



PUBLIC UTILITIES COMMISSION AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, June 30, 2026 @ 9:00 AM

The public is invited to attend these meetings in person
Dial in by phone
[+1 469-250-2695](tel:+14692502695)
Meeting Access Code:

Per MN Statutes 13D.02 Subd 1 Commission Members may participate by interactive technology.

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

1. **Call To Order**

2. **Roll Call**

___ M. Bayliss ___ C. Jay ___ D. Wussow ___ M. Angland

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 Finance Manager's Office)

B. **Approval of Minutes**

C. **Recommend Surplus Items for Auction**

6. **2025 Audit Presentation**

A. **Audit Presentation**

7. **Public Forum**

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

8. **Unfinished Business**

- A. **Unfinished Business**
(See attached separate memo regarding updates on unfinished business)
 - B. **Change Order 1 - 2026 Galvanized Water Service Line Replacement Project Number 2**
 - C. **2026 Backwash Reclaim Tank Construction Manager at Risk (CMAR) Project Pre-qualification and Bidding Phases and Construction Authorization**
 - D. **Approve Amended BPU_POL_2003-07 Tenant/Landlord Responsibility for Vacated Rentals**
 - E. **Approve Amended BPU_POL_2005-09 Customer Deposits**
 - F. **Approve Amended BPU_POL_2005-06 Metering of Multi Unit Dwellings for Rentals**
9. **New Business**
- A. **Legal Services with Flaherty and Hood for Cursory Review of Sewer Use and Capacity Agreement between City of Brainerd and City of Baxter**
 - B. **Discuss Crow Wing Power Infrastructure/Service Territory Boundaries**
 - C. **Discuss Northland Arboretum Billing Related to BPU_POL_2005-07**
10. **Staff Reports**
(Verbal: Any Updates since Packet)
- A. **City Administrator Report**
 - B. **HR Director Report**
 - C. **Public Works Director Report**
 - D. **Electric Director Report**
 - E. **Water/Wastewater Manager Report**
 - F. **Finance Manager Report**
11. **Commission Member / Council Liaison 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 May 26, 2026.

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

Commission Roll Call

President Mike Angland – Present
Misty Bayliss – Present

Vice-President Dolly Wussow – Present
Cory Jay – Present

Utility Staff Present

Public Works Director
Electric Director
Finance Manager
Water/Wastewater Manager
Recording Secretary

Paul Sandy
Trent Hawkinson
Danny Loch
Charlie Gammon
Becky Ridlon

Others in Attendance

City Council Liaison
City Administrator
HR Director
Bolton & Menk
Bolton & Menk

Jeff Czczok
Nick Broyles
Brittney Kummet
Morgan Salo, PE
Bryan Drown

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Motion by Commissioner Wussow and seconded by Commissioner Jay 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 Bayliss to approve the minutes from April 28th, 2026, current month's bills, and to approve listing of Surplus Auction Items. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

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Commission Committee Reports

Personnel Committee Report

Wussow stated nothing to report.

Finance and Operations Committee Report

Update on Generation Funding/Discussion - *see board packet for report.*

Loch presented a generation update and discussed capacity options from the committee meeting held earlier this month.

Loch reported that the utility did not receive any of the requested \$7.5 million in state funding for the hydro generation project and generator installation, as the project did not receive a required Senate hearing. An additional year of lobbying services has already been secured. The committee reviewed three potential paths forward: continuing to pursue state funding, self-funding the project through electric revenue bonds, or pursuing a peak-shaving generation plant. Staff will continue evaluating these options and return to the commission with recommendations. Commissioners were asked to provide directions if priorities change.

Authorize Staff to Negotiate An extended Capacity Agreement.

Loch Presented the 30MW capacity extension for 2030 and a 10 year agreement.

Discussion included:

Bayliss asked how often does something like this come up for auction?

Loch stated opportunities to acquire capacity do arise periodically, but they are typically much smaller, often in the range of 5 to 10 megawatts. The current opportunity for 30 megawatts is unusually large and is the first opportunity of this scale staff has seen in the past three years.

Wussow asked whether the projected capacity deficit is largely driven by the data center and requested a simple explanation of why the utility is now facing a capacity shortfall despite previously having available capacity.

Loch explained that the proposed capacity purchase would replace existing baseload capacity rather than increase overall capacity. An alternative would be to reduce the utility's capacity obligations, but that would mean serving less load and would require commission direction.

Angland requested additional context on the utility's baseload demand, including the amount of capacity currently available, the level of baseload requirements, and the impact of large energy users on overall capacity needs.

Hawkinson explained that the proposed capacity purchase is intended to serve the utility's native load, including residential and commercial customers, while large users such as crypto operations have separate capacity arrangements and are not included in the baseload forecast. Capacity planning is based

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on projected demand through 2030, with actual needs subject to change based on future growth. As a result, the utility could end up with either surplus capacity to sell or a need for additional capacity if demand exceeds projections. He noted that baseload currently averages about 25 megawatts but fluctuates daily due to customer usage, weather, building occupancy, and renewable generation, with load levels varying significantly from day to day.

Motion by Commissioner Bayliss and seconded by Commissioner Jay to Approve staff to negotiate the extended capacity agreement. There was a unanimous vote in favor of the motion. Motion Carried.

As a follow up to last month's committee discussion, Sandy discussed options for establishing standing committee meetings, proposing either the Thursday before packet week or the Monday of packet week to allow time for packet revisions. Sandy recommended holding the Personnel Committee meeting first, followed by the Operations/Finance Committee meeting, and requested commission direction on preferred scheduling moving forward.

Wussow expressed concern about unclear committee roles and suggested defining the responsibilities of the Operations and Personnel Committees before establishing standing meetings. She noted that committee purposes have changed over time and suggested discussing issues during regular commission meetings if standing committees are not clearly defined.

Angland asked staff for input on the value of the committees and what structure would be most beneficial for keeping matters moving forward, acknowledging that the committees' roles have evolved over time.

Czczok questioned the need for a personnel Committee, stating that personnel matters generally fall under the authority of the administrator and HR. He suggested that specific personnel-related issues, such as reviewing a new job description, could be handled through communication with staff rather than through regular committee meetings.

City Administrator Broyles emphasized that the Public Utilities Commission does not directly manage employees, but rather oversees infrastructure, planning, and rate-setting responsibilities. He stated they remain available to answer personnel-related questions and support the commission as needed but suggested the current Personnel Committee may be unnecessary and deferred to the commission's preference regarding future meetings.

Loch stated that committees are beneficial for discussing issues in advance, confirming commission direction, and allowing staff time to prepare research and information before bringing matters to the full commission. He noted this process would help staff assemble more complete and informed meeting packets.

Sandy suggested that, instead of standing committees, the commission could consider periodic work sessions to discuss larger topics such as hydro generation and to help align commission goals and direction. He noted these sessions could occur as needed, such as monthly, every few months, or quarterly, to provide guidance outside of regular meetings.

Angland expressed support for the idea of work sessions.

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Sandy suggested starting with quarterly meetings, noting that the frequency could be adjusted based on workload and needs. He indicated flexibility in scheduling future sessions and sought additional input from the commission.

Jay responded in favor of reducing the number of meetings.

Unfinished Business

Memo -See board packet for updates.

Wussow asked for an update on the ClimaVision construction.

Loch stated that the project has not yet begun due to pending funding at the federal level. All necessary components are in place, and construction is expected to begin once funding is secured. The anticipated completion timeline is around 2027.

