



PUBLIC UTILITIES COMMISSION AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, January 27, 2026 @ 9:00 AM

The public is invited to attend these meetings in person

Meetings are broadcast on CTC ch 8, Charter ch 181, YouTube, AppleTV, Roku, and Amazon FireTV

1. **Call To Order**

2. **Roll Call**

___ M. Higgins ___ D. Wussow ___ M. Angland ___ Vacant ___ Vacant

3. **Pledge of Allegiance**

4. **Approval Of Agenda - Voice Vote**

5. **Consent Calendar**

NOTICE TO PUBLIC - all matters listed are considered routine by the Commission and will all be enacted by one (1) motion. There will be no separate discussion of these items unless good cause is shown prior to the time the Commission votes on the motion to be ADOPTED BY ROLL CALL

A. **Approval of Bills**

(Available upon request in the Public Utilities Director's Office)

B. **Approval of Minutes**

C. **Approve Out of State Travel - Tyler Connect Conference**

D. **Approve Out of State Travel - Backyard Lineman**

6. **Election of President and Vice President**

7. **Public Forum**

Time allocated for citizens to bring matters not on the agenda to the attention of the Commission -
Time limits may be imposed

8. **Commission Committee Reports**

A. **Personnel Committee**

B. **Finance and Operations Committee**

9. **Unfinished Business**

(See attached separate memo regarding updates on unfinished business)

- A. **Unfinished Business Memorandum - Discussion Item**
- B. **Approve ClimaVision Radar Lease and Temporary Construction License**

10. **New Business**

- A. **Approve Professional Services Proposal with Bolton and Menk for New Water Treatment Plant and Well #9 Siting Preliminary Engineering Report and Investigations**
- B. **Approve the Oversizing and Extension of Watermain Infrastructure and the Oversizing of the Sanitary Sewer Lift Station and Forcemain for the Voyageur Heights Apartments of Brainerd Project**
- C. **Approve Pool Engineering and Architectural Services Letters of Interest (LOI) and Statement of Qualifications (SOQ)**
- D. **Approve SEH Trunk Highway 210 Construction Observation and Administration Proposal for Professional Services**
- E. **Approve Waterworth Continuous Rate Management Software Proposal**
- F. **Approve Amended Brainerd Public Utilities Policy BPU_POL_2005-07_Inactive Accounts**
- G. **Approve Amended Brainerd Public Utilities Policy BPU_POL_2005-10 Disconnection of Service Policy**
- H. **Approve Dying to Film Quote - Water Plant Tour Video**
- I. **Consider Customer Request to Remove Charges**
- J. **Discuss AEP Updates and Approve Sale of Excess Capacity**
- K. **Authorize Staff to Negotiate Updated AEP Contract Amendment**

11. **Staff Reports**

(Verbal: Any Updates since Packet)

- A. **City Administrator Report**
- B. **Council Liaison Report**
- C. **HR Director Report**
- D. **Public Utilities Director Report**
- E. **Finance Manager Report**

F. **Operations Manager Report**

G. **Water/Wastewater Manager Report**

12. **Commission Member Reports**

13. **Adjourn**

Visit Brainerd Public Utilities website at www.bpu.org

MISSION

"The mission of Brainerd Public Utilities is to provide safe, reliable, environmentally friendly electric, water and sewer services to our customers at the lowest reasonable cost."



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 December 23, 2025.

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

Commission Roll Call

Mike Angland – Present

Dolly Matten – Present

Mark O’Day – Present

Mike Higgins – Present

Utility Staff Present

Public Utilities Director

Finance Manager

Operation Manager

Water/Wastewater Manager

Paul Sandy

Danny Loch

Trent Hawkinson

Charlie Gammon

Others in Attendance

City Council Liaison

City Administrator

HR Director

Public Works Director

Citizen

Jeff Czczok

Nick Broyles

Kris Schubert

Mike Habighorst

Ken Heintzeman

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Motion by Commissioner Higgins and seconded by Commissioner Matten to approve the 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 Higgins to approve the minutes from November 25th, 2025, regular monthly meeting, current month’s bills, fee schedule for 2026, 2026 Commission regular meeting calendar, and approve increase in rates as approved at previous commission meeting. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

December 23, 2025

Commission Committee Reports

Personnel

Approve Water/Wastewater Operator Job Description and Recommend to City Council for Final Approval

-See board packet for agenda request

Public Utilities Director Paul Sandy presented.

Discussion included: City Council Liaison Czezok asked if this combined position is popular across the industry or if these positions stay separate. Water/Wastewater Manager Charlie Gammon said across the state he is seeing a lot of positions going to these combined hybrid positions.

Commissioner Matten noted that the job description requires both water and wastewater licenses. Current wastewater operators already hold these licenses and can transition easily into the role. Appreciation was expressed for staff pursuing additional permits, certifications, and education, and for leadership's encouragement of ongoing professional development, which supports the ability to fulfill dual roles effectively.

Motion by Commissioner Matten and seconded by Commissioner Higgins to Approve Water/Wastewater Operator Job Description and Recommend to City Council for Final Approval. Motion Carried.

Finance/Operations Committee

Commissioner Higgins stated they did have a meeting but nothing to report outside of what is on the agenda.

Unfinished Business

Memo *-See board packet for updates.*

New Business

Approve Bolton and Menk's Proposal for Design and Construction Engineering Services for the 2026 Lead Service Line Replacement Project-TH 210 and Northeast Brainerd. *See board packet for agenda request.*

Public Utilities Director Paul Sandy presented.

Discussion included: Commissioner Matten said approximately 1,046 service lines have been identified. This funding applies solely to 2026 and does not address service lines outside of those sections. What is future financing like for other areas? Sandy stated The Minnesota Department of Health has placed the city on its project priority list for service line replacements, with funding capped at approximately \$2.6 million per year due to similar needs statewide. This level of funding is expected to continue for the foreseeable future, depending on how long the funding stream lasts, the State has a goal of all replacements being completed by 2033. Projects will continue using a phased approach focused on areas with higher concentrations of service lines requiring replacement, allowing work to remain consolidated, and the goal is to replace roughly 120 to 150 service lines per year. Only property owners directly affected by a given project will receive project-specific notices, while separate annual notices are sent to all residents with known or unknown galvanized service lines, as required and certified to the Department of Health.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

December 23, 2025

Motion by Commissioner Higgins and seconded by Commissioner O'Day to approve Bolton and Menk's Proposal for Design and Construction Engineering Services for the 2026 Lead Service Line Replacement Project-TH 210 and Northeast Brainerd. There was a unanimous vote in favor of the motion. Motion Carried.

Approve Confidentiality Agreement with Eden Renewables, LLC for a Potential Solar Project
Public Utilities Director Paul Sandy presented.

Motion by Commissioner Matten and seconded by Commissioner O'Day to approve Confidentiality Agreement with Eden Renewables, LLC for a Potential Solar 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 administrator's written report, Broyles stated the Charter commission met and will be having another meeting in January. He wished everyone a Merry Christmas and Happy New Year, and thanked Commissioner O'Day for the many years of service and hope he enjoys his retirement.

City Council Liaison Report

Czeczok thanked commissioner O'Day and wished everyone a Merry Christmas.

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

Thanked commissioner O'Day and wished everyone a Merry Christmas.

Public Utilities Director Report – see board packet for report.

Staff were thanked for their quick response to recent water main breaks, including one that occurred on one of the coldest days of the year, and for successfully completing the repairs under difficult conditions. He wished everyone a Merry Christmas and Happy New Year.

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

Thanked Commissioner O'Day and wished everyone a Merry Christmas.

Operations Manager Report - see packet board for report.

Thanked Commissioner O'Day & HR Director Schubert and wished everyone a Merry Christmas.

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

Thanked Commissioner O'Day & HR Director Schubert and wished everyone a Merry Christmas.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

December 23, 2025

Commission Members – Report

Higgins Thanked Commissioner O'Day & HR Director Schubert for many years of service. Thanked staff for responding and fixing the water main so quickly.

O'Day stated he is looking forward to retirement.

Matten Thanked Commissioner O'Day & HR Director Schubert and wished everyone a Merry Christmas.

Angland Thanked Commissioner O'Day & HR Director Schubert and wished everyone a Merry Christmas.

Adjournment

Motion by Commissioner Higgins and seconded by Commissioner Matten to adjourn to January upcoming Charter commission board Meeting. There was a unanimous vote in favor of the motion. Motion carried at 09:35 AM.

Mike Angland, Commission President

Danny Loch, Finance Manager/Secretary



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Out of State Travel - Tyler Connect Conference

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 1

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Pursuant to the Employee Policy Manual, staff is requesting Commission authorization for out-of-state travel for up to three (3) employees to attend the Tyler Connect Conference related to the Enterprise Resource Planning (ERP) system. The conference will be held April 7–10, 2026, in Las Vegas, Nevada.

Early-bird conference registration is \$1,249 per person. In addition to registration costs, anticipated expenses include lodging, meals, and travel, consistent with policy guidelines. Attendance at this conference provides training, system updates, and peer networking directly related to the ongoing use and optimization of the ERP system.

Approval is requested to allow up to three employees to attend, with total expenses not to exceed amounts allowed under the Employee Policy Manual. Conference costs were anticipated and included in the budget for 2026.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Approve out-of-state travel pursuant to the employee policy manual for up to 3 people to attend the Tyler Connect Conference in Las Vegas, Nevada April 7-10, 2026.

FINANCIAL IMPACT: \$3,747 plus lodging, travel and food.



Public Utilities Commission Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Out of State Travel - Backyard Lineman

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 2

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Pursuant to the Employee Policy Manual, staff is requesting Commission authorization for out-of-state travel associated with the purchase of a backyard lineman, which is a budgeted capital expense in the 2026 budget.

Due to limited availability of specialized utility equipment, potential vendors and suitable units have been located outside the State of Minnesota. At this time, the specific state or states where travel may be required are unknown. Travel may be necessary for purposes including, but not limited to, vehicle inspection, evaluation, testing, and final acceptance prior to purchase.

Approval is requested to allow designated staff to travel out of state as necessary to complete the due diligence and procurement process. All travel expenses, including lodging, meals, and transportation, will be incurred in accordance with the Employee Policy Manual and within approved budget limits.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Approve out of state travel for the procurement of the budgeted backyard lineman purchase pursuant to the employee policy manual.

FINANCIAL IMPACT:

**Brainerd Public Utilities
BPU Commission Unfinished Business
January 2026**

A. ClimaVision (June 2024)

The ClimaVision Document has been approved and reviewed by the City Attorney and is attached for Commission approval and consideration.

B. Hydro Generation (1/31/23)

Procurement of a new generator remains in progress. After learning that previously identified models are no longer in production, staff and Barr Engineering are evaluating feasible alternative generation options, including the associated civil work and installation costs. While formal estimates have not yet been received, early indications suggest the project cost may increase from the original \$750,000 estimate to approximately \$1.0–\$1.2 million for the generator only. The anticipated lead time for the preferred generator option is expected to exceed one year.

Staff have been coordinating with Marty Siefert on updates to the project's funding bill and conducted a site visit with Representative Heintzeman and Senator Heintzeman. The bonding bill has been drafted, and the bonding bill push is in progress and ahead of schedule for the legislative session.

C. Rewrite of Brainerd City Code Section 705 – Water System (6/27/23)

The revision of Section 705 has begun and is currently underway. This effort was identified at the July Commission meeting and has been progressing since then. Community Development Director Kramvik has received updated changes from all staff, incorporated them into the City Code format, and the draft is now undergoing final internal review before being forwarded for legal review. Staff have been meeting weekly to discuss any changes, once completed staff will forward to the City attorney for review.

D. Development of Plan to be Carbon Free by 2040 (10/31/23)

BPU remains subject to Minnesota's Renewable Energy Standard (RES), which requires utilities to generate or procure electricity from eligible renewable resources—solar, wind, hydroelectric, or biomass—equivalent to at least 25% of total retail electric sales by 2025 and 55% by 2035. In addition, the RES requires utilities to generate or procure 100% carbon-free electricity by 2040.

The amendments to the American Electric Power (AEP) purchase agreement continue to support BPU's compliance. The updated AEP contract has been finalized and approved, with contract pricing secured as of January 28, 2025.

Staff continue evaluating additional pathways and resource options to meet the upcoming RES and carbon-free requirements, including future procurement needs and potential local generation opportunities. Further updates will be provided as options are refined and cost impacts are better defined.

A developer previously requested a confidentiality agreement to allow BPU to evaluate project-specific information related to a potential development. The confidentiality agreement was approved by the Commission at its December 2025 meeting. Since that approval, the developer has provided additional information for staff review. Staff are currently evaluating the materials and expect to schedule a meeting with the Finance and Operations Committee prior to the next Commission meeting to discuss the potential project and next steps.

Following committee discussion, staff will be prepared to bring forward any recommendations to the Commission as appropriate, including further evaluation of the potential project and preliminary considerations related to a possible power purchase agreement.

E. Lead Service Line (LSL) Inventory Assessment and Replacements (9/26/23)

Work continues on mapping the public water system and identifying materials used in water service lines. All known data has been submitted to the Minnesota Department of Health (MDH) as required. Efforts to identify unknown service lines—particularly those at properties where staff were not granted access—remain ongoing.

Notices were mailed to customers with galvanized or unknown service lines on October 15, 2024, following a coordination and informational meeting with City department heads. Staff also met with the Public Facilities Authority (PFA) and MDH on December 18, 2024, to discuss funding options, with further updates provided during the MRWA Conference on March 5, 2025.

The State of Minnesota has since provided funding to Bolton & Menk to research unknown service lines and contact affected customers. That outreach phase is now complete, and Bolton & Menk are finalizing the project summary and updating state database information for staff review. Additional updates will be posted on the BPU website as they become available.

On November 7, 2025, staff received notification from MDH regarding required notices to property owners with galvanized service lines or unknown service line materials. Staff prepared the required mailing within the 30-day timeframe, and notices were sent to affected property owners. A certification form was subsequently completed and submitted to MDH in accordance with state requirements.

The City of Brainerd has been placed on the 2026 Intended Use Plan for Lead Service Line Replacement in the amount of \$2,625,000. This program provides 100% reimbursement, resulting in no cost to the utility or to property owners with known lead or galvanized service lines.

Following approval of the lead service line contract for design and construction engineering services at the previous Commission meeting, staff held a kickoff meeting with Bolton & Menk to discuss the project. Staff and Bolton & Menk are currently redlining and updating standard forms that will be provided to property owners to allow interior inspections, obtain authorization to perform lead service line replacements, and further develop project plans.

At its December 1 meeting, the City Council approved a design and construction engineering proposal with Bolton & Menk for the 2026 SE Brainerd Reconstruction Project. A subsequent kickoff meeting was held with City staff and Bolton & Menk to review project details and coordinate efforts with the lead service line replacement project.

The second proposal for the lead service line replacement program was approved at the December 2025 regular Commission meeting. This proposal represents a Phase 1 lead service line replacement project in the NE Brainerd neighborhood. The informational materials and website for the project have been created by Bolton & Menk and is continuing. The BPU website has been updated to reflect all current information.

F. Strategic Planning (04/24/2025)

Former Director Evans initiated and presented a strategic planning session along with supporting documentation. Following the onboarding of Director Sandy, integration discussions with the City resumed and will continue through the remainder of 2025 as the Charter Commission and City Council consider potential Charter amendments. Because these changes could directly affect strategic planning, the planning process was paused to ensure that all City departments can ultimately be aligned under a single, comprehensive plan. This pause remains in effect.

Once integration discussions are complete and there is a clear understanding of how the Utility and the City will function operationally, strategic planning efforts will resume under the direction of the Public Utilities Director and the City Administrator. Long-range planning sessions with City staff have

begun and are anticipated to be a one- to two-year process. The goal of these sessions is to develop long-range sanitary sewer and water distribution plans, integrate asset management activities—including long-range capital improvement planning—and identify strategies to better align capital improvement projects across the City's divisions.

G. Main Lift Station Painting

With the main lift being within the fundable range of replacement, all painting of the main lift will be built into the 2026-2027 project.

H. EV Charging Policy

Staff have begun researching EV charging policies from comparable utilities; however, the approaches and requirements vary significantly and do not align with one another. Additional research is underway to better understand best practices, rate structures, and regulatory considerations before bringing forward a recommended policy. Staff will also be suggesting the inclusion of an EV-specific rate as part of the upcoming electric cost-of-service and rate study.

Completed in 2024:

1. Organizational Restructuring – Job Descriptions
2. Water Treatment Plant (WTP) Asset Inventory Prepared by Bolton & Menk
3. Brainerd City Code Section 700 – Sewer Code
4. Wellhead Protection Plan (WHPP)
5. Directional Drilling Forcemain River Crossing Project
6. Proposal for Strategic Visioning and momentum Services
7. Credit Card Transaction Fees
8. Joint Committee for Parking and Car Chargers
9. Water Wastewater 20-year Feasibility Quote
10. Hydro Automation – tainter gate
11. Current Unfilled Employment Positions at BPU
12. Corrosion Control Plan to Minnesota Department of Health
13. Robert's Property Purchase

Completed in 2025:

1. Customer Communications Policy – GoldCross
2. Commissioners Health Insurance – Tabled
3. Website Updates: Solar Distributed Energy Resources – Posted on Website
4. Schedule of Authority Roles of Commission and Council in Operation of BPU
5. Electric Transmission Service to Brainerd – Interconnection Study v. Building Capacity
6. Reclamation and Backwash Project Design and Selection
7. Crypto Mining Activity



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve ClimaVision Radar Lease and Temporary Construction License

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities
Director, Danny Loch, Finance Manager

PRESENTER: Paul Sandy, Public Utilities Director,
Trent Hawkinson, Operations Manager

SUMMARY OF ISSUE:

The ClimaVision radar project has been ongoing and reviewed. The proposed lease agreement and construction license have been reviewed and approved by the City Attorney, with minor outstanding questions related to tenant and subtenant relationships that ClimaVision is currently addressing. These items originated in ClimaVision's template agreement.

The attached files reflect revisions made since the original agreement presented in April 2024 and incorporate changes resulting from the City Attorney's review.

Discussions with the State of Minnesota have been positive, and all parties have expressed support for the project. The State of Minnesota is awaiting an approved and fully executed construction license. Both the lease agreement and the construction license must be approved before either the State or ClimaVision will move forward with finalizing a construction timeline and project schedule.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Authorize Utility Director Paul Sandy to execute the agreements and input the date of construction when known and authorize staff to finalize all items with the City Attorney to construct the weather radar on the State Hospital Tower.

FINANCIAL IMPACT:

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”) is made this _____ day of _____, 2025 (“Today’s Date”) by and between the _____, a municipal corporation, having an address of _____ (“Landlord”) and CLIMAVISION OPERATING, LLC having an address of 552 E. MARKET STREET (SUITE 201) LOUISVILLE, KY 40202 (“Tenant”).

1. **PREMISES.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, space on a water tower structure owned and operated by Landlord and certain land (collectively, the "Premises"), namely said tower being located at 46°21'17.83"N 94°9'5.23"W (lat/long) (the "Tower"), said demised space on the Tower being that area used to install and attach the radar system as shown on Exhibit "A" attached hereto ("Radar System"), and said demised land being a tract of land upon which a concrete pad, utility meter(s), emergency generator, and control cabinet will be placed thereon, ("Ground Equipment"), as depicted on Exhibit "B" attached hereto. Tenant shall have the right to access the Tower over property adjacent thereto to allow for utilities, inspection, maintenance, installation, construction, operation, repair, removal, and placement at, from, of, and on the Tower of the Radar System and Ground Equipment. Tenant shall use best efforts to ensure such access and in the event access to the Tower is denied by such adjacent property owner at any time, Tenant shall have the right to terminate this Lease on notice to Landlord.

Commented [EP1]: New language to address state ownership of adjacent property. Removes mention of non-exclusive easements

2. **USE.** Tenant has the right to use the Premises for the purposes of installing, constructing, maintaining, upgrading, repairing, operating, inspecting, and removing (i) the Radar System, and (ii) the Ground Equipment (together Radar System and Ground Equipment constituting “Site Improvements”), as further described in this Lease. Tenant shall submit construction plans to Landlord and obtain written approval of Landlord before beginning any construction activities on the Premises. With Landlord’s prior approval of Tenant’s construction plans, Tenant, or its agents or contractors, shall install the Site Improvements and utility lines thereto on the Tower in accordance with good and accepted engineering practices. Tenant has the right to make alterations of the Radar System or Ground Equipment from time to time, so long as such alterations do not adversely affect the structural integrity to the Tower or interfere with its use as a water tower and the alternations are approved in advance by Landlord. Tenant shall have the rights to (i) select the position on the water tank on which the Radar System will be located, subject to review and final approval by the BPU Commission, and (ii) run electrical and communications lines to and from and to the Radar System and Ground Equipment, provided, however, that installation of the Radar System and Ground Equipment shall not be done so as to cause the water tank to be structurally inadequate or to interfere with Landlord’s use of the water tank. Landlord agrees that Tenant may access, and Landlord shall grant access to, the Premises for regular maintenance and as needed for urgent maintenance, provided that Tenant shall provide notice to Landlord prior to accessing the Premises for such purposes.

Landlord Contact details for notification purposes:

Name:

Title:

Cell number:
Office number:
Email:

Back-up Contact in case of urgent requests:

Name:
Title:
Cell number:
Office number:
Email:

Please notify radarops@climavision.com if this point of contact changes.

Provided that Tenant complies with the terms of this Lease, nothing contained herein shall be deemed to give any third party the right to use or occupy any portion of the ground space occupied by the Ground Equipment or any area of the Tower actually occupied by the equipment of Tenant.

Landlord acknowledges that Tenant's plans as presently submitted for the Premises do not interfere with Landlord's current water tank operations. In the event that Landlord subsequently determines that Tenant's operation of the Radar System interferes materially and unreasonably with Landlord's water tank operations, then Landlord shall so notify Tenant and shall provide specific deficiencies for Tenant to address such interference (Landlord acknowledging that operation of the Radar System on the Tower is essentially feasible and any notice shall not be designed to make operation of the Radar System impractical). Tenant shall have ninety (90) days to cure such deficiencies and remove such unreasonable interference. In the event Tenant does not cure the deficiencies within the aforementioned ninety (90) day period, Landlord may terminate this Lease with written notice to Tenant and Tenant shall completely remove the Radar System and equipment in accordance with Section 7 below.

3. INITIAL TERM; RENT. This Lease shall commence sixty days prior to installation on [REDACTED] ("Lease Commencement Date") and shall continue for a period of twenty (20) years from such Lease Commencement Date (the "Initial Term"). Notwithstanding the foregoing: (i) the Landlord shall have the right to terminate this Lease upon notice to Tenant in the event a Lease Commencement Date has not been set within eighteen (18) months from Today's Date, and (ii) the Tenant shall have the right to terminate the Lease any time before the Radar System becomes operational by and upon notice to Landlord.

During the Initial Term, the Tenant shall pay to Landlord rent in kind in the form of access, and a limited license, to the weather data collected from the Radar System (the "Data"). Access to the Data will be provided to 1) City of Brainerd Public Utilities, 2) City of Brainerd public safety officials as well as 3) Crow Wing County public safety officials via a link to a secure, password protected website. Landlord will be given a password to access the Data and such password may be used by the Landlord and any of its employees, provided that it shall be kept confidential and secure. Landlord shall have a limited, nonexclusive, nontransferable, royalty-free license to use and modify the Data solely for its internal city and county governmental purposes, including for forecasting, public alerts and emergency preparation activities to improve response and enhance safety. In no event shall Landlord redistribute, publish, transfer, sell or otherwise provide the Data

Tower Lease v4.0 last revised 10/07/2025

or any parts thereof to any other person. All Data is provided to Landlord 'AS IS' and without warranty of any kind, express or implied, and Landlord acknowledges and agrees that Tenant shall have no liability whatsoever arising from Landlord's use or distribution of such Data.

4. **EXTENSION OF TERM.** Tenant shall have the option to extend the term of this Lease for one (1) additional consecutive twenty (20) year period. Such extension shall be effective only upon the express written approval of the BPU Commission. Unless Tenant provides Landlord with written notice of its intention not to exercise such option, the option shall be deemed automatically exercised upon receipt of the required approval, and the Lease shall continue for the extended term. All references herein to the term of this Lease shall include the term as so extended

5. **GOVERNMENT APPROVALS.** Landlord shall cooperate with Tenant's efforts to obtain and maintain in effect all certificates, permits, licenses and other approvals ("Permits") required by governmental authorities for Tenant's use of the Premises. Tenant will perform all acts and bear all expenses as necessary to obtain and maintain any required Permits. Landlord agrees to execute and deliver any applications, maps, certificates, or other documents and to provide such other information that may be required in connection with Tenant's obtaining the Permits. If at any time during the term of this Lease, Tenant is unable to use the Premises for weather surveillance in the manner intended by Tenant due to imposed zoning conditions or requirements, or in the event that any necessary Permit is finally rejected or any previously issued Permit is canceled, expires, lapses, or is otherwise withdrawn or terminated by the applicable governmental authority, or site survey, soil boring tests or radio frequency propagation tests are found to be unsatisfactory so that Tenant will be unable to use the Premises for weather surveillance in the manner intended by Tenant as determined by Tenant in its sole discretion, Tenant shall have the right to terminate this Lease by written notice to Landlord. Upon such termination, this Lease shall become null and void and Landlord and Tenant shall have no other further obligations to each other, other than Tenant's obligation to remove its property as hereinafter provided.

6. **ACCESS AND UTILITIES:** Subject to the final sentence of this Section, Tenant and its employees, agents, contractors, and utility companies are hereby given and granted a non-exclusive access for ingress, egress, and regress to and from the Premises on a twenty-four (24) hour daily basis for the purpose of erection, installation, operation, inspection, repair, maintenance, and removal of the Site Improvements and other necessary appurtenances thereon for telephone lines, power lines, cables, and wires used in connection with the Site Improvements. It is understood that Tenant and the utility companies providing services to Tenant shall have access to all areas of the Premises and other lands and rights-of-way owned or leased by Landlord and described on Exhibits A and B as necessary for installation, operation, inspection, upgrade, maintenance, and/or repair of such services. Tenant shall be solely responsible for and promptly pay all charges for gas, electricity, telephone service, or any other utility used or consumed by Tenant on the Premises. If necessary, Tenant shall have an electrical current meter and gas meter installed at the Premises for Tenant's electrical usage, and gas usage respectively and the cost of such meter(s) of installation, maintenance, upgrade, and repair thereof shall be paid for by Tenant. Notwithstanding anything to the contrary in the foregoing, prior to it or its contractors accessing the Tower and any secured area on the Premises, Tenant, its contractors and utility companies shall provide notice to Landlord at least three (3) business days in advance of such access (more immediate notice and access obtaining in the case of an emergency).

Commented [EP2]: Removes mention of easements

7. TENANT TERMINATION RIGHT; REMOVAL OR REPLACEMENT OF

TOWER. Subject to Section 9, Tenant shall have the right terminate this Lease at any time upon six (6) months' notice to Landlord. In the event that Landlord decides to remove or replace the Tower, Landlord shall give Tenant six (6) months' notice of its intent to remove or replace same. If the Tower is not replaced, then at the expiration of said six (6) months' notice period, this Lease shall terminate, and Tenant shall remove all of its Radar System and in accordance with Section 9 below, provided, however, that if Landlord has another water tower suitable, in the reasonable judgement of Tenant, for the placement of the Radar System, it shall offer Tenant space on such water tower for the Radar System and Ground Equipment on the same terms provided herein. If the Tower is replaced either at the Premises or at another location ("Replaced Tower"), then Tenant shall have the right, at its option exercisable upon notice to Landlord prior to the aforementioned six (6) months' notice period, to lease space on the Replaced Tower and Premises (or surrounding land if at different location) for the Site Improvements on the same terms as provided herein.

8. OPERATION.

(a) Tenant shall operate the Radar System in compliance with all present and future rules and regulations imposed by any local, state, or Federal authority having jurisdiction with respect thereto including, without limitation, the rules and regulations of the Federal Communications Commission (hereinafter referred to as the "FCC") and the Federal Aviation Administration (hereinafter referred to as the "FAA"). Prior to the erection, construction, or installation of the Site Improvements, or making any modifications thereto, Tenant shall comply with the following:

(i) All plans and specifications for the Site Improvements and any subsequent modifications thereto shall be submitted to the Landlord for review and approval by Landlord or Landlord's engineers and/or consultants;

(ii) All plans shall comply with all provisions of any approved Permit;

(iii) Tenant shall obtain any required approvals of all Federal, state and local agencies and all Permits. Upon request, Tenant shall promptly deliver to Landlord written proof of compliance with all applicable Federal, state and local laws, rules and regulations.

(b) The Radar System shall be clearly marked to show Tenant's name, address, telephone number and the name of the person to contact in case of emergency, FCC call sign, frequency(s) and location. All coaxial cable shall be identified in the same manner at the bottom and at the top of each transmission line.

(c) If Tenant obtains telephone service, it shall be Tenant's sole expense, and the telephone lines installed for the benefit of Tenant and the location thereof shall be approved by Landlord.

(d) Tenant shall have a separate electric meter if required by Landlord, and Tenant shall pay separately and directly to the electricity supplier for the installation of the meter and for any electricity used by Tenant's Radar System or Site Improvements.

9. **MAINTENANCE AND REMOVAL OF EQUIPMENT.**

(a) Tenant at its own cost and expense shall be responsible for maintenance and repair of the Site Improvements, in accordance with all applicable laws, rules and regulations and this Lease.

(b) RF Exposure to Maintenance Workers

(i) The Tenant shall furnish the Landlord a certified engineering report that clearly identifies the distance from its antennas in which the maximum RF exposure limits will be exceeded by maintenance workers engaged in painting, repairing or servicing the water tank or tower support structure. The report shall be in accordance with the maximum radio frequency exposure limits adopted by the Federal Communications Commission (FCC) for non-ionizing radiation. Calculations shall be based upon the combined radiation of all co-located cellular, paging and wireless transmitters at the water tank site.

(ii) The Tenant shall provide a 24-hour telephone number for the purpose of contacting someone who can turn off the transmitters when Landlord must do maintenance on the water tank or tower support structure if it is necessary to approach the RF restricted zone around the antennas. Tenant hereby informs Landlord that the minimum amount of time necessary to respond to such a request is three (3) business days.

For water tank maintenance notifications, email radarops@climavision.com.

Alternate contact information is below:

Tara Leigh Goode
552 East Market Street, Suite 201
Louisville, KY 40202
Tara.goode@climavision.com
859.473.4433

Other than emergency maintenance, Landlord shall use best efforts to minimize maintenance on the Tower that affects the operation of the Radar System. Subject to the foregoing, Landlord agrees to furnish Tenant with a schedule of any routine or planned maintenance of the water tank or tower support structure that may require workers to be within any maximum RF exposure area when such schedule is developed.

(c) Upon the expiration or earlier termination of this Lease, Tenant shall remove all of Tenant's Radar System and the generator on the Ground Equipment from the Premises. Any and all removal of Tenant's Radar System and generator shall be performed in a workmanlike manner without any interference, damage or destruction to any other equipment structures or operations at the Premises or any other equipment of other licensees thereon. Any and all interference or damage caused to the Premises or equipment

of other licensees by such removal shall be promptly eliminated or repaired by Tenant.

10. LIABILITY AND INDEMNITY. Tenant agrees to indemnify and save the Landlord harmless from all third-party claims (including costs and expenses of defending against such claims) arising or alleged to arise from any negligent act, negligent omission, or intentional tort of Tenant or Tenant's agents, employees, or contractors occurring during the term of this Lease in or about the Premises. Further, Tenant shall be responsible for all damages to the Premises caused by Tenant's or its contractors' negligence. Tenant agrees to use and occupy the Premises at Tenant's own risk and hereby releases Landlord from all claims for any damage or injury to persons or property to the full extent permitted by law. It is understood and agreed, however, that this hold harmless and indemnification does not apply to damage or injury to persons or property caused by the negligence of Landlord. The provisions of this Section 11 shall survive the termination of this Lease. Landlord shall be liable for any damage to the Radar System or Tenant equipment caused by it, its contractors or its invitees to the Premises.

11. DAMAGE OR DESTRUCTION OF THE SITE. If Tenant's Radar System is placed upon a structure of Landlord's which is destroyed in whole or in part by fire, storm, or other causes to the extent that Tenant's Radar System cannot function, then Tenant, in its sole discretion, may elect to terminate this Lease by giving written notice thereof to Landlord within thirty (30) days of the date said destruction (in whole or in part) occurred. If this Lease is canceled, the payments required herein shall terminate as of the date of such casualty. Landlord shall not be responsible or liable to Tenant for any loss, damage or expense that may be occasioned by any structural or power failure or by the destruction of or damage to the Tower.

12. INSURANCE. During the life of this Lease, Tenant shall either (i) at its sole cost and expense, procure and maintain the insurance coverage stated below or (ii) arrange for a third party Tenant (hereinafter "Tenant" or "SubTenant") to procure and maintain the insurance coverage to cover claims which may arise from operations under this Agreement, whether such operations are by the Tenant, their SubTenant, or by anyone directly or indirectly employed under this Agreement.

The Tenant shall not commence work under the Agreement until all the insurance described below has been obtained and the Landlord has approved such insurance.

All policies shall remain in force and effect throughout the term of the Agreement.

12.1 Requirements for the Tenant The insurance policy(ies) shall be primary and non-contributory insurance to any other valid and collectible insurance available to the Landlord with respect to any claim arising out of this Agreement.

The Tenant is responsible for payment of insurance premiums and deductibles related to this Agreement.

Insurance Companies must have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in the State of Minnesota.

Certificates of Insurance acceptable to Landlord shall be submitted prior to commencement of the work under this Agreement.

12.2 Notice to the Tenant The failure of the Landlord to obtain Certificate(s) of Insurance for the policies or renewals thereof or failure of the insurance company to notify Landlord of the cancellation of policies required under this Agreement shall not constitute a waiver by Landlord to the Tenant to provide such insurance.

Landlord will reserve the right to immediately terminate the Agreement if the Tenant is not in compliance with the insurance requirements. In the event of a claims dispute, all insurance policies must be open to inspection by Landlord, and copies of policies must be submitted to Landlord's authorized agent upon written request.

12.3 Notice to Insurer The Tenant's insurance company waives its right to assert the immunity of Landlord as a defense to any claims made under said insurance. Tenant's insurance company is notified that the liability of their policyholder is not limited by statute, and as a result, they are precluded from limiting claim payments based on any assumption that they are protected by immunity of the Landlord.

12.4 Policy Requirements

12.4.1 Workers' Compensation Insurance Tenant shall provide workers' compensation insurance for all employees and shall require any SubTenant to provide workers' compensation insurance in accordance with the statutory requirements of the Landlord and must include:

- a. Part 2, Employers Liability including Stop Gap Liability for monopolistic states, at limits of not less than:
 - \$100,000 – Bodily Injury by disease per employee
 - \$500,000 – Bodily Injury by disease aggregate
 - \$100,000 – Bodily Injury by accident
- b. Coverage C: All States Coverage
- c. If applicable, USL&H, Maritime, Voluntary and Foreign Coverage.
- d. A waiver of subrogation in favor of the Landlord, as Owner.

If Contactor is self-insured for its obligation under the Workers' Compensation Statutes in the jurisdiction where the project is located, a Certification of the Authority to Self-Insure such obligations shall be provided.

Evidence of SubTenant insurance shall be filed with the Tenant.

12.4.2 Automobile Liability Insurance The Tenant shall maintain insurance to cover liability arising out of the operations, use, or maintenance of all owned, non-owned, and hired automobiles.

- a. Minimum Limits of Liability: \$2,000,000 per occurrence combined Single Limit Bodily Injury and Property Damage

- b. Coverages:
 - i. Owned Automobile
 - ii. Non-owned Automobile
 - iii. Hired Automobile
 - iv. Waiver of subrogation in favor of Landlord

12.4.3 Commercial General Liability The Tenant shall maintain insurance to cover claims arising from operations under this Agreement, whether such claims are by the Tenant, SubTenant, Sub-SubTenant or by anyone directly or indirectly employed under this Agreement.

- a. Minimum Limits of Liability:
 - i. \$2,000,000 - Per Occurrence
 - ii. \$2,000,000 - Annual Aggregate
 - iii. \$2,000,000 - Annual Aggregate applying to Products and Completed Operations
 - iv. \$50,000 - Fire Damage (any one fire)
 - v. \$5,000 - Medical Expense (any one person per occurrence)
- b. Coverages:
 - i. Premises and Operations Bodily Injury and Property Damage
 - ii. Personal Injury & Advertising Injury
 - iii. Products and Completed Operations Liability
 - iv. Contractual Liability as provided in ISO form CG 00 01 10 01 or its equivalent.
 - v. Pollution exclusion with standard exception as per Insurance Services Office (ISO) Commercial General Liability Coverage Form – CG 00 01 10 01 or equivalent
 - vi. Explosion, Collapse, and Underground (XCU) perils
 - vii. Broad Form PD
 - viii. Independent Tenants – Let or Sublet work
 - ix. Waiver of Subrogation in favor of Landlord
 - x. Owner named as an Additional Insured, by endorsement, ISO Forms CG 20 10 and CG 20 37 or their equivalent for claims arising out of the Tenant's negligence or the negligence of those for whom the Tenant is responsible.

12.4.4 Umbrella or Excess Liability An Umbrella or Excess Liability insurance policy may be used to supplement the Tenant's policy limit to satisfy the full policy limits required by the Agreement.

13. **END OF AGREEMENT – EQUIPMENT.** The Radar System, Ground Equipment, with the exception of the concrete pad, and site improvements of every kind and nature constructed, erected, installed or placed by Tenant on the Tower, shall be and remain the property of Tenant and none shall be treated as fixtures or become part of the property of Landlord.

14. **NOTICES.** All notices required to be given hereunder shall be given in writing, certified or registered mail, or by overnight courier at the respective addresses of the parties set forth herein or at such other address as may be designated in writing by either party. Notice by overnight courier shall be deemed given the next business day after sent and if given by mail shall be deemed given three days after the date of mailing thereof as follows:

Commented [EP3]: Matches state requirements with of exception of 30-day cancellation clause. This was the feedback we received: "We are unable to add any verbiage related to "cancellations" on the certificate as the carrier will unfortunately not notify the certificate holder if the policy were to cancel. The policy is placed with AIG through the PEO, so a cancellation would not occur unless Climavision Operating LLC were to leave or terminate from the PEO. AIG will not add a 30-day cancellation to the policy for this reason."

Tenant's address for notice purposes is:
CLIMAVISION
ATTN: TARA GOODE or EMILY PAWSAT
552 E. MARKET STREET (SUITE 201) LOUISVILLE, KY 40202
PARTNERSHIPS@CLIMAVISION.COM

Landlord's address for notice purposes is CITY/COUNTY, ADDRESS, CITY/STATE, ZIP P.O. ATTN: CITY/COUNTY REP with a copy to TITLE, CITY/COUNTY, ADDRESS, CITY/STATE, ZIP, and a copy to TITLE, CITY/COUNTY, ADDRESS, CITY/STATE, ZIP.

15. DEFAULT. Subject to Paragraph 2 with respect to interference with water tower operations, this Lease may be terminated upon the failure of a party to comply with the terms of the Lease and such party fails to cure the default within thirty (30) days of receipt of notice from the non-defaulting party, provided that no default shall occur if the nature of the cure is such that it cannot reasonably be cured within said thirty (30) day period and the defaulting party has commenced the cure within said period and diligently pursues the cure to completion. The following, which shall not be exclusive, shall constitute a default by Tenant hereunder: (i) abandonment of either the Radar System or Ground Equipment; (ii) the filing of any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order of relief entered with respect to Tenant; or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Tenant or its debts; or (iii) the making by Tenant of an assignment or any other arrangement for the general benefit of creditors under any state statute. In the case of an uncured Tenant default, Landlord shall be entitled at Landlord's option to terminate this Agreement and to remove Tenant Radar System, site improvements, or other personal property on the Premises at Tenant's cost and expense. The rights and remedies stated in this Lease are not exclusive and the parties, in the event of a breach hereof or a dispute, are entitled to pursue any of the remedies provided herein, by law or in equity.

16. SUBLETTING AND ASSIGNMENT BY TENANT. Tenant may, with Landlord's written consent (which shall not be unreasonably withheld), assign or sublet any or all of Tenant's interest in this Lease, any part thereof, the leaseholder's interest of Tenant created hereby and/or any or all of Tenant's right, title, and interest in and to any or all of the Radar System and Ground Equipment, except that Tenant may assign or pledge this Lease without the consent of Landlord to any bank or financial institution in connection with a financing. Any said assignee or sublessee of this Lease shall be bound by the terms of this Lease.

17. DEBT SECURITY. Tenant may, without Landlord's consent, pledge, mortgage, convey by deed of trust, assign, create a security interest in, or otherwise execute and deliver any and all instruments for the purpose of securing any bona fide indebtedness or evidence thereof any or all of Tenant's interest in this Lease, any part thereof, the leaseholder's interest of Tenant created hereby, and any and all of Tenant's right, title, and interest in and to any and all of the Radar System and Ground Equipment. Promptly on Tenant's or Tenant's lender's request, Landlord shall execute and deliver, and shall assist in facilitating the execution and delivery of, all documents requested by any of the Tenant's lenders which are consistent with the terms of this Agreement including but not limited to waivers of Landlord's right to levy or distrain upon for rent any of Tenant's property

given as security for a debt, consents that none of the shall become fixtures, consents as to procedure for any of Tenant's lenders' sale of the Radar System and Ground Equipment, consents to Tenant's assignment to any lender(s) of any and all of Tenant's interest in or to this Lease and the Radar System and Ground Equipment. Failure of Landlord and all other persons and entities to execute and deliver to any of Tenant's lender(s) all document requested by said lender(s) in conformance with this agreement shall entitle Tenant to terminate this Lease immediately without any further obligation to Landlord.

18. TITLE. Landlord represents and warrants to Tenant that Landlord has good and marketable title to the Premises, free and clear of all liens, encumbrances, and exceptions. Landlord shall warrant and defend the same to Tenant against the claims and demands of all persons and entities.

Commented [EP4]: Removes mention of easements

19. INSPECTIONS. Landlord shall permit Tenant during the term of this Lease and any extension thereof, free ingress and egress to the Premises by Tenant and its employees, agents and contractors to conduct strength analyses, subsurface boring tests, radio frequency tests and such other tests, investigations and similar activities as Tenant may deem necessary, at the sole cost of Tenant. Tenant and its employees, agents, and contractors shall have the right to bring the necessary vehicles and equipment onto the Premises and the surrounding property ("Landlord's Surrounding Property") to conduct such test, investigations and similar activities. Tenant shall indemnify and hold Landlord harmless against any loss or damage for personal injury and physical damage to the Premises, Landlord's Surrounding Property or the property of third parties resulting from any such tests, investigations and similar activities.

20. SURVEYS. Landlord also hereby grants to Tenant the right to survey the Premises and Landlord's Surrounding Property or portion thereof, and the legal description of the Premises.

21. TOWER ANALYSIS. Landlord agrees to furnish Tenant, promptly on Tenant's request, with true copies of all structural or other analyses performed on the Tower within the two (2) years preceding Tenant's possession of space on the Tower. In the absence of said Tower analyses or if the most recent analyses are insufficient for Tenant's needs, Landlord, at Tenant's request, agrees to cooperate with Tenant in acquiring new analyses of the Tower. If Tenant requests any new analyses of the Tower, Tenant shall be responsible for coordinating the said new analyses, and the cost of the new analyses shall be paid solely by Tenant. Notwithstanding the foregoing, in the event Tenant determines after reviewing any Tower analyses that the Tower is not structurally appropriate for Tenant's needs, Tenant may, at Tenant's option, either terminate this Lease or with the written consent of the Landlord pay the additional cost of reinforcing or otherwise making the Tower structurally appropriate for Tenant's use, provided all local, State, and Federal laws, rules, and regulations are adhered to at Tenant's expense in the construction process.

22. OTHER CONDITIONS AND PROVISIONS. (a) Notwithstanding the provisions of Section 21, except if Landlord in its reasonable discretion based on sound engineering principles determines that the Tower has become structurally unsound should be withdrawn from use as a water storage facility or has become hazardous or dangerous to persons or property for any reason or except if the Leased Premises are damaged due to Tenant's negligence or Tenant's agents' or contractors' negligence, Landlord, at Landlord's expense, shall maintain in good condition and repair the Tower, Landlord's land surrounding the Tower. Landlord has the responsibility of observing Tower lights requirements and keeping applicable records (including records of

notification to Federal Aviation Administration of any failure or repairs of the Tower and any corrections of same). If Landlord has the duty to maintain and repair the Tower and if Landlord fails to maintain and repair as required hereunder so as to render all or any part of the Leased Premises materially unusable for Tenant's intended use, rent shall abate while Landlord, at Landlord's expense, promptly restores the Leased Premises to its condition prior to such damage; provided, however, in the event Landlord fails to so repair the Leased Premises within thirty (30) days of said damage, Tenant shall have the right to; (i) terminate this Lease without further obligations from Tenant to Landlord hereunder and without affecting Tenant's remedies permitted by law, equity, and/or this Lease for Landlord's breach of this Lease; (ii) hold Landlord in default pursuant to Section 11, or (iii) to the extent feasible, repair or have qualified contractor repair the Leased Premises and charge Landlord for the repairs with the right to withhold access to the Data until such reimbursement has been made by the Landlord,

(b) During the term of this Lease and its extensions, Landlord will not give, grant, or convey any future interest in or lease, license, or permission to use the Leased Premises if such transfer or use in any way adversely affects or interferes with Tenant's use of its Radar System and the Premises. In the event of any adverse effect or interference, Landlord shall take all steps necessary to correct and eliminate the adverse effect or interference within a reasonable time, including but not limited to Landlord taking prompt action to terminate or revoke the said other use, interest, lease, license, or permission, or otherwise remove the grantee and any interfering antenna(s) or other equipment from the Leased Premises.

Commented [EP5]: Removed references to easements

(c) Landlord shall comply with all local, State, and Federal laws, rules, and regulations required by it to be performed as Landlord hereunder and owner of the Tower. (d) Tenant shall comply with all local, State, and Federal laws, rules, regulations required by it to be performed as Tenant hereunder.

23. QUIET ENJOYMENT. Landlord covenants that Tenant shall peaceably and quietly hold and enjoy the right to use the Leased Premises on the terms and conditions and for the purposes stated herein during the term of this Lease, as it may be extended, without hindrance, ejection, or molestation by Landlord or any person or persons claiming under Landlord.

Commented [EP6]: Removes reference to easements

24. BINDING ON SUCCESSORS. The covenants and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties.

25. GOVERNING LAW. The parties intend that this Lease and the relationship of the parties shall be governed by the laws of the state of the address of the landlord first stated above.

26. ENTIRE AGREEMENT. All of the representations and obligations of the parties are contained herein, and no modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding upon a party unless agreed to in writing by the other party.

27. SEVERABILITY. If any section, subsection, term or provision of this Lease or the application thereof to any party or circumstance shall, to any extent, be invalid or unenforceable, the remainder of said section, subsection, term or provision of this Lease or the application of same to parties or circumstances other than those to which it was held invalid or unenforceable, shall not be affected thereby and each remaining section, subsection, term or provision of this Lease

shall be valid or enforceable to the fullest extent permitted by law.

28. FURTHER ASSURANCES. Each of the parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably require to consummate, evidence or confirm this Lease.

29. WAIVER OF LANDLORD'S LIENS. Landlord hereby waives any and all lien rights it may have, statutory or otherwise concerning the Tenant's Facilities or any portion thereof which shall be deemed personal property for the purposes of this Lease, whether or not the same is deemed real or personal property under applicable laws, and Landlord gives Tenant and its mortgagees the right to remove all or any portion of the same from time to time, whether before or after a default under this Lease, in Tenant's and/or its mortgagee's sole discretion and without Landlord's consent.

30. HAZARDOUS MATERIALS. As of the Lease Commencement Date of this Lease: (1) Tenant hereby represents and warrants that it shall not use, generate, handle, store or dispose of any Hazardous Material in, on, under, upon or affecting the Property in violation of any applicable law or regulation, and (2) Landlord hereby represents and warrants that (i) it has no knowledge of the presence of any Hazardous Material located in, on, under, upon or affecting the Property in violation of any applicable law or regulation; (ii) no notice has been received by or on behalf of Landlord from any governmental entity or any person or entity claiming any violation of any applicable environmental law or regulation in, on, under, upon or affecting the Property; and (iii) it will not permit itself or any third party to use, generate, handle, store or dispose of any Hazardous Material in, on, under, upon, or affecting the Property in violation of any applicable law or regulation. Landlord and Tenant shall each indemnify, defend and hold the other harmless from and against all Losses (specifically including, without limitation, attorneys', engineers', consultants' and experts' fees, costs and expenses) arising from (i) any breach of any representation or warranty made in this Paragraph by such party; and/or (ii) environmental conditions or noncompliance with any applicable law or regulation that result, in the case of Tenant, from operations in or about the Property by Tenant or Tenant's agents, employees or contractors, and in the case of Landlord, from the ownership or control of, or operations in or about, the Property by Landlord or Landlord's predecessors in interest, and their respective agents, employees, contractors, tenants, guests or other parties. The provisions of this Paragraph shall apply as of the Lease Commencement Date of this Lease and survive termination of this Lease. "Hazardous Material" means any solid, gaseous or liquid wastes (including hazardous wastes), regulated substances, pollutants or contaminants or terms of similar import, as such terms are defined in any applicable environmental law or regulation, and shall include, without limitation, any petroleum or petroleum products or by-products, flammable explosives, radioactive materials, asbestos in any form, polychlorinated biphenyls and any other substance or material which constitutes a threat to health, safety, property or the environment or which has been or is in the future determined by any governmental entity to be prohibited, limited or regulated by any applicable environmental law or regulation.

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date (Today's Date) first above written .

LANDLORD: CITY OF BRAINERD

Tower Lease v4.0 last revised 10/07/2025

Signature: _____ **Name:** _____

Title: _____

ATTEST:

Signature: _____ **Name:** _____

Title: _____

TENANT: CLIMAVISION

Signature: _____ **Name:** _____

Title: _____

ATTEST:

Signature: _____ **Name:** _____

Title: _____

• TEMPORARY CONSTRUCTION LICENSE •

This agreement (hereinafter “License” or “Agreement”) made this ____ day of _____, 2025, between the State of Minnesota, sovereign entity (hereinafter “Licensor”), acting by and through its Department of Administration, and the City of Brainerd, Brainerd Public Utilities, a municipal corporation, of the State of Minnesota (hereinafter “Licensee”).

Recitals

- A. Licensor’s Commissioner of Administration has authority under provisions of Minn. Stat. §16B.24, subd. 5, and with the rules promulgated thereto, to grant licenses over certain state-owned property;
- B. Licensor owns the facility known as the Minnesota Specialty Health System, Brainerd campus, as shown on the aerial photograph on Exhibit A, all of such lands as are situated in Crow Wing County, Minnesota, (hereinafter “Property”);
- C. Licensee wishes to acquire a license from Licensor for the purpose of installation of a radar dome, ground mounted equipment enclosure and related utility infrastructure on the water tower located on the Property. The license involves the access road and property surrounding the water tower as shown on the attached Exhibit A and B, the contents of which are incorporated herein by reference, (hereinafter “License Area”);
- D. Licensor desires to grant to Licensee a temporary license allowing full access, right, and privilege to construct and install the radar dome, equipment enclosure and utilities in the License Area.

Terms of License

- 1. Grant of License.

1.1 For and in consideration of the sum of one and 00/100 dollar (\$1.00) and the promises, conditions, and covenants contained herein, Licenser hereby grants a non-exclusive License for the License Purposes over, under and across the License Area.

1.2 Licenser provides no warranties of fitness of any kind pertaining to the License Area. Licensee takes the License Area “as is” in its existing physical condition. Further, Licenser makes no warranty or representation as to the safe condition of License Area or the suitability of said License Area for the purposes set forth in Section Two. Licensee provides no warranties regarding title to the License Area.

1.3 This License shall be granted subject to and restricted by Licenses, easements, reservations and restrictions, whether recorded or unrecorded.

2. Use of License Area. The purpose of the License is to provide non-exclusive use of the License Area for the License Purposes. This License shall only be used to install and/or construct the radar dome and ground equipment and utilities in the License Area in compliance with the purposes, terms and conditions set forth in this Agreement. A crane will be used on the site and incorporates the expected crane swing and any lay out of materials or equipment shall not impede regular access through the site by Licenser. . Said use is not exclusive and Licenser reserves the right to allow the License Area to be used by itself, or others, provided that Licenser shall limit access during installation in the License Area. Licensee’s use of the License Area must be in compliance with the purpose, terms and conditions set forth herein. It is agreed that Licensee shall not use the License Area for any purpose contrary to any federal, state or local law, rule, or regulation.

3. Revocation. This License may be terminated by Licenser for any reason at any time upon providing seven (7) days prior written notice to Licensee. Upon revocation the Licenser shall allow the Licensee a reasonable time to vacate the License Area, not to exceed one month. Licensee shall promptly and at its own expense, permanently remove its service and maintenance equipment from the License Area.

4. Compliance with Laws. In conducting its activities hereunder, Licensee will, at its sole expense and effort, comply with all laws, ordinances, permits, rules and regulations, enacted by any federal, state, or local governmental agency having jurisdiction or control over any activity occurring upon the License Area resulting from or applicable to usage based upon this License. Licensee further agrees to obtain all required permits for its activities hereunder at its sole expense and to comply with all such permits.

5. Restoration, Maintenance and Repair. Licensee agrees to be solely responsible for restoration, repair and maintenance of the License Area. During construction, Licensee will make every effort to provide safe travel for pedestrians in the License Area. Upon completion of construction, Licensee, at its sole cost and expense, will restore the affected License Area and designated access route to substantially the same condition as existed prior to such activity. Licensee further agrees to keep and maintain the License Area in a neat and orderly condition and remove all refuse and debris that may

accumulate thereon.

6. Indemnification.

6.1 Each party will be responsible for its own acts and the results thereof and shall not be responsible for the acts of any others and the results thereof. Licensor's liability shall be governed by the provisions of the Minnesota Tort Claims Act, Minnesota Statutes, Chapter §3.736 and other applicable law. Licensee's liability shall be limited by the provisions of Minnesota Statutes Chapter 466 and other applicable law. The provisions of this Section shall survive the termination of this Agreement and any subsequent amendments to it.

6.2 The Licensee agrees to require its contractor(s) to indemnify, defend and hold harmless Licensor, including its subsidiaries, facilities, employees, officers, agents, successors and assigns from and against any and all claims, costs, demands, damages, liabilities, judgments, or expenses, including attorney fees, court costs, consultant fees and other legal costs, for any personal injury, death or property damage arising out of or resulting from, or in any way associated with the activities described herein of Licensee, its employees, agents, invitees, licensees, successors, and assigns except for Licensor's willful misconduct or negligence.

6.3 The obligations set forth in this section shall continue after any termination of this Agreement as to any matters that occurred during or resulted from the term of this Agreement.

7. Condition of Property; Restoration; Removal of Equipment. Upon expiration or termination of this Agreement, Licensee shall, at its sole cost and expense, (i) remove any equipment brought onto the Property as a part by Licensee, (ii) repair any damage to the Property caused in connection with any of the Permitted Activities, and (iii) return the Property to its condition immediately prior to Licensee's entry onto the Property. In the event any equipment brought onto the Property by Licensee is not timely removed or such damage is not timely repaired, Owner has the right to remove such equipment and repair such damage and Licensee agrees to be responsible for the reasonable costs of such removal and repair. Licensee agrees to be solely responsible for restoration, repair and maintenance of the Property. Licensee further agrees to keep and maintain the Property in a neat and orderly condition and remove all refuse and debris that may accumulate thereon. The Licensee shall take all reasonable precautions to prevent any damage to the Property and designated access route and shall fully reimburse the Owner for any damages resulting from its use of the Property. The Licensee shall be responsible for the cost of repairing any equipment, facilities or landscaping in the Property that it or its equipment damages

8. Insurance. During the life of this Agreement, Licensee shall either (i) at its sole cost and expense, procure and maintain the insurance coverage stated below or (ii) arrange for a third party contractor (hereinafter "Contractor" or "Subcontractor") to procure and maintain the insurance coverage to cover claims which may arise from operations under this Agreement, whether such operations are by the Contractor, their Subcontractor, or by anyone directly or indirectly employed under this Agreement.

The Contractor shall not commence work under the Agreement until all the insurance described below has been obtained and the Licenser has approved such insurance.

All policies shall remain in force and effect throughout the term of the Agreement.

- 8.1 Requirements for the Contractor The insurance policy(ies) shall be primary and non-contributory insurance to any other valid and collectible insurance available to the state of Minnesota with respect to any claim arising out of this Agreement.

The Contractor is responsible for payment of insurance premiums and deductibles related to this Agreement.

Insurance Companies must have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in the State of Minnesota.

Certificates of Insurance acceptable to Licenser shall be submitted prior to commencement of the work under this Agreement. Such Certificates shall contain a provision that coverage afforded under these policies shall not be cancelled without at least thirty (30) days advanced written notice to Licenser.

- 8.2 Notice to the Contractor The failure of the Licenser to obtain Certificate(s) of Insurance for the policies or renewals thereof or failure of the insurance company to notify Licenser of the cancellation of policies required under this Agreement shall not constitute a waiver by Licenser to the Contractor to provide such insurance.

Licenser will reserve the right to immediately terminate the Agreement if the Contractor is not in compliance with the insurance requirements. In the event of a claims dispute, all insurance policies must be open to inspection by Licenser, and copies of policies must be submitted to Licenser's authorized agent upon written request.

- 8.3 Notice to Insurer The Contractor's insurance company waives its right to assert the immunity of Licenser as a defense to any claims made under said insurance. Contractor's insurance company is notified that the liability of their policyholder is not limited by statute, and as a result, they are precluded from limiting claim payments based on any assumption that they are protected by immunity of the Licenser.

8.4 Policy Requirements

- 8.4.1 Workers' Compensation Insurance Contractor shall provide workers' compensation insurance for all employees and shall require any Subcontractor to provide workers' compensation insurance in accordance with the statutory requirements of the Licenser and must include:

- a. Part 2, Employers Liability including Stop Gap Liability for monopolistic

states, at limits of not less than:

\$100,000 – Bodily Injury by disease per employee
\$500,000 – Bodily Injury by disease aggregate
\$100,000 – Bodily Injury by accident

- b. Coverage C: All States Coverage
- c. If applicable, USL&H, Maritime, Voluntary and Foreign Coverage.
- d. A waiver of subrogation in favor of the Licensor, as Owner.

