials across the board have increased around 30% and the market is very competitive.

Line school has expanded into a 2-year program to help capture the increased technology. Once school has been completed, linemen have the apprentice designation. An apprentice needs to then have 4 years (8,050 logged hours) training before completion of apprenticeship program. The apprenticeship program includes in the field and book style training through both the State of Minnesota and MMUA. Once done with apprenticeship program, the lineman receives the journeyman lineman designation. It takes another 2 to 4 years for a journeyman lineman to become familiar with BPU operations.

Grant application to Legislative-Citizen Commission on Minnesota Resources (LCCMR)

Draft presented for BPU to apply for a \$1,095,000 grant for the 2.6 MW solar array at the WWTP. Application letter was limited to one page. AEP will be here next week to discuss and would be the one to build the solar array while BPU leases production with the option to buy. Commission Johnson inquired if receiving this grant would commit BPU to this project. Wicklund stated if the project is deemed not feasible to construct there would be no grant. Commissioner Angland also encouraged working with the U of M as a potential partner on this project.

Motion by Commissioner Matten and seconded by Commissioner Angland to approve grant application to LCCMR. There was a unanimous vote in favor of the motion. Motion carried.

HR Director's Report

- Noted

Next Board meeting is scheduled for June 28, 2022.

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Superintendent's Report

Water Department

- **Projects**

- **Baxter water:** 9.8 million gallons sold in April. Baxter's plant has been operating for about 3 weeks. Grand total purchased water from BPU is approximately 450 million gallons. Normal water rates will apply to the interconnect going forward.
- **Water storage tank project:** Slab for first tank, interior connecting walls and columns poured. Currently waiting for exterior concrete forms to pour walls. Received a visit from MPCA for their Stormwater Prevention program – received a letter of warning for not having double redundancy due to being close to the wetland; only had one barrier versus two. Action was corrected with no fines or penalties.
- **Maintenance:** Crews flushing hydrants and working on gate valve and standpipe maintenance.
- **South water tower:** Two-year warranty inspection completed, and all looks good. Painted repair area from initial startup leak.

Wastewater Treatment Department

- **Projects**

- Ongoing plant and lift station maintenance.
- First round of biosolids hauling is complete.
- Meet with county landfill on taking their leachate. With PFOS regulations, they are needing to isolate water and test before BPU accepts. There was also discussion for potentially needing to bring biosolids out to county landfill. Discussed proper disposal of deer.
- Working with Baxter and Brainerd on sewer ordinances and SIU agreements.
- River crossing is challenging. Trying to figure out how to get accurate soil borings under river or just on either side of the river. Commission President O'Day also mentioned that he asked the Rotary Club to submit a letter to Superintendent Magnuson regarding request of scenic lookout.

Electric Department

- **Outage report**

- May 11th, 2022: 300 block of 2nd Ave – tree on service wire, 4 meters out 45 minutes (due to high winds).
- May 14th, 2022: 800 block of 6th Ave – tree fell on 3 phase feeder and broke 2 poles. Crews performed feeder switch to restore as many meters as possible until emergency locates cleared. Total of 531 meters out, after 1 hour 18 minutes, 246 meters restored, at 2 our mark another 199 meters were back on. 86 meters were out for 6 hours during pole replacements.
- Mutual Aid: Sent five crew members to help Crow Wing Power for one day after severe weather.
- May 28th, 2022 and May 29th, 2022: Transmission grid was tested by the weekend storms. At 5:15 am, 1670 meters out, NE Brainerd was restored by 8:45am and the airport by noon. Lum Park/Wonderland Park Road was back on by 4:05 and 4:16pm on Monday. Storm took 4 poles and 2 transformers. Operations Supervisor was very pleased with the crews and restoration times.

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Hydro Department

- Generators #1, 2, 3 and 5 at 100%. Generator # 4 is down for repairs. River at 11,400 cfs and dropping.
- Installing boat barriers and buoys next week.

Other

- Water Plant staffing: Met with Personnel & Finance (P & F) committee, voted and made a motion with regards to as long as an open position is a current active position, Council will ratify as part of consent agenda after the BPU Commission has approved filling the open position. Water service worker, Andy Moody, promoted to and accepted the Water Plant Operator position. Posted internally for the opening created by Andy's promotion on the Water Service crew - three applications were received. New position, Water Plant Relief Operator/Laborer, has been pointed with the consultant and will be working with union on wages before posting. This was previously verified by motion with City Council.

Motion by Commissioner Wussow and seconded by Commissioner Matten to ratify the promotion of Andy Moody to Water Plant Operator. There was a unanimous vote in favor of the motion. Motion carried.

- Roberts Gravel Pit: Received a separate purchase agreement drafted by the Roberts' brothers after City had already approved a purchase agreement. City or BPU needs to reach out to them to inquire further on this action. Commissioner Matten requested BPU clarify that BPU is paying the fee for the Realtor. Commission President O'Day requested to the City to hold off on showing this site to developers for now until purchase is finalized and there is time to assess needs, at least through this year. City Liaison, Gabe Johnson, stated it was shown to Country Manor previously and have been showing for years as a potential site. Johnson will notify appropriate parties.
- Electric Vehicle (EV) charging stations: Meeting this week with ZEF Energy and City Administrator Bergman for a downtown parking lot as for possible spot for an EV Charging station.

Old Business

- EV Charging Station: Commissioner Johnson inquired if the downtown parking lot commission picked the spot. There are three potential sites. A decision on a site will allow the EDA to stop marketing that as a potential development site.
- Hydro Generator Bids: Commissioner Johnson asked for update on the bids for the open bay. He would really like to move forward with exploring the feasibility of filing that bay. Superintendent Magnuson stated it is with the consultant and will contact them to move it up as a higher priority.

Motion by Commissioner Johnson and seconded by Commissioner Angland to prioritize the Hydro generator pricing for the open bay. There was a unanimous vote in favor of the motion. Motion carried.

New Business

Pay request No. 6 received from Magney Construction

Pay request in the amount of \$219,863.26 was received for the water tank storage project.

Motion by Commissioner Wussow and seconded by Commissioner Angland to approve pay request No. 6 to Magney Construction in the amount of \$219,863.26. There was a unanimous roll call vote in favor of the motion. Motion carried.

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Approve the following Main/Evergreen Lift Stations capital project which is budgeted for \$750,000:

- Project 1: Main Lift rake screen – Great Northern Environmental (GNE) for \$161,920
 - Installation of rake screen – Rice Lake Construction (RLC) for \$32,770
- Project 2: Evergreen Life rake screen – GNE for \$159,560
 - Installation of rake screen – RLC for \$40,390
- Project 3: Main/Evergreen Lifts – grit classifiers – GNE for \$151,240
 - Installation of grit classifiers – RLC for \$118,510

Motion by Commissioner Wussow and seconded by Commissioner Matten to approve and move forward with the 3 Lift Stations capital projects. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Motion by Commission President O’Day to adjourn to the joint Council and BPU meeting on June 27th, 2022 at City Hall at 5:00 PM. Motion carried at 10:32 AM.

Mark O’Day, Commission President

Todd Wicklund, Commission Secretary