

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 May 28, 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

Interim Public Utilities Director

Finance Manager

Operations Manager

Water/Wastewater Manager

Electric Distribution Supervisor

Business Office Supervisor

Recording Secretary

Patrick Wussow

Danny Loch

Trent Hawkinson

Charlie Gammon

Mitch Lachelt

Jana Pernula

Mandy Selisker

Others in Attendance

City Administrator

HR Director

Community Development Director

City Liaison

Bolton & Menk

Widseth

CliftonLarsonAllen

CliftonLarsonAllen

Nick Broyles

Kris Schubert

James Kramvik

Jeff Czczok

Morgan Salo, PE

Bill Westerberg, PE

Mary Reedy

Eric Smedsrud

Commissioner Matten opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Commissioner Matten requested to add a joint meeting request with the Parks Committee regarding a potential solar project at Rotary Park as Item H under New Business. Motion by Commissioner O'Day and seconded by Commissioner Johnson to approve the amended agenda. There was a unanimous vote in favor of the motion. Motion carried.

Approval of Consent Items

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve the minutes from the April 30th, 2024, regular monthly meeting, the current month's bills, Pay Request No. 5 received from

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Minger Construction for \$47,216.52 for the Directional Drilling Forcemain River Crossing Project, and authorization to obtain bids for two hydro generators. There was a unanimous roll call vote in favor of the motion. Motion carried.

2023 Audit Presentation – see board packet for presentation

Mary Reedy and Eric Smedsrud presented results from the 2023 Audit.

Motion by Commissioner O'Day and seconded by Commissioner Erickson to accept the 2023 audit subject to a final review by the finance committee. There was a unanimous vote in favor of the motion. Motion carried.

Public Forum

Sarah Thiesse, 11687 Oakridge Road, Brainerd presented concerns regarding VCV Digital's crypto mining facility. Discussion included:

- Noise impact from the facility for the neighboring properties
 - The City of Glencoe has been in mediation for two years between residents and a current crypto mining company.
 - Sarah will share the findings of the noise studies which run between \$8,000 - \$10,000 per study. The noise study was done with an operation containing nine containers versus the proposed 26 containers by VCV Digital.
- Asking for consideration of benefits for the City of Brainerd
 - Local jobs are not always brought to existing residents.
 - Local contractors are not always used as there is no contractual obligation.
- Impacts of the operations aren't widely known.

Gary Thiesse, 12437 Oakridge Road, presented concerns with lawn maintenance at the new water tower site.

- Gary is the caretaker for the Lexington property with the new water tower site. There are some nuisance weeds and a mound of dirt on the east side and his request was for the utility to try to control and mow this area.

Public Forum was closed at 9:23 AM

Commission Committee Reports

Personnel

The Commission was provided with notice of a new union forming with the Public Utilities Supervisors and Managers.

Finance

None

Operations Policy Committee

None

Unfinished Business - See board packet for staff memo.

City Liason Czezok requested that the acronyms be defined in the memos going forward.

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Interim Public Utilities Director Wussow discussed the current crypto mining activity. Discussion included:

- Other potential contracts are approaching BPU and direction from the commission is requested on how many to work with.
- Loss of possible revenue due to prolonged negotiations with VCV Digital.
- With the newly revised VCV Digital contract, the 15MW requirement to be operational by December 31, 2024, is in place and action is requested from the commission on action to take if this is not achieved.
 - BPU has been earmarking this capacity for VCV Digital.
 - Commissioner Johnson proposed once opportunity cost is calculated and if 15MW capacity is not met by December 31st, to get a contract extension, the cost would be billed to and paid by VCV Digital starting in January.
- Letter received from BSKK giving notice of ownership change. BPU is required to sign off.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to acknowledge and sign the letter received from BSKK regarding the ownership change of VCV Digital. There was a unanimous vote in favor of the motion. Motion carried.

Electric Vehicle (EV) Charging Sites – see board packet for memo and site maps

Commissioner Johnson inquired on the potential sites, noting that several years ago the Parking Commission had identified three potential sites, and if proposed sites these had been coordinated with those recommendations. Operations Manager Hawkinson noted that these sites presented by BPU were looked at from an interconnection perspective. Interim Public Utilities Director Wussow inquired on the Commissions goals of the sites with Commissioner Johnson noting the intention is to draw business to downtown Brainerd while charging stations are being utilized.

New Business

Contracted Energy Discussion

Finance Manager Loch presented the following:

- Current capacity agreements with AEP are through 2030. Currently AEP will bring opportunities for potential amendments as they arise. Discussion from the Commission included:
 - Future amendments and opportunities should continue to be pursued by staff and the goal is to have rates contracted out ten years. Amendments to be presented using a blended cost of MWh.
 - Potential amendments can be reviewed and recommended by the Finance Committee, but final approval of the entire commission is requested.

Property Coding Correction – Outside of City Limits

Finance Manager Loch reviewed the findings of an internal review of all Riverside Drive properties outside of city limits. There was one property on Riverside Drive identified that was not being charged the correct rate. Recommendation from staff is to notify the property owner in June and start billing the correct rate in July with no retro charges.

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Policy 2005-10 Update for Disconnected Services – see board packet for policies

Finance Manager Loch presented the redline version of policy 2005-10 and reviewed the reason for abolishing policy 2003-3 was due to redundancy. Discussion around the reconnection fees occurred and was requested to be reviewed by staff.

