

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on June 28, 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

Accounting Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Charlie Gammon

Trent Hawkinson

Jana Pernula

Others in Attendance

Brainerd City Administrator

Electrical Engineer in Training – Widseth

Architectural Intern - Widseth

Jennifer Bergman

Lucas Hodnefield

Ian Carroll

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 May 31, 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

- Commission President O'Day expressed apologies for missing the joint Council and BPU meeting on June 27th, 2022, at City Hall.

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Other Commissioners' Reports

Commissioner Wussow reported on the following:

- Wussow discussed highlights from the APPA National Conference that he and Commissioner Matten attended; there were several attendees from Minnesota. They were able to meet with our Power provider, AEP, as well as Rice Lake out of Wisconsin. Attendees from Rice Lake discussed their solar project and concern they ran into about where they measure how much power is coming into the solar. Commissioner Wussow also mentioned the tariff relief issue has been delayed by two years so now immediate issues with current projects should not have tariffs applied.
- Wussow extended a thank you to Todd and Scott for meeting with him and reviewing highlights from the APPA National Conference that he was looking for more information on.
- Wussow also represented BPU for the presentation of the application for the LCCMR grant. For the potential one million grant, BPU was one of three applicants, however, St. Cloud's project was awarded the full grant.
- Wussow also attended the joint meeting with City Council on June 27th. Wussow reported that there was a lot of discussion, and one outstanding concern of City Council President Bevans was the 17% pay difference between the two entities. This was previously approved through union contracts and negotiations so Wussow was unsure how this would be a current concern of the Commission.

Commissioner Matten reported on the following:

- Matten appreciated the opportunity to attend the APPA National Conference and wished she would have attended within the first few years of being on the Commission. Matten also encouraged a City Council President to attend to gain additional knowledge. Matten learned that BPU is one of the oldest utilities, is ranked first in the U.S. out of 3,500 suppliers for ratio of renewables vs non-renewables, and BPU's Hydro is the sixth largest out of 166 suppliers in State of Minnesota.
- Matten also noted a few items to build into future meetings. She suggested having the Commission members giving input for agenda items as well as trying to build in strategic missions for the upcoming year and trying to focus on those throughout the year.

City Administrator Report

City Administrator Bergman reported on the following:

- Staffing Changes:
 - Community Development Director position was accepted by James Kramvik. Assistant City Planner position is posted and closing June 29th. There are currently six applicants.
 - City Engineer and Public Works Director: Four applications were received, with two applicants withdrawing prior to interviews being conducted. City Council formed a work group with Councilmen Johnson and O'Day and the recommendation was to hire Jesse Dehn. The offer was accepted by Dehn and will be on the July 5th City Council agenda for approval. His start date is expected no later than mid-August.
- Employee Appreciation Event: The Wellness Committee made a request to City Council to close City buildings for the annual Employee Appreciation event this year. This will be held on September 14th from 11:30-1:00. Council authorized this request and City Administrator Bergman requested that the Commission would also consider this request. In the past, events were held separately by department and the City wanted to try a collaborative event this year but during business hours to encourage attendance.

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- Public Education Government (PEG) Channel: City Council meetings and board meetings used to be shown on this cable channel, but the line was cut when the school remodel occurred. Shawn Strong, City IT Director, has been working on a partnership with CLC which was recently approved by City Council, and they are hoping as of July 5th, 2022, this will be broadcasted on CTC cable services with the goal to be on both CTC and Charter eventually.
- American Rescue Plan (ARP): The City is receiving approximately \$1.5 million from ARP and on July 5th, the Personnel and Finance Committee will be reviewing staff recommendations for use of these federal funds. One recommendation will be the sanitary sewer lining project to continue to address the Inflow & Infiltration (I & I) issues.
- Initiative Foundation: The Foundation applied for and received a Mainstreet Revitalization Program grant. Foundation received \$4.5 million for this program and have allocated approximately \$765,000 to the City of Brainerd. Foundation has asked the EDA to oversee the application process. The EDA created a subcommittee to work with BLADEC to create an application and guidelines for that program and this will be identified in the River to Rails Corridor. The EDA will be approving the application and guidelines at their July 7th meeting and open the application process soon after. EDA set priorities areas to include housing, greenspace, small business, and childcare. If there are funds remaining after the October deadline, there is potential for Brainerd to receive additional funding. The applications will be open until August 15th and will be available from BLADEC and City of Brainerd websites.
- VCV Digital: The EDA entered into a purchase and development agreement with VCV digital for two industrial park lots. VCV Digital has until August 30th to do their due diligence on the agreement. This includes construction plans, financing plans, and utility agreement with BPU.

