

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on December 20, 2022.

Commission President O'Day was absent. Commissioner Wussow was appointed as acting President for the purpose of today's meeting.

Appointment for Acting President

Motion by Commissioner Matten and seconded by Commissioner Angland to approve Commissioner Wussow as acting Commission President for the meeting. There was a unanimous roll call vote in favor of the motion. Motion carried.

Commissioner Wussow called the meeting to order.

Commission Roll Call

Mike Angland – Present

Mark O'Day – Absent

Tad Johnson – Absent

Dolly Matten – Present

Patrick Wussow – Present

Utility Staff Present

Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Mandy Selisker

Wastewater Supervisor

Charlie Gammon

Accounting Supervisor

Jana Pernula

Operations Manager

Trent Hawkinson

Others in Attendance

HR Director

Kris Schubert

City Administrator

Jennifer Bergman

Community Development Director

James Kramvik

Commissioner Wussow 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 November 29, 2022, regular monthly meeting, approval of current month's bills, approval of the meeting agenda, and approval of pay request No. 13 received from Magney Construction for

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\$253,593.08 for Water Tank Storage Project. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

- Bonnie McDermott, 12379 State Highway 18, was present and addressed a concern with her meter. A year ago, March, she had a new meter put in at this property which feeds the plug in for her truck, horse barn, and back of the garage. The electricity to these locations had recently stopped working and she had called Jim's Electric to troubleshoot. She had both a picture of the wires behind the meter and a letter from Jim's Electric that she presented. She passed around the picture of the meter and said in discussions with Joe, from Jim's Electric, that someone inexperienced must have put in that meter and that the coding wasn't right to put the meter on top of those wires, which in turn burnt them out. Bonnie is requesting BPU to pay for the electrician to fix those wires. Commissioner Wussow thanked Bonnie for coming in and recommended that she work with staff to get more information and staff can bring back a recommendation to the Commission at next month's meeting. Operations Manager Hawkinson will work with Jim's Electric and Bonnie to review and discuss the situation.

Commission Committee Reports

Human Resource

- None

Finance

- Commissioner Angland reported that he and Commissioner Johnson attended a meeting with Todd and discussed the Solar Projects after receiving additional information from AEP. That information was included in the Commissioners' meeting packets for discussion today and information on the Airport Solar Project, which will be online soon.

Unfinished Business

Purchase of Roberts Property

- Superintendent Magnuson reported purchase is still on hold. City Attorney Langel is hoping to hear from the Roberts brothers before Christmas time.

Electric Service to Rotary Pavilion

- Superintendent Magnuson reviewed from last month's meeting where it was noted that there was a work group to be formed to address solar and line extension. Commissioner Angland stated that there is a meeting coming up this afternoon.

Sewer Line River Crossing

- Superintendent Magnuson reported a meeting with an engineer from Widseth and got the final design laid out and is hoping to get permits started by the end of January. Project overview is to bore a 20-inch line from the East vault, bypass the vault on the West side, and to then dump into gravity manhole on Eagle Drive which will then carry it to the plant. Included in the project would be the demo of two structures. The West side will be taken down 30 inches below grade and then covered, the East side may potentially be used by the Rotary as a scenic lookout but is not final yet. The DNR will need to provide directions for action on the two existing lines that are under the River. Commissioner Wussow inquired what other historical concerns have been addressed with this. Magnuson reported that the engineer is unsure but thinking that flushing or cleaning what existing Wastewater is currently in pipes which may include flushing, pumping, or filling with grout. The DNR will drive what happens with that. Commissioner Angland inquired about the

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Rotary overtaking the East structure and how Rotary plans to review safety measures for the structure as a lookout and any liability with that. Magnuson reported John Forrest had recently requested plans for his team to review plans for the structure. City Administrator Bergman also discussed that this would then be City owned and should be added to the Park Board agenda for discussion.