If Contactor is self-insured for its obligation under the Workers' Compensation Statutes in the jurisdiction where the project is located, a Certification of the Authority to Self-Insure such obligations shall be provided.

Evidence of Subcontractor insurance shall be filed with the Contractor.

8.4.2 Automobile Liability Insurance The Contractor shall maintain insurance to cover liability arising out of the operations, use, or maintenance of all owned, non-owned, and hired automobiles.

- a. Minimum Limits of Liability: \$2,000,000 per occurrence combined Single Limit Bodily Injury and Property Damage
- b. Coverages:
 - i. Owned Automobile
 - ii. Non-owned Automobile
 - iii. Hired Automobile
 - iv. Waiver of subrogation in favor of Licensor

8.4.3 Commercial General Liability The Contractor shall maintain insurance to cover claims arising from operations under this Agreement, whether such claims are by the Contractor, Subcontractor, Sub-Subcontractor or by anyone directly or indirectly employed under this Agreement.

- a. Minimum Limits of Liability:
 - i. \$2,000,000 - Per Occurrence
 - ii. \$2,000,000 - Annual Aggregate
 - iii. \$2,000,000 - Annual Aggregate applying to Products and Completed Operations
 - iv. \$50,000 - Fire Damage (any one fire)
 - v. \$5,000 - Medical Expense (any one person per occurrence)
- b. Coverages:
 - i. Premises and Operations Bodily Injury and Property Damage
 - ii. Personal Injury & Advertising Injury

- iii. Products and Completed Operations Liability
- iv. Contractual Liability as provided in ISO form CG 00 01 10 01 or its equivalent.
- v. Pollution exclusion with standard exception as per Insurance Services Office (ISO) Commercial General Liability Coverage Form – CG 00 01 10 01 or equivalent
- vi. Explosion, Collapse, and Underground (XCU) perils
- vii. Broad Form PD
- viii. Independent Contractors – Let or Sublet work
- ix. Waiver of Subrogation in favor of Licensor
- x. Owner named as an Additional Insured, by endorsement, ISO Forms CG 20 10 and CG 20 37 or their equivalent for claims arising out of the Contractor's negligence or the negligence of those for whom the Contractor is responsible.

8.4.4 Umbrella or Excess Liability An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limit to satisfy the full policy limits required by the Agreement.

9. Damages. The Licensee shall take all reasonable precautions to prevent any damage to the License Area and designated access route and shall fully reimburse the Licensor for any damages resulting from its use of said License Area or designated access route. The Licensee shall be responsible for the cost of repairing any equipment, facilities or landscaping in the License Area and designated access route that it or its equipment damages.

10. Modifications. The Licensor may at any time order such changes or modifications respecting construction or maintenance of structures, use or other conditions of this License as deemed necessary to protect the public health and safety. The foregoing sentence does not relieve the Licensee of any obligations under this License.

11. Assignment. This License shall not be assignable by the Licensee except upon written consent of the Licensor.

12. Term of License. The term of this License shall commence July 25, 2025 and continuing through September 30, 2025, subject to change or modifications as provided herein above.

13. Access. The grant of the License herein contained shall include the right of Licensee to have reasonable access to said License Area via the area depicted on Exhibit A. Any other access right across other land of State of Minnesota adjacent thereto, shall be designated by Licensor as needed within a reasonable time following receipt of any written request of Licensee, its contractors, agents or assigns, for such temporary access rights provided, however, that it shall not interfere with the operation of the site during its normal course of business.

14. Existing Utilities. Licensee acknowledges that there may be utilities located within the License Area and takes full responsibility for determining their location to prevent damage to or interference

with any rights held by others, whether those rights are held under recorded or unrecorded agreements, and to determine that the location of the License Area is suitable for Licensee's purposes. Licensee shall ensure that the means of identifying existing utilities shall be temporary in nature and shall not allow the application of permanent marking on any hard surface or landscaping. Licensee shall not construct any buildings, structures, or other improvements, except for the ground mounted Equipment Enclosure that serves the radar.

15. Relocation of Existing Facilities. When working in the License Area, Licensee shall not interfere with the safety and convenience of ordinary travel along and over the License Area nor interfere with other uses to which the License Area may be put by Licensor or with other facilities that are already in place. Licensee shall promptly and at its own expense, permanently remove and relocate its facilities in the License Area when it is necessary to prevent interference of the Licensor, in connection with: (a) a present or future governmental use for a public project; (b) the public health or safety; or (c) the safety and convenience of travel over the License Area.

16. Notification. Licensee must obtain the written approval of Licensor prior to conducting any work in the License Area. Notwithstanding the foregoing, the Licensee shall immediately notify the Licensor of any event regarding its facilities that it considers an emergency. Licensee may proceed to take whatever actions are necessary in order to respond to the emergency subject to compliance with applicable laws. Licensor may take whatever action it deems necessary in order to respond to any event regarding Licensee's facilities that it considers an emergency, the cost of which shall be borne by the Licensee.

17. No Assignment. The license granted in this Agreement may not be transferred or assigned without the prior written consent of Owner, which may be withheld in Owner's sole discretion. Any transfer or assignment without Owner's consent is void.

18. No Recording. This Agreement may not be filed of record by Licensee.

19. Notices. All notices or communications between Licensor and Licensee shall be deemed sufficiently given or rendered if in writing and delivered to either party personally; or if mailed by United States registered or certified mail to the addresses set forth below, or such future addresses as may be subsequently supplied by the parties hereto to each other; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

Licensee: Brainerd Public Utilities
8027 Highland Scenic Road
Baxter, MN 56425
Attention: Trent Hawkinson, Operations Manager
thawkinson@bpu.org

Licensor: **On Site contact:**

Direct Care and Treatment
Minnesota Specialty Health System
Brainerd Campus
11615 State Avenue
Brainerd, MN 56401
Attn:

License Issues:

Minnesota Department of Administration
Real Estate & Construction Services
50 Sherburne Avenue – Room 309
Saint Paul MN 55155
ATTN: Director, Real Estate & Construction Services

20. Miscellaneous. This Agreement may be executed in separate counterparts. When counterparts have been executed and delivered by all parties, they shall constitute one integrated Agreement which shall be binding to the same extent as if all parties had executed the same counterpart. Owner and Licensee agree that faxed and/or electronic signatures on email documents affecting this transaction will be binding on both parties. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. Neither party is relying upon any representations of the other party or its agents. This Agreement shall be governed by the laws of the State of Minnesota. Time is of the essence of each and every term in this Agreement. Wherever under the terms of this Agreement the time for performance falls upon a Saturday, Sunday or legal holiday, such time for performance shall be extended to the next business day. The captions and headings at the beginning of the several paragraphs, respectively, are for convenience in locating the context of this Agreement, but are not part of such context. In the event any term or provision of this Agreement shall be held illegal, invalid, unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have set their hands on the date(s) indicated below intending to be bound thereby.

LICENSEE

BRAINERD PUBLIC UTILITIES

LICENSEE certifies that the appropriate person(s) have executed the Temporary Construction License on behalf of LICENSEE as required by applicable articles, bylaws, resolutions or ordinances.

By:_____

Title_____

Date_____

By:_____

Title_____

Date_____

LICENSOR

STATE OF MINNESOTA

**DEPARTMENT OF ADMINISTRATION
COMMISSIONER**

By

Real Estate and Construction Services

Date

APPROVED:

STATE OF MINNESOTA

DIRECT CARE AND TREATMENT

By

Title

Date

EXHIBIT A **OVERALL SITE AND ROAD ACCESS AREA**

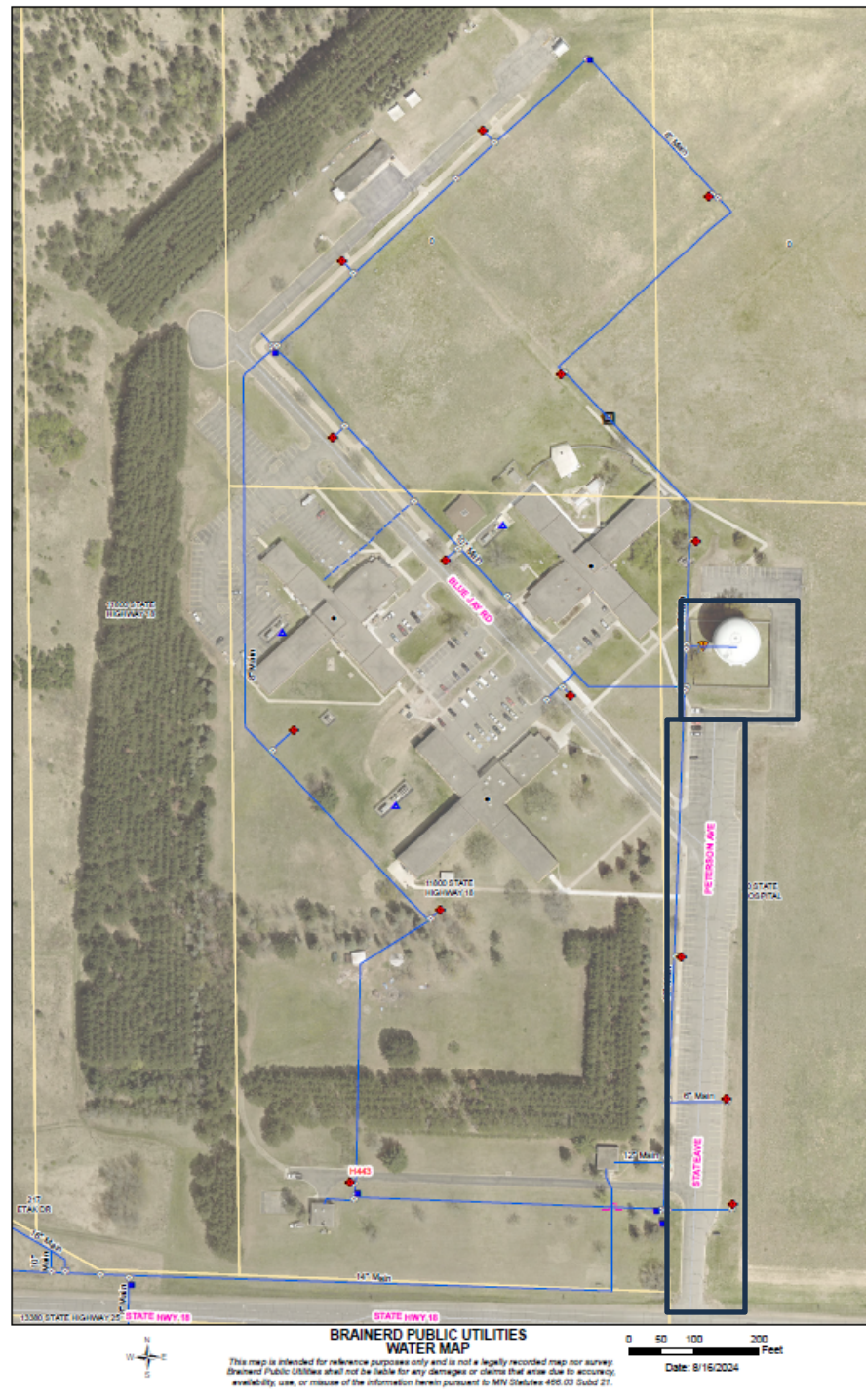
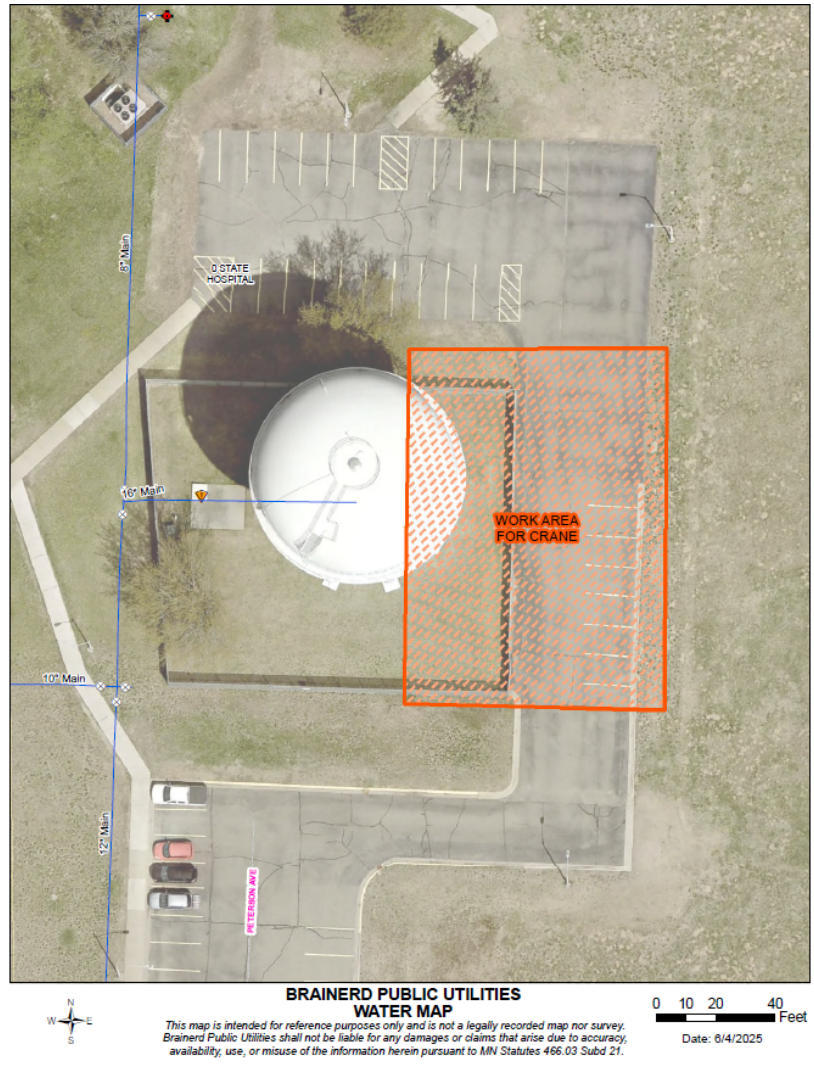


EXHIBIT B “WORK AREA”





Public Utilities Commission Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Professional Services Proposal with Bolton and Menk for New Water Treatment Plant and Well #9 Siting Preliminary Engineering Report and Investigations

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 10 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director **PRESENTER:** Paul Sandy, Public Utilities Director

SUMMARY OF ISSUE: To initiate planning for a new water treatment facility and future well infrastructure, staff budgeted \$175,000 in 2026 for a water treatment plant siting study, along with an additional \$60,000 for a new well siting study.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Staff approached Bolton and Menk to provide scopes of services and fees to perform these studies as outlined and approved in the budget.

Water Treatment Plant

Brainerd Public Utilities (BPU) operates a water treatment system supplied by six wells, with portions of the existing treatment facility dating back to 1918 and the most recent major expansion completed in 1964. While treatment processes have been incrementally upgraded over time, the facility is aging, contains obsolete components, and no longer reflects current best practices for long-term operation and regulatory compliance.

In 2021, routine Minnesota Department of Health (MDH) monitoring identified copper concentrations exceeding the EPA action level at multiple sampling locations. BPU completed required studies and an action plan in coordination with MDH and EPA and implemented orthophosphate corrosion control in 2024, which has successfully reduced copper levels to meet regulatory requirements.

Given the age and condition of the existing water treatment plant and the need for long-term system modernization, BPU is seeking to evaluate siting options for a new water treatment facility. The City has acquired property near Emma Street for this purpose. The proposed study will evaluate treatment alternatives, identify the recommended plant location on the site, complete required survey and geotechnical investigations, and establish a foundation for future preliminary and final design. The study will also support long-term capital planning and funding discussions for a new water treatment facility.

This study will inform funding strategies (including potential legislative and grant opportunities) and streamline development of preliminary design documents. Following the study, the Utility can proceed to preliminary engineering (refining scope, hydraulic profile, site layout, and design data) and then to final design.

Well #9 Siting Study

The City of Brainerd currently withdraws its drinking water supply from six municipal wells, all located within the same well field along the Mississippi River. The Minnesota Department of Health (MDH) has recommended that the City diversify its water supply by developing additional wells outside of the existing Drinking Water Supply Management Area (DWSMA) to improve system resiliency and long-term sustainability.

Brainerd Public Utilities (BPU) is requesting an evaluation of potential locations for new municipal wells, including test well drilling and water quality analysis of the targeted aquifer. The City has identified a site within the Buffalo Hills park area for development of a new well to increase firm raw water capacity and diversify the well field beyond the current DWSMA.

This study will also support long-term system planning by evaluating raw water transmission routes to a future water treatment plant located on City-owned property. The analysis will identify preferred well locations based on land ownership, proximity to existing and future infrastructure, compliance with MDH well setback requirements, and overall system efficiency. The results of the study will provide a foundation for future design, permitting, and capital planning associated with new municipal wells and raw water transmission infrastructure.

Scope and Fees

Please see the two attached letter proposals outlining the full scope of work and associated fees for the water treatment plant siting study and the well siting study, as provided by Bolton & Menk.

For the water treatment plant siting study, the total not-to-exceed fee is \$159,600. For the well siting study, Bolton & Menk's not-to-exceed fee is \$51,880. In addition, the project includes an estimated cost of \$53,935 for test well drilling services to be coordinated with Traut Companies; this estimate will be refined as the project advances. The combined estimated cost for both studies is \$265,415.

The cost associated with the well siting study exceeds the originally budgeted amount of \$60,000. However, the proposed scope reflects the level of analysis necessary to support future phases of project development, including preliminary design, test pumping of a 6-inch well, and detailed geologic evaluation. A smaller 4-inch test well, while slightly less expensive, would not allow for test pumping or collection of critical data needed to advance the project and would limit the usefulness of the study for future design and permitting efforts.

RECOMMENDED ACTION/MOTION: Staff recommends approval of the proposals from Bolton and Menk for the Water Treatment Plant Siting Study and the Well Siting Study in the total fee, not to exceed amounts of \$159,600 and \$51,880 respectively and, further, to allow staff to refine the scope of work with Traut Companies for the test wells for the Well Siting Study and bring that back to Commission at a future date.

FINANCIAL IMPACT: As noted in the summary, \$175,000 was budgeted in 2026 for the water treatment plant siting study, with a total not-to-exceed fee of \$159,600 from Bolton & Menk. A total of \$60,000

was budgeted for the well siting study; however, the combined estimated cost for the well siting study, including services from Bolton & Menk and Traut Companies, is \$105,815.



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7656 Design Road

Suite 200

Baxter, MN 56425

Phone: (218) 825-0684

Bolton-Menk.com

Via Email

January 27, 2026

Paul Sandy, PE, Public Utilities Director
Brainerd Public Utilities
8027 Highland Scenic Dr.
Baxter, MN 56425

RE: WTP Preliminary Siting Study
Engineering Professional Services Proposal
Brainerd Public Utilities

Dear Mr. Sandy:

Bolton & Menk, Inc. is pleased to submit this scope and fee proposal for the Water Treatment Plant (WTP) Siting Study for Brainerd Public Utilities (BPU). This proposal describes our understanding of the project, the proposed scope of services, deliverables, schedule, and associated fees. Our team has supported BPU in planning efforts for multiple water system improvements and is concurrently assisting with siting of a new production well. That overlap positions us to efficiently integrate the well siting effort with the WTP siting concepts and to align both with BPU's long-term vision.

I. WTP Siting Study

A. Project Understanding

BPU supplies the City of Brainerd with water from six wells. Portions of the existing treatment system date to 1918. Iron and manganese removal was added in 1932, and the most recent expansion occurred in 1964. Current processes include oxidation using pyrolusite, aerated coke filtration, and tertiary gravity sand filtration. High-service pumps convey finished water to the distribution system. The facility feeds fluoride to meet MDH requirements and caustic soda (NaOH) for pH adjustment and corrosion control. Disinfection was added in 2024 following a coliform occurrence.

In 2021, routine MDH monitoring indicated copper concentrations above the United States Environmental Protection Agency (EPA) action level of 1.3 mg/L at multiple locations. Approximately 40 of 60 samples collected since 2021 exceeded the action level. BPU prepared an action plan for MDH and EPA, as required, by November 6, 2023. A copper coupon study completed in 2022 evaluated corrosion mechanisms and treatment alternatives. From six initial options, two final approaches were developed in consultation with MDH: (1) continued pH adjustment with caustic soda combined with a phosphate-based corrosion inhibitor and disinfection; and (2) construction of a new full or partial softening facility (reverse osmosis or lime/soda ash). Beginning in summer 2024, BPU implemented orthophosphate (LPC-31) at 6 mg/L as fed (approximately 2 mg/L as ortho-P in

the system). Routine monitoring since implementation indicates copper reduction consistent with EPA requirements.

Given the age and condition of the existing facility, including obsolete filter media, and the need for modernization, BPU seeks an evaluation of siting options for a new WTP. The City has purchased a site near Emma Street with the intent to locate a future plant there. This study will identify the recommended plant location on the site, evaluate treatment technologies, complete a boundary and topographic survey with Certificate of Survey, and coordinate geotechnical investigation. The results will form the basis for subsequent preliminary and final design and will help communicate funding needs.

B. Scope

We propose to complete the following tasks for the WTP siting study.

1. Task 1 – Project Management

Our first task will include project management throughout the duration of the WTP siting study. This task will include all necessary meetings, coordination, presentations to BPU and commission with a final presentation and recommendation of water treatment improvements.

- Provide project management, coordination, and quality control throughout the study.
- Conduct up to four progress meetings with BPU.
- Prepare and deliver a final presentation to the BPU Commission summarizing findings and recommendations.

2. Task 2 – Site Survey and Geotechnical Boring/Evaluation

Bolton & Menk will topographically survey the proposed site of the water treatment facility. Also included in this task is a drone flight of the entire site to develop aerial images and a Lidar data set in order to have quality baseline of the existing area to work from for the modifications and development of a new WTP. This information will be utilized by design staff in the development of a new plant in future phases of the work. This task includes:

- Complete a full topographical survey of the proposed WTP site, public and private utilities (city to perform locate for all private utilities). The site survey will establish elevations and locations of existing infrastructure. Survey data will be used to create background drawings and for proposed site improvements.
- Conduct a drone flight to obtain aerial imagery and LiDAR data to support accurate base mapping for future design.
- Establish boundary limits on the proposed site, set new property pins, and provide a full Certificate of Survey.
 - *This proposal does not include platting the property*

- Solicit quotes for geotechnical soil borings and final report for the foundation and structural design of the building and any tank structures (fee paid by City)
 - *Bolton & Menk will solicit quotes from up to three (3) third party firms to perform soil borings. It is anticipated that a minimum of 8 soil borings will be completed and evenly spread around the proposed site to capture data on the site to use for foundation and tank design.*
 - *It is estimated that each soil boring will be up to 50 feet deep.*
 - *This proposal assumes that a standard soil boring and not a cone penetrating (CPT) boring will be conducted.*

3.Task 3: Water System Demand Projections

This task will include development of future demand projections for sizing recommendations for a new water treatment plant.

- Review current information (*data provided by BPU of water use and pump records as well as water sold to the city of Baxter over the last 10 years*)
- Develop the 20-year average day and peak day demands.
 - We will utilize the 2023 asset evaluation and population projections from the BPU Facility Plan to maintain consistency and efficiency.

4. Task 4: WTP Siting Analysis and Layouts

This task will include concept reviews of water treatment technologies, water demand projections, tours of up to 2 water treatment plants to review desired technologies, and a review of water quality goals.

- Confirm primary and secondary siting options on City-owned property near Emma and Hattie Streets, considering parcel ownership, infrastructure, and MDH setback requirements.
- Review and compare primary treatment technologies (e.g., reverse osmosis, lime/soda ash softening, ion exchange) to meet finished-water quality goals and EPA primary/secondary standards.
- Review and Establish Finished Water Quality Goals
- Perform a desktop review of PFAS treatment technologies to estimate future space and utility needs for potential post-softening PFAS treatment.
- Conduct tours of up to two existing WTPs (one day each) showcasing different treatment technologies.
 - It is assumed that each tour will be one day (8 hours each day) and that two (2) different plants will be visited and toured, each with different treatment technology.

- Develop up to three conceptual site layouts for each shortlisted treatment technology (planning-level figures; no Revit 3D or detailed architectural CAD).
- Develop detailed advantages and disadvantages list different treatment technologies identified to meet finished water quality goals
- Develop opinions of probable cost for the design and construction of a new WTP on the identified site for the different water treatment technologies identified as suitable for the City of Brainerd.
- Discuss integration of the existing lower site tankage
- Review SCADA integration options for a new SCADA system
- Provide estimated sludge production from lime/soda ash softening.
 - *It is assumed to use estimated raw water hardness of 20 grains and a goal of 5 grains in the finished water with the water demand developed in previous scope items.*

5. Task 5: Final Report and Recommendations

- Prepare a final report summarizing siting evaluations, recommended technologies, conceptual layouts, and opinions of probable cost.
- Meet with Utility staff to present and discuss findings
- Assist BPU in application for the MDH Project Priority List (PPL) and Intended Use Plan (IUP) list for FY 2028 (applications due March and June 2027, respectively)

Deliverable:

The results of the WTP siting study and final recommendations will be summarized in a final report for review and discussion with City staff. The report will include a summary of the major scope items identified in this proposal, siting figures, and opinions of probable cost for different treatment options.

II. Phased Approach

This study will inform funding strategies (including potential legislative and grant opportunities) and streamline development of preliminary design documents. Following the study, the Utility can proceed to preliminary engineering (refining scope, hydraulic profile, site layout, and design data) and then to final design.

III. Proposed Fee

Bolton & Menk has calculated the time and effort required to complete the study and proposes an **hourly not-to-exceed fee of \$159,600** which will not be exceeded without prior authorization from the utility. This fee represents more than 830 hours of engineering and technical effort to develop alternatives, evaluate sites and technologies, and prepare the final report.

Phase and Work Tasks	Fee
Task 1 – Project Management	\$28,400
Task 2 – Site Survey and Geotech	\$24,700
Task 3 – Water System Demand Projection	\$14,300
Task 3 – WTP Siting Analysis and Layouts	\$65,100
Task 4 – Final Report and Presentation	\$27,100
Total Fee	\$159,600

IV. Exclusions

Archaeological and State Historic Preservation Office (SHPO) coordination will be required if State or Federal funding is pursued; associated scope and fees are excluded and will be proposed once project limits are defined.

V. Schedule

Below is the approximate schedule for the completion of the water plant siting study. The schedule below accounts for specific funding deadlines and time for funding applications to be completed. Please review this schedule and let me know if any modifications are required to meet the utility's goals/objectives. This schedule can be changed and should be considered a living document to account for design considerations, review time, needs of the utility, and the regulatory agency to develop a quality project.

WTP Siting Study Proposed Project Schedule	
Milestone	Approximate Period
Site Survey and Drone Flight	March – April 2026
Review Water Demands	March – April 2026
Geotech Borings	April/May 2026
Report Writing	May – August 2026
Draft Report to BPU to review	September 2026
Final Report Edits due	October 2026
Final Report Done	November/December 2026

Paul Sandy
Brainerd Public Utilities
January 27, 2026
Page: 6

Thank you again for using Bolton & Menk, Inc. for your engineering needs. Please feel free to contact us if you have any questions or if you require any additional information.

Sincerely,

Bolton & Menk, Inc.



Morgan Salo, P.E.
Project Manager | Principal

cc: Danny Loch, Brainerd Public Utilities
Charlie Gammon, Brainerd Public Utilities
Paul Saffert, P.E., Bolton & Menk, Inc.

Fee Approved By: Brainerd Public Utilities	
Paul Sandy, Public Utilities Director	Date



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7656 Design Road
Suite 200
Baxter, MN 56425

Phone: (218) 825-0684
Bolton-Menk.com

Detailed Cost Estimate

Client: Brainerd Public Utilities Project: WTP Siting Study		Bolton & Menk, Inc.									
Task No.	Work Task Description	Principal-in-Charge	Project Manager	Project Engineer	Env. Drafter	Water Design Engineer	Clerical	Survey Manager	Survey Technician	Totals	Costs
1.0	Project Management										
1.1	Project Management and Administration	4	60	40							\$22,164.00
1.2	BPU Meetings 4 1-hour meetings proposed in-person at BPU		8	8		8				24	\$4,672.00
1.3	Final Presentation to BPU and Commission	1	3	3						7	\$1,533.00
Subtotal Hours - Task 1		5	71	51	0	8	0	0	0	135	\$28,369.00
2.0	Survey and Geotech Borings										
2.1	Full Site survey and Boundary Development		2	4				25	55	86	\$16,896.00
2.2	Develop Background sheets for site planning		2	4	10	10				26	\$4,846.00
2.3	Geotech management and solicitation of Quotes		4	4		8				16	\$2,996.00
Subtotal Hours - Task 2		0	8	12	10	18	0	25	55	128	\$24,738.00
3.0	Water System Demand Projections										
3.1	Review Existing water system demands		4	6		20				30	\$5,384.00
3.2	Review of Baxter water sales (info provided by BPU)		4	8		8				20	\$3,812.00
3.3	Projections of water demands for 20 years		4	8		16				28	\$5,132.00
Subtotal Hours - Task 3		0	12	22	0	44	0	0	0	78	\$14,328.00
4.0	WTP Siting Analysis and Layouts										
4.1	Review and Confirm site location		2	4		8				14	\$2,566.00
4.2	Review of MDH setback requirements and provide short summary	2	2	4		6				14	\$2,788.00
4.3	Review and Establish Water Quality Goals	2	6	12		12				32	\$6,270.00
4.4	Review of WTP Technologies to achieve water quality goals	2	6	16		20				44	\$8,406.00
4.5	Tours of Water Treatment Plants (proposed 2 full day tours with staff)		16	16		16				48	\$9,344.00
4.6	Develop Figures of site layouts and preliminary building layouts		4	12	40	30				86	\$16,058.00
4.7	Develop advantages and disadvantage lists for treatment technologies	2	4	8		12				26	\$5,024.00
4.8	Develop opinion of probable costs	2	8	10		16				36	\$6,952.00
4.9	Review how to incorporate existing clearwells into a new plant	2	2	6		6				16	\$3,196.00
4.10	Review SCADA integration		2	4		4				10	\$1,906.00
4.11	Estimate sludge production from lime/soda ash treatment		2	4		8				14	\$2,566.00
Subtotal Hours - Task 4		12	54	96	40	138	0	0	0	340	\$65,076.00
5.0	Final Report and Recommendations										
5.1	Develop recommendations for treatment technology	4	8	8		8				28	\$5,776.00
5.2	Final Report and Figures	2	6	12	10	80	8			118	\$20,360.00
5.3	Funding Assistance for PPL and IUP application		1	2		2				5	\$953.00
Subtotal Hours - Task 5		6	15	22	10	90	8	0	0	151	\$27,089.00
Total Hours		23	160	203	60	298	8	25	55	832	
Average Hourly Rate		\$276.00	\$215.00	\$204.00	\$195.00	\$165.00	\$115.00	\$175.00	\$205.00		
Subtotal		\$6,348.00	\$34,400.00	\$41,412.00	\$11,700.00	\$49,170.00	\$920.00	\$4,375.00	\$11,275.00		
Total Fee										\$159,600.00	



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Phone: (218) 825-0684
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Via Email

January 27, 2026

Paul Sandy, PE, Public Utilities Director
Brainerd Public Utilities
8027 Highland Scenic Dr.
Baxter, MN 56425

RE: Well Siting Study – Future Well 9
Engineering Professional Services Proposal
Brainerd Public Utilities

Dear Mr. Sandy:

Bolton & Menk, Inc. is pleased to submit this scope and fee letter for completing a Well Siting Study for Brainerd Public Utilities. This letter outlines our understanding of the project, proposed scope of services, and proposed fees for completing the study. We have already assisted the utility in the planning process for various water system improvements and are happy to assist the utility in this study which will help customize future well work in conjunction with Brainerd Public Utilities.

I. Well Siting Study

A. Project Understanding

Brainerd currently pumps its drinking water supply from 6 supply wells all located in the same well field along the Mississippi river. The Minnesota Department of Health has been advocating for Brainerd to pursue wells outside of the current Drinking Water Supply Management Area (DWSMA) to diversify the well field and provide sustainable water for the city.

BPU is requesting an evaluation of possible well sites, test wells, and a water quality analysis from the proposed aquifer for new municipal wells. The city has selected a site to drill a new well in the Buffalo Hills park area to increase the firm capacity of the raw water supply and to diversify the wells outside of the current DWSMA. This work will also lay the foundation for supplying water to a future water treatment plant (WTP) with a new raw water transmission line. The well siting study will evaluate possible raw water transmission routes to a new WTP located on city property. This study will identify the best selection for municipal wells considering the land ownership, proximity to water plant and other wells, and Minnesota Department of Health well setbacks.

B. Scope

We propose to complete the identified scope below for the well siting study. This scope is broken into 3 tasks. It is proposed to complete a hydrogeologic study first before the test wells are completed.

1.Task 1 – Hydrogeologic Study

Our first task will be to perform a hydrogeologic desktop study on the proposed well location, aquifer capacity, and to provide recommendations for the test wells. Our team, which includes hydrogeologists with Spheros Environmental, will review the following information:

- Geology of the existing wells,
- MDH Wellhead Protection Plans Parts I and II,
- The proposed site identified by BPU and how it relates to the current DWSMA
- Secondary sites to the south and east of the current proposed site.

This task will precede drilling of test well(s) to ensure testing locations have been thoroughly vetted. Once the final recommendation for the test wells locations are provided, we will move into task 2 by obtaining quotes for drilling the test well(s).

2.Task 2 – Project Management and Test Well(s)

This task will involve project management throughout the well siting study period as well as coordinating the drilling of test well(s) as recommended by the hydrogeologist and certified well-driller. Based on preliminary information and coordination, we are anticipating a single 6" diameter test well to be drilled. Based on recommendations from the well driller, the test wells will be a 6" diameter cased well approximately 200 ft deep (final details to be determined from Task 1). The goal of this phase is to determine aquifer water quality and to determine if the area is suitable for future municipal wells. Providing a 6" diameter well now will allow BPU to utilize it in future phases for test pumping in addition to observation and water quality determination. Each test well is budgeted at \$60,000 (price not final and a final price will be obtained by receiving quotes).

Bolton & Menk will coordinate with the selected well driller for the details of the final test boring locations and the desired water quality parameters for analysis. This task includes:

- Project management for duration of the well siting study and document management.
- Coordinate with MDH for test well(s) (fee by BPU)
- Up to three (3) one-hour project meetings in-person with BPU and staff to discuss progress and evaluate well sites.
- Coordinate location of test well(s) with certified well driller (test boring cost paid by BPU under separate contract)
 - *Goal of the test boring is to determine geology of the area, water bearing elevation, potential geologic limitations, and confirmation of water in the area suitable for a municipal well.*
 - *It is anticipated that the test borings will be a 6" cased well drilled to the recommended depth as determined by the hydrogeologist.*

- *The test well will not include a step pump test and will only be used to collect water quality samples for analysis.*
 - *This proposal does not include any work for drilling the test wells or for soliciting quotes from well drillers. It is assumed that BPU will obtain quotes and contract directly with a certified well driller in the state of MN to perform all necessary work to drill the recommended number of test well(s)*
- Coordinate water quality parameters for analysis (lab fees included in well driller bid cost)
 - *It is assumed that at a minimum, the parameters in the attachment to this proposal will be tested from each test well. Samples will be collected by the well driller hired by BPU and sent to a lab for analysis.*
- Coordinate testing of the following six (6) Perfluorinated compounds. The following compounds are the proposed regulated chemicals in drinking water by the EPA. It is assumed that the well driller will collect and coordinate the sample analysis (lab fees included in well driller bid cost)
 - PFOA
 - PFOS
 - PFH_xS
 - PFNA
 - PFBS
 - Genx

3. Task 3: Well Siting Study Analysis

Task 3 includes the analysis of the test well data, desktop study recommendations, and outlines the future plan for a municipal well on the recommended site. This task includes:

- Confirm primary locations and secondary locations that have been identified by the City considering parcel ownership, infrastructure, and setback requirements. Our team will work with the Utility and City to evaluate the criteria and ensure the proposed well sites are suitable.
- Consider known and potential contaminant sources based on the information in the City's Wellhead Protection Plan.
- Consider MDH's setback requirements.
- Obtain and evaluate historical water level and pumping rate data for the City's existing wells, and projected rates for existing and new wells to determine if a detailed interference study is needed by a professional geologist.
 - *This proposal does not include a detailed interference study, just a desktop study.*

- Review historical pumping capacity from existing city wells to determine the firm and total pumping capacity and make recommendations for proposed well capacity (based on desktop study and test well results).
- Summarize results and recommend possible well sites including raw water piping routes for up to two potential municipal well sites.
- Develop a detailed advantages and disadvantages list for selected sites to narrow down primary and secondary well locations. Secondary well location sites will only be reviewed for possible future sites if expansion of the well field is necessary.
- Discuss advantages and disadvantages for identified raw water transmission routes.
- Review if the primary site can sustain more than one municipal well.
- Provide opinions of probable cost for the design and construction of a new municipal well on the identified primary site.
- Provide opinions of probably cost for the design and construction of a new raw water transmission line.
- Discuss advantages and disadvantages between submersible pitless wells and vertical turbine wells.
- Review possible SCADA integration options and feasibility of adding a new well to the existing SCADA system with fiber communications or radio communications.
- Meet with Utility staff to present and discuss the final report.

4. **Next Steps**

After the completion of this study, the Utility will be able to move into the following phases of work:

1. Utilize the test well to perform step pump tests to determine available capacity of the aquifer (pending recommendation of test borings and hydrogeologist recommendation).
2. Preliminary engineering to identify the type of well construction (casing diameter, depth, screened vs. open hole, etc.) and other design scope items based on the data obtained from a test well.
3. Final design for a new municipal well using the scope identified in preliminary engineering to provide final details on the well design, pump type, and ancillary components if required for a pump house along with the final location of the raw water transmission line.

Completing the well siting study now will allow application of the design documents to MDH by March of 2028, certification in the summer of 2028, bidding in the fall of 2028 and construction to begin in the spring/summer of 2029 for completion in 2030.

Deliverable:

The results of the well siting study, test well data, and final recommendations will be summarized in a final report for review and discussion with City staff. The report will include a summary of the major scope items identified in this proposal, siting figures, opinions of probable cost for a new well and raw water transmission line, and recommendations on if a test well and step-pump test will be required to determine aquifer capacity and potential ranges of well capacities.

II. Proposed Fee

Bolton & Menk has calculated the time and effort required to complete the well siting study and proposes an **hourly not-to-exceed fee of \$51,880** which will not be exceeded without prior authorization from the utility. This fee represents more than 200 hours of engineering and technical time for developing options, evaluating well sites, and preparing the final report and recommendations.

III. Exclusions

Archaeological and State Historical Preservation Office (SHPO) compliance work will be necessary in conjunction with the proposed project if State/Federal funding is pursued. Additional scope and fees will be proposed to BPU when a final project is recommended, and the limits of this work are known.

IV. Schedule

Below is the approximate schedule for the completion of the well siting study. The schedule below accounts for specific funding deadlines and time for funding applications to be completed. Please review this schedule and let me know if any modifications are required to meet the utility's goals/objectives. This schedule can be changed and should be considered a living document to account for design considerations, review time, needs of the utility, and the regulatory agency to develop a quality project.

Well Siting Study Proposed Project Schedule	
Milestone	Approximate Period
Review Data and Hydrogeologic Study	February – April 2026
Test Borings and Water Quality Analysis	April –August 2026
Well Siting Analysis and Report Writing	June – October 2026
Draft Report to BPU to review	October 2026
Final Report Edits due	November 2026
Final Report Done	December 2026
PPL Application Due to MDH	March 2027
IUP Application Due to PFA	June 2027
Design (tentative)	Summer 2027 – Summer 2028
Bid (tentative)	Fall 2028
Construction (tentative)	Spring 2029 – Summer 2030

Thank you again for using Bolton & Menk, Inc. for your engineering needs. Please feel free to contact us if you have any questions or if you require any additional information.

Sincerely,

Bolton & Menk, Inc.



Morgan Salo, P.E.

Project Manager | Principal

cc: Danny Loch, Brainerd Public Utilities
Charlie Gammon, Brainerd Public Utilities
Paul Saffert, P.E., Bolton & Menk, Inc.

Fee Approved By:
Brainerd Public Utilities

Paul Sandy, Public Utilities
Director

Date

Detailed Cost Estimate

Client: Brainerd Public Utilities Project: Well Siting Study		Bolton & Menk, Inc.							
Task No.	Work Task Description	Principal-in-Charge	Project Manager	Project Engineer	Env. Drafter	Water Design Engineer	Clerical	Totals	Costs
1.0	Task 1 - Hydrogeologic Study								
1.1	Management and Coordination for Desktop Study	2	6	12		4		24	\$4,950.00
1.2	Spheros Environmental Desktop Study (cost included at the bottom of table)								
Subtotal Hours - Task 1		2	6	12	0	4	0	24	\$4,950.00
2.0	Task 2 - Project Management and Test Wells								
2.1	Project Management	1	6	6				13	\$2,790.00
2.2	MDH coordination			4		4		8	\$1,476.00
2.3	Project Meetings (3 1-hour meetings in person)		6	6		6		18	\$3,504.00
2.4	Coordination with well driller for test well locations		1	4		8		13	\$2,351.00
2.5	Coordination with well driller for water quality analysis		1	4		8		13	\$2,351.00
Subtotal Hours - Task 2		1	14	24	0	26	0	65	\$12,472.00
3.0	Task 3 - Well Siting Study Analysis								
3.1	Review Well Site Locations		4	2				6	\$1,268.00
3.2	Review of MDH WHP for contamination Sites around new well			2		2		4	\$738.00
3.3	Review historical well pump records and determine firm/total capacity		2	2		8		12	\$2,158.00
3.4	Determine recommended future well pump rates to meet firm capacity		2	2		8		12	\$2,158.00
3.5	Review raw water transmission routes and develop figures			2	4	2		8	\$1,518.00
3.6	Develop lists to compare well sites and raw water transmission routes		2	4		4		10	\$1,906.00
3.7	Evaluate Future well considerations for type of well		2	4		4		10	\$1,906.00
3.8	Review SCADA integration		2	4		4		10	\$1,906.00
3.9	Develop Opinions of Probable Cost		2	4		6		12	\$2,236.00
3.10	Final Report	2	8	8		20	4	42	\$7,664.00
Subtotal Hours - Task 3		2	24	34	4	58	4	126	\$23,458.00
Total Hours		5	44	70	4	88	4	215	
Average Hourly Rate		\$276.00	\$215.00	\$204.00	\$195.00	\$165.00	\$115.00		
Subtotal		\$1,380.00	\$9,460.00	\$14,280.00	\$780.00	\$14,520.00	\$460.00		
Hydrogeologic Study (By Spheros Environmental)									\$10,000.00
BMI 10% mark-up of Spheros Environmental									\$1,000.00
Total Fee									\$51,880.00

CHEMICAL ANALYSIS OF WATER

Owner _____

Date _____

Driller _____

Well No. _____

<u>Microbiological:</u> <u>Total coliform (organism/100ml)</u> <u>Inorganic chemicals - metals:</u> Aluminum Antimony Arsenic Barium Beryllium Boron Cadmium Chromium Copper Iron Lead Calcium Magnesium Manganese Mercury Nickel Potassium Selenium Silver Sodium Thallium Zinc <u>Inorganic Chemicals - other, and physical factors:</u> Alkalinity (Total as CaCO₃) Chloride Fluoride Nitrate +Nitrite as N Sulfate Hardness (as CaCO₃) pH (Standard Units) Total Dissolved Solids Turbidity (NTU) Color Langlier Index Gross Alpha Radium 226 and 228 Total Organic Carbon (TOC) Ammonia Nitrogen		<u>Volatile Organic Chemicals (VOC)</u> Benzene Carbon Tetrachloride Para-Dichlorobenzene 1,2 - Dichloroethane 1,1 - Dichloroethylene 1,1,1 - Trichloroethane Trichloroethylene Vinyl Chloride
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January 16, 2026

Morgan Salo, PE
Water/Wastewater Project Manager | Principal
Bolton & Menk, Inc.
7656 Design Road Suite 200
Baxter, Minnesota, 56425-8676

RE: Proposal – Desktop Hydrogeologic Well-Siting Assessment
City of Brainerd Public Utilities
Brainerd, MN

Dear Morgan,

Spheros Environmental Group Parent, Inc. (Spheros Environmental) provides herein its Scope of Services and associated cost estimate to assist Bolton & Menk, Inc. (B&M) and Brainerd Public Utilities (BPU) with a desktop hydrogeologic assessment for the purpose of siting a future public water supply (PWS) well (Assessment).

Based on recent correspondence, the Minnesota Department of Health (MDH) has recommended that the BPU initiate the process of siting a new well at a location different from the BPU's existing well field shown in the attached image. The purpose of the new PWS well is to serve as a backup due to the location of the well field in a developed portion of the City, the vulnerability of the aquifer supplying the well field, and the close proximity of the existing wells to one another.

The current well field consists of six wells (Wells No. 3 through 8) located approximately 1,500 feet east of the Mississippi River. These wells range in depth from approximately 123 to 187 feet below ground surface and withdraw from an alluvial sand and gravel aquifer. Spheros Environmental understands that BPU is interested in siting the new PWS well on a City-owned parcel approximately 4,000 feet south of the existing well field and targeting either the same alluvial aquifer or a buried artesian aquifer located farther east of the River.

If this parcel is not feasible because the aquifer at this location does not have sufficient capacity to meet the Brainerd Public Utilities (BPU) target demand of approximately 2,000 gallons per minute, BPU will evaluate alternative sites located south and east of this parcel. Accordingly, as discussed, the Assessment area will extend approximately 3 miles south of the existing well field and approximately 1.5 miles east of State Highway 371, as shown in the attached figure.

To meet the Assessment objectives, Spheros is proposing the following Scope of Services.

1221 Auraria Parkway, Denver, CO 80204
www.spherosenvironmental.com

Innovative Environmental Solutions for a Sustainable Future

1. SCOPE OF SERVICES

The proposed Scope of Services provided below is based on our knowledge and experience with similar projects and recommended processes for completing a successful Assessment.

- Review existing groundwater studies, including the BPU's Part I Wellhead Protection Plan and hydrogeologic and geologic atlases prepared by the Minnesota Department of Natural Resources (DNR) and the Minnesota Geological Survey (MGS).
- Obtain and review well logs and available aquifer test results and specific capacity data from wells in the County Well Index within Assessment Area.
- Identify and map the depth and extent of the alluvial and buried artesian sand and gravel aquifers from the above information.
- Construct up to two hydrogeologic cross sections through the primary target areas identified by Spheros Environmental and from discussions with B&M and BPU.
- Provide a memorandum that summarizes the results of this Assessment including the potential target areas for further exploration of possible PWS well sites, and recommendations for field studies and estimated costs to complete, which could include: a surface geophysical survey (e.g., electrical resistivity tomography (ERT)) to better characterize potential aquifers; and/or test hole drilling and test well installation and capacity testing.

2. TIME REQUIRED

Upon receiving authorization, Spheros Environmental will initiate the Scope of Services, with an expected completion timeframe of 3 to 4 weeks from the notice to proceed. Delays caused by major changes in the project plans or by circumstances beyond the control of Spheros Environmental could extend the time of completion.

3. PAYMENT

We believe the services described above can be accomplished for \$10,000 and will be billed lump sum.

Spheros Environmental's Standard Terms and Conditions are attached hereto and incorporated herein. **In the event of a conflict between the terms and provisions of the text of this**



Letter Contract and Spheros Environmental's General Terms and Conditions, the text of this Agreement shall control.

Acceptance of this Letter Contract (including the attached rates and General Terms and Conditions) and authorization to proceed with the services can be indicated by signing one copy and returning it to us for our files.

We look forward to working with you and if you have any questions or concerns about the services offered in this Letter Contract, please call me at 651-587-5657 or email Dave.Hume@spherosenv.com.

Thank you for providing us with the opportunity to present this Letter Contract to B&M.

Spheros Environmental Group Parent, Inc.

Bolton & Menk, Inc.

By: 
Printed
Name: Dave Hume, PG

Title: Senior Scientist | Hydrogeologist

Date: 1/16/26

By: _____
Printed
Name: _____

Title: _____

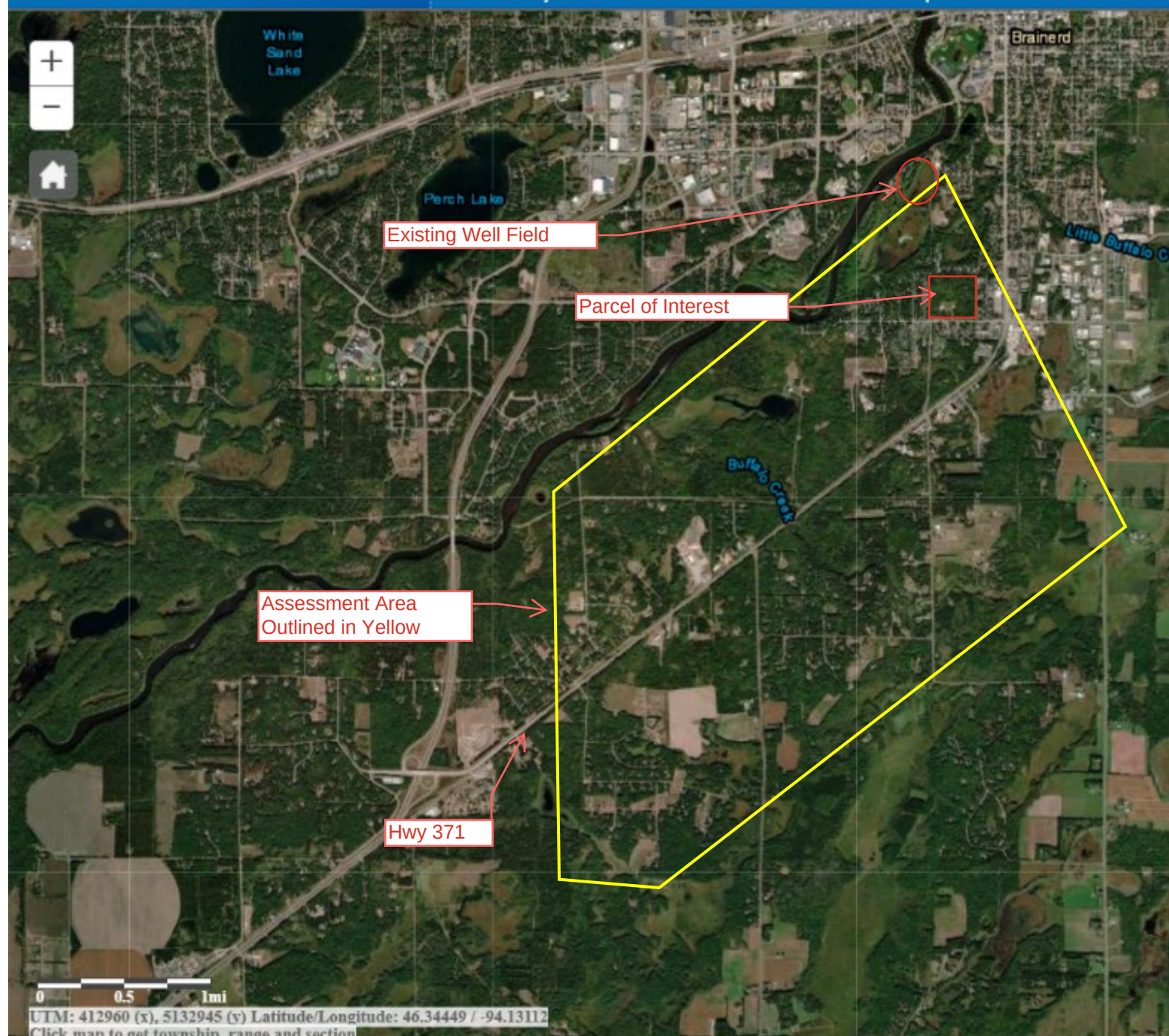
Date: _____

Approved by:

By: 
Printed
Name: Roscoe Sopiwnik

Title: Midwest Water Resources Director

Date: 1/16/26



GENERAL TERMS AND CONDITIONS

I. APPLICABILITY. These terms and conditions for services (these "Terms") are the only terms that govern the provision of services by Spheros Environmental Group Parent, Inc. ("Spheros Environmental") to name of the customer ("Client" and together with Spheros Environmental, the "Parties" and each, a "Party") set forth on the accompanying order confirmation, letter, statement of work, or purchase order (the "Order Confirmation"). The Order Confirmation and these Terms (collectively, this "Agreement") comprise the entire agreement between the Parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. In the event of any conflict between these Terms and the Order Confirmation, these Terms shall govern, unless the Order Confirmation expressly states that the terms and conditions of the Order Confirmation shall control. These Terms prevail over any of Client's general terms and conditions regardless of whether or when Client has submitted its request for proposal, order, or such terms. Provision of services to Client does not constitute acceptance of any of Client's terms and conditions and does not serve to modify or amend these Terms. This Agreement may not be modified except by an amendment in writing, signed by both Parties.

II. SERVICES; PERFORMANCE DATES. Spheros Environmental shall provide the services to Client as described in the Order Confirmation (the "Services") in accordance with these Terms. Spheros Environmental shall use reasonable efforts to meet any performance dates specified in the Order Confirmation, and any such dates shall be estimates only.

III. CLIENT'S ACTS OR OMISSIONS. If Spheros Environmental's performance of its obligations is delayed or prevented by any act or omission of Client or its agents, subcontractors, consultants, or employees, Spheros Environmental shall not be deemed in breach of its obligations under this Agreement or otherwise liable for any costs, charges, or losses sustained by Client to the extent arising directly or indirectly from such prevention or delay.

IV. COMPENSATION. For the performance of the Services, Client agrees to pay, and Spheros Environmental agrees to accept, compensation set forth in the Order Confirmation. Spheros Environmental will be compensated in US dollars for its

Services on a time-and-materials or fixed-price basis. Spheros Environmental's estimate of the cost for its Services is based on the information provided by Client, and rates, reimbursable expenses, and management fees made a part of the Agreement. Client shall be responsible for all sales, use, and excises taxes, and any other similar taxes, duties, and charges of any kind imposed by any federal, state, or local governmental entity. Client agrees to reimburse Spheros Environmental for all reasonable travel and out-of-pocket expenses incurred by Spheros Environmental in connection with the performance of the Services. In the event that the Services occur over more than one (1) calendar year or the Services start date is delayed more than ninety (90) days due to factors outside of Spheros Environmental's sole control, Spheros Environmental may, without the approval of Client, increase its rates by the greater of: (a) five percent (5%) or (b) the United States Department of Labor, Bureau of Labor Statistics consumer price index. Spheros Environmental will provide reasonable advance notice to Client prior to any potential rate increase. Invoices are submitted routinely, but no more than monthly, for time and expenses incurred or in the event of a fixed price contract as determined by the scope of work and applicable milestone for the percent of work completed. Terms of payment are net thirty (30) days. Overdue accounts are subject to an interest charge of one and a half percent (1.5%) per month and services may stop whenever payment is overdue more than sixty (60) days. Either Party may, at any time and from time to time during the term of this Agreement, request a change to the Services (each, a "Change"). Upon receipt of a request for any Change from Client, Spheros Environmental shall prepare and deliver to Client a proposal regarding the effect that such Change would have on (i) the cost of the Services, (ii) the timing for performance of the Services; and (iii) any other material aspect of this Agreement. Client and Spheros Environmental shall agree in writing on the terms applicable to any Change (each, a "Change Order"). Spheros Environmental may charge for the time it spends assessing and documenting a change request from Client on a time and materials basis. Spheros Environmental shall not implement any Change, and shall not be entitled to compensation for Services performed in respect of any Change, unless a Change Order in respect of such Change has been executed by both Parties. In the event that Spheros Environmental seeks any change to the Services such that the cost, scope, or schedule is impacted, Spheros

Environmental shall within seven (7) days, notify Client in writing of the Change and promptly prepare and deliver to Client a proposal regarding the effect that such Change would have on (1) the cost of the Services, (2) the timing for performance of the Services and (3) any other material aspect of this Agreement. Notwithstanding this Section IV, Spheros Environmental may change the Services without the consent of Client provided that such changes do not materially affect the nature or scope of the Services, or the fees or any performance dates.

V. OWNERSHIP OF DOCUMENTS. All intellectual property rights, including copyrights, patents, patent disclosures and inventions (whether patentable or not), trademarks, service marks, trade secrets, know-how and other confidential information, trade dress, trade names, logos, corporate names, and domain names, together with all of the goodwill associated therewith, derivative works and all other rights (collectively, "Intellectual Property Rights") in and to all documents, work product, and other materials that are delivered to Client under this Agreement or prepared by or on behalf of Spheros Environmental in the course of performing the Services, including any items identified as such in the Order Confirmation (collectively, the "Deliverables") except for any Confidential Information (as defined in Section VI) of Client or Client materials shall be owned by Spheros Environmental. Spheros Environmental hereby grants Client a license to use all Intellectual Property Rights free of additional charge and on a non-exclusive, worldwide, non-transferable, non-sublicensable, fully paid-up, royalty-free, and perpetual basis to the extent necessary to enable Client to make reasonable use of the Deliverables and the Services. The Client shall not re-use or make any modification to Spheros Environmental's designs, documents or work product without the prior written authorization of Spheros Environmental, and any such authorized use or modification shall be at the sole risk of Client with no liability to Spheros Environmental.

