

BRAINERD PUBLIC UTILITIES

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

Finance Manager

Electric Distribution Supervisor

Recording Secretary

Todd Wicklund

Trent Hawkinson

Danny Loch

Mitch Lachelt

Mandy Selisker

Others in Attendance

City Administrator

HR Director

Bolton & Menk

City Liaison

Widseth

Lakeland News

Nick Broyles

Kris Schubert

Morgan Salo, PE

Jeff Cieczok

Bill Westerberg, PE

Commissioner Matten opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

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

Approval of Consent Items

Commissioner Johnson requested the approval of minutes be pulled and added after the consent calendar.

Motion by Commissioner O'Day and seconded by Commissioner Angland to approve the current month's bills, Change Orders received from Minger Construction related to Contaminated Soils and Inadvertant

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Return, and Out of State Travel. There was a unanimous roll call vote in favor of the motion. Motion carried.

Approval of Minutes

Commissioner Johnson clarified his motion under New Business for the Hydro Generation Options was a motion to approve the purchase of two Flygt generators not option 1A of Barr's report. Johnson clarified that this would allow further discussion on construction costs to occur with the lead time on the generators.

Motion by Commissioner O'Day and seconded by Commissioner Erickson to approve the minutes from the February 27th, 2024, regular monthly with the requested revision. There was a unanimous vote in favor of the motion. Motion carried.

Public Forum

None

Commission Committee Reports

Commissioner Matten reviewed the current Commissioner committee appointments. Commissioner O'Day requested to switch committees. Commissioner Erickson was appointed to the Personnel committee along with Commissioner O'Day, after no other Commissioners opted to switch committees. Commissioner Angland and Johnson will remain on the Finance committee.

Personnel

None

Finance

Commissioner Johnson reported on meeting to discuss a new policy and procedure manual for the Water Plant as well as a potential consultant for grants.

Unfinished Business - See board packet for staff memo.

Approval of Revised Job Descriptions

Commissioner Matten reviewed several supervisory items that were included in the Water/Wastewater Manager job description but not in the Operations Manager's. HR Director Schubert noted the Operations Manager job description was previously under an old format and suggested that Commissioner Matten and HR Director Schubert review potential changes/additions after the meeting.

Commissioner Matten suggested approving and then adding any necessary items to the Operations Manager's.

Commissioner Johnson inquired if all affected staff had the opportunity to review the revisions. Operations Manager Hawkinson stated that he had the opportunity to give input with the caveat that it is difficult to capture all duties within a written job description.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve the revised job descriptions. There was a unanimous vote in favor of the motion. Motion carried.

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MOU between Brainerd and Baxter

Finance Manager Loch presented the MOU for Pretreatment Delegation. Loch reviewed that the MOU has been reviewed by both Brainerd and Baxter City Councils, the City's attorneys, and the attorney for the MPCA. Once approved by commission, the MOU can be submitted and is due April 1st, 2024.

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve the MOU for Pretreatment Delegation. There was a unanimous vote in favor of the motion. Motion carried.

Commissioner Matten expressed gratitude to Water/Wastewater Manager Gammon for his hard work on the MOU with both cities and councils.

The following unfinished business items were discussed:

Hydro Generation/Automation

Proposal from Barr Engineering was received for design work for the two flygt generators, authorized to be ordered at the March 26th, 2024, regular monthly meeting. The proposal is not to exceed \$645,000, which is less than originally anticipated. Barr is looking for formal approval of the agreement.

Motion by Commissioner O'Day and seconded by Commissioner Johnson to approve the design proposal agreement with Barr Engineering for two flygt generators. There was a unanimous vote in favor of the motion. Motion carried.

Lead Service Line (LSL) Inventory Assessment

Finance Manager Loch gave an update on the inventory project highlighting the following:

- LSL Inventory is due in October to identify material of all water lines as lead, galvanized or copper.
- Information is up on BPU's website.
- Correspondence has been mailed to all customers.