Hydro Automation

- Superintendent Magnuson received a draft memo from Barr Engineering on various generation options for Bay 6. Barr Engineering is waiting on one more price for a new generator from a company in Sweden. Magnuson would like to briefly review the options today. The three options proposed are:
 - Option No. 1 – Install a packaged turbine/generator unit designed to be placed in the existing flume. The potential additional capacity closely resembles the existing turbine unit capacity of approximately 500 kW of power. This option would require minimal civil work and installed cost estimate ranges from \$1.9 to \$5.6 million.
 - Option No. 2 – Install a new horizontal Francis-style turbine and a matched generator in Bay 6. The turbine and generator layout would be like the existing units. This option would require moderate civil work and installed cost estimate ranges from \$3.1 to \$9 million.
 - Option No. 3 – Install a new vertical unit in Bay 6. This option provides the flexibility to consider expanded generation capacity by either retaining some of the existing units, or adding another new vertical unit. The new turbine and generator would be sized to provide enough capacity to phase out two of the existing units, and will be capable of replacing all generating units if a second vertical unit is installed in a second phase. This option would require the most civil work and installed cost estimate ranges from \$4.7 to \$13.5 million.

Commissioner Wussow requested that we inquire on anticipated construction time and to include that in the next update.

Crypto Mining Projects

- Just For Krypto
 - Not currently mining on Wright Street.
- VCV Digital
 - BPU staff has been working with VCV's consultants for site work and design.
 - Industrial Park land purchase has not been finalized.

Commissioner Matten commended staff and the Commission for taking precautions with these projects, being good stewards of the business, assets, and taking necessary precautions in these projects.

Succession Planning

- HR Director Schubert provided an update on the request to have the top two positions at BPU reviewed for possible reorganization in preparation for Finance Director Wicklunds' upcoming retirement.
 - Flaherty and Hood, P.A will assist with the additional study request at no additional cost and be able to meet the requested deadline of February 17th, 2023.
- Commissioner Wussow stated that results will be discussed at February meeting.

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New Business

Workgroup Member Selection for Color Temperature Lighting Policy

Community Development Director Kramvik discussed that at yesterday's Safety and Public Works meeting street lighting was discussed, and recommendations will be brought to the City Council. Safety and Public Works along with the Council would like to also review color temperature standards which would apply to the entire City including streets, parks, private property, and businesses. A work group is proposed to include a member of the BPU Commission, Planning Commission, and Park Board, along with Jessie Dehn on behalf of Engineering, Operations Manager Hawkinson, and Kramvik. Kramvik is currently requesting one member from the BPU Commission to attend an upcoming work group meeting in January to assist in decisions which will then be presented at the 2nd City Council meeting in January. Commissioner Angland volunteered to attend. This change would require new lighting to be ordered but until new specs are decided, quotes cannot be given for cost considerations.

Motion by Commissioner Matten and seconded by Commissioner Wussow to appoint Commissioner Angland to the Lighting Policy work group. There was a unanimous vote in favor of the motion. Motion carried.

Approval of Lease between BPU and Brainerd Solar LLC (AEP) for Land Adjacent to Wastewater Treatment Plant (WWTP)

Finance Director Wicklund reviewed historical data, projections, and capacity generated for each renewable source, including Hydro. In 2024, Wicklund projected that approximately 16% of BPU energy needed would be generated from renewables. This includes the Airport Solar, WWTP Solar and Hydro projected generation. Anticipated capacity to be produced from these combined renewable sources would be approximately 6 MWs.

AEP's review of two additional potential site locations results were: Wright Street Parcel indicated the presence of wetlands and a creek on the parcel raises significant concerns about solar suitability. A potential site next to the State Hospital, if purchased in the future, could have potential for 10 MWs of power and no known environmental issues.

Approval of Solar Power Purchase Agreement between BPU and Brainerd Solar, LLC (AEP) for Construction of Solar Facility Adjacent to Wastewater Treatment Plant Lease between BPU and Brainerd Solar LLC (AEP) for Land Adjacent to Wastewater Treatment Plant

Wicklund reviewed information from AEP on the Solar Purchase Power Agreement (PPA). Per MWh cost for the WWTP Solar Project is tentatively priced at \$95.25 per MWh which is an increase from the previously executed Airport Solar PPA due to Renewable Energy Credits sold to offset cost of Airport PPA, Economies of Scale (size difference of projects), and increased Supply Chain Costs. If we wait, some prevailing wage and apprenticeship requirements could come into effect in January 2023 that could increase the Solar PPA rate potentially \$6 per MWh. An economics study produced by AEP showed potential solar savings for the WWTP Solar project at the 30-year mark to be approximately \$574,000. AEP's estimated energy price in 10 years was shown at almost \$65 MWh, with an all in price (including transmission costs) at approximately \$98 MWh. BPU's contract with AEP is currently out for 10 years.

