



BRAINERD PUBLIC UTILITIES

8027 Highland Scenic Rd • P.O. Box 373 • Brainerd, Minnesota 56401
Business Office: 218.829.8726 ■ **Repair Service:** 218.829.2193
www.bpu.org

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 27, 2024.

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

Commission Roll Call

Mike Angland – Present
Tad Johnson – Present
Dolly Matten – Present

Mark O’Day – Present
Tad Erickson - Present

Utility Staff Present

Public Utilities Director
Operations Manager
Water/Wastewater Manager
Finance Manager
Electric Distribution Supervisor
Business Office Supervisor
Recording Secretary

Todd Wicklund
Trent Hawkinson
Charlie Gammon
Danny Loch
Mitch Lachelt
Jana Pernula
Mandy Selisker

Others in Attendance

City Administrator
Interim City Administrator
HR Director
Bolton & Menk
City Liaison
Water Crew Chief

Nick Broyles
Patrick Wussow
Kris Schubert
Morgan Salo, PE
Jeff Czczok
Jason Engholm

Commissioner Matten opened the meeting with the Pledge of Allegiance.

Commissioner Matten welcomed Tad Erickson to the BPU Commission.

Approval of Agenda Items

Commissioner Matten requested that the approval of the minutes be removed from the consent calendar and placed immediately after the consent calendar.

Motion by Commissioner Johnson and seconded by Commissioner O’Day to approve the agenda less the February Minutes. There was a unanimous vote in favor of the motion. Motion carried.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Approval of Consent Items

Motion by Commissioner O'Day and seconded by Commissioner Angland to approve the current month's bills and Change Order No. 3 received from Minger Construction for \$2,7376.13 for Directional Drilling Forcemain River Crossing Project (see attached change order). There was a unanimous roll call vote in favor of the motion. Motion carried.

Approval of Minutes

Commissioner Matten inquired and sought clarification on the intent of the motion by Commission Johnson on the Alley Project Ronald to Joseph related to project bids. The intention of the motion was to obtain an estimate to further enable pursuing RFP's. Interim City Administration Wussow noted that the minutes should reflect what action was taken at the meeting and the board could make a change before final action is taken.

City Council Liaison Czczok requested that the January 30, 2024, minutes be amended to show the update on the City Administrator search, as deferred by Interim City Administrator Wussow, under the City Liaison report rather than the City Administrator report.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve the minutes from the January 30, 2024, regular monthly meeting with the requested change. There was a unanimous vote in favor of the motion. Motion carried.

Public Forum

None

Commission Committee Reports

Personnel

Commissioner O'Day reported on the hiring of the Public Utilities Director position.

- The joint work group has 4 interviews scheduled: three on February 28th and one on March 1st.

Finance

Commissioner Johnson reported a meeting discussing the Hydro Dam which will be discussed in detail later in new business.

Unfinished Business - See board packet for staff memo.

The following unfinished business items were noted and presented by Public Utilities Director Wicklund and Finance Manager Loch:

Adoption of Frozen Water Lines Policy 2024-01

Finance Manager Loch summarized the changes to the original draft as discussed at the January 30, 2024, commission meeting and presented the revised policy for approval. Commissioner O'Day provided a few recommended grammar and punctuation edits to paragraphs one and five.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve Policy 2024-01, Frozen Water Services Lines with the recommended edits. There was a unanimous vote in favor of the motion. Motion carried.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Approval of Revised Job Descriptions

HR Director Schubert presented five redlined and final job descriptions due to the recent reorganization of BPU.

- Commissioner O'Day inquired if changes were reviewed with employees. Schubert noted that Operations Manager Hawkinson shared with his staff and Water/Wastewater Manager Gammon's department were such minor changes that there wasn't much done with the employees on those revisions. Hawkinson reported that there is a lot of nervousness and anxiety amongst staff with the changing of job descriptions and negotiations. Staff had good concerns; most were addressed although not 100% in agreement but worked through it.

Motion by Commissioner O'Day and seconded by Commissioner Erickson to recommend approval of the updated job descriptions to the City Council for the Water Crew Chief, Water Service worker, Water Plant Chief Operator, Water Plant Operator, and Wastewater Crew Chief classifications as presented. There was a unanimous vote in favor of the motion. Motion carried.

