



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 September 30, 2025.

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

Commission Roll Call

Mike Angland – Absent
Dolly Matten – Present

Mark O'Day – Present
Mike Higgins – Present

Utility Staff Present

Finance Manager
Operation Manager
Water/Wastewater Manager
Recording Secretary

Danny Loch
Trent Hawkinson
Charlie Gammon
Becky Ridlon

Others in Attendance

City Administrator
HR Director
Public Works Director
Community Development Director
City Council Liaison
Bolton & Menk
Widseth
Tanner Motors
Tanner Motors
Citizen
Citizen

Nick Broyles
Kris Schubert
Mike Habighorst
James Kramvik
Jeff Czeczk
Morgan Salo, PE
Bill Westerberg, PE
Tony Banse
Glen Ertl
Brian Timmers
Ken Heintzman

Commissioner O'Day opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Commissioner Matten requested to add the issuance and sale by the city of Brainerd, Minnesota of general obligation bonds payable from net revenues of the city's utilities. Under New Business Item E.

Motion by Commissioner Matten and seconded by Commissioner Higgins to approve the amended agenda. There was a unanimous vote in favor of the motion. Motion carried.

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Approval of Consent Items

Motion by Commissioner Matten and seconded by Commissioner Higgins to approve the minutes from August 26th, 2025, regular monthly meeting, current month's bills and to approve recommendation of the sale of surplus items auction website and approve final pay application to Minger Construction for the River Crossing Forcemain of \$15,000. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

Commission Committee Reports

Personnel

Matten said the committee met over the phone and everything they discussed is in the agenda items.

Finance/Operations Committee

Higgins noted the committee met once and talked about the request for the PILOT to be changed and a few other items but will be discussed in agenda items.

Unfinished Business

Memo -See board packet for updates.

Discussion included: Loch updated the commission on a few items, BlockMetrix request is in the agenda packet and will be discussed. ClimaVision staff are working with City Attorney updating the language on getting that on the tower. Hydrogeneration- BARR will have some updates next month that looks promising.

Discuss BlockMetrix Contract- See board packet for agenda request

Finance Manager Danny Loch presented.

Commissioner Higgins abstained from this agenda request and Commissioner O'Day passed the gavel to Higgins.

Discussion included: Matten expressed that she has several questions regarding the agreement, although she does not require immediate answers to all of them. Among her concerns, she questioned why an extension is being considered for an agreement that was never formally agreed to in the first place. She also inquired whether there are any transmission-related issues with Minnesota Power. Additionally, Matten stated her disapproval of the redlined version of the agreement, emphasizing that the agreement should be presented to BlockMetrix on a clear accept-or-decline basis.

O'Day concurred with Matten's concerns, stating that he is not in favor of any of the suggested changes of the agreement and will not accept it. He suggested that parties should have until five days prior to the next commission meeting to provide a response accepting or rejecting the latest offer.

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Motion by Commissioner Matten and seconded by Commissioner O'Day to deny all changes presented by BlockMetrix and resubmit original agreement with an accept or deny response by October 22nd 2025, prior to next month's Commission Meeting. There was a unanimous roll call vote in favor of the motion. Motion carried.

New Business

Approve/Award CMAR Contract-Rice Lake Construction

Finance Manager Danny Loch presented request and recommendation of the selection committee who was made up of, Commission President Angland, City Administrator Broyles, Finance Manager Loch, Operations Manager Hawkinson, and Water/Wastewater Manager Gammon.

Motion by Commissioner Higgins and seconded by Commissioner Matten to accept and proceed with awarding the RFP in accordance with the selection committee's recommendation, Rice Lake Construction, \$8,500, and direct the necessary contract execution to move forward with the project. There was a unanimous vote in favor of the motion. Motion carried.

Direction Requested on Donation of Paint of Main Lift Buildings -See board packet for agenda request.

Finance Manager Danny Loch presented the request for donating paint from a Rotarian.

Motion by Commissioner Matten and seconded by Commissioner Higgins to Defer Decision to pursue a labor quote for October 28, 2025 monthly meeting. There was a unanimous vote in favor of the motion. Motion carried.

Direction on PILOT Contribution to the City-See board packet for agenda request.

Finance Manager Danny Loch presented request from the City Council for Commission to consider changing the contribution to the City policy. City Council has requested the Commission consider an adjustment to the contribution to be based off electrical gross revenue vs kWh sales. Further that the percentages to be considered are 3% for 2026, 4% in 2027 and 5% in 2028.

