



BRAINERD PUBLIC UTILITIES

8027 Highland Scenic Rd • P.O. Box 373 • Brainerd, Minnesota 56401

Business Office: 218.829.8726 ■ **Repair Service:** 218.829.2193

www.bpu.org

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 25, 2025.

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

Commission Roll Call

Mike Angland – Present

Dolly Matten – Absent

Mark O'Day – Present

Mike Higgins – Present

Utility Staff Present

Public Utilities Director

Finance Manager

Operation Manager

Water/Wastewater Manager

Business Office Supervisor

Paul Sandy

Danny Loch

Trent Hawkinson

Charlie Gammon

Jana Pernula

Others in Attendance

City Council Liaison

City Administrator

HR Director

Public Works Director

Bolton & Menk

Bolton & Menk

Widseth

Water Crew Chief

Citizen

Jeff Cieczok

Nick Broyles

Kris Schubert

Mike Habighorst

Morgan Salo, PE

Bryan Drown, PE

Bill Westerberg, PE

Jeff Innes

Brian Timmers

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Commissioner Angland requested to move Finance Managers report After public Forum.

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

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

Approval of Consent Items

Motion by Commissioner O'Day and seconded by Commissioner Higgins to approve the minutes from October 28th, 2025, regular monthly meeting, and current month's bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Presentation of Tower Award – Jeff Innes

Mayor Badeaux presented Jeff Innes with the tower award and thanked him for his over 30 years of service.

Public Forum

None

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

Loch noted that printed financial statements were distributed to Commissioners prior to the meeting.

Loch provided an update on customer growth trends, highlighting that growth within the industrial rate class has stabilized and is expected to plateau over the next year. No additional industrial load was assumed in the 2026 budget. In contrast, other customer classes are experiencing declining energy consumption. Loch explained that conservation improvement funding continues to drive energy efficiency gains, with kilowatt-hour (kWh) savings targets being met. Additionally, advances in new construction methods are contributing to increased conservation, resulting in reduced overall kWh consumption across non-industrial rate classes.

Loch indicated that upon completion of the budget process, staff's primary focus will shift to finalizing the three pending rate studies for water, wastewater, and street lighting.

Loch also reported that progress continues on the transition to Tyler Payments for credit card processing. While the administrative setup has taken longer than initially anticipated, the January 1, 2026 implementation date remains on track.

Finally, Loch informed the Commission of a significant process change related to Cold Weather Rule notifications. The utility will transition from physical door hangers to electronic notifications, consistent with industry practice. Loch emphasized the importance of customer outreach during the cold weather months and reiterated that staff are available to assist customers in need. However, customers must proactively contact the utility to establish payment arrangements and remain current with those agreements.

Commission Committee Reports

Personnel

Finance/Operations Committee

Approve 2026-2030 Capital and 2026 Operations Budgets

Loch introduced the 2026-2030 capital plan and 2026 operations budget.. Electric projects include the powerhouse roof replacement (\$350,000), generator pit 6 replacement (\$4.85M in 2028–2029, bonding

BRainerd PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

requested), and a 2030 system impact assessment (\$350,000), all aimed at improving reliability and extending hydro generation life.

Water projects are the most ambitious in the five-year plan, including reclamation and backwash construction (\$2.825M in 2026–2027 with \$5M state funding), Well #9 construction (\$5M in 2027), new water treatment plant planning starting in 2028 (\$58M, state bonding requested), lead service line replacements (\$2.5M annually through 2033), and street reconstruction projects, including Highway 210 requiring a full 2026 down payment coordinated with MDOT. Ongoing SCADA, booster station, and metering improvements continue.

Wastewater projects include the bio-solids project (\$12M in 2026–2027), main lift station replacement (\$500K in 2026, \$7M in 2027), plant upgrades, and VFD/pump/SCADA improvements. The Vactron truck replacement is rescheduled to 2027–2028, and several carry-forward projects from 2025 will continue into 2026.

Decisions include prioritizing bonding for generator pit 6 and the water treatment plant, continuing lead line replacement funding, and coordinating Highway 210 payments with MDOT. Next steps include the generator pit 6 project tour and monitoring cash flows and planning milestones.

The 2026 operating budget maintains stable operations with an emphasis on staffing and regulatory compliance. Total revenue across divisions is \$40.3 million with expenses of \$40.08 million, largely driven by \$20 million in purchase power costs, wages, benefits, and consulting for engineering and regulatory studies. Staffing adjustments include a technical services lead, maintenance lead, two utility laborers, a business office support specialist, replacement for Jeff's retirement, and one wastewater operator to backfill a vacant position, ensuring full operational capacity.

Electric funds remain stable, with net position slightly reduced due to added staffing. The water fund shows a positive net position for the first time in years, aided by prior rate increases, while wastewater funds remain stable despite rising chemical and maintenance costs. Industrial revenue is budgeted at \$8.4 million for 2026, based on prior years' averages, with associated purchase power costs included in the budget.