Wicklund reported the agreement includes a buyout option for BPU after eight years and BPU is looking into potential grant funding with the MPCA.

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Staff recommendation is to move forward with the agreements proposed for the Land Lease and Solar PPA at the WWTP. Wicklund also noted that a ribbon cutting at Airport solar project is planned to take place in Spring 2023.

Commissioners' discussion included:

Commissioner Wussow:

- What incentive would AEP have to reduce the Solar PPA contract price if it were approved today at the quoted \$95.25 - Wicklund responded that this would be done through an amendment as it has been done in the past.
- Responsibility of personal property taxes - Wicklund discussed that it would be AEP, until if in the future BPU would purchase the array, then BPU would be responsible.
- Wussow requested data be included related to the market rate of energy and the projections discussed that were provided by AEP. Wicklund explained that this rate is one piece of the cost equation that BPU pays for an all-in cost. Wussow explained the importance of this data to him in considering projects such as this.

Commissioner Matten:

- The cost in 8 years when the option to purchase is available – Wicklund reported that it would be determined by a third party at that time.
- Green Energy Pricing – Wicklund mentioned that at this time we do not offer this, but it may be part of the upcoming cost of service study.

Commissioner Angland:

- Excited with the potential of the State Hospital land.
- Inquired on upcoming City of Baxter meetings and deadlines - Community Development Director Kramvik reviewed timeline which included a January 10th Planning Commission meeting for the City Baxter contingent upon AEP providing a final grading plan followed by the Baxter City Council meeting the 2nd Tuesday of January. Angland stated that he plans on attending, Wussow and Matten will as well.
- Consensus of the City of Baxter residents – Kramvik reported that there seems to be an understanding that renewable energy is also important to the City of Baxter but haven't heard from neighbors at this time. There is a fencing requirement and would also likely be a forest management plan required.

Motion by Commissioner Matten and seconded by Commissioner Angland to recommend the Brainerd City Council approve the land lease between BPU and Brainerd Solar, LLC for land adjacent to the Wastewater Treatment Plant. There was a roll call vote with Angland and Matten voting in favor of the motion and Wussow voting opposed. Motion carried.

Motion by Commissioner Matten and seconded by Commissioner Angland to approve the Solar Power Purchase Agreement between BPU and Brainerd Solar, LLC for the construction of Solar Facility adjacent to the Wastewater Treatment Plant. There was a roll call vote with Angland and Matten voting in favor of the motion and Wussow voting opposed. Motion carried.

City Administrator Report

City Administrator Bergman discussed the following:

- 2023 Budget: The City Council approved the budget last night with a 3% increase to the levy. Bergman commended the Finance team and Council for their work on this and keeping it at 3% despite the pending \$1.9 million settlement of firefighters lawsuit.

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- Street Lighting: Bergman thanked Operations Manager Hawkinson for attending the recent Safety and Public Works meeting and providing some good direction. The meeting also brought up a discussion on banners.
- State Hospital: No additional updates beyond what was discussed earlier.
- Union Contracts: IBEW 31 - Administrative Support and 49ers Parks contracts have been approved. Streets Department has recently approved their tentative agreement and will be going to the Council on January 3rd for approval. Bergman expressed gratitude to HR Director Schubert for her work on these.

City Liaison Report

- None
 - Commissioner Wussow asked when City Liaisons are elected. City Administrator Bergman reviewed that the first meeting in January is when the Council President is elected, along with the appointment of the Chairs of Personnel and Finance and Safety and Public Works. The second meeting in January is when the Liaisons will be determined.