Alley Project Ronald to Joseph

Finance Manager Loch and Operations Manager Hawkinson reviewed and reported on the following:

- Discussion from the January 30, 2024, Commission meeting gave the direction to staff to obtain an estimate of proposed costs from the Engineer. SEH's estimate is \$931,000 which also includes replacing the customer service lines. This will likely affect several service lines within the project area, but the audit is not yet complete. BPU currently identified 13 service lines on BPU's side and at least four on the customer side, which at some point in the next 10 years will need to be replaced due to the Lead Service Line requirements. Total cost to BPU for the project was estimated at \$691,000 and is not currently budgeted.
- Commissioner Matten asked if the city was moving forward with this project. Interim City Administrator Wussow clarified that the Council authorized going out for bids at their last meeting. Commissioner Matten further inquired that if the bids warrant not proceeding with the project how that may affect BPU also going out for request for proposals (RFPs). Wussow stated that the timing of the project does require both parties to go out for bids to get it done in 2024.
- Commissioner O'Day inquired on how BPU was intending to pay for this project. Public Utilities Director Wicklund noted that this would likely be incorporated into a bond issue later in the year.
- Commissioner Johnson inquired if the project was delayed when it would have to be done based on estimated useful life. Hawkinson reported that BPU's water main needs to be replaced through this project noting in the next few years at least.
 - Hawkinson's recommendation is to postpone this project for one year. There is a lot of public outreach that needs to be completed ahead of this with the customers that has not been discussed.
 - General discussion continued

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Motion by Commissioner O'Day and seconded by Commissioner Erickson to approve moving forward with getting RFPs for the alley project. Motion was withdrawn by Commissioner O'Day.

Discussion on the motion occurred the consensus of the Commission was to postpone RFPs until further questions are answered. Discussion of a joint meeting ended with City Administrator Broyles proposing a 6:00 meeting at City Hall on Monday, March 4th prior to the City Council meeting. This meeting would include City Engineering staff, BPU staff, several Commissioners and the Safety and Public Works Committee.

BPU Water Crew Chief Engholm spoke to the successful coordination meetings that occur every other Tuesday and are very productive although no formal decision can result from them. An open invitation was extended to the Commission to attend at any time.

Crypto Mining Activity

Public Utilities Director Wicklund provided the following update:

- The agreement with VCV was a two-year agreement which is set to expire March 22, 2024. Not much as far as development has happened within the last two years. VCV inquired if BPU would consider extending the agreement with their intention to start permitting in Spring, construction to start early Summer, and goal to have 10-15 MW late fall and up to 25MW by the end of the year.

Commissioner O'Day was in favor of letting the current contract expire and renegotiating a new contract with new terms.

Commissioner Matten wanted to ensure there were no ramifications on BPU to let the contract expire. Public Utilities Director Wicklund agreed that BPU was able to let the contract expire having gained further knowledge from JFK contract and potential language that BPU may need or want to update.

Motion by Commissioner O'Day and seconded by Commissioner Angland to let the current contract with VCV Digital expire and renegotiate a new contract. Motion was withdrawn by Commissioner O'Day.

Commissioner Johnson inquired on why BPU would want to renegotiate a contract based on previous history. Commissioner Angland inquired if the city is still working with them. Wussow noted that there has been no correspondence in the last three to four months of his interim role. Hawkinson was in favor of letting the contract expire and looking at other opportunities to sell this capacity based on time invested with no return. He is unsure if their intention is to move forward with a project or if they are potentially shopping for a different site.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Commissioner Erickson pointed out that if the intent is to let the contract terminate that no motion and no action would accomplish this. Commissioner Johnson asked that BPU staff communicate to anyone on the City side that was involved on the front end of this the intention to let the contract expire to make all parties aware.

Wellhead Protection Plan

Finance Manager Loch inquired if the Commission would like a formal presentation with the entire Commission or just a committee from Bolton & Menk on the Wellhead Protection Plan. A presentation for the full commission was requested by Commissioner Matten.

New Business

Approve Amendment 16 with AEP Energy Partners

Loch presented Amendment 16 provided by AEP Energy Partners primarily due to the REC purchases. As of yesterday, it was requested to hold off momentarily due to finding some hedging that would be more beneficial to BPU and wanting to update the language to reflect that.

BPU staff is requesting conditional approval of the amendment which will likely come though in the next two days. Pricing should not be affected but there may be some additional capacity benefits reflected.

Motion by Commissioner O'Day and seconded by Commissioner Angland to conditionally approve Amendment 16 with AEP Energy Partners. There was a unanimous roll call vote in favor of the motion. Motion carried.

Discuss Hydro Generation Options

Wicklund presented the memo prepared by Barr Engineering with four options for consideration.

Wicklund reviewed the following:

- Summary of the four presented options with potential net benefit. The calculation is figured with projections out to year 2050 and identifies additional add-on options that could be considered.
- Bay 6 has no generator and a potential Flygt turbine could be added. A second option would be to add two generators, one to bay 6 and one to 4.
- Additional projects needed at the Hydro are a new roof over the powerhouse and a new bulkhead for Bay 6.

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve moving forward with purchase of two Flygt generators for Bay 4 and 6. There was a unanimous vote in favor of the motion. Motion carried.

Commissioner Johnson noted there is a one-year lead time for the generators and the earliest to be online was estimated for the Fall of 2025. The approval would authorize purchasing the generators and would allow time to work out construction details. Commissioner Johnson commented that Barr Engineering did a great job with the presented options.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Distributed Energy Resources (DER)

Loch presented options of displaying BPU's energy production on the website as it relates to renewable energy. Commissioners Matten and Angland expressed appreciation for the work on this and the consensus of the Commission was to move forward with implementing this on the website.