VI. CONFIDENTIALITY. From time to time during the term of this Agreement, either Party (as the "Disclosing Party") may disclose or make available to the other Party (as the "Receiving Party"), non-public, proprietary, and confidential information of Disclosing Party (whether or not marked, designated, or otherwise identified as "confidential") in connection with the Services ("Confidential Information"); provided, however, that Confidential Information does not include any information that: (a) is or becomes generally available to the public other than as a result of Receiving Party's breach of this Section VI; (b) is or becomes available to the Receiving Party on a non-

confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information; (c) was in Receiving Party's possession prior to Disclosing Party's disclosure hereunder; or (d) was or is independently developed by Receiving Party without using any Confidential Information. Spheros Environmental's Confidential Information shall include the Services performed hereunder and the nature or results of the work performed hereunder. The Receiving Party shall: (i) protect and safeguard the confidentiality of the Disclosing Party's Confidential Information with at least the same degree of care as the Receiving Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (iii) not disclose any such Confidential Information to any person or entity, except to the Receiving Party's Group who need to know the Confidential Information to assist the Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this Agreement. The Receiving Party shall be responsible for any breach of the confidentiality and non-use obligations contained herein by the Receiving Party's Group. If the Receiving Party is required by applicable law or legal process to disclose any Confidential Information, it shall, prior to making such disclosure, use commercially reasonable efforts to notify Disclosing Party of such requirements to afford Disclosing Party the opportunity to seek, at Disclosing Party's sole cost and expense, a protective order or other remedy. For purposes of this Section VI only, "Receiving Party's Group" shall mean the Receiving Party's affiliates and its or their employees, officers, directors, shareholders, partners, members, managers, agents, independent contractors, service providers, sublicensees, subcontractors, attorneys, accountants, and financial advisors. The terms of this Section VI shall survive and remain in force after any termination or expiration of this Agreement.

VII. HEALTH AND SAFETY. Spheros Environmental has full responsibility for safety of its employees and agents, including providing appropriate safety equipment for its field personnel. In performance of the work, Spheros Environmental shall (a) comply with applicable federal, state and local statutes, regulations and ordinances regarding health and safety, and (b) prepare and comply with its own Health and Safety Plan, as well as any Health and Safety Plan prepared by Client and delivered to Spheros

Environmental prior to commencement of the Services for the site.

VIII. SITE ENVIRONMENTAL CONDITIONS. Client shall furnish or make available to Spheros Environmental such documents and information that relate to the identity, location, quantity, nature, or characteristics of any petroleum products, hazardous materials or asbestos at, on, or under the site. If, at any time, evidence of the existence or possible existence of such substances is discovered, Spheros Environmental reserves the right to stop work and renegotiate any consulting agreement and, the fees for our services and our continued involvement in the project. Spheros Environmental will promptly notify Client of any unanticipated hazardous materials or suspected hazardous materials it discovers. In the event that Spheros Environmental removes any pre-existing materials, Spheros Environmental may, but not shall be required to, assist the Client in characterization and handle the pre-existing materials in accordance with applicable federal, state and local laws, rules, regulations and ordinances. Client shall be responsible for signing any manifest that may be required to ship pre-existing hazardous materials off site. At no time whatsoever shall Spheros Environmental be considered or assume the responsibilities of a generator of any pre-existing petroleum, chemical or hazardous material located on or about the site where the work is performed. The discovery of hazardous materials or suspected hazardous materials may make it necessary for Spheros Environmental to take immediate measures to protect human health and safety and/or the environment. Client agrees to compensate Spheros Environmental for the cost of any and all measures that, in our professional onsite judgment are justified to preserve and protect the health and safety of our personnel, Client's employees and/or the public, and/or the environment. In addition, Client waives any claims against Spheros Environmental and, to the full extent permitted by law, agrees to indemnify, defend and hold Spheros Environmental harmless from any and all claims, damages and liability, including but not limited to cost of defense, in any way connected with petroleum products, hazardous materials or asbestos.

IX. CLIENT OBLIGATIONS AND SITE ACCESS. Client shall at its cost and at such times as may be required by Spheros Environmental for the successful and timely completion of Services: (a) provide unimpeded and timely access to any site, including third party sites if required (b) provide an adequate area for Spheros Environmental's site office facilities, equipment storage, and employee parking; (c) furnish all construction utilities and utilities releases necessary for the Services; (d) provide the locations of all subsurface structures, including piping, tanks, cables,

and utilities; (e) approve all locations for digging and drilling operations; (f) obtain all permits and licenses which are necessary and required to be taken out in Spheros Environmental's name for the Services; (g) cooperate with Spheros Environmental in all matters relating to Services; and (h) respond and provide promptly to any Spheros Environmental requests for information, material, authorizations, approvals, or other items reasonably necessary to provide or complete Services. Spheros Environmental will not be liable for damage or injury arising from damage to subsurface structures that are not disclosed in writing to Spheros Environmental in connection with its work.

X. COST ESTIMATES. If included in the Services, Spheros Environmental will provide cost estimates based upon Spheros Environmental's experience on similar projects, which are not intended for use by Client or any other party in developing firm budgets or financial models, or in making investment decisions. Such cost estimates represent only Spheros Environmental's judgment as a professional and, if furnished, only for Client's general guidance and are not guaranteed as to accuracy.

XI. LIMITED WARRANTY AND REMEDIES. Spheros Environmental represents and warrants to Client that it shall perform the Services with the standard of care, diligence and skill ordinarily exercised by firms providing similar services and in accordance with generally recognized industry standards. Spheros Environmental shall furnish all tools, labor, and supplies in such quantities and of the proper quality to professionally and timely perform the Services. Spheros Environmental shall not be liable for a breach of the warranty set forth in this Section XI unless Client gives written notice of the defective Services, reasonably described, to Spheros Environmental within thirty (30) days of the time when Client discovers or ought to have discovered that the Services were defective. Subject to the foregoing, Spheros Environmental shall, in its sole discretion, either (a) repair or re-perform such Services; or (b) credit or refund the price of such Services at the pro rata contract rate. THE REMEDIES SET FORTH IN THIS SECTION XI SHALL BE CLIENT'S SOLE AND EXCLUSIVE REMEDY AND SPHEROS ENVIRONMENTAL'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED WARRANTY SET FORTH HEREIN.

XII. DISCLAIMER OF WARRANTIES. EXCEPT FOR THE WARRANTY SET FORTH IN SECTION XII ABOVE, SPHEROS ENVIRONMENTAL MAKES NO WARRANTY WHATSOEVER WITH RESPECT TO THE SERVICES, INCLUDING ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c)

WARRANTY OF TITLE; OR (d) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE.

XIII. INDEPENDENT CONTRACTOR. Spheros Environmental is an independent contractor, and is responsible for the means and methods of carrying out the scope of services and for the safety of its employees and agents. Spheros Environmental retains the right to require that the services provided by Spheros Environmental meet specific standards without regard to the manner and means of accomplishment thereof. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment, or fiduciary relationship between the Parties, and neither Party shall have authority to contract for or bind the other Party in any manner whatsoever.

XIV. INDEMNIFICATION. Client agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless Spheros Environmental and their respective officers, directors and employees against damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising out of or resulting from (a) bodily injury, death of any person, or damage to real or tangible, personal property resulting from negligent or willful acts or omissions of Client and (b) Client's breach of any representation, warranty, or obligation of Client in this Agreement. This Section XIV shall survive the expiration or termination of this Agreement.

XV. LIMITATION OF LIABILITY. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. IN NO EVENT SHALL SPHEROS ENVIRONMENTAL'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID OR

PAYABLE TO SPHEROS ENVIRONMENTAL PURSUANT TO THE APPLICABLE ORDER CONFIRMATION.

XVI. INSURANCE. Spheros Environmental shall procure and maintain the following insurance throughout the term of this Agreement: (a) Commercial General Liability; (b) Automobile Liability; (c) Workers' Compensation and Employer's Liability; and (d) Professional Liability.

XVII. FORCE MAJEURE. Neither Party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement resulting from the acts of God, civil or military authority, material change of law, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, regional emergencies, strikes or other industrial interruptions by either Party's employees, or any similar or dissimilar cause beyond the reasonable control of either Party. The impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the impacted Party's failure or delay remains uncured for a period of fifteen (15) consecutive days following written, either Party may thereafter terminate this Agreement upon twenty (20) days' written notice.

XVIII. NOTICE. Any notice to be given hereunder by either Party to the other, shall be in writing and addressed to the Parties at the addresses set forth in the Order Confirmation or to such other address that may be designated by the receiving Party in writing. All notices shall be deemed given when delivered (a) in person, (b) by certified mail, return receipt requested, (c) by commercial courier that provides a receipt of delivery, or (d) by email when the receiving Party acknowledges receipt.

XIX. TERMINATION FOR CONVENIENCE. Either Party may terminate all or part of this Agreement for its convenience and without cause upon giving the other Party not less than thirty (30) days written notice. In such event, Spheros Environmental shall be compensated for the Services competently performed up to and including the date of termination.

XX. TERMINATION FOR DEFAULT. Either Party may terminate this Agreement for cause upon giving the other Party not less than ten (10) days written notice for any of the following reasons: (a) substantial failure by the other Party to perform in accordance with the terms of this Agreement and through no fault of the terminating Party, including lack of payment by Client; (b) assignment of this Agreement or transfer of the project by either Party to any other entity without prior written consent of the other Party; (c) suspension of the project or of the Services for more than ninety (90) days, consecutive or in the aggregate; (d) material

changes in the conditions under which this Agreement was entered into, the Services or the nature of the project, and the failure of the Parties to reach agreement on the compensation; or (e) Client becomes insolvent or files a petition for bankruptcy. Either Party shall have a period of ten (10) business days from the notice of noncompliance and threatened termination to cure or correct the default. If this Agreement is terminated following default by Spheros Environmental, Client is relieved of any unpaid payment obligations owed Spheros Environmental for services performed after the default. If this Agreement is terminated following default by Client, Client shall be liable to Spheros Environmental for all unpaid compensation for Services, as well as any collection fees associated with the collection of said compensation including but not limited to, attorneys' fees, court costs, and other related expenses up to and including the termination date.

XXI. ASSIGNMENT. Client shall not assign this Agreement without the prior written consent of Spheros Environmental. Any purported assignment or delegation in violation of this Section XXI is null and void. No assignment or delegation relieves Client of any of its obligations under this Agreement.

XXII. ANTI-DISCRIMINATION. The Parties hereby incorporate the requirements of 41 C.F.R. § 60-1.4(a) and 29 C.F.R. § 471, Appendix A to Subpart A, if applicable. Spheros Environmental and Client shall also abide by the requirements of 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a), if applicable. These regulations prohibit discrimination against qualified protected veterans and qualified individuals with disabilities and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities.

XXIII. ENFORCEMENT AND WAIVER. The failure of either Party in any one or more instances to insist upon strict performance of any of the terms and provisions of this Agreement, shall not be construed as a waiver of the right to assert any such terms and provisions on any future occasion or of damages caused thereby.

XXIV. CHOICE OF LAW; JURISDICTION. This Agreement shall be administered and interpreted under the laws of the State of Colorado without giving effect to any choice or conflict of law provision. Subject to Section XXVIII, any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of Colorado, and each Party irrevocably submits to the exclusive

jurisdiction of such courts in any such suit, action, or proceeding.

XXV. SEVERABILITY. If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Party shall be construed and enforced accordingly, to effectuate the essential intent and purposes of this Agreement.

XXVI. NONEXCLUSIVE NATURE. This Agreement is not exclusive. Spheros Environmental is free to provide similar services or deliverables to others. Client makes no representations or warranties as to a minimum or maximum procurement of services hereunder.

XXVII. SURVIVAL. Provisions of these Terms, which by their nature should apply beyond their terms, will remain in force after any termination or expiration of this Agreement including, but not limited to, the following provisions: Confidentiality, Disputes, Compensation, Ownership of Documents, Insurance, and Survival.

XXVIII. DISPUTES. In an effort to resolve any conflicts that may arise, Client and Spheros Environmental agree to resolve any claims or disputes related to this Agreement, in an amicable, professional, and expeditious manner so as to avoid unnecessary disruptions and delays to the Services. For any claim or dispute the Parties shall first attempt to resolve such claim or dispute through discussions between Client's and Spheros Environmental's designated representatives. If any such claim or dispute is not resolved through such discussions, the responsible executive of each Party, who shall possess the authority to resolve such matter, shall attempt to resolve such claim or dispute. Either Party may initiate discussions by written notice to the other Party setting forth the subject of the claim or dispute and the resolution sought. The Party in receipt of such notice shall respond within five (5) business days with a written statement of its position on, and recommended solution to, the claim or dispute. If the claim or dispute is not resolved by this exchange of correspondence, then the responsible senior executives of each Party shall meet at a mutually agreeable time and place within ten (10) business days from the Party's response in an attempt to resolve the claim or dispute. Any claims or disputes between the Parties arising out of or relating to this Agreement, which have not been resolved in accordance with the procedures set forth in this Section XXVIII shall be submitted to nonbinding

mediation unless the Parties mutually agree otherwise. Each Party shall pay for its own costs and one-half the cost of a mutually acceptable mediator. In the event mediation is not successful, the claims or disputes between the Parties shall subject to litigation in a court of competent jurisdiction in the State of Colorado. The Parties irrevocably consent to the personal jurisdiction of said courts and waive any and all defenses of forum non conveniens, improper venue, or lack of personal jurisdiction.

[***]

Bill To/Work Site:
City of Brainerd

Scope:

Drill 4 test holes. Assuming 200' ea.

2 options for wells: 4" & 6"

Shaded items are not included in the total

Service	Unit	Qty	Rate	Total
Project Level items & Test holes				
Mobilization & Demobilization	LS	1	\$2,000.00	\$2,000.00
Per Diem	Day	1	\$600.00	\$600.00
Mud rotary test hole and sampling	FT	200	\$30.00	\$6,000.00
Clean Site: Dumpsters, vac trucks, etc.	EA	1	\$4,500.00	\$4,500.00
6" Test Well				
Mobilization & Demobilization	LS	1	\$3,000.00	\$3,000.00
Per Diem	Day	2	\$600.00	\$1,200.00
Drill 10" bore hole	LF	200	\$45.00	\$9,000.00
6" PVC Casing	LF	182	\$20.00	\$3,640.00
6" Stainless Steel Screen	LF	20	\$225.00	\$4,500.00
Furnish & Install Filter Pack & Grout	LF	200	\$15.00	\$3,000.00
Well Development	HR	10	\$450.00	\$4,500.00
Water Analysis per spec	LS	1	\$5,500.00	\$5,500.00
Well Completion - chlorinating, protective cover and locking cap, 3 bollards	EA	1	\$1,995.00	\$1,995.00
Clean Site: Dumpsters, vac trucks, etc.	EA	1	\$4,500.00	\$4,500.00
Proposed Job Total:				\$53,935.00

By:

Date: 01/21/2026

-Traut Companies.

By: _____ **Date:** _____

Print Name: _____ **City of Brainerd**

LIEN CLAIMANT NOTICE TO OWNER BY GENERAL CONTRACTOR YOU HAVE ENTERED INTO A CONTRACT WITH THE UNDERSIGNED FOR CONSTRUCTION OF A WELL, OR RELATED WORK, AT THE ADDRESS SHOWN ON THE REVERSE SIDE IN MINNESOTA. WE ARE AUTHORIZED TO PROVIDE YOU WITH THIS NOTICE. YOU ARE THEREFORE NOTIFIED THAT:

- a) ANY PERSON OR COMPANY SUPPLYING LABOR OR MATERIALS FOR THIS IMPROVEMENT TO YOUR PROPERTY MAY FILE A LIEN AGAINST YOUR PROPERTY IF THAT PERSON OR COMPANY IS NOT PAID FOR THE CONTRIBUTION.
- b) UNDER MINNESOTA LAW, YOU HAVE THE RIGHT TO PAY PERSONS WHO SUPPLIED LABOR OR MATERIALS FOR THIS IMPROVEMENT DIRECTLY AND DEDUCT THIS AMOUNT FROM OUR CONTRACT PRICE, OR WITHHOLD THE AMOUNTS DUE THEM FROM US UNTIL 120 DAYS AFTER COMPLETION OF THE IMPROVEMENT, UNLESS WE GIVE YOU A LIEN WAIVER SIGNED BY PERSONS WHO SUPPLIED ANY LABOR OR MATERIAL FOR THE IMPROVEMENT AND WHO GAVE YOU TIMELY NOTICE.

Your signature on this contract attests to your financial responsibility, ability, and willingness to pay in accordance with the terms of this Contract. You represent to Traut Wells that you have no plans to file bankruptcy or seek other protection from your creditors, that all the information in this Contract is correct, and that you have read and understand this Contract. You represent and warrant to Traut Wells that you are the owner of the property on which Traut Wells will do the work.

THE OWNER IS ADVISED THAT IF THE PROJECT INVOLVES THE OWNER'S HOMESTEAD, FEDERAL LAW ALLOWS THE OWNER TO TERMINATE THIS CONTRACT FOR ANY REASON WITHIN THREE (3) DAYS AFTER SIGNING IT.



Public Utilities Commission Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve the Oversizing and Extension of Watermain Infrastructure and the Oversizing of the Sanitary Sewer Lift Station and Forcemain for the Voyageur Heights Apartments of Brainerd Project

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 10 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director **PRESENTER:** Paul Sandy, Public Utilities Director

SUMMARY OF ISSUE:

Staff have been working collaboratively with Kuepers Construction on the development and construction of utility and street extensions south of Woodland Hills Lane and west of Greenwood Street to serve a proposed multi-building apartment complex. In conjunction with scheduled presentations to the Planning Commission and City Council, Kuepers Construction has advanced through the City's development review process, with final potential approvals anticipated at the City Council meeting on February 2, 2026.

At the Planning Commission meeting on January 21, 2026, the Commission will consider action on Kuepers Construction's final plat and final Planned Unit Development (PUD). The Planning Commission's recommendation will be forwarded to the City Council for consideration at its February 2, 2026 meeting, along with review of the PUD overlay district and the Developer's Agreement.

The City Council previously approved the Environmental Assessment Worksheet (EAW) at its December 15, 2025 meeting and declared the EAW sufficient.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: As part of the planned utility construction, staff have been working collaboratively with the developer's engineer, Westwood Professional Services, on the design and application of City standards for publicly owned utility and street infrastructure. Through this process, staff and the developer have jointly reviewed applicable City standards to ensure consistency between the proposed construction and City requirements, confirming that any infrastructure intended to be owned, operated, and maintained by the City meets all applicable City standards.

Projects of this nature provide the City with an opportunity to evaluate the property under consideration for development, as well as to assess the potential for upsizing utility infrastructure to accommodate future development in the surrounding area. These discussions have been mutually beneficial to both the City and the developer, as they allow for coordination on the infrastructure necessary to serve the proposed development while also identifying opportunities to oversize utilities to support adjacent properties and enhance redundancy within the City's existing utility system.

Watermain

From a watermain perspective, discussions initially focused on site-specific fire flow requirements necessary to serve the proposed development. These discussions evolved into a more comprehensive review, including detailed system modeling and evaluation of potential future watermain extensions and looping opportunities in the immediate vicinity of the project.

Water service to the proposed development is anticipated to be provided from the existing 12-inch watermain stub located at the intersection of Greenwood Street and Woodland Hills Lane. While the development requires a 10-inch water service line to meet on-site fire suppression demands, broader system modeling and prior analysis—performed under previous contracts with SEH to evaluate and improve water quality and pressure in the City’s south pressure zone—have long identified the need to loop the existing 12-inch watermain at this location to the area south of TH 371B near Andrew Street. Excerpts from this water system analysis are included as attachments to this request.

In conjunction with the required 10-inch service line for the development, staff are requesting that the Public Utilities Commission approve the upsizing of the proposed watermain within Greenwood Street and Voyageur Drive to a 12-inch main to better serve future City needs and other potential development in this area. Staff are also requesting authorization to extend the watermain from its current terminus at the intersection of Greenwood Street and the new Voyageur Drive south to the intersection of Greenwood Street and TH 371B. This extension would allow for a future project to cross TH 371B and connect to the existing watermain system near Andrew Street.

As part of this extension, watermain stubs would be installed at the intersection of Greenwood Street and Woodland Hills Lane to facilitate future looping of Crestview Lane and Ridge Drive South, as well as a stub to serve the parcel east of Greenwood Street and south of Teen Challenge for future development. Based on completed system modeling, the proposed looping significantly increases water pressure in the Andrew Street area and provides system redundancy for the broader Buffalo Hills and Andrew Street service areas (see attached water modeling).

The total estimated cost to upsize the proposed watermain from a 10-inch to a 12-inch main is \$140,144, which includes a 25 percent contingency given the current phase of design. For planning and budgeting purposes, staff are utilizing a rounded estimate of \$150,000 for the watermain upsizing and associated extension of the 12-inch main.

Staff are requesting that the Commission authorize the use of Water Access Charges (WAC) generated by the project to fund the oversizing and extension of the watermain. The estimated WAC to be collected from the first three buildings of the development is \$159,600, which is sufficient to cover the anticipated costs of the proposed improvements.

Sanitary Sewer

Similar to the watermain evaluation, staff and the developer’s engineer have reviewed the sanitary sewer collection system required to serve the proposed development, as well as the potential to accommodate future development in the surrounding area. A City-owned lift station is currently

planned at the north end of the project site to collect wastewater from the development and convey it to the existing gravity sewer located at the intersection of Crestview Lane and Woodland Hills Lane.

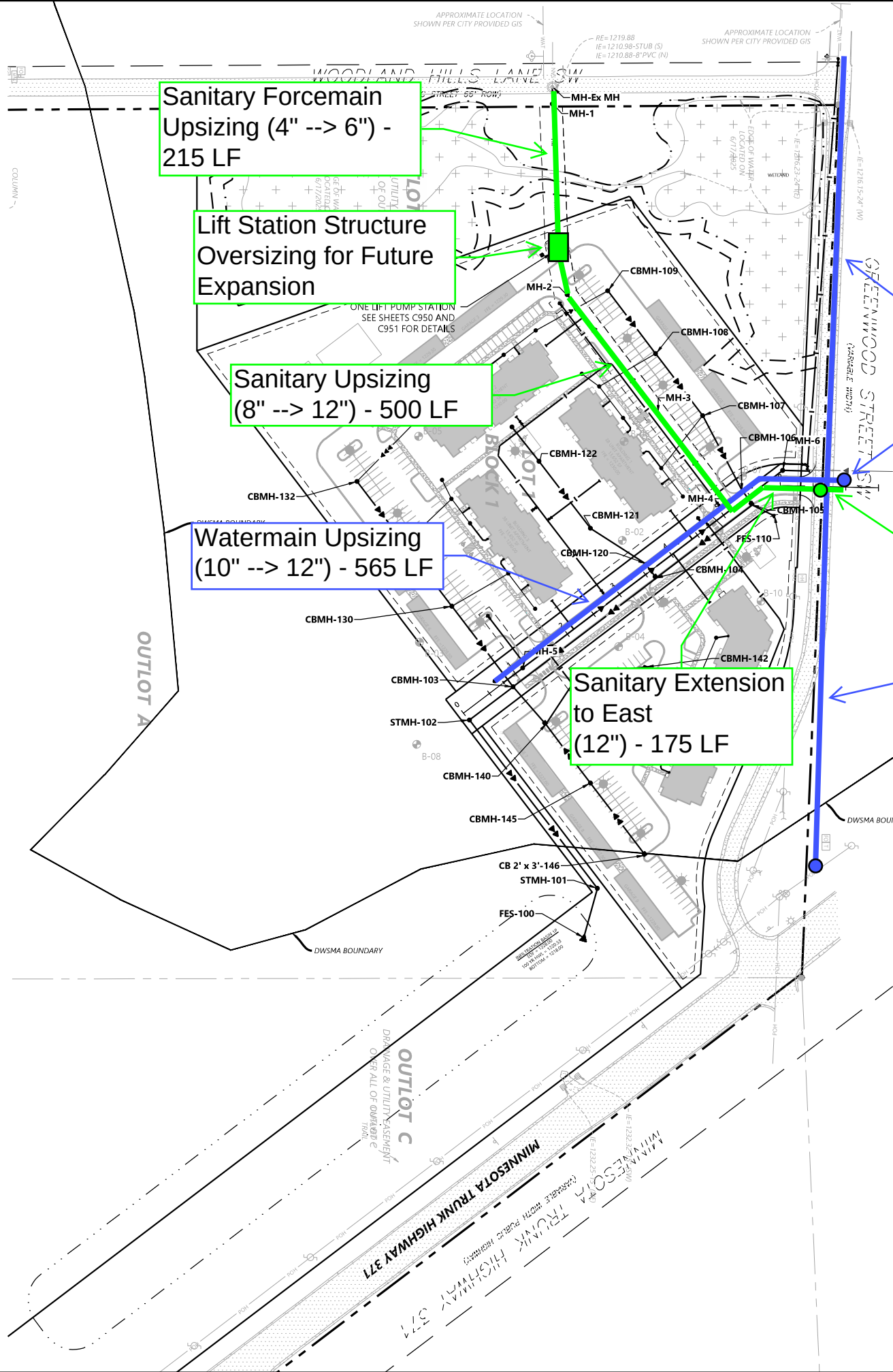
The proposed development itself only requires 8-inch gravity sanitary sewer and a 4-inch forcemain, along with a smaller lift station sized to serve the project site exclusively. However, staff has evaluated the broader service area and identified multiple locations with strong potential for future development, including Greenwood Street south of TH 371B, the parcel east of Greenwood Street and south of Teen Challenge, and additional parcels west of the project area. The existing depths of the gravity sanitary sewer in this area are sufficient to allow for future sewer extensions east and south from the intersection of Greenwood Street and Voyageur Drive.

To adequately plan for and accommodate this anticipated future development, staff is proposing to upsize the City-owned sanitary sewer infrastructure within the project area. This includes upsizing the gravity sanitary sewer from 8 inches to 12 inches in diameter, upsizing the lift station from the proposed RC 509 to the RC 611 lift station package (as shown in the attached materials), and upsizing the forcemain from 4 inches to 6 inches in diameter.

Consistent with the approach taken for the watermain improvements, staff is requesting approval from the Public Utilities Commission and the City Council to fund the sanitary sewer collection system and lift station/forcemain upsizing through the use of Sanitary Availability Charge (SAC) funds generated by the project. The total estimated cost for the proposed upsizing is \$115,000. The estimated SAC revenue to be collected from the three buildings included in Phase 1 of the development is \$216,600. If approved, the upsizing would be fully funded by SAC revenues from the development, with the remaining SAC funds retained by the City for future sanitary sewer upsizing and infrastructure improvement projects.

RECOMMENDED ACTION/MOTION: Staff recommends approval of the oversizing plan for the Voyageur Heights project, including the upsizing of the watermain, gravity sanitary sewer, and lift station/forcemain infrastructure as described. Staff further recommends approval of the use of Water Access Charges (WAC) collected for the project to fund the watermain upsizing and recommends that the City Council approve the use of Sanitary Availability Charges (SAC) to fund the oversizing of the lift station and forcemain.

FINANCIAL IMPACT: The total estimated cost for the watermain upsizing is \$150,000, and the total estimated cost for the sanitary sewer upsizing is \$115,000. The estimated Water Access Charges (WAC) and Sanitary Availability Charges (SAC) to be collected as part of the project are \$159,600 and \$216,600, respectively.



UTILITY LEGEND

EXISTING	PROPOSED	
		PROPERTY LINE
		EASEMENT LINE
		CURB AND GUTTER
		SANITARY SEWER
		SANITARY SEWER FORCE MAIN
		STORM SEWER
		DRAIN TILE
		WATER MAIN
		HYDRANT
		UNDERGROUND ELECTRIC
		OVERHEAD ELECTRIC
		GATE VALVE
		FLARED END SECTION (WITH RIPPED)
		LIGHT POLE

Call 48 Hours before digging:
811 or call811.com
Common Ground Alliance

Watermain Expansion/ Upsizing

Greenwood Street Upsizing (10" --> 12")
\$30,000

Future Development Stub to East (8")
\$17,500

Greenwood Street Extension to TH 371B (12")
\$85,000

Voyageur Drive Upsizing (10" --> 12")
\$17,500

Total Upsizing/ Extension Estimate
\$150,000

Sanitary Sewer Expansion/ Upsizing

Sanitary Extension to East (12")
\$28,000

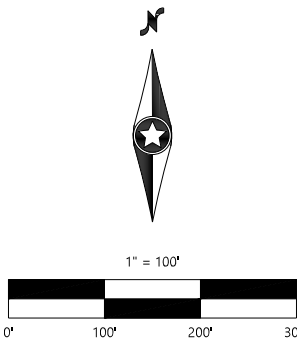
Future Development Stub to East (8")
\$4,000

Sanitary Upsizing, North-South Line(8" --> 12")
\$6,500

Sanitary Forcemain Upsizing (4" --> 6")
\$1,500

Lift Station Structure Oversizing
\$75,000

Total Upsizing/ Extension Estimate
\$115,000



DESIGNED:	8/29/2025
CHECKED:	
DRAWN:	
HORIZONTAL SCALE:	1" = 100'
VERTICAL SCALE:	1" = 10'

PREPARED FOR:
KUEPERS, INC
17018 COMMERCIAL PARK RD
BRainerd, MN

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA
DAVID BADE
8/29/2025
LICENSE NO. 40409

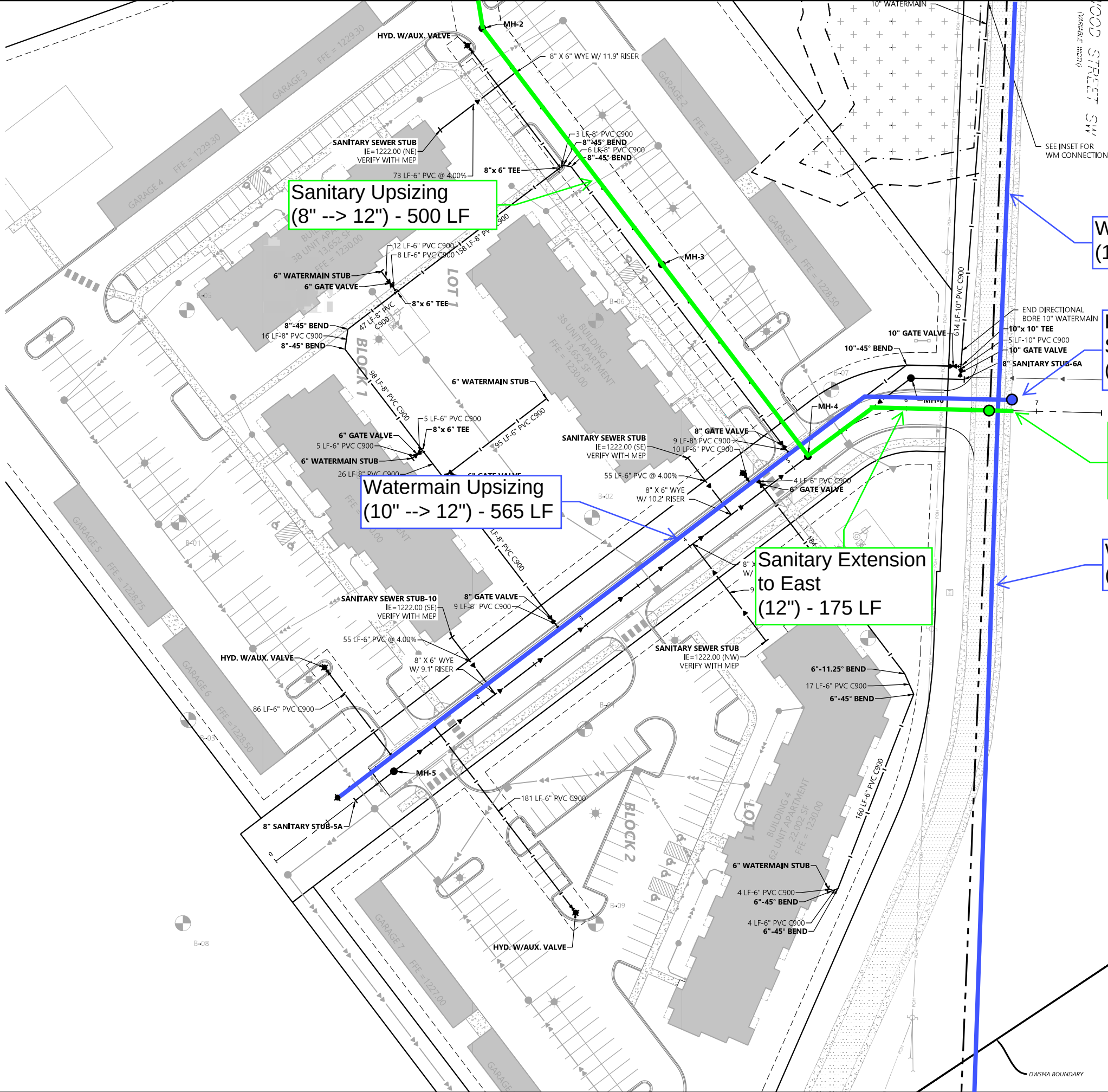
KUEPERS - BRAINERD - VOYAGEUR HEIGHTS
BRainerd, MN

Westwood
17018 Commercial Drive, Suite #300
Brainerd, MN 55601
Phone: (888) 897-5150
Fax: (888) 897-5150
westwoodps.com

OVERALL UTILITY PLAN

SHEET NUMBER:
C500

DATE: 8/29/2025
PROJECT NUMBER: 000943



UTILITY LEGEND

EXISTING	PROPOSED

PROPERTY LINE
EASEMENT LINE
CURB AND GUTTER
SANITARY SEWER
SANITARY SEWER FORCE MAIN
STORM SEWER
WATER MAIN
HYDRANT
UNDERGROUND ELECTRIC
OVERHEAD ELECTRIC
GATE VALVE
FLARED END SECTION (WITH RIPRAP)
LIGHT POLE

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Sanitary Upsizing
(8" --> 12") - 500 LF

Watermain Upsizing
(10" --> 12") - 614 LF

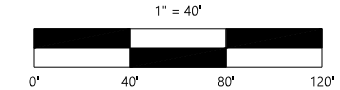
Future Development
Stub to East
(8") - 25 LF

Future Development
Stub to East
(8") - 35 LF

Watermain Extension
(12") - 628 LF

Watermain Upsizing
(10" --> 12") - 565 LF

Sanitary Extension
to East
(12") - 175 LF



FOR PERMIT APPROVAL

DESIGNED:	8/29/2025
CHECKED:	
DRAWN:	10/09/2025
FINAL PUD PLANS:	1/7/2026
HORIZONTAL SCALE:	1" = 40'
VERTICAL SCALE:	1" = 4'

PREPARED FOR:
KUEPERS, INC
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OR UNDER MY CLOSE PERSONAL SUPERVISION AND TO THE
BEST OF MY KNOWLEDGE AND BELIEF IT COMPLIES WITH ALL
REQUIREMENTS OF THE STATE OF MINNESOTA
DAVID BADE
8/29/2025 LICENSE NO. 40409

**KUEPERS -
BRANIERD -
VOYAGEUR
HEIGHTS**
BRANIERD, MN

Westwood
17001 Whitehorse Drive, Suite #300
Minnetonka, MN 55343
Phone: (952) 897-5150
Fax: (952) 897-5150
westwoodps.com
Westwood Professional Services, Inc.

**SANITARY
SEWER &
WATERMAIN
PLAN**

SHEET NUMBER:

C501

DATE: 8/29/2025



EXISTING	PROPOSED	
		PROPERTY LINE
		EASEMENT LINE
		CURB AND GUTTER
		SANITARY SEWER
		SANITARY SEWER FORCE MAIN
		STORM SEWER
		WATER MAIN
		HYDRANT
		UNDERGROUND ELECTRIC
		OVERHEAD ELECTRIC
		GATE VALVE
		FLARED END SECTION (WITH RIPRAP)
		LIGHT POLE

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INITIAL ISSUE: 8/29/2025	DESIGNED: _____
REVISIONS:	CHECKED: _____
△ 10/09/2025 PUD PLANS	DRAWN: _____
△ 1/5/2026 FINAL PUD PLANS	HORIZONTAL SCALE: 50'
△	VERTICAL SCALE: 10' or 5'
△	
△	

PREPARED FOR:

KUEPERS, INC

17018 COMMERCIAL PARK RD
BRANDNER, MN

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME
OR UNDER MY DIRECT SUPERVISION, AND THAT I AM A
DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS
OF THE STATE OF MINNESOTA.

DAVID BADE

8/29/2025 LICENSE NO. 40409

**KUEPERS
BRAINERD -
VOYAGEUR
HEIGHTS**
BRAINERD, MN

Westwood

Phone (952) 937-5150 12701 Whitewater Drive, Suite #300
Toll Free (888) 937-5150 Minneapolis MN, 55443
westwoodps.com

Westwood Professional Services, Inc.

SANITARY SEWER & WATERMAIN PROFILE

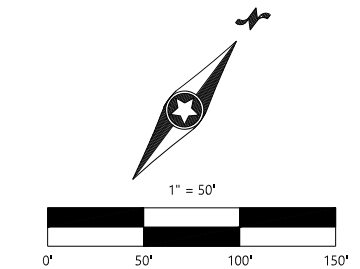
SHEET NUMBER:

C502

DATE: 8/29/2025

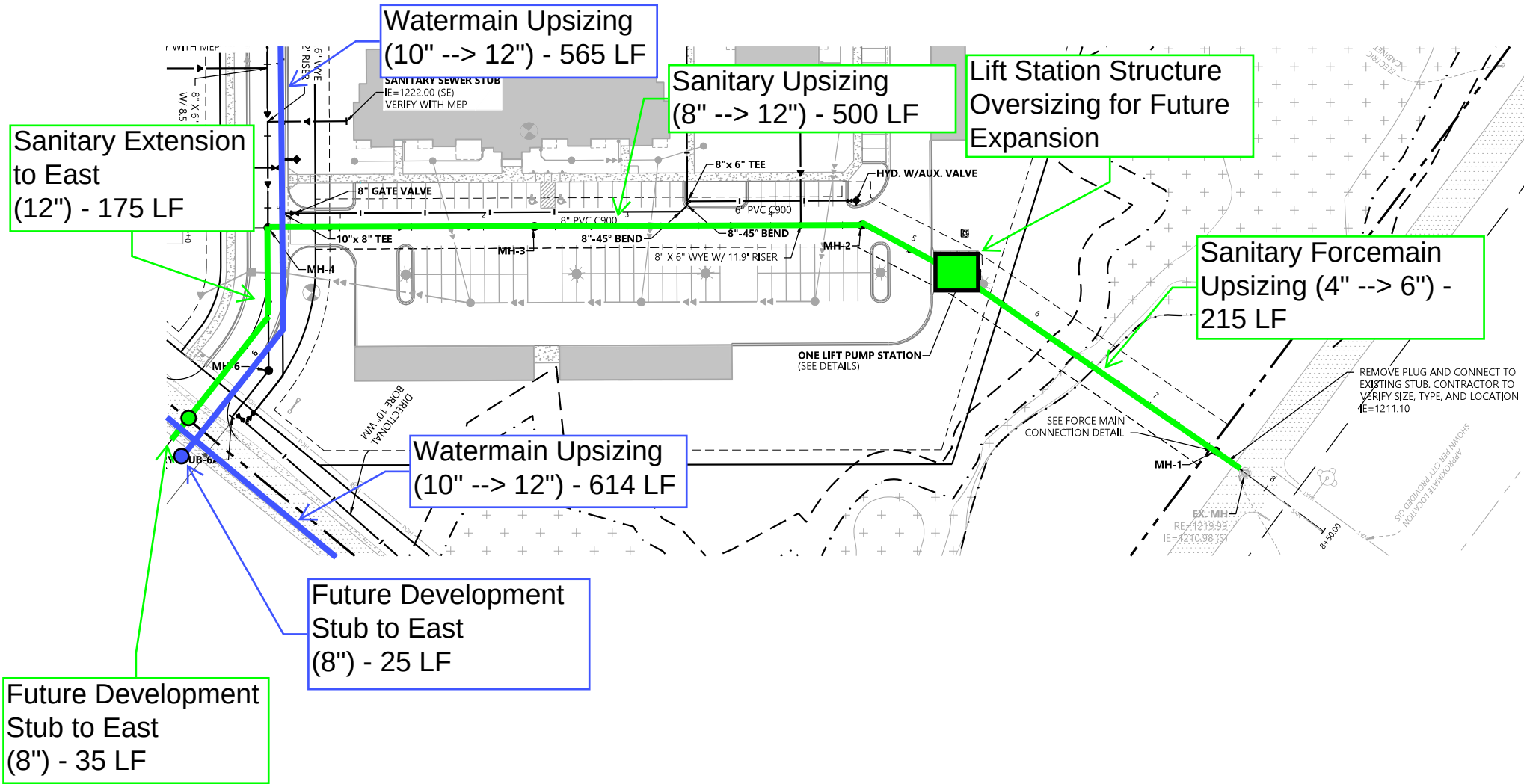
Page 74 of 211

KLIEPERS BRAINERD - VOYAGE IP HEIGHTS



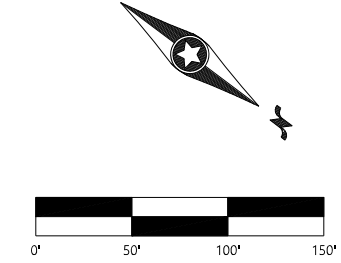
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UTILITY LEGEND

EXISTING	PROPOSED	
		PROPERTY LINE
		EASEMENT LINE
		CURB AND GUTTER
		SANITARY SEWER
		SANITARY SEWER FORCE MAIN
		STORM SEWER
		WATER MAIN
		HYDRANT
		UNDERGROUND ELECTRIC
		OVERHEAD ELECTRIC
		GATE VALVE
		FLARED END SECTION (WITH RIPRAP)
		LIGHT POLE



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811 or call811.com
Common Ground Alliance

DESIGNED:
CHECKED:
DRAWN:
HORIZONTAL SCALE##
VERTICAL SCALE# of #

INITIAL ISSUE: 8/29/2025
REVISIONS: 10/09/2025 PUD PLANS
1/7/2026 FINAL PUD PLANS

PREPARED FOR:
KUEPERS, INC
17018 COMMERCIAL PARK RD
BRainerd, MN

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME
OR UNDER MY CLOSE PERSONAL SUPERVISION AND TO THE BEST OF MY KNOWLEDGE
IT COMplies WITH ALL CITY ORDINANCES AND THE LAWS
OF THE STATE OF MINNESOTA
DAVID BADE 8/29/2025 LICENSE NO. 40409

**KUEPERS -
BRainerd -
VOYAGEUR
HEIGHTS**
BRainerd, MN

Westwood
13701 Whiteoak Drive, Suite #300
Minnetonka, MN 55343
(953) 897-5150
(888) 897-5150
westwoodps.com
Westwood Professional Services, Inc.

SANITARY
SEWER &
WATERMAIN
PROFILE

SHEET NUMBER:
C503

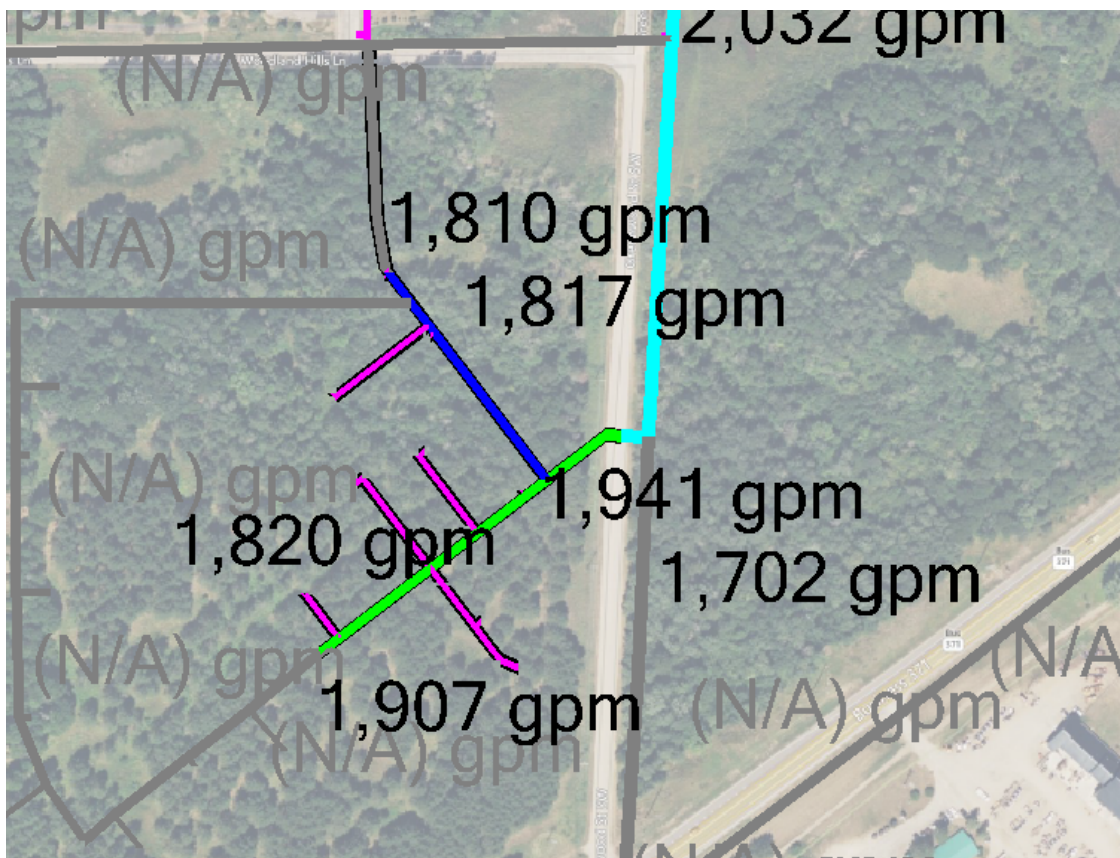
DATE: 8/29/2025
Page: 75 of 211
PROJECT NUMBER: 0068943.00

KUEPERS BRainerd - VOYAGEUR HEIGHTS

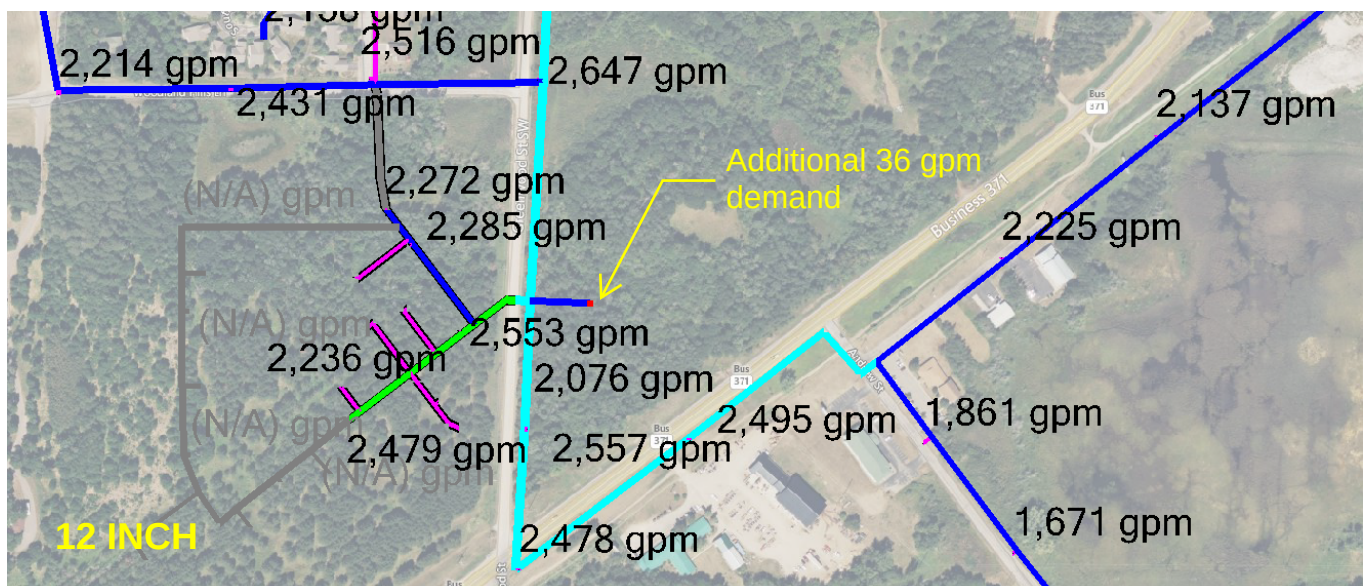
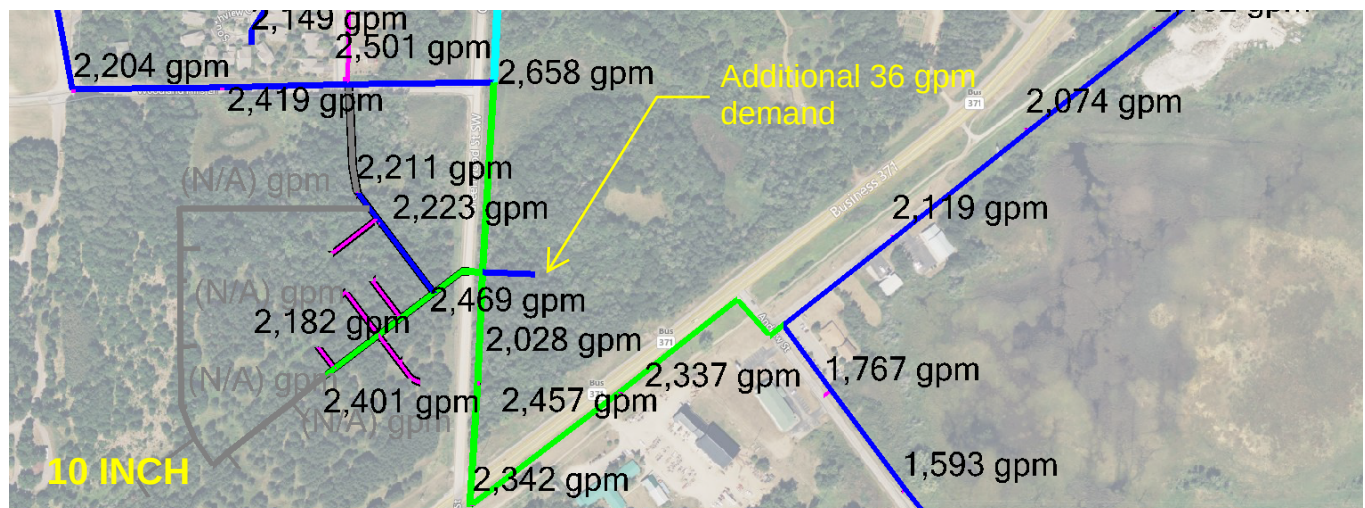
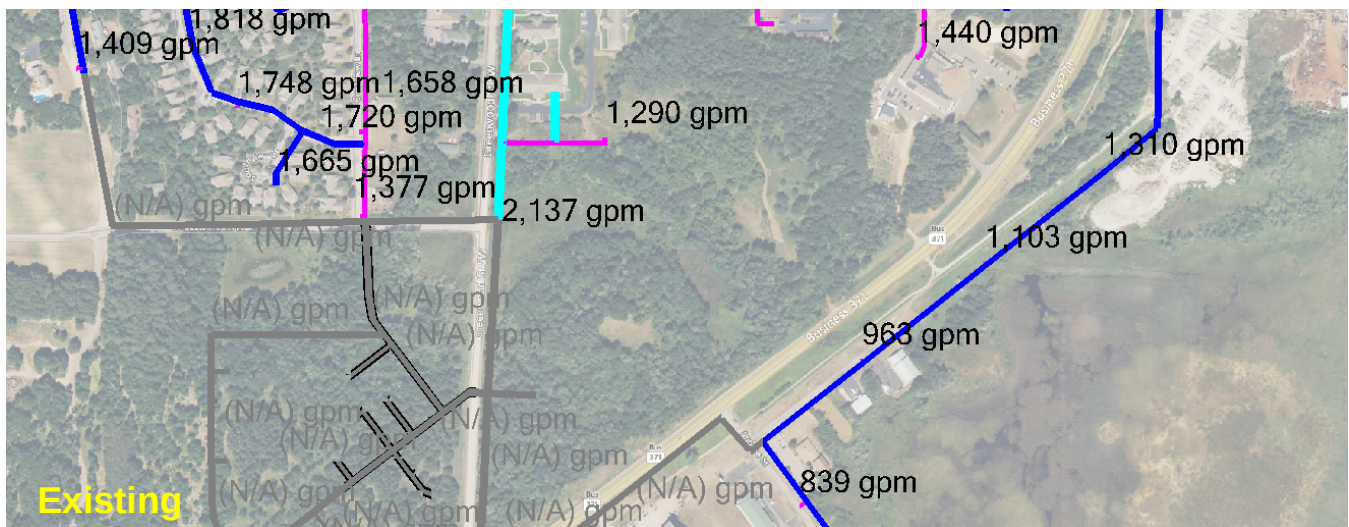
Hydrant Fire Flow @20 PSI - Difference between 10" and 12"

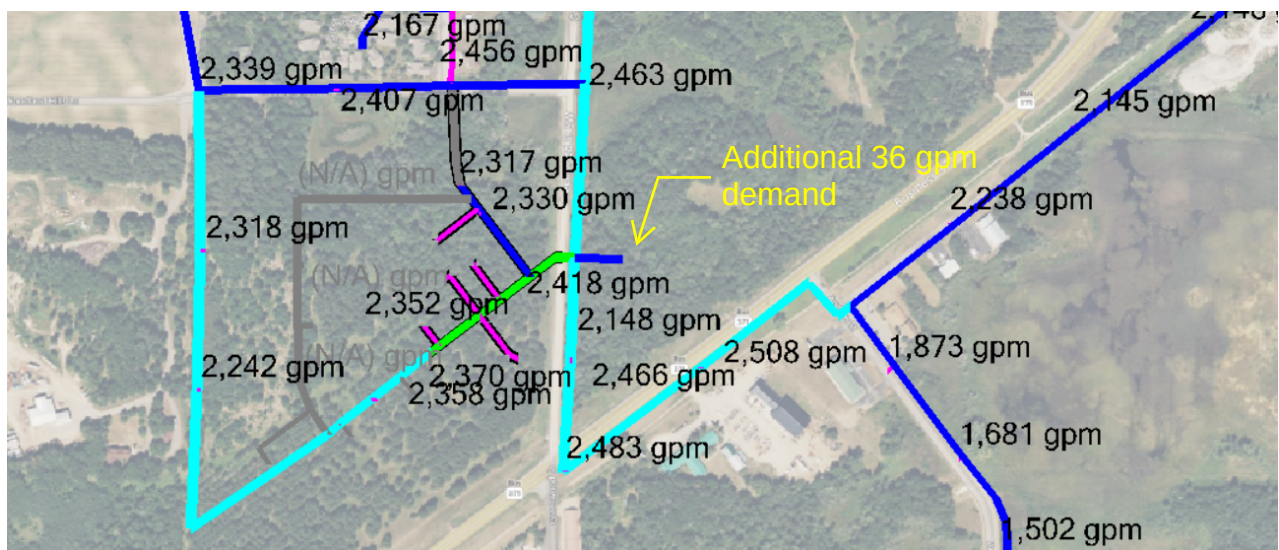
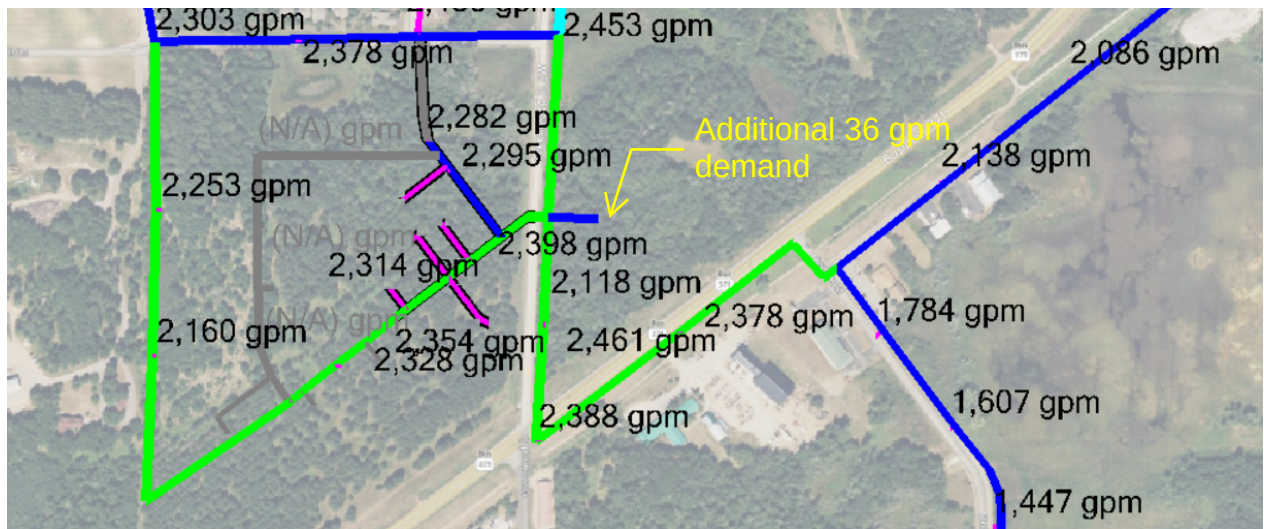
Green = 10 INCH

Cyan = 12 INCH

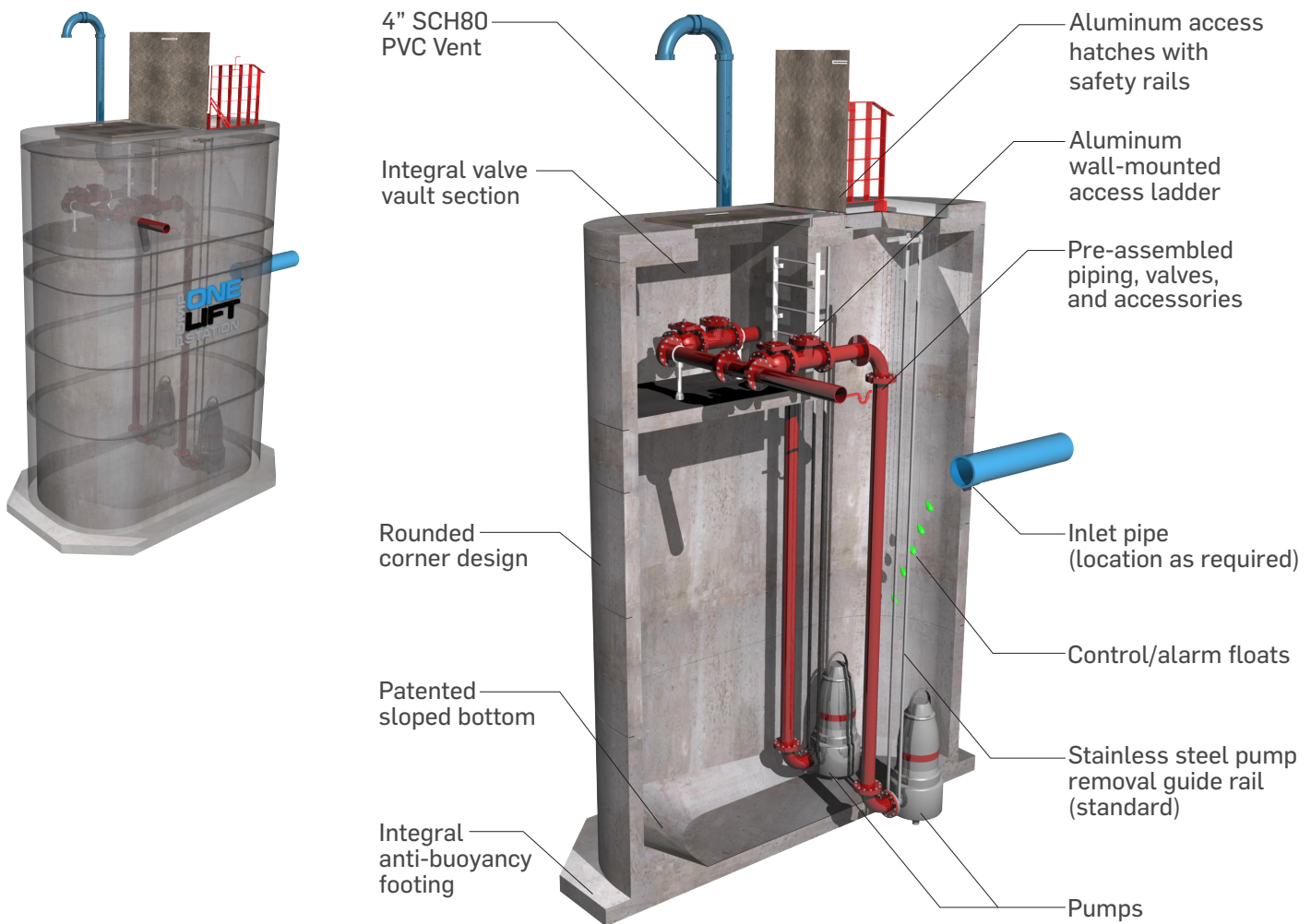


Future Looping





ONE LIFT™ PUMP STATION



FEATURES

Rounded Corner & Sloped Bottom Design

Integral Valve Vault Section

Pre-assembled Equipment Package

Integral Anti-Buoyancy Footing

BENEFITS

Allows for thinner/lighter walls and prevents solids accumulation.

