

BRAINERD PUBLIC UTILITIES

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The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 26, 2024.

Commission President Matten called the meeting to order at 9:03 AM.

Commission Roll Call

Mike Angland – Present

Patrick Wussow – Present

Dolly Matten – Present

Mark O'Day – Present

Tad Erickson - Absent

Utility Staff Present

Public Utilities Director

Finance Manager

Operations Manager

Water/Wastewater Manager

Electric Distribution Supervisor

Business Office Supervisor

Recording Secretary

Christopher Evans

Danny Loch

Trent Hawkinson

Charlie Gammon

Mitch Lachelt

Jana Pernula

Mandy Selisker

Others in Attendance

City Administrator

HR Director

City Council Liaison

Barr Engineering

Bolton & Menk

Citizen

Nick Broyles

Kris Schubert

Jeff Czezok

Tyler Fincher (Conference Line)

Morgan Salo, PE

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 to add an item under New Business, the approval of Statement of Work with CliftonLarsonAllen (CLA).

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

Approval of Consent Items

Motion by Commissioner O'Day and seconded by Commissioner Wussow to approve the minutes from October 29th, 2024, regular monthly meeting, the minutes from the special meetings on October 22nd and November 19th, 2024, and current month's bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

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Public Forum

None

Personnel

None

Operations Policy Committee

None

Finance

Commissioners Wussow and Angland reported that the updates are all included on the agenda and will be discussed during the meeting.

Approve AEP Long-term Power Contract Extension to 2034

Public Utilities Director Evans presented the current pricing for 2033/2034 and the proposed blended rate of \$48.05 with the two-year contract extension.

Motion by Commissioner Wussow and seconded by Commissioner O'Day to proceed with engaging AEP to prepare the long-term power contract extension to 2034 and for the Commission to ratify the contract extension when presented in December with the price of \$48.05/MWh starting in 2025/2026. There was a unanimous vote in favor of the motion. Motion carried.

Authorize Letters of Agreement (LOA) for loads to participate in MISO demand programs

Public Utilities Director Evans presented. In 2022, an LOA was sent to Crypto clients allowing them to participate in MISO demand resource programs for a three-year period. New LOA's are needing to be sent, essentially repeating the process done in 2022. This facilitates a company, Voltus, to do monitoring, calling, and load shedding when appropriate. The cost of this resource program is built into Crypto pricing so there is no additional cost to BPU.

Motion by Commissioner O'Day and seconded by Commissioner Angland to direct staff to send new LOAs to JFK and BlockMetrix. There was a unanimous vote in favor of the motion. Motion carried.

Approve Credit Card Fees Transaction Charge

Public Utilities Director Evans presented findings and recommendations from budget discussions related to credit card transaction fees. The Finance Committee discussed a 4.75 % transaction fee for all credit card payments.

Discussion included:

Wussow inquired on when this would be able to take effect. Finance Manager Loch noted that there will be administrative work required to implement and is unsure of the timeframe but was hopeful for 2nd quarter.

Matten asked if this was legally allowed and how it would appear on the utility statement. Loch noted that depending on a flat rate or percentage, the terminology will be determined along the lines of a transaction fee or surcharge.

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City Council Liaison Czczok inquired about notifications. Wussow confirmed that it would be communicated and will also be published in the quarterly newsletter. Czczok also asked about encouraging other payment methods. Matten noted that this will hopefully do that.

Motion by Commissioner Wussow and seconded by Commissioner Angland to reverse the decision to absorb transaction fees associated with credit card payments and include in fee schedule as soon as administratively feasible. There was a unanimous vote in favor of the motion. Motion carried.

Recommend Commissioner Insurance be eliminated to City Council

Commissioner Wussow discussed Health and Life Insurance offered to Commission members. Wussow stated that no other committee receives Health Insurance other than City Council and would like to recommend to City Council that this be eliminated effective 01/01/2025.

Discussion included:

Matten inquired about cost and Loch noted that there is currently \$60,000 in the budget but it depends on annual elections. The range could be anywhere from \$56,000 to \$114,000.

