



The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on October 25, 2022.

Commission President O'Day called the meeting to order.

**Commission Roll Call**

Mike Angland – Present

Tad Johnson – Present

Patrick Wussow – Present, arrived at 9:04 AM

Mark O'Day – Present

Dolly Matten – Present

**Utility Staff Present**

Finance Director

Superintendent

Recording Secretary

Wastewater Supervisor

Accounting Supervisor

Operations Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Charlie Gammon

Jana Pernula

Trent Hawkinson

**Others in Attendance**

None

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

**Approval of Consent Items**

**Motion by Commissioner Matten and seconded by Commissioner Johnson to approve the minutes from the September 27, 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

**Commission Committee Reports**

Human Resource

- Commissioner Matten reported that performance evaluations for department heads have been turned in and the Commission will hold a group evaluation today after the meeting with the formal review to follow this Thursday with City Administrator Bergman.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**September 27, 2022**

### Finance

- Commissioner Johnson reported a meeting with Superintendent Magnuson discussing the gate buyout with Amjet. The bid came in lower than their top end budget and Magnuson has been in communication with them on final numbers.

### **Unfinished Business**

#### Purchase of Roberts Property

- Superintendent Magnuson reported no movement on status since the last meeting. Magnuson reached out to Keith Roberts with no response; still on hold due to Roberts brothers' personal situation.

### **New Business**

#### Pay request No. 11 received from Magney Construction

Pay request in the amount of \$531,082.97 was received for the water tank storage project.

**Motion by Commissioner Angrand and seconded by Commissioner Matten to approve pay request No. 11 to Magney Construction in the amount of \$531,082.97. There was a unanimous roll call vote in favor of the motion. Motion carried.**

#### Resignation of Line worker, Jonathan Engholm

Superintendent Magnuson reported a resignation was received for Line worker, Jonathan Engholm. There was discussion around how this is now handled and both Commissioner O'Day and Commissioner Matten noted that the Commission has the authority to accept resignation of and authorize replacement for current employees and then from there it would be added to the consent calendar for the City Council. Magnuson will let HR Director Schubert know.

### **City Administrator Report**

- None

### **City Liaison Report**

- None

### **Finance Director's Report**

#### September 2022 Financial Report Highlights:

- Total operating revenue increased \$286,479 (1.4%) from 2021.
- Power costs increased \$356,581 (3.9%) from 2021. The \$356,581 includes the pass-through costs related to crypto load.
- Operating and Maintenance expenses increased \$539,894 (32.4%) from 2021.
- Total operating expenses increased \$1,136,047 (5.7%) from 2021.
- Interest revenue on investments decreased \$753,532 from 2021 due to unrealized decrease in market value of CDs and government agency securities.
- Change in income before operating transfer to City and capital contributions decreased \$1,334,253 from 2021.
- Total investment in utility plant increased \$6.3 million from 2021.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**September 27, 2022**

- Total unrestricted cash and investments decreased \$1.9 million from 2021. Total receivables increased \$331,589 while inventory increased \$98,952 from 2021.
- Change in net position for electric department decreased \$254,873 from 2021.
- kWh sold for 2022 increased 3.6% while utility revenue increased 3.7%.
- Change in net position before capital contribution from City for Water Department is \$275,393 for 2022 compared to \$874,272 for 2021.
- Gallons of water sold (excluding sales to Baxter) decreased 38.9 million (11.1%) from 2021.
- Change in net position for Wastewater Department is a negative \$598,434 for 2022 compared to a negative \$205,740 for 2021.
- Wastewater gallons processed decreased 4.4% while utility revenue changed 0.2%.

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

Combined – 123, 156, and 175  
Electric – 89, 105, and 114  
Water – (11), 40, and 73  
Wastewater – 386, 484, and 543

Commissioner Angland commented that it was nice to see the breakdown for the water and wastewater accessibility charges and noted the decrease from 2021. Angland inquired if this could be related to improvement projects that are still outstanding or potentially Sewer and Water Availability charges (SAC/WAC) owed from the City. Finance Director Wicklund stated the City has collected a significant amount of WAC/SAC fees the last several months and transfer of the WAC fees to BPU will happen at year-end. Discussion also included that up until the utility extension project to Airport BPU hadn't had access to the WAC fees. Commissioner Angland stated he wants to be sure BPU receives its share of WAC/SAC fees in a timely manner. BPU has never really had a say in how these fees are determined. Commissioner Wussow noted that the fees are City determined based on actual costs, not profit. Wicklund noted with the costs of water improvements are the responsibility of BPU.