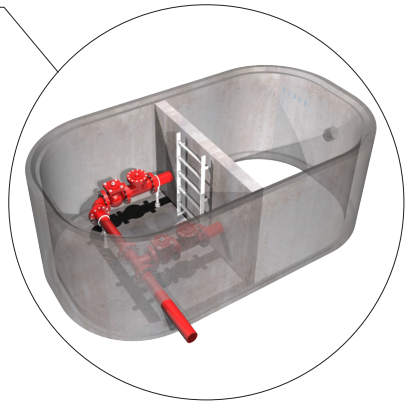
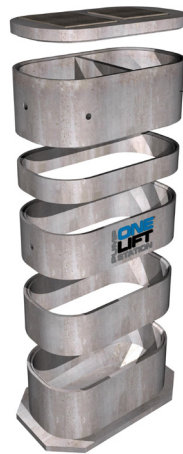
Results in a single structure system reducing footprint up to 50% while eliminating potential differential settlement problems

All piping, valves, and accessories are installed and tested in controlled factory conditions

Designed to prevent flotation without requiring surface resistance of additional weight



For more information please contact our National Sales Office at (888) 965-3227 or send an email to onelift@oldcastle.com



ENGINEERED STRUCTURE

- > Standard, in-stock structural components provide a complete, pre-assembled pump station when it arrives on-site.
- > Precast structural design calculations will be stamped by a registered PE in the project state and submitted for approval.
- > Submittal packages are released quickly to shorten project cycle.

FAST INSTALLATION

- > Integral valve vault section provides an optimized wet well configuration to maximize available spaces.
- > Single smaller excavation, rapid installation, and pre-assembly in factory reduces hole open time and dewatering process.
- > Turnkey package from one supplier with a strong product warranty.

MODEL NUMBER:	RC 509	RC 611
DIMENSIONS:	5' x 9'	6' x 11'
PIPING:	2" to 4" diameter	2" to 6" diameter
MAX. FOOTPRINT w/ COLLAR:	6'-11" x 12'-9"	8'-0" x 13'-10"
MAX. PICK WEIGHT:	11 tons (base)	17 tons (base)
TYPICAL HP & FLOW RATES:	< 7.5 hp & < 200 gpm ±	< 30 hp & < 600 gpm ±
CAPACITY:	297 gal/vft	468 gal/vft

Compared to CONVENTIONAL TWO-STRUCTURE SYSTEMS

	6' DIA. WET WELL	8' DIA. WET WELL	10' DIA. WET WELL
CAPACITY:	211 gal/vft	357 gal/vft	587 gal/vft

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W_OneLift_Flyer_030817_V01

Voyager Heights Brainerd, MN Lift Station Design - 4" Forcemain Option 1: Voyager Heights (Phase 1)		10/27/2025						
Influent Invert Elevation	1206.33							
Proposed Pump Elevation	1200.3	Assume 6' depth						
Proposed Connection Elevation	1211.1							
					Minor Loss from Fittings			
Total Static Head (Connection - Pump Elevations)	10.8	Feet		Amount	Fitting	Loss/Fitting	Total Loss	
Total Forcemain Length	222	L.F.		2	4" - 45° Bend	5.1	10.2	Feet
Addtl. Equiv. Length - Fittings	105.3	L.F.		2	4" - Gate Valve	2.7	5.4	Feet
				2	4" - Check Valve	33.6	67.2	Feet
				1	4" Wye	22.5	22.5	Feet
Total Equivelant Length (Total FM + Addn)	327.3	L.F.						
				Total			105.3	Feet
Forcemain Headloss (0.6 ft/100 L.F.)	2.0	Feet						
Total Dynamic Head (FM Headloss + Total Static Head)	12.7	Feet						
Demand					Units	Demand for unit type		
Apartments (assume 2.2 people per Unit)	41,800	GPD			190	220		
Apartments (assume 2.2 people per Unit) Phase 2	-	GPD			0	220		
Additional Demand from Future Properties (assume 2.2 people per Unit)	-	GPD				220		
Total Demand	41,800	GPD						
Total Demand (GPM) (Convert GDP to GPM)	29.03	GPM						
Design Flow Peak (Factor of 4)	116.11	GPM		80	GPM	In order to meet minimum velocity of 2ft/s in forcemain increase design flow to 80 GPM		
Forcemain Size (diameter)	4	Inches		4				
Resulting Velocity (formula)	2.96	ft/sec		2.04				
Pump Design Parameters								
Design Flow	116.11	GPM						
Total Dynamic Head	12.7	Feet						

Voyager Heights Brainerd, MN Lift Station Design - 4" Forcemain Option 2: Voyager Heights (Phase 1 and 2)		10/27/2025						
Influent Invert Elevation	1206.33							
Proposed Pump Elevation	1200.3	Assume 6' depth						
Proposed Connection Elevation	1211.1							
					Minor Loss from Fittings			
Total Static Head (Connection - Pump Elevations)	10.8	Feet		Amount	Fitting	Loss/Fitting	Total Loss	
Total Forcemain Length	222	L.F.		2	4" - 45° Bend	5.1	10.2	Feet
Addtl. Equiv. Length - Fittings	105.3	L.F.		2	4" - Gate Valve	2.7	5.4	Feet
				2	4" - Check Valve	33.6	67.2	Feet
				1	4" Wye	22.5	22.5	Feet
Total Equivelant Length (Total FM + Addn)	327.3	L.F.						
				Total			105.3	Feet
Forcemain Headloss (0.6 ft/100 L.F.)	2.0	Feet						
Total Dynamic Head (FM Headloss + Total Static Head)	12.7	Feet						
Demand					Units	Demand for unit type		
Apartments (assume 2.2 people per Unit) Phase 1	41,800	GPD			190	220		
Apartments (assume 2.2 people per Unit) Phase 2	48,840	GPD			222	220		
Additional Demand from Future Properties (assume 2.2 people per Unit)	-	GPD						
Total Demand	90,640	GPD						
Total Demand (GPM) (Convert GDP to GPM)	62.94	GPM						
Design Flow Peak (Factor of 4)	251.78	GPM		80	GPM	In order to meet minimum velocity of 2ft/s in forcemain increase design flow to 80 GPM		
Forcemain Size (diameter)	4	Inches		4				
Resulting Velocity (formula)	6.43	ft/sec		2.04				
Pump Design Parameters								
Design Flow	251.78	GPM						
Total Dynamic Head	12.7	Feet						

Voyager Heights		10/27/2025						
Brainerd, MN								
Lift Station Design - 4" Forcemain								
Option 3: Voyageur Heights (Phase 1 & 2) Plus Future East of Greenwood								
Influent Invert Elevation	1206.33		VERIFIED WITH CITY					
Proposed Pump Elevation	1200.33	Assume 6' depth						
Proposed Connection Elevation	1211.11		Minor Loss from Fittings					
Total Static Head (Connection - Pump Elevations)	10.8	Feet	Amount	Fitting	Loss/Fitting	Total Loss		
Total Forcemain Length	222	L.F.	2	4" - 45° Bend	5.1	10.2	Feet	
Addtl. Equiv. Length - Fittings	105.3	L.F.	2	4" - Gate Valve	2.7	5.4	Feet	
			2	4" - Check Valve	33.6	67.2	Feet	
			1	4" Wye	22.5	22.5	Feet	
Total Equivelant Length (Total FM + Addn)	327.3	L.F.						
			Total			105.3	Feet	
Forcemain Headloss (0.6 ft/100 L.F.)	2.0	Feet						
Total Dynamic Head (FM Headloss + Total Static Head)	12.7	Feet						
Demand				Units	Demand for unit type			
Apartments (assume 2.2 people per Unit) Phase 1	41,800	GPD		190	220			
Apartments (assume 2.2 people per Unit) Phase 2	48,840	GPD		222	220			
Additional Demand from Future Properties (assume 2.2 people per Unit)	44,000	GPD		200	220		VERIFIED WITH CITY	
Total Demand	134,640	GPD						
Total Demand (GPM) (Convert GDP to GPM)	93.50	GPM						
Design Flow Peak (Factor of 4)	374.00	GPM	80	In order to meet minimum velocity of 2ft/s in forcemain				
				increase design flow to 80 GPM				
Forcemain Size (diameter)	4	Inches	4					
Resulting Velocity (formula)	9.55	ft/sec	2.04					
Pump Design Parameters								
Design Flow	374.00	GPM						
Total Dynamic Head	12.7	Feet						



Public Utilities Commission Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Pool Engineering and Architectural Services Letters of Interest (LOI) and Statement of Qualifications (SOQ)

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 10 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director **PRESENTER:** Paul Sandy, Public Utilities Director

SUMMARY OF ISSUE: Staff is requesting review, discussion, and approval for staff to solicit LOIs and SOQs to establish a consultant pool for all public works functions where professional engineering, architectural, and related services are required. The City Council reviewed this process and RFP at their last regularly scheduled City Council meeting on January 20, 2026, and allowed staff to move forward with presentations to the Public Utilities Commission and Park Board at their meetings on January 27th, with final review by the City Council planned for February 2, 2026.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Staff is requesting Utilities Commission review of a Request for Letters of Interest (LOIs) and Statements of Qualifications (SOQs) to establish a multi-award, on-call consultant pool for professional engineering and architectural services supporting Public Works, Brainerd Public Utilities (BPU), and Parks-related infrastructure and facilities projects. The purpose of this solicitation is to prequalify experienced firms and create a roster from which the City can efficiently deliver projects across a wide range of municipal disciplines.

The consultant pool will cover fifteen (15) defined service categories, including street resurfacing and reconstruction, traffic engineering, water, wastewater, and stormwater system studies, treatment plant engineering, environmental and regulatory services, surveying and GIS, geotechnical and materials testing, construction administration, municipal facilities, parks and trail planning, and lead service line replacement. Firms may submit qualifications for one or multiple categories, with separate SOQs evaluated for each category.

Firms selected through this process will enter into a City-prepared Master Services Agreement and be placed on the on-call roster for a five-year term (2027–2031), with the option for extensions at the City’s discretion. Project work will be authorized through individual task orders or limited “mini-RFPs” issued only to firms within the approved pool. Each task order will define scope, schedule, deliverables, and a negotiated not-to-exceed fee, while remaining subject to the terms of the master agreement and established fee schedules that are reviewed and negotiated on an annual basis.

The RFP establishes a transparent and competitive evaluation process using a 100-point scoring system that prioritizes relevant experience, team qualifications, fees, references, QA/QC procedures, and unique qualifications. The intent is to finalize the consultant pool in early April 2026 for use beginning

with the 2027 project delivery year.

Benefits to Moving to a Consultant Pool Structure

Transitioning to a consultant pool model provides significant efficiency, control, and consistency advantages for the City:

1. Front-End Qualification and Reduced Procurement Burden

By evaluating qualifications once at the outset, the City eliminates the need to repeatedly solicit and score full SOQs for each individual project. This streamlines procurement, reduces staff workload, and allows project teams to focus on delivery rather than administrative processes.

2. Master Contracts in Place

Executing Master Services Agreements upfront ensures consistent contractual terms, insurance requirements, and fee structures across all consultants. This reduces legal review time, avoids repetitive negotiations, and accelerates project start-up.

3. City Control of Scope, Schedule, and Priorities

With prequalified consultants under contract, the City retains control over project scope and sequencing. Task orders can be tailored precisely to City needs, schedules can be aligned with funding and construction windows, and consultants can be mobilized quickly when issues or opportunities arise.

4. Shorter, Targeted, and Consolidated Solicitations

Future project solicitations are limited to firms already in the pool and can be brief and focused on approach, availability, and most importantly, price. This improves response quality, shortens timelines, and increases competitiveness while reducing administrative overhead.

5. Improved Consistency and Long-Term Planning

A multi-year pool supports continuity across the City's 10-Year Street, Sewer, and Water CIP, BPU's 5-Year CIP, and the City's 30-Year Capital Facility Plan. Consultants gain familiarity with City standards and systems, resulting in more consistent deliverables, fewer revisions, and improved coordination across projects.

At the January 20, 2026 City Council meeting, the Safety and Public Works Committee and the City Council expressed support for advancing the RFP process. Direction provided at the meeting included limiting the pool contract threshold to an estimated \$500,000 in total professional services fees per project and reducing the pool term to two (2) years, rather than the five-year pool term currently contemplated in the draft RFP. This approach was recommended to allow additional firms opportunities to be considered for inclusion in the consultant pool.

RECOMMENDED ACTION/MOTION: Staff recommends approval of the attached solicitation for Letters of Interest (LOIs) and Statements of Qualifications (SOQs) to establish a multi-award, on-call consultant pool and to solicit proposals from interested firms in accordance with the schedule outlined in the document. Further, staff recommends that the Commission direct staff, consistent with City Council discussion, to cap individual pool contracts at \$500,000 and to limit the pool term to two (2) years.

FINANCIAL IMPACT: There is no financial impact to the Utility as it relates to these services. The consultant pool is a tool to allow efficient and competitive solicitations with pre-qualified consultants to streamline procurement for professional engineering, architectural, and related services.

CITY OF BRAINERD
REQUEST FOR LETTERS OF
INTEREST (LOI) AND
STATEMENT OF
QUALIFICATIONS (SOQ)

**Professional Engineering and Architecture Services Pool
(On-Call Roster): 2027 - 2031**

Proposals due Wednesday, March 4, 2026 at 12:00 p.m.

OVERVIEW

The City of Brainerd hereby requests Letters of Interest (LOIs) and Statements of Qualifications (SOQs) from experienced and qualified professional engineering and architecture firms for the purpose of establishing an on-call roster (pool) to provide comprehensive engineering and architecture services for all public works functions. Firms selected through this process will assist the City by providing expertise for planning, design, evaluation, construction support, and other engineering and architecture services on an as-needed basis.

BACKGROUND

The City of Brainerd is interested in receiving services from experienced and qualified consultants that can demonstrate an understanding of municipal services and public works operations including sanitary sewer, stormwater, watermain, water treatment, wastewater treatment, transportation, surveying, geotechnical, construction administration, municipal facilities and related disciplines. The City intends to establish a multi-award roster from which task orders or mini requests for proposals (RFPs) will be issued as needed. The specific areas of practice considered for professional engineering and architecture services include, but are not limited to:

- Preliminary engineering and design for street and utility reconstruction and resurfacing projects.
- Plans, specifications, and cost estimates.
- Traffic modeling and planning services.
- Hydraulic modeling and utility analyses.
- Water and wastewater process engineering.
- Permitting and regulatory coordination.
- Public works planning and studies.
- Facilities planning, engineering, architecture, and construction.
- Construction contract administration and inspection.
- Surveying, GIS, and CAD support.
- Geotechnical and materials testing.
- Project documentation and as-builts.
- 3rd party development plan review services.
- Special assessment support pursuant to Minnesota Statute 429.

Selected firms will be placed on an on-call roster for up to 5 (five) years with options to extend at the discretion of the City of Brainerd. Task orders will be negotiated individually. The City may solicit mini proposals among rostered firms for specific projects.

SERVICE CATEGORIES

The specific areas of practice considered for professional engineering and architectural services are as follows:

- **Category 1: General Municipal Engineering – Street Resurfacing Projects** – This category includes, but is not limited to, projects identified in the City’s 10-Year Capital Improvement Plan as street resurfacing projects. Typical work may include mill and overlay, bituminous overlay, full-depth pavement resurfacing, limited utility improvements, ADA upgrades, traffic control signing, pavement marking, and other associated or appurtenant work. Specified project-related services include all work necessary to deliver assigned projects, including topographic and boundary surveys, preliminary design, final design and preparation of detailed plans and specifications, bidding and procurement support, special assessment procedures pursuant to Minnesota Statutes Chapter 429, and construction administration and observation.
- **Category 2: General Municipal Engineering – Street Reconstruction Projects** – This category includes professional engineering services for projects identified in the City’s 10-Year Capital Improvement Plan as street reconstruction projects. Typical work may include full-depth street reconstruction and associated improvements such as replacement of sanitary sewer, watermain, storm sewer, curb and gutter, sidewalks, trails, ADA improvements, traffic control signing, pavement marking, and other related or appurtenant work. Services may also include coordination with utilities and stakeholders, preparation of plans and specifications, permitting, bidding assistance, and construction administration and observation. In addition, this category may include support for private development projects, including review of development plans for compliance with City standards, coordination with developers and their consultants, and construction observation to ensure proper installation of public infrastructure associated with private developments.
- **Category 3: Traffic Engineering and Studies** - This category includes professional engineering services associated with traffic operations, safety, mobility, and multimodal transportation planning within the City. Work may include traffic data collection and analysis, traffic impact studies, corridor and intersection operational evaluations, signal warrant analyses, traffic signal design and timing optimization, signing and pavement marking plans, speed studies, pedestrian and bicycle safety evaluations, and school zone safety assessments. Services may also include review of traffic studies and transportation analyses submitted as part

of private development projects, evaluation of compliance with City and regulatory standards, coordination with developers and their consultants, and recommendations for mitigation or improvements. Additional tasks may include preparation of technical reports, public engagement support, coordination with MnDOT and other agencies, and preparation of documentation to support funding applications or implementation of recommended improvements.

- **Category 4: Utility System Studies – Water, Sanitary Sewer** - This category includes professional engineering services related to planning, evaluation, and analysis of the water distribution, and sanitary sewer utility systems. Water system services may include system modeling, capacity and pressure evaluations, pressure zone planning, hydrant and valve assessment, fire flow analysis, and infrastructure planning to support growth or system reliability. Sanitary sewer services may include inflow and infiltration (I/I) evaluations and mitigation planning, sewer system modeling, capacity and deficiency analyses, lift station planning and design, and identification of rehabilitation or expansion needs. Services may also include development review support, preparation of technical reports and feasibility studies, coordination with regulatory agencies, and support for grant or funding applications.
- **Category 5: Stormwater Management, BMP Design, and MS4 Support** - This category includes professional engineering services related to the planning, design, review, and implementation of stormwater management projects and regulatory compliance activities for the City. Work may include design of stormwater Best Management Practices (BMPs), stormwater treatment systems, flood mitigation improvements, storm sewer reconstruction and rehabilitation projects, drainage analysis, hydrologic and hydraulic modeling, and development of project plans, specifications, and cost estimates. Services may also include stormwater plan review and coordination for private development projects, construction observation to ensure compliance with City standards, and support for MS4 permit compliance, including SWPPP development, inspections, documentation, and reporting. Additional services may include assistance with funding applications, public education and outreach related to stormwater management, coordination with regulatory agencies, and preparation of technical reports and recommendations to support long-term stormwater system performance and environmental protection.
- **Category 6: Trenchless Rehabilitation – Water, Sanitary Sewer, and Storm Sewer Systems** - This category includes professional engineering services related to planning, design, evaluation, and implementation of trenchless rehabilitation methods for the City's utility infrastructure. Work may include assessment of existing watermain, sanitary sewer, and storm sewer systems; development of rehabilitation strategies; and preparation of feasibility studies and recommendations. Services may involve technologies such as cured-in-

place pipe (CIPP), pipe bursting, slip lining, structural lining systems, sectional point repairs, and related trenchless techniques. Typical tasks include condition assessment and prioritization, field investigations, hydraulic and structural evaluations, development of plans and specifications, cost estimating, coordination with regulatory agencies, funding and grant support, bidding assistance, and construction administration and observation.

- **Category 7: Water Treatment and Storage Engineering:** This category includes professional engineering services related to planning, design, evaluation, and optimization of the City's water treatment and storage facilities. Work may include condition assessments, capacity analyses, treatment process evaluations, regulatory compliance support, and development of facility rehabilitation or expansion plans. Services may also include design of new or upgraded treatment systems, storage tanks, reservoirs, booster stations, and chemical feed systems; preparation of feasibility studies and technical reports; preparation of plans and specifications; cost estimating; funding and grant support; coordination with regulatory agencies; and bidding assistance, construction administration, and observation.
- **Category 8: Wastewater Treatment Plant Engineering:** This category includes professional engineering services associated with the planning, evaluation, design, and improvement of the City's wastewater treatment plant facilities and processes. Work may include facility capacity and condition assessments, treatment process optimization, regulatory and permit compliance planning, biosolids handling and management evaluations, energy efficiency and resiliency planning, and development of rehabilitation or expansion recommendations. Services may also include preparation of feasibility studies and technical reports, design of process and structural improvements, cost estimating, coordination with regulatory agencies, funding application support, bidding assistance, and construction administration and observation.
- **Category 9: Environmental and Regulatory Services -** This category includes professional services to support environmental compliance, permitting, and regulatory coordination across all public works functions. Work may include preparation of Environmental Assessment Worksheets (EAW) and Environmental Impact Statements (EIS) support documentation; National Environmental Policy Act (NEPA) documentation; and wetland delineation, permitting, mitigation planning, and coordination with regulatory agencies. Services may also include Phase I and Phase II Environmental Site Assessments, contaminated soil and groundwater evaluations, hazardous materials assessment and remediation planning, cultural and historic resource coordination, endangered species review, and air, odor, and noise evaluations as applicable to public infrastructure projects. Assistance may further include permitting strategy development, grant and funding

support, public engagement assistance, and preparation of clear technical reports and regulatory submittals to ensure timely and compliant project delivery.

- **Category 10: Surveying, Mapping, and GIS Support** - This category includes professional services related to surveying, mapping, and geospatial support for public infrastructure and utility projects. Work may include topographic and boundary surveys; right-of-way research, establishment, and monumentation; easement preparation and legal descriptions; subdivision and platting support; and preparation of detailed base mapping. Services may also include construction staking, as-built surveys, utility locates and mapping, aerial and drone-based survey support, and preparation of survey reports and exhibits. GIS-related services may include data development and maintenance, asset inventory and condition assessment, system mapping, GIS database integration, and support for asset management programs and capital planning. Additional services may include coordination with county and state survey records, preparation of digital deliverables, and general surveying and mapping support necessary to facilitate design, permitting, and construction of City projects.
- **Category 11: Geotechnical and Materials Testing** - This category includes professional geotechnical and construction materials testing services to support planning, design, and construction of City infrastructure projects. Work may include subsurface investigations; soil borings; geotechnical evaluations for pavements, utilities, structures, and facilities; slope stability analyses; groundwater evaluation; and development of geotechnical recommendations for foundations, pavement sections, trench backfill, and earthwork. Services may also include laboratory and field materials testing, including concrete, asphalt, aggregate, soil compaction, density, and moisture testing; preparation of geotechnical reports; construction observation; and verification of compliance with project specifications. Additional services may include forensic evaluations, settlement and vibration monitoring, specialty geotechnical analysis, and ongoing consultation during design and construction to support reliable, cost-effective project delivery.
- **Category 12: Construction Administration and Inspection Services** - This category includes professional services to manage, oversee, and document the construction of City infrastructure and public works projects. Services may include on-site construction observation and inspection, contract administration, monitoring of compliance with plans and specifications, quality assurance and quality control, materials testing coordination, and documentation of construction activities. Additional tasks may include progress reporting, change order review, pay estimate preparation, coordination with contractors and subcontractors, verification of regulatory and permit compliance, and record-keeping for project closeout. These services ensure that projects are completed safely, on schedule, within budget, and in accordance with applicable codes, standards, and City requirements.

- **Category 13: Municipal Facilities and Public Works Support** - This category includes professional engineering, architectural, and planning services to support the City's municipal facilities and public works infrastructure. Work may include facility condition assessments, long-range facility and campus planning, space programming, and layout optimization for operational efficiency. Services may also include design and planning for mechanical, electrical, plumbing, and structural upgrades, renovations and remodeling, architectural and interior design, construction documents preparation, cost estimating, and project management. Additional support may include fleet and equipment yard planning, storage and maintenance facility design, energy efficiency and sustainability assessments, ADA compliance evaluations, and coordination with regulatory agencies to ensure functional, safe, and code-compliant municipal facilities.
- **Category 14: Landscaping, Urban Design, Urban Planning, Parks Master Planning, and Trail Planning** - This category includes professional services related to the planning, design, and enhancement of public spaces, streetscapes, parks, and trail infrastructure. Work may include landscape architecture, streetscape and urban design, site planning, site analysis, and development of conceptual and detailed plans for public and civic spaces. Services may also include preparation of parks master plans, open space planning, recreational facility design, trail and pathway planning and design, streetscape and corridor beautification, tree inventories and preservation planning, and urban design guidelines. Additional tasks may include public engagement and community input facilitation, grant and funding support, preparation of cost estimates, regulatory review, and coordination with City departments to ensure projects support long-term community goals, sustainability, and accessibility.
- **Category 15: Lead Service Line Replacement (LSLR) Projects** - This category includes professional engineering services related to the planning, design, and construction of lead service line (LSL) replacement projects within the City's water distribution system. Work may include inventory verification, service line identification and prioritization, risk assessments, coordination with property owners, and development of replacement strategies. Services may also include preparation of plans and specifications, hydraulic and water quality evaluations, permitting support, bidding assistance, construction administration and observation, and documentation of completed replacements. Additional tasks may include public outreach and communication support, compliance with regulatory requirements, funding and grant assistance, and development of long-term programs to reduce lead exposure in the community's drinking water system.

OWNER PROVIDED DOCUMENTATION

The City of Brainerd will provide the following items to Consultant firm to assist in the development of their SOQ:

- Most recent 10-year City of Brainerd Street, Sewer and Water Capital Improvement Plan.
- Most recent Brainerd Public Utilities (BPU) 5-year Capital Improvement Plan (CIP).
- City of Brainerd 30-year Facility and Fleet Capital Improvement Plan (CIP).

SCHEDULE

1. Proposal submittals due on **Wednesday, March 4th, 2026, at 12:00 p.m.** No late submissions will be accepted.
2. Consultant pool recommended to the Park Board on March 24, 2026.
3. Consultant pool recommended to the BPU Commission on March 31, 2026.
4. Final Consultant pool recommended to the City Council on April 6, 2026.

It is the intent of the City of Brainerd to utilize the finalized and approved consultant pool for project solicitations beginning with the 2027 project delivery year and continuing through the expiration of the pool on December 31, 2031. At the time of pool expiration, and assuming the provision of satisfactory service, extensions to the pool services may be made to consultants within the pool at the sole discretion of the City of Brainerd.

PROPOSAL REQUIREMENTS

1. The consultant shall submit a Letter of Interest including the specific category or categories for which they wish to be considered. The LOI shall be limited to one (1) page, formatted on 8.5" x 11" paper, and use a font size no smaller than 11-point.
2. Firm Profile Page – Up to one (1) page.
3. A separate Statement of Qualifications shall be submitted for each category selection. Each SOQ shall be up to two (2) pages, formatted on 8.5" x 11" paper, and use a font size no smaller than 11-point. Each categorical SOQ shall include the following information:
 - a. Team Members - Identify the principal and team members who will be assigned to the project category, including their specific roles, relevant experience, training, and professional qualifications.
 - b. Relevant Experience – Provide up to three (3) example projects per category that demonstrate the consultant's relevant experience and successful completion of work similar to the selected category.
 - c. References - up to 3 (three) references per category from agency or other client personnel that demonstrate the consultant's experience, quality of work, ability to meet schedules and budgets, responsiveness, and successful delivery of similar projects or services.

- d. Approach to QA/QC Procedures - Describe the consultant's approach to quality assurance and quality control, including methods, processes, and standards used to ensure accuracy, completeness, and compliance with project requirements, industry standards, and regulatory guidelines.
 - e. Any other specific experience, knowledge, or abilities that uniquely qualify your firm and project team for this project.
4. Proposals must be limited to no more than 20 pages, 8.5" x 11", with no smaller than 11-point font, excluding the LOI and Firm Profile.

EVALUATION AND CONSULTANT SELECTION PROCESS

The Selection Committee will review the submittals and narrow down the list of potential firms for each category by mid-March. You will be notified whether your firm is a candidate for the consultant pool by mid-March. Fee schedules will be requested from firms still under consideration at that time. The City expects to select those firms that will be in its 2027 – 2031 consultant pool by early April. The Selection Committee will consist of the following members:

- Nick Broyles – City Administrator
- Paul Sandy – Public Utilities Director (BPU)
- Mike Habighorst – Public Works Director
- Jessie Dehn – City Engineer
- Trent Hawkinson – Operations Manager (BPU)
- Charlie Gammon – Water/Wastewater Manager (BPU)

The evaluation process will follow a 100-point scoring system for each category of pool services:

- Relevant Experience – 30 Points
- Team Members – 20 Points
- Fee Schedule – 20 Points
- References – 15 Points
- Approach to QA/QC – 10 Points
- Unique Qualifications – 5 Points

TERMS OF CONSULTANT AGREEMENTS

Consultants selected for pool services will be expected to enter into a Master Services Agreement prepared by the City of Brainerd. A draft of the City’s Master Services Agreement can be seen attached to this document. The terms and conditions of the negotiated agreement, along with its final execution, will take effect once the pool is finalized. Fee schedules will be reviewed and adjusted annually throughout the five-year duration of the pool, with the consultant’s initial fee schedule for 2027 services submitted as part of the pool selection process.

Project-specific Task Orders or Mini Proposals will be solicited and negotiated with each firm on the approved consultant pool as individual projects or needs arise. Each Task Order will include a complete project work plan, defined tasks, deliverables, schedules, and a negotiated not-to-exceed fee for that specific project. All Task Orders will adhere to the terms of the negotiated fee schedule established under the Master Services Agreement.

The Consultant shall, at its own expense, maintain and provide proof of the following insurance coverage for the duration of the Master Services Agreement and any subsequent Task Orders:

Commercial General Liability (CGL) Insurance

- Coverage: Bodily injury, property damage, personal injury, and contractual liability.
- Minimum Limits: \$1,000,000 per occurrence / \$2,000,000 general aggregate.
- Endorsements: City of Brainerd listed as an additional insured for all liability arising from the Consultant’s work under this Agreement.

Professional Liability (Errors & Omissions) Insurance

- Coverage: Professional services provided under this Agreement.
- Minimum Limits: \$1,000,000 per claim / \$2,000,000 aggregate.
- Retroactive Date: Must cover work performed prior to policy inception if claims arise during the policy period.

Automobile Liability Insurance

- Coverage: Any owned, non-owned, or hired vehicles used in connection with the Agreement.
- Minimum Limits: \$1,000,000 combined single limit per accident.

Workers’ Compensation Insurance

- Coverage: As required by Minnesota Statutes, including employer's liability.
- Minimum Limits: Statutory coverage as required by Minnesota law.

Additional Requirements

- The Consultant shall provide certificates of insurance prior to the commencement of work.
- All policies shall provide 30 days' notice to the City of Brainerd in the event of cancellation or material change.
- Insurance coverage shall be maintained throughout the term of the Agreement and any extensions or Task Orders.
- Deductibles or self-insured retentions above \$25,000 must be disclosed and approved by the City.

QUESTIONS AND CONTACT INFORMATION

Answers will be issued in the form of an addendum. No answers will be issued after Friday, February 20th, 2026, at 4:30 p.m. If the City deems it necessary to revise any part of this RFP before the proposal due date, the City will issue an addendum. Addendums will be issued via e-mail notification.

PROPOSAL DUE

If you are interested in submitting, please submit digital copies of the completed LOI and SOQ to the office of the Public Utilities Director no later than 12:00 P.M. on Wednesday, March 4, 2026. Digital proposals can be e-mailed to psandy@bpu.org.

A pool services recommendation will be presented to the Park Board, Public Utilities Commission, and City Council pursuant to the schedule within this solicitation.

Proposals and any inquiries should be directed to:

Paul Sandy, Public Utilities Director
8027 Highland Scenic Drive
Baxter, MN 56425
(218) 825-3220
psandy@bpu.org



Public Utilities Commission Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve SEH Trunk Highway 210 Construction Observation and Administration Proposal for Professional Services

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director **PRESENTER:** Paul Sandy, Public Utilities Director, Jessie Dehn, City Engineer

SUMMARY OF ISSUE: Staff issued a request for proposals to obtain Construction Observation (inspection) services for the watermain and sanitary sewer components of the forthcoming TH 210/Washington Reconstruction Project. In response, two qualified firms—SEH and WSB—submitted proposals. The proposals, including detailed scopes of services and cost breakdowns, are attached for review and consideration.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

Staff conducted a comprehensive review and evaluation of both proposals in accordance with the established selection criteria. Each proposal was scored using the following weighted factors to ensure a fair and objective comparison:

- Qualifications and relevant experience of the firm and proposed project team (30%)
- Familiarity with the City of Brainerd, its standards, and past projects (10%)
- Cost and fee proposal, including overall value and cost reasonableness (60%)

Based on the application of these criteria, staff assigned the following overall scores to the proposers:

1. SEH – 8.2
2. WSB – 5.8

The total fee proposed by SEH for Construction Observation services is \$268,000. WSB submitted a total proposed cost of \$289,686; however, when the material testing allowance is excluded, WSB's adjusted total would be \$276,186. Staff notes that SEH's proposal is based on an assumed construction duration

of 140 construction days. Should the construction schedule extend beyond this timeframe, a contract amendment may be required to account for additional observation services.

It is anticipated that the cost of Construction Observation services will be allocated between the watermain and sanitary sewer components based on the proportionate share of construction costs, currently estimated at approximately 85 percent watermain and 15 percent sanitary sewer. Final cost allocations will be reconciled at the conclusion of construction to reflect actual bid quantities and project costs.

Based on the evaluation results, overall scoring, and cost considerations, staff recommends awarding the Construction Observation contract for the TH 210/Washington Reconstruction Project to SEH in the amount of \$268,000. Note, this amount is included in the City construction project amount within the 210 project.

RECOMMENDED ACTION/MOTION: Staff recommends award of the Construction Observation contract for the TH 210/Washington Reconstruction Project to SEH in the fee, not-to-exceed amount of \$268,000.

FINANCIAL IMPACT: Based on the current splits for watermain and sanitary sewer, the Utility's share of this cost is estimated at this time to be \$227,800. Once bids are received for the project, the cost allocations and breakdowns will be re-calculated to reflect actual cost splits between the two utilities to accurately reflect the cost splits for professional services. The total budget for the TH 210 project is reflected in the Brainerd Public Utilities approved budget at an amount of \$3,250,000.



Building a Better World
for All of Us®

January 9, 2026

RE: Proposal for Professional Services
TH 210/Washington Street
Reconstruction
City of Brainerd
SEH No. BRDMN P-189083

Mr. Jessie Dehn, PE – City Engineer
City of Brainerd
501 Laurel Street
Brainerd, MN 56401

Mr. Dehn,

Short Elliott Hendrickson Inc. (SEH®) appreciates the opportunity to collaborate with the City on this significant improvement project. Our team brings extensive municipal infrastructure construction experience, supported by staff based in our Baxter, MN office. Leveraging our proven expertise on similar projects and our familiarity with the specific requirements of this initiative, we are confident in our ability to deliver exceptional service to the City of Brainerd and its residents.

PROJECT UNDERSTANDING

The objective of this project is to reconstruct aging City infrastructure along the TH 210/Washington Street corridor, extending from Baxter Drive to Pine Shores Road, in conjunction with the MnDOT planned pavement and bridge reconstruction. The project includes reconstruction of underground utilities within the segment bounded by NW 4th Street to 10th Avenue NE.

Our proposed scope of work includes construction observation services for:

- Removal of approximately 11,000 linear feet of watermain and installation of approximately 15,000 linear feet of watermain.
- Replacement of approximately 70 commercial water services.
- Removal and replacement of approximately 3,000 linear feet of sanitary sewer piping along with necessary sewer services.
- Installation of all related appurtenances, such as hydrants, manholes, and other components.
- Installation of approximately 40 boulevard trees.

WORK PLAN AND APPROACH

Our approach to the project is structured around and summarized by the following primary tasks:

PHASE 1 – CONSTRUCTION ENGINEERING/CONTRACT ADMINISTRATION

Task 1 – Survey Services (176 Hours)

SEH will provide field survey services as outlined in this section. These services will include construction staking as required throughout the duration of the project. Staking will encompass alignment and grade for the new sanitary sewer and watermain, as well as landscaping features identified in the project plans. SEH will coordinate with MnDOT and its designated consultants to obtain the necessary horizontal and vertical control data, as well as the CAD files required to prepare staking, alignments, and grades.

Engineers | Architects | Planners | Scientists

Short Elliott Hendrickson Inc., 13850 Bluestem Court, Suite 150, Baxter, MN 56425

218.855.1700 | 866.852.8880 | 888.908.8166 fax | sehinc.com

SEH is 100% employee-owned | Affirmative Action–Equal Opportunity Employer

Task 2 – Construction Observation Support (1620 Hours)

SEH will provide oversight of all City utility project activities to maintain compliance with MnDOT standards and specifications. Key responsibilities include attending the pre-construction conference, participating in progress meetings, conducting on-site evaluations of work and project status, and delivering full-time, daily construction observation services. Additional duties include reviewing and approving shop drawings, material lists, and related documentation; documenting construction activities utilizing OneOffice; and verifying project quantities. SEH will coordinate with the Contractor, MnDOT, and City staff for pay estimates and project changes.

Materials testing will be performed by MnDOT's testing consultant. Our team will oversee testing requirements as it relates to utility construction, confirm material certifications, and verify that materials and construction deliverables comply with MnDOT standards and specifications, including BABA. SEH will coordinate with utility providers and Bolton & Menk's LSL project to facilitate smooth construction and service continuity.

- *Deliverables: Monthly project updates in memorandum format with attached schedule updates / Daily construction observation dairies and supplemental photos / Shop drawing reviews*

Task 3 – Project Closeout (140 Hours)

SEH will prepare and submit all required documentation for the final pay voucher to the City of Brainerd and MnDOT, coordinate with the Contractor to conduct a final project walkthrough, and develop the final record drawings upon completion of the project.

- *Deliverables: As-built record drawings of underground utility infrastructure in CAD format*

PROJECT TEAM

The project team proposed for this project by SEH will be led by Shane Murphy and includes the following members:



Shane Murphy – Project Manager

Based in Baxter, Shane brings more than 10 years of experience across both public and private sectors. As the overall Project Manager and primary point of contact for the City, Shane will oversee project delivery, including scheduling, budgeting, and performance milestones. His extensive expertise in municipal infrastructure projects, combined with a proven history of successful

collaboration with the City of Brainerd and other agencies, provides strong leadership and effective execution.

- *MnDOT Certifications: Aggregate Production, Bituminous Street, Concrete Field, Concrete Plant, Concrete Strength, Grading & Base, Bridge Construction, ADA Construction, and Landscape Specialist (In-progress).*



Cory Ascheman, PE – Quality Assurance Manager

Cory is a licensed professional engineer with over 23 years of experience delivering a diverse range of projects, including small-scale developments, municipal State Aid reconstructions, and large MnDOT Design-Build initiatives. As the Quality Assurance Manager for this project, Cory will leverage his extensive expertise in project management and construction administration to achieve compliance

with established standards. He will collaborate closely with the project team to verify data collection forms, construction observation records, and as-built drawings are complete, accurate, and properly documented.

- *MnDOT Certifications: Aggregate Production, Bituminous Street, Concrete Field, Grading & Base, Bridge Construction, ADA Construction, and Landscape Specialist.*



Brad Wisted – Survey Crew Chief

With over 20 years of experience in surveying and field crew management, including numerous projects for the City of Brainerd, Brad will lead survey operations, including efforts to prepare accurate and essential data to support construction services. As a registered Professional Land Surveyor (PLS) in North Dakota, Brad brings a depth of technical expertise and proven leadership to the project team.



Paul Bremer – Construction Representative

With 7 years of construction observation experience, Paul will oversee daily site coordination and maintain detailed project documentation. His proven track record of supporting successful projects

with the City of Brainerd and multiple agencies, combined with his attention to detail and hands-on expertise, enables effective and accurate reporting of field activities.

- *MnDOT Certifications: Aggregate Production, Bituminous Street, Concrete Field, Grading & Base, ADA Construction and Landscape Specialist (In-progress).*

➤ **Detailed resumes are available upon request**

EXPERIENCE

- SEH has successfully led numerous municipal street and utility projects for the City of Brainerd, including South 8th Street Reconstruction, Oak Street Turnback, Mill Avenue improvements, Cuyuna Lakes State Trail, H Street and 10th Avenue NE reconstructions, and Business 371 Roundabout.
- The project team possesses extensive expertise in meeting documentation requirements for projects funded through federal, state, and local sources.
- The firm also has experience with a variety of infrastructure enhancements for the City of Brainerd such as Airport Utilities Extension, Garfield Safe Routes to School, Buffalo Hills Trail, and Willow Street projects.
- SEH has also managed recent projects in Baxter, MN including Well 5 & 6 Raw Water Main Improvements, South Forestview Area Improvements, FDR & Quiet Zone Improvements, and CSAH 48 & Cypress Drive Improvements.

COST CONTROL

SEH's estimated total cost for providing the services described in the work plan included with our proposal is **\$268,000**. This fee estimate has been prepared in accordance with the City of Brainerd's request for proposals and reflects our current understanding of the project scope and requirements.

Effective cost management will remain a priority throughout construction observation. While thorough design reduces the likelihood of changes, unforeseen factors—such as weather conditions, material availability, and subsurface variability—may still influence project costs, making contingencies essential within the construction budget. Our team brings extensive experience in proactive problem-solving and will work closely with the City Engineer to support informed decision-making and implement timely, cost-effective solutions.

Assumptions and Exclusions:

- The estimate is based on the scope of work outlined in the proposal.
- Additional services beyond the defined scope, including environmental services for contaminated soils, can be provided upon request.
- It is assumed that 140 construction days will occur between the 2026 and 2027 construction seasons.

Contingencies:

- SEH reserves the right to revise the estimate should project parameters change or if additional information becomes available that impacts the scope or schedule.

SUMMARY

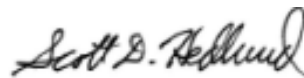
Thank you for the opportunity to submit this proposal. We look forward to the possibility of working with the City once again. Should you have any questions or require additional information, please contact Shane Murphy at 612.226.7984 or smurphy@sehinc.com.

Sincerely,

SHORT ELLIOTT HENDRICKSON INC.



Shane Murphy
Project Manager



Scott D. Hedlund, PE, PMP
Principal
(Lic. MN, LA)



Building a Better World
for All of Us®

January 9, 2026

RE: Cost Proposal for Professional Services
TH 210/Washington Street
Reconstruction
City of Brainerd
SEH No. BRDMN P-189083

Mr. Jessie Dehn
City Engineer
City of Brainerd
501 Laurel Street
Brainerd, MN 56401

Mr. Dehn and Members of the Selection Committee:

Enclosed please find the SEH team's detailed cost breakdown (breakdown of hours, hourly rates, direct expenses, assumptions, and additional services) for the above-referenced project. Our fee estimate for the project is based on the City of Brainerd's request for proposals and our understanding of the project.

SEH's estimated total base cost for providing the services outlines in the detailed work plan included in our proposal is \$268,000.00.

Please let us know if you have any questions and thank you for considering the SEH team for this project.

Respectfully submitted,

Shane Murphy
Project Manager
smurphy@sehinc.com | 612.226.7984

Scott Hedlund, PE
Principal
shedlund@sehinc.com | 612.865.3509
(Lic., MN, LA)

pgs/mrb
Enclosure

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Engineers | Architects | Planners | Scientists

Short Elliott Hendrickson Inc., 13850 Bluestem Court, Suite 150, Baxter, MN 56425-6005

218.855.1700 | 866.852.8880 | 888.908.8166 fax | sehinc.com

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TH 210/Washington Street Reconstruction Project
Construction Observation and Survey Services
Work Plan Summary and Fee Estimate
City of Brainerd, MN
January 2026



WORK TASKS	Quality Assurance Manager	Project Manager	Construction Representative	Prof. Land Surveyor	Survey Crew Chief	Admin/Accounting	SEH TOTAL HOURS	TASK SUBTOTAL LABOR COST
	Cory Aschman	Shane Murphy	Paul Bremer	Dan Bemboom	Brad Wisted	Melissa Blommel		
1.0 Survey Services	0	0	0	16	160	0	176	\$29,900
2.0 Construction Observation Support	37	183	1384	0	0	16	1620	\$200,900
3.0 Project Closeout	12	64	56	0	0	8	140	\$21,100
Total Project Hours	49	247	1440	16	160	24	1936	\$251,900.00
Average Rates	\$235	\$170	\$115	\$220	\$165	\$120		

Total Labor Cost	\$251,900.00
Reimbursable Expenses	\$16,100.00
Total SEH Fee	\$268,000.00

**TH 210/Washington Street Reconstruction Project
Construction Observation and Survey Services
Work Plan and Fee Assumptions
January 2026**

1.0 Survey Services
Assumptions
Field staking alignment and grade of proposed sanitary sewer and watermain. Additionally, field staking of landscaping features as identified in project documents to be included. It is assumed that survey control and CAD modeling will be provided by others.
2.0 Construction Observation Support
Assumptions
It is assumed that MnDOT or others will provide materials testing services. SEH to provide oversight of materials testing schedule and coordinate with testing personnel.
Assumes up to thirty (30) weeks of attendance at weekly progress meetings.
Up to one hundred forty (140) 10-hour days of construction observation during active utility and landscape construction.
3.0 Project Closeout
Assumptions
As-built record drawings will be generated in CAD format by modifying the existing drawings provided by MnDOT.
Field documentation and supporting photos will be provided electronically.

City of Brainerd TH 210/Washington Street Reconstruction Project

Construction Observation and Survey Services

Estimated Reimbursable Direct Costs

City of Brainerd, MN

January 2026

SEH, INC.				
	NUMBER OF TRIPS	MILES / TRIP	TOTAL MILES	
TRAVEL EXPENSES				
RPR On Site / Local to Local Trips	170	15	2550	
Surveyor On Site / Local to Local Trips	30	12	360	
Project Manager Site Visits / Field Trips	30	12	360	
Subtotals:			3270	
ESTIMATED MILEAGE COSTS:	\$0.720 per mile			\$2,354
Computer Expenses (in OH multiplier)	0		\$0	\$0
Survey Equipment (per hour)	140	\$ 42.00	\$5,880	\$5,880
Construction Observer Survey Equipment (per hour)	280	\$ 15.00	\$4,200	\$4,200
Construction Observer Daily Vehicle Allowance (per day)	160	\$ 16.00	\$2,560	\$2,560
Miscellaneous Expenses				\$146
TOTAL ESTIMATED DIRECT REIMBURSEABLE COSTS				\$16,100

Jessie Dehn, PE
City Engineer
City of Brainerd
501 Laurel Street
Brainerd, MN 56401



Re: Proposal for TH 210/Washington Street Reconstruction Project

Dear Jessie,

On behalf of WSB, thank you for the opportunity to submit our qualifications for the City of Brainerd's Construction Observation of the TH 210/Washington Street Reconstruction Project. WSB values our longstanding partnership with the City and is committed to delivering high-quality observation and documentation services to ensure successful completion of this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Jupe Hale".

Jupe Hale, PE
Senior Director of Municipal Services

PROJECT UNDERSTANDING AND BACKGROUND

The City of Brainerd is seeking a consultant engineering firm to provide construction observation services for the TH 210/Washington Street Reconstruction Project. The requested services focus specifically on the construction of City-owned utilities, including watermain and sanitary sewer improvements, along with oversight of tree plantings. Construction is expected to take place during the 2026 and 2027 construction seasons.

Our team understands that the scope of services includes attending the pre-construction meeting, assisting with interpretation of plans and specifications during construction, and completing submittal and shop drawing reviews. Responsibilities also include construction staking, providing full-time daily on-site inspection, ensuring conformance with project plans and specifications, and maintaining strong public relations with residents and property owners affected by construction activities.

Weekly construction meetings and daily documentation will be an essential part of this project. Our team will maintain a detailed daily diary of construction activities, track and document pay item quantities, and work with the Contractor, MnDOT, and City staff to prepare accurate quantities for MnDOT's partial pay estimates. We will coordinate required materials testing and ensure proper tracking and certification of all materials. We recognize the importance of properly documenting compliance with all federal and state requirements to protect the City's interests and ensure the project meets all funding and regulatory obligations.

WSB is prepared to deliver comprehensive engineering services for this project, supported by our experience with similar municipal and MnDOT-coordinated projects and our familiarity with the Brainerd community.

WORK PLAN

WSB proposes the following work plan based on the RFP and federal project requirements:

CONSTRUCTION ENGINEERING & CONTRACT ADMINISTRATION

- Attend pre-construction meeting.
- Review plans, specifications, and submittals.
- Prepare staking plan for utilities and landscaping.
- Provide daily on-site observation for watermain, sanitary sewer, and landscaping as guided by the project schedule.
- Maintain daily diaries, photos, and pay item documentation.
- Coordinate materials testing and certification for the City’s Utility work.
- Work with Contractor and provide quantities for pay estimates.
- Conduct final review and punch list.
- Prepare record drawings in CAD format.
- Submit all final documentation to City and MnDOT.

BUDGET HOURS

Phase Task		Hours
A	Construction Administration	226
B	Construction Observation Support	1270
C	Geotechnical Testing Services	0
D	Project Close-out	22
TOTAL		1518

ASSUMPTIONS:

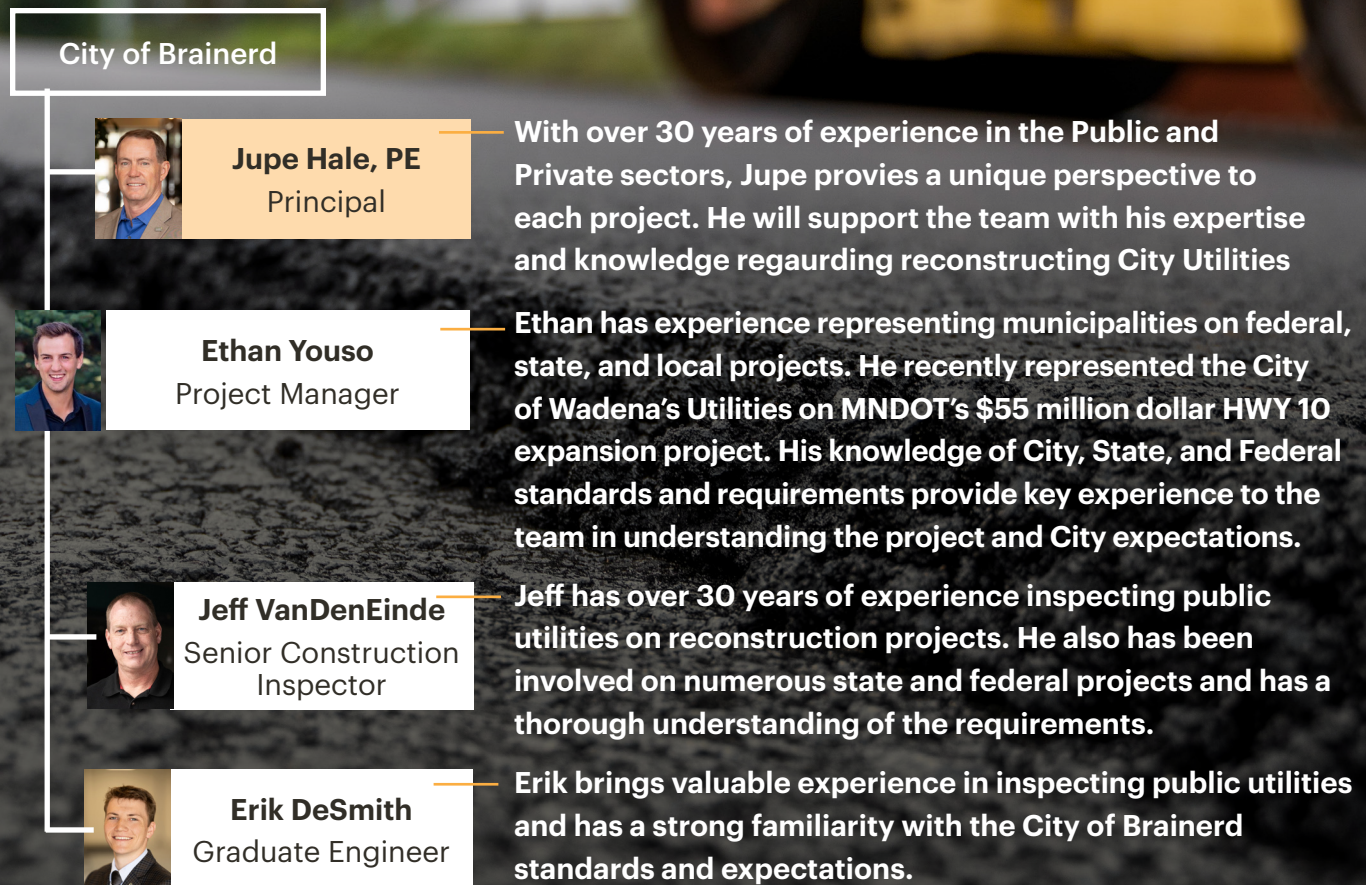
- The City’s Utility and Landscaping work on this project will take the contractor 127 working days over the two construction seasons.
- There will be 30 weekly construction meetings attended over the 2 year project.
- There will be up to 3 field orders or change orders to complete with the contractor.
- The CAD staking files are being provided by the City and their design consultant.

SCHEDULE

WSB is prepared to begin work immediately upon City Council authorization and can accelerate the schedule for early construction bidding if needed. The proposed schedule meets all RFP requirements and complies with Minnesota Statute 429 Special Assessment policy.

TASK	2026							2027			
	Mar	Apr	May	Jun	Jul	Aug	Sept	May	Jun	Jul	Aug
Construction Administration											
Construction Observation & Support											
Geotechnical Testing Services											
Project Close-out											

TEAM ORGANIZATION



UNIQUE QUALIFICATIONS

TH 65 Blaine Interchanges | MnDOT: WSB is providing final design services for a \$170M corridor improvement project on TH 65 from 97th Ave NE to 121st Ave NE. The project includes reconstruction of roadway corridors, installation of utilities, and integration of pedestrian facilities such as sidewalks and shared-use paths. Our team has coordinated multiple design elements including roundabouts, lighting, signal systems, and overhead signage while ensuring compliance with MnDOT standards and federal funding requirements.

CSAH 4 (7th Ave N) | City of Princeton: WSB provided construction observation and contract administration for the rural-to-urban roadway reconstruction along CSAH 4. The project included installation of a new storm sewer system, complete removal and reconstruction of the sanitary sewer, lift station upgrades, full replacement of the watermain, and renewal of sanitary sewer and water services. Roadway improvements featured the construction of a modern roundabout located just south of Princeton Elementary School. The project received State Aide funding and WSB ensured full compliance with all funding requirements throughout construction.



A COST PROPOSAL FOR

TH 210/Washington Street Reconstruction Project

FOR THE CITY OF BRAINERD

ESTIMATED FEES

WSB will perform the tasks requested in the RFP on a hourly, not-to-exceed basis of **\$289,686**. Below is a summary of task hours and fees; a detailed breakdown is included for your reference.