Discussion included:

- Commissioner Matten appreciated the website submission and made suggestions on the paper submission form to be consistent with data requested online. City Liaison Cieczok inquired on accepting photos directly from customers and if there was a possibility of fraudulent photos or concern with integrity of submission. Commissioner Matten summarized that staff trust that the submission is accurate. Matten also reiterated that the continued public education as to why this is being done helps with understanding of the project. Operations Manager Hawkinson stated that photos are not required, and the residents can self-report.
- Hawkinson provided an update of current inventory status.
 - BPU side: Inventory is 84% complete, with 2 lines identified as lead, 66 galvanized, and 4,926 conforming.
 - Property Owner Side: Roughly 30% complete, with 9 lines identified as lead, 238 galvanized, and 1,924 conforming.

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- Non-responders will be reported to the State as an N/A.
- Out of the 4,325 water mains, BPU has currently identified 207 smaller (2" or less) service mains, which will need to eventually be replaced with a 4" or larger main if it has a galvanized or lead line attached to it. These will eventually become a 4" or 6" main, which are large projects for BPU.
- Commissioner Angland inquired about a timeline to replace lines. Hawkinson reported 10 years to replace but the current deadline to complete the inventory is October 16th, 2024. After that deadline, there is 30 days to notify property owners of the identified lead or galvanized lines. Following that notification will be a planning step for replacement. There will likely be funding opportunities for the replacement of customer lines through PFA loans and grants, and possibly some funding for BPU's main replacements. More details on this will come once the state has a plan for allocating funding. Commissioner Matten inquired how BPU requests funding. Hawkinson explained that the State will determine how the funds will be allocated after the inventory is completed. Commissioner Matten reiterated that this would then be beneficial for homeowners to report their line materials to eventually be eligible for funding. Hawkinson confirmed yes, and unknowns will eventually need to be reported, so having that up front would be easier, and potentially more beneficial to the property owners.

Corrosion Control Plan to MN Department of Health

Commissioner Matten encouraged all to view the video put together by Bolton & Menk regarding the Corrosion Control Plan. This is posted on BPU's website under Services – Water – Copper in your Drinking Water.

Purchase of Roberts Property

Public Utilities Director Wicklund reported that there is a purchase agreement working through the signature process between the Roberts and City and should be completed in the next few days.

Credit Card Transaction Fees

Finance Manager Loch provided an update: Ongoing meetings have been occurring internally and updates provided to the BPU Commission Finance Committee. The current setup is with Tyler Payments and Global Payments. Staff are looking into getting reduced utility rates with them and the possibility to recoup the excess fees over the last few years. Additional quotes are being obtained from several other processors. Options being explored have indicated a rough estimate of potential savings ranging from 40-70%. Global payments presented a 21% decrease in their current fees. Further update to be included at the April meeting.

Crypto Mining Activity

Public Utilities Director Wicklund provided an update regarding the VCV contract: There is an upcoming meeting with the attorney to work on drafting a revised agreement. Final approval will be done through the Commission.

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New Business

Authorize Funding for Public Utilities Director Executive Search

HR Director Schubert presented a summary of Public Utilities Director search, current status, the work group's recommendation to retain GMP Consultants, potential grant opportunity and designation of Patrick Wussow as the Interim Public Utilities Director.

The current request to the BPU Commission is to consider authorizing funding the Public Utilities Director Executive Search with GMP Consultants, estimated at approximately \$24,000.

Discussion included:

- Commissioner O'Day spoke about the last work group meeting that occurred after reviewing applicants. O'Day stated that he would like to hire Operations Manager Hawkinson, who applied. O'Day mentioned that he wasn't in the majority and shortly after the discussion, a proposal for hiring a consultant and hiring Patrick Wussow as the interim was brought up. O'Day eluded that it appeared all the work was done ahead of time, whereas O'Day mentioned he would like a couple days to consider options, however, actions via the committee majority kept moving forward. O'Day stated that he is not in favor of any of the recommendations. O'Day also mentioned that he believes the work group members are not a fair representation of the utilities needs and the work group should consist of two council members, two commission members, and the City Administrator.
- Commissioner Erickson inquired if the City Council action was to send approval to the BPU Commission for the search or authorizing payment. HR Director Schubert clarified that it was for payment of the consultant fee and further explained that since the Charter changed, the City Council now oversees all hiring for the Public Utilities employees and further that the Employee Policy Manual now reads that a work group will be formed when a department head level position is filled at the Public Utilities department, and will consist with up to 2 BPU Commission members.
- Commissioner Matten stated that while it is a department expense, with the now additional responsibility of City Council, she feels that there needs to be a shared expense.
- Commissioner Johnson noted that he was unsure if it is worth discussing as the BPU Commission has no authority to do anything other than authorize funding. Discussing the inadequacies of the process does nothing positive or negative.
- Commissioner Angland said that he was unaware of the candidates outside of Operations Manager Hawkinson. However, in reviewing the ideal candidate's qualifications as presented in the proposal from GMP consultants, Hawkinson checks off a lot of those boxes. In addition, having experience working with mutual clients that Hawkinson works with and collaborating with Hawkinson on public outreach, he is a great ambassador. Commissioner Angland stated that it is disheartening and feels like BPU has a leader and great candidate. Commissioner Angland respects Commissioner O'Day's request to come off the personnel committee but unsure of the value that any BPU Commissioner being on this committee brings.