Award Contract for 2026 Galvanized Service Line Replacement Project Number 1 - see board packet for report.

Public Works Director Paul Sandy presented.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Award 2026 Galvanized Water Service Line Replacement Project to DeChantal Excavating at \$646,412.05 and authorizing the appropriate signatures on the contract documents. There was a unanimous vote in favor of the motion. Motion Carried.

Award Contract for 2026 Galvanized Service Line Replacement Project Number 2- see board packet for report.

Public Works Director Paul Sandy presented.

Motion by Commissioner Bayliss and seconded by Commissioner Jay to Award the 2026 Galvanized Water Service Line Replacement Project to DeChantal Excavating in the total contract amount of \$1,098,207.15 and authorizing the appropriate signatures on the contract documents. There was a unanimous vote in favor of the motion. Motion carried.

Approve Contract Amendment for Professional Services with Bolton and Menk for Design, Right of Entry Permits, and Construction Phase Services for Additional Galvanized Water Service Line Replacements Related to the 2026 Galvanized Water Service Line Replacement Program.

Public Works Director Paul Sandy presented.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve the scope and fee amendment with Bolton and Menk for the 2026 Galvanized Water Service Line Replacement Project No. 2, authorizing an additional not-to-exceed fee of \$43,880.00. There was a unanimous vote in favor of the motion. Motion carried.

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New Business

Approve Tyler Incode Accounts Payable Software Upgrade. See board packet for agenda request.

Finance Manager Loch presented.

Discussion included:

Wussow asked, is the \$4,725 the initial cost to implement or the yearly? Loch clarified that the figure presented represents the total annual cost to implement the software, including both initial implementation expenses and ongoing future maintenance costs.

Jay asked if this would be a ongoing contract? Loch confirmed the proposal would be an annual contract cost of \$4,725, which would be added to existing expenses. The software already has the necessary capability, and the vendor would simply activate the feature. The system would centralize invoice capture and supporting documentation, consolidating records currently stored in Laserfiche into a single platform for easier access and review alongside check processing.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve the AP Automation Capture only Suite at a cost of \$4,725 for a streamline and digital approval process for invoices There was a unanimous vote in favor of the motion. Motion Carried.

Staff Reports

City Administrator Report -see board packet for report.

Additionally, he wanted to recognize and congratulate Paul Sandy on his new position and Trent Hawkinson on the promotion to his new position.

Wussow commented positively on the technology update under the bridge, noting the installation of permanent cameras under a bridge where graffiti had been an ongoing issue. She expressed appreciation for the investment, stating it would help reduce recurring costs associated with graffiti cleanup and other property damage, and thanked staff for including the update in the report.

City Council Liaison Report

Council Liaison Czezok updated the Commission stating that the council had approved Ordinance 705, establishing an official water ordinance. The commissioner expressed appreciation that the item had been completed after a lengthy process and thanked staff for their work.

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

Public Works Director Report – see board packet for report.

Commissioner Jay asked whether delays in the Beach and Wright Street project would impact the contractor's eligibility to bid on future city work, noting the project is significantly behind its original schedule and questioning whether that affects future bid acceptance.

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Sandy explained that the contract for the Beach and Wright Street project remains in effect, including liquidated damages provisions, as the completion date has not been formally extended. While there are contractual mechanisms and potential processes—developed in coordination with the city attorney—that could impact future bidding eligibility, no decisions have been made regarding restricting future bids from the contractor. Staff noted that any such action would require further discussion with the city council and legal review. The current priority is completing the project and reopening the area to traffic before addressing contractual or performance-related consequences.

Electric Director Report - *see packet board for report.*

Additionally, Hawkinson reported that discussions regarding the proposed solar project are progressing positively. The applicant and landowner participated in productive conversations, resulting in agreement on several conditions that were acceptable to both parties. He noted that communication between the parties was constructive and collaborative. The matter is scheduled to be presented to the full county board on June 16, and the city is closely monitoring the process to determine the direction that may result from the board's decision.

Wussow requested that future presentations regarding service territory exchanges include maps identifying impacted areas and customers. Wussow also asked for additional details on the cost impacts to affected customers when evaluating potential service territory changes and trading arrangements, noting this information should be included in coordination with staff support.

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

Czczok asked for clarification regarding system integrators, noting they are an external company hired to support the utility and requesting confirmation of their role and function. Gammon explained that system integrators are specialized contractors who support the utility's SCADA and control systems by programming and maintaining PLCs across facilities such as lift stations, booster stations, wellhouses, and water treatment plants. The recent integration work supported multiple water system projects, including the Riverside Booster, and involved configuring and commissioning system controls. The original contract was approximately \$120,000–\$130,000 and was funded through capital planning. Staff noted this type of work is needed periodically, generally aligned with 10–15 year equipment replacement cycles depending on system condition and support requirements.

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

Additionally reported that the audit results have been received and will be presented at the next monthly meeting, with materials available for review in advance upon request.

Loch also provided an update on payment processing fees, noting that Tyler Payments charges per transaction regardless of whether a debit or credit card is used. After pausing the fees due to customer concerns, the city attorney confirmed that it is legally permissible to charge fees for both debit and credit card transactions. Staff indicated that the fees will be reinstated as previously directed by the commission.

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Wussow asked for clarification on the budget report. Loch explained that the budget report reflects year-to-date figures, where the annual budget is evenly divided by 12 months. Electric revenue and expenses are both lower than expected due to seasonal demand patterns, with lower industrial load and reduced cooling needs during cooler months. As a result, both purchased power costs and corresponding revenues are currently below budget but are expected to increase during warmer months.

Commission Members – Report

Bayliss expressed appreciation and gratitude to the families and service members who have made sacrifices and given their lives in service.

Wussow gave kudos to Community Development Director James Kramvik for a recent presentation on data centers, noting it was clear, accurate, and presented in layman's terms. The commissioner also acknowledged staff support in preparing the presentation and recommended it for others to review due to its usefulness and clarity on a timely topic.

Jay thanked everyone for a great meeting.

Angland commended the City of Brainerd for hosting the Memorial Day service and encouraged others to attend in the future, noting it was a meaningful experience. The commissioner also expressed gratitude to all who have served in the military.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to adjourn. There was a unanimous vote in favor of the motion. Motion carried at 10:17 AM.

Mike Angland, Commission President

Danny Loch, Finance Manager/Secretary

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 an idea of what the information should be provided in the Remarks section.

LOT 1

Year	2009	Make	KAESER	Model	
VIN/Serial Number					
Mileage		Condition	USED	Reserve Price (optional)	\$
Remarks: Any known Defects and options the unit may have	TWO KAESER MOTORS AND TWO KAESER COMPRESSORS. MOTOR 1 (53230 HRS). COMPRESSOR 1. (16200 HRS). MOTOR 2 (57844 HRS). COMPRESSOR 2 (15790 HRS). PURCHASED NEW IN 2009 AND USED CONTINUOUSLY FROM 2009 TO 2024. WE UPGRADED TO A NEW UNIT.				