Task Description	Estimated Hours									Task Fee
	Principal Engineer Jupe Hale	Project Manager Ethan Youso	Const. Obs. Lead Jeff VanDenEinde	Const. Obs. Support Erik DeSmith	Admin. Assistant Amy Rein	Survey Crew Chief Ryan Rausch	Two-Person Survey Crew	Geotech. Allowance	Task Hrs.	
A CONSTRUCTION ADMINISTRATION										
A.01 Preconstruction Meeting		2	2						4	\$804
A.02 Submittals		10		15					25	\$4,475
A.03 Weekly Progress Meetings		30							30	\$6,450
A.05 Construction Staking						8	120		128	\$34,632
A.06 Field Staking			2	6					8	\$1,304
A.07 Contract Change Management	1	9							10	\$2,210
A.08 Final Insp./Walkthrough's/Punchlist	1	6	6	3					16	\$3,152
A.09 Final Pay Voucher		1	2	2					5	\$899
Const. Administration Subtotal	2	58	12	26	-	8	120	-	226	\$53,926
B CONSTRUCTION OBSERVATION & SUPPORT										
B.01 Full-Time Daily On-Site Inspections			400	870					1270	\$209,650
B.02 Quantity Coordination					40				40	\$5,400
B.03 Plan & Specification Interpretation	1	15							16	\$3,500
Const. Obs. & Support Subtotal	1	15	400	870	40	-	-	-	1326	\$218,550
C GEOTECHNICAL TESTING SERVICES										
C.01 Material Testing Allowance								1	1	\$13,500
Geotech. Testing Services Subtotal	-	-	-	-	-	-	-	1.00		\$13,500
D PROJECT CLOSE-OUT										
D.01 Record Drawings		1		15					16	\$2,540
D.02 Final Federal & State Aid Submittals		4		2					6	\$1,170
Project Close-out Subtotal	-	5	-	17	-	-	-	-	22	\$3,710
TOTALS	3	78	412	913	40	8	120	1	1574	\$289,686
Average Hourly Billing Rate	\$275	\$215	\$187	\$155	\$135	\$204	\$275	\$13,500		
Total Fee by Labor Classification	\$825	\$16,770	\$77044	\$14,1515	\$5,400	\$1,632	\$33,000	\$13,500		\$289,686
TOTAL PROJECT FEE										\$289,686

The City's Utility and Landscaping work on this project will take the contractor 127 working days over the two construction seasons. There will be 30 weekly construction meetings attended over the 2 year project. There will be up to 3 field orders or change orders to complete with the contractor. The CAD staking files are being provided by the City and/or their design consultant.



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Waterworth Continuous Rate Management Software Proposal

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 10 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director, Danny Loch, Finance Manager

PRESENTER: Paul Sandy, Public Utilities Director, Danny Loch, Finance Manager

SUMMARY OF ISSUE: Since mid-2025, staff have been evaluating the potential transition to performing utility rate analysis and rate-setting internally using specialized, in-house software. This discussion coincides with BPU's existing 2026 contract with Utility Financial Solutions (UFS) to complete formal rate studies for the sanitary sewer and water enterprise funds. While consultant-led cost of service studies will continue to play an important role in establishing baseline rate structures and ensuring fairness between rate classes, staff are exploring tools that would allow for more continuous and responsive rate management between formal and more in-depth cost of service studies.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

As part of this effort, staff have been in discussions with Waterworth, a proprietary continuous rate management software platform designed specifically for utility rate analysis. Once initially configured, the software allows staff to update financial, operational, and capital inputs in real time as conditions change throughout the year, rather than relying on periodic, static rate studies prepared every several years.

Transitioning to in-house rate modeling and analysis would provide several benefits to Brainerd Public Utilities, and potentially all enterprise funds, in the future. First, it would allow staff to actively manage rates on an ongoing basis, improving responsiveness to changes in expenses, debt service, capital improvement planning, regulatory requirements, and revenue trends. Second, internal access to rate models increases transparency and institutional knowledge, reducing reliance on external consultants for routine updates and scenario testing. Third, staff would be able to evaluate multiple rate scenarios quickly—such as impacts to customer classes, affordability considerations, or changes in consumption patterns—supporting more informed decision-making by the Commission.

Additionally, continuous rate management software would improve long-term financial planning by directly linking rate impacts to the utility's capital improvement program and reserve policies. Over time, this approach has the potential to reduce consulting costs, streamline future formal rate studies, and ensure that rate adjustments are more incremental, predictable, and aligned with BPU's operational and capital needs.

Overall, moving toward in-house, continuous rate management would position Brainerd Public Utilities to proactively manage its utility finances, enhance fiscal sustainability, and provide clearer, more timely information to decision-makers and the public.

Waterworth is a proprietary, utility-focused financial and rate modeling software designed to support continuous rate management for water, wastewater, electric, and stormwater utilities. Unlike traditional, static rate studies that are typically performed every several years, Waterworth provides a dynamic and integrated platform that brings together operating expenses, capital improvement planning, debt service, reserve policies, customer usage data, and rate structures into a single, continuously updateable model. This integration allows utility staff to adjust assumptions, update financial inputs, and immediately see the impacts to revenues, rates, and fund balances as conditions change throughout the year.

As a continuous rate management tool, Waterworth enables utilities to evaluate multiple scenarios in real time, such as changes in consumption trends, timing of capital projects, financing strategies, regulatory requirements, or affordability considerations across customer classes. This capability supports more informed, proactive decision-making and reduces the need to rely solely on periodic consultant-led rate studies for routine updates or “what-if” analyses. By increasing transparency, institutional knowledge, and staff control over the rate-setting process, Waterworth helps utilities implement more incremental and predictable rate adjustments, strengthen long-term financial planning, and clearly communicate the rationale and impacts of rate decisions to governing bodies and customers.

In discussions with Waterworth, staff evaluated the available software modules to determine which would provide the greatest value to Brainerd Public Utilities at this time. During the initial proposal development, Waterworth presented both a one-year and a three-year licensing option, each structured as an annual software licensing expense. While the three-year option offered some annual cost savings, staff view this as a new platform for BPU and are therefore recommending that the Commission consider approval of a one-year trial subscription for the wastewater and water enterprise funds. This approach allows staff to fully evaluate the software’s functionality, accuracy, and usefulness before committing to a longer-term agreement.

Waterworth also offers modules for electric and stormwater utilities. The electric module is relatively new, and BPU is currently under contract with Utility Financial Solutions (UFS) to complete a comprehensive cost-of-service and rate study for the electric enterprise fund. Given the timing of that work and the maturity of the electric module, staff believe it is prudent to initially limit implementation to the wastewater and water utilities and evaluate performance on a trial basis before considering expansion to additional enterprise funds.

Similarly, stormwater and sanitary sewer collection are currently under the purview of the City Council rather than BPU. As part of the wastewater enterprise fund setup within Waterworth, staff may coordinate with the City Finance Director and City Engineer to incorporate the sanitary sewer collection system into the Waterworth model, if beneficial and feasible. Stormwater would remain a potential future add-on module and could be considered if governance of all enterprise funds is consolidated under BPU or if the City Council elects to participate in the Waterworth software platform moving forward.

This phased, trial-based approach allows BPU to manage risk, align software implementation with existing consultant work, and ensure that the software delivers measurable value before expanding its use across additional utility services.

The proposed one-year subscription and implementation cost for Waterworth is \$10,500. This cost includes all preliminary setup, testing, and staff training, as well as the development of financial models, capital improvement plan integration, scenario exploration, and rate design for the wastewater and water enterprise funds. The subscription provides full access to the software's continuous rate management capabilities throughout the one-year term.

Optional add-on modules are available for additional enterprise funds. The electric utility module is priced at \$9,000, and the storm sewer module is priced at \$3,000. These add-on modules are not included in the proposed one-year trial and could be considered at a future time based on the success of the initial implementation, alignment with existing consultant work, and any changes in governance or operational responsibilities.

Attached you will find the proposal from Waterworth and some informational slides that detail the capability of the software.

RECOMMENDED ACTION/MOTION: Staff is recommending the approval of the Waterworth Continuous Rate Management Software for the total cost of \$10,500 for the one-year period.

FINANCIAL IMPACT: The annual subscription cost pursuant to the proposal for the one-year term is \$10,500 for the water and wastewater enterprise funds. The costs would be split between the water enterprise fund and wastewater entries fund at \$6,000 and \$4,500 respectively. While not a budgeted expense, it is anticipated that this would come from contingency built into each enterprise fund budget.



W A T E R W O R T H TM

Continuous Utility Rate Management

Brainerd Public Utilities, MN

Lachlan Hunter

Lachlanh@waterworth.net

206-704-7112

Date: 01/15/2026



**Brainerd
Public Utilities**

OUR MISSION

Empowering financially sustainable local government services and winning back the public trust.



Brainerd
Public Utilities

YOUR GOALS

Based on conversations with Brainerd Public Utility staff, we understand your key goals are:

Generate sufficient revenue from rates for long-term capital needs and to fully recover our costs

Present visual data-driven recommendations backed and supported by a professional advising team.

Maintain financial plans for utility funds which reflect evolving capital improvement plans.

Related priorities:

- **Ensure services are priced equitably between customer classes, and protect customer affordability**
- **Facilitate strong communication between staff, the public, and Commissioners**
- **Maintain a strategic financial plan that leverages the best mix of cash, debt and Federal or State funding**
- **Ensure full cost recovery models for utility funds**
- **Proactively renew and replace aging infrastructure**
- **Understand impacts to utility rates**

Waterworth can help achieve these goals and priorities through **Continuous Utility Rate Management.**

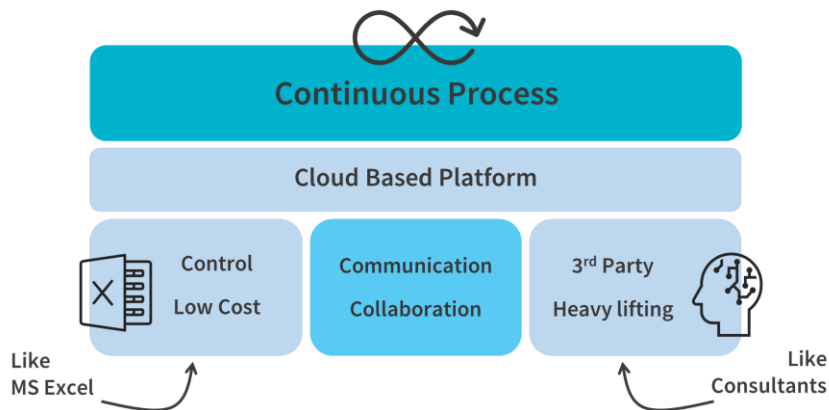
Continuous Utility Rate Management

What is it?

There are two methods of rates management commonly used today. When people want total control and low cost, they build in-house models with Microsoft Excel. We all love Excel - you can build what you want, it's flexible and practically free. It also has headaches. With Waterworth you have the control but without the headaches that come with maintaining an Excel spreadsheet. It's easy to use and very cost effective.

Other communities use rate consultants. They do an excellent job. They're experts and bring credibility to a council presentation. Similarly, the Waterworth team can step in as needed to do the heavy lifting and facilitate communications and action among staff and your elected officials.

Waterworth also addresses a critical gap by enabling easy Communication & Collaboration between individual departments, city administration and elected officials. With Waterworth, options can be carefully and efficiently reviewed, updated, reported on, compared with other scenarios. You can communicate difficult financial stories with ease so Council and the public can really buy in to the right decisions.



The thing our customers love the most is how we enable Continuous Rate Management. Rate studies are static in time. But variables keep changing - inflation is high, projects are getting repriced and reshuffled, interest rates fluctuate, sometimes you might get a grant, but you don't want to plan on it.

With Waterworth, you can stay in total control of all the moving parts while keeping everyone on the same page. This makes managing rates effortless and builds a synergistic relationship between city and elected officials.



KEY FEATURES

LONG-TERM FINANCIAL MODEL

Develop a full-cost recovery model to understand long-term revenue requirements. Integrate CIP, Master Plans, and future capital reinvestment budgeting along with debt service scenarios, cash reserve policies, and tie it all back to a rate schedule.



ASSET REPLACEMENT SCHEDULE

Leverage your GIS data to produce a long-term asset replacement schedule to understand the cost of sustainable ownership, and benchmark how much to invest annually in capital renewal to avoid emergencies and preserve intergenerational equity.

COST OF SERVICE ANALYSIS (Upgrade Required)

Review historical demand patterns and work towards a true cost-of-service model for each customer category including wholesale customers. Explore cost reallocation scenarios to see how you can make rates more equitable.

RATE DESIGN

Onboard billing data, analyze your current rate structure, easily model new rate structure options and immediately visualize the billing impacts of various options – what the changes will mean for revenues and affordability for residents.

SCENARIO EXPLORATION

Perhaps one of the most powerful features is the ability to quickly create and manage scenarios, compare them visually using 3 comparative modes (difference, side-by-side, overlay) and combine scenarios from different service areas into one complete organization-wide model.



SAVE TIME AND AGGRAVATION

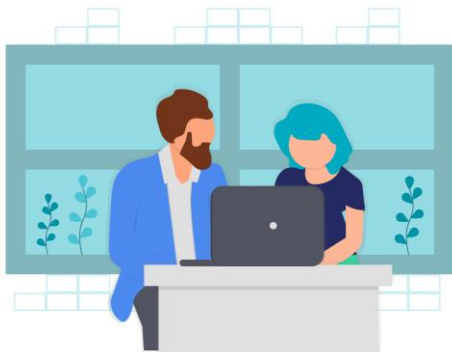
Take pride in telling a better financial story. This makes communicating tough, complex issues easier leading to more efficient conversations. In the end, smarter decisions are made more quickly and with very little effort. Everyone saves time and aggravation.

BENEFITS



LEVERAGE YOUR DATA TO DRIVE BETTER DECISIONS

Up-to-date data reflects the real-world circumstances of your community so you can have confidence that analysis and recommendations plot the best path forward in real-time. Waterworth is compatible with many other systems, so onboarding is relatively easy.



ENSURE LONG-TERM FINANCIAL SUSTAINABILITY

Plan for intergenerational equity by first determining long-term cost of sustainable ownership of infrastructure. Then become financially resilient and mitigate uncertainty about future events through better planning by developing and exploring scenarios.

LEVERAGE PROFESSIONAL SUPPORT THAT'S TAILORED TO YOU

Short-staffed? Think of us as a specialized part of your team. We're here to make sure you are asking the right questions and making progress towards community goals. Support is here, whenever and however you need it: we'll assist with data needs, analysis, scenario exploration, presentation, and succession.

We've got your back!



UNLIMITED SUPPORT & ADVISING

Included with all services. We're here for you by chat, email, phone or zoom as much or as little as needed to ensure you meet your goals.

- Unlimited 1:1 coaching with all included tools
- Expert advice with Financial Modeling, Cost of Service Analysis, Infrastructure Analysis and Rate Design
- Onboarding and refining of external financial model or Pro Forma into Waterworth's financial model
- Assistance with project management and organization to help meet deadlines and stay on track of priorities
- Training for effective communication with elected officials and between departments
- Assistance with analysis of complex datasets, and impact analysis of any scenarios or proposed changes
- Assistance with presenting models internally or to Boards/Councils
- Assistance with onboarding instructions for Assets, Population, Flows or Billing Data
- Training of new staff on Waterworth
- Facilitating succession transitions

METHODOLOGY

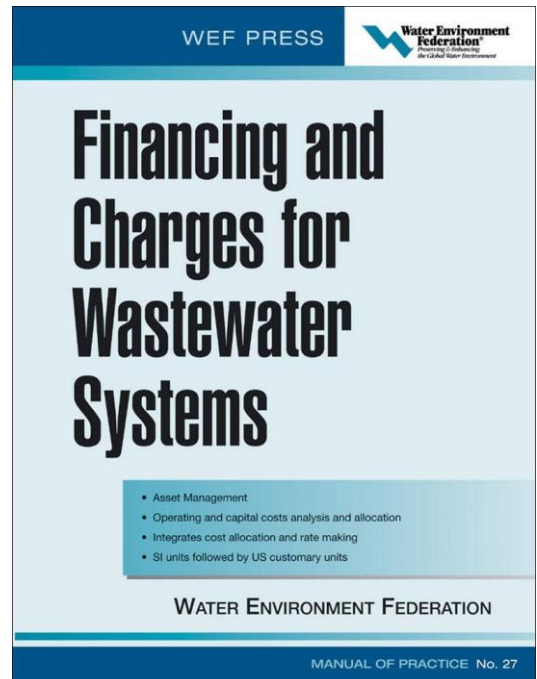
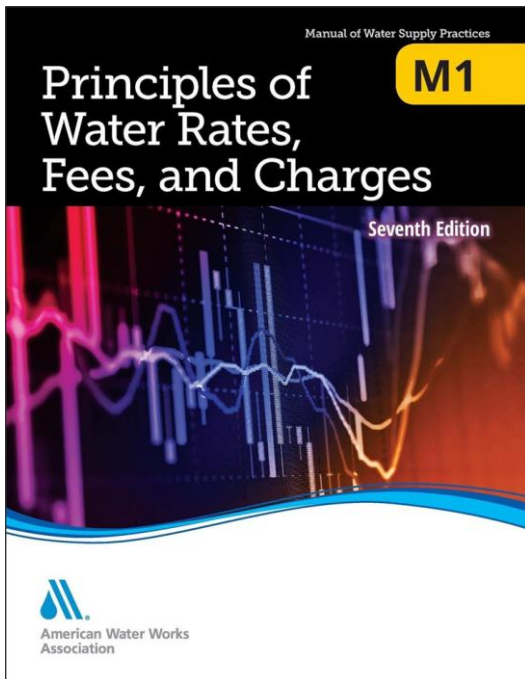
Waterworth is based on the fundamentals of rate design as outlined in AWWA M1 and WEF 27.

These manuals set the industry accepted standard practices in financial planning and rate making to establish cost-based rates, fees, and charges to recover the full costs associated with utilities.



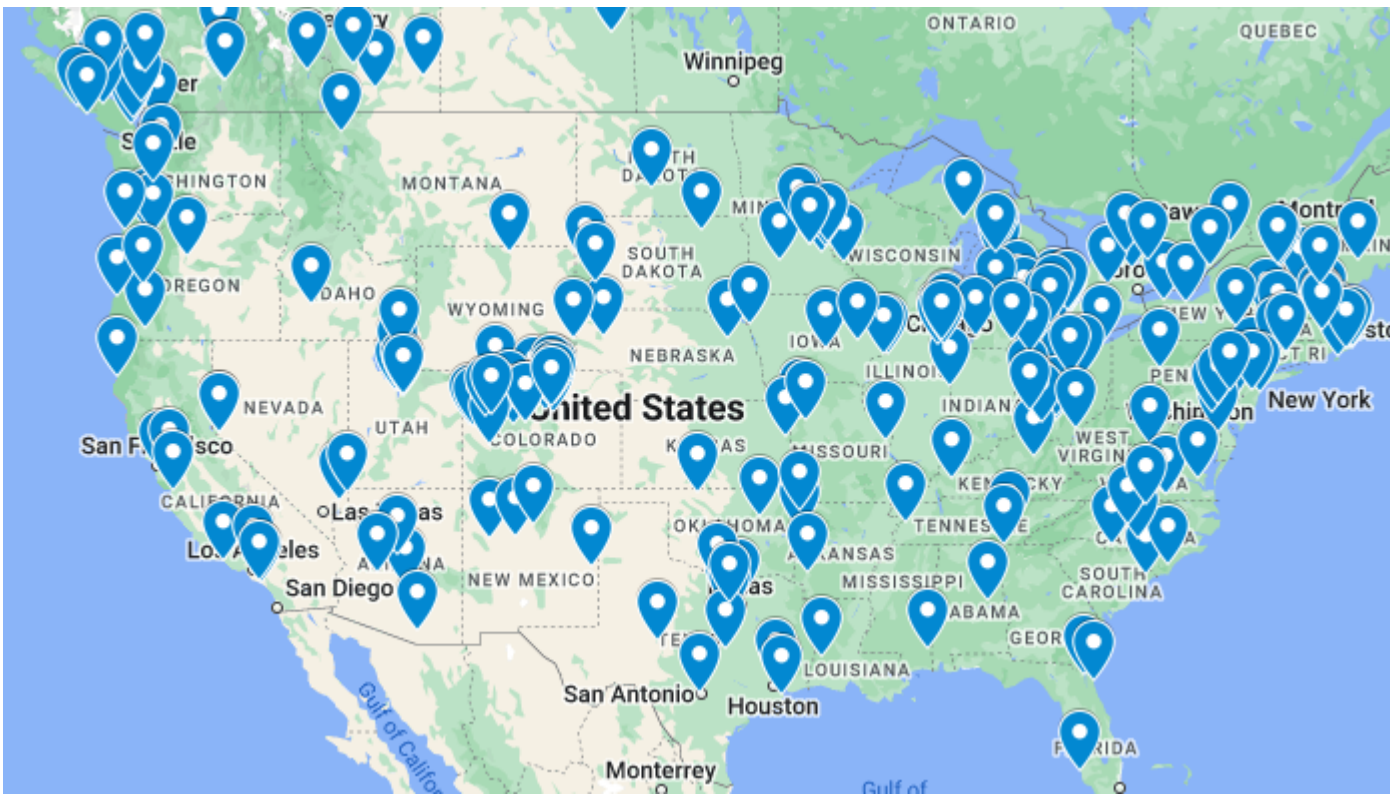
American Water Works Association

Dedicated to the World's Most Important Resource®



WHO ELSE DOES THIS?

Waterworth is trusted by over 300 cities and towns across North America.





CLIENT TESTIMONIALS

“We informed our Board that inflation has severely impacted the costs of our capital projects and it became clear that without a \$7,000,000 bond, we would be in trouble.

It is amazing how much easier this process is now that we have Waterworth. Whenever we have discussions with our Board we use Waterworth to review and explore options. Because we do this frequently, the board is familiar with the model and so they trust in Waterworth. The discussion regarding the need to obtain the \$7,000,000 bond lasted less than 10 minutes.”

Wes Smith, CFO

Virgin Valley Water District, Nevada



“What’s great about Waterworth is that I don’t have to wait for a consultant and compile all kinds of information.

I can go into my model and get a snapshot of what I’m looking at... it’s the convenience of being able to get the information I need quickly and whenever I want.”



Yvonne Acuña, Assistant Finance Director
City of Leon Valley Texas

John Mastandona, Director of Finance
Village of Western Springs, Illinois



"That's how we have found Waterworth to be valuable: showing our elected officials the scenarios of if we don't do anything, if we do something, and having those changes side by side."

“We’ve been trying to do this on our own for 10 years, to have something so turnkey was just an absolute blessing.”



Lisa Vollbrecht, Public Utilities Director
City of St. Cloud, Minnesota



Annual Subscription – W/ Rate Design

Item	Description	Unit Price	Cumulative Price
Long Term Financial Model Asset Replacement Schedule Scenario Exploration Rate Design	Software Access to Water Unlimited Support and Advising for Water	\$6,000	\$6,000
Long Term Financial Model Asset Replacement Schedule Scenario Exploration Rate Design	Software Access to Wastewater Service Area Unlimited Support and Advising for Wastewater	\$4,500	\$10,500
		Total USD	\$10,500

Optional Upgrade

Long Term Financial Model Asset Replacement Schedule Scenario Exploration Rate Design	Software Access to Electric Unlimited Support and Advising for Electric	\$9,000	\$19,500
Long Term Financial Model Asset Replacement Schedule Scenario Exploration	Software Access to Stormwater Unlimited Support and Advising for Stormwater	\$3,000	\$22,500

Included:

- Implementation
- Unlimited User Licenses
- Unlimited Support and Advising
- Training
- Workshop Facilitation
- Presentation
- Assistance with: Data Onboarding, Data Analysis, Scenario Exploration
- Community Cost Comparison and Outreach

Subscription effective date is on the day of the Getting Started Meeting when user sign-in accounts are created. Renewal invoices will be sent 60 days before the anniversary of the effective date. **Prices set to increase by 5% per year.**



Unique Value Proposition Document

Waterworth is a unique and specialized solution with no comparable alternative. No customer has ever had to procure Waterworth through an RFP process.

Sole Source Qualifying Factors

1. Unique & Proprietary Technology
2. Highly Specialized Purpose-Built
3. Compatibility with Existing Systems
4. Quick Implementation & Training
5. Professional Advice & Coaching

Based on the Sole Source Requirements outlined by the National Association of State Procurement Officials (NASPO), the Single/Sole Source Procurement our clients have referenced when subscribing to Waterworth.

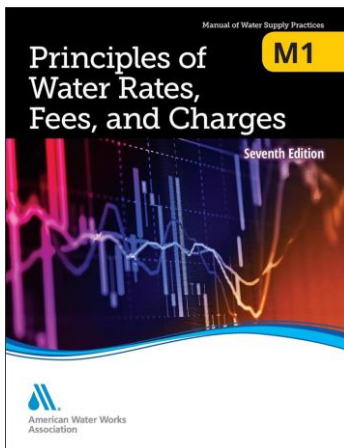
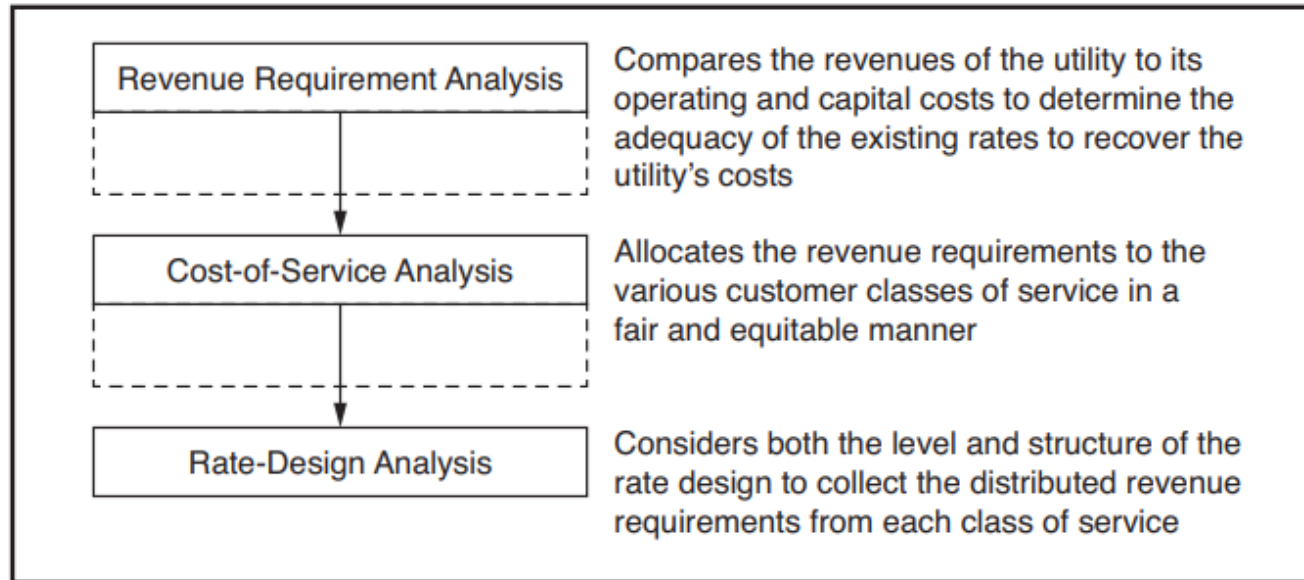
Unique Value Proposition Document available upon request:



- Detailed documentation describing what is unique and specialized about Waterworth to assist in varying procurement approaches



Components of a Rate Review



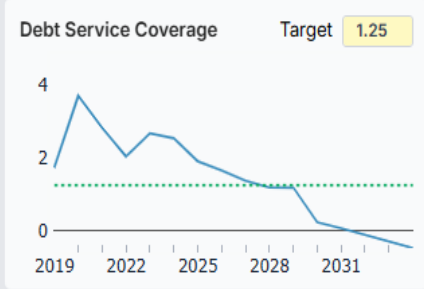
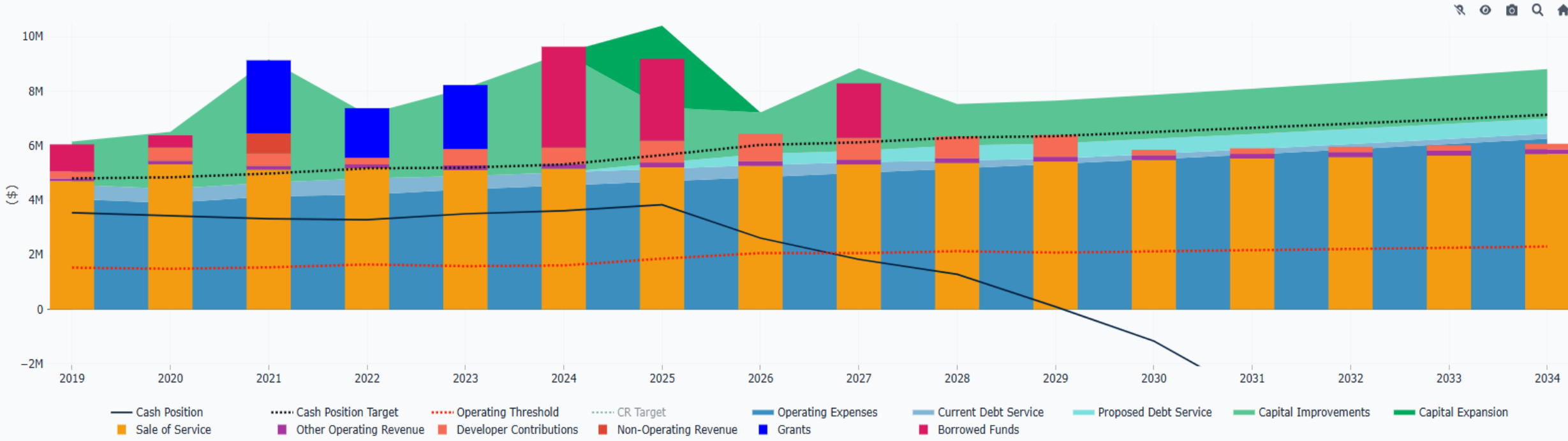
**American Water Works
Association**

Dedicated to the World's Most Important Resource®



LFM Dashboard

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Cash Reserve Policies

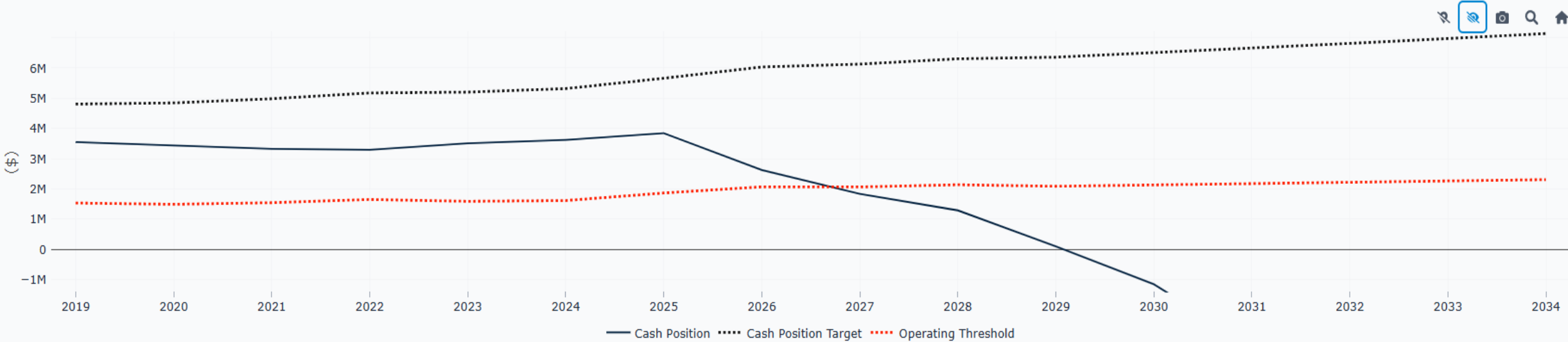
Working Capital	25.0%
Operating Contingency	
Debt	100.0%
Rate Stabilization	
General Policy	
Capital Reserve Target	2.5%
General Policy Capital	
Average Capital Spending	

Interest Income

Start Year	2023
Rate	0.0%

Cash Position

For more depth on developing sound cash reserve policies, download our [whitepaper](#).

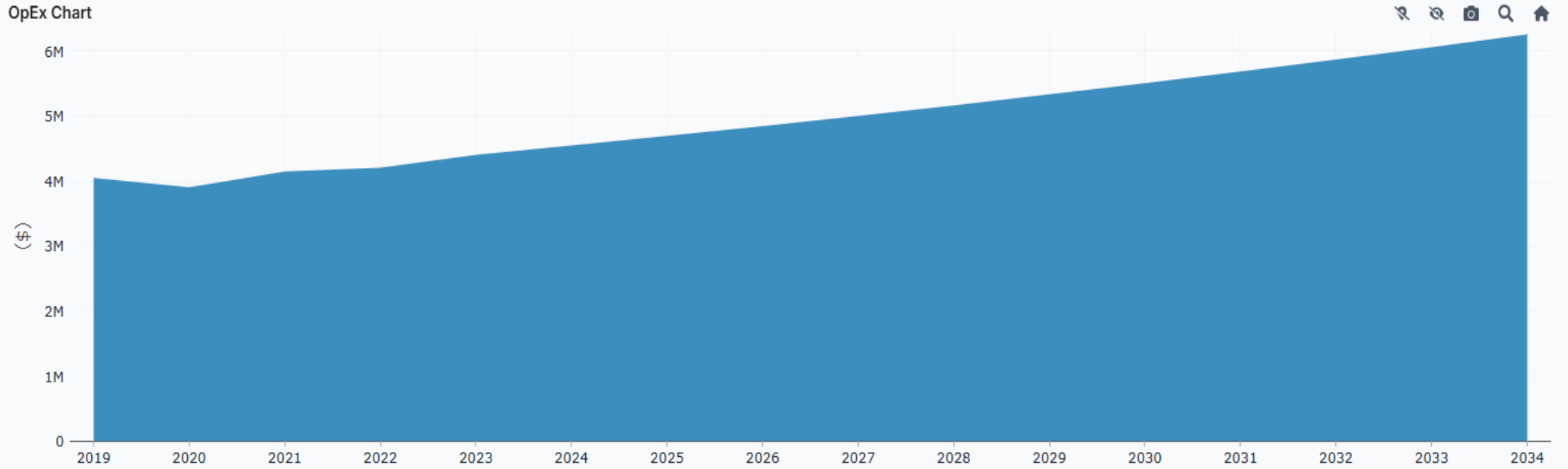
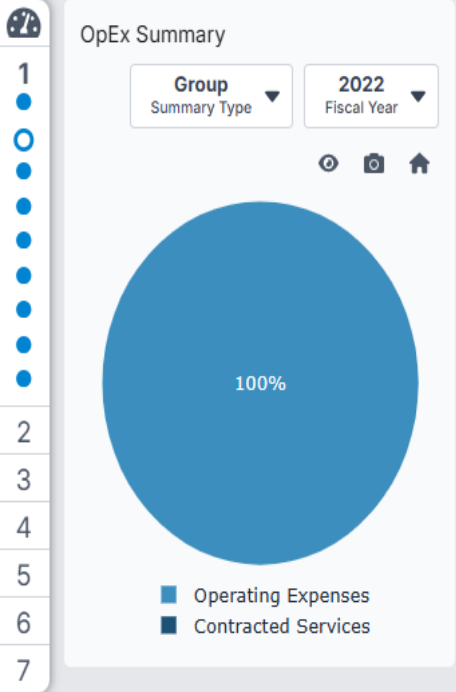


																				Details	Excel	
Operating Threshold																						
Id	Reserve Policy	Type	Policy	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034			
1	Working Capital	OpEx	i 25.00%	1,012,552	977,038	1,037,381	1,051,957	1,102,240	1,137,779	1,174,495	1,212,428	1,251,619	1,292,111	1,333,948	1,377,174	1,421,838	1,467,987	1,515,672	1,564,945			
2	Operating Contingency	OpEx	i	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
3	Debt	Debt Service	i 100.00%	519,286	512,070	505,637	596,474	485,627	475,377	688,596	854,492	810,642	844,264	751,737	749,637	747,537	745,437	743,337	741,237			
4	Rate Stabilization	Sales	i	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
5	General Policy	General	i	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Y	Operating Threshold			1,531,838	1,489,108	1,543,018	1,648,431	1,587,867	1,613,156	1,863,091	2,066,920	2,062,261	2,136,375	2,085,685	2,126,811	2,169,375	2,213,424	2,259,009	2,306,182			
Cash Position Target																						
6	Capital Reserve Target	Asset	i 2.50%	3,273,128	3,354,956	3,438,830	3,524,801	3,612,921	3,703,244	3,795,825	3,965,720	4,064,863	4,166,485	4,270,647	4,377,413	4,486,849	4,599,020	4,713,995	4,831,845			
7	General Policy Capital	Asset	i	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
8	Average Capital Spending	Asset	i	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Z	Cash Position Target			4,804,965	4,844,064	4,981,848	5,173,232	5,200,788	5,316,399	5,658,916	6,032,640	6,127,125	6,302,860	6,356,332	6,504,225	6,656,223	6,812,444	6,973,004	7,138,027			

Operating Expenses

LFM Actuals & Budget Operating Expenses Description

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																				\$ % Excel
Id	Item Descriptor	Category	Inflation	Variability	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2	Utilities	Contracted Services	3.50%	0%	398,577	289,774	452,118	366,737	380,000	393,300	407,065	421,313	436,059	451,321	467,117	483,466	500,387	517,901	536,028	554,788
3	water supply	Other Water Supply Costs	3.50%	0%	1,977,488	2,144,005	2,080,455	2,160,530	2,250,000	2,328,750	2,410,256	2,494,615	2,581,927	2,672,294	2,765,824	2,862,628	2,962,820	3,066,519	3,173,847	3,284,932
4	Supplies & repairs	Other Water Supply Costs	2.50%	0%	487,752	345,789	402,558	461,601	460,200	471,705	483,498	495,585	507,975	520,674	533,691	547,033	560,709	574,727	589,095	603,822
5	Claims and insurance	Other Admin	2.00%	0%	58,746	5,100	78,421	67,100	68,500	69,870	71,267	72,693	74,147	75,630	77,142	78,685	80,259	81,864	83,501	85,171
6	Administrative	Other Admin	2.00%	0%	419,754	411,885	417,986	422,675	435,260	443,965	452,845	461,901	471,139	480,562	490,173	499,977	509,976	520,176	530,580	541,191
100-333	Salaries & Benefits	Salaries & Benefits	3.50%	0%	707,889	711,598	717,985	729,184	815,000	843,525	873,048	903,605	935,231	967,964	1,001,843	1,036,908	1,073,199	1,110,761	1,149,638	1,189,875
101		Salaries & Benefits	1.00%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
102		Contracted Services	0.00%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Z	Totals				4,050,206	3,908,151	4,149,523	4,207,827	4,408,960	4,551,115	4,697,980	4,849,712	5,006,477	5,168,445	5,335,791	5,508,697	5,687,351	5,871,948	6,062,638	6,263,988

Capital Projects

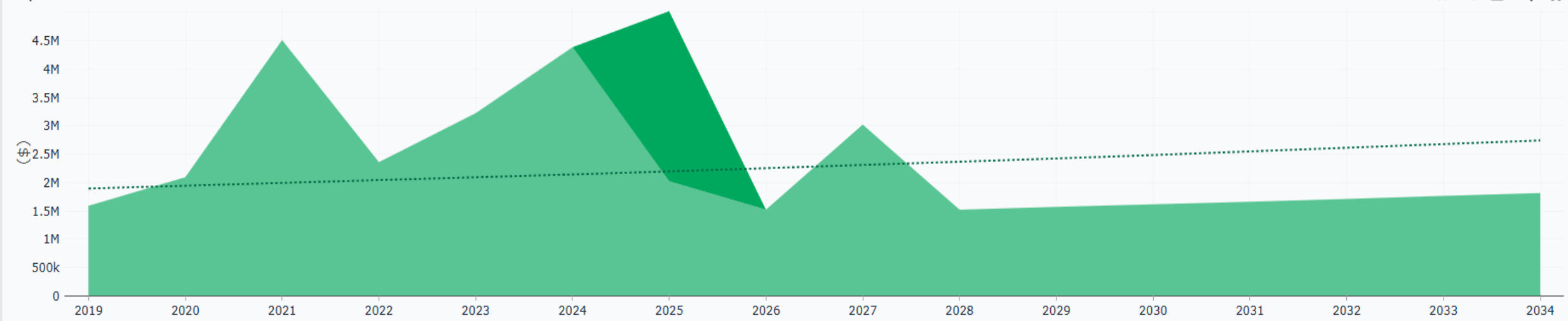
LFM Actuals & Budget Capital Expenses

Description

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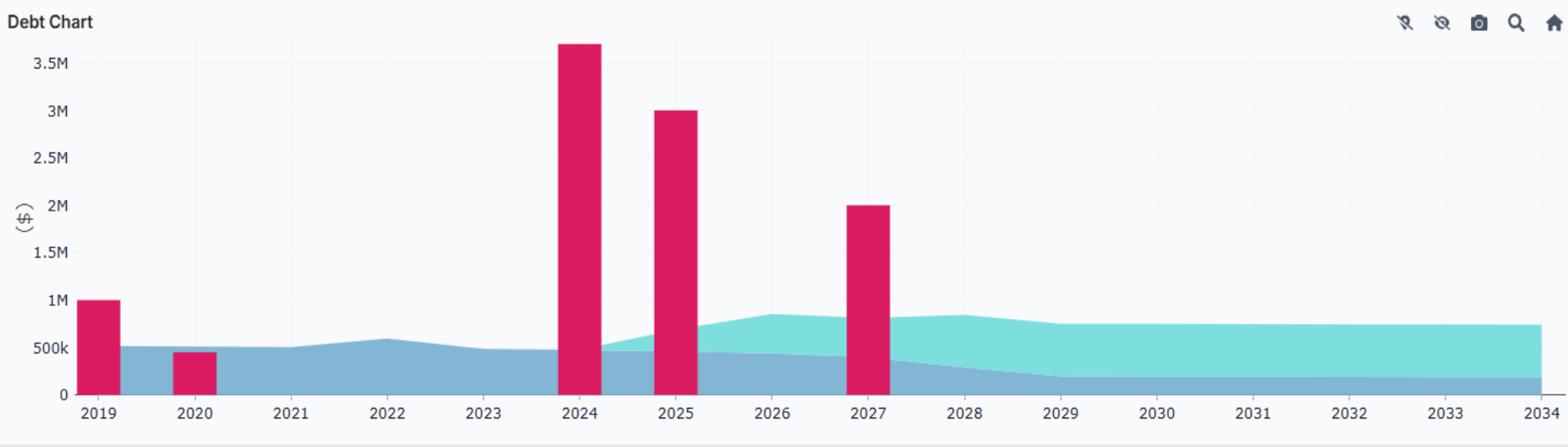
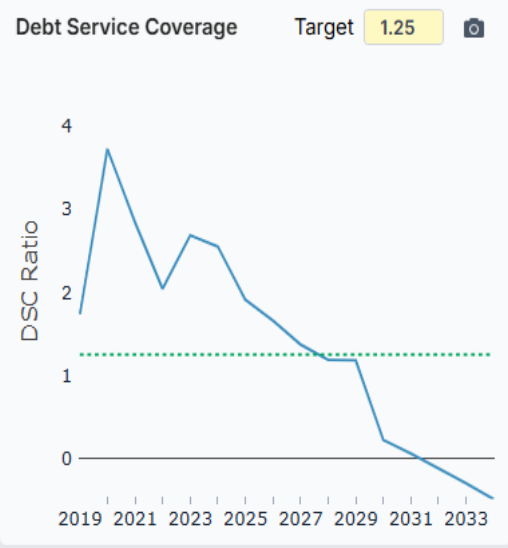
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CapEx Chart



Id		Item Descriptor	Category	Inflation	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1		GENERAL CAPITAL REPLACEMENTS (Audited)	Capital Improvements ▼	0.00%	1,587,446	2,089,263	4,512,789	2,357,010	0	0	0	0	0	0	0	0	0	0	0
2		EMERGENCY WATER SYSTEMS FUNDS	Capital Improvements ▼	1.00%	0	0	0	0	20,000	20,200	20,402	20,606	20,812	21,020	21,230	21,443	21,657	21,874	22,092
3		TRAVERSE MOUNTAIN PUMP CAPACITY IMPROVEMENTS	Capital Improvements ▼	3.00%	0	0	0	0	284,300	300,000	0	0	0	0	0	0	0	0	0
4		NEW PUBLIC WORKS BUILDING (Design)	Capital Improvements ▼	3.00%	0	0	0	0	0	0	0	0	1,500,000	0	0	0	0	0	0
5		TRAVERSE RIDGE MAINLINE VAULT REPAIR & MAINTENANCE	Capital Improvements ▼	3.00%	0	0	0	0	2,000,000	1,750,000	0	0	0	0	0	0	0	0	0
6		FIXED BASED UTILITY BILLING COMMUNICATION SYSTEM	Capital Improvements ▼	3.00%	0	0	0	0	0	450,000	500,000	0	0	0	0	0	0	0	0
7		CULINARY WATER MASTER PLAN	Capital Improvements ▼	3.00%	0	0	0	0	20,000	30,000	0	0	0	0	0	0	0	0	0
8		DEER RIDGE TRANSMISSION WATER LINE	Capital Improvements ▼	3.00%	0	0	0	0	600,000	0	0	0	0	0	0	0	0	0	0
9		FREEWAY WATER PUMP STATION	Capital Improvements ▼	3.00%	0	0	0	0	0	190,000	0	0	0	0	0	0	0	0	0
10		PUMP STATIONS AND WATER TANK ROOF & FENCING REPAIRS	Capital Improvements ▼	3.00%	0	0	0	0	0	945,000	0	0	0	0	0	0	0	0	0
11		SUNCREST PRV REPLACEMENT DUE TO CORROSION	Capital Improvements ▼	3.00%	0	0	0	0	300,000	700,000	1,500,000	1,500,000	1,500,000	0	0	0	0	0	0
12		FUTURE CAPITAL REINVESTMENT BUDGET	Capital Improvements ▼	3.00%	0	0	0	0	0	0	0	0	0	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911

LFM Actuals & Budget Debt Financing Description



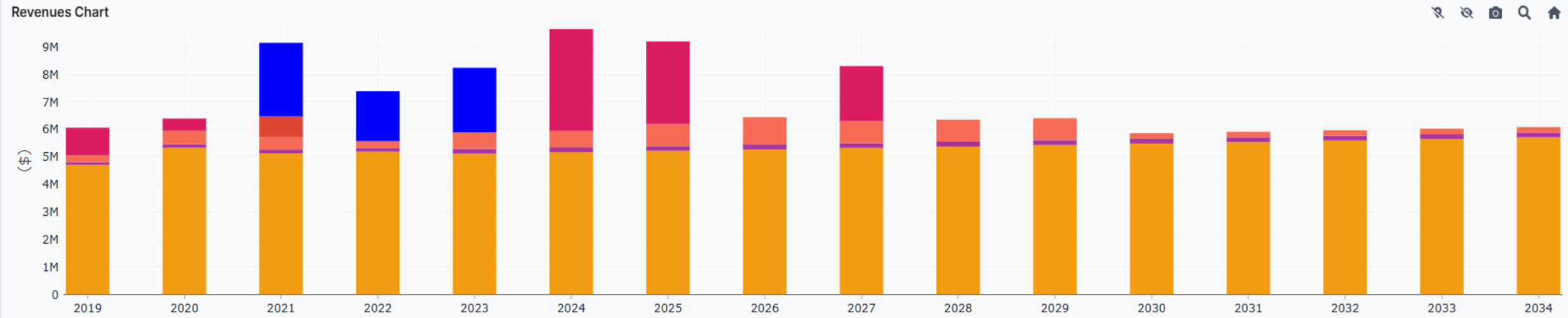
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		Issue Year	Amort. Period	Principal Amount	Interest Rate	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
+ Current																					
1	Current Debt Service	Current			0.000%	519,286	512,070	505,637	596,474	485,627	475,377	460,127	440,777	396,927	289,827	197,300	195,200	193,100	191,000	188,900	186,800
V	Subtotal	Current				519,286	512,070	505,637	596,474	485,627	475,377	460,127	440,777	396,927	289,827	197,300	195,200	193,100	191,000	188,900	186,800
+ Proposed																					
2	2024 SRF	Proposed (Defer pmt yr1) ▼	2024	20	3,700,000	2.100%	0	0	0	0	0	0	228,469	228,469	228,469	228,469	228,469	228,469	228,469	228,469	228,469
3	2025 SRF	Proposed (Defer pmt yr1) ▼	2025	20	3,000,000	2.100%	0	0	0	0	0	0	0	185,245	185,245	185,245	185,245	185,245	185,245	185,245	185,245
4	2027 Bond	Proposed (Defer pmt yr1) ▼	2027	20	2,000,000	3.500%	0	0	0	0	0	0	0	0	140,722	140,722	140,722	140,722	140,722	140,722	140,722
5		Proposed (Defer pmt yr1) ▼					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W	Subtotal	Proposed					0	0	0	0	0	0	228,469	413,715	413,715	554,437	554,437	554,437	554,437	554,437	554,437
X	Total Debt Service						519,286	512,070	505,637	596,474	485,627	475,377	688,596	854,492	810,642	844,264	751,737	749,637	747,537	745,437	743,337

Revenues/Funding Sources

LFM Actuals & Budget Revenues **Description**

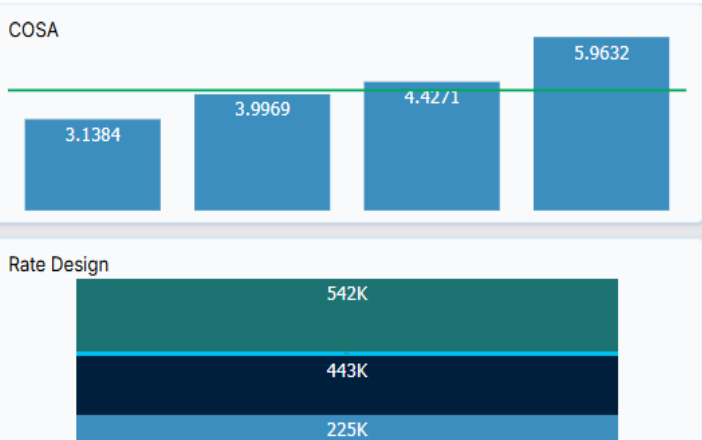
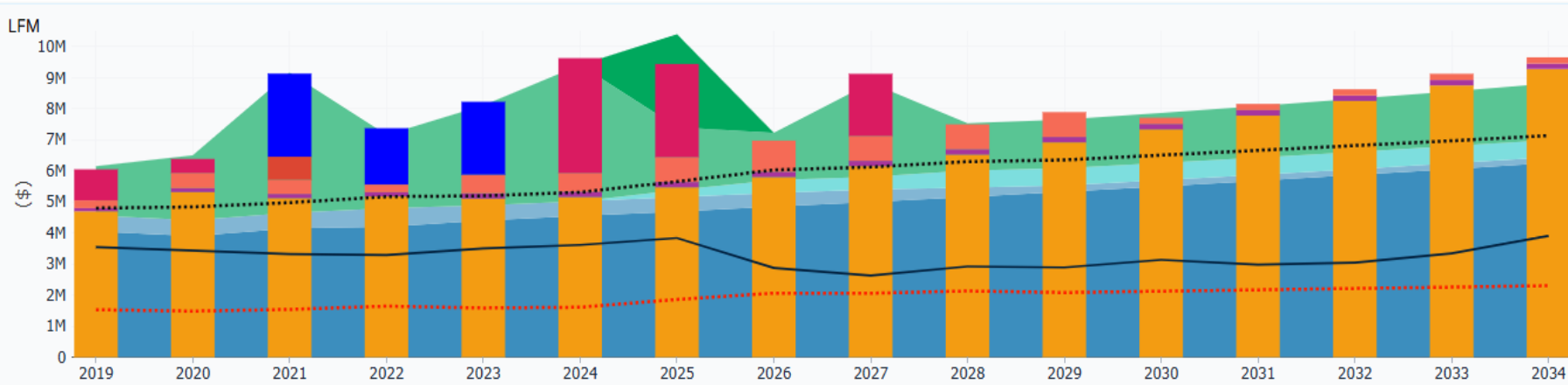
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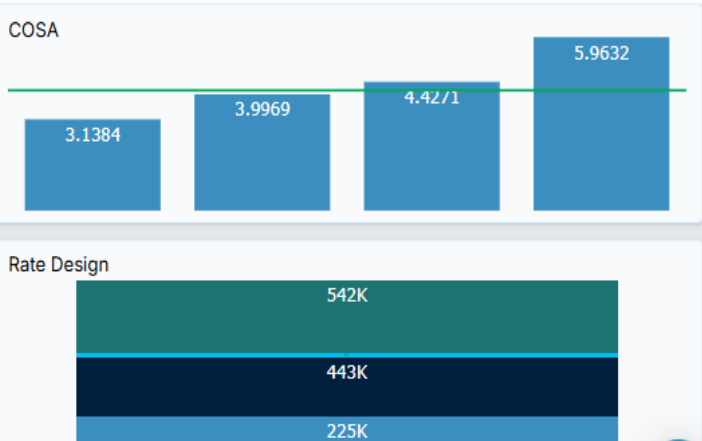
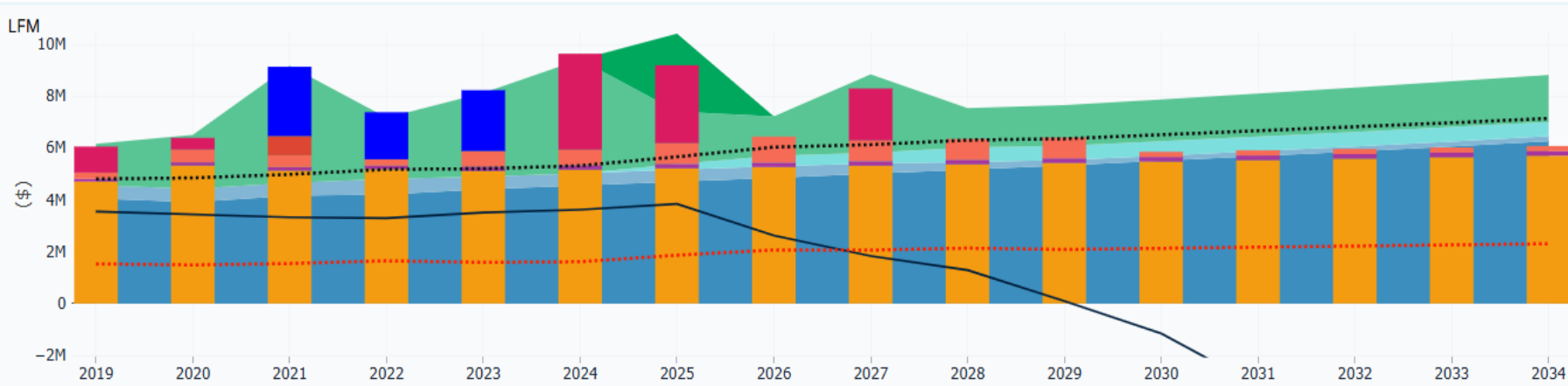
				\$	%	Excel													
ID	Item Descriptor	Category	In Debt Svc. Cov.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Base Rate Charges	Sale of Service		1,245,887	1,446,985	1,435,874	1,447,272	1,510,000	1,525,100	1,540,351	1,555,755	1,571,312	1,587,025	1,602,895	1,618,924	1,635,114	1,651,465	1,667,979	1,684,659
2	Variable Charges	Sale of Service		3,457,845	3,874,511	3,689,745	3,732,582	3,600,000	3,636,000	3,672,360	3,709,084	3,746,174	3,783,636	3,821,473	3,859,687	3,898,284	3,937,267	3,976,640	4,016,406
3	Connection Fees	Other Operating Revenue		29,754	30,841	33,784	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010	33,010
4	Misc.	Other Operating Revenue		2,547	25,689	31,748	32,981	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
5	Interest Income	Other Operating Revenue		68,547	70,155	71,442	72,820	75,800	75,800	75,800	75,800	75,800	75,800	75,800	75,800	75,800	75,800	75,800	75,800
6	Disposal of Assets	Non-Operating Revenue		0	0	742,047	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Impact Fees	Developer Contributions		248,756	489,770	456,121	245,000	600,000	600,000	800,000	1,000,000	800,000	800,000	800,000	200,000	200,000	200,000	200,000	200,000
8	Grant	Grants		0	0	2,675,000	1,814,000	2,345,100	0	0	0	0	0	0	0	0	0	0	0
9	Borrowed Funds	Borrowed Funds		1,000,000	450,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	jj	Non-Operating Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11		Developer Contributions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X	Totals	Excludes Interest on line Y		6,053,336	6,387,951	9,135,761	7,377,665	8,228,910	9,634,910	9,186,521	6,438,648	8,291,296	6,344,471	6,398,178	5,852,422	5,907,208	5,962,542	6,018,429	6,074,875
Y	Interest Income	Step 1.9 — Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Page 133 of 211

Scenario Last Edited Friday, November 7, 2025 at 12:33 PM PST by Lachlan Hunter



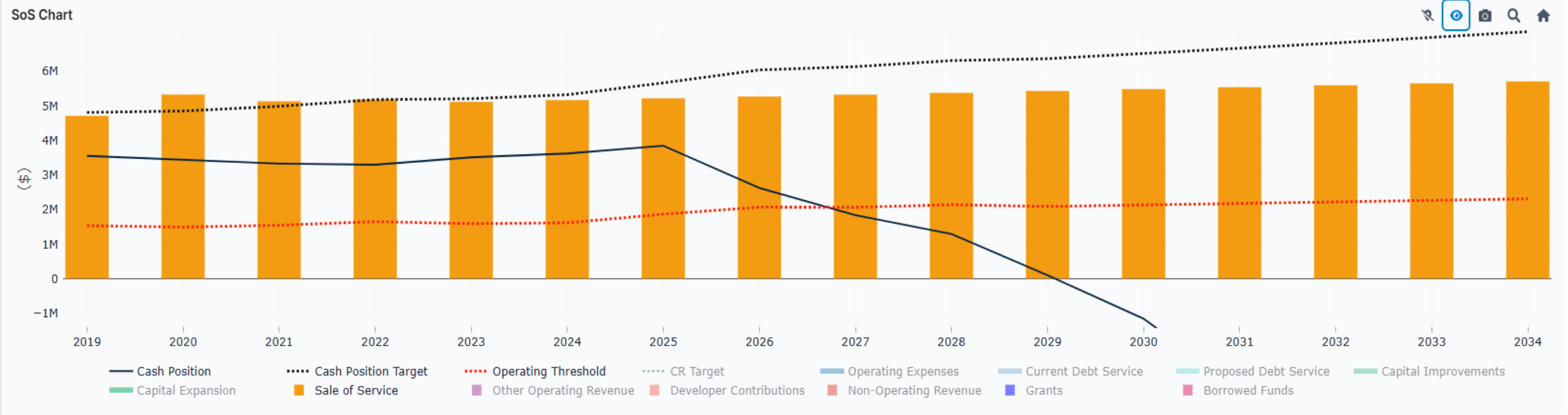
Scenario Last Edited Friday, November 7, 2025 at 12:32 PM PST by Lachlan Hunter



