

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on January 31, 2023.

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
Recording Secretary
Wastewater Supervisor
Operations Manager

Todd Wicklund
Mandy Selisker
Charlie Gammon
Trent Hawkinson

Others in Attendance

City Administrator
HR Director
City Liaison

Jennifer Bergman
Kris Schubert
Jeff Czczok

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

Election of 2023 Officers

2023 Commission President

Motion by Commissioner Johnson and seconded by Commissioner Angland to nominate Patrick Wussow for 2023 Commission President. There was a unanimous vote in favor of the motion. Motion carried.

2023 Commission Vice President

Motion by Commissioner Johnson and seconded by Commissioner O'Day to nominate Dolly Matten for 2023 Commission Vice President. There was a unanimous roll call vote in favor of the motion. Motion carried.

Commission President Wussow also reaffirmed the current committee members.

- Finance Committee will consist of Commissioners Angland and Johnson.
- Personnel Committee will consist of Commissioners Matten and O'Day.

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City Liaison

- Commission President Wussow introduced new City Liaison, Jeff Czczok to the Commission and staff.

Approval of Consent Items

Motion by Commissioner Johnson and seconded by Commissioner Matten to approve the minutes from the December 20, 2022, regular monthly meeting, approval of current month's bills, approval of meeting agenda and approval of Pay Request No. 14 received from Magney Construction for \$181,942.10 for Water Tank Storage Project. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

- None

Commission Committee Reports

Personnel

- None

Finance

- None

Unfinished Business

Purchase of Roberts Property

- Staff heard from the City Attorney who spoke with Roberts Attorney, they are still interested in selling the property to BPU and are looking into a survey. Superintendent Magnuson reached out to Keith Roberts but has not heard back. Commissioner Matten inquired if BPU is still using the assistance of Brad Watson with Edina Realty to write the purchase agreement. Magnuson responded that the Roberts brothers did not want to use that purchase agreement. Matten wanted to make sure that the Roberts brothers understood that they were not paying commissions to the brokerage. Magnuson will reach out to discuss what specifically they are not liking with the presented purchase agreement.

Electric Service to Rotary Pavilion

- City Administrator Bergman reported that she along with Commissioner Angland and Operations Manager Hawkinson attended a meeting with Dave Winkelman and Pete Nelson. From the meeting, Dave and Pete recognized that there was a lot more needed than originally expected. This included additional costs for City, discussion on ownership and maintenance, and working with budget processes. The decision from Rotary as well as the Park Board was to table it until potentially 2024. There was a decision to leave on agenda as an unfinished business item to be revisited when budget conversations for 2024 begin.

Sewer Line River Crossing Project

- Finance Director Wicklund reported that the application and fee to DNR for license to cross public waters was sent in on Friday.

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Hydro Automation

- Superintendent Magnuson reported that staff is working on generators and governors for units 1, 2 and 3; BPU is still waiting on parts. Units 4 and 5 do not have governors but are getting upgrades to set them up for receiving governors in the future. Staff is also looking into automating the tainter gate. The other option for automation is a new unit in bay 6, which is being evaluated by Barr Engineering for feasibility and economic evaluation. Whichever option staff decides to have an interest in, a request for more precise numbers will be requested. Magnuson also reported that from start to finish, the project would take approximately two and a half years to be up and running.
 - Commissioner O'Day inquired if there are any grants available. Magnuson reported that the staff has a meeting scheduled with Frontier Energy to discuss.
 - Commissioner Angland inquired on proposed legislation and what the right investment would be moving forward to be potentially carbon free, if required. Magnuson responded that municipalities are currently not subject to these energy policies but potentially could be with this next bill passing.
 - Commissioner Johnson inquired on the cost per kWh on option 1, proposed by Barr Engineering, would be. The finance committee will meet with Finance Director Wicklund after the meeting to review an estimate.
 - Commissioner Matten reported on an article read recently on the Hydro Dam in Thief River Falls. They used L & S Electric out of Minnesota who specializes in automation generators. Matten would like to see some more realistic quotes without the huge ranges and requested staff reach out to L & S Electric to inquire on potential estimates from them as well.
 - Commissioner Wussow pointed out that the renewable sources are more expensive than traditional and does the Commission want to commit to paying more per MWhr for renewable resources. Commissioner Johnson reiterated that in line with the mission statement he maintains the vision of providing reliable energy at the lowest possible cost. Wicklund added the importance of future planning, looking out 30+ years down the road based on both rising energy and transmission costs and well as capacity.
- This will be reviewed again at February's meeting.