O'Day noted the timing is really challenging with open enrollment being completed with BPU and his current employer. O'Day referenced a similar situation with the Fire Department and that Commissioners are appointed after applying for the position with these benefits offered. He would like to see the request delayed to 01/01/2026.

Motion by Commissioner Wussow and seconded by Commissioner O'Day to recommend eliminating Health Insurance for the BPU Commission to City Council.

Matten asked about other City's and Utilities and benchmarking what is offered. HR Director Schubert confirmed that the city completes the League of Minnesota Cities (LMC) salary survey, and this requests data for Mayor and City Council, but unsure that it clarifies on Commissions. Matten requested a copy of this survey.

Angland requested that this be tabled until the requested comparable data is received.

Motion by Commissioner Angland and seconded by Commissioner Wussow to table until the requested comparison data is received and further discussion to take place at the December Commission meeting. There was a unanimous vote in favor of the motion. Motion carried.

Approve recommendation to City Council on conference attendance for Commissioners Application

Commissioner Wussow discussed the importance of presence at conferences and at a legislative level. Wussow would like to see this added to the Commissioner application as a requirement. Finance Manager Loch noted that the expectation discussed in the committee meeting was at least two state conferences and one national conference within a five year term.

Motion by Commissioner Wussow and seconded by Commissioner O'Day to recommend to City Council that conference attendance of at least two state events and one national event be added to the BPU Commissioner application. There was a unanimous vote in favor of the motion. Motion carried.

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Consider new IT positions for 2025 Budget

Public Utilities Director Evans presented the recommendation of adding two new IT positions in 2025, Network Administrator and Systems Administrator. Both positions were included in the 2025 budget and draft job descriptions were provided primarily for educational and experience requirements. These two positions would be union positions and therefore need to be negotiated with the IBEW #31 Public Utilities union. The goal would be to have the Network Administrator position filled as soon as possible, with the Systems Administrator to follow within about six to eight months after.

Discussion included:

HR Director Schubert discussed the process for a new position that was created and provided to staff. Schubert offered to provide that workflow to Commission as well.

Matten acknowledged that the current IT Supervisor has needed this for a couple of years. She would like to see this move forward with HR and Finance to finalize and begin advertising.

Loch confirmed that the Network Administrator was also included in the 2024 budget for half the year.

O'Day noted that the wage needs to be negotiated with the union, however, there are still several other positions that have previously been approved that BPU is still waiting for. Business Office Supervisor Pernula verified that those positions are now moving forward in the hiring process. HR Director Schubert reviewed that during union negotiations, the City and the union could not reach an agreement on wages for the new positions. After mediation, the attorneys met and approved an MOA which allowed the hiring of the new positions to move forward. Schubert does not expect these positions to take as long, noting that they were being held up by the union negotiation status.

Motion by Commissioner O'Day and seconded by Commissioner Angland to recommend to City Council the conceptual approval of the Network Administrator and Systems Administrator positions as included in the 2025 budget, further, to request that the job descriptions be finalized and the wage negotiated with the IBEW Local #31 Public Utilities Union as soon as possible. There was a unanimous vote in favor of the motion. Motion carried.

Barr Engineering Presentation – Hydro Generation Project Update - see board packet for concept drawings.

Tyler Fincher with Barr Engineering presented concept drawings in conjunction with Finance Manager Loch.

Concept drawings present new generators in pits 4 & 6, that was previously approved, but also includes a pre-engineered building over the top of the entire dam building structure. This solution also provides replacement of the roof which needs repair.

Discussion included:

Tyler Fincher discussed the initial design concept but that additional options can be researched and pursued based on initial feedback, cost differential, etc.

City Council Liaison Czczok inquired about the maintenance needs for the pre-engineered building. Fincher reported that there hasn't been a maintenance plan developed yet. The building structure will be similar to a pole barn style, steel trusses with aluminum or corrugated steel siding, but could vary based

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on desire of commission and can include elements to be more aesthetically pleasing. Barr Engineering is working with an architect to meet all required standards. There will be insulation and heat inside.

