



BRAINERD PUBLIC UTILITIES

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www.bpu.org

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on September 26, 2023.

Commission President Wussow called the meeting to order at 9:00 AM.

Commission Roll Call

Mike Angland – Present

Tad Johnson – Present

Patrick Wussow – Present

Mark O’Day – Present

Dolly Matten – Present

Utility Staff Present

Public Utilities Director

Operations Manager

Water/Wastewater Manager

Business Office Supervisor

Recording Secretary

Todd Wicklund

Trent Hawkinson

Charlie Gammon

Jana Pernula

Mandy Selisker

Others in Attendance

City Administrator

City Council Liaison

Bolton & Menk

Jennifer Bergman

Jeff Czczok

Morgan Salo, PE

Commissioner Wussow opened the meeting with the Pledge of Allegiance.

Approval of Consent Items

- Request by Commissioner Wussow to pull item A. Approval of Regular Monthly Meeting of August 29, 2023.
- Request by Commissioner Matten to pull item D. Approval of Pay Request No. 22 received from Magney Construction for \$61,722.28 for Water Tank Storage Project.

Motion by Commissioner Matten and seconded by Commissioner Johnson to approve the current month’s bills and approval of the agenda. There was a unanimous roll call vote in favor of the motion. Motion carried.

Commissioner Wussow requested an addition to the minutes of the August 29, 2023, regular monthly meeting on page four. Wussow would like information to be added that was discussed but not noted in

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the minutes under the Discussion of Chlorination of City's Water Supply. During discussion it was inquired if chlorination of the water supply would have prevented the recent boil order. Per Water/Wastewater Manager Gammon, the initial action would not have been a boil water advisory, but rather a hard flushing of the system if chlorination was currently in place.

Motion by Commissioner Wussow and seconded by Commissioner Matten to amend the minutes from the August 29, 2023, regular monthly meeting. There was a unanimous vote in favor of the motion. Motion carried.

Commissioner Matten inquired on the Schedule of Values included with Payment Request No. 22 from Magney Construction. In previous discussion, the decorative concrete staining was decided against but is shown on the schedule as having been paid on. Wicklund noted it would be a change order with Magney Construction.

Motion by Commissioner Matten and seconded by Commissioner O'Day to approve Pay Request No. 22 received from Magney Construction for \$61,722.28 for Water Tank Storage Project and to submit a change order for the decorative staining. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

Commission Committee Reports

Personnel

Commissioner Matten reported on the following:

- Met with Public Utilities Director Wicklund on staff needs and current open positions. There are currently four existing positions that need to be filled in addition to the most recent resignation notice of Public Utilities Director Wicklund. The Personnel committee really encouraged City Council to keep moving forward in working with BPU Commission in getting these positions filled. Advertising has not yet begun for these due to needing to get a wage established first.
- Met with Council regarding upcoming union negotiations.

Finance

None

Unfinished Business - See board packet for staff memo.

Unfluorinated Tap

Commissioner Johnson inquired if this tap was tested. This question prompted the following discussion:

- Water/Wastewater Manager Gammon noted that no fluoride is in this tap and testing is currently being done weekly with three recent consecutive tests having passed. Whether this is to be opened or not still needing to be discussed. The tap is currently off, but if it comes back online, testing will occur two times a week.
- Commissioner Johnson requested he would like to expedite getting the testing done and turned back on.

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- Commissioner O'Day disagreed with this stating that he sees this as a public health issue and feels that it should be turned off permanently. O'Day expressed concern due to not wanting to be responsible for someone getting sick and he was also in favor of continued chlorination.
- City Liaison Czczok asked if this water was filtered for iron and manganese. Gammon confirmed yes. He also inquired on the cost of manually chlorinating. Gammon stated that initially it was a manual process, however, within the first week, equipment was implemented to transition it to an automated process, which it is now. Public Utilities Director Wicklund said the initial cost had a lot of extra associated cost due to the needed flushing, testing, etc.
- Operations Manager Hawkinson also expressed health concerns with the tap as it cannot be guaranteed as safe. If the tap is turned back on, Hawkinson encouraged a sign to be displayed stating non-potable/non-drinking water.
- Commissioner O'Day inquired on the status with the State in relation to the continued chlorination. Gammon provided an update which included that chlorination has been continuing while they try to achieve recommended levels at all dead ends per the recommendation of the Minnesota Department of Health. In the center of the city, the levels are where they need to be, however, getting this level at all dead ends has resulted in constant flushing of certain hydrants. This will be a continued discussion in the upcoming months.
- Commissioner Wussow requested this be added to next month's meeting agenda as a topic for discussion, but for now the tap will remain off.