No Rate Increases

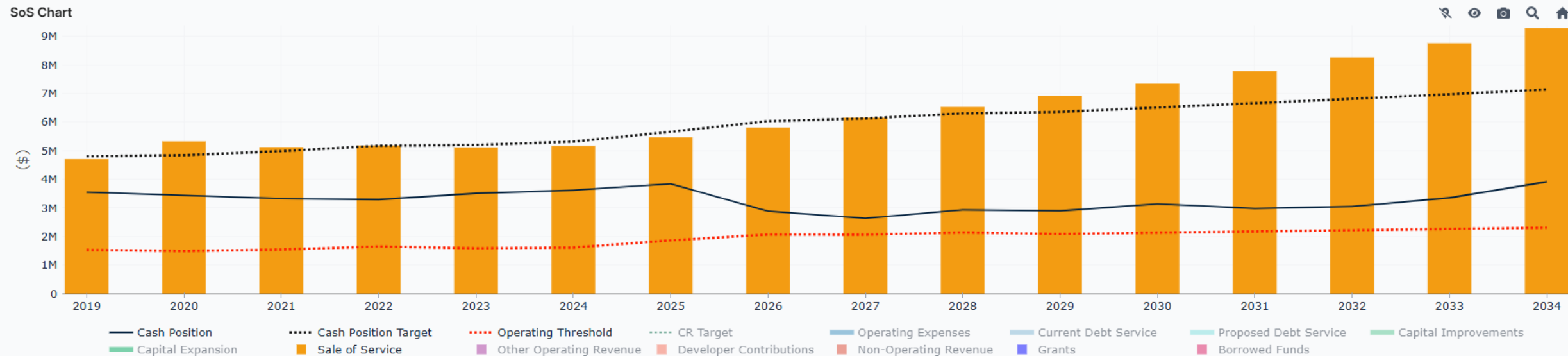
LFM Sale of Service Forecasting Rates & Demand Adjust [Description](#)

[← Back](#) [Next →](#)



Id		Escalation Rates	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
▼ Sale of Service																	
S1	Population Growth		0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
S2	Decline		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
S3	Rate Increase		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
► Sale of Service 2																	
Sale of Water Service Total																	
T	Revenue (2 Rows)		4,703,732	5,321,496	5,125,619	5,179,854	5,110,000	5,161,100	5,212,711	5,264,838	5,317,486	5,370,661	5,424,368	5,478,612	5,533,398	5,588,732	5,644,619

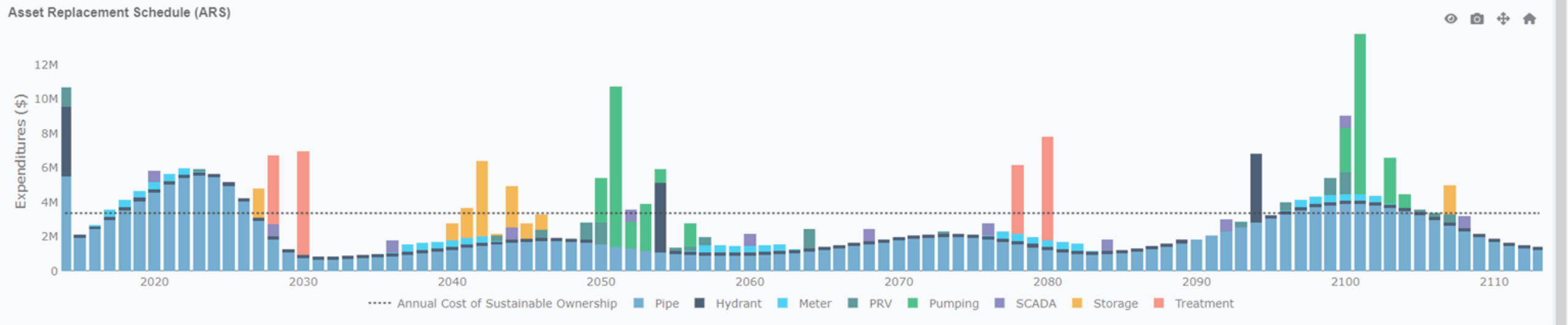
LFM Sale of Service Forecasting Rates & Demand Adjust Description



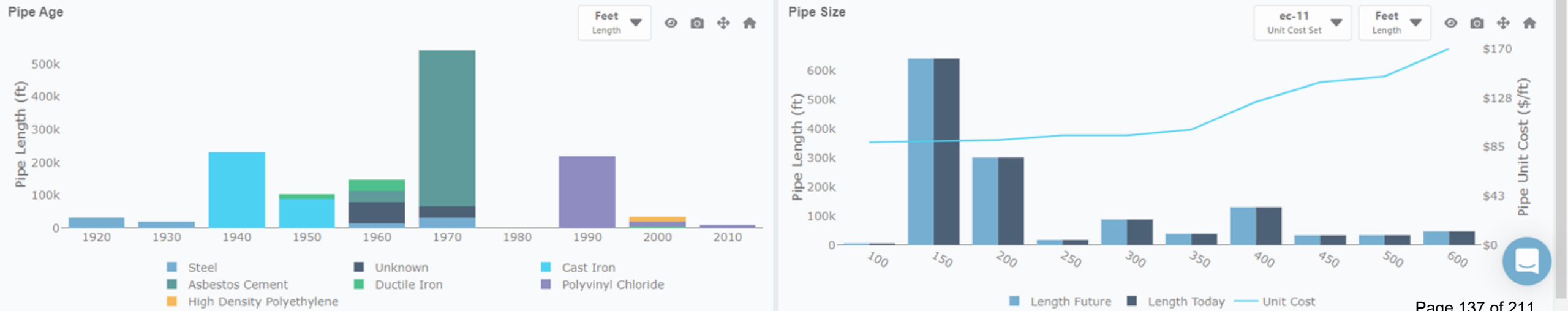
		Rate Schedule																Details	Excel
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Sale of Service																			
S1	Population Growth	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1	
S2	Decline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	
S3	Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5	
Sale of Service 2																			
Sale of Water Service Total																			
T	Revenue (2 Rows)	4,703,732	5,321,496	5,125,619	5,179,854	5,110,000	5,161,100	5,473,347	5,804,484	6,155,655	6,528,072	6,923,021	7,341,864	7,786,046	8,257,102	8,756,657	9,280,000		

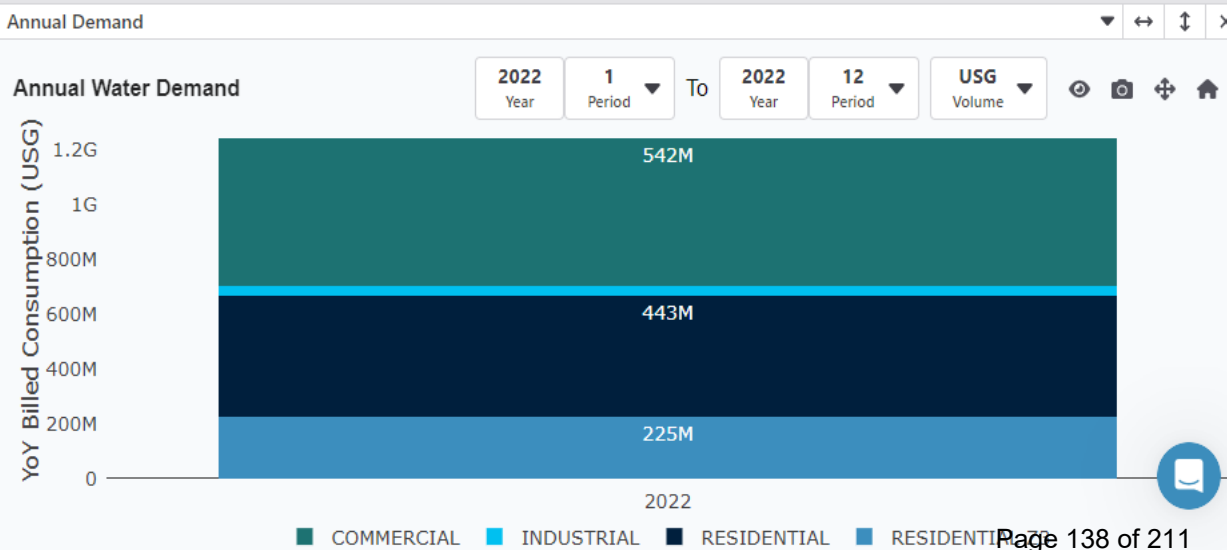
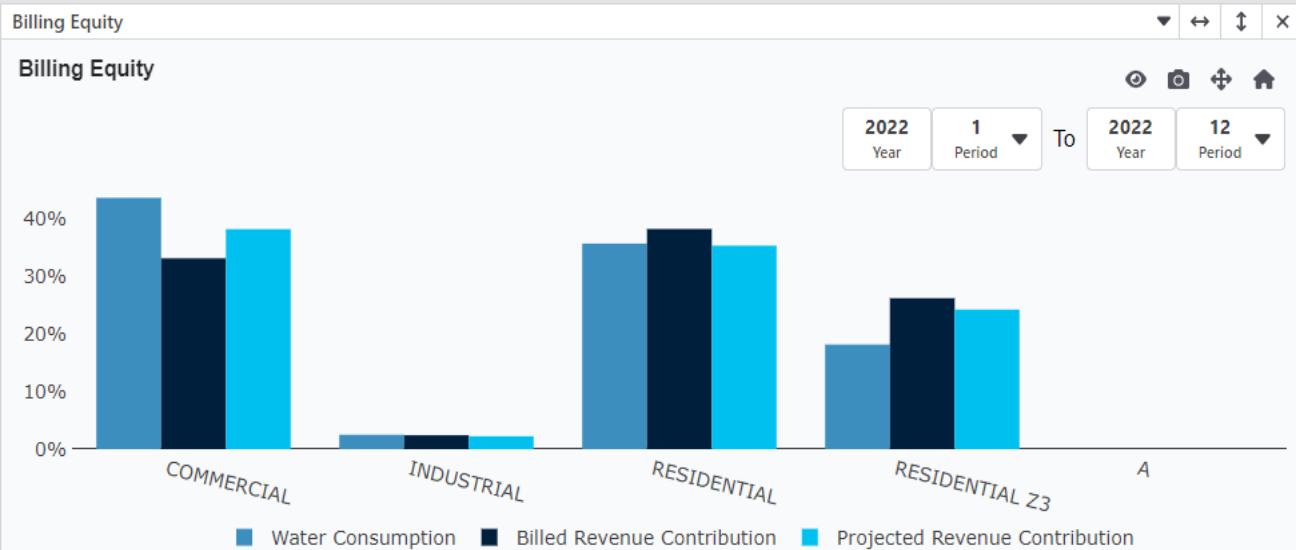
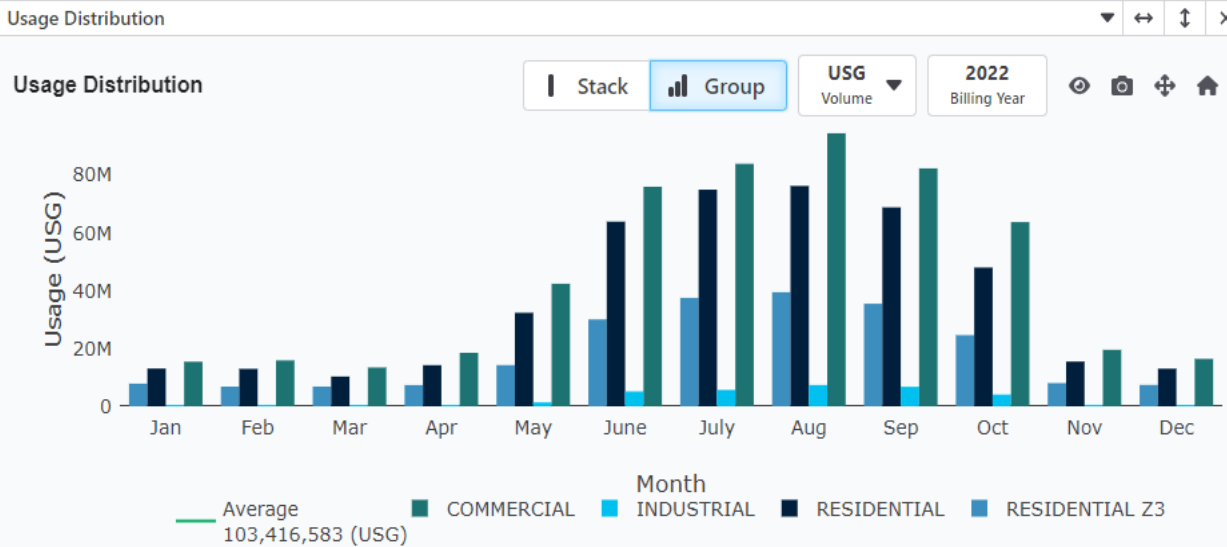
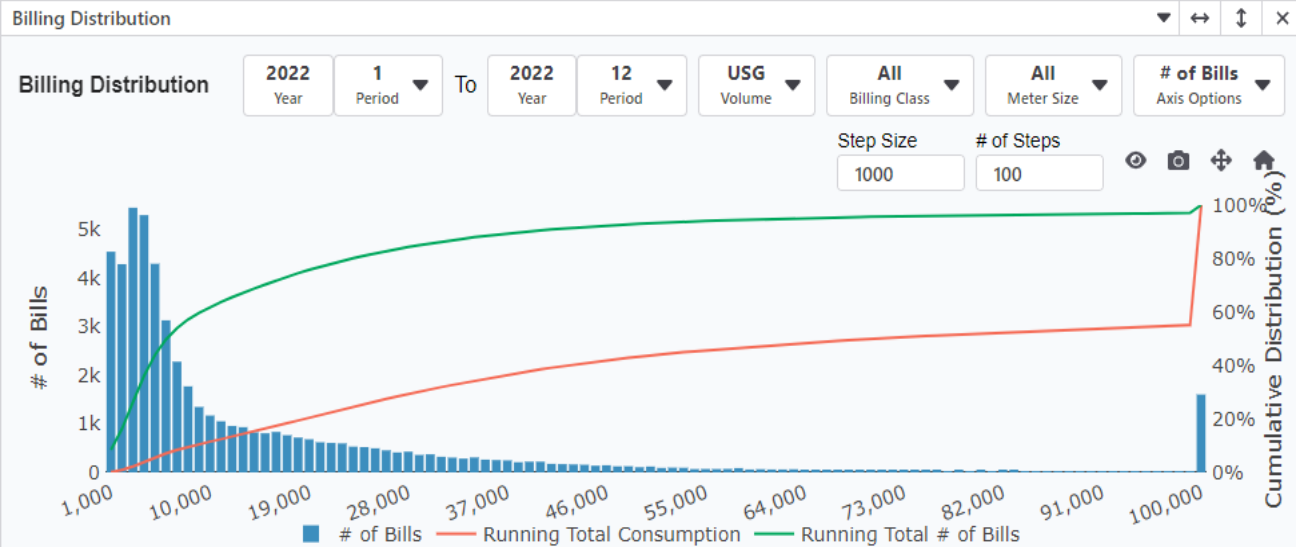
Asset Replacement Schedule

Replacement Schedule



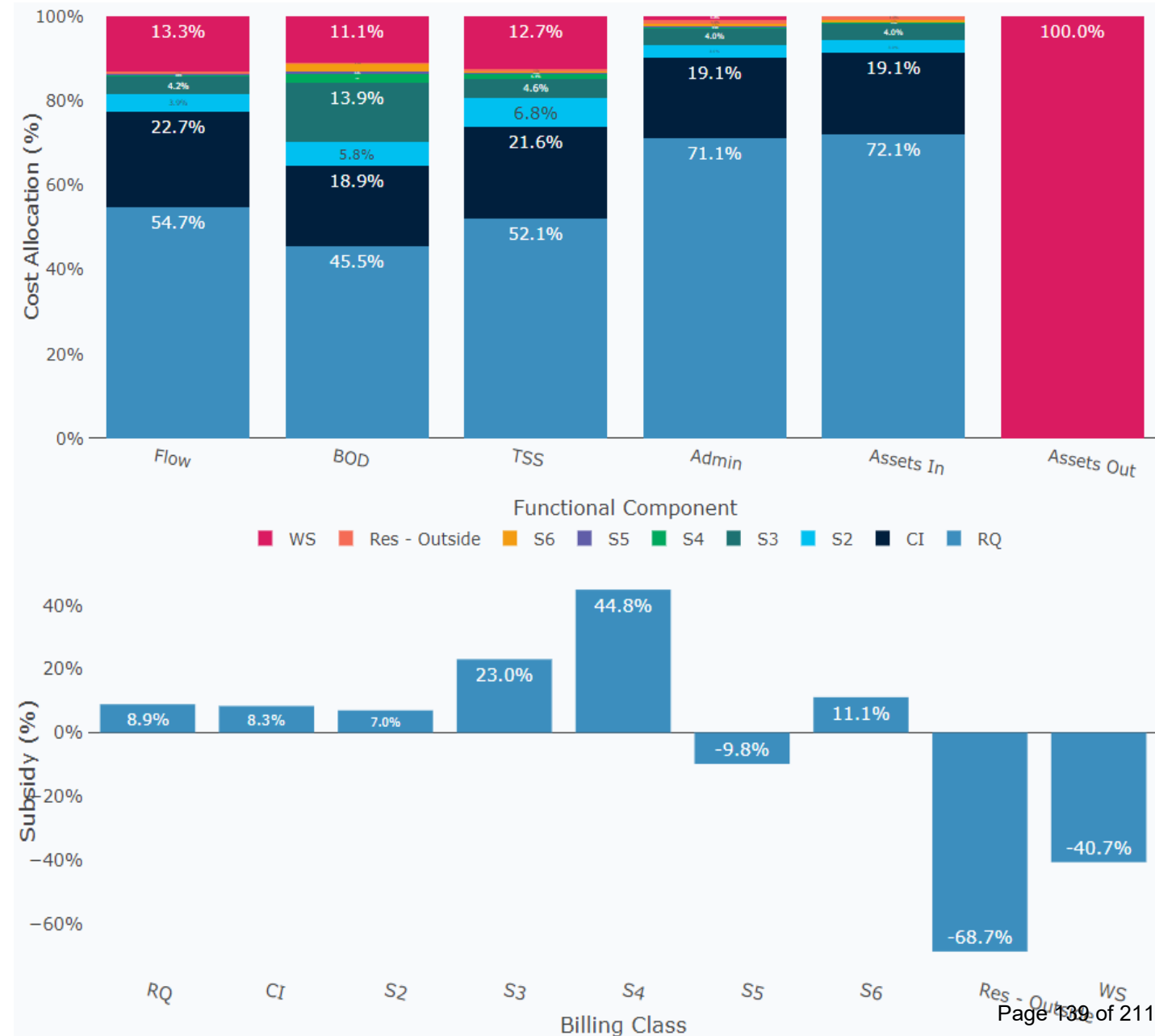
Linear Asset Age





Cost of Service Analysis

1. Cost Allocation between Customer Categories
2. Determine Current **Level of Inequity**
3. Recalibrate Rates to **Promote Fairness**





- Scenario Building and Analysis
- Ongoing Advisory
- Remote council presentations



Fractional CSO

- Real-time planning and analysis
- Effortless collaboration
- Get the Decisions you need



Cloud SaaS

- Data onboarding = *0* learning curve
- Updates model with new data
- Model checks and validation



Model Manager

More than 370 communities have taken control with Waterworth





Benefit	Features	Availability	
		Excel	Waterworth
Projection and Planning	Complex Modelling	General-purpose	Special-purpose for Utility Finances and Capital Planning based on M1 methods
Core Models	Strategic Asset Planning Long-term Financial Modelling Cost of Service Analysis Rate Design	Each module is complex. Implemented separately. Needs validation to be 100% correct.	Tight integration of all modules Battle tested in continuous use by >120 utilities to take their most important decisions.
Stakeholder and Decision Maker	Visualization	Needs hard work	Comes alive automatically
	Side-by-Side Scenarios	Not available	Designed for Ideation and Collaboration
	Scenario management	Not available	Scenario create, share, lock and hide
	Interactive Layers	Not available	Designed for communication to Council
	Reports	More work in Word/PPT	Click a button to generate
Modelling Power Tools	Utility data manipulation Unbreakable safeties Projection Data controls Usage guardrails Conveniences	General-purpose Not available Not available Not available Not available	Value-formula switching power Baked into everything Paste with Auto-inflation Multi-layer rows (\$ and inflation) Table auto-sizing
Continuous Innovation	Key Performance Indicators (KPIs)	Not available	Manage continuous execution towards achieving your strategic goals
	Cross SA (XSA) Projects	Not happening	Spread project costs across different Service Areas
	Investment in Innovation	None budgeted	\$ Millions invested. Millions more to come.
Institutionalization		Hard to Train Impossible to transition No live backup	Versioned, cloud-hosted, available 24x7 everywhere. Instant responsibility transitions. Vacation? Retirement? New Job? Out sick? The City Never Stops.



num	key point of comparison	consultants	waterworth
1	Capabilities	LFM, COSA, Rcalc	LFM, COSA, Rcalc
2	Underlying Technology	read only document / spreadsheet	Cloud
3	Process	periodic	continuous
4	Decision Maker Engagement	infrequent, always through a 3rd party	frequent, builds familiarity
5	Ownership Model	none	total, absolute
6	Knowledge Transfer	transactional	institutional
7	Communication	static reports	dynamic visuals
8	Innovation	none	constant, accelerating



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Amended Brainerd Public Utilities Policy BPU_POL_2005-07_Inactive Accounts

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Danny Loch, Finance Manager,
Paul Sandy, Public Utilities Director, Jana Pernula

PRESENTER: Danny Loch, Finance Manager, Paul
Sandy, Public Utilities Director

SUMMARY OF ISSUE:

As part of the 2026 comprehensive policy review, staff selected Inactive Account Policy No. 2005-07 for evaluation and update. The attached redlined document reflects changes to the policy statement from a version of the previously approved policy, showing proposed revisions for Commission consideration.

The primary updates clarify the treatment of vacant accounts and remove outdated references to prepaid fixed charges and delayed billing. These changes reflect current billing system capabilities, as the Incode software does not allow billing to be suspended without manual intervention for each billing cycle during periods of vacancy. While customers may continue to prepay on an account and have those payments applied to monthly charges, staff determined that the existing language was no longer operationally appropriate.

Additionally, references to avoiding monthly charges were removed to align with current AMI metering practices, which continue to incur infrastructure and meter-related costs regardless of usage.

The updated policy clarifies that customers with accounts inactive for twelve (12) consecutive months or more must reapply for utility service in accordance with current requirements and confirms BPU's authority to remove or reclaim BPU-owned meters and service components at vacant properties after that period.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Approve the updated Inactive Account Policy 2005-07, as presented, reflecting clarifications to vacant account treatment, billing practices, reapplication requirements, BPU equipment authority, and alignment with the comprehensive policy review.

FINANCIAL IMPACT:

**BRAINERD PUBLIC UTILITIES
POLICY 2005-7
Adopted 08/30/05**

VACANT/INACTIVE ACCOUNTS

Brainerd Public Utilities (BPU) will charge all customers a monthly fixed charge for utility services, regardless of the length of time an account will remain ~~inactive~~**vacant**. Residential accounts will be billed the monthly fixed charge for electric, water, and wastewater each month, plus any kilowatt hours used and all gallons of water used that are not included in the fixed charge. Commercial accounts will be billed the appropriate monthly fixed charge for electric and water utility services based on size of service. The wastewater charge is the same for both commercial and residential accounts.

~~Different options available to the customers are summarized below:~~

~~Customers will have the option to pay the utility bill in full each month, pre-pay the monthly fixed charges for the months they are going to be gone, and pay for the kilowatt hours and gallons of water used when they return, or pay the entire bill when they return.~~

~~Customers can avoid paying these charges by requesting BPU disconnect the electric meter and/or remove the water meter for the time period that the property is going to be vacant. If the meters are removed, there will be a \$50 charge to have the electric reconnected and a \$50 charge to have the water turned on.~~

Customers with an account that is inactive for a continuous period of twelve (12) months or longer shall be required to reapply for new utility service in accordance with BPU's current service application requirements, fees, and policies.

For any vacant account exceeding twelve (12) consecutive months, BPU reserves the right to remove, reclaim, or otherwise take possession of any BPU-owned equipment located on the premises, including but not limited to meters and associated service components making the account inactive.



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

Vacant/Inactive Accounts

BPU_POL_2005-07

Latest Revision/Effective Date: January 27, 2026

Original Adoption Date: August 30, 2005

I. Purpose

The purpose of this policy is to establish consistent billing practices for vacant or inactive utility accounts at Brainerd Public Utilities (BPU). This policy ensures that fixed costs associated with maintaining utility infrastructure, service readiness, and account administration are equitably recovered regardless of customer usage status. It also provides clarity to customers regarding ongoing fixed charges during periods when utility services are inactive or vacant.

II. Scope

This policy applies to all customer accounts serviced by BPU that are vacant or inactive.

III. Definitions

Account: A customer record established by BPU for the provision and billing of utility services to a specific service address.

Active Account: An account for which utility services are available for use, regardless of whether actual consumption occurs.

Vacant Account: An account for which utility services remain connected and available, but where the premises is vacant or the customer has requested suspension of usage, resulting in no or minimal consumption.

Inactive Account: An account for which BPU utility owned equipment has been removed from the service address.

Customer: Any individual, business, property owner, tenant, or legal entity that has established an account with BPU and is responsible for payment of charges associated with that account.

Delinquent Account: An account with charges that remain unpaid after the established due date in accordance with BPU billing policies.

Fixed Charge: A recurring monthly charge assessed to recover costs associated with system infrastructure, service availability, meter ownership, billing, customer service, and administrative functions, independent of utility usage and is stated on the schedule of fees.

Usage Charges: Charges based on actual consumption of electricity or water, measured in kilowatt-hours (kWh) or gallons, respectively.

Service Availability: The condition in which BPU utility infrastructure and equipment remain installed and capable of providing service upon demand.

BPU-Owned Equipment: Any meters, service components, or related utility equipment installed or maintained by BPU and retained as BPU property, regardless of location.

IV. Policy Statement

BPU will charge all customers a monthly fixed charge for utility services, regardless of the length of time an account will remain vacant. Residential accounts will be billed the monthly fixed charge for electric, water, and wastewater each month, plus any kilowatt hours used and all gallons of water used that are not included in the fixed charge. Commercial accounts will be billed for the appropriate monthly fixed charge for electric and water utility services based on size of service. The wastewater charge is the same for both commercial and residential accounts.

Customers with an account that is inactive for a continuous period of twelve (12) months or longer shall be required to reapply for new utility service in accordance with BPU's current service application requirements, fees, and policies.

For any vacant account exceeding twelve (12) consecutive months, BPU reserves the right to remove, reclaim, or otherwise take possession of any BPU-owned equipment located on the premises, including but not limited to meters and associated service components making the account inactive.

V. Procedures Utility Staff

1. Account Status Monitoring

Utility billing staff shall monitor account activity monthly to identify accounts classified as vacant.

2. Vacant Account Tracking

Staff will monitor and determine when equipment shall be removed and considered inactive.

3. Account Status Review

Accounts that remain vacant for ten (10) months shall be flagged for review. Staff shall verify account status, confirm contact information, and prepare advance notification to the customer regarding upcoming reapplication requirements.

4. Customer Notification

Prior to the account reaching twelve (12) consecutive months of inactivity, staff shall provide written notice informing the customer that:

- Reapplication for new service will be required after twelve (12) months of inactivity; and
- BPU may remove or reclaim BPU-owned equipment remaining on the premises.

5. Reapplication Requirement

Upon twelve (12) consecutive months of low or no consumption, following customer notification, BPU shall designate the vacant account as inactive and require the customer to submit a new application for service prior to restoration.

6. Equipment Assessment and Removal

Staff may evaluate the premises for BPU-owned equipment associated with vacant accounts exceeding twelve (12) months and may remove, reclaim, or secure such equipment in accordance with safety standards and operational procedures.

7. Documentation

All actions taken under this policy, including notifications, account closure, equipment removal, and customer communications, shall be documented in the customer account record.

Customers

1. Vacant Account Responsibility

Customers are responsible for notifying BPU when a property becomes vacant or when utility usage is expected to be vacant.

2. Billing During Vacancy

Customers with vacant accounts remain responsible for all applicable monthly fixed charges until the service is disconnected and BPU owned equipment is removed in accordance with BPU policies.

3. Duration of Vacancy

Customers may maintain a vacant account for up to twelve (12) consecutive months. A vacant account may continue beyond twelve (12) months if the customer acknowledges the vacancy and continues to pay all applicable charges. BPU reserves the right, at its discretion, to designate the account as inactive and remove or reclaim BPU-owned equipment at any time in accordance with policy.

4. Reapplication for Service

Customers seeking to restore service after an account has been designated inactive must submit a new service application and comply with all current requirements, including deposits, fees, and inspections.

5. Equipment on Premises

Customers acknowledge that meters and other utility equipment located on the premises are owned by BPU. BPU may remove such equipment from properties associated with vacant accounts exceeding twelve (12) months.

6. Customer Contact Information

Customers are responsible for maintaining current contact information with BPU to ensure receipt of notices related to account status and billing.

VI. Roles and Responsibilities

This policy will be implemented by the Billing Specialist and overseen by the Business Office Supervisor.

VII. Compliance and References

None

VIII. Associated Forms and Attachments

None

IX. Review and Update Schedule

This policy will be reviewed every two years by the Public Utilities Commission.

Revised: January 27, 2026

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on January 27, 2026.



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Amended Brainerd Public Utilities Policy BPU_POL_2005-10 Disconnection of Service Policy

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 4

SUBMITTED BY: Jana Pernula, Danny Loch, Finance Manager, Paul Sandy, Public Utilities Director

PRESENTER: Danny Loch, Finance Manager, Paul Sandy, Public Utilities Director

SUMMARY OF ISSUE: As part of the comprehensive policy review, the 2005-10 Disconnection of Service Policy is submitted for Commission consideration. The policy statement remains unchanged from the version previously approved by the Commission. Additional sections have been added to meet current policy standards. No substantive changes to policy intent are proposed; remaining revisions are formatting-related, including the conversion of bulleted lists to numbered lists for clarity and consistency.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: The attached redline version of the current 2005-10 policy shows the changes to the policy statement portion of the revised document.

RECOMMENDED ACTION/MOTION: Staff recommend approving and adopting the proposed 2005-10 Disconnection of Service Policy as submitted.

FINANCIAL IMPACT:



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

Disconnection of Utility Service

BPU_POL_2005-10

Latest Revision/Effective Date: January 27, 2026

Original Adoption Date: January 1, 1986

I. Purpose

The purpose of this policy is to explain when and why Brainerd Public Utilities (BPU) may disconnect utility services, how customers are notified, and what steps customers can take to avoid disconnection or restore service. This policy is intended to promote timely payment, protect health and safety, and ensure reliable utility service for all customers. This policy applies to disconnections related to nonpayment, safety concerns, unauthorized use, code violations, and other conditions permitted by law.

II. Scope

This policy applies to all customers receiving utility services from BPU.

III. Definitions

Account: A customer record maintained by BPU for the provision and billing of electric, water, or wastewater utility services to a specific premises.

Customer: Any individual, business, property owner, tenant, estate, or legal entity that has established an account with BPU and is responsible for charges associated with utility service.

Current Charges: Utility charges billed for the most recent billing period that are due and payable by the stated due date.

Delinquent Account: An account for which current charges have not been paid in full on or before the established due date.

Delinquency Notice: A written or electronic notice issued by BPU informing a customer that their account is delinquent and providing a specified period to remit payment before further action is taken.

Disconnection Notice: A written or electronic notice issued by BPU advising the customer of a scheduled service disconnection date if payment is not received or a payment arrangement is not made.

Disconnection of Service: The physical or administrative termination of one or more utility services provided by BPU.

Payment Arrangement: An agreement approved by the Credit Collections Representative allowing a customer to pay delinquent charges over a defined period not to exceed three (3) months, while remaining current on ongoing charges.

Preferred Method of Notification: The communication method selected by the customer and maintained in the billing system for receiving notices, including but not limited to mail, email, or electronic notification.

Reconnection: The restoration of utility service following disconnection after all applicable requirements have been satisfied.

Reconnection Fee: A fee established in the BPU fee schedule and charged for restoring utility service following disconnection.

Deposit: A security amount required by BPU as a condition of service, which may be required or increased prior to reconnection.

Bad Debt: Outstanding balances previously written off or unpaid on any prior BPU account associated with the customer.

Medical Certification: A written certification completed by a registered physician on BPU's Physician's Certification of Illness form verifying that discontinuation of electric service would aggravate a serious illness of a permanent resident of the premises.

Permanent Resident: An individual who resides at the premises as their primary place of residence.

Unauthorized Use: The use of utility service without authorization, including theft of service, meter tampering, or bypassing BPU equipment.

BPU-Owned Equipment: Any meter, seal, service component, or related utility infrastructure owned and maintained by BPU, regardless of location.

Tampering: Any unauthorized interference with BPU-owned equipment, including breaking seals, altering meters, or otherwise impairing accurate measurement or safe operation.

IV. Policy Statement

A. Disconnection For Non-Payment of Bill

1. A customer's account is considered delinquent if the current charges are not paid on or before the due date. The following procedures will be followed if the bill is not paid in full each month.
2. The customer will be notified by their preferred method of notification of the delinquency. The customer will be given five (5) business days after the date of the delinquent notice to pay the amount due.
3. If the customer does not respond to the delinquent notice they will receive a disconnection notice delivered by their preferred method of notification. The disconnection date will be scheduled for five (5) business days after the date of the disconnection notice. If the disconnection notice is for a rental property, a copy of the notice will be sent to the landlord.
4. If the customer does not pay the amount due on the disconnect notice in full, or make payment arrangements by the disconnect date, their service(s) will be disconnected.
5. The customer may request a payment arrangement which will allow them to pay their delinquent amount over a maximum of a three (3) month period. Current charges will also have to be paid by the due date each month. Customers failing to make scheduled payments, along with their current monthly charges, will be

disconnected immediately. BPU has the right to refuse a customer's request to make an arrangement.

6. Once a customer has been disconnected for non-payment, or not complying with the payment arrangement, the service(s) will not be reconnected until the customer pays all the account charges, including reconnection fees (per fee schedule), in full. This includes current charges and a deposit if one has not been paid previously or if the paid deposit is not sufficient. Reconnection of service(s) will only be done between the hours of 7:00 a.m. – 3:00 p.m., Monday- Friday.
7. Payment for disconnected accounts must be made with cash, money order, or credit card. No checks will be accepted.
8. All previously incurred bad debts to BPU must be paid in full or at the discretion of credit/collections representative, make a payment arrangement.

B. Medical Conditions

BPU shall not discontinue electric service if such action will aggravate an existing serious illness of any person who is a permanent resident of the premise where service is rendered IF the customer complies with the following requirements regarding such illness.

1. The illness must be certified to BPU by a registered physician on BPU's Physician's Certification of Illness form. The form must be filled out completely.
2. Initial certification by the physician may be made by telephone if the completed form is forwarded to the utility within five days.
3. Initial certification shall prohibit disconnection of service for thirty (30) days. Certification may be renewed by the customer for an additional thirty (30) days by providing another certificate to BPU. It is the customer's responsibility to provide a new certificate every 30 days. Failure to renew the certificate entitles BPU to start disconnection procedures.
4. The customer cannot use their illness as a way not to pay their utility bill. The customer will be required to make a payment arrangement to pay their past due bill and keep the current charges paid.

C. Deceased Customers

When BPU discovers that a BPU customer is deceased, the utility service(s) will be disconnected 30 days after finding out of the death, if BPU is not notified by the executor of the estate; or if another person moves into the deceased's residence and does not transfer the utility bill into his/her name.

D. Disconnection Of Service Without Notice

BPU may disconnect service to any customer without further notice for the following reasons:

1. In the event of unauthorized use, theft of power, and/or tampering with BPU's equipment.

2. In the event that a condition has been determined to be hazardous to the customer or other customers of BPU, BPU's equipment, or to the general public.
3. When a customer is in violation of municipal, state, or national electric codes.
4. When a customer has not complied with the requirements for application for service.

E. Tampering With Electric Meter

Stealing electricity is dangerous and against the law. Tampering with any electric facility, including the meter box and its seals is dangerous. Anyone who breaks the seal and tampers with the meter exposes him/herself to the risk of electrocution. Per BPU Policy No. 2003-4 BPU will administer a zero-tolerance program for unauthorized use of utility meters. BPU has the authority to bring civil or criminal action per MN Statute 325E.026.

V. Procedures

A. Disconnection for Non-Payment of Bill

1. Delinquency Determination

The Credit Collections Representative shall classify an account as delinquent when current charges are not paid in full by the established due date.

2. Delinquency Notice

The Credit Collections Representative shall issue a delinquency notice to the customer using the customer's preferred method of notification. The notice shall provide the customer with five (5) business days from the notice date to pay the outstanding balance in full.

3. Disconnection Notice

If payment is not received within the delinquency period, the Credit Collections Representative shall issue a disconnection notice using the customer's preferred method of notification. The disconnection date shall be scheduled no earlier than five (5) business days from the date of the disconnection notice.

For rental properties, a copy of the disconnection notice shall also be sent to the property owner or landlord.

4. Payment Arrangements

The Credit Collections Representative may, at their discretion, approve a payment arrangement allowing the customer to pay delinquent charges over a period not to exceed three (3) months.

Current monthly charges must continue to be paid by the due date.

Failure to comply with the payment arrangement or to pay current charges shall result in immediate disconnection.

5. Service Disconnection

If the customer fails to pay the amount due in full or enter into an approved payment arrangement by the scheduled disconnection date, the Credit Collections Representative shall authorize disconnection of applicable utility services.

6. Reconnection Requirements

Following disconnection for non-payment or failure to comply with a payment arrangement, service shall not be reconnected until all outstanding charges are paid in full, including reconnection fees and any required deposit.

Reconnection shall occur only between the hours of 7:00 a.m. and 3:00 p.m., Monday through Friday.

7. Accepted Forms of Payment

Payments for disconnected accounts shall be accepted only by cash, money order, or credit card. Checks shall not be accepted.

8. Prior Bad Debt Review

The Credit Collections Representative shall verify whether the customer has outstanding prior bad debt with BPU. All such balances must be paid in full or addressed through a payment arrangement approved by the Credit Collections Representative prior to service continuation.

9. Exceptions to be Documented

Medical Conditions, Deceased Customers, Disconnection of Service Without Notice, Tampering With Electric Meter shall be documented within the notes section of the customer account within the billing software.

VI. Roles and Responsibilities

The Credit Collections Representative will be responsible for administering the policy with oversight from the Business Office Supervisor.

VII. Compliance and References

Minnesota Public Utility Commission Cold Weather Rule

Minnesota State Statutes: §216B.0976, 216B.098

VIII. Associated Forms and Attachments

None

IX. Review and Update Schedule

This policy will be scheduled to be reviewed every two years. The policy was originally

Adopted: January of 1986

Revised: December 6, 2005, November 24, 2015, May 27, 2024, and January 27, 2026

X. Approval and Authority

The Public Utilities Commission is responsible for approving this policy and providing governance oversight to ensure compliance with applicable laws, regulations, and utility standards.

BRAINERD PUBLIC UTILITIES

POLICY 2005-10

Adopted 01/01/86

Revised 12/06/05

Revised 11/24/15

Revised 05/2024

DISCONNECTION OF SERVICE

DISCONNECTION FOR NON-PAYMENT OF BILL

- 1.** A customer's account is considered delinquent if the current charges are not paid on or before the due date. The following procedures will be followed if the bill is not paid in full each month.
- 2.** The customer will be notified by their preferred method of notification of the delinquency. The customer will be given five (5) business days after the date of the delinquent notice to pay the amount due.
- 3.** If the customer does not respond to the delinquent notice they will receive a disconnection notice delivered by their preferred method of notification. The disconnection date will be scheduled for five (5) business days after the date of the disconnection notice. If the disconnection notice is for a rental property, a copy of the notice will be sent to the landlord.
- 4.** If the customer does not pay the amount due on the disconnection notice in full, or make payment arrangements by the disconnect date, their service(s) will be disconnected.
- 5.** The customer may request a payment arrangement which will allow them to pay their delinquent amount over a maximum of a three (3) month period. Current charges will also have to be paid by the due date each month. Customers failing to make scheduled payments, along with their current monthly charges, will be disconnected immediately. BPU has the right to refuse a customer's request to make an arrangement.
- 6.** Once a customer has been disconnected for non-payment, or not complying with the payment arrangement, the service(s) will not be reconnected until the customer pays all the account charges, including reconnection fees (per fee schedule), in full. This includes current charges and a deposit if one has not been paid previously or if the paid deposit is not sufficient. Reconnection of service(s) will only be done between the hours of 7:00 a.m. – 3:00 p.m., Monday- Friday.
- 7.** Payment for disconnected accounts must be made with cash, money order, or credit card. No checks will be accepted.
- 8.** All previously incurred bad debts to BPU must be paid in full or at the discretion of credit/collections representative, make a payment arrangement.

MEDICAL CONDITIONS

BPU shall not discontinue electric service if such action will aggravate an existing serious illness of any person who is a permanent resident of the premise where service is rendered IF the customer complies with the following requirements regarding such illness.

- 1. The illness must be certified to BPU by a registered physician on BPU's Physician's Certification of Illness form. The form must be filled out completely.
- 2. Initial certification by the physician may be made by telephone if the completed form is forwarded to the utility within five days.
- 3. Initial certification shall prohibit disconnection of service for thirty (30) days. Certification may be renewed by the customer for an additional thirty (30) days by providing another certificate to BPU. It is the customer's responsibility to provide a new certificate every 30 days. Failure to renew the certificate entitles BPU to start disconnection procedures.
- 4. The customer cannot use their illness as a way not to pay their utility bill. The customer will be required to make a payment arrangement to pay their past due bill and keep the current charges paid.

DECEASED CUSTOMERS

When BPU discovers that a BPU customer is deceased, the utility service(s) will be disconnected 30 days after finding out of the death, if BPU is not notified by the executor of the estate; or if another person moves into the deceased's residence and does not transfer the utility bill into his/her name.

DISCONNECTION OF SERVICE WITHOUT NOTICE

BPU may disconnect service to any customer without further notice for the following reasons:

- 1. In the event of unauthorized use, theft of power, and/or tampering (see Policy 2003-4) with BPU's equipment.
- 2. In the event that a condition has been determined to be hazardous to the customer or other customers of BPU, BPU's equipment, or to the general public.
- 3. When a customer is in violation of municipal, state, or national electric codes.
- 4. When a customer has not complied with the requirements for application for service.

TAMPERING WITH ELECTRIC METER

Stealing electricity is dangerous and against the law. Tampering with any electric facility, including the meter box and its seals is dangerous. Anyone who breaks the seal and tampers with the meter exposes him/herself to the risk of electrocution. Per BPU Policy No. 2003-4 BPU will administer a zero-tolerance program for unauthorized use of utility meters. BPU has the authority to bring civil or criminal action per MN Statute 325E.026.



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Approve Dying to Film Quote - Water Plant Tour Video

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager, Paul Sandy, Public Utilities Director

SUMMARY OF ISSUE:

During the 2026 budgeting process, the Commission discussed expanding the use of facility tour-style videos to provide clear, educational information to the public and utility customers. The previously completed hydro facility tour video has been well received and demonstrated value as a public-facing communication tool. As a result, staff explored additional videography opportunities for other utility facilities.

Dying to Film has provided an attached quote for producing a Water Facility Tour video, with two service options:

- **Option 1:** Production of a 5–10 minute Water Facility Tour video, similar in style and scope to the hydro tour, along with six short-form videos, for a total cost of \$5,700.
- **Option 2:** Production of a 5–10 minute Water Facility Tour video with twelve short-form videos, for a total cost of \$10,000.

The primary distinction between the two options is the number of short videos, which would allow for more frequent public releases (e.g., monthly content) under Option 2. After reviewing potential topics and anticipated use, staff believe Option 1 best aligns with current needs and anticipated capacity and budget. Ultimately, selection of either option is at the discretion of the Commission.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: During the budget discussion, the Finance Committee identified a budget allocation of \$7,500 for this initiative. Option 2 exceeds the established budget; therefore, staff recommend Option 1, which includes the Water Treatment Facility tour video and six short-form videos. However, due to fewer Commissioners attending the upcoming training than originally anticipated, a portion of those budgeted funds may be available to support Option 2, should the Commission wish to consider that alternative.

RECOMMENDED ACTION/MOTION: Staff recommend approving the Dying To Film Quote Option 1 in the amount of \$5,700 for a Water Tour Video and 6 shorts.

FINANCIAL IMPACT: \$5,700



Brainerd Public Utilities
2025 Water Treatment Content Estimate:

Deliverables:

5-10 Min Water Treatment Tour:

This video will utilize b roll and voiceover to showcase the BPU water treatment plant. Starting from the pump houses, the tour will showcase the process and give viewers facts about the water treatment system. Furthermore, the video will give info about plans for the new water treatment plant.

(6) 30 second – 1 min shorts

These short videos will be based upon different topics.

- 1 PSA lead & Galvanized service lines
- 2 Where does your water come from? (To your toilet)
- 3 water treatment process
- 4 Water Facts BPU
- 5 TBD
- 6 TBD

On Site:

1 ½ day

\$1,000.00 per day

Total On site = \$1,600.00

Post Production:

5 days

\$800.00 per day

\$4,000.00

Music Licensure

\$100.00

Travel Cost:

-

Total Post Production = 4,100.00

Grand Total = \$5,700.00

Down payment required to commence production = \$2,000.00

Option 2:

Additional shorts for monthly topics

Deliverables:

- Water treatment plant tour (5-10 min)

- 12 short videos additional topics TBD (30 sec – 1 min)

Grand Total = \$10,000.00

Billed Quarterly or biannually (Or at the start and completion of the work)



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Consider Customer Request to Remove Charges

ACTION REQUESTED: Direction Requested

ESTIMATED TIME (MIN): 10

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Through the retirement and transition of the Billing Specialist position, staff have been conducting a comprehensive audit of customer accounts to ensure proper treatment and accurate billing. During this review, staff identified that during the transition to ERP 10 in 2021, more than one customer account was not billed for water and wastewater usage and associated monthly service charges.

Upon discovery, staff reviewed the affected accounts, calculated the actual water consumption for the applicable period, and issued bills reflecting the documented usage. In determining an appropriate and equitable response, staff concluded that waiving the monthly service charges was reasonable due to the clerical oversight and the delay in identifying the issue.

For account number **17-76050-03**, the corrected billing resulted in a statement that was \$858.58 higher than a typical billing cycle. This amount consisted of \$54.42 in service charges and \$804.16 in accumulated consumption charges over approximately three years. Staff have already waived the historical service charges, totaling approximately \$2,000, and proposed allowing the remaining consumption charges to be paid under an extended payment arrangement.

The customer has since contacted the utility requesting full forgiveness of all charges incurred prior to discovery of the clerical error.

Staff note that under state law, public utilities are permitted to recover unbilled charges for up to a six-year lookback period for electric usage and three-years for water/wastewater charges. The matter is being presented to the Commission for review and direction regarding any additional billing adjustments or relief beyond those already applied by staff.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

As staff continue auditing customer accounts following the ERP transition and staffing changes, additional billing discrepancies may be identified. Staff seek Commission direction on how similar findings should be handled going forward to ensure consistency, fairness, and transparency.

Topics for Commission consideration may include:

- Whether staff should continue billing documented historical consumption when clerical errors are identified
- Standard treatment of past monthly service charges when billing errors are attributable to administrative oversight
- Parameters for payment arrangements or adjustments for affected customers
- Whether staff should bring all such cases individually to the Commission or proceed as past practice

Commission guidance on these matters will assist staff in completing the audit efficiently while ensuring equitable treatment of all customers and maintaining regulatory compliance.

RECOMMENDED ACTION/MOTION: Staff request direction on how to treat account 17-76050-03 as it relates to the request to relieve all previous consumption and monthly service fees of \$804.16. Second, staff seek direction on how we should consider all other items moving forward as outlined in the alternative options.

FINANCIAL IMPACT:



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Discuss AEP Updates and Approve Sale of Excess Capacity

ACTION REQUESTED: Discussion Item

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager, Paul Sandy, Public Utilities Director, Trent Hawkinson, Operations Manager

SUMMARY OF ISSUE:

On January 20, 2026, staff met with AEP to review updates to the energy portfolio, including potential opportunities for selling excess capacity. Selling this additional capacity from May 2026 to May 2027 could generate approximately \$149,200 in additional revenue. For reference, the Commission previously sold excess capacity for the May 2025 – May 2026 period, yielding an estimated \$162,200.

The Commission now has the option to sell additional capacity ahead of the upcoming auction at a rate of \$82.19 MW-Day for fall, winter and spring and \$493.15 MW-Day in the summer, or wait and adjust based on market conditions. AEP has identified a buyer willing to purchase at this price, ensuring the transaction at the current rate if executed promptly.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

The Commission may determine whether to proceed with the capacity sale now or reassess based on market conditions at the next Commission meeting.

RECOMMENDED ACTION/MOTION: Staff recommendation is selling the excess capacity prior to it reaching the open market and coordinating the sale with AEP to secure the guaranteed price.

FINANCIAL IMPACT: Est. \$149,200



Public Utilities Commission

Agenda Request

MEETING DATE: January 27, 2026

TITLE OF ITEM: Authorize Staff to Negotiate Updated AEP Contract Amendment

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Danny Loch, Finance Manager,
Paul Sandy, Public Utilities Director

PRESENTER: Danny Loch, Finance Manager, Paul
Sandy, Public Utilities Director, Trent Hawkinson,
Operations Manager

SUMMARY OF ISSUE:

Staff met with the AEP and received updated pricing information, along with a market outlook and expectations for the upcoming capacity auction. The presentation highlighted increasing market volatility, noting that capacity market clearing prices have risen significantly. In prior years, the highest market result was approximately \$236 per MW-day; however, the 2025 auction cleared at approximately \$459 per MW-day. The provider also discussed broader market pressures, including declining coal generation, reduced reserve margins, and increasing capacity constraints driven by data center growth and cryptocurrency mining. These factors are placing stress on regional capacity markets, making long-term capacity commitments more difficult to extend. The reduction in reserve margins is expected to prompt utilities to evaluate additional reliability strategies, including potential increases in behind-the-meter generation within the next five to ten years.

As directed by the Commission, staff continue to pursue a strategy of maintaining approximately 10 years of contracted power purchases. Staff met with the AEP on January 20, 2026, to review extension options for the current contract. A one-year extension was proposed at a rate of \$73.10 per MWh, which would result in an estimated 23% increase in energy costs in 2034.

Consistent with prior years, the AEP also proposed a blended extension option designed to smooth rate increases over the full contract term. Under the previously approved amendment, the rate was \$49.35 per MWh. Under the blended proposal, the provider is proposing a rate of \$51.60 per MWh from June 2026 through June 2034. This approach would distribute cost increases more evenly over the 10-year period, resulting in annual increases of under 4%, rather than a single-year increase of approximately 23%.

For comparative purposes, the City's base load purchases for 2026 were originally projected at a rate of \$49.35 per MWh, with an estimated total cost of \$13,160,000. At a rate of \$51.06 per MWh, the same energy usage in 2026 would result in an estimated increase of approximately \$205,000, or 1.56% above the original projection.

Given continued market volatility, staff also evaluated a higher-rate scenario. At \$52.50 per MWh, total comparable 2026 purchases are estimated at approximately \$13,447,000, representing an increase of

approximately \$287,000 over anticipated 2026 costs. These estimates assume the same purchase volumes as 2025.

Staff will continue to monitor market conditions, reserve margin trends, and capacity market developments, and will work with the AEP to evaluate options that balance cost stability, long-term reliability, and risk management, consistent with Commission direction.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Per email with AEP Thursday, January 23, 2026 - latest price was \$51.65/ MWh

RECOMMENDED ACTION/MOTION: Due to the volatility in the commodities trade and energy prices changing on demand, staff recommends authorizing Director Sandy to negotiate with AEP for market pricing not to exceed \$52.50/MWh for the contract extension that will provide more stable increases in coming years.

FINANCIAL IMPACT: ~\$287,000 more in purchased power than what was approved at the November budget meeting.

