

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

Commission President O'Day called the meeting to order.

Commission Roll Call

Mike Angland – Present

Mark O'Day – Present

Tad Johnson – Present

Dolly Matten – Present

Patrick Wussow – Present

Utility Staff Present

Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Mandy Selisker

Wastewater Supervisor

Charlie Gammon

Operations Supervisor

Trent Hawkinson

Accounting Supervisor

Jana Pernula

Others in Attendance

Brainerd City Administrator

Jennifer Bergman

City Liaison

Gabe Johnson

Environmental Engineer – Bolton & Menk

Paul Saffert, P.E.

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

Approval of Consent Items

Motion by Commissioner Matten and seconded by Commissioner Wussow to approve the minutes from the June 28, 2022, regular monthly meeting, approval of current month's bills and meeting agenda. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

- None

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Commission Committee Reports

Human Resource

Commissioner Matten provided updates on the following items:

- Employee Policy Manual: BPU Commission had requested City Council delay action on the approval of the revised Employee Policy Manual. This was postponed until next council meeting on August 1st, 2022.
- Department Heads – Performance Reviews and Hiring: Commissioner Matten and Wussow met with City Council members Bevans and Johnson, City Administrator Bergman, and HR Director Schubert. The City has come up with a performance review form which has been recommended to be used for BPU Department Heads in lieu of the previously used evaluation form/process. There is still some additional discussion needed on this. The idea is that the BPU Commissioners will each complete the review form with a final review to follow, which will be held with the City Commission President and City Administrator. They were also redrafting language in the Employee Policy Manual to capture the request of the BPU Commission to have BPU personnel committee be a part of the City's sub-committee to be involved in the hiring process for BPU Department Heads. This draft language has not been completed yet.

Commissioner Wussow also confirmed that the Commission will not be involved in firing as that has never been part of their role and always been housed with HR. Wussow also reiterated the importance of the comments section on the review form and to maintain notes throughout the year. Administrator Bergman reviewed the current timeline for reviews is having them facilitated through September and October with a calibration session held after. Commission President O'Day commented that he would still like to meet with the Commission as a whole to discuss each completed Department Head review form prior to meeting with the City to ensure all comments are communicated correctly. Commissioner Wussow asked that BPU Commission get clarification that the discussion around the completed review forms is allowed to be conducted under closed session. The Commission Human Resource committee will attend the City's Personnel and Finance Committee meeting on August 1st to review revised policy language.

Finance

- No Report

Special Presentation - Wastewater Treatment Biosolids Project Update

Presented by Paul Saffert, P.E. of Bolton & Menk, Co.

The following updates were highlighted during this presentation:

- Project Update: There are storage concerns as Brainerd and Baxter continue to grow. The goal is to increase the amount of solids and reduce liquids in the system which would allow hauling to be less time consuming. The future concern with PFA's which is a statewide initiative which may limit future land application. The intent is choosing a technology to fit in with future plans of handling those PFA's. There is a pilot plan ongoing as of today at the WWTP that is doing the thickening to help develop a project scope. The technology featured is a Huber Biosolids Dewatering Press (post-digestion dewatering with a screw press). This process reduces the volume by approximately five times. Recommendation is to continue using all the current capital assets and then adding this process at the end before field application. The plan is for this to be a 20-year design while still being flexible with known requirements, goals, and technology.

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Saffert reviewed a current site map and potential placement of equipment and storage system to be placed on the west side of the facility. This will be dependent upon size, truck access, etc. Options for structure would be a fabric structure over a stainless-steel frame or a precast building. Both offer different financial cost, durability, and aesthetics. Approximate cost difference between the two building types is approximately \$1.5-\$2 million. Material stored inside the building would be gravel-like piles (still technically a liquid) that would be moved with a front-end loader to be put into a dump truck versus spraying.

- NPDES Permit: This permit regulates the WWTP. The biggest two changes are:
 - Addition of total copper limit that is added to the WWTP. For the last 3 years the facility would have been following these levels, however, in years 2016-2019 there would have been levels would have approached the limits for discharge. Bolton & Menk is doing investigation in the drinking water system and with the users of the collection system to track where the copper is coming from. Historically finding where it came from is difficult so doing due diligence in accordance with the MPCA and Department of Health to monitor sources. Additional routine testing will be done at the facilities as well with reporting to follow testing completion.
 - Delegated Pretreatment Community Program: This program is now the responsibility of the BPU staff. The Minnesota Pollution Control Agency (MPCA) is responsible for Significant Industrial Users (SIUs) pretreating their wastewater. As communities grow and have more SIUs, the MPCA wants this responsibility in the hands of the people that are touching and seeing this processing. BPU has been delegated with this responsibility. There are 2 SIUs in the community, Prestige Plating and Coating and Keystone Automotive. These two SIUs need to be monitored, rules put in place and followed, routine meetings held, and BPU is ultimately responsible for them meeting the discharge requirements.