The budget, covering both capital and operations for 2026, was recommended for approval and will be presented to the council at the first December meeting as required by the Charter.

Motion by Commissioner O'Day and seconded by Commissioner Higgins to approve the 2026-2030 Capital budget and Operations budgets for 2026, and that the approved budget is recommended for presentation for City Council. Motion Carried.

Unfinished Business

Memo -See board packet for updates.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

Approve Updated language for the City Contribution Policy 2003-001 – See board packet for agenda request.

Finance Manager Danny Loch presented.

A change to the City contribution policy was presented, transitioning from a mill rate–based contribution tied to kilowatt-hour sales to a contribution calculated as a percentage of electric utility revenue. At the request of City Council, options of 3 percent in 2026, 4 percent in 2027, and 5 percent in 2028 were evaluated. The Commission previously determined to move forward with the revenue-based approach at 3 percent for 2026 and to defer any future percentage increases until completion of a rate study. The amended policy reflecting a 3 percent revenue contribution was presented, and a motion was requested for approval.

Motion by Commissioner Higgins and seconded by Commissioner O'Day to approve 3% contribution based on electric revenues for the year 2026 and wait for any other changes until BPU has the Rate Study completed. Motion Carried.

Approve Revised Solar Development Agreement related to Solar Array Installation on the Rotary Riverside Park Pavillion- Public Utilities Director Paul Sandy presented and discussion followed. A revised agreement was presented on the solar array due to concerns raised by the Rotary club. The Rotary club had concerns requiring the replacement and decommissioning of the solar array. The redlined changes put the onus on the utility for these replacement and decommissioning costs as well as changing the Rotary club signatory.

Motion by Commissioner O'Day and seconded by Commissioner Higgins to Approve Revised Solar Development Agreement related to Solar Array Installation on the Rotary Riverside Park Pavillion There was a unanimous vote in favor of the motion. Motion carried.

Approve DRAFT Leaking Water Service Line Policy

Public Utilities Director Paul Sandy presented.

Discussion included

Commissioner Higgins expressed appreciation for the staff's work on the policy and the improved clarity and readability, noting support for applying this consistent, strategic narrative approach across all utility policies. The commissioner emphasized the importance of alignment and consistency among policies for different utilities and suggested a "plug-and-play" framework. Concerns were raised about the use of the term "enforcement," recommending softer language to better reflect the utility's collaborative relationship with the community and avoid unintended negative perceptions. While acknowledging the need for compliance, the commissioner encouraged a more customer-friendly tone. The policy was ultimately supported, with recognition of the importance of addressing water loss and the value of the work completed.

Motion by Commissioner Higgins and seconded by Commissioner O'Day to approve DRAFT Leaking Water Service Line Policy. There was a unanimous vote in favor of the motion. Motion carried.

New Business

Approve Statement of Work for Audit Services with CliftonLarsonAllen LLP -See board packet for agenda request. Finance Manager Loch presented the Statement of work from CLA LLP with a 4% increase over previous years.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

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

Approve Bolton and Menk's Proposal for CMAR Design and Construction Services related to the Water Backwash and Reclaim Facility Improvements -See board packet for agenda request.

Public Utilities Director Paul Sandy and Morgan Salo, PE of Bolton & Menk Inc. presented.

Staff explained the Construction Management at Risk (CMAR) process being used for the water reclamation project, noting it focuses on value engineering and modifying existing infrastructure rather than rebidding the original design. The approach allows process, structural, and electrical changes that both meet current needs and support a future water treatment plant, with long-life infrastructure designed for reuse. A guaranteed maximum price (GMP) will establish a firm cost cap once approved, and the \$5 million state appropriation grant covers design, engineering, and construction services.

The primary goal of the project is water reclamation, addressing the current loss of 41–45 million gallons of backwash water annually to a seepage basin. Cost savings are largely achieved by reducing or removing the originally planned backwash system, which required extensive pumping, piping, and electrical infrastructure and would primarily serve the existing facility. A future water treatment plant is expected to incorporate a more efficient backwash system. Staff clarified that the revised project represents a reduced and refocused scope, not the original bid scope, and will be delivered within the \$5.6 million total budget through the GMP process. Commissioners expressed understanding and confidence in the approach, emphasizing reclamation as the top priority.

Motion by Commissioner O'Day and seconded by Commissioner Higgins to approve Bolton and Menk's Proposal for CMAR Design and Construction Services related to the Water Backwash and Reclaim Facility Improvements. There was a unanimous vote in favor of the motion. Motion carried.

Approve Bolton and Menk's Proposal for Design and Construction Engineering Services related to Lead Service Line Replacements in coordination with the City of Brainerd's 2026 Reconstruction and Resurfacing Projects -See board packet for agenda request.