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Commissioner Matten directed the Commission back to the request of funding the fee for GMP Consultants either partially, fully, or not at all. That discussion included:

- Commissioner Angland noted that if the BPU Commission has no authority, through the Charter, to have any authority for hiring staff that wouldn't be a cost of the Commission.
- Commissioner Johnson alternatively noted that BPU does pay for all employee costs for BPU, and this would be an employee cost.
- City Administrator Broyles stated that he needs to operate within the constraints of the charter, statutes, policy, and the direction of the council. The process according to the charter played out the way it should have but noted the voice of the Commission will be heard.

Motion by Commissioner O'Day and seconded by Commissioner Angland to not approve funding the Public Utilities Director Executive search from GMP Consultants. Commissioners O'Day and Angland voted aye in favor of the motion with Commissioners Johnson, Erickson, and Matten voting nay. Motion failed.

Motion by Commissioner Erickson and seconded by Commissioner Johnson to approve funding the full cost for the Public Utilities Director Executive search from GMP Consultants. There was a roll call vote with Commissioners Johnson and Erickson voting in favor of the motion and Commissioners O'Day, Angland, and Matten voting opposed. Motion failed.

Commissioner Matten noted that she thinks the Commission should pay half due to the City Charter change and the now dual ability to hire employees. Commissioner Johnson noted that the reason for his vote to pay the entire fee is due to the recent discussion of the City Administrators salary, and if we are saying the city needs to share this cost, this allows for potential future discussions of shared costs. Commissioner Matten agreed and changed her vote in favor of the motion.

Commissioner Matten stated she wanted to change her vote to be in favor of the motion to approve funding the full cost for the Public Utilities Director Executive search from GMP Consultants.

Motion by Commissioner Erickson and seconded by Commissioner Johnson to approve funding the full cost for the Public Utilities Director Executive search from GMP Consultants. There was a roll call vote with Commissioners Johnson, Erickson, and Matten voting in favor of the motion and Commissioners O'Day, Angland, and Matten voting opposed. Motion passed.

Commissioner Matten wanted to clarify that the consultant was on board with the grant funding through Sourcewell. HR Director Schubert clarified that the proposal shows 3 different installments, however, after the proposal was received, Schubert stated she reached out to GMP Consultants and they agreed to delay the billing for the professional fees (\$15,000) until after the 07/01/2024 date required for the eligibility of the grant through Sourcewell. As far as the reimbursable consultant fees to come to the city, they asked that those are paid as incurred, so some of those may occur prior to the 07/01/2024 date and would not be grant eligible.

Commissioner Johnson made a statement noting that BPU has been through a lot in the last couple years, and it shows that BPU is resilient and good with change and whatever comes out of this, BPU is going to

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be good and has an awesome team. Johnson reiterated that the team would persevere, regardless of the outcome.

Bolton & Menk Water Plant Operations Manual

Finance Manager Loch reviewed the current operations manual is dated and in working with the Reclamation and Backwash project that the Operations Manual is a critical component to sizing the tanks correctly and the recommendation of staff is to move forward with having Bolton & Menk design and produce a new Operations Manual.

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve the proposal for the Operations Manual designed by Bolton & Menk. There was a unanimous roll call vote in favor of the motion. Motion carried.

Morgan Salo, PE, explained that aside from a full operations manual this is a multi-chapter report that will detail the process, theory, how to run the plant, and the chemical feed calculation. This will continue to be updated as enhancements occur.