Commissioner O'Day inquired if local farmers still going to want the biosolids in truck form that is more solid versus being sprayed. Supervisor Gammon stated that he invited farmers to see the plant during the pilot this week to be able to see the concept and assess usability. It seems like with introductory conversation that the larger farmers ones are interested. Gammon stated that this would likely be more of Spring and Fall application due to thicker consistency. Gammon also invited Crow Wing County Landfill to see the pilot project with consideration of future disposal at their site as well. This could potentially be built into their SIU agreement in the future. Saffert confirmed that this process also allows for extra flexibility so liquid can still be land applied if necessary but allows for more storage with the dewatering process during rainy stretches where land application isn't feasible. Gammon and Saffert also confirmed that this application in either form would be the responsibility of BPU. The dewatered form would be in more of a spreader type equipment and some upgrades and new equipment would be necessary.

Commissioner Wussow inquired about some standards and goals related to the project. Saffert stated that the average collection is 100 gallons per person per day. BPU's storage goals with this project would be 360 days of storage which would allow land application to happen once annually. With the building, BPU along with Bolton & Menk would need to work with the City of Baxter on the building and zoning requirements.

Finance Director Wicklund asked that with this project concept if it would make sense for the City to purchase fields in the future to better manage the application process and the timing of it. Saffert

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confirmed that other communities do own land for this purpose and then can potentially lease it out. This allows them control of the land application process. There are a few that have moved away from that but only because they changed their biosolids technology but still were able to get their land investment cost back. His overall recommendation was that if purchasing land for application is feasible to do that which only helps make the application process easier. With regards to odor in the storage facility, the reduced liquid also puts off less of an odor as well.

This proposed new NPDES permit is open for public comment as of June 22, 2022, for 60 days and will be closing in the middle of August.

Old Business

- None

New Business

Pay request No. 8 received from Magney Construction

Pay request in the amount of \$244,483.19 was received for the water tank storage project.

Motion by Commissioner Wussow and seconded by Commissioner Matten to approve pay request No. 8 to Magney Construction in the amount of \$244,483.19. There was a unanimous roll call vote in favor of the motion. Motion carried.

Revision of Contribution to City Policy

The policy change addresses and adds a rate related to the medium and large industrial customers (Crypto mining customers) and will be paid at the rate of \$0.00025 per kWh and then reevaluated on December 31, 2023, by the BPU Commission and City. City Administrator Bergman confirmed that the City Council had already approved this revision.

Motion by Commissioner Angland and seconded by Commissioner Wussow to approve the revised Contribution to City Policy. There was a unanimous vote in favor of the motion. Motion carried.

City Administrator Report

City Administrator Bergman reported on the following:

- Sale of Industrial Park Lot
 - VCV Digital had 180 days to do their due diligence to allow the Economic Development Authority (EDA) to close on the property; this deadline is up on August 30th. City Administrator Bergman has communicated with VCV Digital last week and they have confirmed intent to meet the August 30th deadline but will then be on the September EDA meeting agenda rather than August.
- Staffing Changes:
 - City Councilman, Dave Pritschet, resigned and council appointed Jamie Bieser to fill the vacant seat through the remainder of 2022 with that seat being on the 2022 election.
 - City Engineer and Public Works Director: Jessie Dehn will be starting on Monday, August 1st.
 - Gary Thompson, Streets Department, announced his retirement. His last day will be October 15th. City Administrator Bergman noted that he will be leaving with a lot of industry knowledge and was appreciative of his long notice.