Approve 2023 Wage Grid for Electric Distribution Supervisor

Public Utilities Director Wicklund presented the proposed wage grid to proceed with the advertising of the Electric Distribution Supervisor position. Discussion included:

- Commissioner Johnson asked for Operations Manager Hawkinson's thoughts on this and Hawkinson stated that it is a severely needed position, but he has not been involved with the wage grid for this position and is not sure the numbers are where they need to be. This was the first time he had seen it. Hawkinson also noted that this would be a salaried non-union position so exempt from overtime. Hawkinson and Commissioner O'Day both noted that if no applications are received, that wages will need to be re-looked at.
- Commissioner Matten was looking for reassurance that these wages are fair market numbers and where they need to be.
- Commissioner Wussow noted that these are 2023 Wages and referenced internal promotion policy from the Employee Policy Manual that a current employee would move to whatever step is at least a 3% increase.
- Wicklund stated that this position would need to be making more than the current Electric Crew Chief positions, which is currently in the \$52.00-\$53.00/per hour range.
- Commissioner Johnson mentioned comparing to other utilities in the past with like positions and inquired if this was done. Public Utilities Director Wicklund stated that these wages were provided by Flaherty & Hood in conjunction with the wage study.
- City Administrator Bergman stated that wage data was provided by Flaherty & Hood with herself, HR Director Schubert and Public Utilities Director Wicklund reviewing.
- Matten requested that future positions have the current job descriptions included with the wage grid being proposed and considered for approval.
- Bergman also noted that for the other three positions, Flaherty & Hood are working on job descriptions and are union positions so would need to be included with union negotiations coming up at the end of October.

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Motion by Commissioner O'Day and seconded by Commissioner Johnson to recommend to City Council the approval of the 2023 wage grid for the Electric Distribution Supervisor position. There was a unanimous vote in favor of the motion. Motion carried.

New Business

Approval of Resolution No. 2023-10 Requesting the Issuance of G.O. Obligation Bond, Series 2023A with BPU portion being \$3,115,000 – see board packet for resolution.

Public Utilities Director Wicklund stated this bond is part of the City of Brainerd's \$5,435,000 bond issue that BPU has two large projects which include the Forcemain River Crossing project at \$1,900,000 and the water services included in the North Brainerd project at \$1,100,000. The North Brainerd project should be completed by the end of the year and proceeds from the bond issuance should be available sometime in November.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve Resolution 2023-10, Requesting the Issuance of G. O Obligation Bond, Series 2023A with BPU Portion being \$3,115,000. There was a unanimous roll call vote in favor of the motion. Motion carried.

Discussion of Water and Wastewater Utility Rates - see board packet for rate projections.

Public Utilities Director Wicklund stated one criteria for the debt service covenant for bond issuance is that there is 1.5 times cash available above annual debt service. The debt service ratio for Water is currently at 0.7 times therefore an adjustment to the water rates is necessary to meet future debt service. This proposal is for discussion and review and action will be requested at next month's meeting.

During the presentation to the House of Representatives, there was discussion on the affordable rates at 1.2% of household income for water and for wastewater, 1.4%. Based on the average household income in the Brainerd area, that would be projected to be an average \$42/month water bill and BPU is currently at around \$33/month. If there are major projects in the future in the Water Department that number could drastically increase above the affordable rate, so BPU needs to be cognizant of that. Commissioner Johnson inquired on the administrative ease of frequent rate changes. Accounting Supervisor Pernula noted that it is a rather tedious process within the billing system to update.

Discussion of Authority of Roles Between BPU Commission and City Council in Managing BPU – see board packet for memo.