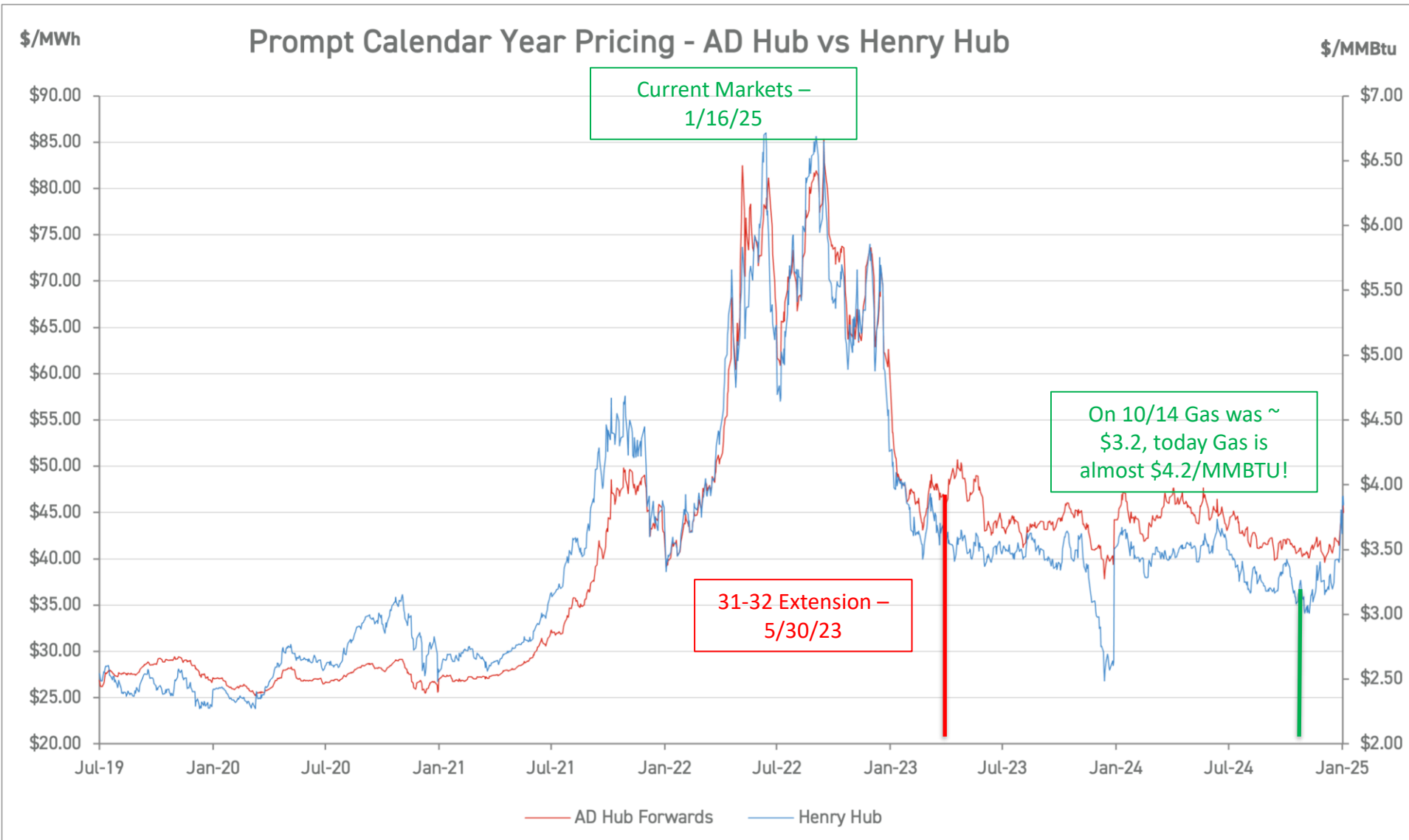


BRAINERD
MINNESOTA
A City for all Seasons

January 16, 2025



Recent Power/Gas Volatility



***AEP Proposed
PY 32/33- PY 33/34
Wholesale Extension **Updates*****

PY 32/33 - 33/34 Extension Proposal

Extension Proposal (10/14/24 vs. 1/15/25):

- Note: All numbers in table other than Energy are *estimates

Last meeting was held in BPU on 10/30/24

BPU Commission Approved 10/14/24 Indicative Offer on 11/25/24

Energy markets moved up considerably since October, but have leveled off

10/14/2024	Current	Proposed					All-in
	Energy	Energy	Anc*	Capacity*	Trans*	Total*	Change
Term	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
PY19/20	\$ 43.75		\$ 0.60	\$ 8.79	\$ 11.02	\$ 64.16	
PY20/21	\$ 43.75		\$ 0.60	\$ 11.96	\$ 11.03	\$ 67.34	5%
PY21/22	\$ 43.75		\$ 0.60	\$ 12.07	\$ 13.94	\$ 70.36	4%
PY22/23	\$ 43.75		\$ 0.60	\$ 12.22	\$ 15.04	\$ 71.61	2%
PY23/24	\$ 43.75		\$ 0.60	\$ 12.70	\$ 15.80	\$ 72.85	2%
PY24/25	\$ 44.60		\$ 0.60	\$ 12.00	\$ 16.58	\$ 73.78	1%
PY25/26	\$ 44.60		\$ 0.60	\$ 12.48	\$ 16.95	\$ 74.62	1.1%
PY26/27	\$ 44.60		\$ 0.60	\$ 13.45	\$ 17.32	\$ 75.97	2%
PY27/28	\$ 44.60		\$ 0.60	\$ 13.65	\$ 17.70	\$ 76.55	1%
PY28/29	\$ 44.60		\$ 0.60	\$ 14.25	\$ 18.09	\$ 77.54	1%
PY29/30	\$ 44.60		\$ 0.60	\$ 14.89	\$ 18.49	\$ 78.58	1%
PY30/31	\$ 44.60		\$ 0.60	\$ 15.95	\$ 18.90	\$ 80.05	2%
PY31/32	\$ 44.60		\$ 0.60	\$ 15.81	\$ 19.32	\$ 80.33	0%
PY32/33		\$ 62.30	\$ 0.60	\$ 16.97	\$ 19.75	\$ 99.62	19%
PY33/34		\$ 62.30	\$ 0.60	\$ 18.08	\$ 20.18	\$ 101.16	2%

1/15/2025	Current	Proposed					All-in
	Energy	Energy	Anc*	Capacity*	Trans*	Total*	Change
Term	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
PY19/20	\$ 43.75		\$ 0.60	\$ 8.79	\$ 11.02	\$ 64.16	
PY20/21	\$ 43.75		\$ 0.60	\$ 11.96	\$ 11.03	\$ 67.34	5%
PY21/22	\$ 43.75		\$ 0.60	\$ 12.07	\$ 13.94	\$ 70.36	4%
PY22/23	\$ 43.75		\$ 0.60	\$ 12.22	\$ 15.04	\$ 71.61	2%
PY23/24	\$ 43.75		\$ 0.60	\$ 12.70	\$ 15.80	\$ 72.85	2%
PY24/25	\$ 44.60		\$ 0.60	\$ 12.00	\$ 16.58	\$ 73.78	1%
PY25/26	\$ 44.60		\$ 0.60	\$ 12.48	\$ 16.95	\$ 74.62	1.1%
PY26/27	\$ 44.60		\$ 0.60	\$ 13.45	\$ 17.32	\$ 75.97	2%
PY27/28	\$ 44.60		\$ 0.60	\$ 13.65	\$ 17.70	\$ 76.55	1%
PY28/29	\$ 44.60		\$ 0.60	\$ 14.25	\$ 18.09	\$ 77.54	1%
PY29/30	\$ 44.60		\$ 0.60	\$ 14.89	\$ 18.49	\$ 78.58	1%
PY30/31	\$ 44.60		\$ 0.60	\$ 15.95	\$ 18.90	\$ 80.05	2%
PY31/32	\$ 44.60		\$ 0.60	\$ 15.81	\$ 19.32	\$ 80.33	0%
PY32/33		\$ 71.85	\$ 0.60	\$ 16.97	\$ 19.75	\$ 109.17	26%
PY33/34		\$ 71.85	\$ 0.60	\$ 18.08	\$ 20.18	\$ 110.71	1%

Note: on 5/23, PY31/32
the Energy Price was
\$72.00

6/25-5/34 Blended Rate Proposal

Blended Extension Proposal (10/14/24 vs. 1/15/25):

- Note: All numbers in table other than Energy are *estimates

10/14/2024	Current	Blended					All-in
	Energy	Energy	Anc*	Capacity*	Trans*	Total*	Change
Term	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
PY19/20	\$ 43.75		\$ 0.60	\$ 8.79	\$ 11.02	\$ 64.16	
PY20/21	\$ 43.75		\$ 0.60	\$ 11.96	\$ 11.03	\$ 67.34	5%
PY21/22	\$ 43.75		\$ 0.60	\$ 12.07	\$ 13.94	\$ 70.36	4%
PY22/23	\$ 43.75		\$ 0.60	\$ 12.22	\$ 15.04	\$ 71.61	2%
PY23/24	\$ 43.75		\$ 0.60	\$ 12.70	\$ 15.80	\$ 72.85	2%
PY24/25	\$ 44.60		\$ 0.60	\$ 12.00	\$ 16.58	\$ 73.78	1%
PY25/26	\$ 44.60	\$ 48.05	\$ 0.60	\$ 12.48	\$ 16.95	\$ 78.07	5.5%
PY26/27	\$ 44.60	\$ 48.05	\$ 0.60	\$ 13.45	\$ 17.32	\$ 79.42	2%
PY27/28	\$ 44.60	\$ 48.05	\$ 0.60	\$ 13.65	\$ 17.70	\$ 80.00	1%
PY28/29	\$ 44.60	\$ 48.05	\$ 0.60	\$ 14.25	\$ 18.09	\$ 80.99	1%
PY29/30	\$ 44.60	\$ 48.05	\$ 0.60	\$ 14.89	\$ 18.49	\$ 82.03	1%
PY30/31	\$ 44.60	\$ 48.05	\$ 0.60	\$ 15.95	\$ 18.90	\$ 83.50	2%
PY31/32	\$ 44.60	\$ 48.05	\$ 0.60	\$ 15.81	\$ 19.32	\$ 83.78	0%
PY32/33		\$ 48.05	\$ 0.60	\$ 16.97	\$ 19.75	\$ 85.37	2%
PY33/34		\$ 48.05	\$ 0.60	\$ 18.08	\$ 20.18	\$ 86.91	2%

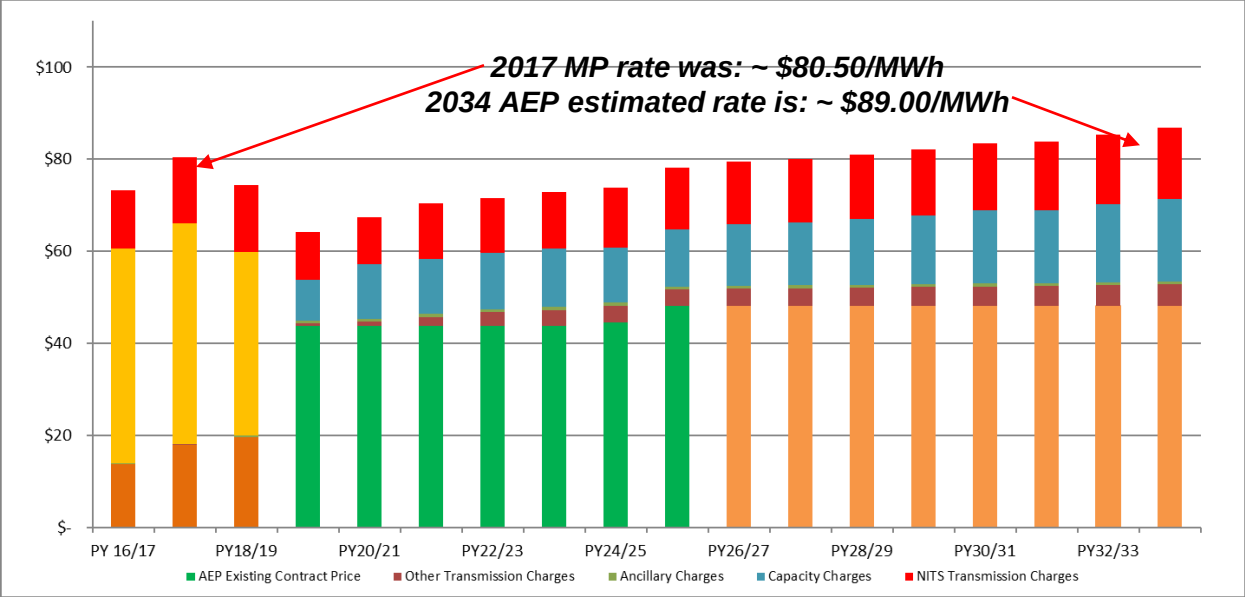
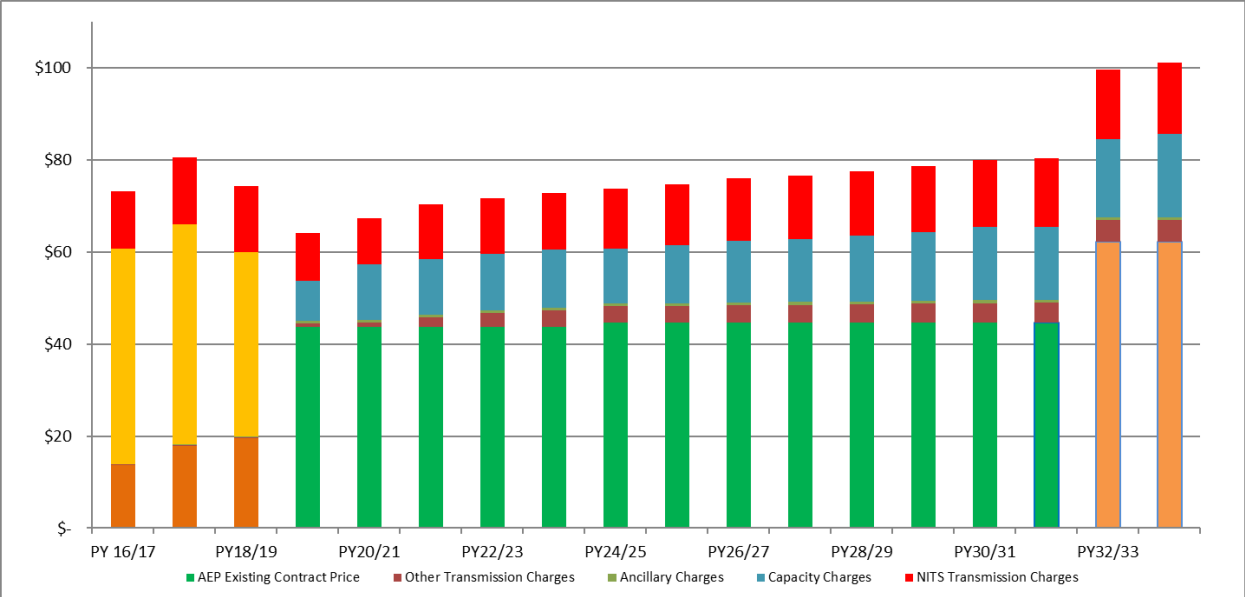
10/14/24:
6/25 Blended All-in Price
Increase = ~5.4%

1/15/2025	Current	Blended					All-in
	Energy	Energy	Anc*	Capacity*	Trans*	Total*	Change
Term	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
PY19/20	\$ 43.75		\$ 0.60	\$ 8.79	\$ 11.02	\$ 64.16	
PY20/21	\$ 43.75		\$ 0.60	\$ 11.96	\$ 11.03	\$ 67.34	5%
PY21/22	\$ 43.75		\$ 0.60	\$ 12.07	\$ 13.94	\$ 70.36	4%
PY22/23	\$ 43.75		\$ 0.60	\$ 12.22	\$ 15.04	\$ 71.61	2%
PY23/24	\$ 43.75		\$ 0.60	\$ 12.70	\$ 15.80	\$ 72.85	2%
PY24/25	\$ 44.60		\$ 0.60	\$ 12.00	\$ 16.58	\$ 73.78	1%
PY25/26	\$ 44.60	\$ 49.80	\$ 0.60	\$ 12.48	\$ 16.95	\$ 79.82	7.6%
PY26/27	\$ 44.60	\$ 49.80	\$ 0.60	\$ 13.45	\$ 17.32	\$ 81.17	2%
PY27/28	\$ 44.60	\$ 49.80	\$ 0.60	\$ 13.65	\$ 17.70	\$ 81.75	1%
PY28/29	\$ 44.60	\$ 49.80	\$ 0.60	\$ 14.25	\$ 18.09	\$ 82.74	1%
PY29/30	\$ 44.60	\$ 49.80	\$ 0.60	\$ 14.89	\$ 18.49	\$ 83.78	1%
PY30/31	\$ 44.60	\$ 49.80	\$ 0.60	\$ 15.95	\$ 18.90	\$ 85.25	2%
PY31/32	\$ 44.60	\$ 49.80	\$ 0.60	\$ 15.81	\$ 19.32	\$ 85.53	0%
PY32/33		\$ 49.80	\$ 0.60	\$ 16.97	\$ 19.75	\$ 87.12	2%
PY33/34		\$ 49.80	\$ 0.60	\$ 18.08	\$ 20.18	\$ 88.66	2%

1/15/25:
6/25 Blended All-in Price
Increase = ~7.6%

Recent blend-ups for the
same term extension in
WI are in the low 50's!

Projected All-in AEP Supply Rates



Other Discussion Items

***PY 32/33 - PY 33/34 Energy Extensions
Capacity Meeting and Direction – Feb ‘25
PY25/26 Capacity Amendment Provided – Feb ‘25
Approvals for Capacity Amendments – Early Mar ‘25***

Confidential Information



MEMORANDUM

TO: Mayor Badeaux and City Councilmembers
FROM: Nick Broyles, City Administrator
DATE: 20 January 2026
SUBJ: City Administrator Report

In addition to routine administrative matters and in preparation of topics and business action items on the Council's work sessions and meeting agendas, the following is a summary of tasks and activities the City Administrator's office has been working on since the last report of 15 December 2025.

Community Engagement

15 Dec: Employee grievance mediation; YMCA board meeting; city council
16 Dec: Skate park discussion; meeting w/charter commission chair; discuss/review public utility position w/HR and public utilities director; better health collective board of trustees meeting
17 Dec: Public utility management team meeting; meeting w/airport staff; joint charter/PUC meeting; planning commission meeting
18 Dec: Discuss Kuepers development re: utilities
19 Dec: Transit meeting w/city staff
23 Dec: Transit update w/city staff; voyageur heights meeting re: water pressure analysis
24 Dec: Staff visit w/electric personnel; discuss snow removal w/public works
30 Dec: Staff charter meeting
31 Dec: Staff visit w/street and parks personnel; meeting w/councilmember and member of the public
2 Jan: Charter discussion w/staff; agenda review w/council president
5 Jan: Staff discussions re: codification
6 Jan: Discuss Kuepers development agreement; staff discussions around as-builts and infrastructure dedications; staff charter meeting
7 Jan: Staff visit w/fire personnel
8 Jan: Transit discussion w/staff; exit interview w/Brainerd high school student job shadow; discuss Kuepers development agreement
9 Jan: Voyageur heights meeting re: lighting and water distribution upsizing; staff charter meeting; continued discussion re: infrastructure and as-builts
12 Jan: Monthly radio show w/WJJY – primarily talked lead service lines project; continued discussion around Kuepers development agreement, and some personnel discussions w/HR
13 Jan: Codification meeting w/american legal publishing and staff; additional personnel conversations
14 Jan: Staff visit w/water distribution personnel; public utility management team meeting; park board discussion w/public works director; homelessness/shelter winter update from community groups; discuss local option sales tax w/staff, Baxter, and their consultant
15 Jan: Agenda review w/council president; monthly lunch-n-learn
16 Jan: Personnel update w/two council members; discuss union questions re: joint wastewater/water positions descriptions

Charter Update

The next charter commission meeting is 21 Jan at 430p and will be a joint meeting with the public utilities commission. Staff meet regularly to develop a draft which meets the expectations of the charter commission.

Human Resources

- **Minnesota Paid Family and Medical Leave:** As of 1 Jan, this new benefit and associated premium payments have taken effect. We have received our first claim and are currently working through the process.
- **Grievance:** A police officer filed a grievance regarding their initial step placement on the 2025 wage grid. During mediation, the employee and union elected to withdraw the grievance.
- **HR Department Staffing Update:** HR Director Schubert's last working day will be 23 Jan. HR Assistant Brittney Kummet will assume that role. In addition, a new HR Assistant was hired and began work on 13 Jan.

Public Works/Utilities/Parks/Transit

Engineering

- Hwy 210/Washington Street project: advertising for bids to engineering firms for inspection on city utilities
- Kick-off meeting with engineering firm for SE Brainerd

Streets

- Priority has been snow removal; crews will be cleaning College Drive and Oak Street
- Clearing select trees at Jaycees Park

Recreation

- Pond hockey is ongoing
- Planning skating party on Saturday, 7 Feb at Memorial Park from 1-4p

Parks

- Priority of downtown snow removal and preparing ice hockey and pleasure rinks

Transit

- 2025 Highlights
 - Operated 254 days in 2025
 - Provided 40,704 trips for riders going to work, school, medical visits, groceries, home, and more – a 2% increase from last year

Fire

The fire department has had a busy start to the new year with several fires and crashes. Four new firefighters began on 1 Jan and will begin their training this month. We also took delivery of a new tender on 31 Dec. Finally, staff continues to work on planning and design for the proposed renovation.

Technology

City-wide computer replacements have been delivered, and setup will begin soon with rollout starting in February. City security software posture is changing to a different vendor - this includes swapping out our SIEM (security information and event management) and endpoint protection as well as changing device management platforms. The entire city network infrastructure (firewalls, switches, etc.) is also being replaced. Setup and configuration are underway now with staging and deployment likely in early March. Research is being conducted to move away from VMware (server virtualization) as their licensing costs have skyrocketed recently after being acquired by Broadcom. Planning stage underway for additional network integration of the public utility network and additional GIS collaboration later in the year. City staff has been supporting Baxter during their IT staff turnover - in the first few weeks of the year there were a few requests and a couple hours of effort, which will be billed as agreed.

Suspense Tracker

HR Director's Report to the Public Utilities Commission

January 22, 2026

Personnel:

- Three Public Utilities Department employees were off work intermittently, and one was off full-time this past month, with two absences due to work-related medical issues.
- Staff interviewed candidates for the Business Office Support Specialist on December 29, 2025. Staff have provided a conditional job offer, and the candidate is going through the pre-employment process.
- The City Council approved the Water/Wastewater Operator job description and authorized staff to negotiate the wage with the Union. Staff have been working with our City Attorney to respond to questions received by the union.

Charter Work Group:

Following the December 17th Charter Commission/Public Utilities Commission meeting, staff were directed to remove the Public Works Commission and consolidate its responsibilities under the Public Utilities Commission. The Charter Commission/Public Utilities Commission reconvened on January 21, 2026, and requested seven days to review the proposed changes and provide City Administrator Broyles with any additional recommendations. After this review period, staff will update the documents accordingly and the next meeting is tentatively scheduled for February 12, 2026, to discuss the recommended revisions. We appreciate the dedication and collaborative efforts of all members as we work towards improving our Charter and organizational structure.

Wellness Committee:

The Wellness Committee hosted a Lunch & Learn session on January 15th. During this event, Bill from Integrity Benefits provided an in-depth overview of the Paid Family and Medical Leave (PFML) process and expanded on the information shared during our open enrollment presentation last November. Employees had the opportunity to ask questions, which were addressed for the benefit of all attendees. We were pleased with the strong turnout and greatly appreciate Bill's time in delivering this valuable session to our team.

One Big Beautiful Bill:

The HR and Finance teams recently met to finalize the plan for providing employees with information regarding the One Big Beautiful Bill (OB BB) for the 2025 tax season. We are still awaiting final guidance from the federal government regarding implementation. We will be providing employees with the Government Finance Officers Association (GFOA) Frequently Asked Questions flyer with all W-2 forms to ensure employees have the opportunity to review and understand this new law prior to completing their 2025 tax filings. Please note that any questions related to this bill should be directed to an employee's tax preparer, as staff are unable to provide tax guidance or recommendations.



BRAINERD PUBLIC UTILITIES

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Brainerd Public Utilities Utilities Director Report January 2025

Public Utilities Director Activities – December 2025 through January 2026

In addition to the discussion items on today's agenda, I have participated in numerous staff- and consultant-led meetings over the past month to advance projects currently underway. These meetings have supported ongoing coordination, project development, and planning efforts across departments and with external partners. Activities included the following:

- Weekly BPU management team meetings
- Business Office Support Specialist interviews
- Multiple staff and developer meetings related to the Kuepers Development
- Staff Charter meetings and a joint Charter Commission and BPU Commission meeting on January 21
- Discussions with Eden Renewables regarding a proposed solar project and related confidentiality agreement
- Meeting with AEP and management staff to discuss market conditions and 2026 action items
- Bi-weekly BPU/City coordination meetings
- Introductory conference call with Stanley Consultants
- Staff meetings to discuss comprehensive policy updates planned for 2026
- Highway 210 construction observation and administration proposal review meeting with Jessie Dehn
- Multiple City Engineers Association of Minnesota subcommittee meetings related to conference presentation topics
- Meeting with City staff to discuss utility damage associated with the 2025 TH 371B/Willow Street RAB project
- Bi-weekly Brainerd Dam coordination meetings with Barr Engineering
- 2026 South Brainerd Reconstruction project progress meeting
- Preliminary discussions regarding the extension of the Local Option Sales Tax (LOST)
- Meeting with Jessie Dehn and GoodPointe for training and review of newly implemented pavement management software
- City Code 705 review meetings with staff
- Progress meeting for the Main Lift Station reconstruction project
- Progress meeting for Phase II of the South Brainerd sanitary sewer model
- Progress meeting for the East River Road sanitary sewer rehabilitation project
- Meeting with Automatic Systems to discuss SCADA system integration and software updates at the wastewater treatment facility
- Cost model meeting #2 with staff, Rice Lake Construction, and Bolton & Menk for the 2026 Reclaim Tank project at the water treatment plant

Continued Capital Construction Design Engineering Coordination

Design season is in full swing at both the City with numerous capital improvement and development-driven projects advancing simultaneously. To support effective planning, scheduling, and implementation, staff have continued regular bi-weekly coordination meetings. These meetings serve as a key forum for reviewing active and upcoming City infrastructure projects as well as private development projects currently moving through City review and approval processes.

UTILITIES DIRECTOR REPORT JANUARY 2025 (CONTINUED)

Through this coordinated approach, staff are able to align project schedules, identify opportunities for cost savings, minimize construction conflicts, and ensure that utility improvements are integrated seamlessly with street, reconstruction, and resurfacing efforts. Coordination efforts include early design review, utility layout and conflict resolution, sequencing of construction activities, permitting considerations, and communication planning to reduce impacts to residents, businesses, and other stakeholders.

Projects currently being coordinated with City staff across multiple departments include the following (please note that this list is not all-encompassing):

- Ronald and Joseph Alley construction coordination
- Highway 210 Reconstruction Project
- Lead service line replacement projects, both in conjunction with planned reconstruction and resurfacing projects and as standalone utility projects
- Southeast Brainerd Reconstruction Project
- 2026 Street Resurfacing Project
- Main Lift Station design and planning
- Backwash/Reclaim CMAR Project
- East River Road trunkline rehabilitation project
- Kuepers development project south of Woodland Hills Lane
- Country Manor construction project
- Coordination on 2027 street reconstruction/resurfacing projects

Coordination on these projects spans multiple City divisions, including engineering, utilities, public works, planning, and administration, and encompasses a wide range of activities such as design integration, construction phasing, budget alignment, and long-term asset management considerations. This ongoing collaboration continues to be robust and effective, ensuring that City investments are strategically aligned, regulatory requirements are met, and infrastructure improvements are delivered efficiently and with minimal disruption to the community.

2026 Public Utilities Director Priorities

Pursuant to my last report, I have identified several opportunities for improvement that I plan to pursue in 2026 and updates from the previous meeting. Some of these priorities and projects include:

1. Bluebeam PDF Software – Staff have been working collaboratively with the IT Department to roll out Bluebeam software to departments that would benefit from its collaborative capabilities. Procurement of the software is currently underway, with deployment and staff training scheduled to begin in February 2026.
2. Pool Engineering Services – The draft Pool Engineering Services RFP is included on this agenda for Commission review. Based on discussion held at the City Council meeting on January 20, 2026, the City Council provided guidance to staff regarding the LOI and SOQ solicitation, along with feedback on potential revisions that will be discussed at the Commission meeting. Council feedback included placing a cap on pool service contracts at \$500,000 or less and limiting the pool term to two (2) years, at which time a refresh of the pool may be considered.

Upon potential approval by the Commission and the Park Board, the final RFP would be brought back to the City Council at its first meeting in February for final review and authorization prior to solicitation.

3. Integrated Capital Improvement Planning (CIP) and Capital Asset Planning Sessions – Staff held the first long-range capital improvement planning session and established a schedule for future meetings and continued collaboration. Deliverables from these planning sessions will include long-range sanitary sewer and water system plans, with the potential for these plans to be incorporated into the City's overall Comprehensive Plan.

UTILITIES DIRECTOR REPORT JANUARY 2025 (CONTINUED)

The current timeline anticipates working through a number of initiatives throughout 2026, followed by more detailed modeling and planning efforts in 2027 once gaps in existing modeling information have been identified. The resulting plans will evaluate future potential upsizing of the sanitary sewer system, as well as upsizing and looping of watermain, to support future development and provide increased system redundancy.

4. City Standard Details and Specifications – The City has long identified the need for a standardized set of construction details and specifications that are reviewed and updated annually to incorporate lessons learned from the previous construction season. Historically, updates to construction details and specifications have been made on a project-by-project basis. In other communities where staff have worked, a standardized set of documents serves as the foundation for all projects, with modifications made only as necessary to address project-specific conditions.

Staff recently held a preliminary meeting with SEH, the firm that prepared the City of Baxter's Standard Details and Specifications, to discuss the scope of work for a potential City of Brainerd project. In the interim, staff also received authorization from the City of Baxter to use their documents as a starting point for the development of a formalized City of Brainerd Standard Details and Specifications manual.

It is anticipated that a proposal for professional services will be presented to the Commission in February, with subsequent consideration by the City Council in March.

5. Fats, Oils, and Grease (FOG) Control Program and Mercury Control Program – In coordination with other City departments, including Building and Engineering, staff plan to work toward the development and implementation of a comprehensive, citywide Fats, Oils, and Grease (FOG) management program for Food Service Establishments (FSEs). FSEs play a critical role in preventing FOG from entering the sanitary sewer system through the proper installation, operation, and maintenance of grease traps and grease interceptors. A coordinated and consistent approach is necessary to ensure these systems function as intended and protect downstream infrastructure.

A successful FOG program will include multiple integrated components, including public outreach and education to improve awareness and compliance; standardized criteria for the sizing and installation of grease traps and interceptors; routine reporting requirements through the submission of pumping and cleaning logs; and clearly defined, enforceable compliance and enforcement measures. Program development will be closely coordinated across departments to align permitting, inspection, and enforcement responsibilities and to create a clear and intuitive process for FSEs to follow.

FOG accumulation has been a longstanding issue throughout the City, contributing to sewer blockages, increased maintenance demands, and reduced performance within the sanitary sewer collection system, as well as elevated biochemical oxygen demand (BOD) loading at the wastewater treatment facility. Implementation of a comprehensive and enforceable FOG management program will help mitigate these impacts, protect critical infrastructure, improve wastewater quality, reduce operational and maintenance costs, and support long-term system reliability.

In addition, preliminary discussions with Trevor Walter, Public Works Director and City Engineer for the City of Baxter, have identified a potential opportunity for collaboration and information sharing. The City of Baxter has recently developed a FOG management program, and there may be value in leveraging their experience as the City of Brainerd advances its own program. Based on these discussions, staff have initiated conversations with SEH regarding the potential use of the Baxter program as a framework for Brainerd, with minor modifications to reflect local conditions and regulatory needs.

**UTILITIES DIRECTOR REPORT
JANUARY 2025 (CONTINUED)**

Concurrently with the development of a detailed FOG management program, staff have also been in discussions with the City of Baxter regarding the creation of a comprehensive Mercury Control Program. Recent mercury exceedances at the wastewater treatment facility have prompted staff to begin discussions with SEH and the City of Baxter to scope a detailed mercury control program document. Similar in structure to the FOG program, the mercury program would provide clear guidance to business owners—particularly dental offices—on the proper handling and disposal of mercury-laden wastewater, appropriate cleaning and maintenance of dental equipment, and the operation and servicing of dental amalgam separators.

Given that both cities currently lack a fully developed mercury control program, staff have discussed a cooperative approach in which the City of Brainerd would develop a mercury control program that could be shared with the City of Baxter, while leveraging Baxter's existing FOG program framework for use in Brainerd. This approach would result in aligned FOG and mercury control programs between the two cities, streamline operations, and ensure consistency in expectations and regulatory requirements for businesses operating within both communities.



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Brainerd Public Utilities Finance Managers Report January 2026

Monthly Financial Statements

The November financial statements are attached. The December year-end entries are underway as we prepare to close year end and start the audit preparation process.

2025 Audit

The 2025 audit is underway, with on-site fieldwork scheduled for the week of March 2. As part of the audit procedures, related-party questionnaires will be provided at the onset of the meeting and will need to be completed and returned to me prior to Feb 15, 2026. Completion of these questionnaires is required and supports the auditors' independence and compliance requirements.

Streetlighting/Water/Wastewater Cost Studies

The cost studies for Street Lighting, Water, and Wastewater are continuing. UFS is currently waiting for the finalized 2025 financial data, which will allow them to complete the studies using the most up-to-date information. That 2025 data is being compiled as part of the 2026 budget preparation process to ensure consistency across both efforts. The water data has been submitted to UFS since the last meeting. The Completion of the cost studies is happening congruently with the audit preparation.

Payment Processing/Credit Card Transaction Fees

Since the last report, staff met directly with Tyler Payments to emphasize that no further implementation deadlines can be missed and that this transition must be treated as a priority. Following this discussion, Tyler Payments has advanced coordination efforts with JP Morgan Chase to resolve the previously identified review issue. Based on current information provided by Tyler Payments, the project is now progressing as scheduled, with full implementation targeted for February 2026. Staff will continue to monitor progress closely and will notify the Commission immediately should any additional delays arise.

Staff are awaiting a formal onboarding meeting and the placard and customer notification materials from Tyler Payments. These items will be finalized and posted once the official go-live date is confirmed. The initial rate estimate is 3.5%.

AEP Meeting

Staff met with Vince from AEP on January 20, 2026, and received an updated market outlook and pricing information. Capacity markets continue to experience significant volatility, with recent auction prices substantially higher than historical levels. Market pressures include declining coal generation, reduced reserve margins, and increasing demand from data centers and cryptocurrency mining. These trends are tightening regional capacity markets and are expected to drive consideration of additional reliability measures, including behind-the-meter generation, within the next five to ten years. The capacity constraints are the driving force behind creating generation.

Staff also reviewed projected energy cost impacts under current market conditions. For 2026, base load purchase costs are expected to be modestly higher than originally projected, with potential increases ranging from approximately \$205,000 to \$287,000 depending on market pricing. Staff will continue to monitor market developments and provide updates as conditions evolve.



Monthly Financial Report November 2025

BRAINERD PUBLIC UTILITIES
COMPARISON OF OPERATING RESULTS
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025 AND 2024

	2025		2024	
	Amount	Percent of Sales	Amount	Percent of Sales
OPERATING REVENUE				
Department				
Electric	\$ 26,846,779	79.3%	\$ 25,539,312	79.6%
Water	3,817,210	11.3%	3,408,448	10.6%
Wastewater	3,208,607	9.5%	3,118,740	9.7%
Total Operating Revenue	<u>33,872,596</u>	<u>100.0%</u>	<u>32,066,500</u>	<u>100.0%</u>
OPERATING EXPENSES				
Salaries and Wages	4,724,982	13.9%	4,359,631	13.6%
Purchased Power	17,162,870	50.7%	16,853,434	52.6%
Operations and Maintenance	3,046,363	9.0%	2,783,231	8.7%
Other Charges	1,053,332	3.1%	876,151	2.7%
Employee Benefits	1,514,510	4.5%	1,480,170	4.6%
Insurance and Bonds	429,191	1.3%	362,499	1.1%
Depreciation and Amortization	4,968,194	14.7%	4,852,685	15.1%
Total Operating Expenses	<u>32,899,442</u>	<u>97.1%</u>	<u>31,567,801</u>	<u>98.4%</u>
OPERATING INCOME	<u>973,154</u>	<u>2.9%</u>	<u>498,699</u>	<u>1.6%</u>
NONOPERATING REVENUE				
Interest Revenue - Investments	444,808	1.3%	522,985	1.6%
Sale of Renewable Energy Credits	-	0.0%	-	0.0%
Interest Revenue - Notes Receivable	72,138	0.2%	97,059	0.3%
Bond Premium	134,893	0.4%	134,312	0.4%
Bond Issuance Costs	-	0.0%	-	0.0%
Interest Expense - Bonds	(697,992)	-2.1%	(753,625)	-2.4%
Local Option Sales Tax	1,709,358	5.0%	1,606,475	5.0%
Other	106,628	0.3%	86,827	0.3%
Total Nonoperating Revenue	<u>1,769,833</u>	<u>5.2%</u>	<u>1,694,033</u>	<u>5.3%</u>
INCOME BEFORE OPERATING TRANSFERS TO THE CITY	<u>2,742,987</u>	<u>8.1%</u>	<u>2,192,732</u>	<u>6.8%</u>
CAPITAL CONTRIBUTIONS	-	0.0%	-	0.0%
TRANSFERS TO THE CITY	<u>(714,274)</u>	<u>-2.1%</u>	<u>(702,716)</u>	<u>-2.2%</u>
CHANGE IN NET ASSETS	<u>\$ 2,028,713</u>	<u>6.0%</u>	<u>\$ 1,490,016</u>	<u>4.6%</u>

BRainerd PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION BY DEPARTMENT
NOVEMBER 30, 2025 AND 2024

	Electric	Water	Wastewater Treatment	Totals	
				2025	2024
ASSETS					
UTILITY PLANT					
Construction in Progress	\$ 2,138,588	\$ 779,841	\$ 2,427,681	\$ 5,346,110	\$ 8,583,628
Right-to-Use	430,613	18,402	18,402	467,417	461,978
In Service	51,901,675	40,061,750	42,850,942	134,814,367	125,993,518
Total Investment in Utility Plant	54,470,876	40,859,993	45,297,025	140,627,894	135,039,124
Less: Accumulated Depreciation	(30,063,124)	(18,125,961)	(24,366,638)	(72,555,723)	(67,093,403)
Net Utility Plant	24,407,752	22,734,032	20,930,387	68,072,171	67,945,721
CASH AND INVESTMENTS					
<u>Nonrestricted</u>	4,862,287	(3,030,953)	4,497,376	6,328,711	6,548,748
<u>Restricted</u>					
Customer Deposits	642,239	-	-	642,239	533,814
City of Brainerd Contribution	78,885	-	-	78,885	127,248
Conservation Incentive Program	612,873	-	-	612,873	559,098
Water and Sewer Accessibility Charges	-	594,995	7,138	602,133	559,102
Construction Bond Proceeds	-	-	-	-	-
Debt Service Reserve	1,117,250	1,449,702	2,139,099	4,706,051	4,799,827
Total Restricted Cash and Investments	2,451,247	2,044,697	2,146,237	6,642,181	6,579,089
Total Cash and Investments	7,313,534	(986,256)	6,643,613	12,970,891	13,127,837
CURRENT ASSETS					
Accounts Receivable	3,702,581	602,945	3,153,044	7,458,570	7,160,605
Interest Receivable	17,061	3,711	24,861	45,633	33,294
Inventory	1,936,512	143,559	-	2,080,071	2,611,602
Prepaid Expenses	48,922	2,298	22,666	73,886	268,004
Total Current Assets	5,705,076	752,513	3,200,571	9,658,160	10,073,505
OTHER ASSETS					
Bonds and Notes Receivable	-	-	-	-	-
Interest Receivable - Notes Receivable	-	-	28,548	28,548	22,842
Service Territory Acquisitions, Net of Accumulated Amortization	132,083	-	-	-	179,183
Deferred Outflows of Resources	287,943	95,980	95,980	479,903	1,050,947
Investment in Solar Generation Facility	617,954	-	-	617,954	662,073
Total Other Assets	1,037,980	95,980	124,528	1,126,405	1,915,045
Total Assets	38,464,342	22,596,269	30,899,099	91,827,627	93,062,108
LIABILITIES AND NET ASSETS					
NET POSITION					
Net Investment in Capital Assets	21,038,195	12,206,373	13,069,423	46,313,991	43,421,495
Restricted	-	1,534,842	2,094,692	3,629,534	3,691,098
Unrestricted	7,829,905	(3,013,772)	6,587,229	11,403,363	11,570,742
Total Net Position	28,868,100	10,727,443	21,751,344	61,346,887	58,683,335
LONG-TERM LIABILITIES					
Revenue Bonds Payable	2,190,000	9,895,000	2,254,200	14,339,200	15,608,200
PFA Construction Loan Payable	-	-	3,648,000	3,648,000	5,285,000
Compensated Absences	638,142	234,662	207,896	1,080,700	1,011,197
Other Postemployment Benefit Obligation	199,330	66,443	66,443	332,216	366,208
Net Pension Liability	1,241,138	413,713	413,713	2,068,564	3,405,460
Deferred Inflows of Resources	1,104,250	368,082	368,082	1,840,414	1,303,304
Capital Lease Payable	354,797	(781)	(781)	353,235	363,586
Revenue Bond Premium	24,290	555,372	84,381	664,043	718,565
Total Long-Term Liabilities	5,751,947	11,532,491	7,041,934	24,326,372	28,061,520
CURRENT LIABILITIES					
Accounts Payable	1,168,033	13,346	-	1,181,379	1,331,350
Revenue Bonds Payable	1,120,000	75,000	79,200	1,274,200	1,194,200
PFA Construction Loan Payable	-	-	1,585,000	1,585,000	1,585,000
Capital Lease Payable	11,470	3,068	3,068	17,606	28,497
Payable to City of Brainerd	78,885	-	261,243	340,128	394,409
Conservation Incentive Program Payable	612,873	-	-	612,873	559,098
Accrued Expenses					
Salaries and Withholding Taxes	99,596	156,521	104,355	360,472	345,064
Sales Taxes	109,621	3,260	-	112,881	177,722
Bond Interest	1,578	85,140	72,955	159,673	168,099
Customer Deposits	642,239	-	-	642,239	533,814
Total Current Liabilities	3,844,295	336,335	2,105,821	6,286,451	6,317,253
Total Liabilities	9,596,242	11,868,826	9,147,755	30,612,823	34,378,773
Total Liabilities and Net Position	\$ 38,464,342	\$ 22,596,269	\$ 30,899,099	\$ 91,959,710	\$ 93,062,108

BRAINERD PUBLIC UTILITIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	11/30/2025				Totals	
	Electric	Water	Wastewater Treatment	Total	November 30,	
					2024	2023
OPERATING REVENUES						
<u>Utility Revenues</u>	\$ 25,694,129	\$ 3,741,345	\$ 2,260,828	\$ 31,696,302	\$ 30,586,455	\$ 27,119,736
Other Operating Revenue	1,152,650	75,865	947,779	2,176,294	1,480,044	1,364,013
Total Operating Revenue	26,846,779	3,817,210	3,208,607	33,872,596	32,066,500	28,483,749
OPERATING EXPENSES						
<u>Purchased Power</u>	17,162,870	-	-	17,162,870	16,853,434	12,457,717
<u>Production/Generation</u>						
Salaries and Wages	279,149	363,927	529,111	1,172,187	1,108,341	1,254,905
Operations and Maintenance	21,431	255,352	1,007,336	1,284,119	1,085,810	1,281,322
Employee Benefits	98,301	116,766	149,397	364,464	354,134	396,322
Other Charges	400	1,400	13,354	15,154	12,218	29,132
Total Generation/Production Expenses	399,281	737,445	1,699,198	2,835,924	2,560,503	2,961,681
<u>Distribution</u>						
Salaries and Wages	1,678,363	599,606	127,775	2,405,744	2,050,142	1,902,528
Operations and Maintenance	516,686	213,564	126,068	856,318	801,546	812,684
Employee Benefits	380,567	147,871	44,651	573,089	581,472	552,317
Other Charges	48,171	20,466	176	68,813	69,596	88,140
Total Distribution Expenses	2,623,787	981,507	298,670	3,903,964	3,502,756	3,355,669
<u>General and Administrative</u>						
Salaries and Wages	685,008	235,016	227,027	1,147,051	1,201,148	1,184,897
Operations and Maintenance	577,225	195,732	132,969	905,926	895,875	917,000
Insurance and Bonds	263,220	69,679	96,292	429,191	362,499	347,467
Employee Benefits	379,432	102,625	94,900	576,957	544,564	623,969
Other Charges	611,437	172,367	185,561	969,365	794,337	582,104
Total Gen. and Admin. Expenses	2,516,322	775,419	736,749	4,028,490	3,798,423	3,655,437
<u>Depreciation and Amortization</u>	2,192,454	1,222,870	1,552,870	4,968,194	4,852,685	4,616,691
Total Operating Expenses	24,894,714	3,717,241	4,287,487	32,899,442	31,567,801	27,047,195
NET OPERATING INCOME (LOSS)	1,952,065	99,969	(1,078,880)	973,154	498,699	1,436,554
NONOPERATING REVENUE (EXPENSE)						
Interest Revenue - Investments	32,231	10,797	401,780	444,808	522,985	250,396
Bond Premium	9,603	112,207	13,083	134,893	134,312	156,620
Interest Revenue - Notes Receivable	-	-	72,138	72,138	97,059	95,470
Local Option Sales Tax	-	-	1,709,358	1,709,358	1,606,475	1,750,434
Interest Expense - Bonds	(117,774)	(303,009)	(277,209)	(697,992)	(753,625)	(733,380)
Other	20,019	-	86,609	106,628	86,827	47,467
Total Nonoperating Revenue (Expense)	(55,921)	(180,005)	2,005,759	1,769,833	1,694,033	1,567,007
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,896,144	(80,036)	926,879	2,742,987	2,192,732	3,003,561
TRANSFERS TO THE CITY	(714,274)	-	-	(714,274)	(702,716)	(724,300)
CHANGE IN NET POSITION	\$ 1,181,870	\$ (80,036)	\$ 926,879	\$ 2,028,713	\$ 1,490,016	\$ 2,279,261

BRainerd PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION FOR ELECTRIC DEPARTMENT
NOVEMBER 30, 2025 AND 2024

	November 30, 2025			2024
	Generation	Distribution	Total	
ASSETS				
UTILITY PLANT				
Construction in Progress	\$ 937,964	\$ 1,200,624	\$ 2,138,588	\$ 3,703,154
Right-to-Use	-	430,613	430,613	421,686
In Service	8,082,166	43,819,509	51,901,675	48,274,091
Total Investment in Utility Plant	9,020,130	45,450,746	54,470,876	52,398,931
Less: Accumulated Depreciation	(3,191,479)	(26,871,645)	(30,063,124)	(27,635,507)
Net Utility Plant	5,828,651	18,579,101	24,407,752	24,763,424
CASH AND INVESTMENTS				
<u>Nonrestricted</u>	(5,805,541)	10,667,828	4,862,287	3,979,532
<u>Restricted</u>				
Customer Deposits	-	642,239	642,239	533,814
City of Brainerd Contribution	-	78,885	78,885	127,248
Conservation Incentive Program	-	612,873	612,873	559,098
Debt Service Reserve	686,750	430,500	1,117,250	1,117,250
Total Restricted Cash and Investments	686,750	1,764,497	2,451,247	2,337,410
Total Cash and Investments	(5,118,791)	12,432,325	7,313,534	6,316,942
CURRENT ASSETS				
Accounts Receivable	-	3,702,581	3,702,581	3,606,471
Interest Receivable	-	17,061	17,061	13,057
Inventory	-	1,936,512	1,936,512	2,470,567
Prepaid Expenses	(4,345)	53,267	48,922	189,190
Total Current Assets	(4,345)	5,709,421	5,705,076	6,279,285
OTHER ASSETS				
Service Territory Acquisitions, Net of Accumulated Amortization	-	132,083	132,083	179,183
Deferred Outflows of Resources	47,991	239,952	287,943	630,567
Investment in Solar Generation Facility	-	617,954	617,954	662,073
Total Other Assets	47,991	989,989	1,037,980	1,471,823
Total Assets	753,506	37,710,836	38,464,342	38,831,474
LIABILITIES AND NET ASSETS				
Net Investment in Capital Assets	3,671,361	17,366,834	21,038,195	20,361,084
Unrestricted	(5,837,333)	13,667,238	7,829,905	7,108,757
Total Net Position	(2,165,972)	31,034,072	28,868,100	27,469,841
LONG-TERM LIABILITIES				
Revenue Bonds Payable	1,705,000	485,000	2,190,000	3,390,000
Compensated Absences	69,003	569,139	638,142	598,214
Other Postemployment Benefit Obligation	33,222	166,108	199,330	219,726
Net Pension Liability	206,856	1,034,282	1,241,138	2,043,276
Deferred Inflows of Resources	184,042	920,208	1,104,250	781,982
Capital Lease Payable	-	354,797	354,797	362,506
Revenue Bond Premium	24,290	-	24,290	34,897
Total Long-Term Liabilities	2,222,413	3,529,534	5,751,947	7,430,601
CURRENT LIABILITIES				
Accounts Payable	-	1,168,033	1,168,033	1,318,006
Revenue Bonds Payable	665,000	455,000	1,120,000	1,040,000
Capital Lease Payable	-	11,470	11,470	17,937
Payable to City of Brainerd	-	78,885	78,885	127,248
Conservation Incentive Program Payable	-	612,873	612,873	559,098
Accrued Expenses				
Salaries and Withholding Taxes	30,820	68,776	99,596	160,358
Sales Taxes	(1)	109,622	109,621	174,551
Bond Interest	1,246	332	1,578	20
Customer Deposits	-	642,239	642,239	533,814
Total Current Liabilities	697,065	3,147,230	3,844,295	3,931,032
Total Liabilities	2,919,478	6,676,764	9,596,242	11,361,633
Total Liabilities and Net Position	\$ 753,506	\$ 37,710,836	\$ 38,464,342	\$ 38,831,474

BRainerd PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	November 30, 2025			Variance With Budget - Positive (Negative)	Year to Date November 30,	
	Current Month	Year to Date	Budget		2024	2023
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 514,788	\$ 6,116,575	\$ 6,380,000	\$ (263,425)	\$ 5,794,380	\$ 6,323,422
Commercial	851,950	9,723,429	9,735,000	(11,571)	9,241,550	9,787,858
Medium/Large Commercial	161,858	1,898,462	2,519,000	(620,538)	2,200,342	2,505,371
Industrial	223,359	6,942,408	8,250,000	(1,307,592)	6,778,354	2,303,157
City of Brainerd	28,761	327,740	332,200	(4,460)	316,929	331,455
BPU	63,959	685,515	715,000	(29,485)	678,047	745,149
Total Utility Revenue	1,844,675	25,694,129	27,931,200	(2,237,071)	25,009,602	21,996,412
<u>Other Operating Revenue</u>						
Penalties	14,569	166,288	93,500	72,788	126,667	123,672
Other	38,747	986,362	209,367	776,995	403,043	260,484
Total Other Operating Revenue	53,316	1,152,650	302,867	849,783	529,710	384,156
Total Operating Revenue	1,897,991	26,846,779	28,234,067	(1,387,288)	25,539,312	22,380,568
OPERATING EXPENSES						
<u>Purchased Power</u>						
All Other Customers	985,494	10,662,837	11,220,000	557,163	10,035,061	9,635,039
Solar Generation	33,847	654,008	660,000	5,992	671,683	702,937
Crypto Mining Customers	165,898	5,846,025	6,416,667	570,642	6,146,690	2,119,741
Total Purchased Power Expense	1,185,239	17,162,870	18,296,667	1,133,797	16,853,434	12,457,717
<u>Generation</u>						
Salaries and Wages	20,879	279,149	216,792	(62,357)	260,295	425,473
Operations and Maintenance	331	21,431	37,675	16,244	20,732	39,336
Employee Benefits	19,094	98,301	47,300	(51,001)	89,341	121,715
Other Charges	100	400	5,500	5,100	339	1,038
Depreciation	27,300	300,300	299,200	(1,100)	301,400	299,200
Total Generation Expenses	67,704	699,581	606,467	(93,114)	672,107	886,762
<u>Distribution</u>						
Salaries and Wages	129,118	1,678,363	1,853,775	175,412	1,407,515	1,291,410
Operations and Maintenance	74,649	516,686	566,133	49,447	420,524	330,120
Employee Benefits	33,235	380,567	444,400	63,833	406,426	369,688
Other Charges	2,546	48,171	62,883	14,712	51,739	61,082
Depreciation and Amortization	154,600	1,700,600	1,572,450	(128,150)	1,622,500	1,567,500
Total Distribution Expenses	394,148	4,324,387	4,499,642	175,255	3,908,704	3,619,800
<u>General and Administrative</u>						
Salaries and Wages	65,180	685,008	1,035,467	350,459	713,630	696,369
Operations and Maintenance	35,814	577,225	635,873	58,648	570,397	535,929
Insurance and Bonds	7,090	263,220	245,483	(17,737)	213,267	215,767
Employee Benefits	13,988	379,432	476,850	97,418	323,360	370,910
Other Charges	56,864	611,437	492,250	(119,187)	509,169	376,198
Depreciation and Amortization	17,414	191,554	159,592	(31,962)	167,354	152,453
Total Gen. and Admin. Expenses	196,350	2,707,876	3,045,515	337,639	2,497,177	2,347,626
Total Operating Expenses	1,843,441	24,894,714	26,448,290	1,553,576	23,931,422	19,311,905
NET OPERATING INCOME	54,550	1,952,065	1,785,777	166,288	1,607,890	3,068,663
NONOPERATING REVENUE						
Interest Revenue - Investments	5,183	32,231	8,800	23,431	128,590	40,074
Interest Expense - Bonds	(12,273)	(117,774)	(143,733)	25,959	(141,217)	(169,798)
Sale of Renewable Energy Credits	-	-	-	-	-	-
Bond Premium	873	9,603	12,100	(2,497)	11,088	13,067
Gain on Disposal of Capital Assets	16,439	20,019	1,100	18,919	-	-
Total Nonoperating Revenue	10,222	(55,921)	(121,733)	65,812	(1,539)	(116,657)
INCOME BEFORE TRANSFERS TO THE CITY	64,772	1,896,144	1,664,043	232,101	1,606,351	2,952,006
TRANSFERS TO THE CITY	(57,250)	(714,274)	(748,000)	33,726	(702,716)	(724,300)
CHANGE IN NET POSITION	\$ 7,522	\$ 1,181,870	\$ 916,043	\$ 265,827	\$ 903,635	\$ 2,227,706

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - ELECTRIC DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	KWH SOLD			REVENUE			AVERAGE REVENUE PER KWH		
	PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	50,044,988	47,597,633	50,082,504	\$ 6,116,575	\$ 5,794,380	\$ 6,323,422	\$ 0.1222	\$ 0.1217	\$ 0.1263
Commercial	37,336,353	35,437,949	36,577,980	9,723,429	9,241,550	9,787,858	0.2604	0.2608	0.2676
Medium/Large Commercial	62,555,571	64,052,760	65,138,652	1,898,462	2,200,342	2,505,371	0.0303	0.0344	0.0385
Industrial	142,031,522	146,870,888	38,372,795	6,942,408	6,778,354	2,303,157	0.0489	-	-
City of Brainerd	1,875,835	1,797,043	1,802,851	327,740	316,929	331,455	0.1747	0.1764	0.1839
BPU	6,332,578	6,404,213	6,665,075	685,515	678,047	745,149	0.1083	0.1059	0.1118
Total	300,176,847	302,160,486	198,639,857	25,694,129	25,009,602	21,996,412	\$ 0.0856	\$ 0.0828	\$ 0.1107
% Change From Previous Year	-0.66%	52.11%	NA	2.74%	13.70%	NA	3.42%	-25.25%	NA

	% TO TOTAL - KWH			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	16.67%	15.75%	25.21%	23.81%	23.17%	28.75%	7,005	6,955	6,943
Commercial	12.44%	11.73%	18.41%	37.84%	36.95%	44.50%	1,244	1,231	1,198
Medium/Large Commercial	20.84%	21.20%	32.79%	7.39%	8.80%	11.39%	64	67	65
Industrial	47.32%	48.61%	19.32%	27.02%	27.10%	10.47%	1	1	1
City of Brainerd	0.62%	0.59%	0.91%	1.28%	1.27%	1.51%	50	42	37
BPU	2.11%	2.12%	3.36%	2.67%	2.71%	3.39%	40	39	39
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	8,404	8,335	8,283
% Change From Previous Year							0.83%	0.63%	NA

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WATER DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	November 30, 2025			Variance	Year to Date	
	Current	Year to	Budget	With Budget -	November 30,	
	Month	Date		Positive	2024	2023
				(Negative)		
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 157,535	\$ 1,800,570	\$ 1,674,292	\$ 126,278	\$ 1,484,988	\$ 1,525,198
Commercial	157,260	1,684,265	1,768,800	(84,535)	1,537,771	1,294,936
City of Brainerd	8,419	133,041	136,858	(3,817)	118,546	131,253
BPU	7,948	123,469	102,392	21,077	88,568	100,668
Total Utility Revenue	331,162	3,741,345	3,682,342	59,003	3,229,873	3,052,055
<u>Other Operating Revenue</u>						
Penalties	2,642	34,014	18,700	15,314	25,289	23,185
Other	8,057	41,851	59,767	(17,916)	153,286	29,213
Total Other Operating Revenue	10,699	75,865	78,467	(2,602)	178,575	52,398
Total Operating Revenue	341,861	3,817,210	3,760,808	56,402	3,408,448	3,104,453
OPERATING EXPENSES						
<u>Production</u>						
Salaries and Wages	28,281	363,927	474,467	110,540	443,582	430,929
Operations and Maintenance	26,154	255,352	256,117	765	302,420	303,025
Employee Benefits	10,899	116,766	161,700	44,934	133,204	156,608
Other Charges	-	1,400	660	(740)	536	592
Depreciation	17,400	191,400	245,300	53,900	167,200	244,200
Total Production Expenses	82,734	928,845	1,138,243	209,398	1,046,942	1,135,354
<u>Distribution</u>						
Salaries and Wages	43,349	599,606	542,392	(57,214)	546,542	531,486
Operations and Maintenance	61,659	213,564	255,750	42,186	239,860	316,534
Employee Benefits	14,089	147,871	182,600	34,729	139,778	152,832
Other Charges	29	20,466	23,467	3,001	17,806	23,574
Depreciation	88,700	975,700	946,825	(28,875)	939,400	746,900
Total Distribution Expenses	207,826	1,957,207	1,951,033	(6,174)	1,883,386	1,771,326
<u>General and Administrative</u>						
Salaries and Wages	23,084	235,016	392,691	157,675	252,535	249,611
Operations and Maintenance	9,156	195,732	207,900	12,168	170,906	243,490
Insurance and Bonds	5,097	69,679	62,700	(6,979)	62,532	61,988
Employee Benefits	9,401	102,625	152,900	50,275	116,497	130,438
Other Charges	18,054	172,367	152,900	(19,467)	134,657	99,185
Depreciation	5,070	55,770	50,967	(4,803)	50,265	43,670
Total Gen. and Admin. Expenses	69,862	831,189	1,020,058	188,869	787,392	828,382
Total Operating Expenses	360,422	3,717,241	4,109,334	392,093	3,717,720	3,735,062
NET OPERATING INCOME (LOSS)	(18,561)	99,969	(348,526)	448,495	(309,273)	(630,609)
NONOPERATING REVENUE						
Interest Revenue - Investments	1,178	10,797	8,800	1,997	29,615	25,023
Local Option Sales Tax - Baxter	-	-	320,100	(320,100)	-	348,693
Bond Premium	10,188	112,207	135,300	(23,093)	115,392	135,497
Bond Issuance Costs	-	-	-	-	-	-
Interest Expense - Bonds	(26,621)	(303,009)	(277,200)	(25,809)	(281,182)	(263,499)
Gain on Disposal of Capital Assets	-	-	-	-	832	-
Total Nonoperating Revenue	(15,255)	(180,005)	187,000	(367,005)	(135,343)	245,714
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(33,816)	(80,036)	(161,526)	81,490	(444,616)	(384,895)
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ (33,816)	\$ (80,036)	\$ (161,526)	\$ 81,490	\$ (444,616)	\$ (384,895)

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WATER DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, 2023, AND 2023

	GALLONS SOLD		REVENUE		AVERAGE PER 1,000 GALLONS	
	PERIOD ENDED NOVEMBER 30,		PERIOD ENDED NOVEMBER 30,		PERIOD ENDED NOVEMBER 30,	
	2025	2024	2025	2024	2025	2024
Residential	152,284,691	148,689,296	\$ 1,800,570	\$ 1,484,988	\$ 11.82	\$ 9.99
Commercial	219,742,019	208,766,972	1,895,798	1,530,772	8.63	7.33
City of Baxter	9,996,000	50,537,000	44,977	214,113	4.50	4.24
Total	382,022,710	407,993,268	\$ 3,741,345	\$ 3,229,873	\$ 9.79	\$ 7.92
% Change From Previous Year	-6.37%	3.28%	15.84%	5.83%	23.71%	2.46%

	% TO TOTAL - GALLONS		% TO TOTAL - REVENUE		TOTAL METERS IN SERVICE	
	PERIOD ENDED NOVEMBER 30,		PERIOD ENDED NOVEMBER 30,		PERIOD ENDED NOVEMBER 30,	
	2025	2024	2025	2024	2025	2024
Residential	39.86%	36.44%	48.13%	45.98%	4,106	4,080
Commercial	57.52%	51.17%	50.67%	47.39%	883	856
City of Baxter	2.62%	12.39%	1.20%	6.63%	1	1
Total	100.00%	100.00%	100.00%	100.00%	4,990	4,937
% Change From Previous Year					1.07%	0.45%

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WASTEWATER TREATMENT DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	November 30, 2025			Variance With Budget - Positive (Negative)	Year to Date November 30,	
	Current Month	Year to Date	Budget		2024	2023
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 134,936	\$ 1,481,319	\$ 1,435,500	\$ 45,819	\$ 1,409,658	\$ 1,333,892
Commercial	76,937	779,509	1,041,883	(262,374)	937,323	737,377
Total Utility Revenue	211,873	2,260,828	2,477,383	(216,555)	2,346,981	2,071,269
<u>Other Operating Revenue</u>						
Penalties	3,276	39,667	25,300	14,367	33,948	28,475
Reimbursement of Expenses - Baxter	82,455	896,523	733,333	163,190	730,670	716,313
Other	635	11,589	46,750	(35,161)	7,141	182,671
Total Other Operating Revenue	86,366	947,779	805,383	142,396	771,759	927,459
Total Operating Revenue	298,239	3,208,607	3,282,767	(74,159)	3,118,740	2,998,728
OPERATING EXPENSES						
<u>Treatment</u>						
Salaries and Wages	40,431	529,111	418,733	(110,378)	404,464	398,503
Operations and Maintenance	76,409	1,007,336	965,708	(41,628)	762,658	938,961
Employee Benefits	15,081	149,397	143,367	(6,030)	131,589	117,999
Other Charges	655	13,354	36,850	23,496	11,343	27,502
Depreciation	119,200	1,311,200	1,298,000	(13,200)	1,311,200	1,287,000
Total Treatment Expenses	251,776	3,010,398	2,862,658	(147,740)	2,621,254	2,769,965
<u>Lift Stations</u>						
Salaries and Wages	8,358	127,775	153,358	25,583	96,085	79,632
Operations and Maintenance	9,736	126,068	175,817	49,749	141,162	166,030
Employee Benefits	4,378	44,651	48,400	3,749	35,268	29,797
Other Charges	-	176	2,200	2,024	51	3,484
Depreciation	18,000	198,000	246,400	48,400	253,000	244,200
Total Collection Expenses	40,472	496,670	626,175	129,505	525,566	523,143
<u>General and Administrative</u>						
Salaries and Wages	21,447	227,027	349,058	122,031	234,983	238,917
Operations and Maintenance	8,397	132,969	160,857	27,888	154,572	137,581
Insurance and Bonds	993	96,292	78,558	(17,734)	86,700	69,712
Employee Benefits	8,129	94,900	141,900	47,000	104,707	122,621
Other Charges	20,192	185,561	160,921	(24,640)	150,511	106,721
Depreciation and Amortization	3,970	43,670	31,992	(11,678)	40,366	31,568
Total Gen. and Admin. Expenses	63,128	780,419	923,285	142,866	771,839	707,120
Total Operating Expenses	355,376	4,287,487	4,412,118	124,631	3,918,659	4,000,228
NET OPERATING LOSS	(57,137)	(1,078,880)	(1,129,352)	50,472	(799,919)	(1,001,500)
NONOPERATING REVENUE						
Interest Revenue - Investments	23,487	401,780	91,667	310,113	364,780	185,299
Interest Revenue - Notes Receivable	6,558	72,138	-	72,138	97,059	95,470
Interest Expense - Bonds	(21,836)	(277,209)	(333,300)	56,091	(331,226)	(300,083)
Bond Premium	1,232	13,083	7,700	5,383	7,832	8,056
Local Option Sales Tax - Brainerd	139,078	1,709,358	1,349,700	359,658	1,606,475	1,309,213
Local Option Sales Tax - Baxter	-	-	67,100	(67,100)	-	92,528
Federal Grant Revenue - Build America Bond	5,100	86,609	57,200	29,409	85,995	47,467
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
Total Nonoperating Revenue	153,619	2,005,759	1,240,067	765,692	1,830,915	1,437,950
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	96,482	926,879	110,715	816,164	1,030,996	436,450
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 96,482	\$ 926,879	\$ 110,715	\$ 816,164	\$ 1,030,996	\$ 436,450

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WASTEWATER TREATMENT DEPARTMENT
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2025, 2024, AND 2023

	GALLONS PROCESSED			REVENUE			AVERAGE PER 1,000 GALLONS		
	PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	151,102,200	147,668,979	166,118,033	\$ 1,481,319	\$ 1,409,658	\$ 1,333,892	\$ 9.80	\$ 9.55	\$ 8.03
Commercial	147,648,136	157,452,177	153,404,042	779,509	937,323	737,377	5.28	5.95	4.81
City of Baxter	230,042,000	216,993,000	218,639,000	896,523	730,670	716,313	3.90	3.37	3.28
Total	528,792,336	522,114,156	538,161,075	\$ 3,157,351	\$ 3,077,651	\$ 2,787,582	\$ 5.97	\$ 5.89	\$ 5.18
% Change From Previous Year	1.28%	-2.98%	NA	2.59%	10.41%	NA	1.29%	13.80%	NA
	% TO TOTAL - GALLONS			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,			PERIOD ENDED NOVEMBER 30,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	28.57%	28.28%	30.87%	46.92%	45.80%	47.85%	4,093	4,069	4,047
Commercial	27.92%	30.16%	28.51%	24.69%	30.46%	26.45%	846	903	901
City of Baxter	43.50%	41.56%	40.63%	28.39%	23.74%	25.70%	1	1	1
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	4,940	4,973	4,949
% Change From Previous Year							-0.66%	0.48%	NA

Brainerd Public Utilities
Calculation of Net Benefit of Hydro Generation
For the Year Ended December 31, 2025

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Hydro Generation - kWh	1,021,000	917,000	1,002,000	968,000	1,252,000	1,094,000	1,242,000	1,213,000	992,000	1,032,000	978,000	1,001,000	12,712,000
Blended AEP Cost	\$ 0.06472	\$ 0.07869	\$ 0.08077	\$ 0.08472	\$ 0.08864	\$ 0.09010	\$ 0.08977	\$ 0.08937	\$ 0.08497	\$ 0.07107	\$ 0.08715	\$ 0.09806	\$ 0.0840
Calculated Benefit	66,079.12	72,158.73	80,931.54	82,008.96	110,977.28	98,569.40	111,494.34	108,405.81	84,290.24	73,344.24	85,232.70	98,158.06	1,071,650.42

Brainerd Public Utilities
Calculation of Net Benefit of Hydro Generation
For the Year Ended December 31, 2024

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Hydro Generation - kWh	863,000	952,000	968,000	978,000	802,000	745,000	794,000	941,000	909,000	4,000	539,000	708,000	9,203,000
Blended AEP Cost	\$ 0.07291	\$ 0.07199	\$ 0.07821	\$ 0.08334	\$ 0.08305	\$ 0.08360	\$ 0.07682	\$ 0.07970	\$ 0.07785	\$ 0.08055	\$ 0.06268	\$ 0.07022	\$ 0.0767
Calculated Full Benefit	62,921.33	68,534.48	75,707.28	81,506.52	66,606.10	62,282.00	60,995.08	74,997.70	70,765.65	322.20	33,784.52	49,715.76	708,138.62



BRAINERD PUBLIC UTILITIES

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Brainerd Public Utilities Operations Managers Updates January 2026

Brainerd Public Utilities – Renewable Production Update December 2025 and Year-to-Date 2025

In 2025, Brainerd Public Utilities renewable resources continued to play a meaningful role in meeting residential electric demand, with hydropower and solar PPA assets providing consistent energy contributions throughout the year.