O'Day inquired about any demolition of the existing structure. Fincher noted that this concept is looking to limit demo as much as possible.

Matten inquired about the size of the building. Fincher referred to the drawing and noted 33' of height for the structure added. Matten also asked about the need for heat and insulation. Operations Manager Hawkinson discussed the need due to condensation. Hawkinson also discussed that this is one option and can be scaled down and modified to the desire of the Commission based on future goals for existing equipment, generation, maintenance needs and future goals. The bridge crane would need storage and currently, the roof is needing replacement, which quotes for roof replacement alone are coming in around \$500,000. This new concept helps with some of those necessary maintenance needs but also future goals.

Loch reviewed the original plan design estimate is coming in with an average cost of \$9.3 million. The cost for just the generators in pit 4 and 6 with the bridge crane is estimated at \$7.2 million.

O'Day inquired about the increase in generation with the two new generators. Loch verified around 35% which estimates at around \$250,000 annually. Hawkinson noted that the new generators do allow for increased efficiency with lower flows. Funding options were discussed, with the main funding source being the grant sought through the State of MN. The determination for this grant will not be known until around May of 2025. The applied for grant amount was \$9.9 million. Anything above that would need to be bonded.

The Operations Committee could discuss further while waiting on grant decision to come. New generators were approved to be ordered but have not been yet due to the grant needed for funding. Lead time may likely be a couple years out. Wussow noted that the Commission had previously approved ordering the two generators.

The consensus of the Commission was to move forward with specs and plans with the goal of scaling it back around \$10 million project cost. Fincher noted that generators and turbines are generally out 52 weeks for fabrication and to allow at least 6 weeks for the procurement and bidding process. On the electrical side, the procurement is closer to two years out. The goal would be to have a project close to ready by the time the funding decision comes in May. Continue to move forward with specs and plans. Wussow noted that the Commission had previously approved ordering the two generators previously.

Angland inquired about the permitting process. Operations Committee to meet mid-December to discuss the project on site in more detail.

Approve 2025 Operating Budget and 5-year capital budget to be presented to City Council-see packet for proposed budget.

Finance Manager Loch presented. Highlights included:

- Operating results are expected to be similar in 2025 (compared to 2024) except for additional staffing costs. These include:
 - Full time Network Administrator (IT) position
 - Full Time Systems Administrator (IT) position
 - 10% of City Administrator's salary and benefits as requested by City Council

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- Business Office Support Specialist, Custodian, and Journeyman Electrician
 - Positions to complete the current approved organization chart (Tech Supervisor and Maintenance Supervisor) – included for half the budget year.
- Some additional costs were added for consulting due to the Hydro generation project and Reclamation Tank projects.
- Wussow would like to see the Crypto electric rates reviewed and increased to help build reserves for substation maintenance. The MWhs for the entire City is 20 and the current crypto load is the same, while the rates of the two are drastically different. The rates in the contract state that they can be adjusted at any time. Wussow would like to see a 100% increase but would also entertain a staggered 3-year increase. Wussow proposed discussing it in more detail at the December meeting.

City Council Liaison Czezczok asked why there is a continual loss in the Water department. Matten noted that the rates just increased by 20% but have not been consistently increased for many years. There have also been some recent shift changes to try to assist with positive budget impacts.

- The 5-year capital budget was presented with three options.
 - A. One with no bonding/funding
 - B. One with bonding/funding as an option
 - C. Adjusted bonding/funding with postponing and pushing back projects.
- Needs for aging infrastructure are apparent with upcoming capital plans. Changes in budget with water projects, lead service line replacements, and increased project costs are major factors.

Motion by Commissioner Wussow and seconded by Commissioner Angland to recommend to City Council the 2025 Operating Budget and Option C for the 5-year capital budget. There was a unanimous vote in favor of the motion. Motion carried.

Unfinished Business - See board packet for staff memo.

