PUBLIC UTILITIES COMMISSION AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, February 24, 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 ___C. Jay __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 Surplus Items for Auction**

6. **Public Forum**
   Time allocated for citizens to bring matters not on the agenda to the attention of the Commission - Time limits may be imposed

7. **Commission Committee Reports**

   A. **Personnel Committee**

   B. **Finance and Operations Committee**

8. **Unfinished Business**
   (See attached separate memo regarding updates on unfinished business)

   A. **Unfinished Business Memorandum**

B. **Approve BPU Policy BPU_POL_2024-01 Frozen Water Service Lines**

C. **Approve BPU Policy BPU_POL_2003-04 Unauthorized Use of Utility Meters**

D. **Approve BPU Policy BPU_POL_2003-05 Fees for Water Meters**

E. **Approve the Second Amendment to Large Industrial Power Agreement between Brainerd Public Utilities Commission and Just for Krypto, LLC**

9. **New Business**

A. **Approve Professional Services Proposal with Bolton and Menk for Risk and Resiliency Assessments at the Water Treatment Plant (WTP) and Wastewater Treatment Facility (WWTF)**

B. **Approve Professional Services Agreement with Bolton and Menk for Professional Engineering and Construction Administration Services for the 2026 Lead Service Line Replacements Project in conjunction with the City of Brainerd's planned reconstruction of the alleyway between S 6th Street and S 7th Street from Paul Street to Joseph Street**

C. **Hold Public Hearing and Adopt Resolution to Approve and Submit Facility Plan — Brainerd Wastewater Treatment Facility (WWTF) Plan**

D. **Introduction of Eden Renewables, LLC for Potential Solar Project and Interconnection to Brainerd Public Utilities**

10. **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**

11. **Commission Member Reports**

12. **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 January 27, 2026.

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

Commission Roll Call

Mike Angland – Present
Dolly Wussow – Present
Mike Higgins – Present

Utility Staff Present

Public Utilities Director	Paul Sandy
Finance Manager	Danny Loch
Operation Manager	Trent Hawkinson
Water/Wastewater Manager	Charlie Gammon

Others in Attendance

City Administrator	Nick Broyles
HR Director	Brittney Kummet
Community Development Director	James Kramvik
Bolton & Menk	Morgan Salo, PE
Widseth	Bill Westerberg, PE
Citizen	Ken Heintzeman

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

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

Approval of Consent Items

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve the minutes from December 23th, 2025, regular monthly meeting, current month's bills, Approve out of State Travel- Tyler connect Conference, Approve out of State Travel – Backyard Lineman. There was a unanimous roll call vote in favor of the motion. Motion carried.

Election of President and Vice President

Motion by Commissioner Wussow and seconded by Commissioner Higgins to **nominate Mike Angland as BPU Commission President for 2026*. President Angland accepted, Motion Carried.***

Motion by Commissioner Higgins and seconded by Commissioner Angland to **nominate and elect Dolly Wussow as Commission Vice-President*. Motion Carried.***

Public Forum
None

Commission Committee Reports
Wussow suggested holding off a month in Committee elections until we get more Commissioners on board. Higgins and Angland agreed.

Sandy said there is potential for one or more applications to be submitted for the currently vacant seats. Considering this, Wussow noted it may be advisable to wait until the February meeting to allow time for any necessary adjustments and for appointments to be made by the Commission until the February meeting that could capture any vacancies that would be filled by Council at their February meetings.

All commissioners agreed to wait a month for appointments.

Angland noted that, looking back on 2025, the committees did an outstanding job. Everyone put in a great deal of effort and wanted to extend his sincere appreciation to both staff and committee members for their dedication. Significant progress was made, and communication throughout the year was excellent.

Unfinished Business

Memo -*See board packet for updates.*
Wussow requested an update on the lead service line project.

Sandy reported that, following discussions at the MESRB Conference, meetings were initiated with lobbyists, and a meeting was scheduled with Senator and Representative Heintzeman to discuss a potential state funding package for lead service line replacements during the current legislative session. A coalition consisting of the Coalition of Greater Minnesota Cities, IUOE Local 49, and Conservation Minnesota is advocating for additional funding, as the 2023 funding package is expected to be exhausted this year. The proposed funding request is anticipated to be approximately $240–$250 million, similar to the 2023 package.

BPU has committed $2.6 million in 2026 for the lead service line replacement program and remains on the project priority list; however, future allocations are uncertain without additional state-level funding. The issue was noted as a significant future consideration due to cost implications, and staff agreed to keep the Board informed following the legislative meetings.

Approve ClimaVision Radar Lease and Temporary Construction License
Finance Manager Danny Loch presented.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to authorize Utilities Director Sandy in coordination with the City Attorney to finalize language and approve ClimaVision Radar Lease and Temporary Construction License. There was a unanimous vote in favor of the motion. Motion carried.

New Business

Approve Professional Services Proposal with Bolton and Menk for New Water Treatment Plant and Well #9 Siting Preliminary Engineering Report and Investigations. *See board packet for agenda request.*
Public Utilities Director Paul Sandy presented.

Discussion included:
Higgins addressed the representative from Bolton & Menk, Morgan Salo, and inquired whether it is standard operating procedure to drill both a 4-inch and a 6-inch test well. Mr. Salo explained that a 4-inch well is typically drilled as a monitoring well to identify geological formations and determine groundwater elevations; however, it is not suitable for test pumping to evaluate aquifer capacity. A 6-inch test well, by contrast, allows for test pumping to assess aquifer capacity and specific yield, which assists in determining the appropriate size for a future municipal production well. He noted that municipal wells in similar geological formations typically range from 12 to 18 inches in diameter, depending on aquifer capacity. Aquifer depths vary by location due to differing subsurface conditions, and there is no fixed depth locally. Recommended well depths are established following a review of nearby well data and analysis of water-bearing sands encountered during drilling.

Wussow asked whether the current study pertains to development of a new facility, noting that a study had recently been completed for upgrades to the existing water treatment plant. Mr. Salo responded that several studies have been conducted regarding the water plant. A prior condition assessment and asset evaluation examined the overall facility, estimated its remaining useful life, and provided recommendations for capital planning, including rehabilitation or eventual replacement. While the assessment identified general rehabilitation needs, it also advised that, given the age of the facility, the City should begin planning for a new facility and evaluate alternative treatment options.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to approve the Professional services proposal with Bolton and Menk for a new water treatment plant and well #9 siting preliminary engineering report and investigations. There was a unanimous vote in favor of the motion. Motion Carried.

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. *See board packet for agenda request.*
Public Utilities Director Paul Sandy presented.

Discussion included:

Higgins expressed strong support for the proposed housing development, noting the community's need for additional housing and the opportunity to encourage further growth in the area. They supported upsizing infrastructure to attract other developers and stated this would be a positive step for the City of Brainerd. He also approved using SAC and WAC funds for the project, emphasizing that this aligns with their intended purpose, and encouraged promoting the development through the EDA.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to 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*. Motion carried.

Approve Pool Engineering and Architectural Services Letters of Interest (LOI) and Statement of Qualifications (SOQ)-*See board packet for agenda request.*
Public Utilities Director Paul Sandy presented.

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve Pool Engineering and Architectural Services Letters of Interest (LOI) and Statement of Qualifications (SOQ). There was a unanimous vote in favor of the motion. Motion Carried.

Approve SEH Trunk Highway 210 Construction Observation and Administration Proposal for Professional Services -*See board packet for agenda request.*
Public Utilities Director Paul Sandy presented.

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve* SEH Trunk Highway 210 Construction Observation and Administration Proposal for Professional Services not to exceed $268,000*. There was a unanimous vote in favor of the motion. Motion carried.

Approve Waterworth Continuous Rate Management Software Proposal -*See board packet for agenda request.*
Finance Manager Loch presented the proposed software initiative. Higgins requested clarification regarding projected costs following the initial test period. Loch explained that staff propose conducting a one-year test to evaluate the software's effectiveness with minimal upfront investment. If the software is fully implemented after the trial period, the estimated annual cost would be approximately $25,000, inclusive of the base platform and related modules. He noted that this represents a higher recurring annual expense compared to the City's current consulting arrangement with UFS, which exceeds $10,000 per engagement but typically occurs only once every three to four years.

Director Sandy further advised that, due to potential issues associated with the newly launched electric module, the recommendation is to initially implement only the water and wastewater components. He stated that the software operates within an Excel-based environment, updates in real time, and supports multi-year financial forecasting. Commission members expressed strong support for proceeding with the trial, noting the tool's value for long-range planning and as an enhanced communication resource, particularly during Finance Committee discussions.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to approve* Waterworth Continuous Rate Management Software Proposal*. There was a unanimous vote in favor of the motion. Motion carried.

Approve Amended Brainerd Public Utilities Policy BPU POL 2005-07 Inactive Accounts-*See board packet for agenda request.*
Finance Manager Loch presented.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to approve* Amended Brainerd Public Utilities Policy BPU POL 2005-07 Inactive Accounts. *There was a unanimous vote in favor of the motion. Motion Carried.

Approve Amended Brainerd Public Utilities Policy BPU POL 2005-10 Disconnection of Service Policy-*See board packet for agenda request.*
Finance Manager Loch presented. Commissioner Higgins asked how often we are doing disconnects? Loch stated weekly.

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve* Amended Brainerd Public Utilities Policy BPU POL 2005-10 Disconnection of Service Policy*. There was a unanimous vote in favor of the motion. Motion carried.

Approve Dying to Film Quote - Water Plant Tour Video-*See board packet for agenda request.*
Finance Manager Loch presented. Discussion included: Wussow suggested postponing the proposed video production while the City evaluates the new water facility study, unless the materials would directly assist with bonding or funding efforts. She indicated that the video is not a top priority at this time and stated he would place a higher priority on the wastewater treatment plant over the water facility.

Higgins stated that he generally does not favor expenditures of this nature; however, after discussions with state representatives, he believes visual tools and media can be effective. He referenced the recent hydro facility tour as beneficial and observed that stakeholders respond well to visuals, interaction, video content, and drone footage. He noted that such materials could help illustrate the age and condition of the facilities and support future funding requests. He expressed support for proceeding at the minimal cost option, while acknowledging concerns regarding overall project prioritization.

Angland also expressed support for the proposal, emphasizing that education is critical. He noted the importance of clearly informing legislators and customers about the condition of the City's facilities and the ongoing efforts to implement necessary upgrades.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to approve* option 1 Dying to Film Quote for 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*. Motion passed with Higgins and Angland approving and Wussow opposed. Motion carried.

Consider Customer Request to Remove Charges-*See board packet for agenda request.*
Finance Manager Loch presented.

The commission discussed meeting in the middle by waiving clerical-related fees while recognizing that operational expenses were still incurred for water consumption. It was noted that when customers request fee waivers, it typically involves wastewater charges; however, the city is still responsible for treating the water provided. In the interest of fairness and consistency with past policy decisions, it was stated that charges for actual usage should remain.

It was also noted that, regardless of the decision, staff would work with the customer to establish a reasonable payment arrangement. A motion was made and seconded to charge the customer for the water used, waive additional fees, and provide a timeline for repayment. Further discussion was invited.

Motion by Commissioner Higgins and seconded by Commissioner Wussow to waive the monthly service fee and charge for all consumption as staff originally presented to customer. There was a unanimous vote in favor of the motion. Motion Carried.

Discuss AEP Updates and Approve Sale of Excess Capacity-*See board packet for agenda request.*
Finance Manager Loch presented.

The commission discussed the significant price difference between auction prices seen in other areas, $82 and $493, and questioned whether similar situations had been handled differently in the past. Staff indicated they were not aware of any alternative approach and explained that excess capacity is typically retained within the municipal portfolio, serving communities in Minnesota and Wisconsin. While not guaranteed, municipal entities receive the first opportunity, and current assumptions are that the capacity would remain within that portfolio.

Discussion followed regarding the potential revenue of approximately $149,000 if sold prior to auction. Members compared the situation to the stock market, noting the volatility of natural gas and electricity prices and the risk involved in waiting for auction versus securing a guaranteed price. It was acknowledged that weather and market conditions significantly impact pricing, making projections uncertain.

A suggestion was made to negotiate a higher pre-auction price of $155,000 or $6,000 to offset the Dying To Film Quote discussed earlike. Staff indicated they could request that amount, though there is a possibility the current customer could secure other capacity before the March auction, removing the offer from the table. While some members expressed willingness to take the risk, others preferred a guaranteed return and agreed to rely on staff's experience and recommendation.

A motion was made to accept staff's recommendations with the additional request that staff pursue a $155,000 pre-auction offer if possible.

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve staff recommendation selling the excess capacity prior to it reaching the open market and coordinating the sale with AEP to secure the guaranteed price with trying to get $6,000 extra. There was a unanimous vote in favor of the motion. Motion carried.

Authorize Staff to Negotiate Updated AEP Contract Amendment-*See board packet for agenda request.*
Finance Manager Loch presented.

Motion by Commissioner Wussow and seconded by Commissioner Higgins to approve* Staff to Negotiate Updated AEP Contract Amendments for market pricing not to exceed $52.50/MWh for the contract extension that will provide more stable increases in coming years*. There was a unanimous vote in favor of the motion. Motion carried.

Staff Reports

City Administrator Report -see board packet for report. - *see board packet for report.*
Appreciation was expressed for Kris's service at her retirement, and Britney was welcomed into her new role as HR director.

City Council Liaison Report

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

Public Utilities Director Report – *see board packet for report.*

Finance Manager's Report – *see board packet for report.*
It was noted that the MMUA Governance in Action Training held last Friday was a successful event. Further comments were deferred to Mr. Higgins. Britney was also welcomed in her new role.

Operations Manager Report **-** *see packet board for report.*
Two key items not in the written report. First, crews were dispatched for a mutual aid response to Winter Storm Fern in the southeastern U.S. One bucket truck and two linemen were sent toward High Point, North Carolina, as part of a larger deployment of 40 Minnesota lineworkers, two mechanics, and two MMUA safety professionals. Crews were released and are returning home. Appreciation was expressed for staff's rapid coordination and participation. Second, the utility's RP3 designation has been upgraded from Gold to Platinum, narrowly missing Diamond by five points. Further details will be included in the next commission meeting report.

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

Commission Members – Report

Higgins highlighted key takeaways from the MMUA conference, emphasizing the importance of keeping the City's electric utility locally managed and learning from other utilities' experiences. He praised staff efforts on charter updates and streamlining decision-making and he expressed optimism about 2026, noting strong strategic planning, mutual aid, and forward-thinking initiatives.

Wussow echoed previous comments, noting that past MMUA conferences provide valuable lessons from other utilities. She highlighted a recent example of a small Minnesota utility that sold its electric system and immediately regretted it, emphasizing the importance of learning from surrounding communities' experiences. She inquired about looking at a new bank that would be interest bearing.

Angland praised the staff and commission for forward-thinking, strategic planning, mutual aid, and overall excellence. He noted that 2026 is off to a strong start and expressed gratitude and humility for the opportunity to serve on the commission, looking forward to a successful year.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Higgins to adjourn to Hwy 210 Chamber of Commerce Mitigation plan meeting January 28th at 3pm. There was a unanimous vote in favor of the motion. Motion carried at 10:40 AM.

____
Mike Angland, Commission President

____
Danny Loch, Finance Manager/Secretary

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve Surplus Items for Auction

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 1

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: In accordance with the State of Minnesota requirements governing the disposal of public assets, staff has conducted a review of the identified items that are no longer in use, have exceeded their useful life, or have been replaced through capital purchase. These items are considered surplus to the operational needs of the utility and the City.

State statutes require governing body approval prior to the disposal of surplus property through auction or other approved methods. Declaring the listed items as surplus ensures compliance with state law and allows staff to proceed with the sale, recapturing value where possible and reducing storage and maintenance costs.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Authorize staff to recommend to City Council the disposal of surplus items as required by state statute.

FINANCIAL IMPACT:

DEPARTMENT OF ADMINISTRATION
SURPLUS SERVICES

Online Auction Request

Online auctions run for 7 to 10 days. Each lot is run as a separate auction. Inspections will be done by appointment only. Please provide all the information below along with digital photos of the lots and copies of titles for all vehicles and trailers. **BIDDER PAYMENTS MUST BE A CERTIFIED CHECK OR MONEY ORDER MADE PAYABLE TO SURPLUS SERVICES.** Full payments must be sent to Surplus Services as soon as possible.

Contact information

Department/Agency:	Brainerd Public Utilities		
Contact Name:	AnnMarie Lamser		
Address:	8027 Highland Scenic Rd Baxter, MN 56425		
Email:	alamser@bpu.org		
Phone:	218-825-3233		
Item Location:			
Deposit Info Vendor Number:		Remittance Address:	

Lot Information

Please review our website: www.MinnBid.org. Look over some of the past and current Online Auctions. This will give you and idea of what the information should be provided in the Remarks section.

LOT 1

Year		**Make**	Remington-Rand	**Model**	L.E. Safe-Cabinet
VIN/Serial Number					
Mileage		**Condition**	Used	**Reserve Price (optional)**	$
Remarks: Any known Defects and options the unit may have	Vintage, heavy duty fire-insulated commercial safe with Yale combination lock. Used to store customer keys and meter reading books but is no longer needed. Weighs 1663 lbs and is on casters. 66" tall, 39" wide, 31" deep. Very heavy. BPU will help load.				

LOT 2

Year		**Make**	Bison	**Model**	NVHL 270XHD
VIN/Serial Number					
Mileage		**Condition**	Good	**Reserve Price (optional)**	$
Remarks: Any known Defects and options the unit may have	3 point blade for tractor. Used less than 5 hours. Blade 9" x 20".				

LOT 3

Year		**Make**		**Model**	
VIN/Serial Number					
Mileage		**Condition**		**Reserve Price (optional)**	$
Remarks: Any known Defects and options the unit may have					

LOT 4

Year		**Make**		**Model**	
VIN/Serial Number					
Mileage		**Condition**		**Reserve Price (optional)**	$
Remarks: Any known Defects and options the unit may have					

LOT 5

Year		**Make**		**Model**	
VIN/Serial Number					
Mileage		**Condition**		**Reserve Price (optional)**	$
Remarks: Any known Defects and options the unit may have					

BIDDER PAYMENTS MUST BE A CERTIFIED CHECK OR MONEY ORDER MADE PAYABLE TO SURPLUS SERVICES. Full payments must be sent to Surplus Services, 5420 Old Highway 8, Arden Hills, MN 55112 as soon as possible.

I certify that this is property owned by agency submitting this form and is not subject to any lien, restriction, or other encumbrance.

Authorized Signature ____________ Title ____________ Date ____________

Surplus Services Use Only	
	Surplus Services Authorization

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Unfinished Business Memorandum

ACTION REQUESTED: Discussion Item **ESTIMATED TIME (MIN):** 5 Minutes

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

SUMMARY OF ISSUE: Attached is the Unfinished Business Memorandum, which provides updates on current ongoing unfinished business items.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: N/A

RECOMMENDED ACTION/MOTION: No action, discussion only.

FINANCIAL IMPACT: N/A

Brainerd Public Utilities
BPU Commission Unfinished Business
February 2026

A. ClimaVision (June 2024)
The ClimaVision Temporary Construction License has been approved by the Public Utilities Commission following review by all applicable parties. The finalized agreement is currently awaiting confirmation of construction commencement and completion dates from ClimaVision prior to final execution. Once the document is finalized and executed, construction will begin.

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)
A finalized version of Code Section 705 was submitted to City staff, including Community Development Director Kramvik, City Engineer Dehn, and Attorney Joe Langel. Staff reviewed the draft and provided all comments back on February 16th, ensuring that the proposed revisions align with City policies, operational needs, and statutory requirements. This coordinated review process allowed staff to reconcile input from multiple departments and finalize the content of the draft for presentation.

Staff are currently addressing any remaining adjustments to the draft based on internal discussions and preparing it for review by the Commission at their March meeting. Once the Commission has reviewed and provided feedback, the draft will be forwarded to the City Council for final review and formal adoption through the Council process. The revision of Section 705 was initiated following direction from the July Commission meeting and has been a collaborative effort, with staff meeting regularly to discuss proposed changes, incorporate updates, and ensure the document is formatted consistently with the City Code as the City goes through the codification process.

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.

The Finance and Operations team met prior to this February Commission meeting to discuss the materials and potential project considerations. Eden Renewables, LLC is present at this February Commission meeting to introduce themselves and provide details about the proposed project.

Following discussion at this meeting, 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, and annual certification notices have been sent to affected property owners with known or unknown galvanized water service lines. Efforts to identify unknown service lines—particularly at properties where staff were not granted access—remain ongoing.

The City of Brainerd has been placed on the 2026 Intended Use Plan for Lead Service Line Replacement in the amount of $2,675,000. This program provides 100% reimbursement, resulting in no cost to the utility or to property owners with known lead or galvanized service lines. Funding applications for all three projects are ongoing, including establishing access to MDH's SharePoint site to initiate funding agreements with the Public Facilities Authority (PFA) to be reimbursed for eligible project costs.

City staff also met with Bolton & Menk to discuss the 2027 PPL submission for the next round of lead service line replacements; the PPL application is due March 13th.

Following approval of the lead service line contracts for design and construction engineering services at the previous Commission meetings, staff held a kickoff meeting with Bolton & Menk to review project details. Notices have been sent to property owners informing them that their properties are included in the 2026 service line replacement area, and Bolton & Menk is currently working to obtain signed agreements from property owners to participate in the 2026 replacement projects along with performing the necessary inspections for plan development.

Informational materials and the project website have been created by Bolton & Menk and continue to be updated, with the BPU website reflecting all current information.

At its December 1, 2025 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 to coordinate project details and integrate the lead service line replacement program.

At this February Commission meeting, a third lead service line replacement proposal is being presented for the Ronald/Joseph/Alley reconstruction project. This proposal requests Bolton & Menk to provide engineering and construction administration services to replace 13 known galvanized water service lines in conjunction with the planned alley reconstruction. This plan, if approved by the Commission at this meeting, will follow MDH's "no plan submittal" guidance, in which includes quote packages solicited to interested parties, and replacing galvanized water service lines on a quote-by-quote basis through construction. Given the timeline for construction in the alley, this is the most feasible method to replace the galvanized water service lines in conjunction with the alley project.

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 and into 2026 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

Acronyms:
HYDRO:
FERC – Federal Energy Reulatory Commission
SHPO – Minnesota State Historic Preservation Office
Project – Brainerd Hydro Electric Project
Cultural Resources Management Plan (CRMP)
Archaeological Research Services (ARS)
Historic Properties Management Plan (HPMP)
National Register of Historic Places (NRHP)
Area of Potential Effects (APE)
Advisory Council on Historic Preservation (ACHP)
Tribal Historic Preservation Officer (THPO)

OTHER:
MPCA – MN Pollution Control Agency
MDH – MN Department of Health
MnDOT – Minnesota Department of Transportation
kWh – Killowatt hour
MWh – Megawatt hour (1,000 times larger than a kWh)
kW – Killowatt
MW – Megawatt
SBR – Sequential Batch Reactor
AEP – American Electric Power
AEP Energy Partners – American Electric Power Energy Partners an AEP Company

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve BPU Policy BPU_POL_2024-01 Frozen Water Service Lines

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, Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 comprehensive policy review the 2024-01 Frozen Water Service Lines policy was selected for consideration. This policy was first adopted in 2024 and no changes are recommended to the policy statement. The policy is being presented with the additional sections of the policy as set in the template. No further changes are recommended at this time.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommendation is a motion to adopt the amended 2024-01 Frozen Water Service Line Policy as presented.

FINANCIAL IMPACT:

BRAINERD PUBLIC UTILITIES
POLICY 2024-01
ADOPTED FEBRUARY 27, 2024

FROZEN WATER SERVICE LINES

Brainerd Public Utilities (BPU) is responsible for a frozen water main. Residential customers are responsible for waterlines from the curb stop to their residence. Commercial customers are responsible for waterlines from the main to their business.

Property owners (residential and commercial) are responsible for hiring and paying a licensed plumber, or other firm, capable of safely thawing their service lines. Property owners will assume all risks and liabilities of using a line thawing service.

If BPU is notified of a frozen water line, BPU staff will investigate the problem and determine if it's the main or service line. Notifications received during regular working hours shall be responded to within that business day. Notifications received after working hours will be responded to the following working day, unless deemed an emergency for shut off.

If the water meter is damaged due to the frozen water service, the customer will be billed per the fee schedule to replace the meter. BPU may require this payment before installing the meter.

Customers are responsible for taking all the necessary precautions to avoid frozen water lines. These precautions can be found at www.bpu.org. The costs associated with this preventative measure will be incurred by the customer. If BPU determines it is necessary for the customer to run their water to avoid a water main freeze up, the customer's water and wastewater charges will be adjusted to their average seasonal water consumption.

BPU reserves the right to deviate from this policy at any time if deemed to be in the best interest of BPU and its customers based on safety and economic considerations. Any deviation and the reason for the deviation shall be documented in writing.

Dolly Matten

Dolly Matten
Commission President

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

Frozen Water Service Lines

BPU_POL_2024-01

Latest Revision/Effective Date: February 24, 2026

Original Adoption Date: February 27, 2024

I. Purpose

This policy establishes consistent treatment of frozen water service lines for all customers and promotes fairness and transparency around the treatment of a frozen service line.

II. Scope

This policy applies to all residential and commercial utility accounts served by Brainerd Public Utilities.

III. Definitions

Water Main: The publicly owned water distribution pipe operated and maintained by BPU that delivers water service within the public right-of-way.

Service Line (Residential): The water pipe extending from the curb stop to a residential structure, which is the responsibility of the property owner.