City Liaison Report

- None

Finance Director's Report

May 2022 Financial Report Highlights:

1. Total operating revenue increased \$468,278 (4.5%) from 2021.
2. Power costs increased \$490,474 (10.8%) from 2021. The \$490,474 includes \$66,222 of pass-through costs related to crypto load.
3. Total operating expenses increased \$1,028,706 (10.1%) from 2021.
4. Change in net assets before operating transfer to City and capital contributions decreased \$826,382 from 2021.
5. Total cash and investments increased \$4.3 million from 2021 which includes \$3.9 million in water project bonding proceeds. Total receivables decreased \$767,424 while inventory increased \$275,953 from 2021.
6. Change in net position for Electric Department decreased \$375,550 from 2021.
7. kWh sold for 2022 increased 4.0% while utility revenue increased 3.7%.
8. Change in net position before capital contribution from City for Water Dept. is \$132,669 for 2022 compared to \$164,511 for 2021.
9. Gallons of water sold increased 3.4 million from 2021. 2022 sales include sales to Baxter of 98.5 million gallons.
10. Change in net position for Wastewater Department is a negative \$450,314 for 2022 compared to a negative \$19,546 for 2021.
11. Wastewater gallons processed decreased 2.3% while utility revenue decreased 1.0%.

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Days unrestricted cash on hand as of May 31, 2022, 2021, and 2020:

1. Combined – 152, 170 and 179
2. Electric – 110, 109 and 105
3. Water – 8, 39 and 53
4. Wastewater – 443, 562 and 592

Finance Director Wicklund highlighted that as of May 2022, we have reached 5,000 water meters in service.

Discussion of wastewater department requirements and overview

Wastewater Supervisor Gammon presented to the Commission on the Wastewater Treatment Plant (WWTP) Facility. Clean Water Act is the framework for both Minnesota Department of Health (MDH) and Minnesota Pollution Control Agency (MPCA). They, in conjunction with other associated agencies, grant BPU a permit to operate and uphold policies required. BPU is unique with the upper Mississippi being pristine water and needs to have water discharged at that same quality. BPU operates a Class A Major facility which is in line with all the bigger populations in the state. The Major classification identifies one million gallons or greater processed and identifies potential to pollute. Education for licenses include a bachelor's in engineering or environmental studies, which would be equivalent to a C license. Each license must be maintained or held for two years before moving up to the next tier of license, from C to B, then B to A. An operator can hold a license one classification higher than license of operator's plant. There are trade school options as well that will streamline this process but then you will work through the license ladder to apply for, test and earn your next class of license. Current staff licenses are:

Eric Klein: Class D Wastewater and Class D Water

Darrin Smith: Class B Wastewater and Class C Water

Brad Knapp: Class C Wastewater and Class D Water

Kevin Kiehlbauch: Class B Wastewater and Class D Water

Charlie Gammon: Class A Wastewater and Class A Water

To obtain a Class A license, it could take anywhere from 6-9 years to achieve based on the level of education you are starting with and what field experience you are combining with that to achieve those licenses. A Class A license also requires 2 years of management experience. Other license(s) that staff hold are boiler's license, Type IV Biosolids, and Class A Commercial Driver's License.

The WWTP also goes through a Compliance and Enforcement (C & E) audit every 2 years with a compliance and enforcement officer that takes about one month to complete.

Commissioner Wussow inquired about goals for increased licensing and working towards the next level and building that into performance evaluation. BPU staff confirmed that the current contract does not have additional compensation for employees that hold higher levels of licenses but did prior to the grid pay philosophy.

Commissioner Matten encouraged fostering local school field trips and education of the industry.

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Commission Angland asked for an update on the Crow Wing County Landfill Leachate agreement. Supervisor Gammon discussed Leachate agreement for a potential trade of disposal of biosolids as a future option.

