

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 October 29, 2024.

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

Commission Roll Call

Mike Angland – Present

Patrick Wussow – Present

Dolly Matten – Present

Mark O'Day – Present

Tad Erickson - Present

Utility Staff Present

Public Utilities Director

Finance Manager

Operations Manager

Water/Wastewater Manager

Business Office Supervisor

Recording Secretary

Christopher Evans

Danny Loch

Trent Hawkinson

Charlie Gammon

Jana Pernula

Mandy Selisker

Others in Attendance

City Administrator

HR Director

City Liaison

MPCA

MPCA

MPCA

Citizen

Nick Broyles

Kris Schubert

Jeff Cieczok

Amanda Wilson

Wes Leksell

Mackenzie Wilkinson-Hanson

Brian Timmers

Commissioner Matten opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Commissioner Matten made a motion to amend the agenda by adding an item, Bank Signor Updates, after the Public Forum.

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

Approval of Consent Items

Motion by Commissioner Wussow and seconded by Commissioner O'Day to approve the minutes from September 24th, 2024, regular monthly meeting, the minutes from the special meetings on October 1st, 8th, and 15th, 2024, current month's bills, and recommendation to City Council to pursue the Wellhead

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Protection Partner Grant for property purchase. There was a unanimous roll call vote in favor of the motion. Motion carried.

Presentation from Minnesota Pollution Control Agency (MPCA) - see board packet for presentation.

Mackenzie Wilkinson-Hanson presented on the NPDES Permits & MPCA Enforcement Process.

- City Liaison Czezok inquired into actions MPCA has taken to address the determination of licensed employees as essential.
 - Currently there is nothing in the permit that addresses this and that would fall back on the permit holder (i.e. BPU/City of Brainerd) as they are still liable for the provisions in the permit. MPCA does not get involved in labor disputes.
- Asset management and capital improvement plans are not required by permit but are helpful to remain aware of your assets' life and longevity.
- Standard Operation Procedures (SOPs) are critical in the event of a release.
- There are nine Major facilities in the seven northeastern counties. A Major facility is determined by design flow of the facility which is over 1 million gallons per day.

Public Forum

None

Bank Signor Updates

Commissioner Matten stated that we need to remove Tad Johnson as a bank signor and add a new signor. With the process involved, the Commission may want to wait until January when the new committees have been appointed. Finance Manager Loch noted that Commissioner Matten is also listed as a current bank signor.

Motion by Commissioner Erickson and seconded by Commissioner O'Day to approve removing Tad Johnson as a bank signor and adding a second signor in January after committees have been appointed for 2025. There was a unanimous vote in favor of the motion. Motion carried.

Commission Committee Reports

Commissioner Matten welcomed Commissioner Wussow back and appointed him to the Commission Finance Committee.

Personnel

None

Finance

None

Operations Policy Committee

None

Unfinished Business - See board packet for staff memo.

E. Lead Service Line (LSL) Inventory Assessment

Finance Manager Loch reported that this inventory has been completed and there is a public education requirement as a next step.

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- University of Minnesota has reported results on their website (<https://maps.umn.edu/LSL/>).
- Public notice will be posted in the paper.
- Customers with lead or galvanized lines in need of replacement will be getting a letter mailed to them.
 - The current timeline for replacement is in the next 10 years.
 - There is potential for funding to assist in the replacement, but it is not guaranteed.
 - Current inventory shows over 1,000 either galvanized or unknown lines in the City of Brainerd water system.

F. Electric Transmission Service to Brainerd

Commissioner Matten inquired about the status of this. No letter has been drafted yet. This was an action item of the former Public Utilities Director and will be passed onto new Public Utilities Director Evans at some point.

Update on Strategic Plan – see board packet for preliminary draft

Public Utilities Director Evans presented the preliminary draft of the strategic plan.

Four sessions have occurred to date related to the creation of this plan. The goal is to develop a review and renewal mechanism to have this continue to be updated and be an evolving document for years to come. Another meeting will be scheduled in November to finalize details and potentially be adopted at the November Commission meeting.