LOT 2

Year		Make	Simplex	Model	329
VIN/Serial Number					
Mileage		Condition	Used	Reserve Price (optional)	\$
Remarks: Any known Defects and options the unit may have	Simplex model 329 15 ton pole pulling & pole straightening jack. 95lbs 3' 6"-H, 9"-W, 10"-D				



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Brainerd Public Utilities

Audit Presentation
Exit Conference
Year Ended December 31, 2025

Agenda

- Required Communications
- Audit Results
- Financial Results
- Key Issues/Summary



Required Communications

- Our Responsibility Under Generally Accepted Auditing Standards
 - Primary responsibility is to provide our opinion on the fairness of presentation of the financial statements
 - Reviewed internal accounting controls
 - Risk based audit approach
 - Based on internal controls, determined scopes, and tests of transactions
- Planned Scope and Timing of the Audit
 - Communicated during the audit preliminary work and field work
- Significant Accounting Policies
 - Outlined in Note 1 to the financial statements
 - Unusual transactions – None noted
 - New Standards – None noted



Required Communications (Continued)

- Management Judgments and Accounting Estimates – Reasonable/Supported
- Corrected and Uncorrected Misstatements
 - Corrected adjustments – none noted
 - Uncorrected adjustments – none noted
- Disclosures are Adequate, Clear and Complete
- Other Information in Documents Containing Audited Financial Statements
 - Required Supplementary Information – no opinion
 - Supplementary Information – in-relation to opinion – inquiries and evaluate content
- Disagreements with Management
 - There have been no disagreements with management about matters that could be significant to the financial statements



Required Communications (Continued)

- Consultations with Other Accountants
 - There were no consultations with other independent accountants
- Major Issues Discussed With Management Prior to Retention
 - No issues, other than normal planning issues, were discussed prior to our retention as auditors
- Difficulties Encountered in Performing the Audit
 - Management was most cooperative and helpful
 - Personnel and records were available



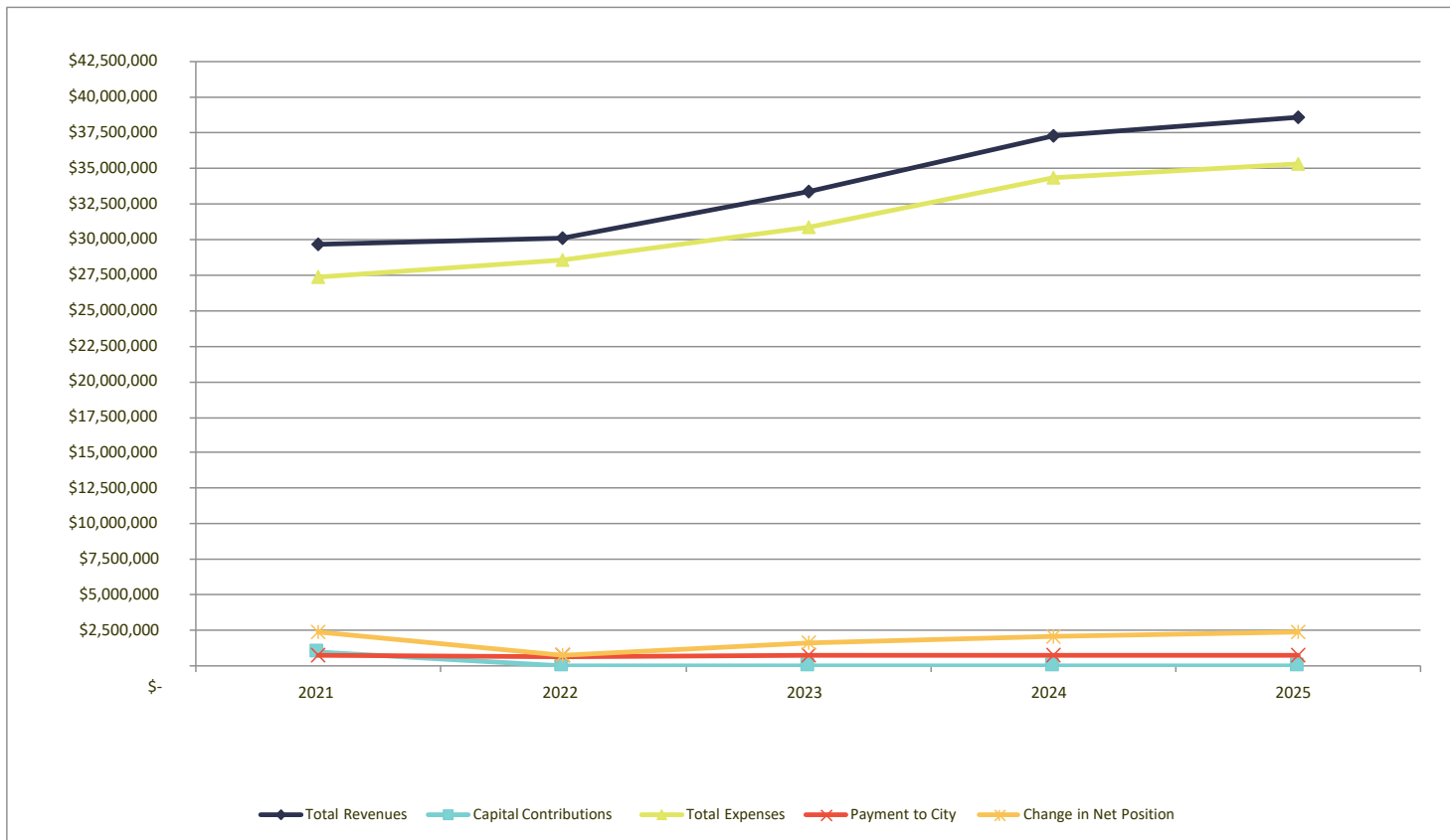
Audit Results

- Unmodified Opinion
 - On the basic financial statement
- Compliance and Internal Control Over Financial Reporting
 - None noted
- Minnesota Legal Compliance
 - Seven areas – One finding – late payment of invoices



Financial Results

Utility Operations

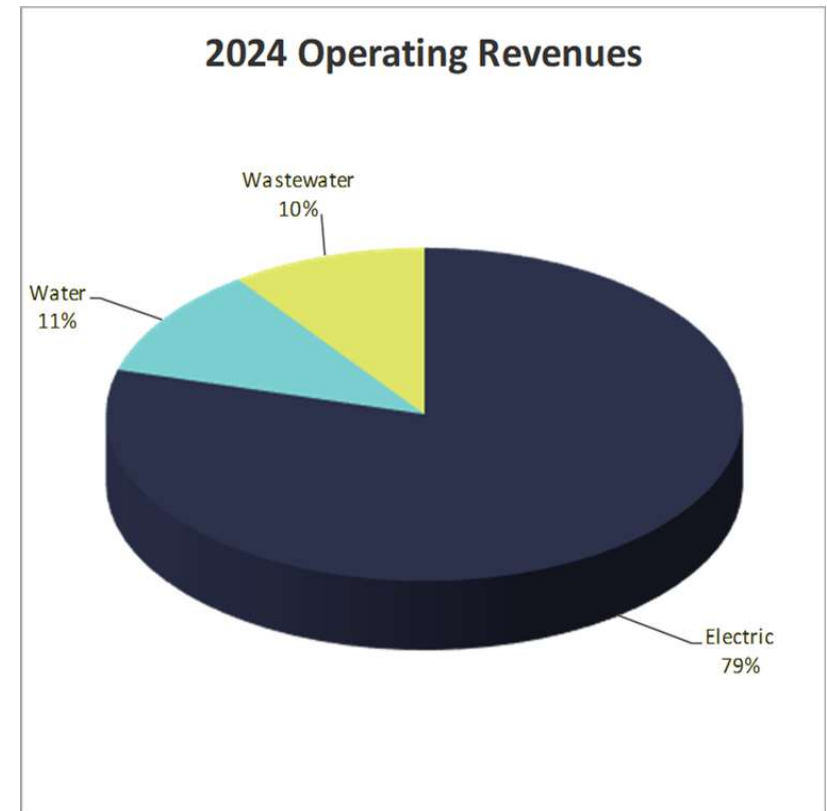


	2021	2022	2023	2024	2025
Total Revenues	\$ 29,645,471	\$ 30,144,928	\$ 33,328,667	\$ 37,252,894	\$ 38,554,290
Capital Contributions	976,000	-	-	-	-
Total Expenses	27,407,872	28,572,519	30,878,847	34,362,891	35,339,342
Payment to City	761,150	756,373	783,245	765,150	774,858
Change in Net Position	2,452,449	816,036	1,666,575	2,124,853	2,440,090