Public Utilities Director Wicklund and Commissioner Johnson summarized some roles of Council versus BPU Commission and who has control over different aspects of BPU operations. This item was included in the agenda to start discussion on clarifying the roles the Commission and Council have regarding the operation of BPU. Commissioner O'Day commented that this discussion would be good for both current and future Commissioners and City Councils. Commissioner Johnson noted that in reviewing the Charter it does answer some questions, however, in talking with staff there is some confusion with who is supposed to be doing what functions and ideally looking at this more closely in hopes of clearing up communication issues.

Commissioner Wussow recommended the BPU Commission Personnel Committee work on this and ultimately with discussion it was suggested that it be a committee consisting of Commissioner Matten, Commissioner O'Day, Public Utilities Director Wicklund, HR Director Schubert, City Liaison Czczok, and a member of the City Council Personnel and Finance Committee be formed to address these concerns.

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Bergman noted that in addition to the Charter, the Employee Policy Manual (EPM) and Organizational Chart may also help in addressing some of the questions. Committee to meet first on initial list and then bring in additional staff questions and concerns, which Wicklund will assist in compiling. Water/Wastewater Manager Gammon requested a definition of BPU staff. When referring to BPU staff it appears that there are two levels – Department Heads and above and then all other staff. Commissioner Matten summarized that all employees are staff. Information should be disseminated from the top in whatever fashion is feasible and deemed necessary.

Commissioner Wussow inquired on a topic for discussion to add being why there are separate audits for the City and BPU. Commissioner O'Day noted the autonomy and separation of financials for raising funds and setting levies. Commissioner Johnson noted that it is state law due to enterprise funds over a certain size.

Barr Proposal for Hydroelectric Project Phase II Generation Study- see board packet for proposal.

Public Utilities Director Wicklund summarized the proposed study provided by Barr Engineering. The proposal is for the design within Pit 6 of the two potential generator options. The timeline provided by Barr Engineering would be to have the cost estimate and project planning completed by February 16, 2024. Commissioner Johnson was inquiring if the delay on this project was incurring duplicate costs. Wicklund noted Barr has not done an internal inspection of the pit but more of a high-level analysis. Operations Manager Hawkinson agreed. Pit 6 was previously modified with the AmJet turbine project and is not internally the same as the other pits.

Commissioner Wussow and O'Day were concerned with the cost, noting that moving forward with this really solidifies a commitment to put a generator in. Commissioner Johnson commented that this is a revenue producing project. Hawkinson noted that typically BPU can generate power 12 months a year. This year has been an exception with the low river levels. Hawkinson also noted that current regulations are going to require BPU to be carbon free by 2040. This project will be a big asset for meeting this mandate. Commissioner Angland inquired about obtaining another quote. Hawkinson acknowledged that Barr works with BPU on FERC requirements and as well as Minnesota Power and there is a value to working with them.

Motion by Commissioner Johnson and seconded by Commissioner Angland to proceed with the Brainerd Hydroelectric Project Phase II Generation Study with Barr Engineering in the amount of \$99,100. There was a unanimous vote in favor of the motion. Motion carried.

City Administrator Report

City Administrator Bergman reported on the following:

- The City Council set their preliminary levy at a 10.53% increase over 2023 with a goal to get to 6% or lower for a final levy. The final levy can be lower but not higher than the preliminary levy.
- The House Capital investment Committee meeting was held and noted that Public Utilities Director Wicklund and Morgan Salo, Bolton & Menk, did an outstanding job presenting. A video was presented on behalf of BPU and captured the room's attention.
- Health insurance for 2024 will increase 9.43% with an 8% cap in 2025.
- Bond rating call was held with Standard & Poor's related to the 2023A bond issue. The new rating should be provided around October 5th.

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- The Classification and Compensation study with Flaherty & Hood is still ongoing but getting close to completion. A closed session will be held after the October 2nd City Council meeting in preparation for union negotiations with IBEW. Negotiations with Parks will be next week.
- Performance Evaluations are coming up in October. Commission members are to have input and a form should be going out to them by mid to end October.
- Expressed thanks to Water/Wastewater Manager Gammon and Public Utilities Director Wicklund for setting up facilities tours of BPU with the City Council. These tours will be taking place on September 28th and 29th.