Discussion of Minnesota Power's analysis of transmission line

Operations Supervisor Hawkinson discussed thermal layering of conductors and how the Riverton line may be looking at an upgrade to raise the structures, to help keep that at a safe level and allow more room for growth. On a hot day, the temperature in conjunction with load can be up to 300 degrees. Without line upgrade, summer load would be limited to 77-80 MW and winter load limited to 107-112 MW.

Front Street Café bill adjustment request

BPU staff received a request from commercial customer, Front Street Café, after a water line break that occurred in the basement to waive the wastewater treatment and collection charges in the amount of \$195.49. Staff recommendation is to grant the request.

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve the request to waive wastewater treatment and collection charges in the amount of \$195.49 for Front Street Café. Commissioner Wussow voted nay with Commissioners Johnson, Angland, Matten and O'Day voting aye. Motion carried.

Commissioners Wussow and Matten requested that all action items within staff reports are noted on the main agenda for future meetings. Commissioner Wussow noted that he was in favor of the above request but voted no due to the fact it was not identified on the main agenda as an action item.

Summary of Contributions to City of Brainerd

Finance Director Wicklund provided a breakdown of contribution to the City of Brainerd. Wicklund noted that since it wasn't identified as an action item on the current agenda that it will be discussed next month.

Wicklund also noted that he will be planning on communicating his future retirement plans to the Commission.

HR Director's Report

- Not available

Next Board meeting is scheduled for July 26, 2022.

Superintendent's Report

Water Department

- Projects
 - Water storage tank project: First formed wall was poured, however, Magney is having issues with the concrete forms contracting in the sun and sticking to the concrete when the form is removed. The manufacturer is working on a solution. So far, no movement on the bonding bill for the backwash tank project, and unsure if there will be a special legislative session.
 - Maintenance: Crews flushing hydrants and working on gate valve and standpipe maintenance. Additionally, last night they worked on a water service line repair.

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- Landscaping: Fence and brick pillars that were damaged last winter will not be replaced. The plan is to remove the retaining wall and sidewalk in front of the water plant and re-landscape.

Wastewater Treatment Department

- Projects
 - Ongoing plant and lift station maintenance.
 - Biosolids hauling currently in progress as weather allows.
 - River crossing: Continuing to move forward and working with engineers to figure out a way to get accurate soil borings under the River, or just on either side of the River. Proposal received by Widseth came through with an estimate of \$200,000 just for soil borings. There was another estimate from Braun that looked favorable. This will continue to move forward.

Electric Department

- Outage report
 - June 1st, 2022: Memorial weekend storm - 3 major outages with 1300 meters out for 4 hours, 303 meters out for 7 hours and a lot of tree damages.
 - June 20th, 2022: Storms came through at 6:56 PM. Several rounds of high winds, Heavy rain, and lightning experienced through the night. All Feeder breakers had operations or events at Main substation with 528 and 538 breakers locking out and opening. Downtown substation breaker 5 opened and had 3 reclosures open. As the storms roll through that night, there were up to 3,112 meters out, 7 broken poles and two overhead transformers and one 2000Kva pad mount transformer were damage and replaced. There were over 60 service drop down or damage. Almost all of them have been restored. Crews worked some very long days and did an outstanding job. There were zero injuries during this storm event.
 - June 23rd and June 24th: 14000 block of Wonderland Pk Rd. Tree came down on 528 feeder 301 meters out for 2hrs and 500 block of 6th St S bad UDR 2 meters out for 2hrs 5min.
 - June 26th: Tree came down 1200 block of Laurel St, 11 meters out for 1hr 17min and 9 meters out for 5hrs 15min.
- Met with ZEF Energy for an initial meeting on electric vehicle charger distributors.

Hydro Department

- Generators #1, 2, 3 and 5 at 100%. Generator # 4 is down for repairs. River at 11,400 cfs and dropping.
- One gantry blew over during Mondays storm and twisting the top beam. This unit will need to be replaced or a new beam installed.
- Electric crew assisted with installing buoys.
- Barr Engineering is looking into pit 6 potential for additional generation options.
- Company working on governor upgrades, WEG, reached out and is interested in looking at future generator options.