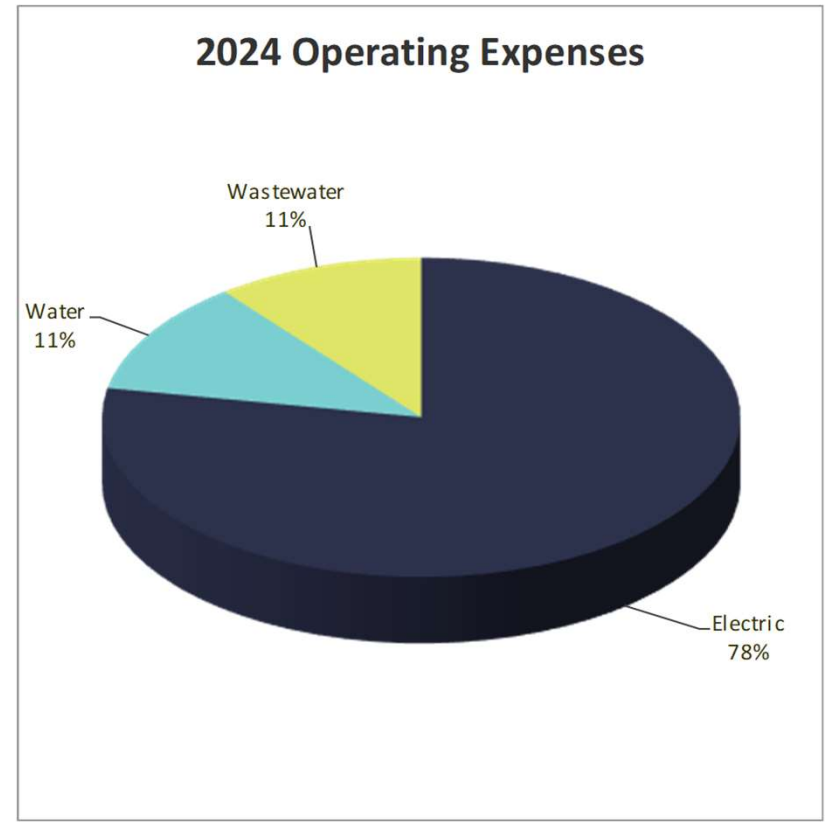
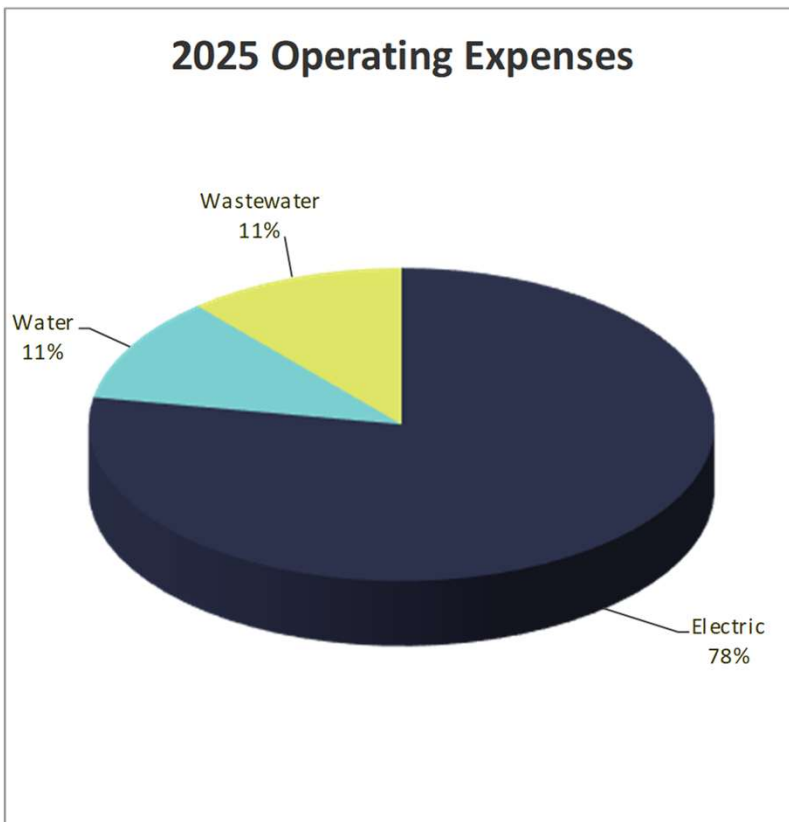
Financial Results (Continued)

Utility Operations



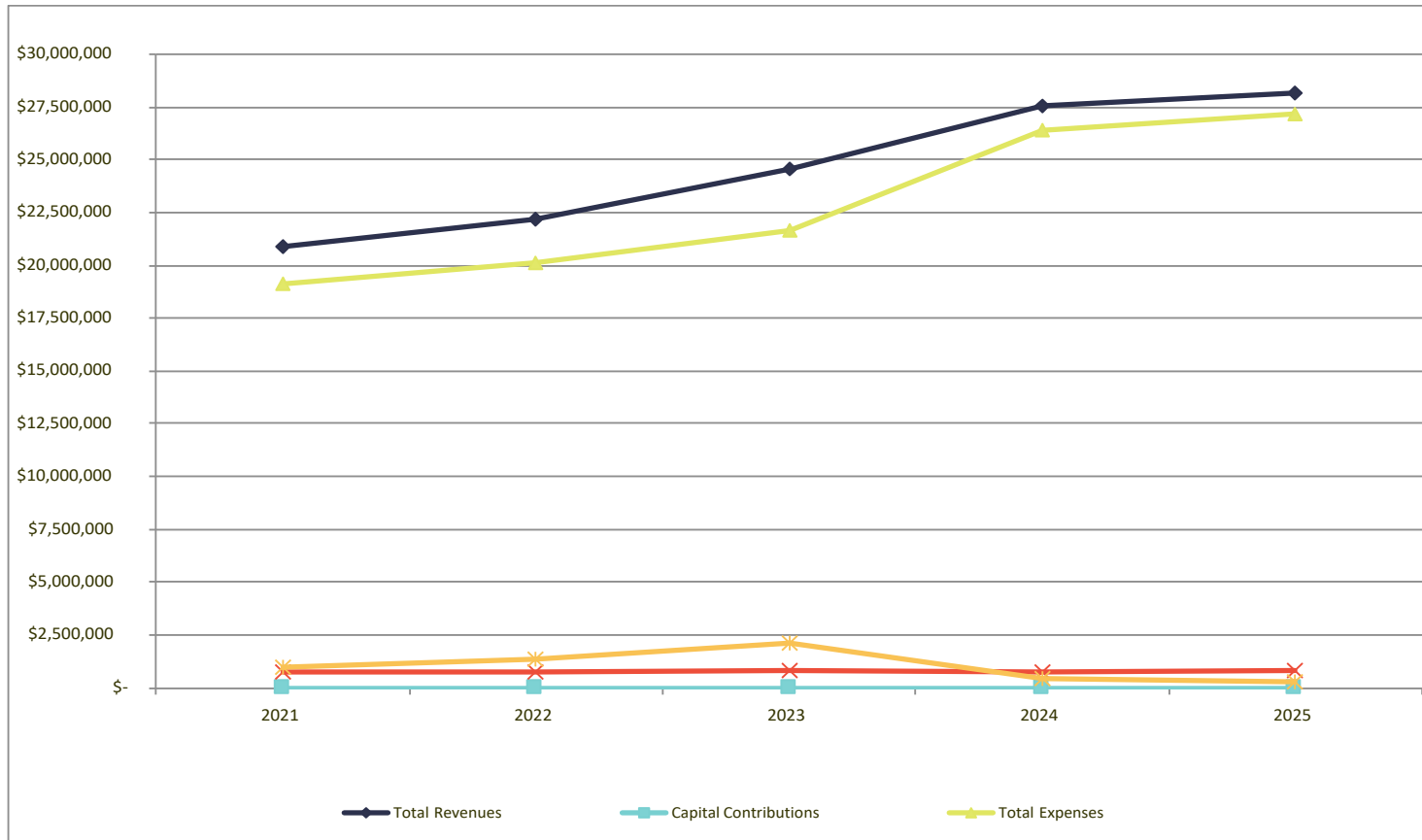
Financial Results (Continued)