December 2025 Performance

During December 2025, BPU renewable facilities produced a combined 1,202.25 MWh, supplying approximately 19.5% of typical residential electric usage. Hydropower was the dominant contributor, generating 1,022.65 MWh, Airport Solar produced 253.75 MWh, while WWTP Solar generated 45.5 MWh, both reflecting seasonal solar variability and reduced winter irradiance.

Compared to November 2025, total renewable output declined by 180.25 MWh (-13%), primarily driven by lower solar production. Despite this seasonal decline, hydropower partially offset solar reductions, demonstrating its value as a winter-reliable renewable resource.

Year-to-Date 2025 Performance

For the full year, BPU renewable assets produced 24,134.36 MWh, representing a substantial contribution to system energy needs. Hydropower accounted for the largest share with 12,281.05 MWh, followed by Airport Solar at 9,461.29 MWh, and WWTP Solar at 2,392.02 MWh.

July was the strongest overall production month (2,735 MWh), while December was the lowest (1,186 MWh), reflecting expected seasonal patterns. Solar facilities achieved peak monthly production in May, while hydropower peaked in July, providing beneficial diversity across renewable resources.

Operational Takeaways

- Hydropower remains the most reliable and seasonally complementary renewable resource, particularly during winter months.
- Solar production continues to perform strongly during spring and summer, with Airport Solar providing the largest solar contribution due to its scale.

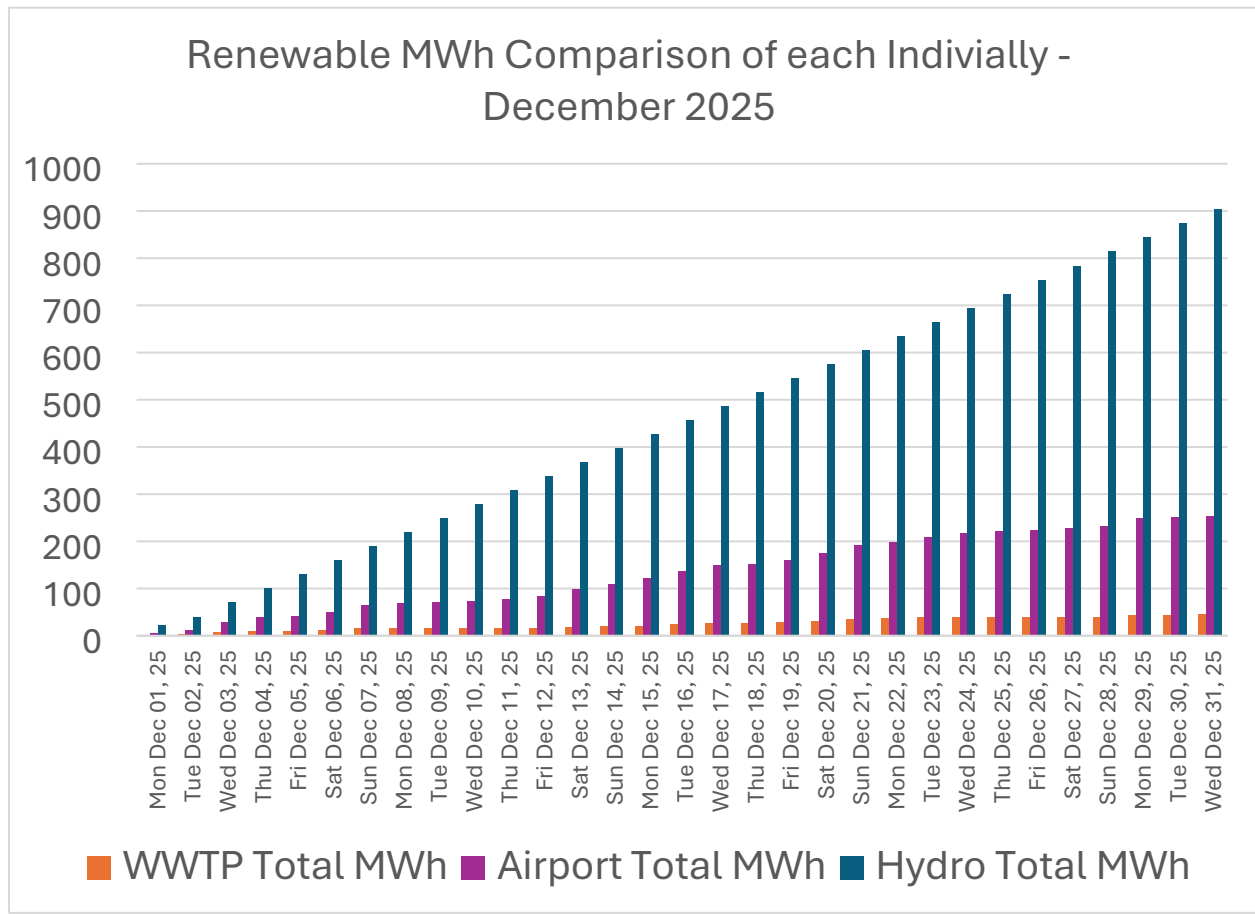
**Operations Managers Updates
December 2025 (Continued)**

- Seasonal variability reinforces the operational value of having a diversified renewable portfolio rather than reliance on a single resource type.

Overall, BPU's renewable assets delivered stable, predictable energy production in 2025 and offset a meaningful portion of residential demand, supporting cost stability, sustainability goals, and long-term resource planning.

Renewable Comparison – December 2025

Below are a couple of graphs showing BPU Renewables production for December 2025.



Hydro produces the most with 1,022.65 MWh or approximately 15% of Typical Residential Meters.

WWTP Solar produced 45.5 MWh or approximately >1% of Typical Residential Meters.

Airport Solar produced 253.75 MWh or approximately 4% of Typical Residential Meters.

Operations Managers Updates
December 2025 (Continued)

Last Month

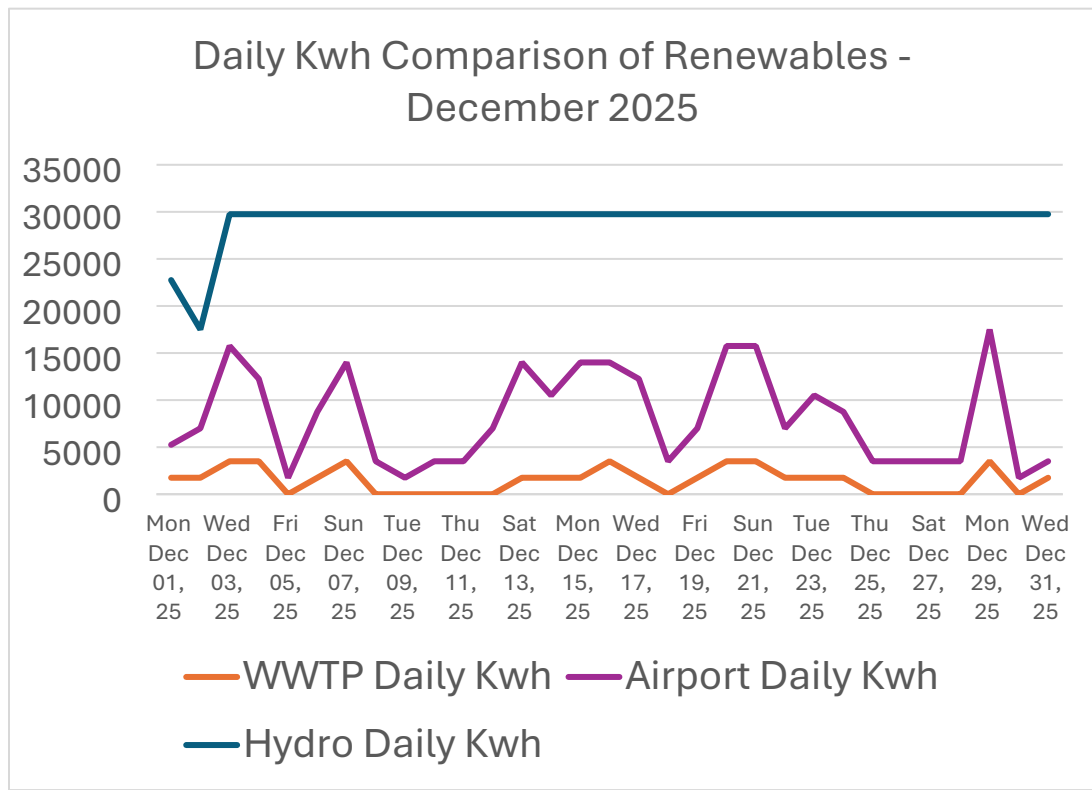
Hydro produced the most with 918.75 MWh (↑103.9 MWh this month).

WWTP Solar produced 89.25 MWh (↓43.75 MWh this month).

Airport Solar produced 374.5 MWh (↓120.75 MWh this month).

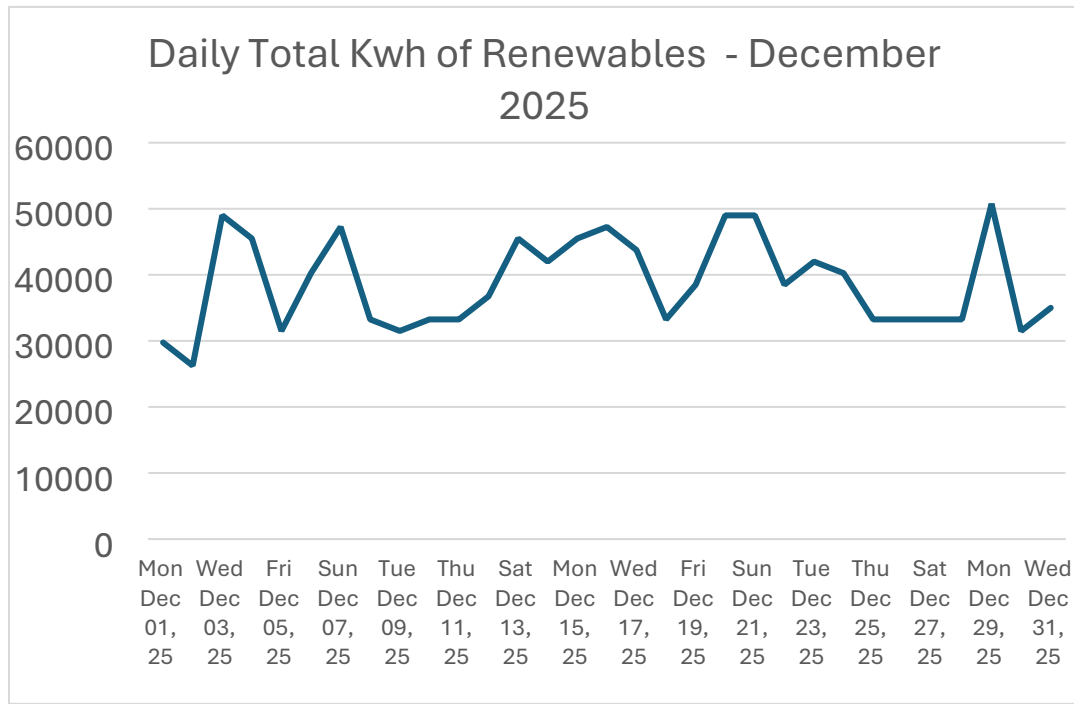
Airport Solar Capacity – 5.7 MW WWTP Solar Capacity – 1.372 MW Hydro Capacity – 3.1 MW

Daily Kwh Comparisons of Renewables – December 2025



Operations Managers Updates
December 2025 (Continued)

Daily Total Kwh of Renewables – December 2025



Together BPU Renewables produced 1,202.25 MWh or approximately 19.5% of Typical Residential Meters in December 2025.

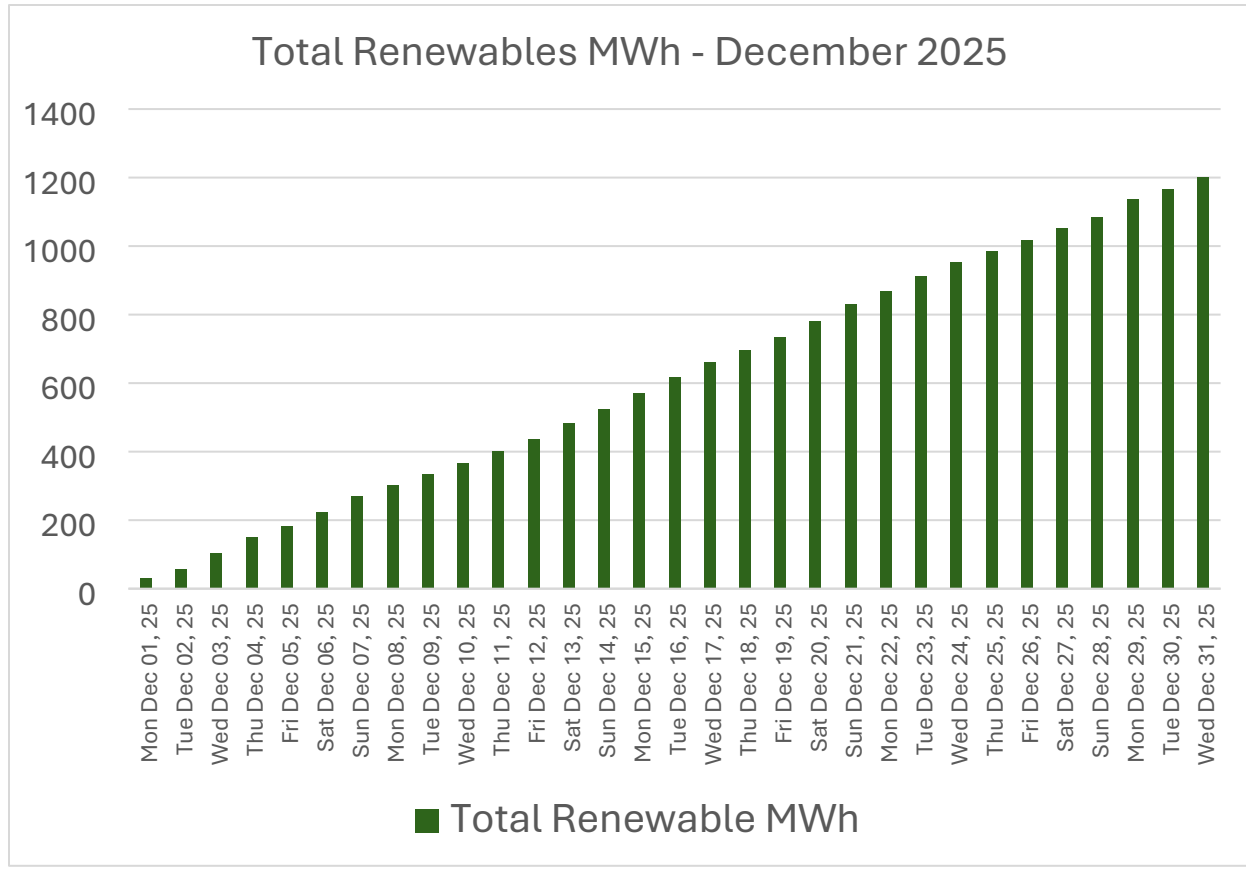
Last Month

Together BPU Renewables produced 1,382.5 MWh (↓180.25 MWh this month) or approximately 22% (↓2.5% this month) of Typical Residential.

Residential meter Kwh use was based on approximately 800-1000 Kwh per meter.

BPU had 6,974 Residential meters in December 2025 (Count updated every 3 Months).

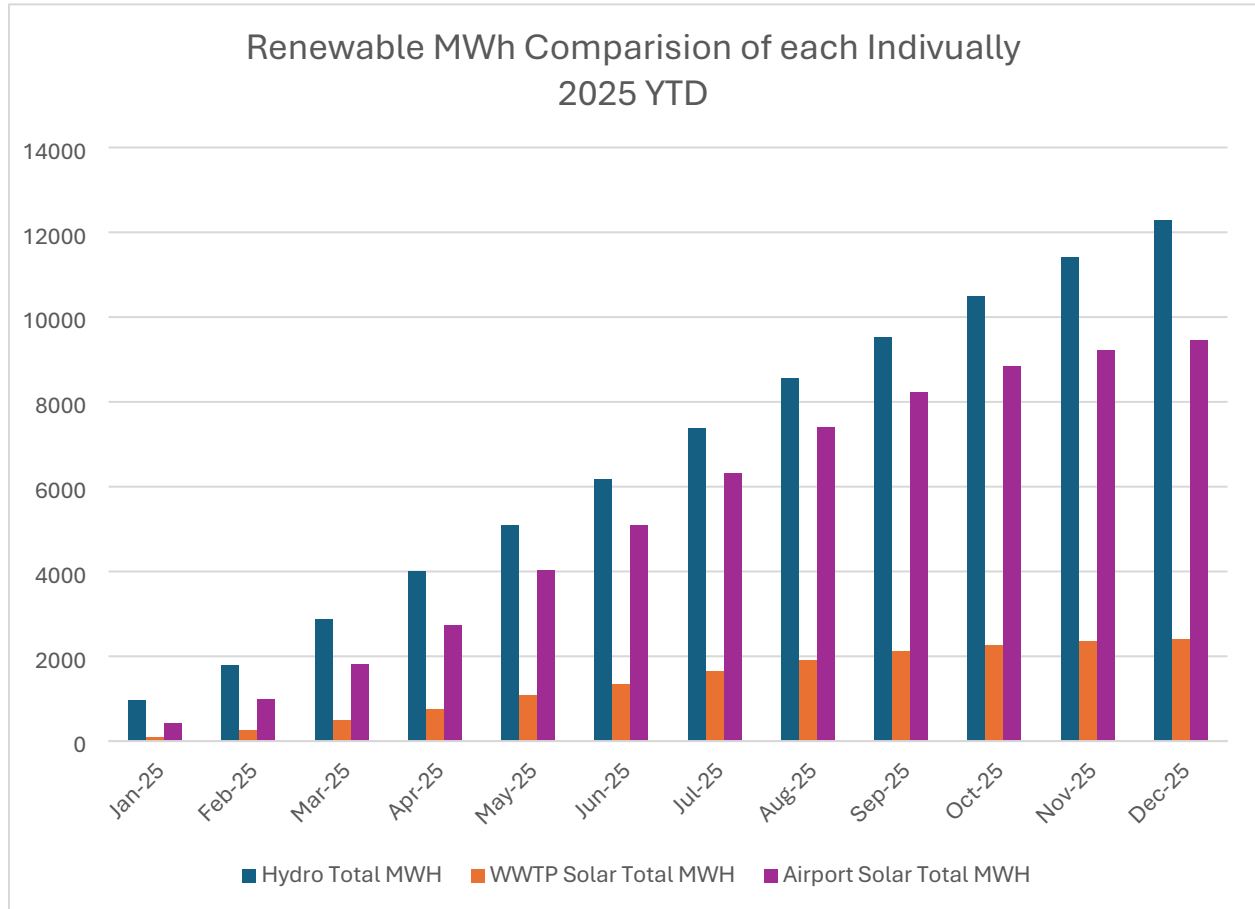
Operations Managers Updates
December 2025 (Continued)



Operations Managers Updates
December 2025 (Continued)

Renewable Comparison – YTD 2025

Below are a couple of graphs showing BPU Renewables production for YTD 2025



Hydro producing the most with 1,2281.05 MWh

WWTP Solar produced 2,392.02 MWh

Airport Solar produced 9,461.29 MWh

Best Month per System

Hydro producing the most in July with 1,230 MWh

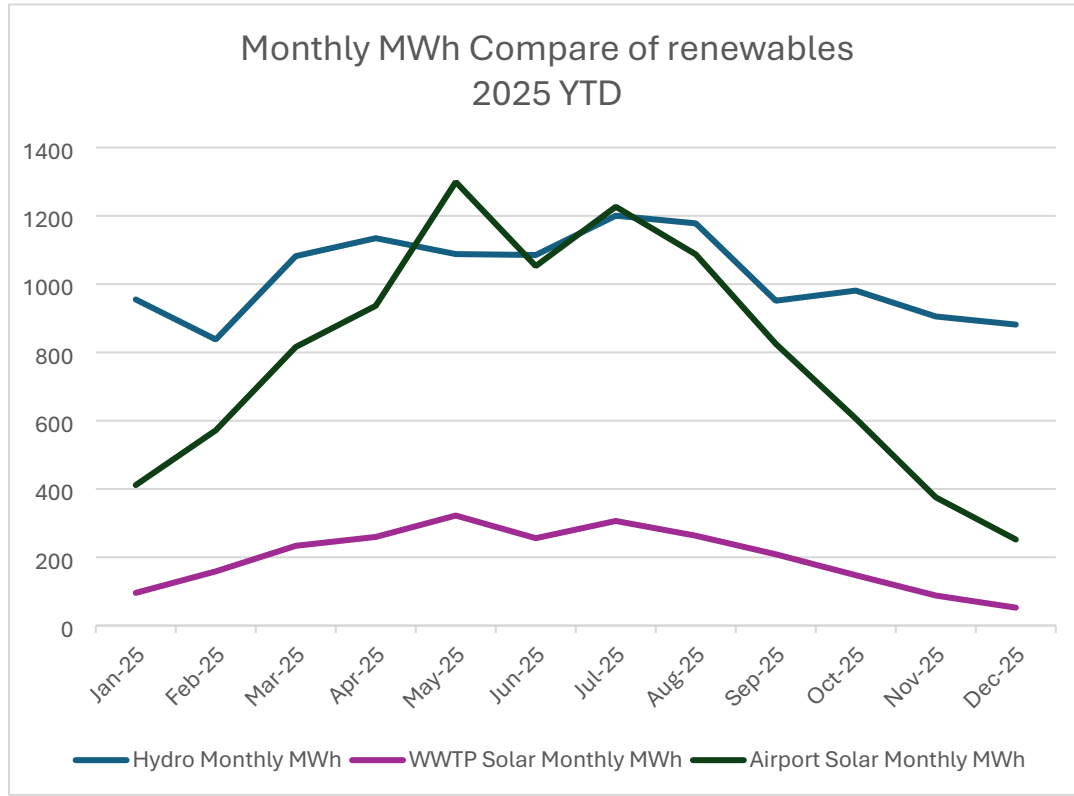
WWTP Solar producing the most in May with 322 MWh

Airport Solar producing the most in May with 1,299 MWh

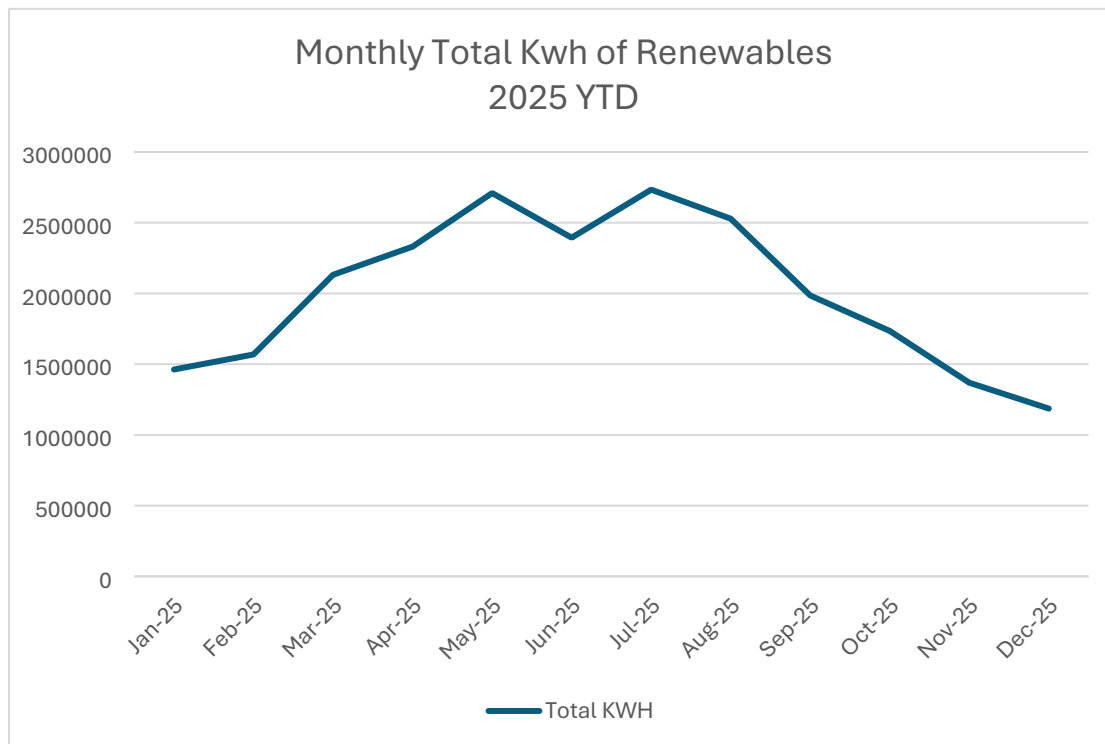
Airport Solar Capacity – 5.7 MW WWTP Solar Capacity – 1.372 MW Hydro Capacity – 3.1 MW

Operations Managers Updates
December 2025 (Continued)

Monthly MWh Comparisons of Renewables – December 2025



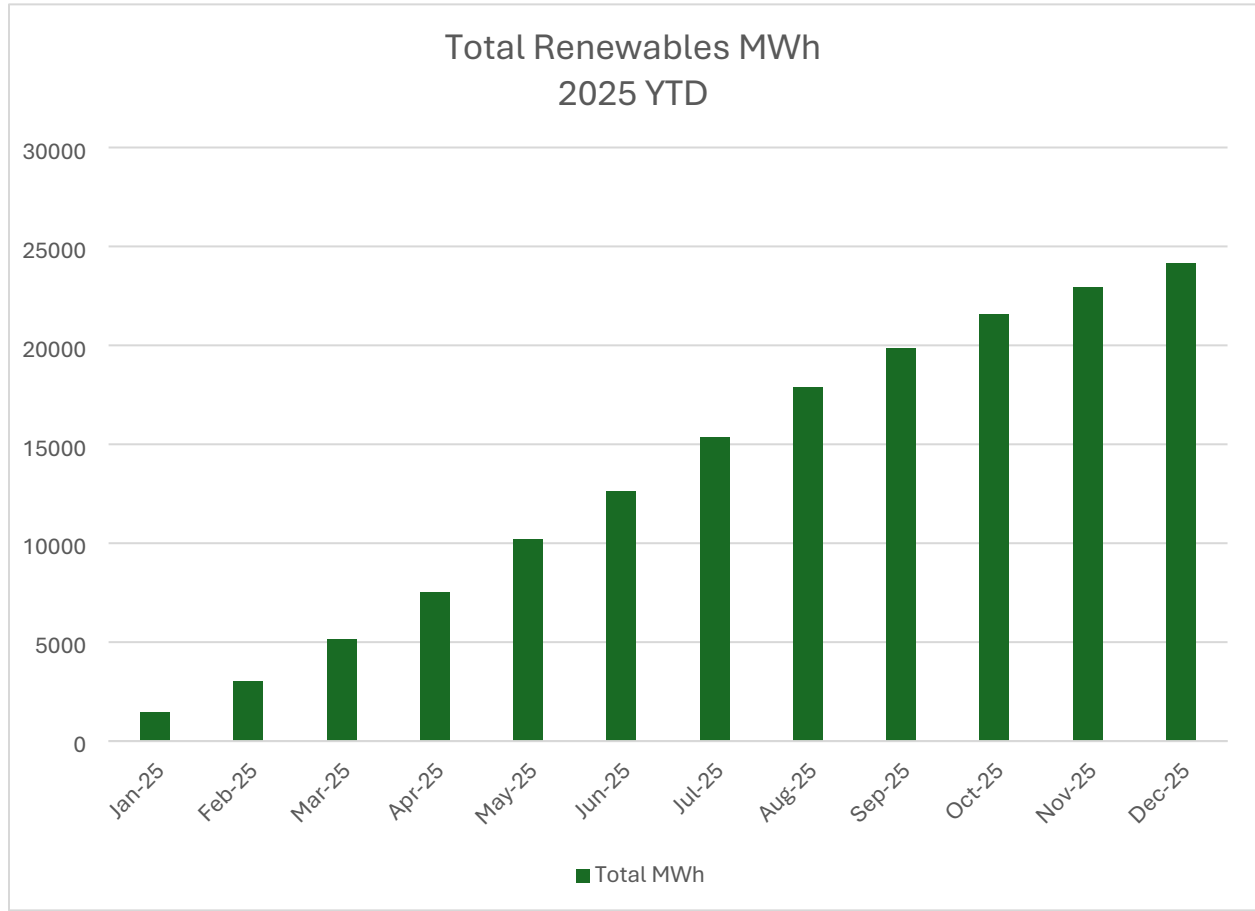
Monthly Total MWh of Renewables – December 2025



**Operations Managers Updates
December 2025 (Continued)**

July (2,735 MWh) being the best month and December (1,186 MWh) being the least

Together BPU Renewables produced 24,134.36 MWh YTD in 2025



Outages Dec 2025

Date	Meters	Time	Location		Cause
Water Interruptions					
12/13/2025			J St & 9th		water main break
12/22/2025			8th & E St		water main break
12/24/2025			200 Block	Gillis	Customer side
Electric Interruptions					
12/1/2025	1		8000 block	Industrial Pak Rd	Customer side



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Brainerd Public Utilities Water/Wastewater Manager's Report January 2026

Collection System Lift Stations

Installed new KSB pump at SW6th lift station. The existing pump was damaged by large rocks and was sent in for repair. Continuous operations and maintenance of wet wells, pumps, generators, and controls for the 17 lift stations are ongoing. Cleaning and painting of main lift pumps and piping as time allows. Lift Station operations and maintenance labor hours were 141.5 at a cost of \$7,758.06 dollars which includes weekends for the two stations that utilize pretreatment equipment. Lift Station Improvements labor were 4 hours at a cost of \$162.97 dollars.

Wastewater Treatment Facility Operations and Maintenance

On-call operators tested weekly SCADA alarms for the Wastewater Treatment Facility and lift stations to ensure reliability of emergency systems.

Land Application of Biosolids Program

Biosolids Annual Report sent to Minnesota Pollution Control Agency (MPCA) for Crop Year 2025. Working on the Minnesota Biosolids Pre – and Polyfluoroalkyl Substances (PFAS) Strategy compliance consisting of PFAS sampling, required actions include reduction efforts and communications with users. On-going development of the Minnesota Biosolids PFAS Strategy program for the approved Biosolids application sites. Currently there are 600,000 gallons in storage.

Wastewater Lab Testing and Compliance

Sent December 2025 Electronic Daily Monitoring Report to Minnesota Pollution Control Agency (MPCA). Ongoing Mercury Minimization, Copper Minimization Plan, and PFAS Minimization Plan continue. Inspected Prestige Plating and Keystone Automotive and sampled PFOS and metals concentrations. On-going program evaluation of delegation requirements with Brainerd and Baxter collection systems for Significant and Categorical Industrial Users (SIU and CIU).

Public Water System (PWS) Drinking Water Testing and Compliance

Collected 15 Coliform samples throughout the distribution system to comply with MDH coliform testing requirements. Labor were 15 hours at a cost of \$603.55 dollars.

Received and responded to 1 call from a resident concerning drinking water in December 2025.

Emergency Generator Maintenance and Operations

Test ran Lum Park (Airport extension) water booster/Lift station, Riverside water extension booster, Water plant. Evergreen Lift, Main Lift, SW6th Lift, portable 25KW, 150KW, 45KW and both Wastewater facilities generators. Added fuel as needed. Updating the portable generator Standard Operating Procedures (SOP's) for standardized emergency operations as various issues arise.

Water and Wastewater Personnel

Water/Wastewater operators signing up for training sessions to attend in 2026 for continuing education hours.

December 2025 Water Pumping Statistics

Water pumped to the North distribution system was 26,674,000 gallons for an average of 860,000 gallons. Water pumped to the South distribution system was 4,503,000 gallons for an average of 145,000 gallons. Chemical usage averages for the month: 2.29 gallons of fluoride per day, 4.70 gallons of caustic soda per day, 6.17 gallons of orthophosphate per day, and 17.13 pounds of chlorine per day. Went through 20 filter backwash events totaling 80 hours of labor, at a cost of \$3,032.32 dollars. Backwash average of 240,000 gallons for each event.

Filtration Plant

December 2025 daily test results showed an average of 0.83 milligrams per liter of iron in the unfiltered raw water and an average of 0.02 milligrams per liter of iron in the filtered finished water, which indicates the plant is achieving an average of 97.6% removal of iron.

*Minimum standard for filtered finished water is 0.3 milligrams per liter of iron which would be 75% removal based on the unfiltered raw concentration.

December 2025 daily test results showed an average of 0.5 milligrams per liter of manganese in the unfiltered raw water and an average of 0.018 milligrams per liter of manganese in the filtered finished water which indicates 96.4% removal of manganese.

*Minimum standard for filtered finished water is 0.050 milligrams per liter of manganese which would be 90% removal based on the unfiltered raw concentration.

Water Production staff mixed an acid and water solution and added it to catalyzer #1 to help clean out iron and manganese build up.

Wells

Water production staff completed yearly electric motor lubrication service. One phase of the electric service to well 7 faulted on January 4, 2026. BPU staff fixed the issue on January 6, 2026.

Chart Summary for Wastewater treatment

December 2025-2024 Total influent flow comparisons

2025 Combined Total flow was 55,365,000 gallons which is up 1,712,000 gallons from the previous year.

2025 Brainerd Total Flow was 34,645,000 gallons which is up 262,000 gallons from the previous year.

2025 Baxter Total Flow was 20,720,000 gallons which is up 1,450,000 gallons from the previous year.

December 2025 Influent Daily Average Flows

2025 Combined Flow was 1,786,000 gallons

2025 Brainerd Flow was 1,118,000 gallons

2025 Baxter Flow was 668,000 gallons

Chart Summary for Water Production

December 2025-2024 North distribution Total flow was 26,674,000 gallons which is up 1,187,000 gallons from the previous year.

December 2025-2024 South distribution Total flow was 4,503,000 gallons which is up 275,000 gallons from the previous year.

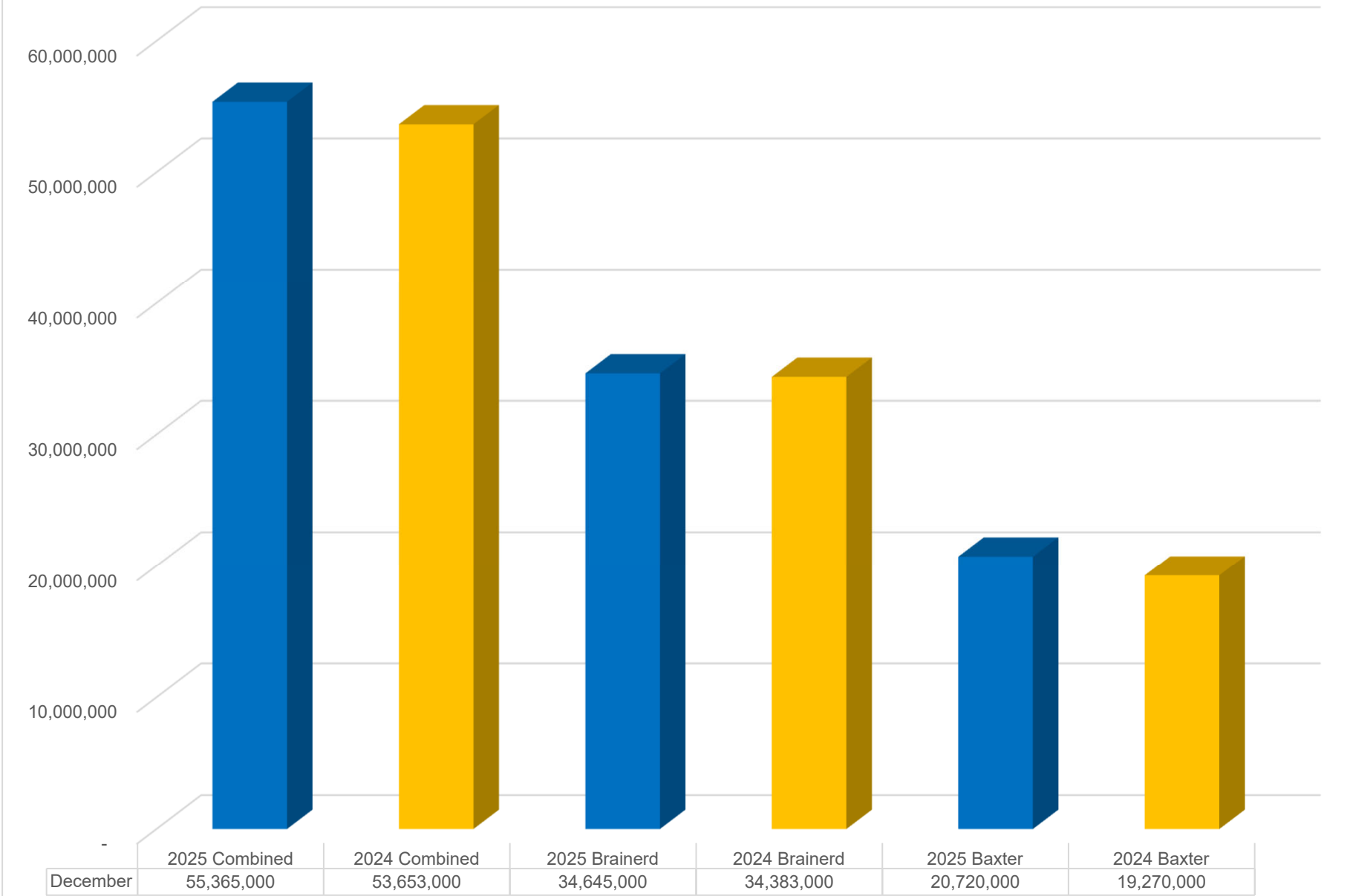
December 2025-2024 Baxter's Total flow was 107,000 gallons which is up 107,000 gallons from the previous year.

December 2025 Daily Average Water North and South Distribution

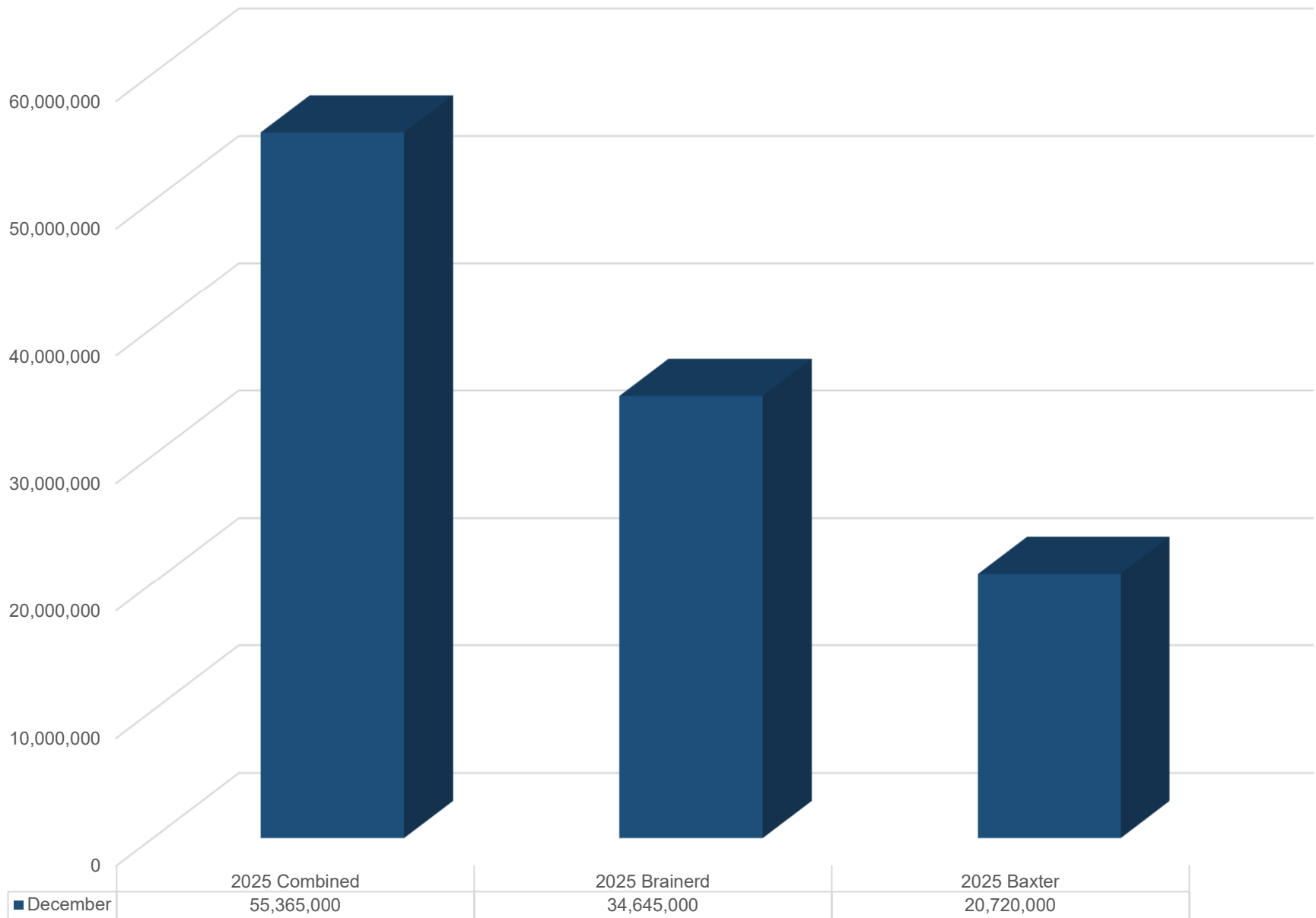
2025 North distribution average was 860,000 gallons

2025 South distribution average was 145,000 gallons

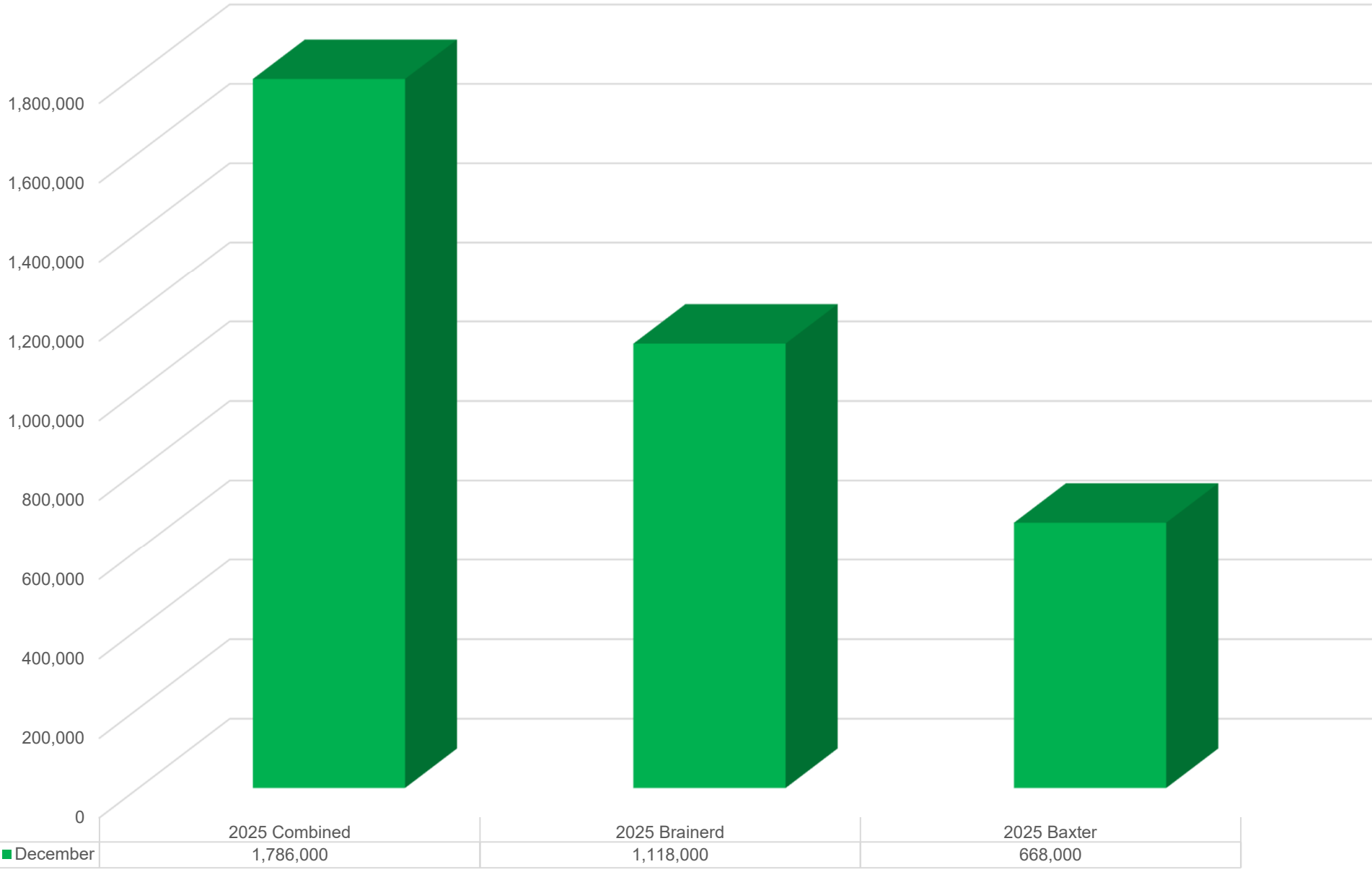
December 2025 - 2024 Wastewater Influent Flow Comparisons



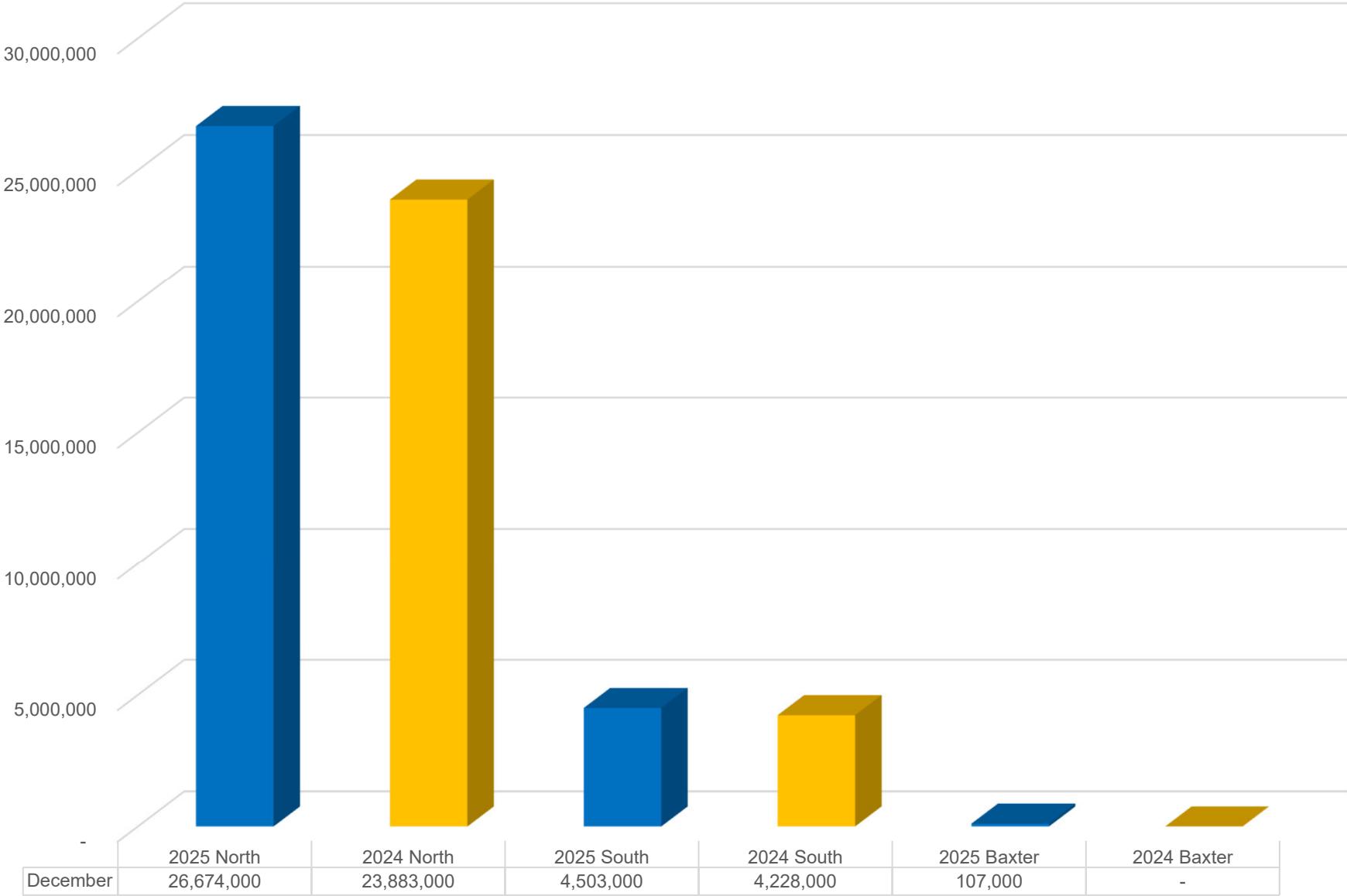
December 2025 Wastewater Influent Total Flows



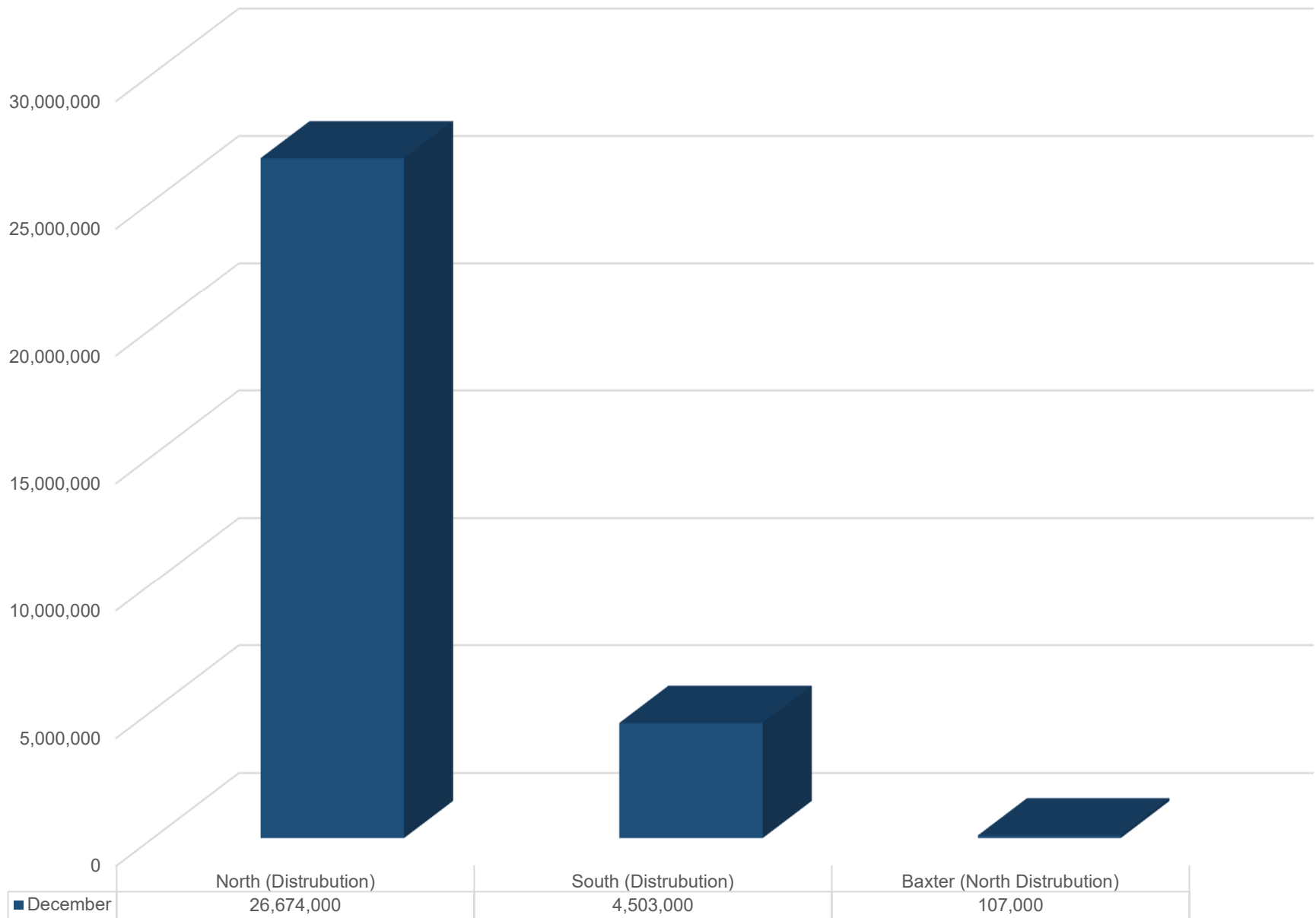
December 2025 Wastewater Influent Daily Average Flows



December 2025 - 2024 Comparison Water Production Totals North and South
Distribution



December 2025 Total North and South Distribution



December 2025 Daily Average North and South Distribution