Finance Director's Report

November 2022 Financial Report Highlights:

- This will be presented at the January 2023 Commission meeting. There was significant time spent finalizing performance reviews and assisting staff with the Job Assessment Questionnaires.

2023 Capital and Operating Budget:

- City Council approved BPU budgets without discussion at the December 5th Council meeting.

2022 Audit:

- Working on completing year-end confirmations for CLA.
- Audit fieldwork is scheduled to start March 13, 2023.

Electric Cost of Service Study:

- Currently working on schedule of information requested by Utility Financial Services (UFS). These include:
 - Number of transformers in BPU distribution system by type of voltage.
 - Consumption data for all customer classes for past 12 months.
 - Number and age of poles and type and length of conductor in distribution system.
- The goal is to have the study completed in time for the March 2023 Commission meeting.

Frontier Energy:

BPU is working with Frontier Energy, BPU's energy efficiency consultants (CIP Program) to provide grant writing and application support for funding opportunities for BPU available through Infrastructure Bill, Inflation Reduction Act, USDA grants, etc.

- Looking into potential grant with Department of Commerce for underground feeders.
- Pursuing Program Portfolio Portal (P3) which would allow BPU customers to directly submit completed CIP rebate forms online and provide BPU more extensive reporting and tracking.

2023 Commission Meeting Dates:

- Provided

HR Director's Report

- Noted

Tentative Retirement Date:

Finance Director Wicklund reported his tentative date of retirement as October 13, 2023.

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Next Board meeting is scheduled for January 31, 2022.

Superintendent's Report

Water Department

- **Projects**

- **Water storage tank project:** First water compartment is complete and online. Tank one has been up and running for approximately one month. Yard piping is complete, demo of steel tank is complete, and Magney is working on foundation for second half of new tank.
- **Maintenance:** Crews working on miscellaneous maintenance items including standpipes, meters, updating database for service line material and backflow devices, and inventory.
- **Coupon Test:** Bolton & Menk will have a presentation at the January 2023 meeting.

Wastewater Treatment Department

- **Projects**

- Plant and Lift Station operations and maintenance
- Main lift and Evergreen lifts are getting Bar Screens and Grit replaced.
- Pumps are being replaced with Quality Flow pumps to keep up with biosolids production.
 - Doubling the pump size
- Year-end reporting

Electric Department

- Outage report
 - 11-02-22: 568 feeder had a fault - 152 meters out for 33 minute
 - 11-25-22: squirrel outages in SE Brainerd – 412 meters out for 65 minutes
 - 12-04-22: UG transformer failure Brookside Circle – 60 meters out for 2 hours 57 minutes
- Operations Manager Hawkinson reported on recent winter storms and how well BPU fared. With neighboring utilities reporting 10,000+ meters out, BPU for the same time only had 9 meters to report with outages. Hawkinson commended the staff and BPU's ability to invest in electrical systems and equipment as key factors in this. Hawkinson is proud of BPU's system and employees who are always willing to help and commended the whole team who make these events successful. Future training opportunities were identified with the Fire Department on power line safety.
 - Commissioner Wussow inquired what percentage of BPU's secondary lines are underground. Hawkinson reported secondary lines to homes are about 90% overhead service. Distribution circuits are more of a 60/40 split, with 60% being overhead. Hawkinson reported overhead did well through storm and are less expensive to both construct and maintain although good vegetation management is key. Wussow also extended his thanks to BPU staff both those that were working and on vacation but willing to come in to assist.

Hydro Department

- Generators 1-5 are all at 100% with river at 2140 cfs.
- Estimates for Bay 6 are being finalized.
- Working on year-end report for FERC.

Other

Compensation Study

Staff are busy working on Job Analysis Questionnaires (JAQ's).

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Commissioner Angland commented that with the Airport Solar Project ribbon cutting and potential green energy rate coming in the future that there may be interest with a few Brainerd High School teachers and/or classes to be a part of presentation. He can provide those resources if there is interest.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Matten to adjourn to the City of Baxter Planning and Zoning meeting on January 10th at 6:00 pm. Motion carried at 10:35 AM.

Mark O'Day, Commission President

Todd Wicklund, Commission Secretary