Utility Operations



Financial Results (Continued)

Electric Operations

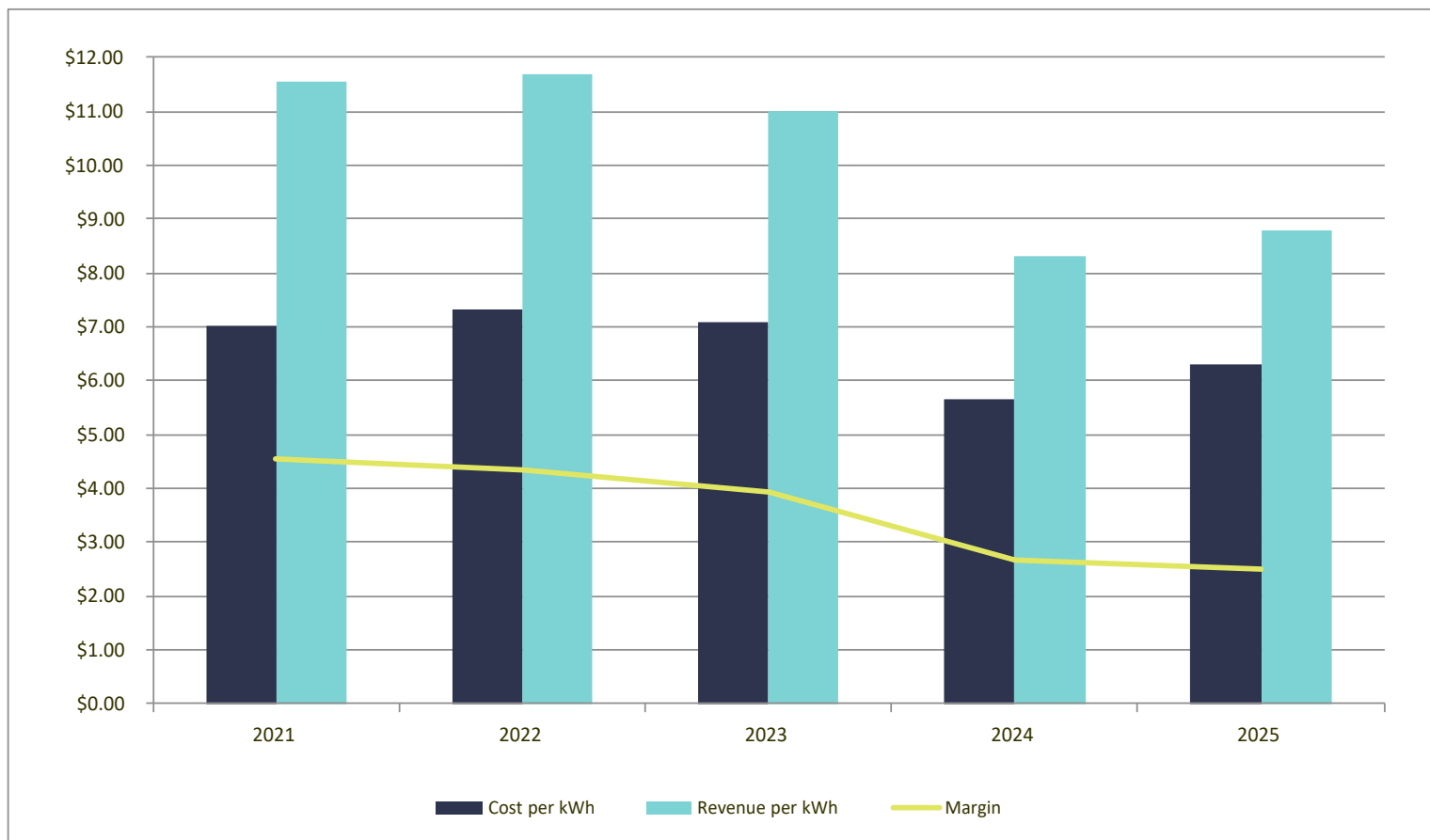


	2021	2022	2023	2024	2025
Total Revenues	\$ 20,871,966	\$ 22,193,708	\$ 24,543,099	\$ 27,565,506	\$ 28,156,876
Capital Contributions	-	-	-	-	-
Total Expenses	19,123,149	20,081,190	21,631,292	26,399,321	27,127,566
Payment to City	761,150	756,373	783,245	765,150	774,858
Change in Net Position	987,667	1,356,145	2,128,562	401,035	254,452