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- Emergency Operations Plan (EOP): Fire Chief, Tim Holmes, has been working on the City's EOP and City Council recently gave their approval. There will be a tabletop exercise being conducted for applicable staff.
- New Zoning Code: City Council did adopt the new zoning code. The hopes are that this will be developer friendly, easier to read, and fitting to our neighborhood.
- Main Street Revitalization Program: The grant received by the Initiative Foundation now has the agreement executed and the EDA has approved the application. This program is now live, and applications are due by September 5, 2022. Applications are highly encouraged.
- American Rescue Plan (ARP): The City Council will be holding a workshop in October to discuss these funds. City and BPU projects and estimates can be submitted for consideration. Council will rank these projects at this workshop.
- Highway 210 Project: This project has been extended to 2026, but MNDOT continues to work on it. The project management team has been meeting with MNDOT staff, and they are planning public input sessions in either August or September. They are leaning towards 2 roundabouts. There has been discussion around bump outs and pedestrian crossings on the west side of the river.

City Liaison Report

- Nothing additional to add

Finance Director's Report

June 2022 Financial Report Highlights:

Statement of Net Position

Cash and Investments – Increased \$3.2 million from 2021

Accounts Receivable – Decreased \$1.0 million from 2021

Due to City of Brainerd – Increased \$751,490 from 2021

Summary of Operations

Utility Revenue – Increased \$11,607 from 2021

Purchased Power – Increased \$490,420 from 2021

Operations and Maintenance – Increased \$338,224 from 2021

Change in Net Position Before Capital Contribution – Decreased \$1.3 million from 2021

Statistical Information

Electric kWh Sales – Increased 2.2 million (2.5%) from 2021

Gallons of Water Sold – Decreased 61.2 million from 2021

Gallons of Wastewater Processed – Decreased 13.3 million from 2021

Total Customers Served

Electric: 8,241 from 8,221 in 2021

Water: 4,995 from 4,984 in 2021

Wastewater: 4,829 from 4,819 in 2021

Days unrestricted cash on hand as of June 30, 2022, 2021, 2020, and 2019:

Combined – 143, 155, 180, and 148

Electric – 96, 105, 106, 76

Water – 12, (63), 54, and 243

Wastewater – 456, 578, 596, and 600

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Wicklund highlighted that as it relates to operations and maintenance, a large majority of our vendors have since added additional fuel surcharges which have directly impacted costs. Commissioner O'Day inquired about the status of the rate study. Wicklund would like to meet with the Commission Finance Committee to discuss an interim rate adjustment while the rate study is being conducted and have a recommendation at the August meeting. This interim adjustment could be captured with the Power Cost Adjustment (PCA) and then reevaluated once the rate study has been completed. Commissioner O'Day encouraged this be done as soon as possible.

Billing Software Upgrade

Wicklund discussed the current utility billing software upgrade effective in July. The new bill design will include more detail of charges on each statement. With this transition, there have been some delays in the production of July's billing statements while additional labor hours have been put forth to assist with transition. Commissioner Matten inquired on leniency of due dates with that delay. Wicklund stated that late fees in July were not assessed.

Wastewater Solar Project

A map showing the potential location at the WWTP was provided and the array would be about a 2.6 MW facility, about half the size of the current airport project. There would be a value in moving forward now, while the contractor is still working on the airport project and BPU could utilize the existing crew. BPU would probably be responsible for clearing the land to assist with costs. If the Commission would like to move forward, the Commission Finance Committee would need to meet to discuss and then communicate intent to AEP to be able to begin drafting a purchase power agreement. Market pricing for energy is close to double what it was in November 2021. With the rising costs, the costs of investing in renewable energy could be valuable in the future. Currently BPU's sales are about 179 million kWh and the 3 potential sites (Hydro, Airport, and WWTP) could potentially generate 31 million kWh, which is approximately 18% of what is currently being used. Commissioner Johnson expressed interest in meeting to discuss further. Commissioner Matten inquired what the estimated cost of the airport project was currently at, and Superintendent Magnuson noted approximately \$8 million. This puts a potential estimate for the WWTP project at about half of that. AEP would be the project manager and there are currently no delays on panels and BPU would need to get the City of Baxter's approval. Wicklund stated that the WWTP generation would be used in BPU's distribution system just as with the Airport project. All Commissioners were in agreement to pursue this project.

HR Director's Report

- Not available

Next Board meeting is scheduled for August 30, 2022.