Public Utilities Director Paul Sandy and Bryan Drown, PE of Bolton & Menk Inc. presented.

Staff explained that the \$2.6 million in annual lead service line replacement funding is part of the PFA Intended Use Plan and must be applied for and spent in the year awarded, making full utilization each year important. The city expects to receive similar funding annually and plans to maximize replacements each year.

Lead service line work will be coordinated with, but contracted separately from, street reconstruction projects to avoid future street cuts and federal funding complications. The City has identified approximately 1,046 galvanized service lines and will prioritize replacements in reconstruction areas, then target neighborhoods with high concentrations of remaining

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

services. Commissioners and administration noted and praised the strong coordination between Public Utilities and Public Works, emphasizing the public benefit of the collaborative approach.

Motion by Commissioner Higgins and seconded by Commissioner O'Day to approve Bolton and Menk's Proposal for Design and Construction Engineering Services related to Lead Service Line Replacements in coordination with the City of Brainerd's 2026 Reconstruction and Resurfacing Projects. There was a unanimous vote in favor of the motion. Motion carried.

Approve Widseth Proposal for Design and Bidding Professional Services related to the Main Lift Station Reconstruction Project-See board packet for agenda request.

Public Utilities Director Paul Sandy presented.

Motion by Commissioner O'Day and seconded by Commissioner Higgins to approve Widseth Proposal for Design and Bidding Professional Services related to the Main Lift Station Reconstruction Project. There was a unanimous vote in favor of the motion. Motion carried.

Staff Reports

City Administrator Report -see board packet for report.

In addition to the administrators written report, Broyles welcomed Paul Sandy back to the city, noting he'll be a valuable addition to the team. He also updated that senior staff—including Paul, Trent, Danny, and Charlie—have been discussing potential charter revisions. The charter commission has asked staff to provide a draft by the end of the year, with a meeting tentatively expected on December 17. Broyles praised the commission's leadership team for their valuable participation and offered to answer any questions.

City Council Liaison Report

Czeczok wished everyone a happy Thanksgiving, expressed hopes for positive time with family and friends, and thanked staff and commission members for their dedication and involvement.

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

Public Utilities Director Report – see board packet for report.

Additional to Sandy's written report, Sandy reported a productive first month, highlighting meetings with staff, participation in managers' meetings, and attendance at a Minnesota Rural Water financing training focused on funding future capital projects. Key priorities include better alignment of capital planning and lead service line work, exploring shared engineering services, developing standard specifications, improving plan review processes, integrating GIS systems, and strengthening the fats, oils, and grease program.

Discussion also included interest in adopting Bluebeam software to improve plan review coordination and document tracking. Staff and commissioners expressed support for the tool as a low-cost, shared resource across departments.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

November 25, 2025

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

Additional from the previous report, Loch reported positive news for the electric utility, noting an increase in the electric revenue bond rating to A2 following a recent bonding call, with appreciation expressed to finance staff for their assistance. The City's bond rating remains at A1, and staff will review policies to work toward aligning the utility's rating with the City's. An update was also provided on the transition from physical cold weather rule door hangers to electronic notifications, which is expected to reduce costs while maintaining paper notices for customers not enrolled electronically. Lastly, staff noted ongoing discussions regarding potential solar development opportunities as part of planning for the City's renewable energy requirements for 2040, including the need for a confidentiality agreement.

Operations Manager Report - see packet board for report.

Additionally, Hawkinson acknowledged Jeff Innes's retirement, noting pride in retaining a high-quality employee for 30 years and expressing encouragement that other long-tenured staff will continue in the future. Thanksgiving greetings were extended to those present, and Paul Sandy was welcomed as a positive addition to the team.

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

Additionally, Gammon thanked staff and welcomed Paul Sandy, noting his positive impact on the team, and extended Thanksgiving wishes. Staff clarified that recent pump replacements improved redundancy where none previously existed, with older units retained as temporary backups. An update was also given that hauling operations were completed for the season, with equipment prepared for winter, and commissioners expressed appreciation for the staff's efforts.

Commission Members – Report

Higgins Wished everyone a Happy Thanksgiving.

Angland attended Career and Technical Education steering committee at Brainerd High School and noted the strong involvement of utility staff in presenting to environmental studies classes. A request was made for continued staff participation in outreach to students to promote career opportunities, with staff expressing support. Plans were noted to coordinate future involvement in the spring. Appreciation was also expressed for the addition of Paul Sandy and his presence with the team.

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Higgins to adjourn to meeting today At the Hydro Facility at 1:00pm and then December 11th at 5:30pm Wastewater Management Board Meeting. There was a unanimous vote in favor of the motion. Motion carried at 10:34 AM.



Mike Angland, Commission President



Danny Loch, Finance Manager/Secretary