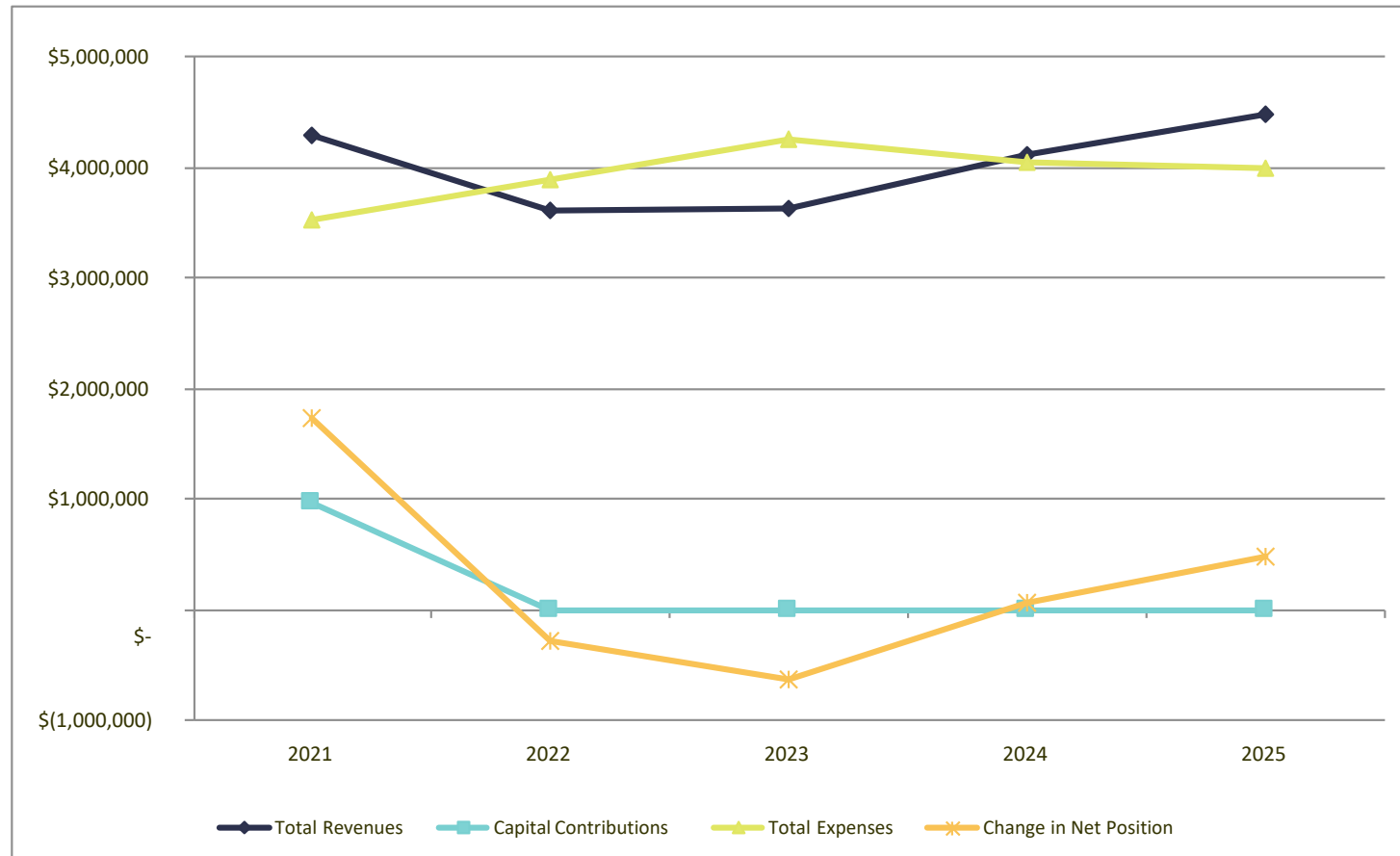
Financial Results (Continued)

Cost per kWh & Revenue per kWh



Financial Results (Continued)

Water Operations

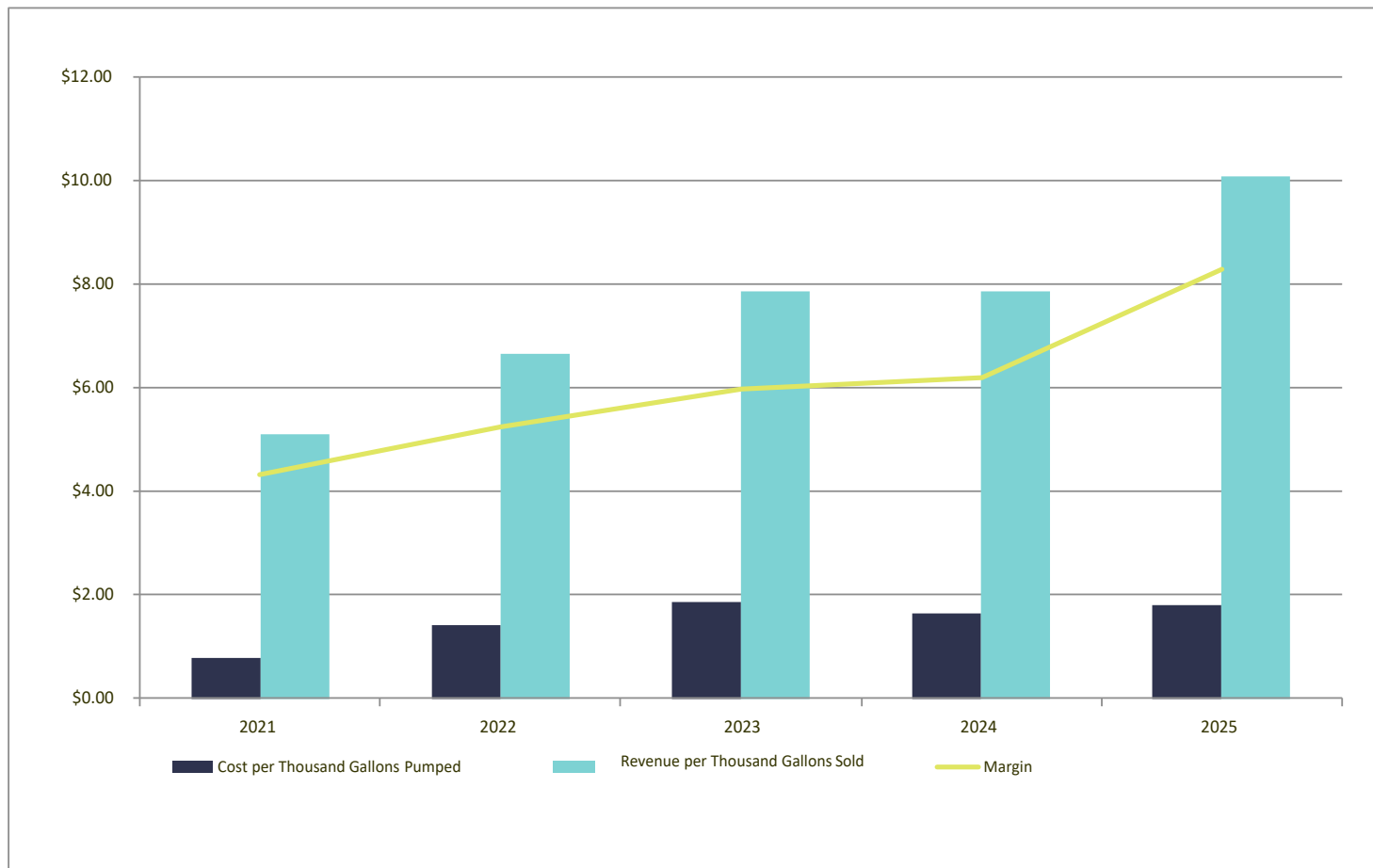


	2021	2022	2023	2024	2025
Total Revenues	\$ 4,290,287	\$ 3,617,378	\$ 3,629,313	\$ 4,118,866	\$ 4,481,956
Capital Contributions	976,000	-	-	-	-
Total Expenses	3,521,963	3,890,550	4,251,488	4,050,409	3,988,635
Change in Net Position	1,744,324	(273,172)	(622,175)	68,457	493,321