Finance Director Wicklund stated he is working on finalizing the 2023 budget for the November Commission meeting and then be ready for presentation to City Council on December 5<sup>th</sup>.

Commissioner Wussow inquired what the contribution for 2022 to the City in lieu of taxes will be. Finance Director Wicklund directed him to the nine-month figure on the financial statement which would put it at approximately \$750,000 before payment of their utility bills; net would be approximately \$250,000.

### Discussion of Energy Contract Pricing for Just For Krypto (JFK)

Finance Director Wicklund reviewed the following:

- Schedule of calculated deposit based on 1 MW load
- Summary of Energy Pricing Received from AEP and contracted price that was paid by JFK the last six months. Pricing for all but one month was locked in but for one month JFK purchased energy on the hourly MISO market which did result in JFK being charged an administrative fee.

Commissioner O'Day inquired on when VCV Digital will be up and running. Finance Director Wicklund noted that they are still working with the City on finalizing plans on the purchase of industrial park lots. Commissioner O'Day also reiterated that he did not meet with the representative from JFK, as previously

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**September 27, 2022**

requested, and if anyone else gets a meeting request from them, unless the Commission and/or BPU administration as a whole agrees, that this should not take place.

### Employee Reviews

Finance Director Wicklund noted that BPU is working with employees to complete the annual review process with the new format. Accounting Supervisor Jana Pernula and Finance Director Wicklund will be start meeting with employees and then a calibration session will be held at BPU with all supervisors to review employee's performance in a calibration session. Wicklund recently attended a calibration session for the City and is expecting BPU will do the same with their supervisors and employees.

Commissioner Wussow asked why BPU uses the market value for investments on financial reports. Finance Director Wicklund and Commissioner Johnson verified that the auditors require this reporting for all market rate CD's. Johnson noted that all held to maturity securities, if they are available on the open market, regardless of company's intent to hold to maturity are required to report market value. This is also set to apply to leases soon; discussion will occur with the auditor on this in the future.

### HR Director's Report

- Noted

Next Board meeting is scheduled for November 29, 2022.

### Superintendent's Report

#### Water Department

- Projects
  - Water storage tank project: First water compartment is complete. Currently working on filling, chlorinating, and disinfecting with a target date of November 7<sup>th</sup> to have online. Currently about half of the exterior yard piping is completed. Once completed, we will switch over and demo of old tank will start. Next tank will get started immediately after.
  - Maintenance: Crews draining hydrants for winter and working on gate valve and standpipe maintenance.

#### Wastewater Treatment Department

- Projects
  - Biosolids hauling continues, depending on weather.
  - NPDES permit issued and approved for the plant by the MPCA.
    - MOU was mailed directly to Mayor Badeaux in October for PFAS/PFOS testing at the WWTP. Currently waiting for signature. Commissioner Wussow will follow up with Mayor Badeaux.
  - Ongoing plant and lift station maintenance.
  - SCADA upgrade work continues for lift stations.
  - WWTP board with Baxter and BPU representatives are currently working to set up dates for joint meetings to discuss future projects and other related items.
  - River Crossing
    - Braun is looking for borings on both sides of the river and looking at original river profiles. Manholes 4 and 5 are right on the property lines of both property owners so looking at exploring the option of setting another manhole using more of third lot on the river bluff side. Commissioner Matten inquired on a timeline for a quote with

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**September 27, 2022**

Supervisor Gammon stating that he will request a budget number for the next commission meeting. Commissioner O'Day requested that this item be added to unfinished business going forward. Finance Director Wicklund also noted that he discussed the project with City Council members to make them aware that this project is related to wastewater piping.