Service Line (Commercial): The water pipe extending from the water main to a commercial structure, which is the responsibility of the property owner.

Curb Stop: The control valve typically located near the property line that allows water service to a premises to be turned on or off.

Frozen Water Main: A condition in which the publicly owned water main operated by BPU becomes obstructed due to freezing, impairing system-wide water delivery.

Frozen Service Line: A condition in which a privately owned water service line becomes obstructed due to freezing, impairing water delivery to an individual property.

Property Owner: The legal owner of record of residential or commercial real property receiving water service from BPU.

Licensed Plumber: A plumbing professional licensed in accordance with applicable state or local regulations and authorized to perform plumbing work.

Line Thawing Service: The process of safely restoring water flow in a frozen service line using approved equipment and methods.

Water Meter: The BPU-owned device installed at a property to measure water consumption.

Fee Schedule: The Commission-approved schedule of rates and charges applicable to services, repairs, equipment replacement, and related utility costs.
Emergency Shut-Off: Immediate termination of water service when necessary to prevent damage to property, infrastructure, or public safety.
Seasonal Average Consumption: The customer's historical average water usage during comparable seasonal periods, used for billing adjustments when water must be run to prevent freezing.
Preventative Measures: Actions taken by a customer to reduce the risk of frozen water lines, including but not limited to insulation, maintaining heat within structures, and running water as directed by BPU.

IV. Policy Statement

Brainerd Public Utilities (BPU) is responsible for a frozen water main. Residential customers are responsible for waterlines from the curb stop to their residence. Commercial customers are responsible for waterlines from the main to their business.

Property owners (residential and commercial) are responsible for hiring and paying a licensed plumber, or other firm, capable of safely thawing their service lines. Property owners will assume all risks and liabilities of using a line thawing service.

If BPU is notified of a frozen water line, BPU staff will investigate the problem and determine if it's the main or service line. Notifications received during regular working hours shall be responded to within that business day. Notifications received after working hours will be responded to the following working day, unless deemed an emergency for shut off.

If the water meter is damaged due to the frozen water service, the customer will be billed per the fee schedule to replace the meter. BPU may require this payment before installing the meter.

Customers are responsible for taking all the necessary precautions to avoid frozen water lines. These precautions can be found at www.bpu.org. The costs associated with this preventative measure will be incurred by the customer. If BPU determines it is necessary for the customer to run their water to avoid a water main freeze up, the customer's water and wastewater charges will be adjusted to their average seasonal water consumption.

BPU reserves the right to deviate from this policy at any time if deemed to be in the best interest of BPU and its customers based on safety and economic considerations. Any deviation and the reason for the deviation shall be documented in writing.

V. Procedures

Upon notification of a suspected frozen water service, BPU Water Distribution staff will respond and determine the location of the freeze. Staff will assess whether the condition exists in the public water main or within the customer's service line. Once the location is confirmed, staff will notify the customer and identify the responsible party for corrective action. If the freeze is within the customer's service line, the property owner is responsible for hiring and paying a licensed plumber or qualified thawing contractor. If the freeze is within the public water main, BPU will coordinate and perform the necessary corrective measures. All costs shall be assigned to the responsible party as outlined in the Commission-approved policy statement.

VI. Roles and Responsibilities

Water Distribution crew and billing representative will be responsible for ensuring the policy is billed correctly.

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: February 24, 2026.

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on February 24, 2026**.**

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve BPU Policy BPU_POL_2003-04 Unauthorized Use of Utility Meters

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, Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the comprehensive policy review for 2026 the 2003-04 unauthorized use of utility meters policy was selected and has been presented for commission consideration. The redlined version of the policy adding "tampering fee" to the policy statement is included for review. No other changes are being recommended to the policy statement for this review. The other sections have been added and suggested for approval meeting the template guidance previously approved.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend adopting the amended 2003-04 Unathorized use of Utility Meters policy as presented.

FINANCIAL IMPACT:

BRAINERD PUBLIC UTILITIES
POLICY NO. 2003-4
ADOPTED 10/28/2003

UNAUTHORIZED USE OF UTILITY METERS

BPU will administer a zero tolerance program for unauthorized use of utility meters.

When a customer of Brainerd Public Utilities (BPU) deliberately commits, authorizes, attempts, solicits, aids, or abets bypassing, tampering, unauthorized connection, or unauthorized metering that results in damages to the utility; or knowingly receives service provided as a result of bypassing, tampering, unauthorized connection, or unauthorized metering, BPU has the authority to bring civil or criminal action per MN Statute 325E.026.

BPU will charge a <u>three</u> month average bill as a deposit to the customer receiving illegal power for this utility meter, as well as the energy charges for the period of illegal tampering, the charges described below, <u>a tamering fee,</u> and any other charges BPU deems necessary.

BPU may recover double the costs of the actual billing charges incurred; including the costs and expenses for investigation, disconnection, reconnection, service calls, equipment and employees. Trial costs and witness fees of pursuing possible legal action will also be charged to the customer.

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

Unauthorized Use of Utility Meters

BPU_POL_2003-04

Latest Revision/Effective Date: February 24, 2026

Original Adoption Date: October 28, 2003

I. Purpose

To establish standards and penalties addressing unauthorized use, tampering, bypassing, or interference with utility meters in order to protect public infrastructure, ensure accurate billing, maintain system integrity, and promote equitable treatment of all utility customers.

II. Scope

This policy applies to all residential and commercial utility accounts served by Brainerd Public Utilities.

III. Definitions

Administrative Fee: A charge assessed to recover costs incurred by the utility in investigating, documenting, and processing meter tampering or unauthorized use.
Estimated Unmetered Consumption: The calculated amount of utility usage not properly recorded due to tampering, bypassing, malfunction, or unauthorized use. Estimates may be based on historical consumption, comparable usage, engineering calculations, or other reasonable methodologies.
Meter Tampering: Any unauthorized action that alters, damages, adjusts, or interferes with a utility meter, seal, wiring, or associated equipment in a manner that affects accurate measurement of utility service.
Meter Bypassing: The act of diverting utility service around a meter or otherwise preventing accurate measurement of consumption.
Metering Team: Utility staff responsible for installation, inspection, maintenance, testing, and investigation of utility meters and associated equipment.
Unauthorized Use: The use of utility service without proper authorization, active account status, or accurate metering, including service obtained through tampering, bypassing, or reconnection without approval.
Utility Meter: Any device or equipment used to measure consumption of electric, water, wastewater, or other utility services provided by the utility.
Violation: A confirmed instance of meter tampering, bypassing, unauthorized use, or interference with utility metering equipment.

IV. Policy Statement

BPU will administer a zero-tolerance program for unauthorized use of utility meters.

When a customer of Brainerd Public Utilities (BPU) deliberately commits, authorizes, attempts, solicits, aids, or abets bypassing, tampering, unauthorized connection, or unauthorized metering that results in damages to the utility; or knowingly receives service provided as a result of bypassing, tampering, unauthorized connection, or unauthorized metering, BPU has the authority to bring civil or criminal action per MN Statute 325E.026.

BPU will charge a three-month average bill as a deposit to the customer receiving illegal power for this utility meter, as well as the energy charges for the period of illegal tampering, the charges described below, a tampering fee, and any other charges BPU deems necessary.

BPU may recover double the costs of the actual billing charges incurred, including the costs and expenses for investigation, disconnection, reconnection, service calls, equipment and employees. Trial costs and witness fees for pursuing possible legal action will also be charged to the customer.

V. Procedures

Upon notification or detection of suspected meter tampering, bypassing, or unauthorized use, the Metering team shall initiate an investigation. The investigation may include physical inspection of the meter and associated equipment, verification of seals and connections, review of historical consumption data, and documentation of findings, including photographs when appropriate. If tampering or unauthorized use is confirmed, the Metering team shall document the nature of the violation and, when reasonably possible, determine the estimated duration of the unauthorized use.

All investigative findings and supporting documentation shall be forwarded to the Billing Specialist. The Billing Specialist shall calculate the estimated unmetered consumption based on historical usage, comparable usage, or other reasonable calculation methods, and shall assess all applicable charges in accordance with the approved fee schedule and the policy statement. Such charges may include estimated utility usage, administrative fees, penalties, and meter repair or replacement costs.

Service disconnection may occur if warranted under existing utility policies or if continued unauthorized use presents a safety or operational concern.

VI. Roles and Responsibilities

The metering team will assess and investigate any tampering notifications. The billing specialist will calculate, assess and apply any charges necessary or identified from the investigation.

VII. Compliance and References

Minnesota §325E.026

VIII. Associated Forms and Attachments

None.

IX. Review and Update Schedule

This policy will be reviewed as statute changes arise.
Amended: February 24, 2026.

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on February 24, 2026.

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve BPU Policy BPU_POL_2003-05 Fees for Water Meters

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, Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 comprehensive policy review the 2003-05 Fees for Water Meters policy was selected for consideration. This policy was first adopted in 2003 and no changes are recommended to the policy statement. The policy is being presented with the additional sections of the policy as set in the template. No further changes are recommended at this time.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend adopting the amended policy 2003-05 Fees for Water Meters as presented.

FINANCIAL IMPACT:

BRAINERD PUBLIC UTILITIES
POLICY NO. 2003-5
ADOPTED 12/23/03
REVISED 06/26/12

FEES FOR WATER METERS

Effective January 1, 2004, Brainerd Public Utilities (BPU) will charge for all residential water meters. Meters must be purchased from BPU and BPU will own and maintain the water meter.

All commercial and residential water meters that are broken or frozen will be replaced and charged to the customer, per BPU's fee schedule.

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

Fees for Water Meters

BPU_POL_2003-05

Latest Revision/Effective Date: February 24, 2026

Original Adoption Date: December 23, 2003

I. Purpose

To define charges for residential meters for consistency and transparency.

II. Scope

This policy applies to all residential water customers.

III. Definitions

Water Meter: A device installed by BPU to measure and record the volume of water supplied to a residential or commercial property for billing purposes.
Residential Water Meter: A water meter installed at a single-family, duplex, or multi-family dwelling used primarily for domestic purposes.
Commercial Water Meter: A water meter installed at a property used for business, industrial, institutional, or non-residential purposes.
Meter Purchase Charge: The fee assessed to a customer for the initial purchase of a residential water meter, as required by policy.
Meter Replacement: The removal and installation of a new water meter due to damage, malfunction, freezing, or failure.
Broken Meter: A water meter that is damaged, inoperable, or unable to accurately measure water consumption due to mechanical failure, external impact, freezing, or other causes not attributable to normal wear.
Frozen Meter: A water meter that has sustained damage or operational impairment as a result of exposure to freezing temperatures.
Fee Schedule: The Commission-approved schedule of rates, fees, and charges applicable to utility services, meter purchases, and meter replacements.
Customer: The property owner or account holder responsible for payment of water service and applicable meter charges.

IV. Policy Statement

Effective January 1, 2004, Brainerd Public Utilities (BPU) will charge for all residential water meters. Meters must be purchased from BPU and BPU will own and maintain the water meter.

All commercial and residential water meters that are broken or frozen will be replaced and charged to the customer, per BPU's fee schedule.

V. Procedures

The Repair Office shall utilize City permitting records, customer requests, and contractor inquiries to identify new construction, new service installations, or other situations requiring the purchase and installation of a water meter. Upon determining that a meter is required, the Repair Office shall coordinate with Billing to ensure the meter is properly assigned to the appropriate customer account and that payment has been received or applied in accordance with established procedures.

VI. Roles and Responsibilities

Materials control will ensure the meters are accounted for, repair will notify the billing specialist for billing purposes and function.

VII. Compliance and References

None.

VIII. Associated Forms and Attachments

Service Application as appliable.

IX. Review and Update Schedule

This policy will be reviewed when the utility has a meter change.
Revision Dates: June 26, 2012, February 24, 2026

X. Approval and Authority

The Public Utilities Commission originally adopted this policy December 23, 2003.

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve the Second Amendment to Large Industrial Power Agreement between Brainerd Public Utilities Commission and Just for Krypto, LLC

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE:

As part of staff's ongoing review and discussions with legal counsel, counsel recommended formally documenting and clarifying the term dates within the Large Power Agreement. Staff worked with legal counsel and the customer to prepare an amendment that extends and clarifies the contract term through June 30, 2027.

The amendment does not modify rates, service classifications, delivery obligations, or any other substantive provisions of the agreement. The sole purpose of the amendment is to clarify and extend the term dates through June 30, 2027 to provide contractual certainty and continuity.

Legal counsel has reviewed the attached amendment and recommends approval as presented. The customer has reviewed the amendment and is agreeable to the changes.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend a motion to approve the amendment to the large power agreement extending and clarifying the term through June 30, 2027, and authorize execution of the amended agreement with Just for Krypto LLC.

FINANCIAL IMPACT:

SECOND AMENDMENT TO LARGE INDUSTRIAL POWER AGREEMENT BETWEEN BRAINERD PUBLIC UTILITIES COMMISSION AND JUST FOR KRYPTO, LLC

This Second Amendment, effective as of July 1, 2025 (the “Second Amendment”), is to the Large Industrial Power Agreement between the Water and Light Department d/b/a Brainerd Public Utilities (“BPU”) and Just for Krypto, LLC (“Customer”), each a “Party” and collectively, the “Parties.”

Recitals

A. The Parties entered the Large Industrial Power Agreement effective July 1, 2023, as amended by the First Amendment effective as of July 30, 2024 (collectively, the “Agreement”).

B. The Parties desire to update certain terms, necessitating an amendment to the Agreement.

C. The Parties desire to enter into this Second Amendment.

NOW, THEREFORE, the Parties agree as follows:

I. Definitions

Unless otherwise defined herein, the capitalized terms in this Second Amendment shall have the same meaning as the defined terms in the Agreement.

II. Term of Agreement

The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced as follows:

> The term of the Agreement shall be from July 1, 2025 to June 30, 2027.

III. Integration

This Second Amendment, together with the Agreement, constitutes the entire Agreement among the Parties.

IV. Confirmation

Except as specifically provided in this Second Amendment, the Agreement remains in full force and effect without change.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be signed by their duly authorized representative, as of the date set forth above.

WATER AND LIGHT DEPARTMENT
D/B/A BRAINERD PUBLIC UTILITIES

By: ___________________________________

Name: ________________________________

Title: ________________________________

JUST FOR KRYPTO, LLC

By: ___________________________________

Name: __________________________

Title: ___________________________

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve Professional Services Proposal with Bolton and Menk for Risk and Resiliency Assessments at the Water Treatment Plant (WTP) and Wastewater Treatment Facility (WWTF)

ACTION REQUESTED: Approve/Deny Motion **ESTIMATED TIME (MIN):** 10 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director **PRESENTER:** Paul Sandy, Public Utilities Director, Charlie Gammon, Water/Wastewater Manager

SUMMARY OF ISSUE: The America's Water Infrastructure Act (AWIA) requires all community water systems serving more than 3,300 people to complete and certify a Risk and Resiliency Assessment (RRA) with the U.S. Environmental Protection Agency by June 30, 2026. Subsequently, after this submittal, an Emergency Response Plan (ERP) is required to be submitted after the original RRA. This federal requirement ensures that public water systems systematically evaluate risks to critical infrastructure, operational reliability, and service continuity, and use those findings to guide emergency response planning and long-term capital improvement priorities. In addition to the assessment needed for the water treatment plant, staff recognize the wastewater treatment facility as another critical asset and recommend preparing a similar RRA and ERP for that facility as well. While the RRA and ERP are not currently required for the wastewater treatment plant, completing them now will position the Utility to proactively address risks and strengthen resilience at both essential facilities, along with setting the stage for table-top exercises with City staff to run through scenarios when these risks become reality.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

The nationally recognized benchmark for performing these assessments is the ANSI/AWWA J-100 Risk and Resilience Management Standard developed by the American Water Works Association. The J-100 standard applies the RAMCAP (Risk Analysis and Management for Critical Asset Protection) methodology, which evaluates risk as a function of threat, vulnerability, and consequence. This approach assesses both intentional threats and natural hazards and defines them in terms of their overall risk to the Utility, rather than focusing solely on individual system vulnerabilities. The resulting assessment provides an actionable framework to support operational planning, emergency preparedness, and long-term infrastructure investment decisions.

To complete this federally required assessment, staff reached out to Bolton and Menk and Sambatek to create a scope of work and schedule to perform the Risk and Resiliency Assessment on behalf of Brainerd Public Utilities. The proposal from Sambatek only addresses the RRA and ERP for the water treatment plant. While staff recognizes the differences in cost between Sambatek's RRA and ERP for the water treatment plant compared to the Bolton Menks Task 1 scope of work consisting of the same work, there are benefits to retaining Bolton and Menk to perform the RRA's and ERP's for both facilities, given their long history at both of these facilities.

Bolton and Menk has submitted a proposal to complete the assessment and final report for both facilities for a total hourly fee not to exceed $48,360, which is split evenly between the RRA/ERP for both the water treatment plant and wastewater treatment plant. The final Risk and Resiliency Assessment for the water treatment plant must be completed and certified to the EPA by June 30, 2026. Subsequently, the ERP is required to be submitted by December 31, 2026.

Completion and certification of this assessment will ensure compliance with federal requirements while strengthening system preparedness and providing a structured basis for future investments in infrastructure resilience, security, and operational continuity.

While recommended by staff to complete the RRA's and ERP's for both facilities at the same time, the Commission may choose to just complete the required RRA/ERP for the water treatment plant at this time, which is the federally mandated portion of this project that needs to be completed by June 30, 2026.

RECOMMENDED ACTION/MOTION: Staff recommends the Public Utilities Commission authorize Bolton and Menk to perform the Risk and Resiliency Assessment and Emergency Response Plan for the Brainerd water treatment plant and wastewater treatment plant in accordance with their submitted proposal, for a total hourly fee not to exceed $48,360, and authorize staff to execute the professional services agreement and associated documents necessary to complete the assessment and certify compliance with EPA requirements for the water treatment plant prior to the June 30, 2026 deadline.

FINANCIAL IMPACT: Staff recommends splitting these services through the Consulting Services line item in the adopted 2026 Water Production and Wastewater Treatment Department budget, which includes a total budgeted amount of $90,000 and $69,500 respectively.

Real People. Real Solutions.

Sent Via Email

February 17, 2026

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

RE: Emergency Response Plan and Risk and Resiliency Assessment
Engineering Scope and Fee

Dear Paul,

Bolton & Menk, Inc. is pleased to submit this proposal letter to assist Brainerd Public Utilities with the preparation of the required EPA Risk and Resiliency Assessment (RRA) and Emergency Response Plans (ERP) for both the Drinking Water Wastewater systems. To meet EPA requirements, all drinking water systems serving more than 3,300 persons must certify that the system has completed (or updated) the Risk Assessment and Emergency Response Plan every five years. These plans must comply with the criteria in AWIA Section 2013(a) and (b). Cities must both documents on hand at all times in case of emergency, and as a record. Wastewater systems are not required to have Emergency Response Plans or Risk and Resiliency Assessments, but are encouraged to do so, following the same criteria as the drinking water system requirements. Some utilities choose to use one document for both water and wastewater systems to provide synchronicity across the two systems, as well as to reduce administrative burden.

Brainerd Public Utilities does not currently have a ERP or RRA for either the water system nor the wastewater treatment facility. The Utility must complete and receive certification for their ERP/RRA for the drinking water system by June 30, 2026, and will be required to show each document if asked by the MDH or the EPA.

Bolton & Menk is well positioned to complete these plans for Brainerd Public Utilities. We have a strong base knowledge of the Utility and its water and wastewater systems. Bolton & Menk has been involved with Brainerd's water system for several years and we have conducted several studies on the system so that we can leverage that knowledge to complete the ERP and RRA efficiently to meet MDH and EPA requirements. We have also been involved in writing the WWTF Facility Plan and developing the wastewater treatment vision for the next 25 years and beyond. This vast knowledge of your water and wastewater systems will assist us in preparing these two reports.

I. Project Description

Risk and Resilience Assessments must include the following:

- the risk to the system from malevolent acts and natural hazards;

- the resilience of the pipes and constructed conveyances, physical barriers, source water, water collection and intake, pretreatment, treatment, storage and distribution facilities, electronic, computer, or other automated systems (including the security of such systems) which are utilized by the system;
- the monitoring practices of the system;
- the financial infrastructure of the system;
- the use, storage, or handling of various chemicals by the system; and
- the operation and maintenance of the system.

Emergency Response Plans must include the following:

- strategies and resources to improve the resilience of the system, including the physical security and cybersecurity of the system;
- plans and procedures that can be implemented, and identification of equipment that can be utilized, in the event of a malevolent act or natural hazard that threatens the ability of the community water system to deliver safe drinking water;
- actions, procedures, and equipment which can obviate or significantly lessen the impact of a malevolent act or natural hazard on the public health and the safety and supply of drinking water provided to communities and individuals, including the development of alternative source water options, relocation of water intakes, and construction of flood protection barriers; and
- strategies that can be used to aid in the detection of malevolent acts or natural hazards that threaten the security or resilience of the system.

The scope of work necessary to address the above items is detailed below and is broken down into two tasks below. The tasks will need to be completed for each system to allow the utility to retain copies at both the WTP and the WWTF.

II. Scope Of Work – Emergency Response Plan and Risk and Resiliency Assessment

A. Task 1: Drinking Water System

1. Meetings

   Our team will meet with Utility Staff for a kick-off meeting to review information needed, gather data, and discuss the city's preferences and goals. We will attend meetings with Utility Staff to review progress on the ERP/RRA periodically as needed, as well as a "wrap up" meeting at the completion of the plan and assessment.

2. Plan and Assessment Preparation

   We plan to use EPA's Vulnerability Self-Assessment Tool as part of the Risk Assessment Plan. Bolton & Menk staff have experience working on these reports and have completed ERP/RRA documents and updates for the several communities, including Blaine, Northfield, St. Louis Park, Lakeville, Pipestone, and Savage.

   We may already be in possession of some of the information needed to complete this effort. Items needed include:

   - Plans and specifications for municipal facilities, and proposed improvement plans

- City critical assets
- Contacts
  - Municipalities and local government
  - Local businesses, local water supplies, utilities, nearby city entities
  - Local and regional police, emergency services, fire stations
- Known existing risk reduction infrastructure
- City and Utility finances
- Detailed knowledge of City water and wastewater asset operation and maintenance
- Water supply well information and location

Based on our experience, we do not expect any other significant time requirements from City staff. As we noted previously, our goal in assisting the Utility prepare these plans is to make sure the plans meet the criteria set forth by AWIA in the most efficient way.

3. Report

Our team will prepare the ERP/RRA. We will provide a draft report for the Utility for comments, then use these comments to create the final plan and assessment.

B. Task 2: Wastewater Treatment System

1. Meetings

Our team will meet with Utility Staff for a kick-off meeting to review information needed, gather data, and discuss the city's preferences and goals. This meeting would coincide with the meeting for the water system to provide efficiency for BPU. We will attend meetings with Utility Staff to review progress on the ERP/RRA periodically as needed, as well as a "wrap up" meeting at the completion of the plan and assessment.

2. Plan and Assessment Preparation

We plan to use EPA's Vulnerability Self-Assessment Tool as part of the Risk Assessment Plan. Our knowledge of the wastewater system will be beneficial in writing the plans to provide a full picture for BPU.

We may already be in possession of some of the information needed to complete this effort. Items needed include:

- Plans and specifications for municipal facilities, and proposed improvement plans
- City critical assets
- Contacts
  - Municipalities and local government
  - Local businesses, local water supplies, utilities, nearby city entities

- Local and regional police, emergency services, fire stations
- Known existing risk reduction infrastructure
- City and Utility finances
- Detailed knowledge of City water and wastewater asset operation and maintenance
- Collection network and discharge location
- Facility Plan information on improvements
- NPDES discharge permit and untreated release procedure

Based on our experience, we do not expect any other significant time requirements from City staff. As we noted previously, our goal in assisting the Utility prepare these plans is to make sure the plans meet the criteria set forth by AWIA in the most efficient way.

3. Report

Our team will prepare the ERP/RRA. We will provide a draft report for the Utility for comments, then use these comments to create the final plan and assessment.

C. Fees

We will prepare both the ERP and RRA for the following costs:

- **Task 1: Total Fee of $24,180**
- **Task 2: Total Fee of $24,180**

Both task fees would be billed hourly and will not exceed the amount listed above.

D. Schedule

The population of Brainerd is between 3,300 and 50,000 people; therefore, the Risk Assessment plan for drinking water is due June 30, 2026. and the Emergency Response plan is due December 31, 2026. Given the lack of records of the ERP/RRA, completing these reports is of upmost urgency. Should the MDH request a copy of these reports and the Utility fail to provide, the Utility could receive a violation, and possibly be fined. While the Utility does not need to certify the plan until June 2026, we understand the need for efficient completion of these deliverables. Our proposed schedule is below:

- March/April 2026 Kick-Off Meeting and Data Collection
- April/May 2026 Preparation of ERP/RRA documents
- June 2026 Draft ERP/RRA
- By June 30, 2026 Final ERP/RRA

We look forward to our continued work with you and your staff on this important project. Please feel free to contact me at morgan.salo@bolton-menk.com or 218-839-2303 with any questions you may have about this scope of work or the project moving forward.

Sincerely,

Bolton & Menk, Inc.

Morgan Salo, P.E.
Water/Wastewater Project Manager l Principal

cc: Paul Saffert, P.E., Bolton & Menk, Inc.

Real People. Real Solutions.