Hawkinson confirmed that this would be live generation and could be presented as hourly or daily data. Currently the three sources would be: Wastewater Treatment Plant Solar, Airport Solar, and the Hydro Dam. Commissioner Angland requested an aerial photo of each energy source and Commissioner Matten would like to see a key code.

City Administrator Report

Interim City Administrator Wussow introduced City Administrator Nick Broyles to the Commission and staff present.

City Administrator Boyles provided a brief introduction and background and looks forward to working with the BPU Commission and staff.

City Liaison Report

Czczok reported on the following:

- Suggested for future Commissioner meetings with Street Projects on the agenda to invite the City Engineer to attend. Czczok clarified the action at the February 20th City Council meeting was to go out for estimates and action was not to order in the job related to the alley project. At the end of the meeting, further discussion on the adopted resolution by the City Council was that the resolution was adopted approving plans and specs and advertisement for bids. It was noted that this also included the water.

Public Utility Director's Report

Wicklund reported on the following:

- The City Engineer was originally scheduled to be in the building for a regular coordination meeting but with the Commission meeting occurring, the meeting was postponed.

HR Director's Report – *see board packet for report.*

Managers Reports

Finance Manager Loch reported on the following:

- October and November 2023 Finance reports were included in the packet.
- 2023 audit starts next week with CliftonLarsonAllen (CLA) being onsite.
- A budget-to-actual report related to 2024 was included in packet breaking out revenue and expenses for each department.
 - The current YTD budget is an allocation of 2/12 of the current budget.
 - Notable items: Report was generated before some of the billing was generated for all the billing zones, therefore revenue is under budget. Hydro overage in expense is related to the retirement and related severance payout.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Water/Wastewater Manager Gammon reported on the following:

- Inquired if anyone had any questions on current Delegation requirements or Lead/Copper compliance.
- MOU with the City of Baxter has continued and the joint meetings between all parties have been beneficial.
- The Wastewater Treatment Plant Management board will meet on an as needed basis as called for action by Gammon.
- Water Treatment Plant updates:
 - Automation is ongoing and estimated to be ahead of schedule with a goal at the end of March to potentially release the overnight shift to assist with workload on a daytime shift as the alarm systems are completed.
- Lead/Copper compliance:
 - Staff have been active with residents' concerns and site visits.

Commissioner Johnson requested a written report going forward with an update of all ongoing projects and updates.

Operations Manager Hawkinson reported on the following:

- Electric
 - St. Joe's substation project: New transformer was set, and control house should be coming in the next few weeks.
 - Area for improvement to highlight projects and employees.
 - Proposed starting a future campaign to highlight staff or put together a video to incorporate public outreach, educate public, and showcase outstanding employees. Would request a \$5,000 budget for these types of items for assistance in creating these videos.

Commissioner Johnson encouraged this initiative and recommended starting with a press release and social media post. Commissioner Matten commended BPU and the City for sharing each other's updates to help increase communication in the community. Commissioner Angland also noted recognizing staff and projects also helps with recruitment and education opportunities and is in support of this.

- Outages
 - Underground fault on Brian Lane
 - Created a maintenance project to fix long term.
 - Main Airport Terminal
 - Outage caused by a squirrel in an underground pipe. A conductor will need to be replaced this year.
- Hydro
 - Flows are around 220 cubic feet per second (cfs)
 - Generator five is currently being turned on during the day for about 8-9 hours depending on water flows.
- Solar
 - Combined with the current two projects still generating about 2MWh.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

February 27, 2024

Operations Manager Hawkinson invited Commissioner Erickson and City Administrator Broyles to reach out for a tour of the facilities, as well as any other City Council members who are interested.

Commission Members – Future Agenda Items

Commissioner Erickson expressed thanks for the warm welcome.

Next Board meeting is scheduled for March 26, 2024.

Adjournment

Motion by Commissioner Johnson and seconded by Commissioner O’Day to adjourn to closed session pursuant to Statute 13D.05 to discuss the purchase of the Roberts property. Motion carried at 10:37 AM.

Those in attendance were Commissioners Johnson, Erickson, O’Day, Angland and Matten, City Council Liaison Czczok, Finance Manager Loch, Operations Manager Hawkinson, Water/Wastewater Manager Gammon and Public Utilities Director Wicklund.

Commissioner Matten reconvened the meeting back into open session at 10:49 AM.

Adjournment at 10:49 AM by Commissioner Matten to the joint meeting of BPU staff, Commission, City Engineer and Safety and Public Works Committee at City Hall on Monday, March 4th at 6:00 PM.



Dolly Matten, Commission President



Danny Loch, Finance Manager/Secretary