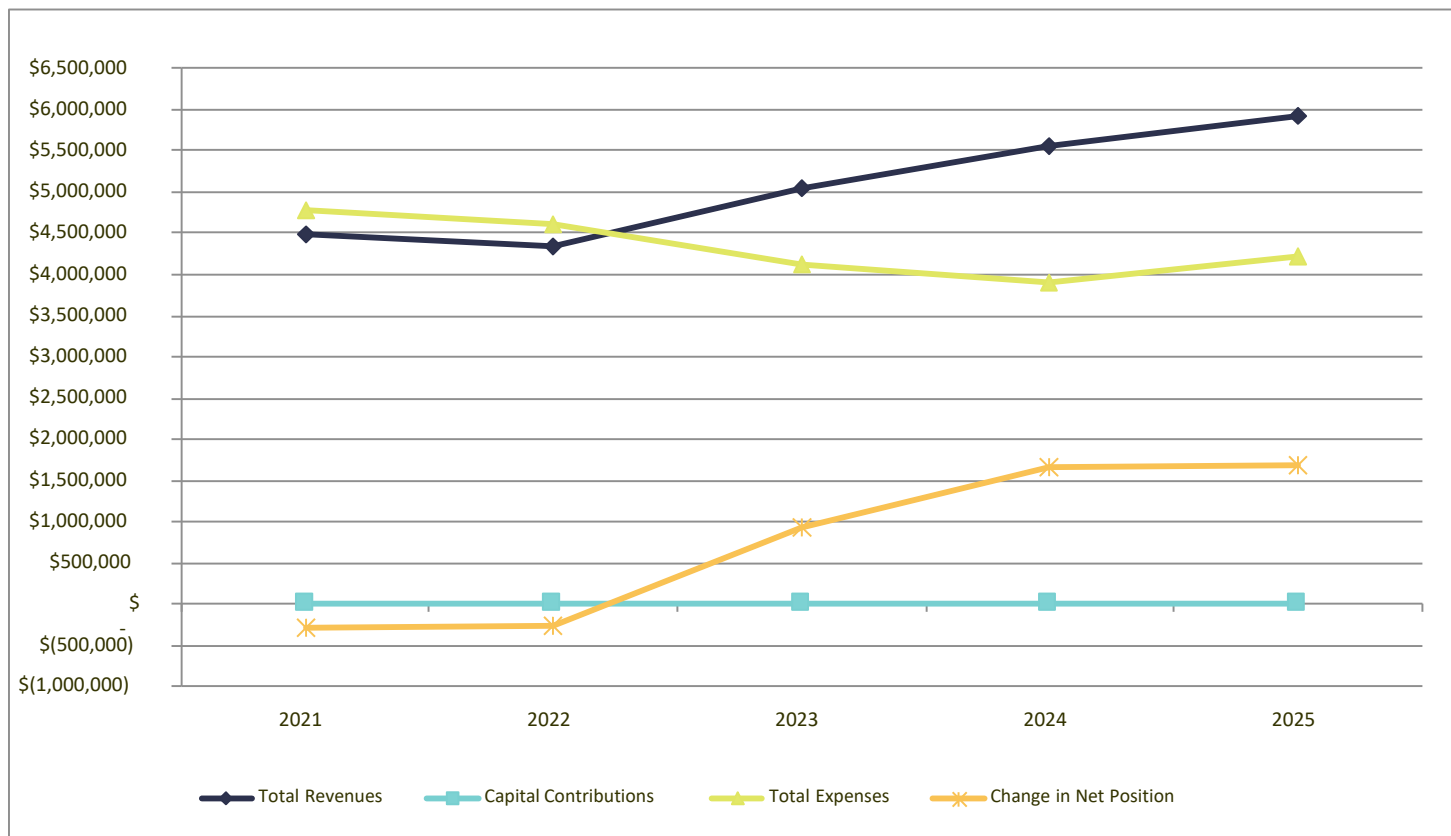
Financial Results (Continued)

Cost per Thousand Gallons Pumped
Revenue per Thousand Gallons Sold



Financial Results (Continued)

Wastewater Operations



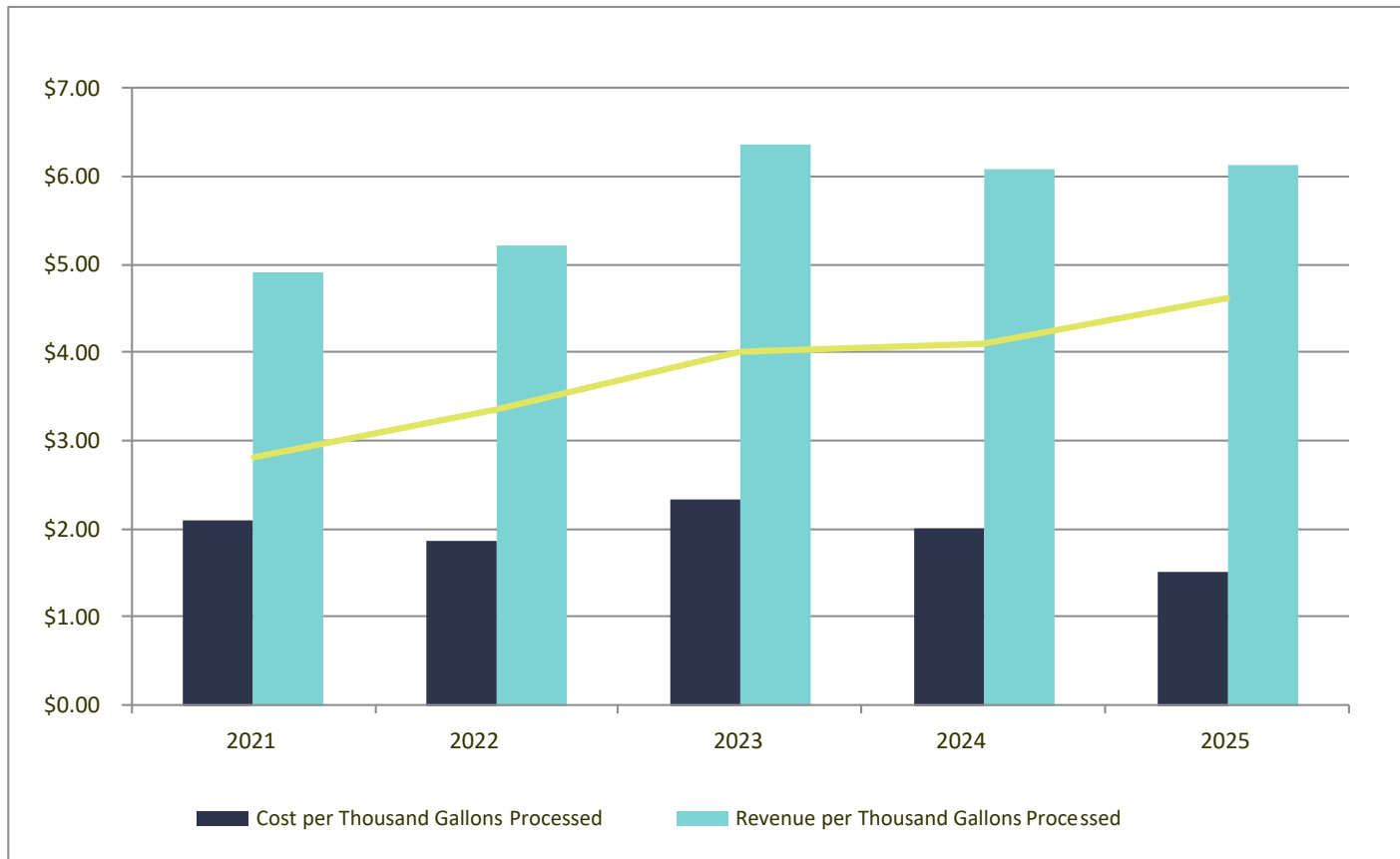
	2021	2022	2023	2024	2025
Total Revenues	\$ 4,489,983	\$ 4,333,842	\$ 5,049,644	\$ 5,568,522	\$ 5,915,458
Capital Contributions	-	-	-	-	-
Total Expenses	4,769,525	4,600,779	4,111,941	3,913,161	4,223,141
Change in Net Position	(279,542)	(266,937)	937,703	1,655,361	1,692,317



Financial Results (Continued)