7656 Design Road
Suite 200
Baxter, MN 56425

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

Detailed Cost Estimate

Client: Brainerd Public Utilities Project: ERP and RRA		**Bolton & Menk, Inc.**					
Task No.	**Work Task Description**	Principal-in-Charge	Project Manager	Design Engineer	Clerical	**Totals**	**Costs**
1.0	**Water System ERP and RRA**						
1.1	Project Meetings (kickoff and 2 update meetings)		2	6			$1,420.00
1.2	Data Collection, Data Review, Plan Preparation		2	30		32	$5,380.00
1.3	Report and Final Submittal	2	6	90	6	104	$17,380.00
	Subtotal Hours - Task 1	2	10	126	6	**144**	$24,180.00
2.0	**Wastewater ERP and RRA**						
2.1	Project Meetings (kickoff and 2 update meetings)		2	6		8	$1,420.00
2.2	Data Collection, Data Review, Plan Preparation		2	30		32	$5,380.00
2.3	Report and Final Submittal	2	6	90	6	104	$17,380.00
	Subtotal Hours - Task 2	2	10	126	6	**144**	$24,180.00
	Total Hours	**4**	**20**	**252**	**12**	**288**	
	Average Hourly Rate	**$290.00**	**$215.00**	**$165.00**	**$110.00**		
	Subtotal	**$1,160.00**	**$4,300.00**	**$41,580.00**	**$1,320.00**		
	Total Fee						**$48,360.00**

January 28, 2026

Paul Sandy, PE
Public Utilities Director
Brainerd Public Utilities
8027 Highland Scenic Road
Brainerd, MN 56401

Re: Risk and Resilience Assessment and Emergency Response Plans

Dear Paul,

As of October 2018, the American Water Infrastructure Act (AWIA) requires community water systems with population of more than 3,300 to develop and certify a Risk and Resilience Assessment (RRA) and Emergency Response Plan (ERP) With the population served by the Brainerd Water System the RRA is due by June 30, 2026 and ERP is due within six months of RRA certification.

Limiting Staff Time

Based on our experience, we can limit the time required by Utility staff. During the project, tables and data will require staff input and review. We will save staff travel time by using Zoom or Microsoft Teams for areas requiring staff input, including the draft report. We will conduct 15-minute weekly telephone calls at a time convenient to you to review the project's progress and address any outstanding issues, ensuring the project remains on track. We are presently working with the cities of Eden Prairie and Duluth.

We plan to use the EPA Vulnerability Self-assessment tool (VSAT Web) 3.0 to complete the Risk and Resilience Assessment.

We will also use the EPA-provided template to complete the ERP. The ERP will develop resources and strategies to improve the system's resilience, including procedures for responding to emergencies.

Project Schedule

Project Start	February 2026
Data Collection	March 2026
Prepare Draft RRA	June 2026
Finalize RRA & Submit RRA Certification	June 2026
Develop Draft ERP & Review with City Staff	August 2026
Finalize & Submit ERP certification	Late December 2026

Note: Periodic meetings, when necessary, will be virtual meetings except for the infrastructure tour.

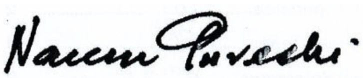
For this effort, our scope of work is as follows.

Project Fees									
Task		Client Service Manager/ Project Manager		Quality Reviewer		Project Engineer		Administration	
		$200		$225		$130		$90	
Task Series 100: Project Initiation/ Project Management									
101	Initial Planning Meeting/ QA/ QC/ Management plan	2	$400			2	$260		
Task Series 200: Data Collection									
201	Data Collection/ Ligature Search & Best Practice Evaluation	6	$1,200			4	$520	2	$180
202	Identify Missing Data	2	$400			2	$260		
203	Tour City Facilities with Staff	4	$800						
Task Series 300: Risk Assessment									
301	Risk & Resilience Assessment	16	$3,200	2	$450	16	$2,080	2	$180
302	Work with Staff to Develop SOP to Migrate risks	4	$800						
Task Series 400: Emergency Response Plan									
401	Prepare Emergency Response Plan	8	$1,600			16	$2,080		
402	Incorporate Staff Comments	2	$400						
Task Series 500: Progress Meeting									
501	Progress Meeting/ Weekly Updates	2	$400					2	$180
Task Series 500: Reporting									
502	Prepare & Submit Final Report	4	$800	2	$450	8	$1,040	2	$180
Totals			$10,000		$900		$6,240		$720

Fees	$17,860
Mileage (1 Trip)	$100.00
Total	**$17,960**

We estimate that our fee will not exceed $17,960, including direct expenses. We look forward to working with you. Please contact me with any additional information or questions.

Sincerely,
Sambatek, LLC



Naeem Qureshi, PE
Project Manager

Accepted by:

Name ________________________

Title ________________________

Date ________________________

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Approve Professional Services Agreement with Bolton and Menk for Professional Engineering and Construction Administration Services for the 2026 Lead Service Line Replacements Project in conjunction with the City of Brainerd's planned reconstruction of the alleyway between S 6th Street and S 7th Street from Paul Street to Joseph Street

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: At the request of City Council Liason Czeczok, staff has prepared an update on the reconstruction project for the alley between S 6th Street and S 7th Street, from Paul Street to Joseph Street, with a specific focus on lead service line replacements associated with the planned reconstruction.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Staff received an inquiry from a resident, through City Council Liason Czeczok, regarding the inclusion of lead service line replacements as part of the alley improvement project scheduled for construction in 2026.

Lead and galvanized water service line replacements have been discussed in connection with this project since its inception, including at the time staff received a petition from property owners requesting alley resurfacing. The City's lead and galvanized water service line replacement program is funded through the Minnesota Department of Health (MDH) and administered by the Minnesota Public Facilities Authority (PFA).

Brainerd Public Utilities has completed a citywide inventory of galvanized water service lines. Following completion of the inventory, staff applied for placement on the Project Priority List (PPL) through MDH in order to secure funding for service line replacements at no cost to property owners or the City. In late 2025, the City was notified by MDH and the PFA that it had placed on the Intended Use Plan (IUP) in the amount of $2,675,000.

At the time the City received notification of funding availability for lead and galvanized service line replacements, the alley project had already been awarded to J & J Excavating, with construction planned for 2026. Moore Engineering's original scope of services also included resurfacing of Hawkins Drive, which was completed in 2025. Construction of the alley improvements was deferred to 2026 due to Joseph Street serving as the designated detour route during construction of the roundabout at the intersection of South 6th Street and Willow Street.

When the design and construction engineering services contract was awarded to Moore Engineering, the galvanized water service line replacement component was intentionally excluded from the scope of work. At that time, funding for service line replacements had not yet been secured, and therefore was not incorporated into the project.

This discussion about lead and galvanized water service line replacement was reaffirmed at the March 17, 2025, City Council meeting.

Although the agenda materials did not explicitly outline private service line replacement, the Feasibility Report referenced "service lines," which is typical terminology and generally refers to the public portion of the water service line extending to the curb stop or right-of-way. During Council consideration of the item, Alderman Czeczok inquired about notification to affected property owners and whether funding was available for replacement of private service lines. At that time, Public Utilities Director Chris Evans stated that property owners had been notified; however, the City did not have funding available to replace private service lines. He further indicated that property owners would have the opportunity to replace their service lines at their own expense, and that any future reimbursement would not be retroactive.

For reference, this discussion begins at approximately the 50:00 mark of the March 17, 2025 City Council meeting recording, available on the City's YouTube channel.

Following the inquiry from Councilman Czeczok, staff discussed the potential replacement of galvanized water service lines on the private (property owner) side of the curb stop at its coordination meeting on February 5, 2026. Given that funding is now available for service line replacements, staff contacted Bolton & Menk—currently under contract for two separate galvanized water service line replacement projects in Southeast and Northeast Brainerd—to determine whether a third project could be initiated in conjunction with the alley reconstruction project.

Based on those discussions, staff has been coordinating with Bolton & Menk on a proposal for professional services to implement a third galvanized water service line replacement project in which is attached to this packet today for consideration by the Public Utilities Commission. This project would replace the 13 known galvanized water service lines located within the alley project area and would be coordinated with the planned alley reconstruction and watermain work.

If the proposal for services is approved, this would allow the City to proceed with all three planned galvanized water service line replacement projects. Staff is confident that the $2,675,000 currently identified on the Intended Use Plan (IUP) will be sufficient to fund all three projects.

To maintain the construction schedule, the alley galvanized water service replacement project is proposed to be submitted to the Minnesota Department of Health (MDH) under its "No Plan Submittal" guidance. This approach is intended to expedite the approval process so that contracts are in place prior to J & J Excavating beginning the alley reconstruction.

The project will likely be divided into two quote packages: one for the north block and one for the south block service line replacements. Each package will include all MDH-required provisions applicable to the other two planned service line replacement projects to ensure compliance with funding requirements. Contractors would submit quotes for each individual property replacement, which would then be reviewed by the engineering team and approved prior to proceeding with each service line replacement. This structure is intended to streamline coordination between contractors and maintain project efficiency.

From a logistical and coordination standpoint, it would be most beneficial for J & J Excavating to complete both the alley reconstruction and the associated service line replacements. Staff has initiated discussions with J & J Excavating to gauge their interest in performing this additional work, contingent upon Commission approval. Bolton and Menk is also in discussions with other contractors that performed a project similar to this in Crosby in 2025. If the proposal for services is approved by the Commission, quote packages will be completed and submitted to MDH for certification by March 31, 2026. The City could then solicit the packages after certification to ensure we have a contractor under contract prior to the start of construction on the alley project.

Based on staff discussion and the availability of project funding, the pros to replacing the galvanized water services at the time of alley reconstruction outweigh the cons. Most of the cons are related to the significant amount of coordination that will need to happen if separate contractors are working in the same project area in an already constrained and compact corridor and the timing considerations with J & J Excavating's planned construction start date in spring, 2026.

If the Commission approves the proposal for services, staff will assume responsibility for obtaining property owner agreements, as this task is not included in Bolton and Menk's proposed scope of services. Staff has already begun preparing materials for distribution to property owners and anticipates conducting door-to-door outreach to secure agreements for the 13 planned service replacements in a timely manner.

The total proposal amount from Bolton and Menk, based on the scope of work outlined in the letter proposal, is a fee not to exceed $36,540. This amount includes preparation of contractor bid packages, MDH certification, the construction quoting phase, and construction administration services.

RECOMMENDED ACTION/MOTION: Staff recommends approval of the letter proposal for professional services from Bolton and Menk for the galvanized water service line replacement project in the alley between South 6th Street and South 7th Street from Joseph Street to Paul Street, for an amount not to exceed $36,540.

FINANCIAL IMPACT: Funding for this 3rd galvanized water service line replacement project will come from the $2,675,000 allocated to Brainerd for galvanized water service line replacement projects in 2026.

BOLTON & MENK
Real People. Real Solutions.

7656 Design Road
Suite 200
Baxter, MN 56425

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

VIA EMAIL

February 16, 2026

Paul Sandy, PE – Public Utilities Director
Brainerd Public Utilities (BPU)
P.O. Box 373
Brainerd, MN 56401
psandy@bpu.org

RE: 2026 Lead Service Line Replacement – Engineering Proposal
Alley between South 6th Street and 7th Street – Joseph Street to Paul Street
Brainerd Public Utilities

Dear Paul,

BPU included three project areas on their request for placement on the 2026 PFA Intended Use Plan (IUP). The IUP was released on January 9, 2026 and BPU has been awarded $2,675,000 of funding towards Lead Service Line Replacements (LSLR). The areas identified for LSLR are along TH 210, in Northeast Brainerd (north of Washington Street between Gillis Avenue and Mill Avenue), and the 2026 City of Brainerd Southeast Reconstruction Project and 2026 Resurfacing Projects. With placement on the IUP, it is required to submit for certification to the MN Department of Health (MDH) by March 31, 2026 to utilize PFA funding. Based on our meeting with Minnesota Department of Health and PFA we understand BPU can add the alley between South 6th Street and 7th Street from Joseph Street to Paul Street as an amended project area.

BPU has requested a proposal to complete certification with MDH utilizing their guidance where plans and specifications are not completed, preparing and administering two quote packages (one for north alley and one for south), and construction services. Based on the Lead Service Line Inventory there are 13 galvanized water services to replace in the project area. We understand the City of Brainerd will complete initial coordination and finalizing agreements for work on private property as part of your ongoing efforts with the watermain replacement project already under contract.

Task 1: Project Certification

Upon authorization we will prepare and submit to MDH by March 31, 2026 the Lead Service Line submittal for projects where engineering plans and specifications are not prepared for bidding. We will prepare and distribute two quote packages to interested contractors. One requesting a quote for five service replacements in the block between Joseph Street to Ronald Street and one requesting a quote for eight service replacements in the block between Ronald Street to Jospeh Street. We will assist with necessary submittals to MN PFA and MDH to comply with funding requirements.

Task 2: Right of Entry Acquisitions – Completed by BPU

Task 3: Construction Quotes Phase

Bolton and Menk will perform the following related to obtaining construction quotes:

1. Answer questions from contractors interested in quoting the project.
2. Receive quotes, analyze quotes received by BPU for completeness and accuracy and note any omissions and discrepancies.
3. Compile a summary of the results of the quotes and write a letter to BPU recommending award of the construction contract.
4. Prepare project contracts after award of contract.
5. Assist with PFA financing application.

Task 4: Construction Phase

Bolton and Menk will perform the following related to the construction phase:

1. Schedule and lead preconstruction meeting with BPU staff, City of Brainerd Staff, and contractor. Prepare and distribute meeting minutes.
2. Review shop drawing submittals and confirm materials meet Buy America Build America requirements.
3. Field document and record the water services that are replaced.
4. Coordinate with contractors on Ronald & Joseph watermain replacement project.
5. Prepare contractor progress pay applications.
6. Review certified payroll reports for compliance with PFA requirements.
7. Review all funding documentation from the contractors once the work is completed.
8. Assist BPU in submitting for reimbursement through PFA.

Fees

Based on our understanding of the project and experience utilizing the grant dollars available, we have provided our estimated fees below to provide the professional services outlined above. We propose providing our estimated fee for the work elements described in this proposal on an actual hourly basis.

TASK	DESCRIPTION	Estimated Fee
1	Project Certification	$10,640
2	Right of Entry Agreements	$0
3	Construction Quotes	$4,980
4	Construction Services	$20,920
	Total:	**$36,540**

Schedule

March 2026	Submit to PFA for Certification & Prepare Quote Packages
April 2026	Distribute and receive contractor quotes
May 2026	Award Construction Contract
May 2026	Finalize Loan Application
May 2026 – June 2026	Construction

Thank you for the opportunity to work with you on this project. Please feel free to contact me anytime with questions. You can reach me at 218-821-5242 or by email at bryan.drown@bolton-menk.com.

Sincerely,

Bolton & Menk, Inc.

Bryan G. Drown

Bryan G. Drown, P.E.
Municipal Project Manager |Associate

Cc: Jessie Dehn, PE – Brainerd City Engineer

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Hold Public Hearing and Adopt Resolution to Approve and Submit Facility Plan — Brainerd Wastewater Treatment Facility (WWTF) Plan

ACTION REQUESTED: Adopt Resolution

ESTIMATED TIME (MIN): 30 Minutes

SUBMITTED BY: Morgan Salo, Paul Sandy, Public Utilities Director

PRESENTER: Morgan Salo, Paul Sandy, Public Utilities Director, Charlie Gammon, Water/Wastewater Manager

SUMMARY OF ISSUE:

The purpose of this public hearing is to receive comments regarding Brainerd Public Utilities' proposed participation in the Minnesota Clean Water Revolving Fund (CWRF) program in support of the Wastewater Treatment Facility Plan.

Bolton & Menk, Inc. has completed a comprehensive facility plan evaluating existing plant conditions, regulatory requirements, projected capacity needs, and recommended improvement alternatives for the wastewater treatment facility. The plan identifies capital improvements necessary to address aging infrastructure, maintain regulatory compliance, and ensure reliable long-term operation of the system.

The Minnesota Clean Water Revolving Fund, administered by the Minnesota Public Facilities Authority in coordination with the Minnesota Pollution Control Agency, provides low-interest financing to eligible municipalities for wastewater infrastructure improvements. Participation in this program allows the utility to access below-market financing and potential principal forgiveness opportunities, thereby reducing overall project costs and mitigating long-term rate impacts to customers.

Holding a public hearing is a required step in the CWRF application process and provides an opportunity for public input on the proposed project and the intent to pursue state financing.

Following the public hearing, staff request Commission approval of the Wastewater Treatment Facility Plan and authorization to proceed with submission of the Facility Plan to the Minnesota Pollution Control Agency (MPCA) for review and certification.

A copy of the full facility plan is available in the Public Utilities Director's office for review and examination.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: The facility plan was presented to the Joint Wastewater Management board on February 12, the City of Baxter Council Workshop and City of Brainerd Council meeting on February 17.

RECOMMENDED ACTION/MOTION: Staff recommends holding a public hearing on the Facility Plan and soliciting testimony from interested parties regarding the Facility Plan contents. Staff recommends adopting the attached resolution in which approves Facility Plan and authorizes submission to the Minnesota Pollution Control Agency (MPCA).

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

Posted 02/09/2026

NOTICE OF PUBLIC HEARING
THE
Brainerd Public Utilities Commission will be holding a public hearing at their regularly scheduled Brainerd Public Utilities Commission Meeting

TUESDAY, February 24, 2026
9:00 AM

Brainerd City Hall Council Chambers, 501 Laurel Street, Brainerd MN 56401

AGENDA
The purpose of the public hearing is to adopt the proposed Facility Plan for the wastewater treatment facility plan as prepared by Bolton & Menk and further to submit the plan to the MNPCA for review and approval.

Emailed to Brainerd Daily Dispatch: 02/9/2026

RESOLUTION
01:26

RESOLUTION ADOPTING FACILITY PLAN AND AUTHORIZING SUBMITTAL TO THE MINNESOTA POLLUTION CONTROL AGENCY FOR REVIEW AND APPROVAL.

WHEREAS, Brainerd Public Utilities, Brainerd, MN recognized the need to update its wastewater system and had identified deficiencies of its existing system; and

WHEREAS, Bolton & Menk, Inc. has been retained as Consulting Engineers to prepare a Facility Plan for the purpose of submitting such plan to the Minnesota Pollution Control Agency; and

NOW, THEREFORE, BE IT RESOLVED BY THE BRAINERD PUBLIC UTILITIES COMMISSION, BRAINERD, MINNESOTA:

1. The Brainerd Public Utilities Commission does hereby adopt the proposed Facility Plan titled Wastewater Treatment Facility Plan Brainerd Public Utilities, prepared by Bolton & Menk, Inc. as Consulting Engineers.
2. The Brainerd Public Utilities Commission does hereby direct the Facility Plan to be submitted to the Minnesota Pollution Control Agency for Review and approval.

Adopted this ___ day of _______ 2026

____
MIKE ANGLAND
President of the Commission

Approved this ___ day of 2026

ATTEST: ________________________________
DANIEL LOCH
Secretary of the Commission

Brainerd, Minnesota Wastewater Treatment Facility Plan

February 17, 2026

Council Presentation

by Morgan Salo, P.E.

Today's Topics

- Facility Summary
- Design Flows and Loadings
- Current Treatment Process (liquids and solids)
- Liquid Stream Treatment Alternatives
- Biosolids Alternatives
- Recommendations and Cost Opinion

Facility Summary, Background, Purpose

- Class A facility originally construction in 1982
- Major upgrade completed in 2009
- 20-year asset inventory completed in 2024/2025
  - Biosolids improvements are high priority
  - Liquid treatment changes needed with more stringent limits
- Address biosolids storage capacity
- Address future Limits for Total Nitrogen and Phosphorus as drivers for treatment improvements
- Continue to support community growth for the next 25-years

Flows and Loadings

Table 2.20: Current and Proposed design Flow and Load Summary for Mechanical Treatment		
Parameter	**Current**	**Proposed 2050 Design Criteria**
Population	24,103	32,932
Design Flow (MGD)		
Average Dry Weather (ADW)	1.62	2.39
Average Annual (AA)	1.94	2.77
Average Wet Weather (AWW)	2.13	3.06
Peak Flow (PH)	3.32	4.04
Peak Hourly Wet Weather (PHWW)	4.71	6.54
Peak Instantaneous Wet Weather (PIWW)	5.89	8.24
Design Load (lb/d)		
Carbonaceous Biochemical Oxygen Demand ($CBOD_5$)(1)	3,357	4,446 - 5,000
Total Suspended Solids (TSS)	4,716	6,455
Total Phosphorus (TP)	97.0	132
Total Nitrogen (TN) or Total Kjeldahl Nitrogen (TKN)	661	988

(1) The projected BOD_5 loading is 4,446 lb/d. The design loading to meet future limits is 5,000 lb/d based on BOD:N ratios further discussed in the alternatives section.

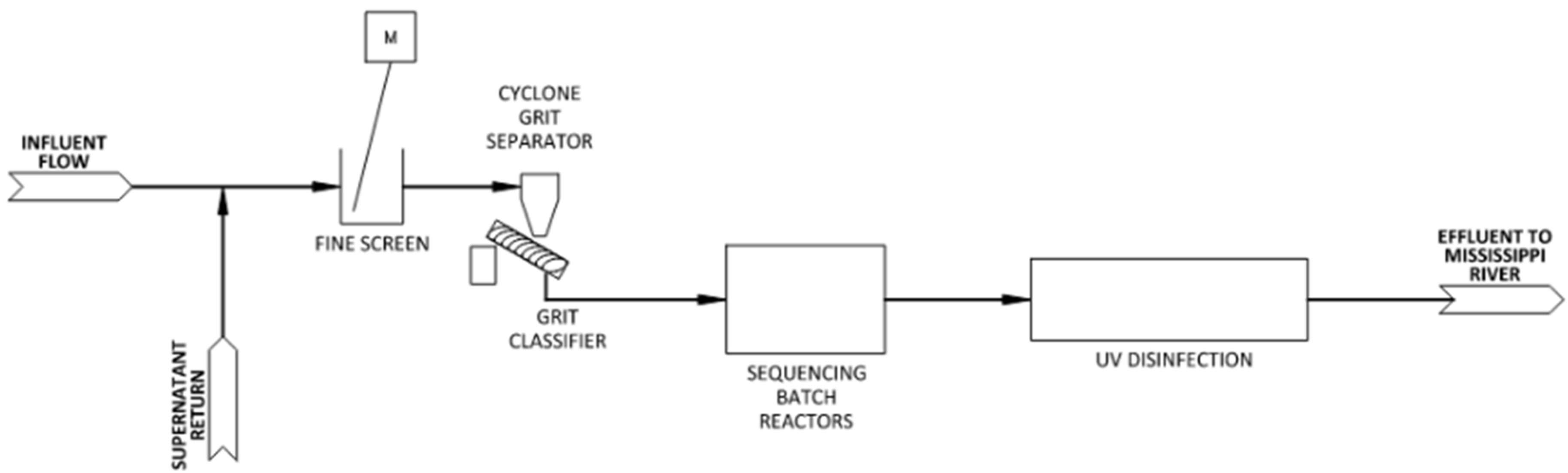
Current Liquid Treatment Process

Sequencing Batch Reactors

WWTF FACILITY PLAN — **Figure 1: LIQUID PHASE BLOCK FLOW DIAGRAM**

BRAINERD PUBLIC UTILITIES — NOVEMBER 2025

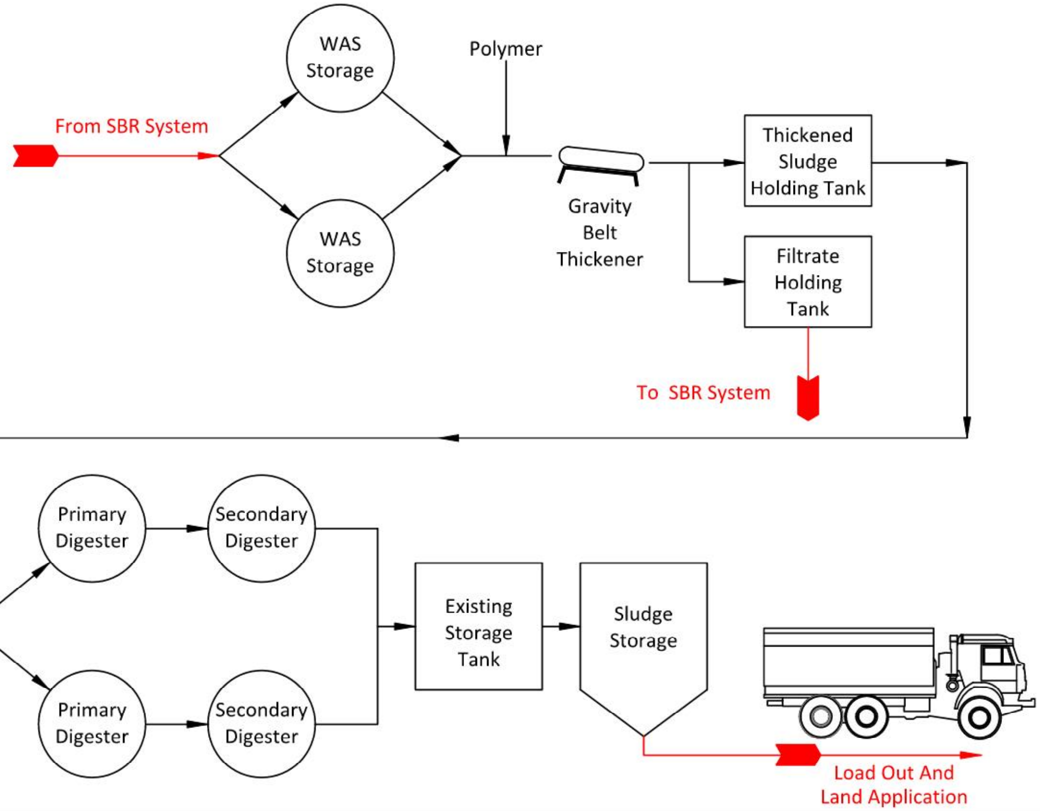
BOLTON & MENK



Bolton-Menk.com

Current Solids Process

- Waste Activated Sludge (WAS) Holding
- Gravity Belt Thickener
- Thickened Sludge Holding Tank
- Filtrate Holding Tank
- Anaerobic Digestion
- Biosolids Storage
- Sludge Loadout and Hauling