Other

- Water Plant staffing: Laborer David Nelson was promoted to Water Service Worker which opens the laborer position.

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Motion by Commissioner Johnson and seconded by Commissioner Matten to ratify the promotion of David Nelson to Water Service Worker. There was a unanimous vote in favor of the motion. Motion carried.

- Roberts Gravel Pit: Staff met with Roberts brothers, both parties' attorneys are working on a purchase agreement where both parties agree. Commissioner Matten and O'Day are confused as to why this is becoming complicated. Forms used for purchased agreements are drafted with eight attorneys and the concern is that this additional time spent on potential modifications is a waste of ratepayer money. Superintendent Magnuson stated he has updated the agent that was involved with the sale.
- MMUA Conference: Coming up August 22nd – 24th, 2022.

Old Business

- Solar Project at Rotary Park: Commissioner Matten inquired on the status of this. Superintendent Magnuson stated that there has been no additional contact from Mr. Winkelman since he first presented his proposal. Commissioner Matten was curious on tree removal and what this all involved. Supervisor Hawkinson provided clarification on the trees. The intention is for those that are needing some arborist action to be removed.
- Upcoming Council Meeting/Employee Policy Manual Review: Commissioner O'Day brought up that review process for the BPU department heads will be addressed at the upcoming City Council meeting on July 5th, 2022, as part of the Employee Policy Manual review and he would like to see the Commission make a recommendation on this. There was an in-depth discussion including Commissioner Matten reiterating that the Commission knows what they are looking for in their Department Heads and would like input on the review and hiring process. There is a concern with the City taking this over completely but the Commission being involved in the day-to-day operations, and they would like to find a way to jointly work together on this. Commissioner O'Day was hoping that this could be tabled to allow further discussion between the two groups and requested this from City Administrator Bergman. Commissioner Angland also felt uneasy about leaving it go without a direct recommendation or action. There was hesitation that if not completely clear in their motions that an approval could be made at the council meeting without the Commissions input. The following three motions were made regarding this matter:

Motion by Commissioner Matten and seconded by Commissioner Angland to recommend to City Council to postpone/delay any action items of the policy changes to allow further discussion. There was a unanimous vote in favor of the motion. Motion carried.

Motion by Commissioner Matten and seconded by Commissioner Wussow to recommend having the City Administrator co-conduct BPU Department Heads employee reviews along with the BPU Commission. There was a unanimous vote in favor of the motion. Motion carried.

Motion by Commissioner Matten and seconded by Commissioner Angland to recommend City Council and BPU form a subcommittee to attend for reviewing all hiring and firing of personnel for BPU. There was a unanimous vote in favor of the motion. Motion carried.

Generator at Hydro

Commission President O'Day inquired on a cost estimate for a new generator at the Hydro. Superintendent Magnuson will be meeting with Barr Engineering tomorrow and will have it on the agenda

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for next month. The estimate from about a year ago was approximately \$600,000. Commissioner O'Day would also like estimates on generation return figured into this as well.

New Business

Mutual Aid Agreement

Commission President O'Day inquired on Mutual Aid Agreements and the cost to BPU for assisting. Operations Supervisor Hawkinson discussed that all the Mutual Aid is billed back to the hosting utility so the cost to BPU when assisting another utility is fully reimbursed for wages, equipment, fuel, etc.

Employee Appreciation Event

The Wellness Committee requested to have city buildings close from 11:30 AM-1:00 PM on September 14, 2022, to allow for employees to attend the appreciation event at Lum Park.

Motion by Commissioner Matten and seconded by Commissioner Wussow to close BPU buildings to allow attendance at the Employee Appreciation Event from 11:30 AM-1:00 PM on September 14th, 2022. There was a unanimous vote in favor of the motion. Motion carried.

Pay request No. 7 received from Magney Construction

Pay request in the amount of \$265,222.90 was received for the water tank storage project.

Motion by Commissioner Wussow and seconded by Commissioner Johnson to approve pay request No. 7 to Magney Construction in the amount of \$265,222.90. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Motion by Commission President O'Day and seconded by Commissioner Johnson to adjourn meeting. Motion carried at 10:50 AM.

Mark O'Day, Commission President

Todd Wicklund, Commission Secretary