Discussion included:

City Administrator Nick Broyles reported that the City Council directed staff to explore Payment in Lieu of Taxes (PILOT) contributions. He has contacted other cities and the City Attorney for information, which is included in the council packet.

Council Liaison Jeff Czeczk questioned why the City Council makes the final decision on PILOT if the City Charter indicates the Commission is to revise contributions at the Council's request. Broyles stated the issue involves legal considerations and offered to follow up with the City Attorney. Czeczk also asked whether increased utility revenues would go to the City rather than BPU and if upcoming projects might lead to higher customer rates. Broyles responded that the matter is complex and financial resources are limited, noting that operational financial questions fall outside his role.

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Commissioner Higgins requested written clarification from the City Council and City Attorney on the respective authorities of the Commission and the Council, and asked whether the City has considered the impact of higher PILOT contributions on utility rates and customers. He stated he could not make a motion without these answers.

Commissioner O'Day asked if the projected \$53,000 increase in PILOT for next year is included in the City's levy. Broyles replied that the preliminary levy was set the previous evening and that the PILOT amount and health insurance provider decision remain outstanding, with the final levy to be set December 8, 2025.

Motion by Commissioner Higgins and seconded by Commissioner Matten to table this discussion until the next Commission meeting, October 28, 2025 to get more information and questions answered from legal.

Review/Recommend Approval of Revised Billing Representative Job Description-See board packet for agenda request.

Finance Manager Danny Loch, HR Director Kris Schubert presented the request

Motion by Commissioner Matten and seconded by Commissioner Higgins to recommend to the City Council the approval of the revised Billing Representative Job Description as presented; further, to conduct an internal-only job posting process. There was a unanimous vote in favor of the motion. Motion carried.

Requesting the issuance and sale by the city of Brainerd, Minnesota of general obligation bonds payable from net revenues of the city's utilities.

Motion by Commissioner Matten and seconded by Commissioner Higgins to accept the Resolution NO 1, 2025, The Issuance and Sale by the City of Brainerd, Minnesota of General Obligations Bonds Payable from Net Revenues of the City's Utilities in the amount of \$2,000,000. There was a unanimous role call vote in favor of the motion. Motion carried.

Staff Reports

City Administrator Report -see board packet for report.

City Council Liaison Report

City Council Liaison Jeff Czeczk stated he is looking forward to the employee appreciation upcoming event.

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

Manager's Reports

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

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Operations Manager Report - see packet board for report.

Hawkinson requested direction from Commission on cost sharing for the Country Manor project. The original request was \$56,180, but the final total came in at \$44,850. Country Manor is not requesting the 6% overhead (\$2,539), resulting in a total request of \$42,311.

Motion by Commissioner Higgins moved, seconded by Commissioner Matten, for discussion, to split the costs 50/50 with the City.

Public Works Director Mike Habighorst outlined several cost-sharing options, including a full City contribution, equal 50/50 splits, adjustments for salvaged gate valves, and allocations based on utility depth (e.g., 2/3 City and 1/3 BPU).

An amended motion by Higgins and seconded by Matten was made to split the costs 50/50 with consideration of BPU's contributions to the project. The motion passed unanimously by roll call vote.

Water/Wastewater Manager Report- see board packet for report.

Water/Wastewater Manager Charlie Gammon said he has nothing to add from his written report. Matten wanted to note regarding the filtration plant, the amount of iron and manganese removed is fascinating.

Commission Members – Report

Commissioner Higgins reported that several meetings have been held to review the current Charter and address operational challenges. He identified issues with cash flow management, expense allocation, revenue and cost-sharing structures, noting that the Charter is outdated and contributes to inefficiencies and financial misalignments. He emphasized the need to modernize the Charter to improve transparency, fairness, and sustainability. Higgins added that BPU has the capacity to sell more water and power, which could increase revenue, and suggested exploring options such as applying PILOT to crypto-related revenue. He stressed the importance of being proactive rather than reactive.

Adjournment

Motion by Commissioner Matten and seconded by Commissioner Higgins to adjourn the meeting there was a unanimous vote in favor of the motion. Motion carried at 09:59 AM.



Mike Angland, Commission President



Danny Loch, Finance Manager/Secretary