Facility Needs

- Primary Need: Biosolids Treatment
  - MPCA requires 180 days of biosolids storage
    - BPU had less than 180 days from 2014 – 2019, 2022
    - Currently at or below 180 days of available biosolids storage
  - The facility land applies the biosolids for disposal
    - Current solids production makes land application difficult
    - Weather can greatly affect the ability to land apply
- Current liquids treatment process not set up for treating future limits
  - Future liquids treatment improvements required to meet TN of 10 mg/L and TP of 1 mg/L
- System improvements to maintain facility operation

Liquid Stream Treatment Analysis

GOALS

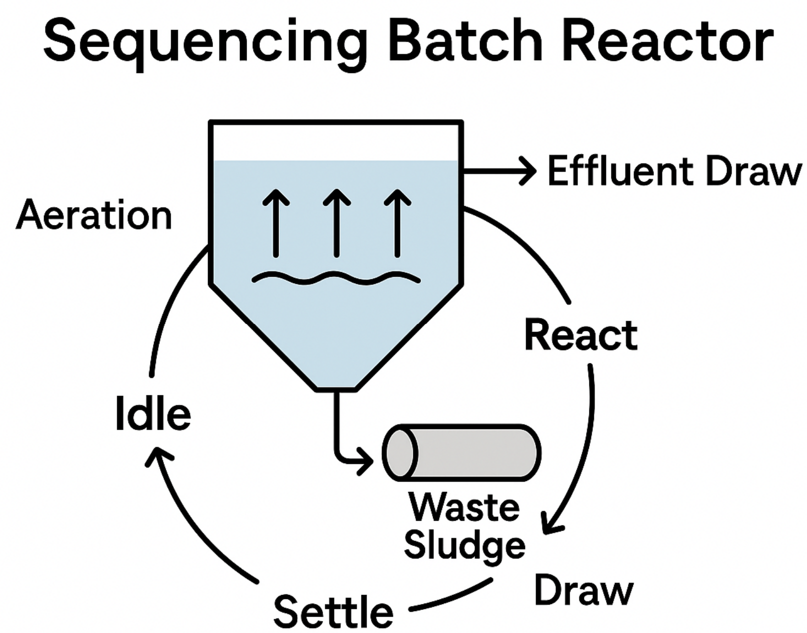
- Biological Treatment and Nutrient Removal (future limits)
- Solids Removal (TSS, bacteria, and other solids)

Treatment Alternatives Evaluated

- Sequencing Batch Reactor (SBR) – existing
- Activated Sludge – Traditional Biological Nutrient Removal (AS-BNR)
- Integrated Fixed – Film Activated Sludge (IFAS)
- Membrane Bioreactor (MBR)
- Biologically Aerated Filters (BAF)

Sequencing Batch Reactor

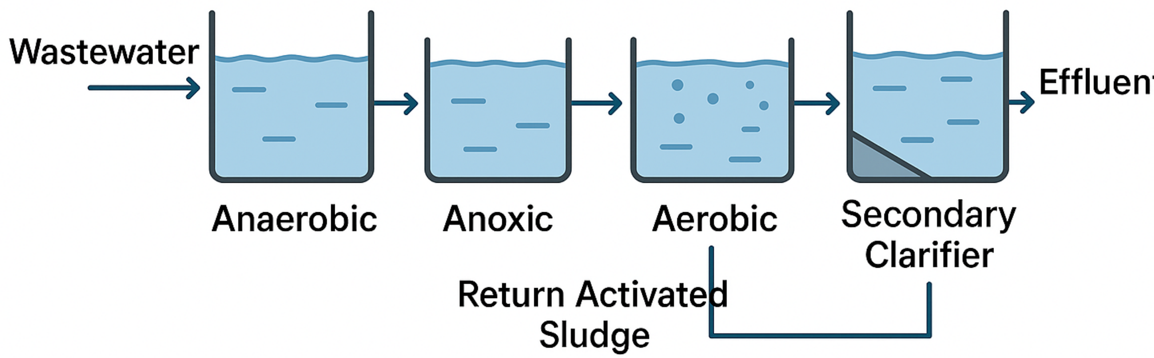
- Treats wastewater in batches (fill, react, settle, decant/draw, Idle)
- Used for both biological removal and solids removal in one process
- Treatment meets current NPDES Limits but may not meet future limits
- Not suited for large variations in flow and pollutant loadings
- Current operation has inefficiencies for nitrification and phosphorus removal
- Blowers provide oxygen during the react cycle (large energy demand)
- Limited operational control and flexibility and equipment options



Bolton-Menk.com

Activated Sludge - BNR

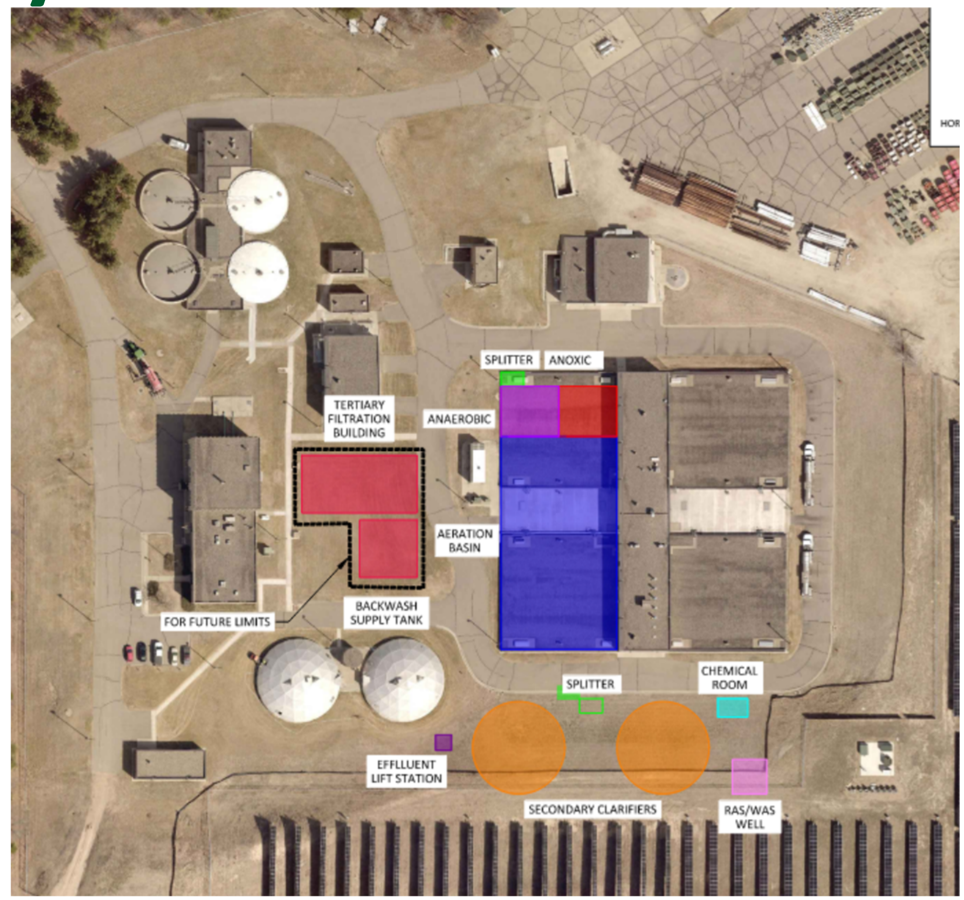
- Treats biological components in a series of process tanks
  - Anoxic, Anaerobic, Aerobic
- Secondary Clarifiers for solids removals is highly effective
- Allows for easy addition of tertiary filtration (required for TN and TP removal)
- Most common process – operational familiarity and flexibility
- Biology can be monitored and controlled
- Designed to meet current and future limits
- Can be retrofitted into existing footprint of SBR tanks
- Not limited to proprietary equipment



Modified UCT Activated Sludge Process

Liquid Treatment Summary

- SBR's will require significant modifications to meet future TN and TP limits
  - Restraints with proprietary equipment
  - Operation is not flexible to meet limits
- Convert to Activated Sludge
  - Limit driven on when to convert
  - Optimize to meet future limits
  - Operator friendly
  - Known technology



Biosolids Treatment Options

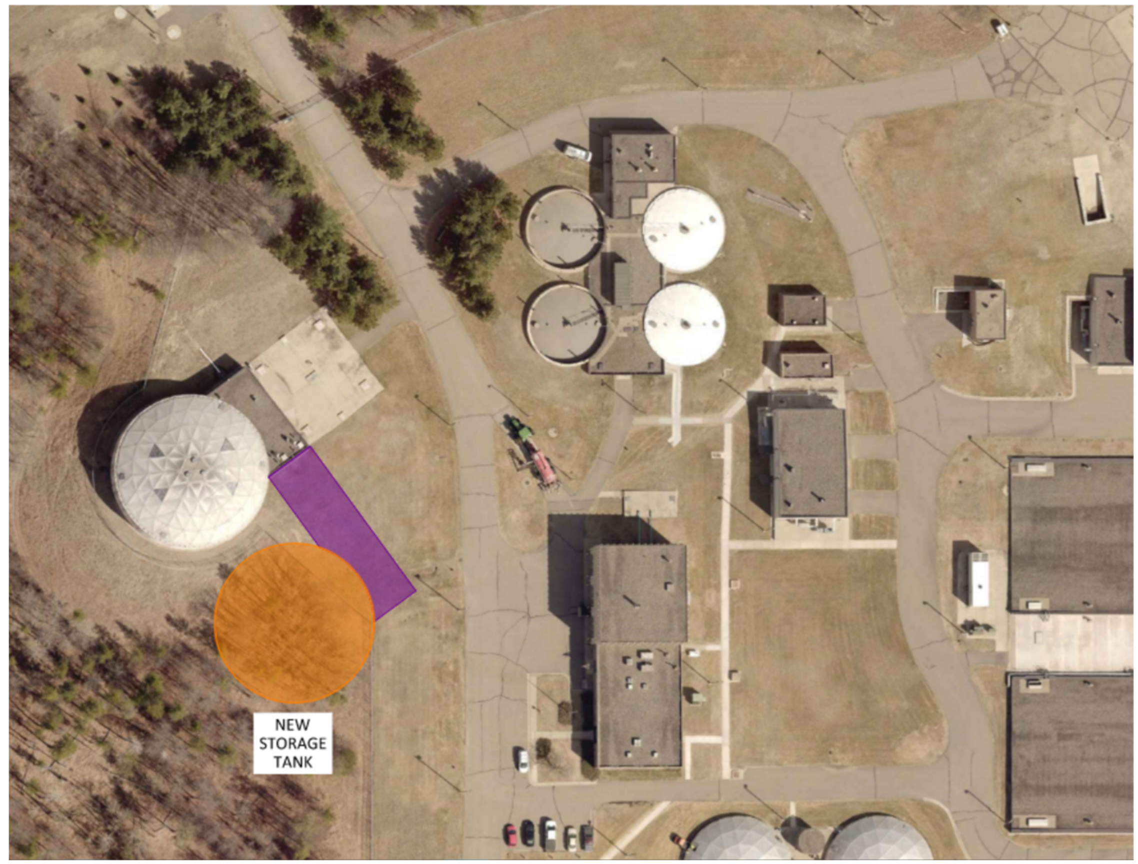
- Alternative 1 – Keep existing plus Additional Sludge Storage
- Alternative 2 – Dewatering
- Future Phases – Heat Drying and Thermal Destruction

Biosolids Land Application

- Facility has one 5,000-gallon truck to haul biosolids
- On average, 950 truck trips to dispose of biosolids
- Land application sites are approximately 10-15 miles away equating to 24,000 miles traveled per year
  - 1,300 approved acres with MPCA and landowners
  - Annual average application to 300 – 400 acres (2025 = 616 acres)
- Approximately 3 BPU employees required for 7-8 months to dispose of biosolids
- If weather is unseasonably wet, land application must be delayed, and facility may not have storage volume available

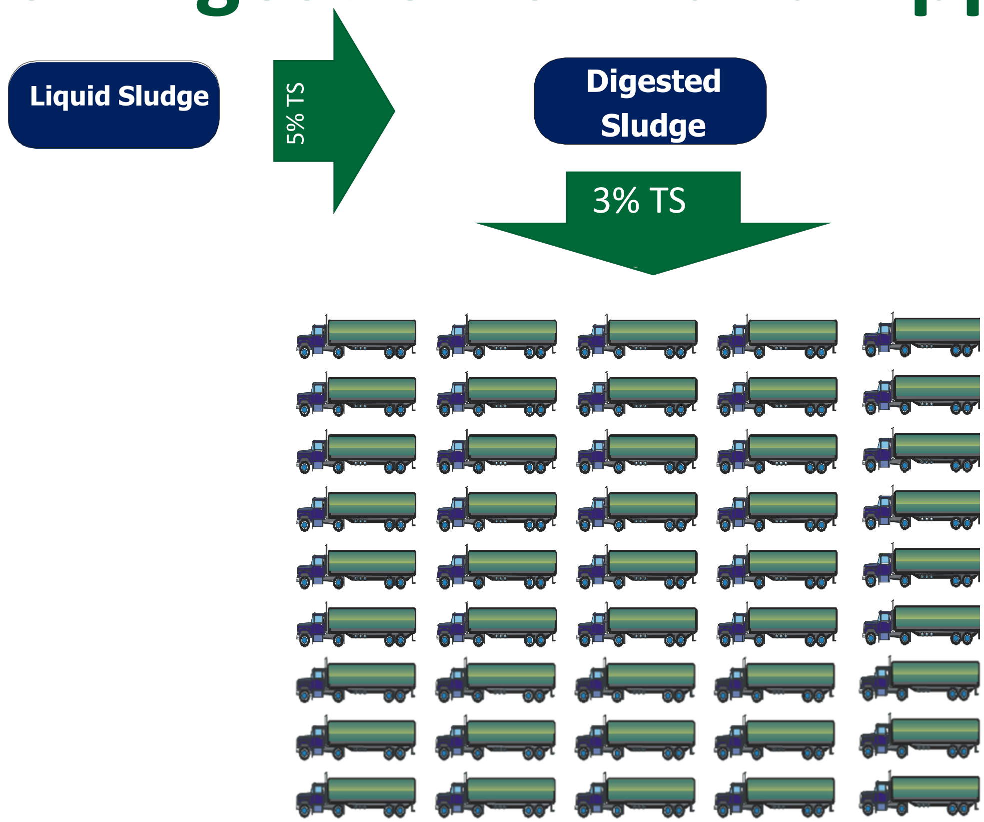
Alternative 1 – Additional Sludge Storage

- Continue with the current biosolids treatment process
- Construct additional 1.75 MG above-grade storage for the treated biosolids
- Purchase additional tanker truck, tractor, loadout equipment for hauling biosolids
- Requires additional 3 full time staff for land application
- Land application is only alternative for disposal
- Will need to rehab the digesters and replace gas burning equipment



Bolton-Menk.com

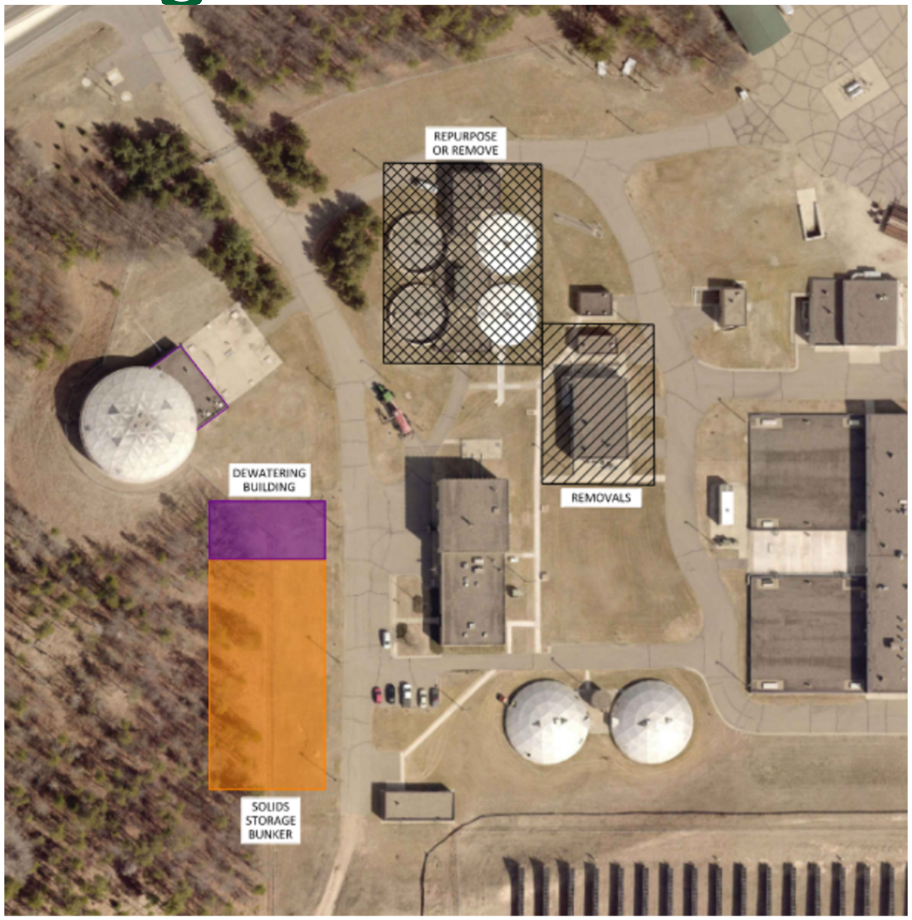
Impact of Digestion on Land Application



1315 trips and about 33,000 annual miles of transport required for disposal

Alternative 2 – Dewatering

- Decommission current process including anaerobic digesters
- Construct new dewatering equipment (screw press or centrifuge)
  - Goal is to dewater to ~20% solids
- Convert current sludge storage to aerobic storage
- Construct new cake storage system
  - Flexible options
- Set-up for future drying
- Creates opportunity for land application or landfill of dewatered solids



Impact of Dewatering on Land Application

Digested Sludge

3% TS

1315 trips & 33,000 miles annually

Liquid Sludge

2% TS

Solids Dewatering to Class B

20% TS

150 trips and about 3,700 annual miles of transport required for disposal

Future Biosolids Treatment – Heat Drying

- Class A product
- Dryer system follows the biosolids dewatering system of centrifuge, screw press, or belt filter press
- Construction of a new biosolids handling building required
- Dryer would operate 40 hours a week, 50 weeks a year (tentative)
- Class A product simplifies final disposal and can also be land applied with fewer restrictions
    - Driver for heat drying is when land application becomes more stringent or not available on current sites
- Can be added onto phase 1 biosolids system
- Set up for future thermal destruction

Impact of Drying on Land Application

Digested Sludge

3% TS

1315 trips & 33,000 miles annually

Liquid Sludge

2% TS

Solids Dewatering

20% TS

Solids Dryer

95% TS

~30 trips and about 800 annual miles of transport required for disposal

Recommendations

Phased Approach Recommended

1. Construct new Dewatering Biosolids Treatment Process and complete Facility/System maintenance
2. Rehabilitation and modifications of liquid stream treatment to Activated Sludge:
   - Comply with future phosphorus limit
   - Comply with future nitrogen limit
   - Simplify treatment and update existing infrastructure
   - Flexible and expandable
   - Best opportunity for grants
3. Add Heat drying to biosolids process

Cost Opinions Liquid Treatment

Liquid Option	Total Project Cost	Current Total annual O&M Cost	Additional O&M ($/yr)	Present Worth (2026 Dollars)
SBR Improvements	$58 - $72M	$5.2M	~$520,000	$70.7M
Activated Sludge	$70 - $88M	$5.2M	~$520,000	$84.9M
1. Present worth calculated at 20 years at 3%				

- Additional O&M is over $500,000 per year
- Increases due to maintenance, staffing, chemical feed, and utilities

Cost Opinions Biosolids Treatment

Biosolids Option	Total Project Cost	Current Total annual O&M	Additional O&M ($/yr)	Present Worth (2026 Dollars)
Expand Existing	$32 - $38M	$5.2M	~$600,000	$46.1M
Dewatering	$25 - $32M	NA	~$100,000	$30.4M
Heat Drying	$25 - $34M	NA	~$480,000	$37.1M
Thermal Destruction (PFAS)	$38 - $48M	NA	~$485,000	$47.2M
1. Present worth calculated at 20 years at 3%				

- Significant increase in O&M for Alt. 1
- Increases due to maintenance, staffing, and utilities
- Drying and Thermal destruction O&M costs are additive to dewatering
  - Additional O&M for adding dewatering, drying, and thermal destruction are ~$1,000,000/yr
- Biosolids O&M are additive to liquid treatment O&M

Cost Opinions for Phased Improvements

Capital Costs for Recommended Imrovements			
Phase 1 Imrovements		**Phase 2 Improvements**	
Item	**Budget**	**Item**	**Budget**
Pretreatment Improvements	$5,110,000	**General Conditions**	$4,850,000
Contingency (20%)	*$1,025,000*	**Secondary Treatment Improvements**	$48,350,000
Engineering & Permitting	*$1,225,000*		
Biosolids Improvements - Dewatering	$16,725,000		
Contingency (20%)	*$4,050,000*		
Engineering & Permitting	*$4,850,000*	**Subtotal**	**$53,200,000**
Ancillary Facility Improvements	$5,925,000	Contingency (20%)	$10,650,000
Contingency (20%)	*$1,200,000*	**Total Construction Cost**	**$63,850,000**
Engineering & Permitting	*$1,450,000*	Engineering & Permitting	$12,750,000
Total Project Cost	**$41,560,000**	**Total Project Cost**	**$76,600,000**
Cost Range	**$38-48M**	**Cost Range**	**$70-88M**

Rate Impact for WWTF Improvements Only

Project User Rate Impacts for WWTF Improvements			
Item	**Existing Budget**	**Proposed Phase 1 Improvements**	**Proposed Phase 2 Improvements**
Annual Costs			
Capital Improvements (1)	$0	$3,002,148	$5,097,861
Annual O&M	$5,176,820	$5,780,000	$6,260,000
Existing Debt Service (3)	$2,100,000	$2,100,000	$5,102,150
Total Annual Costs	$7,276,820	$10,882,148	$16,460,011
Equivalent Dwelling Units (EDU)			
Brainerd Residential	4,863	4,863	4,863
Brainerd Commerical/Industrial/Institutional	4,724	4,724	4,724
City of Baxter	7,379	7,379	7,379
Total EDU	16,966	16,966	16,966
WWTF Improvement Cost per EDU ($/month) (2)	$35.74	$53.45	$80.85
Estimated City of Baxter Cost ($/month)	$263,741	$394,413	$596,578
(1) Capital Cost Annualized with a 20 year loan at 3% interest.			
(2) detailed EDU breakdown in Appendix			
(3) Assumes the yearly payment required for a 20-year loan from the phase 1 improvements in addition to existing debt service. Actual debt service should be evaluated at the time of phase 2 improvements			

Funding Sources

- Clean Water Revolving Fund (CWRF)
  - Low interest loans at 20 or 30 years
  - 1% to 3% interest rate is typical
- Point Source Implementation Grant (PSIG)
  - 80% on eligible portions up to $12,000,000
- Wastewater Infrastructure Funding (WIF)
  - Income based grants to reduce project costs to community
  - Cap of $9 million
- City Bonding and Capital/State Bonding Request
- Assessment
- Congressional Spending Dollars from Representatives (House and Senate)

Next Steps/Schedule

- Facility Plan Submittal – March 2026
  - Public Hearing – February 24, 2026 at BPU Commission
  - Commission Approval via Resolution to Adopt Facility Plan
  - Submit to MPCA by March 6, 2026 (includes updated PPL application)
- Facility Plan Approval by MPCA – June 2026
- Preliminary Engineering for Phase 1 Biosolids: June 2026 – January 2027
  - Option for CMAR
- Final Design: February 2027 – December 2027
- Bid & Start Construction for Phase 1: Winter 2027/2028
- 20 – 30 Month Construction Schedule for Phase 1 (biosolids)
- Continue to monitor future limits and develop decision matrix for when to switch to Activated Sludge

Questions/Discussion

Brainerd, Minnesota

2026 Wastewater Treatment Facility Plan

Contact:

Morgan Salo, P.E.

Principal Water/Wastewater Project Manager

(218) 839-2303

Morgan.salo@bolton-menk.com

BOLTON & MENK

Real People. Real Solutions.

Bolton-Menk.com

Public Utilities Commission
Agenda Request

MEETING DATE: February 24, 2026

TITLE OF ITEM: Introduction of Eden Renewables, LLC for Potential Solar Project and Interconnection to Brainerd Public Utilities

ACTION REQUESTED: Information Only

ESTIMATED TIME (MIN): 15 Minutes

SUBMITTED BY: Paul Sandy, Public Utilities Director

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

SUMMARY OF ISSUE: Representatives from Eden Renewables, LLC will attend the meeting to introduce their company and discuss a potential solar project proposed for interconnection within the Brainerd Public Utilities service territory.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: This presentation will provide Commissioners an opportunity to ask questions of Eden Renewables, LLC and learn more about the potential solar project. A confidentiality agreement is currently in place between Brainerd Public Utilities and Eden Renewables, LLC regarding project-related information.