Additional discussion included:

- Commissioner O'Day commended the amount of work done with this project. O'Day also commented that in a short time, Public Utilities Director Evans has earned and gained respect from his fellow department heads. Evans' hard work is appreciated.
- Commissioner Erickson echoed Commissioner O'Day and noted the additional cost savings rather than hiring an outside firm.
- Commissioner Matten noted that it showed promise early on and appreciated the extra efforts.

New Business

Approve Watermain Construction cost for 15th Street SE Alley Project

Public Utilities Director Evans presented.

- With the upcoming replacement of the sanitary line on the 15th Street alley, the water main is also in need of replacement and recommends doing this in conjunction with the sewer project. The 1" main would be replaced with a 6" main and adequate for service.

Motion by Commissioner O'Day and seconded by Commissioner Erickson to approve the attached quote for the water main construction on the 15th Street Alley and to reclassify the funds in the budget for reclamation tank for this project. There was a unanimous vote in favor of the motion. Motion carried.

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Approve 2024A G. O. Water Bonds Issuance

Finance Manager Loch reported that at the October 21st City Council meeting, the council approved the General Obligation (G.O.) Bond issuance of which included \$1,340,000 in utility revenue bonds. Additional discussion included:

- The bonding agency requires the Commission to approve a resolution approving the bond issuance.
- This is for street projects that have already occurred but have not yet been billed by the City.
- This would be repaid over a 10-year period.
- The bond council has informed BPU staff that to pay for this, we are not currently meeting our debt coverage ratio. The debt service coverage ratio is required to be at 1.0 and the current rating is 0.56. Rates will need to increase within the water fund to cover this bond issuance.
 - The estimated increase is approximately 26%.
 - This ratio would need to be obtained by August of 2025.

Commissioner O'Day noted that this is not a surprise, and our water rates have been low for some time.

Motion by Commissioner O'Day and seconded by Commissioner Wussow to adopt the attached resolution providing for the issuance and sale of G.O. Bonds, Series 2024A, in the proposed aggregate principal amount of \$3,370,000 of which \$1,340,000 is the department's share. There was a unanimous vote in favor of the motion. Motion carried.

Finance Manager Loch noted that the rate study is ongoing and will be completed sometime in January. Commissioner O'Day would prefer not to wait while knowing an increase is inevitable. Discussion occurred.

Motion by Commissioner O'Day and seconded by Commissioner Angland to increase water rates by 20% effective December 1st, 2024. There was a unanimous vote in favor of the motion. Motion carried.

Commissioner Wussow stated he thought this was high.

Staff Reports

City Administrator Report

City Administrator Broyles reported on the following:

805 Laurel Street Project

D. W. Jones did not receive funding from work force housing. Plans are being reevaluated.

City Council

A tour of Just for Kypto (JFK) site to be given with the City Council and BPU Commission on November 7th at 1:00 p.m.

Integration Work Group

At the October 21st City Council meeting, the City Council directed staff to form an Integration Work Group of five members, which met on Friday. Integration relative to IT and Finance will continue as required.

City Council Special Meeting

A special meeting took place at which the hiring of the Public Works Director, Mike Habighorst, was ratified and will be starting on November 1st.

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City Liaison Report

Czeczok reported on the following:

- Inquired if there is a document or report showing the age of Infrastructure and life of equipment. Water/Wastewater Supervisor Gammon noted that there is not a report but rather the review and consideration are done by segment.
 - Commissioner Matten noted that this is also included in the ongoing strategic plan.

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

Public Utilities Director's Report

Public Utilities Director Evans reported on the following:

- Strategic plan meetings, review, and creation of draft report.
- Budget creation and review with Finance Manager Loch
- Ongoing discussion with Block Metrix on potential future length of agreement.
 - Commissioner Matten expressed no interest in a contract extension until the Commission is provided with a status report of work completed.

Commissioner Angland inquired about the Strategic Plan and communicating the intent of the process, goals and direction to staff.

- Commissioner Matten noted that this is why the draft was in the packet to be made publicly available to both the community and staff.
- Commissioner Angland asked City Administrator Broyles if any negative feedback has been heard from the City Council on the intent of the Commission with the Strategic Plan. Broyles noted that nothing negative has been heard.