Commissioner Wussow requested that prior year completed items remain on the unfinished business memo.

Schedule of Authority Roles of Commission and Council in Operation of BPU

- Joint meeting of Council/Commission may be moved up to December.

Crypto Mining Activity

- Matten would like to request that the city includes BPU Commission/staff with projects directly affecting the utility. Matten is also curious as to how their contract reads related to this.
 - Hawkinson noted that this is their right but could add some operational concerns that would need to be discussed.

New Business

Approve Statement of Work with CliftonLarsonAllen (CLA) for 2024 Audit Services

Motion by Commissioner O'Day and seconded by Commissioner Angland to approve the Statement of Work with CliftonLarsonAllen (CLA) for 2024 Audit Services. There was a unanimous vote in favor of the motion. Motion carried.

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Discuss Forever Chemicals (Perfluorooctane sulfonate and Perfluorooctanoic acid – PFOS/PFAS) Update- see board packet for communications.

Water/Wastewater Manager Gammon presented.

- Staff will be posting public education on PFOS/PFAS
- Testing is ongoing.
- Remedies based on results may alter how biosolids are applied.
- Potential town hall meetings in the future to increase public education.

Discuss Bids for WTP Reclamation Building

Public Utilities Director Evans presented. Due to higher than expected costs for electrical and concrete, staff recommend pushing back the project to 2027.

Morgan Salo, Bolton & Menk, reviewed the bidding process. There were three bids received. The high end of bids was expected to be in the \$9-\$9.5 million dollar range. Actual bids came in over \$10.3M. Due to the current market conditions for some items, the costs were higher than expected. The recommendation from Bolton & Menk is to move forward as costs will only increase in the future. Additional funding sources are being researched by Bolton & Menk.

Motion by Commissioner Wussow and seconded by Commissioner Angland to reject all bids and come back with a proposal of when to reconsider. There was a unanimous vote in favor of the motion. Motion carried.

Staff Reports

City Administrator Report

City Administrator Broyles reported on the following:

805 Laurel Street Project

Project is being looked at with scaled back designs and exploring different funding options.

Public Works Director

Mike Habighorst started on November 1st.

City Council

A tour of Just for Kypto (JFK) site occurred on November 7th.

Integration Work Group

A meeting occurred yesterday with the work group and the consensus was to move the February 10th meeting up. The City Council will consider this on Monday. Commissioner Angland requested an agenda ahead of time.

Strategic Planning

The City Council has authorized an offsite strategic planning meeting. BPU Commission to be included. Target time frame is looking at 1st quarter of 2025.

City Council Liaison Report

Czczok reported on the following:

- Echoed the joint workshop, originally scheduled for February 10th, with BPU Commission/City Council be moved up. Czczok welcomed any Commission concerns or comments on timing.

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

Schubert reported:

- Initial negotiations with the USW Union is scheduled for December 19th.
- The Wellness Committee will be hosting the December Lunch N Learn event on December 18th at the Fire Department.

Public Utilities Director's Report

Public Utilities Director Evans reported on the following:

- Working with Finance Manager Loch and staff on budgeting
- Continued work on strategic plan

Managers Reports

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

Operations Manager Report – see board packet for report.

Water/Wastewater Report – see board packet for report.

Commission Members – Reports

Commissioner Wussow reported on the following:

- Potentially look at having discussion around future meetings to be at City Hall. Benefits would be improved sound quality, reduced costs of having to make improvements to BPU Commission Meeting room, and having the option to attend virtually, as needed.
- Discussion included trying in January
- Need City Staff to assist with facilitating sound equipment or training BPU staff as appropriate.

Next Commission meeting is scheduled for December 31st, 2024.

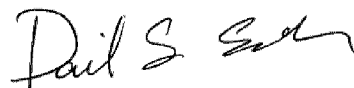
Adjournment

Motion by Commissioner Angland and seconded by Commissioner O'Day to adjourn the meeting.

Motion carried at 11:23 AM.



Dolly Matten, Commission President



Danny Loch, Finance Manager/Secretary