RECOMMENDED ACTION/MOTION: No action, discussion only.

FINANCIAL IMPACT: N/A

MEMORANDUM

TO: Mayor Badeaux and City Councilmembers
FROM: Nick Broyles, City Administrator
DATE: 17 February 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 20 January 2026.

Community Engagement

21 Jan: Joint charter/PUC meeting; planning commission meeting
22 Jan: Staff visit w/HRA personnel
23 Jan: Hydro dam/HR discussion w/staff
26 Jan: Codification 'next steps' meeting w/ALP; staff meeting to provide personnel updates; review of Kuepers development agreement
27 Jan: Monthly PUC meeting; department head meeting; park board meeting
28 Jan: Recurring meeting w/CWC administrator; staff visit w/BPU water/wastewater personnel; HRA board meeting; 210/Washington St. mitigation plan hosted by the COC
29 Jan: Development meeting w/community development director; discuss a development agreement w/local business
2 Feb: Meeting re: 805 Laurel St.; city council meeting
3 Feb: Ongoing personnel discussion for plan moving forward
4 Feb: Staff visit w/police department; meeting w/citizen to discuss CSAH 48 stormwater easement
5-6 Feb: Annual Ehlers public finance conference in Edina w/community development director
9 Feb: Meet and greet w/IUOE in advance of contract negotiations; community focus radio show w/WJJY (210/Washington St.); meeting w/chair of P&F re: personnel/organizational discussions
10 Feb: Department head meeting
11 Feb: Staff visit w/BPU front office personnel; sourcewell HR network meeting; fire department project kickoff meeting; staff discussion of potential annex use
12 Feb: Exploratory meeting w/BlockchAIn re: data center; joint wastewater management board meeting
13 Feb: Loonfest 2026 discussion
16 Feb: YMCA board meeting

Charter Update

The next charter commission meeting is 19 Feb at 5p, and it will be a joint meeting with the public utilities commission. Goal is to receive a vote from the charter commission for potential advancement to the city council.

Finance

- **Audit:** Staff is beginning to prepare for the audit. Auditors are scheduled to be onsite at city hall the weeks of 27 Apr and 11 May. They will be on site at the utility the week of 2 Mar.
- **Election:** 2026 is an election year with the primary on 11 Aug and the general election on 10 Nov. Staff has reached out to secure the polling locations and have begun the recruiting process for election judges.

Human Resources

- **Airport Pay Equity:** The HR department worked with airport staff to prepare the airport pay equity report. The airport commission approved the data provided and HR finalized and submitted the report. We are happy to report that the results came back, and the airport is compliant.

- **Staffing Update:** HR onboarded 9 employees in the month of January.

Public Works/Utilities/Parks/Transit

Engineering

- Hwy 210/Washington Street project: RL Larson was low bidder, MnDOT working on contract award. Public meetings to discuss access/detours expected in March prior to anticipated start of construction around mid-to-late April.
- SE Brainerd Reconstruction: Continued coordination with Centerpoint (replacement/relocation of 16" gas main) and plan development. Anticipated completion in late March.

Streets

- Clearing brush and trees over sanitary interceptor line near Evergreen.
- Monitoring stormwater catch basins for drainage concerns during melting.
- Patching crews to start work in areas where needed.
- Repairing street sweeper and performing maintenance work on snow removal equipment.

Recreation

- Skating party was held on Saturday, 7 Feb at Bane Park (changed venue) from 1-4p. Location changed because of lack of ice at Memorial Park.
- Will be opening summer league registrations over the next month.

Parks

- Priority of downtown snow removal and preparing ice hockey and pleasure rinks.
- Working to maintain rinks, however warm temperatures may end usable rinks shortly.
- Clearing trees at Jaycee Park.

Fire

Following the approval of the design/construction services contract with Widseth, and the selection of Nor-Son Construction as general contractor, the fire station renovation project is officially underway. The kickoff meeting was held on 11 Feb and Nor-Son expects to deliver a project cost and schedule by early March. Currently, staff is attending weekly design meetings, and on-site soil testing was successfully completed last week. The department remains highly enthusiastic as the project moves into this active phase.

Technology

Set-up on city-wide computer replacements has begun with rollout beginning at the end of February and extending into March. As part of the city security software posture change, the new endpoint protection has been pushed out to all devices and is being monitored. The SIEM (security information and event management) change is still in progress.

The entire city network infrastructure (firewalls, switches, etc.) is also being replaced. Set-up and configuration are underway now with staging and deployment likely in early March. Research continues to be done on the best option 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 this year. City staff have been supporting Baxter during their IT staff turnover - additional requests have come in requiring a few additional hours of effort, which will be billed as agreed.

Suspense Tracker

Subject	Start Date	Department	Notes	Due Date	% Complete	Status
Stormwater Retention Pond-1001 Anabec St-Bollig	9/15/2025	Public Works	1/13/26: Tim, CC Engineer called Mike (PW Director) to discuss the drainage concerns on Bollig's property. If drainage study is requested by council, CC would be asked to assist with cost (30% per maintenance agreement), Tim plans to discuss with commissioner. 1/13/26: Mr. Bollig called to ask the size of Storm drain of SW 6th Street and Cora Street. Mike will research and respond by 1/20. 1/16/26: Mike sent Mr. Bollig the answer: a. SW 6th street -Various sizes: South of 701 SW 6th Street = 30 inches, Between 701 SW 6th Street and intersection with May Street = 24 inches, North of May Street = 15 inches b. Cora Street -Various sizes: West of SW 9th Street = 27 inches, Between SW 9th and SW 8th Streets = 18 inches, East of SW 8th Street = 12 inches 2/9: Contract for Stormwater Study awarded to HR Green. Contract has been revised and agreed upon. Work is expected to occur over the spring with presentation to CC in roughly May.	2/17/2026	25%	In Progress

Transit Business Model	10/6/2025	Public Works	11/20/25: Public Works is waiting for more information from various department to finish the Business Model. 11/24/25: (staff meeting) – Financial numbers are complete. Take Aways: 1. Add following items to budget: OT, Training, Bus Storage and Drug Testing. 2. Develop Bus Driver schedule to determine OT hours. 3. Build model for Bus Drivers with no OT. 12/18/25: Staff met with HR to confirm the Job Descriptions. HR will review and finalize the descriptions and points; then forward points to Finance. 12/22/25: HR will post opening of part-time person. This person started 1/2/26.	2/25/2026	25%	In Progress
Kuepers Development	9/17/2025	Community Dev	12/1 – City Council reviewed EAW and held public meeting 12/15 – City Council to review EAW findings and will make declaration 12/17 – Planning Commission recommended approval of the preliminary plat and PUD 2/2/26 – City Council rezoned the parcels, approved final plat, and PUD. 2/17/26 – City Council to consider Stormwater Management Maintenance Agreement	2/28/2026	75%	In Progress

Shoreland Ordinance		Community Dev	9/17 - Planning Commission to review preliminary language 10/15 - Planning Commission reviewed language and directed staff to work with the DNR on four outstanding items. Staff is currently negotiating with the DNR for smaller lot sizes, widths, and increased impervious surface amounts in the Shoreland District. Staff is currently analyzing lot sizes, lot widths, and impervious surface amounts for existing parcels in the Shoreland District. 1/21 – Planning Commission will perform final review of shoreland ordinance and negotiated items. 2/18/26 – Staff meeting with DNR to perform final review of shoreland ordinance 3/18/26 – Planning Commission to hold public hearing and consider shoreland ordinance	3/31/2026	75%	In Progress
SAHA Funds		Community Dev	1/20 – City Council authorized staff to advertise proposal for available SAHA funds 2/20 – Final submittal deadline to apply for SAHA funds 3/2 – City Council will determine distribution of SAHA funds		50%	In Progress
Annex Improvements	12/8/2025	Public Works	HyTec has started the rehabilitation work in the Annex. Electrical is mostly done. Floor tile (potentially asbestos) is being tested ahead of 2nd floor subfloor repairs. Fire alarm system and windows remain to be completed.	6/30/2026	10%	In Progress
Improvement 23-12 Beech		Public Works	Construction- 1st lift was completed for winter	11/1/2026	50%	In Progress

Improvement 17-12 Wright	Public Works	Construction- 1st lift was completed for the winter.	11/1/2026	50%	In Progress
Improvement 23-14 Hawkins	Public Works	Construction is complete on the Hawkins portion. The remainder of the construction on Ronald & Joseph will take place in 2026.	11/1/2026	50%	In Progress
BlockMetrix- Site Control	Community Dev	Purchase and Development Agreement- needs to be executed by BM Power Agreement- needs to be executed by BM Building Permits- have been applied for EDA will direct staff on next steps regarding the PDA at the June 5th meeting 6/6 - EDA took no action at the June 5th meeting 6/24 - Power Agreement is currently being reviewed by staff and will be reviewed by the PUC 7/2 - Power Agreement has been forwarded to Blockmetrix for review 7/30 - Staff set up a virtual meeting with Blockmetrix – Blockmetrix did not attend – stated that an issue came up 8/15 - Staff virtually met with Blockmetrix – Staff have not received a response 9/11 - Staff will virtually meet with Blockmetrix Staff is waiting on a response from Blockmetrix. 10/28 - BPU Commission considered redlined changes from Blockmetrix at the October meeting and recommended no changes. Blockmetrix stated without the redlined changes the project was not viable. 3/5 - Staff will present the EDA with options at the March EDA meeting as VCV is currently in violation of the Development Agreement.		50%	In Progress

Riverside Drive Orderly Annexation	Community Dev	10/13 – City has completed the final document for the proposed orderly annexation agreement 10/30 – City staff met with the County to discuss the agreement 12/29 – Completed legal descriptions (in review) Staff plans to call for a public hearing at the 1/20 City Council meeting 2/17 – Public Hearing and CC consideration of Resolution to adopt Orderly Annexation Agreement with CWC. 2/24 – CWC Board to consider joint resolution		60%	In Progress
Transit- Baxter Fares	Public Works	11/25/25: Mike emailed Brad ridership numbers and PP presentation. 12/1/25: Nick emailed Brad if Baxter is willing to adjust their rates to match Brainerd's rates? 12/1/25: Brad responded: "The City of Baxter is currently reviewing the ridership and revenue/expense data to determine any adjustments to its rates. The City bases its rates on the revenues derived from the program/service and does not subsidize the cost of this service through the use of its levy or other city funds." 12/1/25: Brad asked for the financial numbers from 2024 & 2025. 12/3/25: Mike emailed Brad, numbers will be sent by 12/5 12/5/25: Mike emailed Brad financial numbers for 2024 and YTD 2025. 12/19/25: Brainerd is waiting a response from Baxter to present to Baxter Council Transit Rates.		75%	In Progress

Charter Discussions		Administration	Staff has been meeting weekly since 11/10 regarding the City of Brainerd Charter 1/21- Charter Commission & PUC met in a joint meeting. Commissioners will continue to review the draft language and provide comments to staff by 1/29. Next meeting: February 19th at 5:00 pm		15%	In Progress
Airport Resolution		Administration	12/8/2025 Council discussed the Airport at its special meeting 2/23/2026 Airport Manager starts in position		25%	In Progress
Comprehensive Plan Update	12/17/2025	Community Dev	12/17 – Planning Commission recommended approval of the RFP for consulting services 1/5 – City Council authorized staff to send an RFP for consulting services. 1/7 – Staff sent RFP notice to the paper 2/6 – Staff received three proposal to update the comp plan 2/18 – Planning Commission will review the proposals and make a recommendation to City Council 3/2 – City Council will make a final determination based on the recommendation from Planning Commission	12/31/2026	25%	In Progress
Codification		Administration	Initial talks have taken place. Obtained a proposal from American Legal Publishing for Council's consideration at the 1/20 meeting. 1/20 Council approved the proposal from American Legal Publishing for codifications services up to $30,000 Staff is executing the agreement with ALP.		0%	Not Started

2027 Budget	1/1/2026	Finance		12/31/2026	0%	Not Started
805 Laurel		HRA	Developer is working on financing		10%	Waiting
Pedestrian Bridge		Public Works	Staff is pursuing funding opportunities including State Bonding		25%	Waiting
Water Reclamation and Backwash Project		Public Utilities	Staff is pursuing funding opportunities including State Bonding Awarded $5 million in special appropriations. Project bids were rejected at the November commission and December council meeting. Bolton and Menk are suggesting we pursue construction manager at risk (CMAR) to oversee the project and value engineer the project to create a guaranteed maximum price. The process for CMAR has been initiated in the May and June Commission meetings and Bolton & Menk has prepared draft requests for		25%	Waiting

Hydrodam	Public Utilities	Barr Engineering and staff continue work related to procurement of one generator at the hydro facility. Barr recently found from multiple suppliers that the project type with the submersible generators are no longer in production or have been paused. In Barr's preliminary research the eliminated line of turbine was anticipated to be the most economical for the utility. Barr continues to evaluate options, for the generation at the hydro facility. The newest challenges are evaluating civil work and costs that would be incurred for installation of any new generators. The most recent option considered is a stream diver generator installed vertically in the pit or in the tail race. No estimates have been provided at this time as Barr continues to estimate the additional costs. Site visit by Senator and Representative Heintzeman on November 25th.		25%	Waiting

Fire Station #1 Renovation	Fire	12/12/2025 Heard back from Danielson and county is in agreeance to let BFD temporarily utilize the storage shed at no charge. Will work through insurance and agreement with county. 12/15/2025 Continuing to work with Widseth on design. 1/5/2026 From BPU, no current programs or rebates for solar for this project. 1/6/2026 Meetings with Widseth, Door hardware/ access and initial demo planning. IT included in door and access meeting. 1/26/2026 Interviewed two firms to select a General Contractor for the fire station renovation. 2/2/2026 City Council approved Design/Construction Services with Widseth and Nor-son Constructions as GC. 2/11/2026 Kickoff meeting with Widseth and Nor-son Construction		10%	In Progress

Sale of Industrial Properties	Community Dev	6/5 - River Birch Investments submitted a letter of intent to purchase three industrial park lots at $1 per acre EDA was in favor of the project and directed staff to begin negotiations on a purchase and development agreement 6/16 - City Council directed staff to begin negotiations on a purchase and development agreement and were generally in favor of the project 7/21 - City Council passed ordinance to allow clinics in the industrial district 9/4 - EDA reviewed language and provided direction for a purchase and development agreement with River Birch Investments 2/17/26 – City Council to consider resolution conveying subject property to EDA 3/5/26 – EDA to hold public hearing and consider PDA and conveying property to developer		25%	In Progress
Massage Therapy ordinance	Police	12/1/25 – Council direction to proceed with ordinance creation. 12/10/25 - Lt. Kulzer and Inv. Palcher attended the Minnesota BCA Internet Crimes against Children and Human trafficking conference. Illicit massage therapy and human/employment trafficking discussed as a nationwide problem. 12/11/25 – Lt. Kulzer discussed with assistant county attorney, who specializes in sex crimes the potential passage of a ordinance, which she supports as a tool to combat sex trafficking. 12/29/25 – Lt. Kulzer met with local owner/operator and discussed what elements should be included in an ordinance.		40%	In Progress

Complete 2026					
Gustafson Park Development	PW/CDD	12/8 - City Council directed staff to bring a preliminary plan to the Park Board for a formalized recommendation and receive a quote from a surveying company to replat the property (1/27) 12/17 – Staff received estimate to replat Gustafson Park 1/20/2026 Council voted to bring forth a resolution to dedicate Gustafson Park as a park and discontinue talks about development.		100%	Complete
Misdemeanor	Administration	Agreement with Severson Porter (12/1)	1/31/2026	100%	Complete

HR Director's Report to the Public Utilities Commission

February 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 provided a conditional job offer to Rachele Schlosser for the Business Office Support Specialist position. Rachele accepted the conditional job offer and completed the pre-employment process. Staff will recommend Rachele's hiring at the March 2nd Council meeting.
- The City Council approved the Water/Wastewater Operator job description and authorized staff to negotiate the wage with the Union. Staff have responded to questions asked by the Union and are waiting for a response on the MOA.

Charter Work Group:

Following the January 21 Charter Commission/Public Utilities Commission meeting, staff received recommended updates from both the Charter Commission and Public Utilities Commission, which Administrator Broyles incorporated into the document. After these updates were made, staff scheduled the next meeting for February 19, 2026, to review the revisions and discuss next steps. 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 organized a team to compete in the annual *reThink Your Drink Challenge* conducted by Crow Wing Energize. We are two weeks into the challenge and currently rank fourth out of seven teams in the medium team category. Thank you to everyone participating – keep drinking your water!

Performance Evaluations:

On December 26, 2025, City Administrator Broyles sent out the annual Performance Evaluation email with instructions for completion. Supervisors and Department Heads should now be reviewing employee comments and completing their portion of the review process. The Calibration Session is scheduled for March 2, 2026. All signed 2025 reviews must be submitted to the HR Department for filing no later than April 3, 2026.

Brainerd Public Utilities
Utilities Director Report
February 2026

Public Utilities Director Activities – January 2026 to February 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.
- Bi-weekly hydro coordination meetings.
- Bi-weekly staff construction coordination meetings.
- Bolton and Menk – WWTF Plan meeting
- Coalition of Greater Minnesota Cities / IUOE Local 49 / Conservation Minnesota meeting with Representative and Senator Heintzeman.
- Attendance at the January 27, 2026 Park Board meeting to discuss Main Lift Station design standards and Reclaim Tank exterior finishes.
- Attendance at the City Engineers Association of Minnesota (CEAM) Annual Conference in Bloomington, Minnesota (January 28–30, 2026).
- Meeting with Eden Renewables, LLC to discuss a potential BPU solar PPA proposal.
- Internal City Code 705 review meetings.
- Attendance at Brainerd City Council meetings on February 2 and February 17, 2026.
- Attendance at Baxter City Council Work Session on February 17, 2026, regarding the WWTF Plan and Bolton and Menk presentation.
- Meeting with Human Resources to review open Utility positions and 2026 staffing plan.
- LUCC Locators Workshop – presentation of 2026 Brainerd capital improvement plans.
- Meeting with SEH to discuss water age modeling contract and finalize outstanding scope items.
- Waterworth continuous rate management software kick-off meeting.
- 2026 SE Brainerd Reconstruction Project utility coordination meeting.
- Multiple Kuepers Voyageur Heights coordination meetings with City staff and developers.
- Brainerd Main Lift Station 30% design review meeting.
- InControl status update meeting for integration at the water treatment plant and water booster stations.
- Bluebeam software tutorial with staff.
- Various engineering pool inquiries and meetings.
- WWTF funding discussions between BPU and the City of Baxter regarding Congressman Stauber's Community Project Funding requests.
- Joint Wastewater Management Board meeting on February 12, 2026.
- Joint Charter Commission and Public Utilities Commission meeting on February 19, 2026.
- Meeting with a potential developer in the Brainerd Industrial Park.

2026 City Engineers Association of Minnesota (CEAM) Annual Conference

City Engineer Dehn and I attended the City Engineers Association of Minnesota (CEAM) Annual Conference from January 28–30. As a member of the CEAM Planning Committee, I play an active role in the conference and its presentations. Some of the informational sessions I attended included:

- Keynote – Serious Business of Positive Emotions (Paul Krismer)
- Neighborhood Traffic Calming (Jessie Dehn was a speaker for this general session)
- Demystifying Special Assessments in Minnesota (I was moderator and Joe Langel was a speaker)
- Building on Solid Ground: Legal Foundations for Engineers (League of Minnesota Cities Insurance Trust)
- Practical AI for Civil Engineers – Boosting Efficiency from Field to Office
- Top Ten Effective Leadership Techniques
- 2026 Legislative Preview
- MnDOT Cost Participation Policy Update
- AI Powered Asset Management – Pipe Condition Planning
- Preparing your Local Water Supply Plan
- State Economist Update
- From Blueprints to Algorithms: Ethical Imperatives for Engineers (AI centered ethics course)

On top of the opportunity to network and share experiences with other conference goers, this conference allows for the necessary Professional Development Hours (PDHs) to maintain licensure as a practicing engineer in Minnesota.

<u>2026 LUCC Locators Workshop</u>
On Wednesday, February 4, I presented the planned 2026 City of Brainerd Capital Improvement Projects at the LUCC Locators Workshop to locators and utility representatives in the area. This workshop allows project owners to share details of upcoming projects to enhance coordination between public projects and private utilities. Private utility representatives typically attend to note project locations and anticipate the level of locating efforts needed for their facilities. In addition to project presentations, representatives from Minnesota Gopher State One-Call (GSOC) and the Minnesota Office of Pipeline Safety (MnOPS) provided updates on topics relevant to utility owners using the GSOC system.

<u>Continued Capital Construction Design Engineering Coordination</u>
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.

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.

<u>2026 Public Utilities Director Priorities</u>
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. <u>Bluebeam PDF Software</u> – Procurement of the software has been completed, and staff attended a training session to review its capabilities. Sessions are scheduled for multiple ongoing City projects, including developer-led and consultant-led initiatives. As staff become more familiar with Bluebeam, the software's tools are expected to streamline project coordination and enhance communication across projects.

2. <u>Pool Engineering Services</u> – The draft pool solicitation was approved by the Public Utilities Commission, Park Board, and City Council. It was distributed to numerous firms across Minnesota and posted on the League of Minnesota Cities Marketplace. Staff have been responding to inquiries from consultants interested in submitting qualifications. Proposals are due March 4, with a question-and-answer deadline of February 20.

3. <u>Integrated Capital Improvement Planning (CIP) and Capital Asset Planning Sessions</u> – 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.

   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 watermains, to support future development and provide increased system redundancy.

4. <u>City Standard Details and Specifications –</u> 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 March with subsequent consideration by the City Council in April.

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.

   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.

   A joint meeting between the City of Brainerd and City of Baxter is scheduled for February 24, 2026 to discuss the scope of work with SEH and finalize a proposal for services to develop these programs for the City of Brainerd and the City of Baxter.

UTILITIES DIRECTOR REPORT
FEBRUARY 2026 (CONTINUED)

City Code 705 – Water System

Staff, along with the legal team, have completed their review of the draft City Code Section 705. Staff are now addressing minor revisions to the document before presenting it to the Commission at the March meeting, after which it will be forwarded to the City Council to proceed with the ordinance adoption process.

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

Brainerd Public Utilities
Finance Managers Report
February 2026

Monthly Financial Statements
The December unaudited balances year-end entries are made and presented in the attached financial statement document. Staff will prepare statistical analysis when the audited balances are completed.

2025 Audit
The 2025 audit is underway, with on-site fieldwork scheduled for the week of March 2. The auditors may reach out to schedule an interview/meeting during that week. I will send an email with their requests as they reach out to one or more of the commissioners individually.

Streetlighting/Water/Wastewater Cost Studies
The cost-of-service studies for Street Lighting, Water, and Wastewater are ongoing. Staff met with UFS to review the project timeline and coordinate the continued development of each study. UFS has provided additional data requests to support clarification and completion of the analysis. Staff are targeting completion of the information requested by the end of March. Updated cost analyses and draft reports are anticipated by September, aligning with the planned rate review schedule and implementation timeline.

For the electric cost of service and rate studies, staff are requesting quotes as requested during the budget process for 2026.

Payment Processing/Credit Card Transaction Fees
Since the last report, staff were informed of an additional delay related to the physical card reader devices required for implementation. While this equipment backorder has reportedly been ongoing since October of last year, staff were not made aware of this issue until after the most recent Commission meeting. TylerPayments has indicated that the back-ordered devices are currently being processed and are expected to ship by the end of February; however, staff have not yet received formal confirmation of shipment or delivery timelines.

Staff have communicated clearly that multiple implementation deadlines have now been missed and that the Commission had anticipated completion several months ago. TylerPayments has acknowledged the delays and has escalated the matter internally, engaging management and supervisory staff to resolve the outstanding issues and expedite deployment. Staff will continue to monitor progress closely and provide updates as additional information becomes available. TylerPayments has indicated that the utility should not start the charging of transaction fees until the new equipment has arrived causing costs to rise that were beyond budgeted expectations. Staff are discussing with TylerPayments on how to remedy these additional expenses that are caused due to their inability to ship equipment and meet previous deadlines.

Finance Managers Report
February 2026 (Continued)

<u>AEP Meeting</u>

Following the Commission's direction to pursue additional revenue and negotiate improvements to the purchased power contract terms, staff engaged the provider in further discussions. While staff were not successful in negotiating changes to the capacity component of the contract, a $0.05 per MWh reduction was secured on the energy portion for the duration of the agreement.

This adjustment results in an estimated savings of approximately $140,000 over the contract term, significantly exceeding the original $10,000 target associated with the capacity negotiations. Staff will continue to evaluate future opportunities to optimize purchased power costs as market conditions allow.

<u>MMUA Event: Governance in Action</u>

Commissioner Higgins, Charlie and I attended the newly created Governance in Action Training put on by the Minnesota Municipal Utilities Association last month, Commissioner Higgins spoke of this event during his report. This session was a one-day municipal utility governance training focused on the statutory framework, financial oversight responsibilities, and best practices applicable to Minnesota municipal utilities. The session provided a structured review of key Minnesota statutes governing utility commissions, with emphasis on clarifying the distinction between governance and operations and reinforcing the Commission's policy-setting role versus staff's administrative responsibilities.

The training also addressed the relationship between utility commissions and city government, including practical considerations for collaboration, communication, and decision-making authority. Financial oversight topics included cost of service principles, rate-setting fundamentals, and utility funding mechanisms.