Crypto Mining Projects

- Just for Krypto (JFK) is not currently mining. If JFK does not register its anticipated load with MISO Load Management Resource (LMR) by March 15th, BPU will begin charging JFK an additional capacity charge (pass through cost) of \$6,000 per MW per month due to the impact on BPU's capacity, especially during peak summer months.
- VCV Digital has said that they still intend to be up and running sometime this coming summer. The closing of the Industrial Park lot is still outstanding. VCV will also need to register their anticipated load with MISO in LMR program by March 15th or they too will be subject to the capacity charge.
 - Commissioner O'Day asked if the companies are aware of the potential capacity charge and if they have been formally notified. Finance Director Wicklund responded that they are aware. Additionally, Wicklund reported a meeting with AEP is to take place next week and then following a formal reminder will be sent to both companies regarding this.
 - City Liaison, Jeff Czczok, inquired on the cost to BPU on this load. Wicklund discussed that if they don't take any capacity there should be no additional costs. However, if they

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do, and they do not register with LMR, then the costs incurred from AEP would be pass through costs to each company.

- Commissioner Wussow requested that when communication goes out regarding the capacity charge that could apply to clearly state that it is an additional charge above and beyond their regular fees and charges.
- City Administrator Bergman reported that VCV Digital did reach out about two weeks ago regarding closing on the land and wanting to proceed, but proposed to pay half the cost at closing and the other half in March. That offer was declined and other than confirming her response nothing additional has happened at this time.

Succession Planning

No additional information to report.

New Business

Fitch Waiver Request for Wastewater Treatment and Collection

Finance Director Wicklund reviewed a letter received from Innovative Rental Services, David and Karen Fitch, regarding a broken pipe in the crawl space of one of their properties. The water leaking was going into the ground in the crawl space (dirt floor) so was not being discharged into the collection system. BPU crews verified this. A calculation above and beyond their normal consumption showed excess Wastewater Treatment and Collection charges of \$263.40.

BPU staff opinion is that the excess water did not enter the City's sanitary sewer system, therefore the recommendation is to approve a \$263.40 credit adjustment to the customer's utility account.

Motion by Commissioner Johnson and seconded by Commissioner Matten to approve the credit of \$263.40 to the requested account at 1102 15th Ave NE. There was a unanimous roll call vote in favor of the motion. Motion carried.

Commissioner Johnson appreciated the efforts of staff on customer requests like this. Commissioner Matten inquired if we have other customers that need follow up communications on the meter/usage notifications. Matten requested that this reminder be added to our newsletter to ensure all customers are aware of how to sign up and/or when they need to re-register.

Recommend to Council the Authorization to fill a Journeyman Lineworker Position which has been vacant since November 7, 2022.

Motion by Commissioner O'Day and seconded by Commissioner Matten to recommend to Council the authorization to fill the Journeyman Lineworker Position. There was a unanimous vote in favor of the motion. Motion carried.

Accept the Retirement of Dave Wise, a Hydro Operator, Effective March 31, 2023.

Motion by Commissioner O'Day and seconded by Commissioner Matten to accept the retirement of Hydro Operator, Dave Wise, effective March 31, 2023. There was a unanimous vote in favor of the motion. Motion carried.

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Commissioner Johnson inquired on if this position is intended to be replaced. Superintendent Magnuson stated no that the Relief Operator position is responsible for covering shifts such as this and in addition, staff is working on an MOU between USW and IBEW to allow IBEW employees to assist at the Hydro plant on an as needed basis.