Legal Services – Hydro Generation

Finance Manager Loch discussed a referral received to reach out to Flaherty & Hood who has assisted with and been successful in obtaining grants related to Hydro Generation. The proposed consultant fees would be \$35,000 to assist with applying for grants with the legislature; this fee covers two legislative sessions. The funding obtained could also cover other potential enhancements to the Hydro that relate to this project.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve the proposal for consulting fees from Flaherty & Hood for grant assistance and preparation related to the Hydro Generation project. There was a unanimous vote in favor of the motion. Motion carried.

Surplus Items

Finance Manager Loch presented the items proposed to be listed and sold on the MN Department of Administration Surplus Services Online Auction.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to approve the sale of the surplus items presented. There was a unanimous vote in favor of the motion. Motion carried.

City Administrator Report

City Administrator Broyles echoed and agreed with Commissioner Johnson's comments on all of City staff. City Administrator Broyles stated his commitment to the Commission, City Council, and the citizens is to view everything the city does through one lens, if it is in the best interest of the citizens. The intention is to continue to invest in leadership relationships and is optimistic for the City's future.

City Liaison Report

Czczok reported on the following: Expressed disappointment in the City policy that he voted to approve, specifically the structure of the work group mentioned by Commissioner O'Day. Czczok further explained

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he believes there is always room for improvement in policy and may propose a change to that structure. Once a policy is set, it is not set in stone and there is always room for improvement. The Public Utilities Director is the second highest position in the city. Czczok believes the policy was initially intended to do job descriptions and hiring and rather than create a new work group, it continued as it was previously and, in this case, may have been the wrong way to handle the Public Utilities Director position.

Public Utilities Director's Report

Wicklund reported on the following: BPU has been working with Region 5 on several grant opportunities. BPU was awarded a \$50,000 grant through Communities Local Energy Action Program (LEAP) through the Department of Energy (DOE). Through this, BPU will work with the National Renewable Energy Laboratory to come up with plans to assist disadvantaged residents. Communities were chosen based on demographics and will be working on helping to improve local environmental conditions. Wicklund will be working on a press release soon.

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

Managers Reports

Finance Manager's Report – *see board packet for report.*

Loch noted on the following: The Summary Budget report does not reflect all the revenues for the Month of March. Current revenues are up primarily due to the Crypto mining load. In 2023, there were higher expenses due to Magney Construction related to the Water Plant Storage Tanks. 2023 Audit is still ongoing.

Operations Manager Hawkinson reported on the following:

- Electric
 - Airport: Outage caused by a squirrel, starting a pole on fire.
 - Crews worked overnight to restore.
 - Light pole: Down due to winter storm
 - St. Joe's Substation
 - Transformer and Control House is set.
 - Goal is to start commissioning and energizing next week.
 - Main Substation
 - Working on getting to full capacity.
- Water
 - Water main service leak on 1700 block of Oak Street
 - Worked in conjunction with the city to replace.
- Hydro
 - Current flows at 1000 cfs with low flow plan kicking in at 900 cfs.
 - Snow will hopefully help fill some low spots but with the seasonal dryness, it won't help current flows.

Hawkinson inquired on what the Commission would like to see from the monthly reports. It was noted to continue updates on construction projects, outage updates, Hydro updates, and any other projects that

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Hawkinson is currently involved in. Commissioner Johnson recommended a written report with verbal updates.

Operations Manager Hawkinson inquired on direction regarding Water Service Connections. With new water service connections and moving forward with lead service line replacements, there is currently vague information on how the costs are handled with interconnections. Direction and potential future policies would lend value for future upcoming projects and replacements and communications related to those.

- An Operations Policy Committee was formed with Commissioner O'Day and Commissioner Angland volunteering. The intention of the Committee is to assist in creating policies and customer communications as related projects arise. Revised policies would still come to the Commission for final approval.

Commission Members – Future Agenda Items

None.

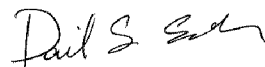
Next Board meeting is scheduled for April 30, 2024.

Adjournment

Motion by Commissioner Johnson and seconded by Commissioner Erickson to adjourn the meeting.
Motion carried at 10:10 AM.



Dolly Matten, Commission President



Danny Loch, Finance Manager/Secretary