The afternoon session included discussion of MISO, wholesale power markets, and current market dynamics, providing broader context for purchased power strategy and long-term planning. Case studies and peer discussion allowed participants to apply concepts to real-world scenarios and compare approaches with other municipal utilities.

The session was led by subject matter experts and included interaction with commissioners, city council members, and utility staff from across the state. The training reinforced governance best practices strengthened understanding of statutory responsibilities and provided valuable peer connections to support informed Commission decision-making moving forward. I have sent all an email with the materials for review.

Brainerd Public Utilities
Calculation of Net Benefit of Hydro Generation
For the Year Ended December 31, 2026

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Hydro Generation - kWh	985,000												985,000
Blended AEP Cost	$ 0.08423												$ 0.0842
Calculated Benefit	82,966.55	-	-	-	-	-	-	-	-	-	-	-	82,966.55

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	$ 0.08400
Calculated Full 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, 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

Monthly Financial Report

December 2025

Unaudited

BRAINERD PUBLIC UTILTIES
COMPARISON OF OPERATING RESULTS
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025 AND 2024

	2025		2024	
	Amount	Percent of Sales	Amount	Percent of Sales
OPERATING REVENUE				
Department				
Electric	$ 28,909,098	79.0%	$ 28,132,281	79.7%
Water	4,167,305	11.4%	3,729,936	10.6%
Wastewater	3,497,386	9.6%	3,437,697	9.7%
Total Operating Revenue	36,573,789	100.0%	35,299,914	100.0%
OPERATING EXPENSES				
Salaries and Wages	5,136,107	14.0%	4,347,174	12.3%
Purchased Power	18,820,174	51.5%	18,666,503	52.9%
Operations and Maintenance	3,923,686	10.7%	3,215,163	9.1%
Other Charges	1,234,901	3.4%	1,061,763	3.0%
Employee Benefits	1,653,642	4.5%	1,374,584	3.9%
Insurance and Bonds	410,415	1.1%	396,368	1.1%
Depreciation and Amortization	5,432,666	14.9%	5,419,199	15.4%
Total Operating Expenses	36,611,591	100.1%	34,480,754	97.7%
OPERATING INCOME	(37,802)	-0.1%	819,160	2.3%
NONOPERATING REVENUE				
Interest Revenue - Investments	479,453	1.3%	568,535	1.6%
Sale of Renewable Energy Credits	-	0.0%	-	0.0%
Interest Revenue - Notes Receivable	72,138	0.2%	104,659	0.3%
Bond Premium	147,874	0.4%	155,656	0.4%
Interest Expense - Bonds	(751,679)	-2.1%	(819,509)	-2.3%
Local Option Sales Tax	1,845,504	5.0%	1,880,157	5.3%
Pera Aid Revenue		0.0%	95,174	0.3%
Other	68,666	0.2%	91,927	0.3%
Total Nonoperating Revenue	1,861,956	5.1%	2,076,599	5.9%
INCOME BEFORE OPERATING TRANSFERS TO THE CITY	1,824,154	5.0%	2,895,759	8.2%
CAPITAL CONTRIBUTIONS	-	0.0%	-	0.0%
TRANSFERS TO THE CITY	(774,858)	-2.1%	(765,151)	-2.2%
CHANGE IN NET ASSETS	$ 1,049,296	2.9%	$ 2,130,608	6.0%

BRAINERD PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION BY DEPARTMENT
DECEMBER 31, 2025 AND 2024

	Electric	Water	Wastewater Treatment	Totals 2025	Totals 2024
ASSETS					
UTILITY PLANT					
Construction in Progress	$ 2,571,860	$ 2,608,289	$ 2,498,342	$ 7,678,491	$ 2,797,211
Right-to-Use	430,613	18,402	18,402	467,417	453,259
In Service	51,925,715	40,061,750	42,850,942	134,838,407	134,244,481
Total Investment in Utility Plant	54,928,188	42,688,441	45,367,686	142,984,315	137,494,951
Less: Accumulated Depreciation	(30,258,838)	(18,237,131)	(24,507,407)	(73,003,376)	(67,557,599)
Net Utility Plant	24,669,350	24,451,310	20,860,279	69,980,939	69,937,352
CASH AND INVESTMENTS					
Nonrestricted	5,600,519	(2,912,345)	4,886,004	7,574,179	6,409,752
Restricted					
Customer Deposits	655,076	-	-	655,076	595,816
City of Brainerd Contribution	21,635	-	-	21,635	84,070
Conservation Incentive Program	614,119	-	-	614,119	569,589
Water and Sewer Accessiblity Charges	-	594,995	7,138	602,133	628,162
Construction Bond Proceeds	-	-	-	-	-
Debt Service Reserve	1,117,250	1,449,702	2,139,099	4,706,051	4,706,051
Total Restricted Cash and Investments	2,408,080	2,044,697	2,146,237	6,599,014	6,583,688
Total Cash and Investments	8,008,599	(867,648)	7,032,241	14,173,192	12,993,440
CURRENT ASSETS					
Accounts Receivable	3,202,417	560,330	2,918,343	6,681,090	7,813,184
Interest Receivable	19,137	524	16,692	36,353	27,529
Inventory	1,675,826	121,012	-	1,796,838	2,227,315
Prepaid Expenses	121,302	50,567	42,609	214,478	235,479
Total Current Assets	5,018,682	732,433	2,977,644	8,728,759	10,303,507
OTHER ASSETS					
Bonds and Notes Receivable	-	-	-	-	-
Interest Receivable - Notes Receivable	-	-	28,548	28,548	30,442
Service Territory Acquisitions, Net of Accumulated	128,083				
Amortization	-			-	(73,706)
Deferred Outflows of Resources	277,093	92,364	92,364	461,821	479,903
Investment in Solar Generation Facility	617,954	-	-	617,954	662,073
Total Other Assets	1,023,130	92,364	120,912	1,108,323	1,098,712
Total Assets	38,719,761	24,408,459	30,991,076	93,991,213	94,333,011
LIABILITIES AND NET ASSETS					
NET POSITION					
Net Investment in Capital Assets	21,301,554	12,112,936	13,002,436	46,416,926	44,191,052
Restricted	-	1,571,307	2,072,127	3,643,434	3,603,503
Unrestricted	6,883,392	(3,109,145)	6,532,861	10,307,109	11,529,373
Total Net Position	28,184,946	10,575,098	21,607,424	60,367,468	59,323,927
LONG-TERM LIABILITIES					
Revenue Bonds Payable	2,190,000	11,620,000	2,254,200	16,064,200	16,753,200
PFA Construction Loan Payable	-	-	3,648,000	3,648,000	5,285,000
Compensated Absences	640,503	214,559	206,303	1,061,365	531,054
Other Postemployment Benefit Obligation	210,955	70,318	70,318	351,591	332,216
Net Pension Liability	1,241,138	413,713	413,713	2,068,564	2,068,564
Deferred Inflows of Resources	1,090,506	363,502	363,502	1,817,510	1,840,413
Capital Lease Payable	353,909	(1,077)	(1,077)	351,755	378,081
Revenue Bond Premium	23,417	641,383	83,149	747,949	798,932
Total Long-Term Liabilities	5,750,428	13,322,398	7,038,108	26,110,934	27,987,460
CURRENT LIABILITIES					
Accounts Payable	2,219,476	137,131	334,268	2,690,875	2,249,943
Revenue Bonds Payable	1,120,000	75,000	79,200	1,274,200	1,274,200
PFA Construction Loan Payable	-	-	1,585,000	1,585,000	1,585,000
Capital Lease Payable	11,470	3,068	3,068	17,606	17,606
Payable to City of Brainerd	21,635	-	127,435	149,070	346,262
Conservation Incentive Program Payable	614,119	-	-	614,119	569,589
Accrued Expenses					
Salaries and Withholding Taxes	135,033	174,486	121,053	430,572	397,201
Sales Taxes	(2,194)	(327)	-	(2,521)	(71,893)
Bond Interest	9,772	121,605	95,520	226,897	233,983
Customer Deposits	655,076	-	-	655,076	595,816
Total Current Liabilities	4,784,387	510,963	2,345,544	7,640,894	7,197,707
Total Liabilities	10,534,815	13,833,361	9,383,652	33,751,828	35,185,167
Total Liabilities and Net Position	$ 38,719,761	$ 24,408,459	$ 30,991,076	$ 94,119,296	$ 94,509,094

BRAINERD PUBLIC UTILITIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	12/31/2025				Totals	
			Wastewater		December 31,	
	Electric	Water	Treatment	Total	2024	2023
OPERATING REVENUES						
Utility Revenues	$ 27,728,808	$ 4,041,319	$ 2,468,394	$ 34,238,521	$ 33,590,270	$ 29,557,583
Other Operating Revenue	1,180,290	125,986	1,028,992	2,335,268	1,709,643	1,465,521
Total Operating Revenue	28,909,098	4,167,305	3,497,386	36,573,789	35,299,914	31,023,104
OPERATING EXPENSES						
Purchased Power	18,820,174	-	-	18,820,174	18,666,503	13,781,295
Production/Generation						
Salaries and Wages	281,667	410,928	570,081	1,262,676	1,057,028	1,347,178
Operations and Maintenance	23,724	289,913	1,159,406	1,473,043	1,224,464	1,385,875
Employee Benefits	108,332	128,036	161,820	398,188	384,313	426,696
Other Charges	400	1,475	15,493	17,368	15,541	31,656
Total Generation/Production Expenses	414,123	830,352	1,906,800	3,151,275	2,681,346	3,191,405
Distribution						
Salaries and Wages	1,782,212	628,653	136,008	2,546,873	2,042,106	2,059,983
Operations and Maintenance	608,046	254,600	143,838	1,006,484	890,809	952,956
Employee Benefits	415,446	161,133	48,722	625,301	632,961	600,944
Other Charges	57,901	21,304	176	79,381	71,733	98,149
Total Distribution Expenses	2,863,605	1,065,690	328,744	4,258,039	3,637,609	3,712,032
General and Administrative						
Salaries and Wages	822,876	256,330	247,352	1,326,558	1,248,040	1,293,549
Operations and Maintenance	879,950	341,660	222,549	1,444,159	1,099,890	1,011,692
Insurance and Bonds	247,903	66,276	96,236	410,415	396,368	380,324
Employee Benefits	414,510	112,385	103,258	630,153	357,310	850,150
Other Charges	717,256	202,123	218,773	1,138,152	974,489	686,356
Total Gen. and Admin. Expenses	3,082,495	978,774	888,168	4,949,437	4,076,097	4,222,071
Depreciation and Amortization	2,404,586	1,334,040	1,694,040	5,432,666	5,419,199	5,293,604
Total Operating Expenses	27,584,983	4,208,856	4,817,752	36,611,591	34,480,754	30,200,407
NET OPERATING INCOME (LOSS)	1,324,115	(41,551)	(1,320,366)	(37,802)	819,160	822,697
NONOPERATING REVENUE (EXPENSE)						
Interest Revenue - Investments	37,130	12,024	430,299	479,453	568,535	395,523
Bond Premium	10,476	123,083	14,315	147,874	155,656	170,829
Interest Revenue - Notes Receivable	-	-	72,138	72,138	104,659	103,570
Local Option Sales Tax	-	-	1,845,504	1,845,504	1,880,157	1,861,975
Interest Expense - Bonds	(125,968)	(325,937)	(299,774)	(751,679)	(819,509)	(827,164)
PERA Aid Revenue					95,174	
Other	27,821	-	40,845	68,666	91,927	52,567
Total Nonoperating Revenue (Expense)	(50,541)	(190,830)	2,103,327	1,861,956	2,076,599	1,757,300
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,273,574	(232,381)	782,961	1,824,154	2,895,759	2,579,997
TRANSFERS TO THE CITY	(774,858)	-	-	(774,858)	(765,151)	(783,245)
CHANGE IN NET POSITION	$ 498,716	$ (232,381)	$ 782,961	$ 1,049,296	$ 2,130,608	$ 1,796,752

BRAINERD PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION FOR ELECTRIC DEPARTMENT
DECEMBER 31, 2025 AND 2024

	December 31, 2025			
	Generation	Distribution	Total	2024
ASSETS				
UTILITY PLANT				
Construction in Progress	$ 1,031,528	$ 1,540,332	$ 2,571,860	$ 1,298,879
Right-to-Use	-	430,613	430,613	416,455
In Service	8,082,255	43,843,460	51,925,715	51,414,512
Total Investment in Utility Plant	9,113,783	45,814,405	54,928,188	53,129,846
Less: Accumulated Depreciation	(3,219,479)	(27,039,359)	(30,258,838)	(27,836,329)
Net Utility Plant	5,894,304	18,775,046	24,669,350	25,293,517
CASH AND INVESTMENTS				
Nonrestricted	(5,837,294)	11,437,813	5,600,519	3,911,272
Restricted				
Customer Deposits	-	655,076	655,076	595,816
City of Brainerd Contribution	-	21,635	21,635	84,070
Conservation Incentive Program	-	614,119	614,119	569,589
Debt Service Reserve	686,750	430,500	1,117,250	1,117,250
Total Restricted Cash and Investments	686,750	1,721,330	2,408,080	2,366,725
Total Cash and Investments	(5,150,544)	13,159,143	8,008,599	6,277,997
CURRENT ASSETS				
Accounts Receivable	-	3,202,417	3,202,417	4,120,347
Interest Receivable	-	19,137	19,137	14,727
Inventory	-	1,675,826	1,675,826	2,105,987
Prepaid Expenses	13,377	107,925	121,302	156,072
Total Current Assets	13,377	5,005,305	5,018,682	6,397,133
OTHER ASSETS				
Service Territory Acquisitions, Net of Accumulated	-	128,083	128,083	176,083
Amortization	-	-	-	(73,706)
Deferred Outflows of Resources	46,182	230,911	277,093	287,943
Investment in Solar Generation Facility	-	617,954	617,954	662,073
Total Other Assets	46,182	976,948	1,023,130	1,052,393
Total Assets	803,319	37,916,442	38,719,761	39,021,040
LIABILITIES AND NET ASSETS				
Net Investment in Capital Assets	3,737,887	17,563,667	21,301,554	20,891,453
Unrestricted	(5,939,897)	12,823,289	6,883,392	6,869,899
Total Net Position	(2,202,010)	30,386,956	28,184,946	27,761,352
LONG-TERM LIABILITIES				
Revenue Bonds Payable	1,705,000	485,000	2,190,000	3,310,000
Compensated Absences	70,772	569,731	640,503	314,197
Other Postemployment Benefit Obligation	35,159	175,796	210,955	199,330
Net Pension Liability	206,856	1,034,282	1,241,138	1,241,138
Deferred Inflows of Resources	181,751	908,755	1,090,506	1,104,249
Capital Lease Payable	-	353,909	353,909	369,705
Revenue Bond Premium	23,417	-	23,417	33,889
Total Long-Term Liabilities	2,222,955	3,527,473	5,750,428	6,572,508
CURRENT LIABILITIES				
Accounts Payable	76,715	2,142,761	2,219,476	2,168,175
Revenue Bonds Payable	665,000	455,000	1,120,000	1,120,000
Capital Lease Payable	-	11,470	11,470	11,470
Payable to City of Brainerd	-	21,635	21,635	84,070
Conservation Incentive Program Payable	-	614,119	614,119	569,589
Accrued Expenses				
Salaries and Withholding Taxes	32,958	102,075	135,033	194,431
Sales Taxes	(1)	(2,193)	(2,194)	(68,434)
Bond Interest	7,702	2,070	9,772	12,063
Customer Deposits	-	655,076	655,076	595,816
Total Current Liabilities	782,374	4,002,013	4,784,387	4,687,180
Total Liabilities	3,005,329	7,529,486	10,534,815	11,259,688
Total Liabilities and Net Position	$ 803,319	$ 37,916,442	$ 38,719,761	$ 39,021,040

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	December 31, 2025			Variance With Budget -	Year to Date	
	Current Month	Year to Date	Budget	Positive (Negative)	December 31, 2024	2023
OPERATING REVENUES						
Utility Revenues						
Residential	$ 625,828	$ 6,742,403	$ 6,960,000	$ (217,597)	$ 6,342,941	$ 6,832,297
Commercial	883,129	10,606,558	10,620,000	(13,442)	10,019,998	10,583,245
Medium/Large Commercial	145,451	2,043,914	2,748,000	(704,086)	2,359,671	2,677,239
Industrial	269,461	7,211,869	9,000,000	(1,788,131)	7,706,570	2,749,837
City of Brainerd	31,084	358,824	362,400	(3,576)	346,350	361,492
BPU	79,725	765,240	780,000	(14,760)	751,383	820,176
Total Utility Revenue	2,034,678	27,728,808	30,470,400	(2,741,592)	27,526,913	24,024,286
Other Operating Revenue						
Penalties	18,343	184,631	102,000	82,631	142,491	136,974
Other	9,297	995,659	228,400	767,259	462,877	272,126
Total Other Operating Revenue	27,639	1,180,290	330,400	849,890	605,368	409,100
Total Operating Revenue	2,062,318	28,909,098	30,800,800	(1,891,702)	28,132,281	24,433,386
OPERATING EXPENSES						
Purchased Power						
All Other Customers	1,424,366	12,087,203	12,240,000	152,797	11,016,530	10,529,770
Solar Generation	22,235	676,243	720,000	43,757	683,447	716,527
Crypto Mining Customers	210,703	6,056,728	7,000,000	943,272	6,966,526	2,534,998
Total Purchased Power Expense	1,657,303	18,820,174	19,960,000	1,139,826	18,666,503	13,781,295
Generation						
Salaries and Wages	2,518	281,667	236,500	(45,167)	251,743	450,978
Operations and Maintenance	2,293	23,724	41,100	17,376	21,625	40,580
Employee Benefits	10,031	108,332	51,600	(56,732)	97,194	128,281
Other Charges	-	400	6,000	5,600	339	1,542
Depreciation	27,300	327,600	326,400	(1,200)	327,206	328,756
Total Generation Expenses	42,142	741,723	661,600	(80,123)	698,107	950,137
Distribution						
Salaries and Wages	103,849	1,782,212	2,022,300	240,088	1,386,770	1,395,870
Operations and Maintenance	91,360	608,046	617,600	9,554	446,309	395,660
Employee Benefits	34,879	415,446	484,800	69,354	442,015	402,716
Other Charges	9,730	57,901	68,600	10,699	53,876	70,340
Depreciation and Amortization	167,418	1,868,018	1,715,400	(152,618)	1,855,124	1,769,948
Total Distribution Expenses	407,236	4,731,623	4,908,700	177,077	4,184,094	4,034,534
General and Administrative						
Salaries and Wages	137,868	822,876	1,129,600	306,724	741,099	760,318
Operations and Maintenance	302,725	879,950	693,680	(186,270)	680,429	587,708
Insurance and Bonds	(15,317)	247,903	267,800	19,897	233,166	232,444
Employee Benefits	35,078	414,510	520,200	105,690	194,108	514,671
Other Charges	105,819	717,256	537,000	(180,256)	619,643	419,619
Depreciation and Amortization	17,414	208,968	174,100	(34,868)	208,579	183,143
Total Gen. and Admin. Expenses	583,587	3,291,463	3,322,380	30,917	2,677,024	2,697,903
Total Operating Expenses	2,690,268	27,584,983	28,852,680	1,267,697	26,225,728	21,463,869
NET OPERATING INCOME	(627,950)	1,324,115	1,948,120	(624,005)	1,906,553	2,969,517
NONOPERATING REVENUE						
Interest Revenue - Investments	4,899	37,130	9,600	27,530	137,804	89,702
Interest Expense - Bonds	(8,194)	(125,968)	(156,800)	30,832	(153,260)	(183,426)
Sale of Renewable Energy Credits	-	-	-	-	-	-
Bond Premium	873	10,476	13,200	(2,724)	12,096	14,228
PERA Aid Revenue			-		57,104	-
Gain on Disposal of Capital Assets	7,802	27,821	1,200	26,621	-	-
Total Nonoperating Revenue	5,380	(50,541)	(132,800)	82,259	53,744	(79,496)
INCOME BEFORE TRANSFERS TO THE CITY	(622,570)	1,273,574	1,815,320	(541,746)	1,960,297	2,890,021
TRANSFERS TO THE CITY	(60,584)	(774,858)	(816,000)	41,142	(765,151)	(783,245)
CHANGE IN NET POSITION	$ (683,154)	$ 498,716	$ 999,320	$ (500,604)	$ 1,195,146	$ 2,106,776

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - ELECTRIC DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	KWH SOLD			REVENUE			AVERAGE REVENUE PER KWH		
	PERIOD ENDED DECEMBER 31,			PERIOD ENDED DECEMBER 31,			PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	54,764,187	52,217,524	47,597,633	$ 6,742,403	$ 6,342,941	$ 5,794,380	$ 0.1231	$ 0.1215	$ 0.1217
Commercial	40,603,917	38,645,068	35,437,949	10,606,558	10,019,998	9,241,550	0.2612	0.2593	0.2608
Medium/Large Commercial	67,709,276	69,221,643	64,052,760	2,043,914	2,359,671	2,200,342	0.0302	0.0341	0.0344
Industrial	146,541,838	161,401,350	146,870,888	7,211,869	7,706,570	6,778,354	0.0492	-	-
City of Brainerd	2,062,733	1,972,859	1,797,043	358,824	346,350	316,929	0.1740	0.1756	0.1764
BPU	7,042,020	7,083,619	6,404,213	765,240	751,383	678,047	0.1087	0.1061	0.1059
Total	318,723,971	169,140,713	155,289,598	27,728,808	19,820,343	18,231,248	$ 0.0870	$ 0.1172	$ 0.1174
% Change From Previous Year	88.44%	8.92%	NA	39.90%	8.72%	NA	-25.76%	-0.19%	NA

	% TO TOTAL - KWH			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED DECEMBER 31,			PERIOD ENDED DECEMBER 31,			PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	17.18%	30.87%	30.65%	24.32%	32.00%	31.78%	7,014	6,956	6,955
Commercial	12.74%	22.85%	22.82%	38.25%	50.55%	50.69%	1,255	1,239	1,231
Medium/Large Commercial	21.24%	40.93%	41.25%	7.37%	11.91%	12.07%	64	67	67
Industrial	45.98%	95.42%	94.58%	26.01%	38.88%	37.18%	1	1	1
City of Brainerd	0.65%	1.17%	1.16%	1.29%	1.75%	1.74%	50	42	42
BPU	2.21%	4.19%	4.12%	2.76%	3.79%	3.72%	40	39	39
Total	100.00%	195.42%	194.58%	100.00%	138.88%	137.18%	8,424	8,344	8,335
% Change From Previous Year							0.96%	0.11%	NA

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WATER DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	December 31, 2025			Variance With Budget -	Year to Date December 31,	
	Current Month	Year to Date	Budget	Positive (Negative)	2024	2023
OPERATING REVENUES						
Utility Revenues						
Residential	$ 156,210	$ 1,956,780	$ 1,826,500	$ 130,280	$ 1,612,863	$ 1,649,491
Commercial	127,355	1,811,620	1,929,600	(117,980)	1,668,074	1,397,677
City of Brainerd	8,456	141,497	149,300	(7,803)	126,041	138,722
BPU	7,953	131,422	111,700	19,722	94,483	105,950
Total Utility Revenue	299,974	4,041,319	4,017,100	24,219	3,501,461	3,291,840
Other Operating Revenue						
Penalties	3,771	37,785	20,400	17,385	27,918	25,270
Other	46,350	88,201	65,200	23,001	200,557	35,346
Total Other Operating Revenue	50,121	125,986	85,600	40,386	228,475	60,616
Total Operating Revenue	350,095	4,167,305	4,102,700	64,605	3,729,936	3,352,456
OPERATING EXPENSES						
Production						
Salaries and Wages	47,001	410,928	517,600	106,672	412,797	467,879
Operations and Maintenance	34,561	289,913	279,400	(10,513)	298,474	334,985
Employee Benefits	11,270	128,036	176,400	48,364	143,605	170,522
Other Charges	75	1,475	720	(755)	566	592
Depreciation	17,400	208,800	267,600	58,800	209,280	182,021
Total Production Expenses	110,307	1,039,152	1,241,720	202,568	1,064,722	1,155,999
Distribution						
Salaries and Wages	29,047	628,653	591,700	(36,953)	564,275	574,999
Operations and Maintenance	41,036	254,600	279,000	24,400	282,879	367,091
Employee Benefits	13,262	161,133	199,200	38,067	152,479	165,504
Other Charges	838	21,304	25,600	4,296	17,806	24,316
Depreciation	88,700	1,064,400	1,032,900	(31,500)	1,063,851	1,024,685
Total Distribution Expenses	172,883	2,130,090	2,128,400	(1,690)	2,081,290	2,156,595
General and Administrative						
Salaries and Wages	21,314	256,330	428,390	172,060	262,594	272,491
Operations and Maintenance	145,928	341,660	226,800	(114,860)	251,148	278,699
Insurance and Bonds	(3,403)	66,276	68,400	2,124	68,602	68,642
Employee Benefits	9,760	112,385	166,800	54,415	88,085	169,138
Other Charges	29,756	202,123	166,800	(35,323)	168,664	108,277
Depreciation	5,070	60,840	55,600	(5,240)	60,507	55,205
Total Gen. and Admin. Expenses	208,425	1,039,614	1,112,790	73,176	899,600	952,452
Total Operating Expenses	491,615	4,208,856	4,482,910	274,054	4,045,612	4,265,046
NET OPERATING INCOME (LOSS)	(141,520)	(41,551)	(380,210)	338,659	(315,677)	(912,590)
NONOPERATING REVENUE						
Interest Revenue - Investments	1,227	12,024	9,600	2,424	32,004	34,116
Local Option Sales Tax - Baxter	-	-	349,200	(349,200)	366,513	348,693
Bond Premium	10,876	123,083	147,600	(24,517)	129,822	147,833
Bond Issuance Costs	-	-	-		-	(22,113)
Interest Expense - Bonds	(22,928)	(325,937)	(302,400)	(23,537)	(307,393)	(306,058)
PERA Aid Revenue			-		19,035	-
Gain on Disposal of Capital Assets	-	-	-	-	832	-
Total Nonoperating Revenue	(10,825)	(190,830)	204,000	(394,830)	240,813	202,471
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(152,345)	(232,381)	(176,210)	(56,171)	(74,864)	(710,119)
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	$ (152,345)	$ (232,381)	$ (176,210)	$ (56,171)	$ (74,864)	$ (710,119)