City Administrator Report

City Administrator Bergman reported on the following:

- At the first meeting in January, the newly elected officials took the oath of office. Jeff Czczok was appointed as the new City Liaison. The Council President remains as Kelly Bevans and Vice President as Gabe Johnson. Chairs for committees are as follows:
 - Personnel & Finance: Gabe Johnson
 - Safety & Public Works: Mike O'Day
- Two council members were appointed to the Wastewater Treatment Management Board, Jeff Czczok and Mike O'Day.
- A feasibility study is being conducted for a pedestrian bridge across Highway 210. This would be the extension of the Cuyuna Lakes State Trail. The bridge would go from Lum Park across 210 and connect back up to the Cuyuna State bridge.
 - City Council authorized hiring SRF to do the feasibility study and have appointed a project management team which includes two Council members, Gabe Johnson and Tiffany Stenglein. Periodic meetings will take place with hopes of having the study completed by May.
- Meeting to discuss Christmas lights took place in January. Some potential funding ideas were CIP and ARPA funds. Recommendations will be brought back to the committee.
- The State Hospital site was previously identified as a potential solar site in the future. Economic Development Commission would like to first explore any opportunity for development projects. There was a recent meeting with a developer who showed interest in that land.
- Pay Equity has failed for the year 2022. City staff is working with Flaherty & Hood to hopefully get an extension. Flaherty & Hood has assisted municipalities in the past with this scenario when they are in the middle of a compensation and classification study. The results have been submitted to be able to meet the required submission deadline.

City Liaison Report

- City Liaison Czczok inquired about the increase in rates from 2020 when all costs seemed to increase. Finance Director Wicklund reported that related to electric the only change in 2021 and 2022 has been the Power Cost Adjustment (PCA) increasing from \$0.009 to \$0.017 per kWh. There is currently a cost-of-service study happening to review the cost of service for all classifications and evaluate if changes are needed. Related to water, Wicklund reported on average there has been an increase of 4.9% every year, generally due to the increase of debt service.
 - Commissioner Johnson noted that our power rates are locked in through 2031 with our AEP contract. Transmission charges will continue to change but hopes are at least through 2031 that changes will be relatively modest.

Finance Director's Report

Draft December 2022 Financial Report

There was a brief discussion regarding the preliminary December financial statements.

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2022 Audit

Work continues with preparation of approximately 75 schedules and analysis for CLA auditors. Audit field work is scheduled to start March 13, 2023.

Electric Cost of Service Study

Work continues with preparing various schedules requested by Utility Financial Services (UFS). The goal is to have the study completed in time for the March 2023 Commission meeting.

Frontier Energy (FE)

Staff met with FE representatives who are BPU's energy efficiency consultants (for CIP program) to discuss grant availability through Federal and State programs and funding opportunities for BPU available through Infrastructure Bill and Inflation Reduction Act. Working on finalizing grant applications for several projects planned in the fields of grid hardening, grid resilience, water/wastewater, and EV.

Significant CIP projects finalized this month include:

- Garfield Elementary School - \$19,860.33
- Lowell Elementary School - \$19,856.49
- Harrison Elementary School - \$10,182.06
- Riverside Elementary School - \$17,166.48

City Wastewater Collection and Stormwater Charges Rate Study

Will be completing necessary schedules for UFS that will help them in determining future rates since necessary information is based on BPU water consumption.

Wastewater Treatment Solar Project

BPU and City staff attended three City of Baxter meetings (Utility Commission, Planning and Zoning Commission, and City Council) in January related to allowing BPU to construct a solar project on land behind the Wastewater Treatment Plant (WWTP). The outcome was successful and now work will begin on finalizing construction plans and site preparation. There will be a significant buffer of trees on the East side of the project.

Wicklund expressed appreciation for both James Kramvik (City of Brainerd) and Josh Doty (City of Baxter) with their help throughout this process.

WWTP Management Board

Staff is currently working on selecting a date that would work for this Board to meet to discuss significant reporting requirements at the WWTP. Currently waiting on one more member from Baxter and need commitment from one of the Commission members. Wastewater Supervisor Gammon will take the lead and coordinate meetings as needed.