### **Electric Department**

- Outage report
  - 10-02-22: 100 block of Washington St. transformer bushing broke -1 meter out for 2 ½ hours.
  - 10-14-22: 1000 block of service wire failed - 1 meter out for 1-hour 47min.
  - 10-17-22: 2700 block of 11<sup>th</sup> St. South pad mounted transformer failure -1 meter out for just over 2 hours.
- Crews busy working on rebuild projects, getting ready for winter construction season.
  - Working on repairs for downtown substation which ties into the St. Joe's substation.
- Mutual Aid – Hurricane Ian
  - Two BPU line workers, Brad Olson and Nicholas Lochner, assisted with requested mutual aid in Florida. Operations Supervisor Hawkinson reported BPU line workers were there for eight days with request originally coming from Kissimmee. Trucks made it to Georgia for staging, and then got rerouted to Bartow with 47 Minnesota Municipal employees assisting. Hawkinson praised the Minnesota work ethic and received good reports from both the citizens and the cities involved. Next step is working on billing for relief with MMUA and City of Bartow/Kissimmee for mutual aid expenses. Commissioner Wussow encouraged marketing and promoting ourselves to our local reporters for these and future positive endeavors. Commissioner Matten suggested a quarterly newsletter as a potential option.

### **Hydro Department**

- Generators 1, 2, 3, and 4 at 100%. Generator #5 repairs were completed Friday and is back online. River at 1890 cfs.
- Annual ODSP inspection (FERC), annual pit inspection, and three-year bathymetric survey with Barr Engineering have been completed. Currently waiting for the report for Bathymetric study. Barr Engineering also got measurements for pit 6.
- Annual FERC inspection completed September 27<sup>th</sup> with good results. No immediate issues to report, but some areas to keep an eye on. There was a minor concern with the west bank upstream of the dam and working with new FERC engineer on new expectations.

### **Other**

#### **Roberts Gravel Pit Land Purchase**

Currently waiting for response from Robert brothers.

#### **Airport Solar Project**

BPU staff met several people from AEP last week and visited the site. Finance Director Wicklund reported the project contains about 15,000 panels in total with about 5,000 currently installed and currently installing at a rate of about 300 per panels day. There were some questions on the upcoming winter season but with the expectation of the transformer coming soon brings hopes of being up and running around the beginning of 2023.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**September 27, 2022**

### Solar Project at Rotary Park

A recent park board meeting had an update from Winkelman Solar which requires some follow-up conversations. Superintendent Magnuson requested a follow up meeting with Winkelman Solar with discussion to include:

- Donating power vs. third party sales (not allowed in Minnesota)
- Donating panels
- Ongoing maintenance costs
- Service line installation and solar costs

The Park Board recently made a motion to move forward and have BPU pay for maintenance. Commissioner Wussow noted that currently there is no contract so nothing can be finalized. Commissioner O'Day requested that this item also be added to future agendas unfinished business. Operations Supervisor Hawkinson also noted that there is an application process for construction of solar projects which includes engineering and design, especially if BPU will be doing ongoing maintenance.

### 2023 Budget

Staff are currently working on 2023 capital budget to be presented at November's meeting.

### Commission Members – Future Agenda Items

Commissioner Wussow reported on the following:

- Requesting electronic copies of Commission meeting packet for all board members. This will be added to New Business at next month's meeting.
- Attended the Planning Commission meeting regarding variance request for VCV Digital. The Council understood the bigger picture and granted two of the three requested variances. No additional BPU Commission insight was needed.

**Motion by Commissioner England and seconded by Commissioner Wussow to adjourn to closed session pursuant to M.S. Section 13D.05, Subd 3(a) to evaluate the performance of Superintendent Magnuson and Finance Director Wicklund. Motion carried at 10:04 AM.**

Those in attendance at the closed session included the Commissioners Matten, O'Day, Wussow, Johnson, and England.

The Chair reconvened the meeting into open session at 10:37 AM.

### **Adjournment**

**Motion made to adjourn meeting. Motion carried at 10:37 AM.**

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Mark O'Day, Commission President

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Todd Wicklund, Commission Secretary