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WATER DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	GALLONS SOLD PERIOD ENDED DECEMBER 31,			REVENUE PERIOD ENDED DECEMBER 31,			AVERAGE PER 1,000 GALLONS PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	164,417,938	160,415,814	148,689,296	$ 1,956,780	$ 1,612,863	$ 1,484,988	$ 11.90	$ 10.05	$ 9.99
Commercial	233,240,665	222,512,849	208,766,972	2,037,974	1,673,823	1,530,772	8.74	7.52	7.33
City of Baxter	10,124,000	50,537,000	50,537,000	46,565	214,775	214,113	4.60	4.25	-
Total	407,782,603	433,465,663	407,993,268	$ 4,041,319	$ 3,501,461	$ 3,229,873	$ 9.91	$ 8.08	$ 7.92
% Change From Previous Year	-5.93%	6.24%	NA	15.42%	8.41%	NA	22.69%	2.04%	NA

	% TO TOTAL - GALLONS PERIOD ENDED DECEMBER 31,			% TO TOTAL - REVENUE PERIOD ENDED DECEMBER 31,			TOTAL METERS IN SERVICE PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	40.32%	37.01%	36.44%	48.42%	46.06%	45.98%	4,103	4,079	4,080
Commercial	57.20%	51.33%	51.17%	50.43%	47.80%	47.39%	884	856	856
City of Baxter	2.48%	11.66%	12.39%	1.15%	6.13%	6.63%	1	1	1
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	4,988	4,936	4,937
% Change From Previous Year							1.05%	-0.02%	NA

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WASTEWATER TREATMENT DEPARTMENT
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	December 31, 2025			Variance With Budget - Positive	Year to Date December 31,	
	Current Month	Year to Date	Budget	(Negative)	2024	2023
OPERATING REVENUES						
Utility Revenues						
Residential	$ 133,453	$ 1,614,772	$ 1,566,000	$ 48,772	$ 1,555,022	$ 1,438,478
Commercial	74,113	853,622	1,136,600	(282,978)	1,006,875	802,979
Total Utility Revenue	207,566	2,468,394	2,702,600	(234,206)	2,561,897	2,241,457
Other Operating Revenue						
Penalties	4,231	43,898	27,600	16,298	37,770	31,270
Reimbursement of Expenses - Baxter	84,029	980,552	800,000	180,552	788,995	780,044
Other	(7,047)	4,542	51,000	(46,458)	49,035	184,491
Total Other Operating Revenue	81,213	1,028,992	878,600	150,392	875,800	995,805
Total Operating Revenue	288,779	3,497,386	3,581,200	(83,814)	3,437,697	3,237,262
OPERATING EXPENSES						
Treatment						
Salaries and Wages	40,970	570,081	456,800	(113,281)	392,488	428,321
Operations and Maintenance	152,070	1,159,406	1,053,500	(105,906)	904,365	1,010,310
Employee Benefits	12,423	161,820	156,400	(5,420)	143,514	127,893
Other Charges	2,139	15,493	40,200	24,707	14,636	29,522
Depreciation	119,200	1,430,400	1,416,000	(14,400)	1,430,400	1,430,502
Total Treatment Expenses	326,802	3,337,200	3,122,900	(214,300)	2,885,403	3,026,548
Lift Stations						
Salaries and Wages	8,233	136,008	167,300	31,292	91,061	89,114
Operations and Maintenance	17,770	143,838		(143,838)	161,621	190,205
Employee Benefits	4,071	48,722	52,800	4,078	38,467	32,724
Other Charges	-	176		(176)	51	3,493
Depreciation	18,000	216,000	268,800	52,800	216,138	275,806
Total Collection Expenses	48,074	544,744	488,900	(55,844)	507,338	591,342
General and Administrative						
Salaries and Wages	20,325	247,352	380,790	133,438	244,347	260,740
Operations and Maintenance	89,580	222,549	175,480	(47,069)	168,313	145,285
Insurance and Bonds	(56)	96,236	85,700	(10,536)	94,600	79,238
Employee Benefits	8,358	103,258	154,800	51,542	75,117	166,341
Other Charges	33,212	218,773	175,550	(43,223)	186,182	158,460
Depreciation and Amortization	3,970	47,640	34,900	(12,740)	48,114	43,538
Total Gen. and Admin. Expenses	155,389	935,808	1,007,220	71,412	816,673	853,602
Total Operating Expenses	530,265	4,817,752	4,619,020	(198,732)	4,209,414	4,471,492
NET OPERATING LOSS	(241,486)	(1,320,366)	(1,037,820)	(282,546)	(771,717)	(1,234,230)
NONOPERATING REVENUE						
Interest Revenue - Investments	28,519	430,299	100,000	330,299	398,727	271,705
Interest Revenue - Notes Receivable	-	72,138	-	72,138	104,659	103,570
Interest Expense - Bonds	(22,565)	(299,774)	(363,600)	63,826	(358,856)	(337,680)
Bond Premium	1,232	14,315	8,400	5,915	13,738	8,768
Local Option Sales Tax - Brainerd	136,146	1,845,504	1,472,400	373,104	1,425,681	1,392,070
Local Option Sales Tax - Baxter	-	-	73,200	(73,200)	87,963	121,212
Federal Grant Revenue - Build America Bond	(45,764)	40,845	62,400	(21,555)	91,095	52,567
PERA Aid Revenue			-		19,035	-
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
Total Nonoperating Revenue	97,568	2,103,327	1,352,800	750,527	1,782,042	1,612,212
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(143,918)	782,961	314,980	467,981	1,010,325	377,982
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	$ (143,918)	$ 782,961	$ 314,980	$ 467,981	$ 1,010,325	$ 377,982

BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WASTEWATER TREATMENT DEPARTMENT
FOR THE TWESLVE MONTH PERIOD ENDED DECEMBER 31, 2025, 2024, AND 2023

	GALLONS PROCESSED PERIOD ENDED DECEMBER 31,			REVENUE PERIOD ENDED DECEMBER 31,			AVERAGE PER 1,000 GALLONS PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	163,128,696	159,334,108	147,668,979	$ 1,614,772	$ 1,555,022	$ 1,409,658	$ 9.90	$ 9.76	$ 9.55
Commercial	159,916,375	170,075,670	157,452,177	853,622	1,006,875	937,323	5.34	5.92	5.95
City of Baxter	249,902,000	235,580,000	216,993,000	980,552	788,995	730,670	3.92	3.35	3.37
Total	572,947,071	564,989,778	522,114,156	$ 3,448,946	$ 3,350,892	$ 3,077,651	$ 6.02	$ 5.93	$ 5.89
% Change From Previous Year	1.41%	8.21%	NA	2.93%	8.88%	NA	1.50%	0.62%	NA

	% TO TOTAL - GALLONS PERIOD ENDED DECEMBER 31,			% TO TOTAL - REVENUE PERIOD ENDED DECEMBER 31,			TOTAL METERS IN SERVICE PERIOD ENDED DECEMBER 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Residential	28.47%	28.20%	28.28%	46.82%	46.41%	45.80%	4,080	4,062	4,069
Commercial	27.91%	30.10%	30.16%	24.75%	30.05%	30.46%	847	836	903
City of Baxter	43.62%	41.70%	41.56%	28.43%	23.55%	23.74%	1	1	1
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	4,928	4,899	4,973
% Change From Previous Year							0.59%	-1.49%	NA

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

Brainerd Public Utilities
Operations Manager Report
February 2026

Reliability & Electric Distribution

Vegetation management efforts continue, including hazard tree removal and right-of-way mowing on priority circuits. This proactive work reduces outage exposure and strengthens system resilience.

Routine pole inspections and corrective maintenance are ongoing to address minor deficiencies before they impact service reliability.

Water Distribution & System Improvement

The water distribution team continues valve exercising, hydrant inspections, and GIS mapping verification to ensure asset accuracy and operational readiness.

Accurate GIS data improves:

- Emergency response efficiency
- Capital planning precision
- Excavation safety
- Long-term asset management

Capital Project Readiness – 2026 Construction Season

With multiple capital projects scheduled this year, staff are actively:

- Finalizing project scopes
- Coordinating material procurement
- Reviewing contractor timelines
- Allocating internal labor resources

Early preparation positions BPU for efficient execution and cost control once construction season begins.

Renewable Generation – Hydro Plant Update

The replacement bearing for Hydro Generator #3 has been received. Installation is scheduled for mid-March, with full operation anticipated prior to spring runoff.

Returning the unit to service ensures maximum generation availability during peak river flows and helps manage wholesale energy costs.

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

<u>Technical Services & System Integrity</u>

Technical Services continues routine meter testing to maintain billing accuracy and regulatory compliance.

In 2026, staff will also complete:

- Breaker relay testing
- Comprehensive substation testing

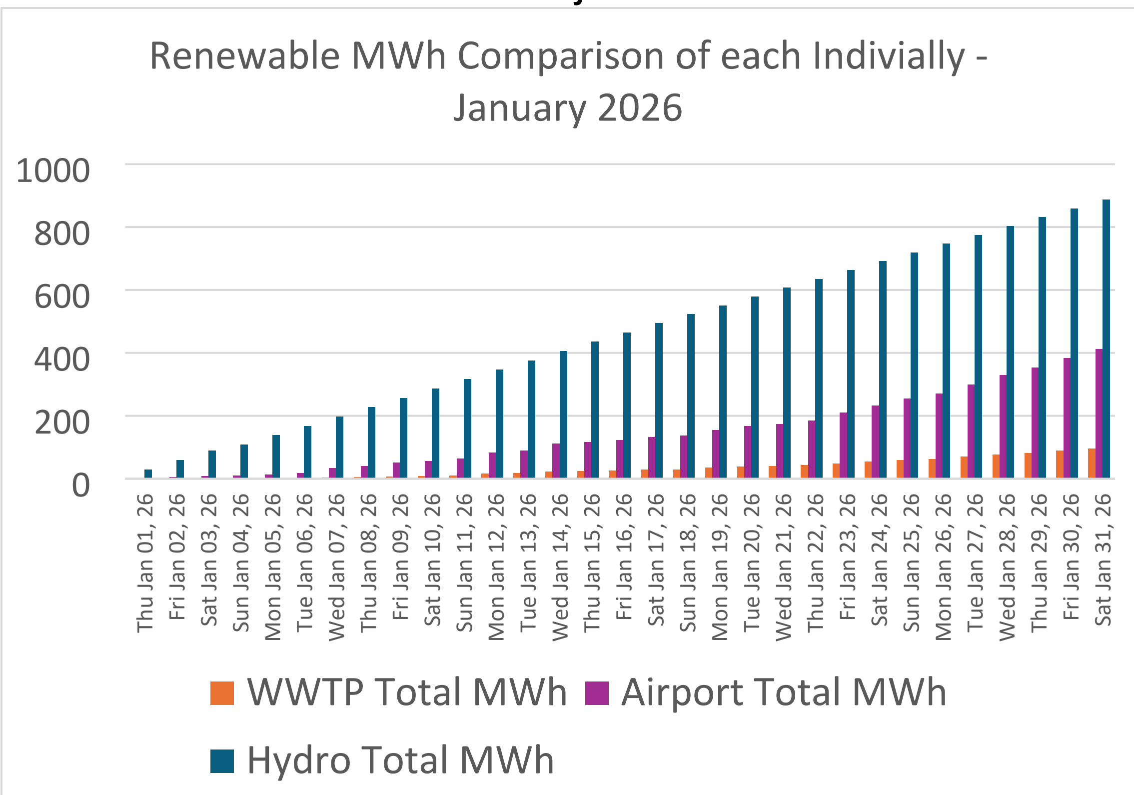
Detailed switching procedures are being developed to ensure safe testing with minimal system disruption.

<u>2026 Operational Priorities</u>

1. Safety-first culture across all departments
2. Reliability improvement and outage risk reduction
3. Disciplined capital project execution
4. Renewable asset optimization
5. Workforce development and operational readiness

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

Renewable Comparison – January 2026
Below are graphs illustrating Brainerd Public Utilities' renewable energy production for January 2026.



For January 2026, hydropower was the primary contributor, generating 887.25 MWh, which represents approximately 14.5% of typical residential energy usage.

WWTP Solar produced 96.25 MWh, accounting for approximately 1.5% of typical residential usage. Airport Solar generated 413 MWh, representing approximately 6.7% of typical residential usage.

Month-over-Month Comparison:

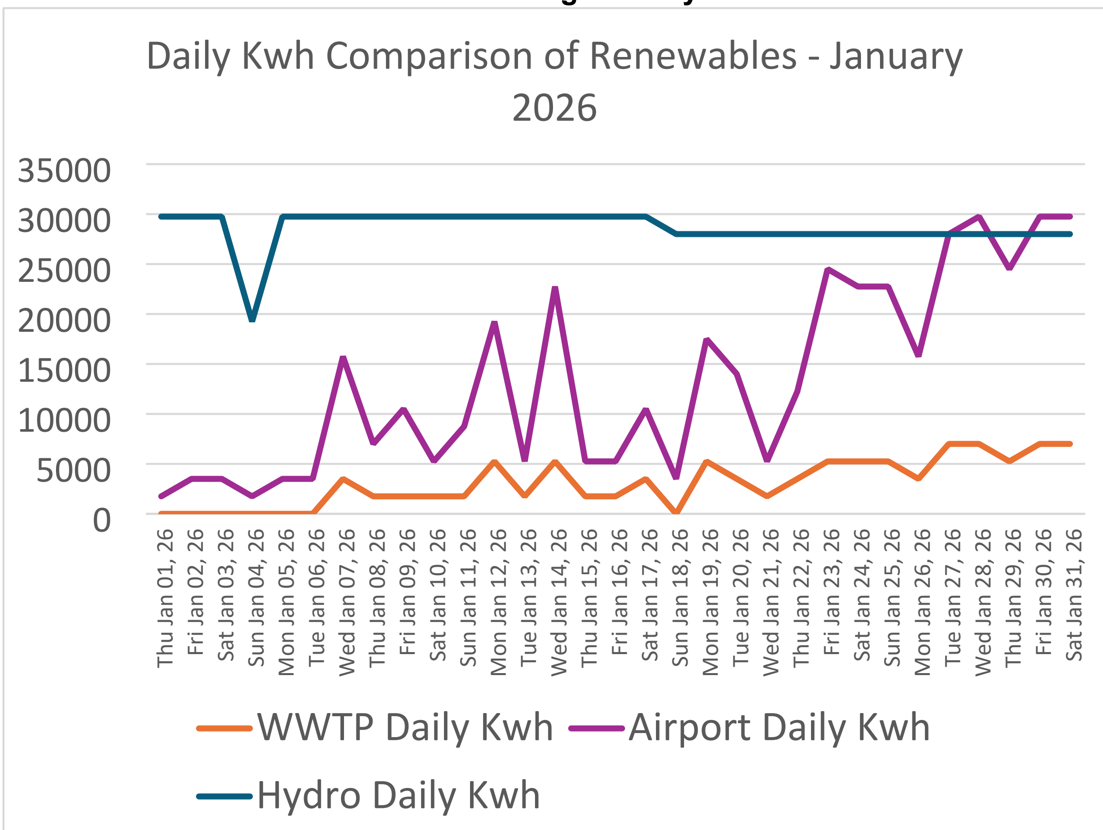
- Hydropower: 1,022.65 MWh in December (↓ 135.4 MWh)
- WWTP Solar: 45.5 MWh in December (↑ 50.75 MWh)
- Airport Solar: 253.75 MWh in December (↑ 159.25 MWh)

Installed Capacity:

- Airport Solar: 5.7 MW
- WWTP Solar: 1.372 MW
- Hydropower: 3.1 MW

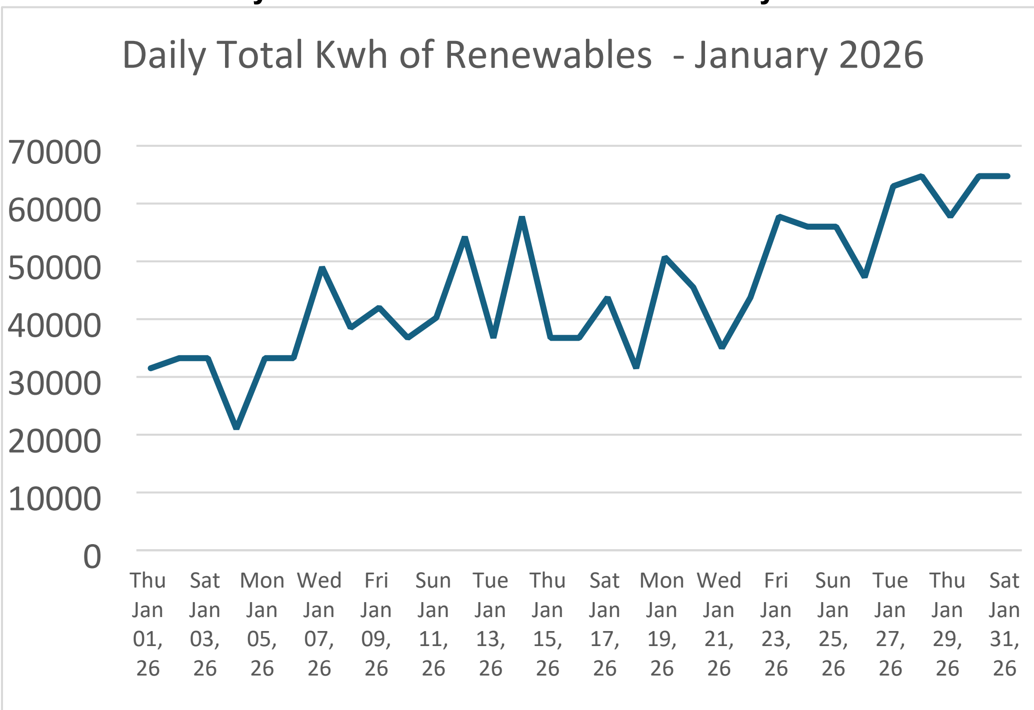
BRAINERD PUBLIC UTILITIES
8027 Highland Scenic Rd • P.O. Box 373 • Brainerd, Minnesota 56401
Business Office: 218.829.8726 ■ ***Repair Service:*** 218.829.2193
www.bpu.org

The following section presents daily kWh production comparisons for BPU renewable resources during January 2026.



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

Daily Total Kwh of Renewables – January 2026



In January 2026, BPU renewable resources generated a combined 1,396.5 MWh, supplying approximately 22.6% of typical residential energy consumption.

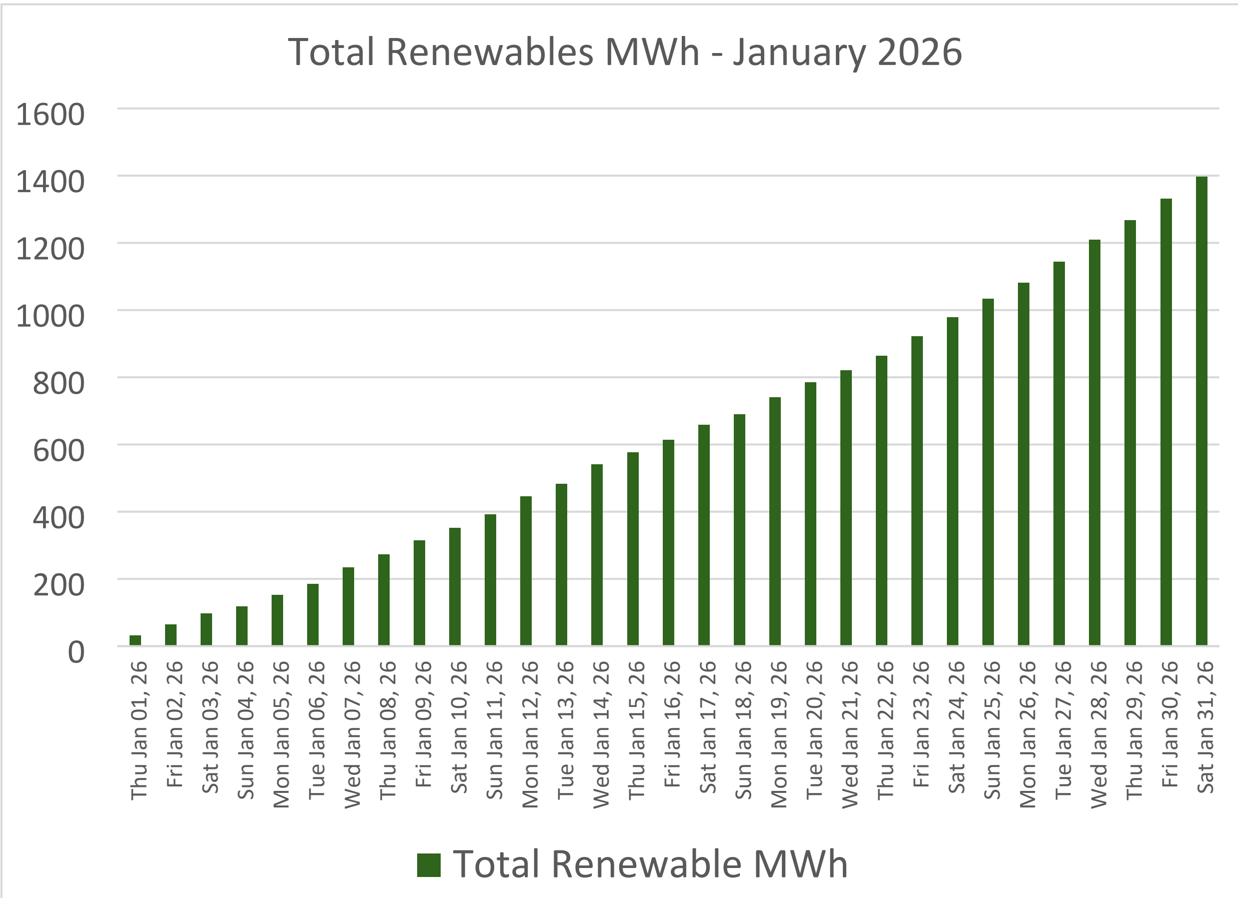
Month-over-Month Comparison:
In December, total renewable generation was 1,202.25 MWh, reflecting an increase of 194.25 MWh in January. Renewable penetration increased from 19.5% to 22.6%, a gain of 3.1 percentage points month over month.

Residential usage calculations are based on an estimated 800–1,000 kWh per meter per month.

BPU served 6,974 residential meters in January 2026 (meter counts are updated quarterly).

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



Outages Jan 2026

Date	Meters	Time	Location		Cause
Water Interruptions					
1/24/2026	1		900 Block	6th Ave NE	Leak on Customer side
1/27/2026	1		14000	Wonderland Pk R	Leak on Customer side
Electric Interruptions					
1/5/2026	1		1600 block	Maple St	Bad Connector
01/08/26	1161	8:57-9:49		Brainerd	R-5
01/20/26	4	7:28-9:47	1000 block	Wright St	Transformer Failure
01/24/26	1	4:00-4:20	500 block	9th St S	Bad Neutral in Triplex
01/31/26	1	11:37-12:46pm	15000 block	McKay Rd	Cutout Failure

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

Brainerd Public Utilities
Water/Wastewater Manager's Report
February 2026

Collection System Lift Stations

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 192.5 at a cost of $10,568.65 which includes weekends for the two stations that utilize pretreatment equipment. Lift Station Improvements labor were 2 hours at a cost of $103.67.

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

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 848,000 gallons in storage.

Wastewater Lab Testing and Compliance

Sent January 2025 Electronic Daily Monitoring Report to Minnesota Pollution Control Agency (MPCA). Ongoing Mercury Minimization, Copper Minimization Plan, and PFAS Minimization Plan continue. Meeting with Keystone Automotive about PFOS results and what strategies to take to reduce PFOS. 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 Minnesota Department of Health (MDH) coliform testing requirements. Labor hours were 16 hours at a cost of $688.18.
Received 0 calls from residents concerning drinking water in January 2026.

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 attended the Minnesota Municipal Utilities Association Annual Required Training (MMUA) and the Minnesota Health Department (MDH) Lead and Copper Site Plan Training. Both training events were at Brainerd Public Utilities.

January 2026 Water Pumping Statistics

Water pumped to the North distribution system was 26,945,000 gallons for an average of 869,000 gallons. Water pumped to the South distribution system was 4,758,000 gallons for an average of 153,000 gallons. Chemical usage averages for the month: 2.35 gallons of fluoride per day, 4.62 gallons of caustic soda per day, 5.58 gallons of orthophosphate per day, and 17.65 pounds of chlorine per day. Went through 21 filter backwash events totaling 76 hours of labor, at a cost of $2,838.60. Backwash average of 265,000 gallons for each event.

Filtration Plant

January 2026 daily test results showed an average of 0.82 milligrams per liter of iron in the unfiltered raw water and an average of 0.01 milligrams per liter of iron in the filtered finished water, which indicates the plant is achieving an average of 98.3% 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.