Commissioner Wussow volunteered to be on the WWTP Management board on behalf of the Commission.

HR Director's Report

- Noted

Next Board meeting is scheduled for February 28, 2023.

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Superintendent's Report

Water Department

- Projects

- Water storage tank project: Slab pour one of three is complete for second tank. Retaining walls in the back and yard piping are complete.
- Maintenance: Crews working on standpipes and meters, updating database for service line material, and backflow devices.
- Copper/Lead Testing: Coupon test (9 month test) results are in. With copper limits in households and potentially in the biosolids, staff is meeting with the Department of Health to go over options prepared by engineering firm Bolton & Menk and get input before proceeding to get recommendations on how to proceed. Actions could be as widespread as treating with chemicals versus a brand-new water plant. There may be a presentation at the February meeting with Bolton & Menk's recommendations.
- Highway 210 Reconstruction: Crews recently repaired a main break near Walgreen's. Staff did a great job repairing and got assistance from line crew. Magnuson emphasized the importance of the replacement and upgrades both on the East and West of the bridge with the future MNDot Projects. City Liaison Czczok and City Administrator Bergman stated that there is an upcoming meeting on February 21st to discuss and they will add this to the report.

Wastewater Treatment Department

- Projects

- Plant and Lift Station maintenance.
- Screen and Grit replacements as parts are available.
- Copper reduction treatment plan on the discharge permit to be discussed with the newly appointed WWTP Management Board.

Electric Department

- Outage report
 - NE Brainerd: squirrel caused outage, 13 meters out 37 minutes.
- Crews busy working on mapping updates.
- Ready to start fiber project – currently waiting for parts.
- Starting vegetation management.

Airport Solar Project: Up and running as of December 30, 2022. Best production day thus far was on January 8, 2023, producing 3.5MW. Commissioner Matten inquired on the number of panels used for this project. Operations Manager Hawkinson stated about 15,000 panels (5.7 MW facility). Finance Director Wicklund noted that the WWTP Solar project will be about a quarter of this size with about 3,500 panels (1.3 MW facility).

Hydro Department

- Water has come up as of yesterday with all 5 generators at 100%. River at 2500 cfs.
- Emergency Action Plan (EAP) tabletop exercise is scheduled for March 9th with FERC representatives and local management agencies. Occurs every five years with both tabletop and functional exercises.

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Other

- Bonnie McDermott, 12379 State Hwy 18: Staff met with her, and Jim's Electric and she is satisfied with the results. No further action required.
- Future Hires
 - Wastewater would like to hire a laborer. There is a position in the 2023 budget for an additional wastewater operator, however, Class D Operators coming out of school are scarce. This laborer position could allow on-the-job training for a mechanically inclined individual to learn through field experience.
 - An upcoming posting for the Custodian position to replace a retirement that will occur in a few months.
 - Future meeting with the Personnel committee can review these requests along with any others that arise.

Commission Members – Future Agenda Items

- Commissioner Angland reported on:
 - An opportunity with the Eco Club at Brainerd High School for staff to give a presentation on new solar projects which could include a possible site visit or classroom presentation. This would assist with getting the word out to the community. There was interest from staff. Commissioner Angland will follow up.
 - Thanked Operations Manager Hawkinson on recent street lighting meeting. It was a good collaboration for the City and BPU. Hawkinson reported the decision to move to 3000 Kelvins from the previous 4000 Kelvins which will be less bright and cooler lighting. With current inventory levels it will be a staged approach for the transition. A final draft of the policy has not yet been presented to BPU.
- Commissioner Matten reported on:
 - Matten expressed thanks to staff who attended the recent City of Baxter meetings. The support in the audience was great to see and Matten noted it was not an easy task, but the result was the cities were working together which was nice to see.

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Angland to adjourn meeting. Motion carried at 10:21 AM.

Patrick Wussow, Commission President

Todd Wicklund, Commission Secretary