Motion by Commissioner Johnson and seconded by Commissioner Erickson to approve the updated policy 2005-10 with recommended changes and abolish policy 2003-3. There was a unanimous vote in favor of the motion. Motion carried.

Fee Schedule

Finance Manager Loch presented the 2024 schedule of fees with updated meter costs.

Motion by Commissioner Johnson and seconded by Commissioner Angland to approve the 2024 Schedule of Fees.

Commissioner Johnson amended his motion to remove the reconnect fee if the account has been shut off for non-payment. Motion seconded by Commissioner Angland. There was a vote with all members voting nay. Motion failed.

Discussion by Commission occurred related to charging of reconnect fees and their concerns, tabled to next meeting.

Motion by Commissioner Johnson to withdraw his original motion approving the fee schedule, seconded by Angland, motion withdrawn, no action taken commission asked for item to be brought to next meeting.

Service Territory Discussion

Interim Public Utilities Director Wussow presented maps and discussed BPU service territory.

Main Lift Pumping Building Study

Finance Manager Loch and Water/Wastewater Manager Gammon discussed the following:

- The failing asset of the Main Lift Station included the river crossing. While working on the permitting of the river crossing, the Main Lift was left alone. With the river crossing project now getting finished up, staff is requesting to look at the Main Lift to replace or rebuild.
- The previous budget (pre-covid) was \$20,000 and the current proposal is around \$92,000.
- There are two existing pumps that staff can no longer get parts for.

Commissioner Johnson inquired on the last time the Main Lift was evaluated, which Gammon noted was around 1978. The expected life of the structure is around the 50-year mark with the pumps and mechanisms around the 10-30 year mark, depending. There are two existing pumps that no longer can get parts for.

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Motion by Commissioner O'Day and seconded by Commissioner Erickson to approve moving forward with the quote from Widseth for the Main Lift Station Design. There was a unanimous vote in favor of the motion, with Commissioner Angland abstaining. Motion carried.

MESERB Invite

An invitation was extended to the Commission and City Liaison to the 2024 MESERB Summer Conference at Arrowwood Lodge in Baxter, June 13th-14th, 2024.

Parks Committee/BPU – Joint Meeting Request

Interim Public Utilities Director Wussow reviewed that Mr. Winkleman, on behalf of the Rotary Club, has a presentation he would like to give to the Parks Committee and BPU via a joint meeting on June 4th at 4:30 to be held at City Hall. This is in relation to the proposed Solar Project at Rotary Park.

Staff Reports

City Administrator Report

City Administrator Broyles reported on the following:

- Strike Contingency Work Group
 - Provided an update noting:
 - Meeting twice weekly since April 30th
 - Members include members of the City Council along with Commissioners Angland and Erickson.
 - Presentations have been provided by BPU Finance, IT, Hydro, Electric, Water, and Wastewater, HR, and Emergency Services. These presentations included options and recommendations for continuity of operations.
 - Finalizing report and final document will be ready by 2nd week of June.

City Liaison Report

Czeczok reported on the following:

- A meeting was held to discuss the Riverside Drive properties and connections with Public Utilities staff and City Staff.
- Adjourning a meeting to another meeting does not forego public notice if there is time to do so.

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

Public Utilities Director's Report – see board packet for report.

Wussow also reported:

- At the June 25th Commission meeting there will be a presentation regarding a potential weather radar being located on the water tower that is presented to a public safety group. No commitments have been made other than listening to the presentation.
- Roberts Property
 - Commissioner Johnson inquired if eminent domain was still moving forward.
 - Commissioner Matten noted recommended reaching out again with a final date and prepared easement language from a title company.

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Managers Reports

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

Operations Manager Report – see board packet for report.

Discussion occurred around the 2040 Renewable Energy/Carbon Free requirement.

Requests from the Commission:

- Add back in outage report
- Continue to report Hydro energy production

Water/Wastewater Report – see board packet for report.

Gammon reported the transition to all day shifts at the Water Plant will occur on June 19th, 2024. Additional security went in to aid in this transition. This transition will also aid in staffing for operations.

Commissioner Angland inquired on the 20-year feasibility study. Gammon confirmed that this is being worked on.

Commission Members – Reports

Commissioner Erickson commended BPU staff on the facilities tour.

Commissioner Johnson reported on the following:

- Expressed gratitude to the public for communicating concern for the noise complaint related to Crypto mining and working through the proper channels. Johnson also noted that the Commission is in the business of selling power.
- Extended a thank you to the Strike Work Force Committee and the work put into this.

Next Board meeting is scheduled for June 25, 2024.

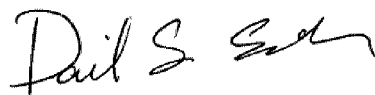
Adjournment

Motion by Commissioner Erickson and seconded by Commissioner Johnson to adjourn to the joint Parks Commission/BPU meeting on June 4th at 4:30 PM at City Hall and to the 2024 MSERB Summer Conference June 13-14, 2024 at Arrowwood Lodge. There was a unanimous vote in favor of the motion. Motion carried.

Motion by Commissioner O'Day and seconded by Commissioner Johnson to adjourn the meeting. Motion carried at 10:51 AM.



Dolly Matten, Commission President



Danny Loch, Finance Manager/Secretary