January 2026 daily test results showed an average of 0.5 milligrams per liter of manganese in the unfiltered raw water and an average of 0.019 milligrams per liter of manganese in the filtered finished water which indicates 96.2% 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.

Wells

Staff are working with well contractors to get quotes for pulling and inspecting the casing in well 3 and pulling and rehabilitating well 5.

After hours call-out

Friday February 4, 2026, there was a SCADA alarm for low level in Tower 2. Staff responded to the pump house and monitored levels for about 1.5 hours. It was determined that it was an electronics malfunction and not an actual low level.

Chart Summary for Wastewater Treatment

January 2026-2025 Total influent flow comparisons
2026 Combined Total flow was 55,754,000 gallons which is up 900,000 gallons from the previous year.
2026 Brainerd Total Flow was 35,540,000 gallons which is up 2,000 gallons from the previous year.
2026 Baxter Total Flow was 20,214,000 gallons which is up 898,000 gallons from the previous year.

January 2026 Influent Daily Average Flows

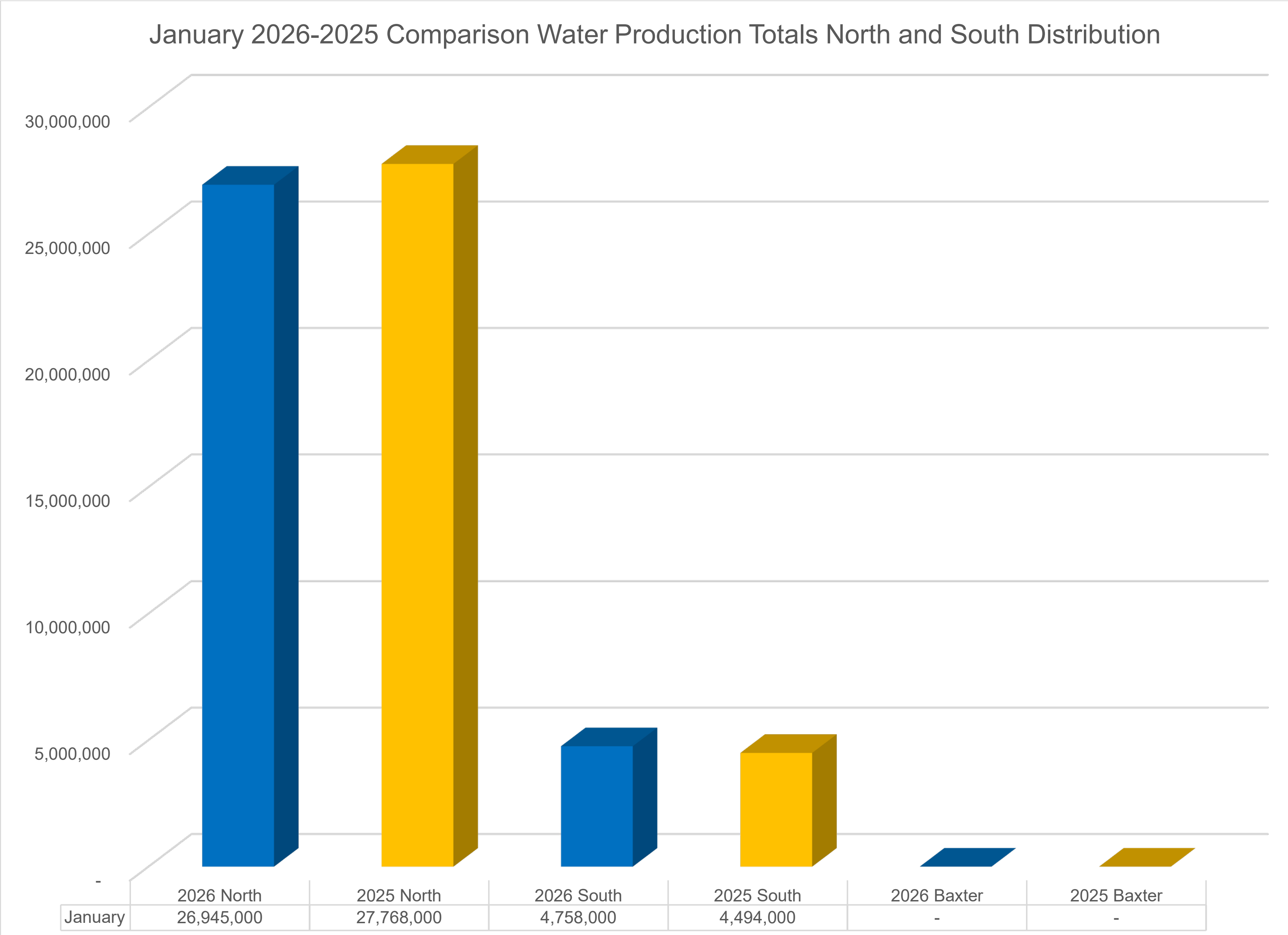
2026 Combined Flow was 1,799,000 gallons.
2026 Brainerd Flow was 1,146,000 gallons.
2026 Baxter Flow was 652,000 gallons.

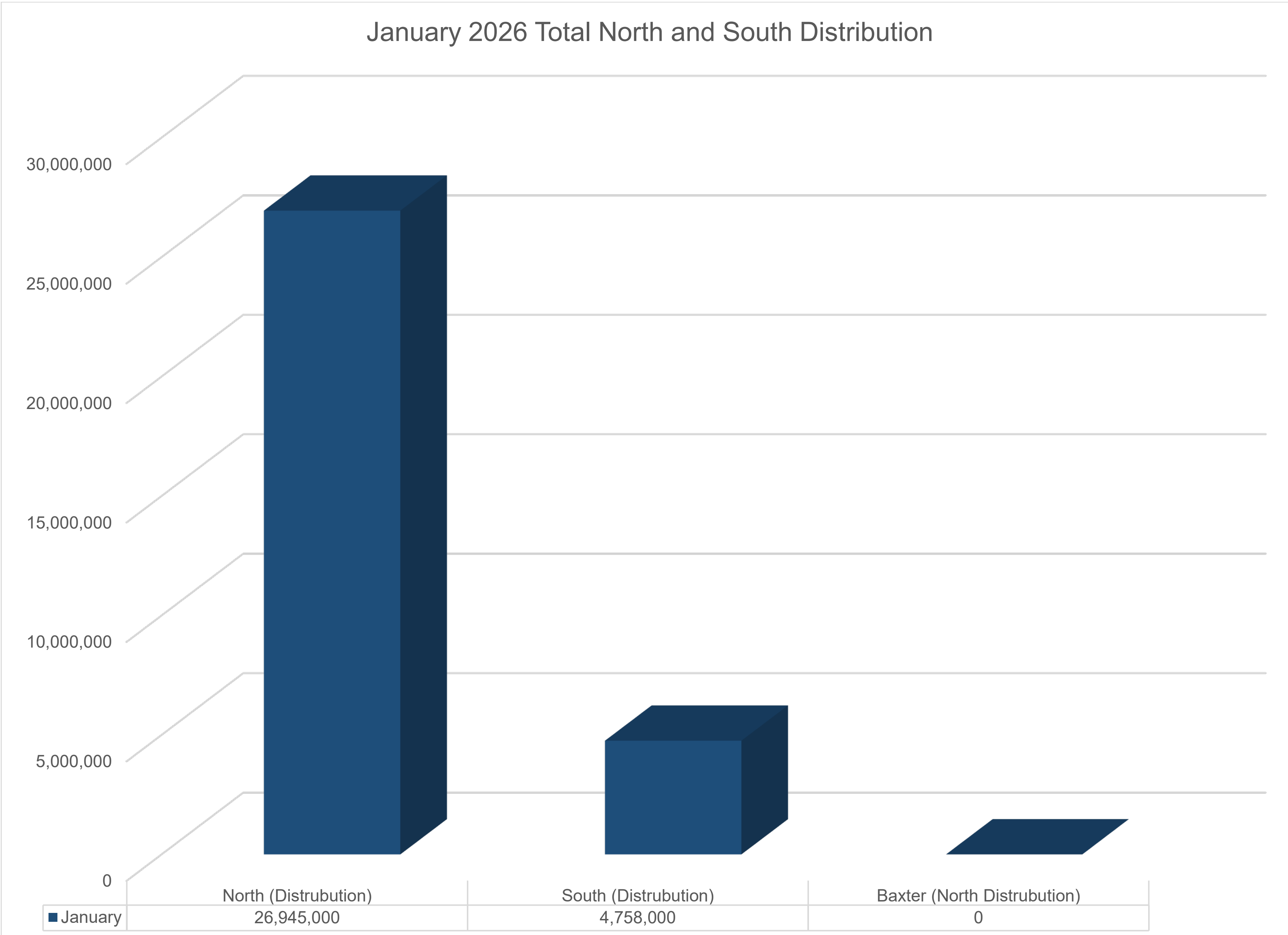
Chart Summary for Water Production

January 2026-2025 North distribution Total flow was 26,945,000 gallons which is down 823,000 gallons from the previous year.
January 2026-2025 South distribution Total flow was 4,758,000 gallons which is up 264,000 gallons from the previous year.
January 2026-2025 Baxter's Total flow was 0 gallons which is same from the previous year.

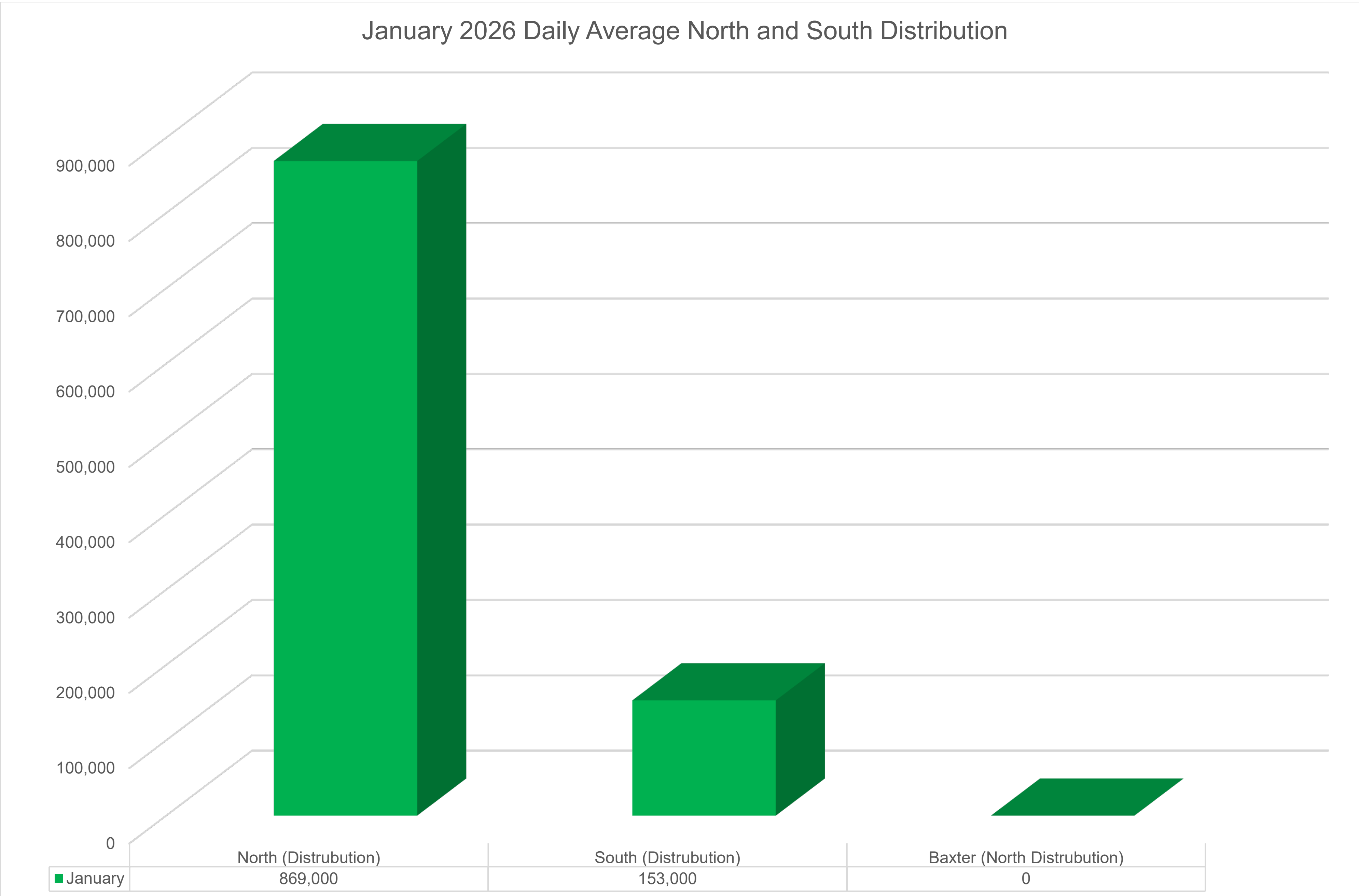
January 2026 Daily Average Water North and South Distribution

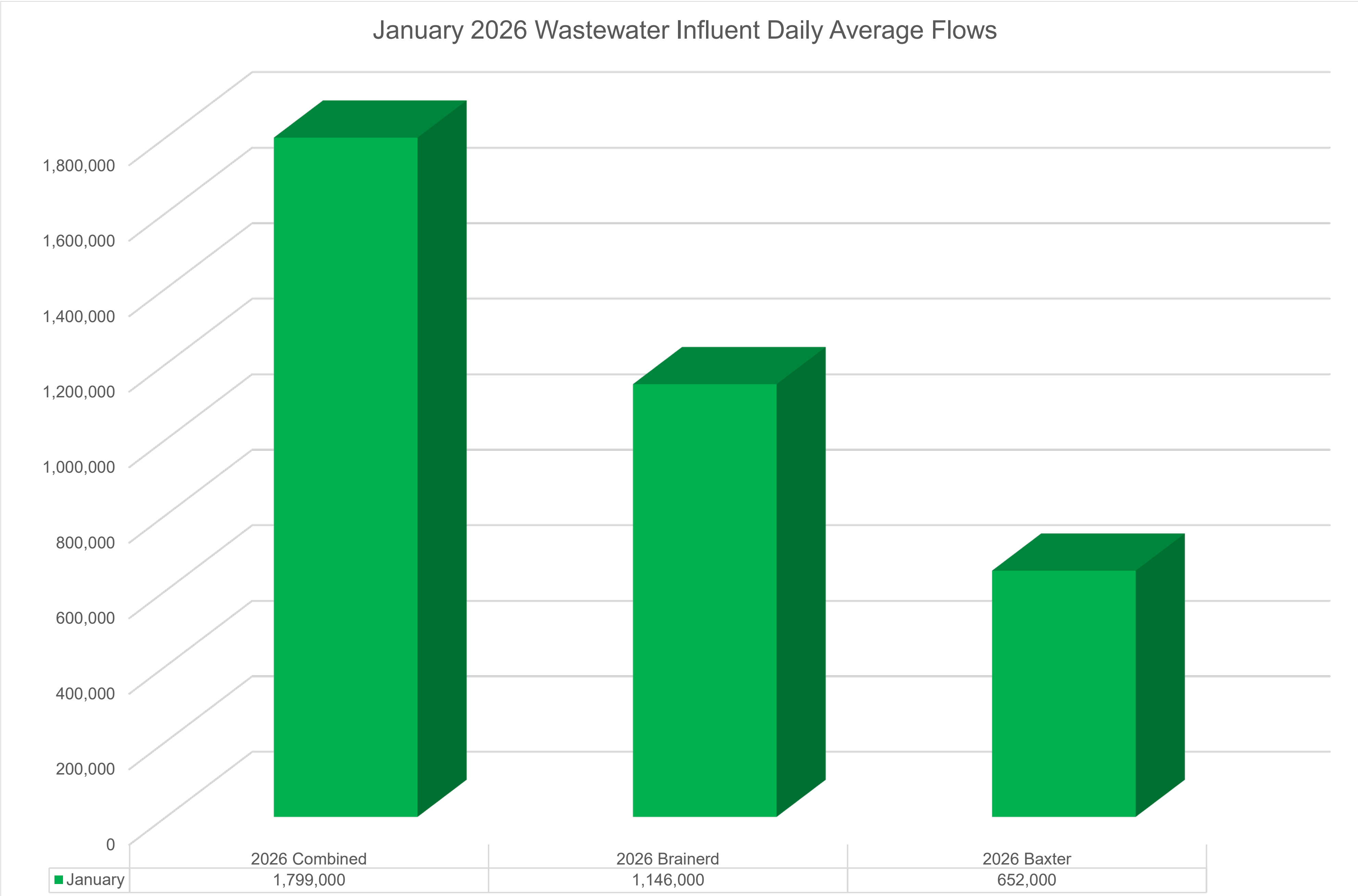
2026 North distribution average was 869,000 gallons.
2026 South distribution average was 153,000 gallons.

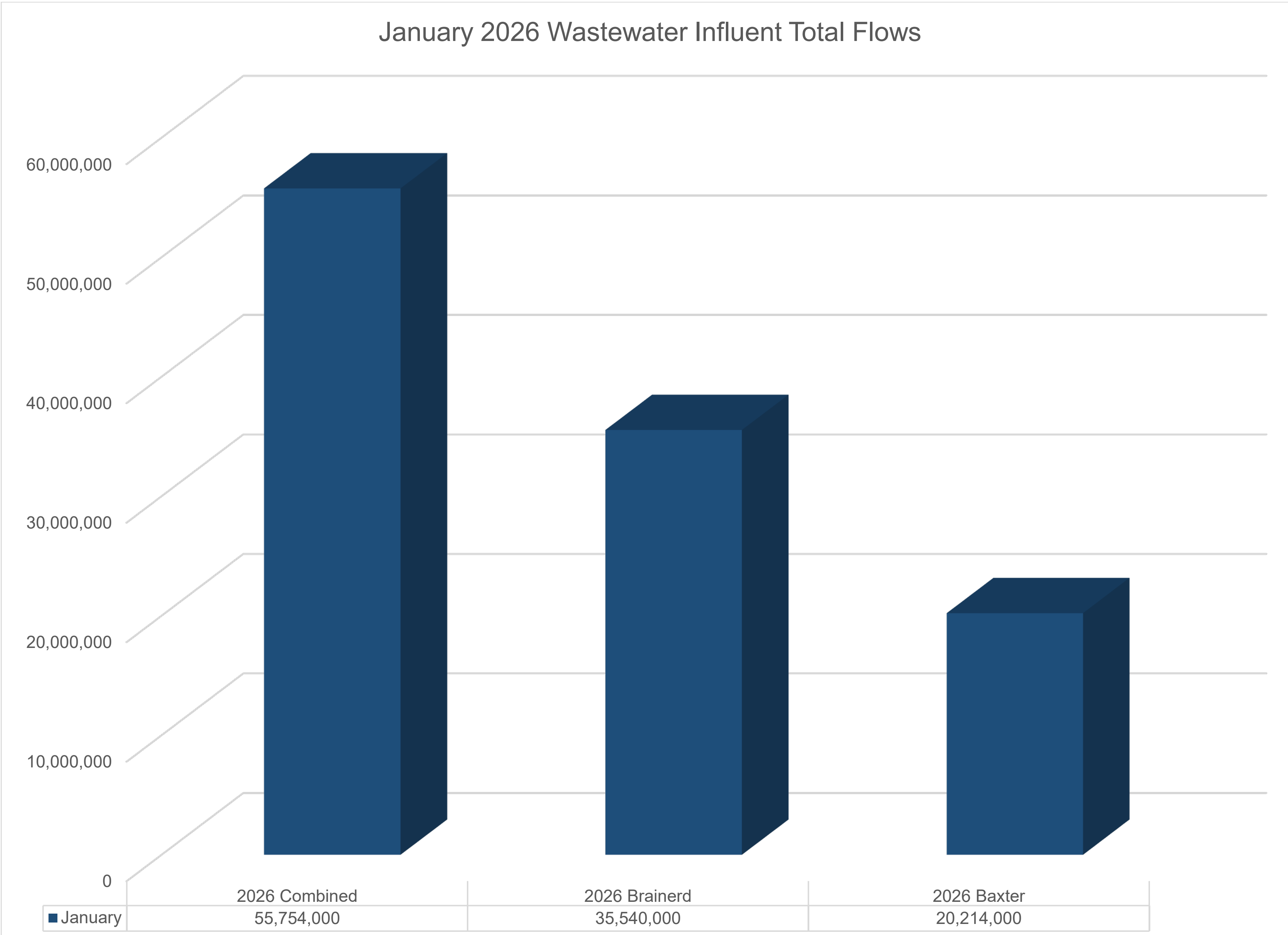

January 2026-2025 Comparison Water Production Totals North and South Distribution
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
2026 North
2025 North
2026 South
2025 South
2026 Baxter
2025 Baxter
January
26,945,000
27,768,000
4,758,000
4,494,000
-
-

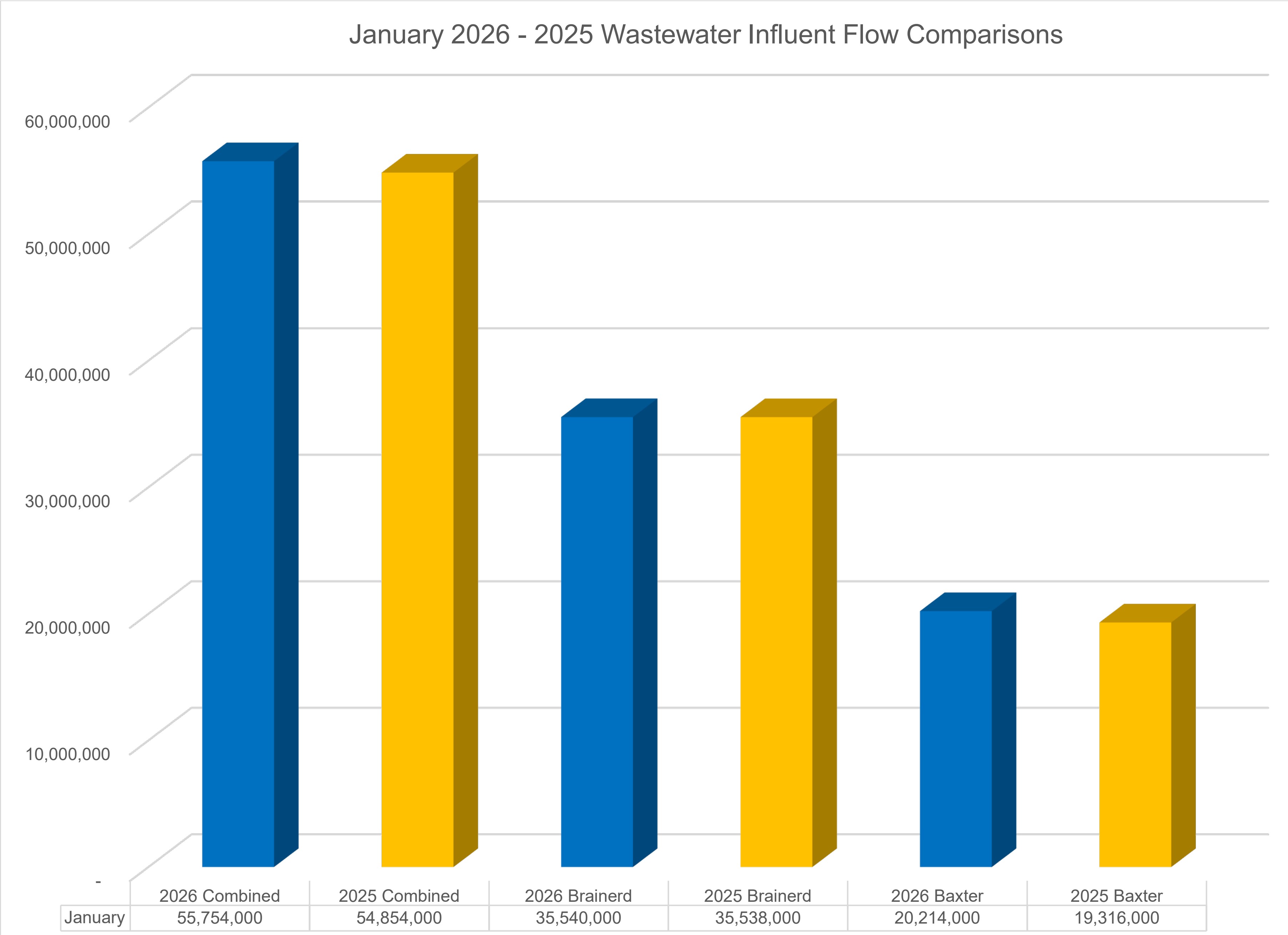


January 2026 Total North and South Distribution
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
North (Distrubution)
South (Distrubution)
Baxter (North Distrubution)
January
26,945,000
4,758,000
0


January 2026 Daily Average North and South Distribution
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
North (Distrubution)
South (Distrubution)
Baxter (North Distrubution)
January
869,000
153,000
0


January 2026 Wastewater Influent Daily Average Flows
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2026 Combined
2026 Brainerd
2026 Baxter
January
1,799,000
1,146,000
652,000


January 2026 Wastewater Influent Total Flows
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
2026 Combined
2026 Brainerd
2026 Baxter
January
55,754,000
35,540,000
20,214,000


January 2026 - 2025 Wastewater Influent Flow Comparisons
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
2026 Combined
2025 Combined
2026 Brainerd
2025 Brainerd
2026 Baxter
2025 Baxter
January
55,754,000
54,854,000
35,540,000
35,538,000
20,214,000
19,316,000