Managers Reports

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

Operations Manager Report – *see board packet for report.*

Operations Manager Hawkinson reported on the following:

- Solar Array – State Hospital Site – not available due to bonding restrictions.
 - Commissioner Angland inquired about the timeline of the restriction. Hawkinson stated he was unaware of the exact length but that it was a substantial timeframe.
 - Commissioner Wussow noted that the wording used was unique and would like staff to follow up further with the clarification that we are a not-for-profit company.
 - Commissioner O'Day inquired about the Riverside Drive outage and whether there was any correlation to Spectrum outages.
 - Hawkinson reported that there was no correlation to Spectrum outages. One piece of equipment was isolated and tested. That piece of equipment did not fail testing but was removed from service and since no additional issues have occurred. A lightening arrestor also failed, which could happen over time, causing an outage near Walgreens.

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Water/Wastewater Report – *see board packet for report.*

Water/Wastewater Manager Gammon reported on the following:

- October Outages
 - Discussed the impact and process of power bumps and its direct correlation to the automated equipment for Water and Wastewater.
 - Standby generation
 - On call staff
 - Standard Operating Procedures (SOPs)
 - Emergency Response Program
- A brief overview of flows and how it relates to the City of Baxter billing and City of Brainerd usage tracking. Commissioner Matten noted that to date, there has been no admin cost added to the City of Baxter, although additional administrative work is needed.
- WWTP Joint Board
 - Commissioner Angland inquired about when another meeting should be scheduled.
 - Gammon noted that an update with the 20-year plan for the plant is wrapping up so potentially in January.

Commission Members – Reports

Commissioner Wussow reported on the following:

- Wussow would like to have the large electrical user rate reviewed for the Crypto rate based on the infrastructure cost.
- Requested the credit card fees be revisited again.
- Intent to look at insurance for Commissioners as it relates to budget noting that no other committee receive health insurance.
- Goal to attend more national conferences as a Commissioner.

Commissioner Erickson reported on the following:

- Requested rates to come back through the Finance Committee related to both the crypto and water rates.
- Special thanks to staff for all the work ongoing and on the recent strategic planning.

Commissioner Matten reported on the following:

- City Council created a work group for the IT and Finance Integration discussion. Included in the work group is the City Administrator, Public Utilities Director, City Council Liaison, Public Utilities Commissioner President and City Council President.
 - A meeting occurred on Friday, October 25th and the directive will come back to City Council to approve.
 - Commissioner Angland inquired about the following:
 - The direction given from City Council
 - Matten noted that it was included in the City Administrator's six-month review, and to look at efficiencies within the departments.
 - The big picture goal
 - Matten responded with cross-training, back-ups, and knowledge of the systems and needs of the department.
 - PowerPoints were provided to the City Administrator from both IT departments.
 - IT was one department that was identified as wanted to look at.

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- Interpretation by City Attorney on operational vs. personnel
 - Matten deferred to HR Director Schubert. Schubert noted that there was nothing to add but can address specific questions.
 - Angland noted there is still an outstanding old business agenda item for the BPU Commission on the roles and responsibilities of both entities. The interpretation insinuates that anything could be identified as an employee issue but seems arbitrary, gray, and moving quite quickly.
- Concern for BPU staff
 - For the benefit of BPU staff, there is a need to identify ultimately who is making decisions on things.
 - Big concern for staff and needs to be continued to be talked about openly at a commission level.
 - Commissioner O'Day noted that as it becomes operational, it does need to be discussed at a Commission level.
 - Matten noted that this was an early discussion and will be open.
 - Gammon emphasized that when there is troubleshooting is happening that calls can happen at any time of day.

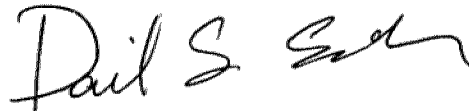
Next Board meeting is scheduled for November 26, 2024.

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Angland to adjourn to Just for Krpto (JFK) tour on November 7th, 2024, at 1:00 PM and the Strategic Planning Workshop on November 19th, 2024, at 10:00 AM at the BPU Service Center. There was a unanimous vote in favor of the motion. Motion carried at 11:04 AM.



Dolly Matten, Commission President



Danny Loch, Finance Manager/Secretary