Superintendent's Report

Water Department

- Projects
 - Water storage tank project: First water compartment wall is about 75% complete. Contractor is still having some issues with concrete forms and the company making the forms is working on new chemistry for the forms. The expectation is to have tank #1 online by the end of September or early October.
 - Maintenance: Crews flushing hydrants and working on gate valve and standpipe maintenance. The contractor working on the South 6th Street project will be getting down

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into the CR 117 intersection and exploring the ongoing leak. This currently still leaking which should help with the diagnosis.

Wastewater Treatment Department

- Projects
 - Ongoing plant and lift station maintenance.
 - Biosolids hauling currently in progress as weather allows.
 - Pilot project for biosolids will be going on this week. Magnuson encouraged Commissioners to go and see the pilot project today.
 - Scada upgrade work continues.

Electric Department

- Outage report
 - July 2nd, 2022: 1400 block of 8th St S., transformer fault resulting in 406 meters out for 62 minutes.
 - July 7th, 2022: 400 block of 12th St SE, tree on service, resulting in 1 meter out for 73 minutes.
 - July 11th, 2022: 500 block of Buffalo Hills Lane, fuse failed on transformer resulting in 2 meters out for 83 minutes.
- Crews are working on the South 6th Street lights and conductor, airport re-conductor project and other upgrade projects. There were approximately 27-29 streetlights installed on south 6th Street. Commission President O'Day complimented the crews on the quick completion on the project. There was only one complaint of brightness that the crew will review and adjust.

Hydro Department

- Generators #1, 2, 3 and 5 at 100%. Generator # 4 is down for repairs and currently being repaired. River at 4,400 cfs and dropping.
- Work continues for governor upgrades for units 1,2 and 3.
- Barr Engineering is working on future upgrades for generation at the Hydro, along with safety upgrades. To get unit 6 up and running, we would need 3100-3200 cfs. Barr Engineering reviewed 36 years of flow data and noted that about 50% of the time there would be adequate flow to support a unit 6 generator. Barr noted that recent projects run about \$2.5-\$4.5 million for the unit and civil work which have yielded about a 25-year ROI. Barr will work on refining numbers once the civil work that already been done has been assessed. This will also allow for additional flexibility if the situation arises where another pit would need to be down for repairs.
- Final cultural resource report was submitted to SHPO and upon their approval of the work done, the final paperwork was submitted to FERC for the relicense process. FERC has been kept updated on this process and does not anticipate and delay in our application approval. March of 2023 is the projected license renewal.

Other

- Staffing: Advertising for Laborer position closed yesterday, July 25th with a total of 16 applicants. The Water Relief Operator position is open until next Monday, August 1st, with currently four submitted applications.

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- Roberts Gravel Pit: Staff met with Roberts brothers and attorneys are working on the purchase agreement. Phase one environmental review came back with no findings so engineers are not recommending a Phase two investigation.
- East River Crossing Valve House: Staff received a letter from the Rotary Club with a desire to use this structure as a platform for a bird viewing area. There has been discussion in the past, however, they are looking for an official letter stating that they can take over the building. BPU staff has no use for the building after the new river crossing is complete. There will need to be a determination as to who has the final say if BPU or the City can donate this structure to a nonprofit organization. The City was copied on the letter that was sent. There is a \$20,000 savings to not have to demo the structure. Supervisor Hawkinson inquired about the cost of the service extension to the Rotary Club picnic structure and if BPU Commission had granted permission to put the line in at no cost. Commissioner Matten confirmed the Commission did agree to waive the cost for this extension. Councilman Johnson inquired on long term maintenance and who that falls on as well as other potential public building issues, such as ADA requirements. Commission President O'Day stated that would need to be part of the agreement between the City and the Rotary Club.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to recommend to City Council to work with the Rotary Club to see if it's feasible to use the East River Crossing Valve House once it is retired and the BPU Commission is in favor of the City working with the Rotary Club. There was a unanimous vote in favor of the motion. Motion carried.

- Airport Solar Project: Earth work has begun, panels have been received, and fencing is up. The contractor will be starting to pound in posts soon. The project is expected to be online before the end of the year.

Commission Members – Future Agenda Items

- Commission President O'Day clarified that all agenda items needing action need to be brought to BPU Department Heads no later than the Monday before the monthly meeting to allow the addition on the meeting agenda.

Adjournment

Motion by Commission President O'Day and seconded by Commissioner Johnson to adjourn to the WWTP Pilot Project demonstration directly following the meeting. Motion carried at 10:30 AM.

Mark O'Day, Commission President

Todd Wicklund, Commission Secretary