City Liaison Report

City Council Liaison Czczok reported on the following:

- The Employee Appreciation Event had a good turnout.
- Inquired if the unflorinated tap could be unflorinated yet chlorinated noting the public appeal may be the fact that it is not fluorinated.
- Interested in the future discussion of the different roles the Commission and Council have regarding the operation of BPU. Noting BPU is a department of the City and associates that similar to the Parks Department or Street Department.

Public Utility Director's Report – see board packet for report

Public Utilities Director Wicklund discussed the 2024 Budget Process to begin in October. Water Treatment Facility Asset Assessment Inventory Summary presentation to occur at a future meeting. Wicklund also discussed the House of Representatives Capital Bonding Request presentation held on September 13th and the video shown to House of Representative was shown to BPU Commission.

Managers Reports

Operations Manager Hawkinson reported inspection occurred at Hydro for pressure vessels which went well with 1 vessel to be changed out. The current water level is at 651 cfs but needs to be around 900 cfs to turn generator on. Solar generation has been performing well and at about 50% of its capacity with the overcast weather. In the last 30 days, it produced 938 MWh. Currently working with AEP and City of Baxter to get a building permit issued with dirt work to start after this is finalized for the Service Center Solar Project. Public Utilities Director Wicklund noted that the City of Baxter sees BPU as the developer in this project due to being the Conditional Use Permit holder and will require a payment of \$448,000 to an Escrow Account. Wicklund noted that this can be used as a retainage account as the project moves forward.

Water samples have been ongoing. Annual water tower inspections occurred at both the Downtown Water Tower and the State Hospital Water Tower. Those were on an annual inspection schedule and are at the end of a ten-year contract with SEH. BPU needs to determine what the next inspection schedule needs to be while potentially looking at doing these inspections in-house going forward. Vegetation management is ongoing with low water levels. VCV Digital will be breaking ground soon with potential looking to be online in the Spring of 2024.

Water/Wastewater Manager Gammon reported attending a pre-construction meeting for the Forcemain River Crossing Project which went well. Equipment and materials drop off to occur October 6th. Attended a Region 5 tour of St. Cloud's Wastewater facility. Land application of biosolids delayed with rain. Going to try to use gas production to reduce costs. Working with Streets Crew to televise and help troubleshoot

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broken line by filtrate building. Assessment and review of chemical addition process ongoing at Water Plant to find efficiencies.

HR Director's Report – *See board packet for report*

Commission Members – Future Agenda Items

Commission President Wussow inquired on follow up of claims submitted due to the Water Boil Advisory. Public Utilities Director Wicklund noted that the last claim was submitted about a week ago with the League of MN Cities to follow up with each claimant. Wussow requested an update on the status of claims. City Council Liaison Czczok inquired if claims for pets are being paid. Wussow noted that an update should assist with this too. Requested the requirement to become carbon neutral by 2040 be added to unfinished business. Recommended starting a process to create a plan.

Commissioner Johnson requested the current open positions be included as unfinished business to monitor activity. Commissioner Wussow noted that this was requested to be added to unfinished business going forward. The different roles and authority of Commission and Council in operations of BPU.

Commissioner Angland would strongly encourage communication and collaboration with BPU managers and supervisors. Recommended a Strategic Plan as a valuable benefit with being proactive, succession planning and would like to see a few proposals solicited.

Next Board meeting is scheduled for October 31, 2023.

Commission President Wussow adjourned to closed session pursuant to MN Statute 13D.05, Subd. 3(C)3 to consider or develop offers or counteroffers for the purchase of Roberts property located near the water plant at 10:36 AM.

Those in attendance were Commissioners Johnson, Matten, Angland, O'Day and Wussow, City Council Member Czczok, Operations Manager Hawkinson, Water/Wastewater Manager Gammon, and Public Utilities Director Wicklund.

Commission President Wussow reconvened the meeting back into open session at 11:07 AM.

Commission President Wussow adjourned the meeting at 11:07 AM.

Patrick Wussow, Commission President

Todd Wicklund, Commission Secretary