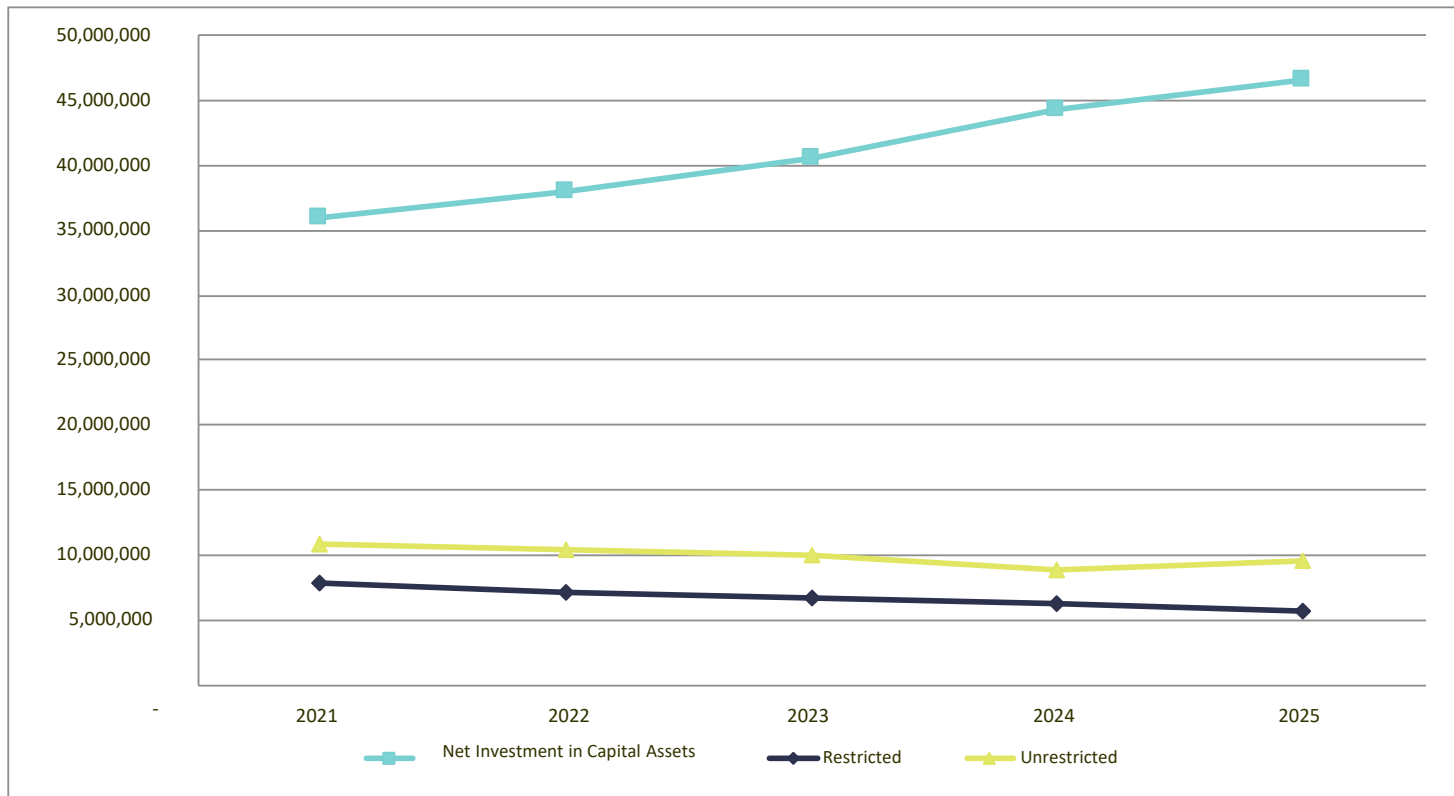
Cost per Thousand Gallons Processed

Revenue per Thousand Gallons Processed



Financial Results (Continued)

Net Position

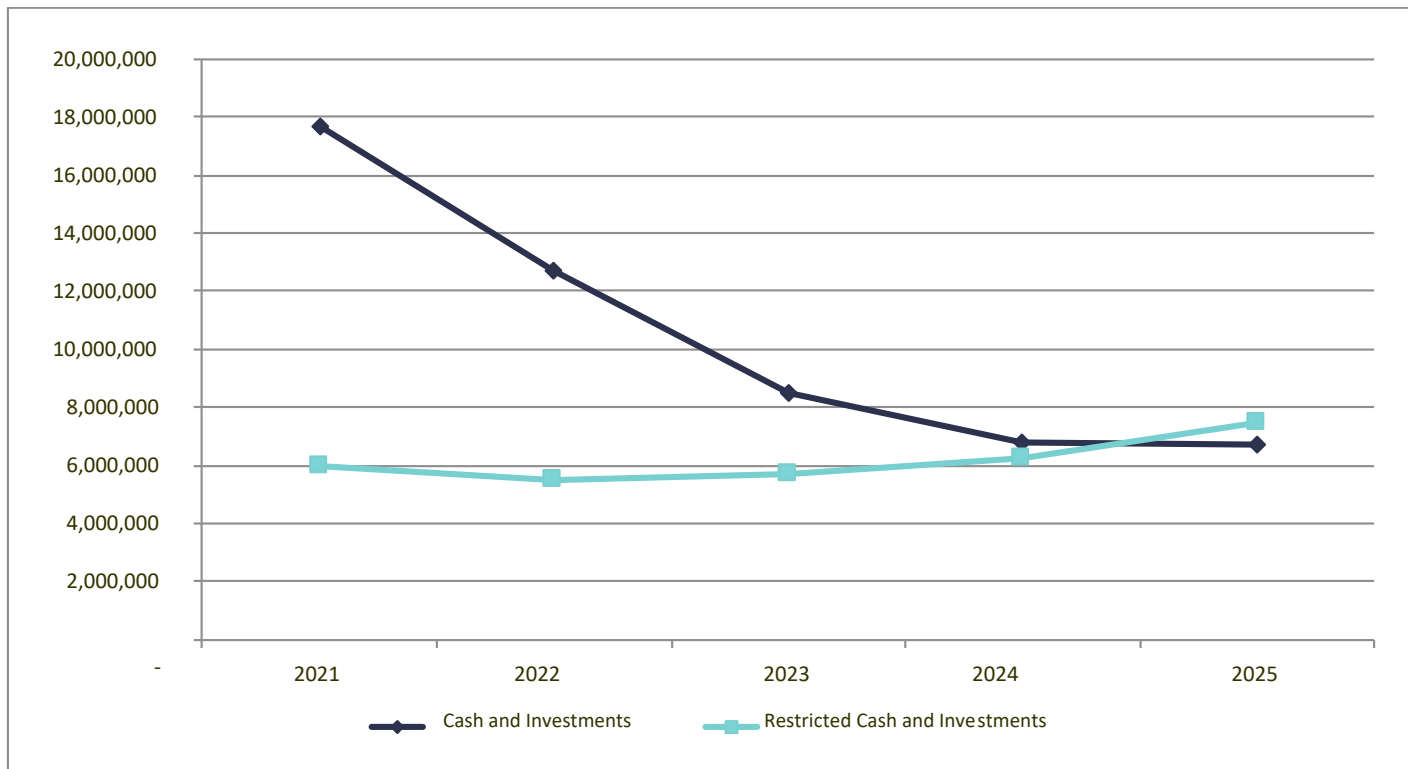


Year	Net Investment in Capital Assets	Restricted	Unrestricted
2021	35,956,868	7,848,358	10,905,479
2022	37,930,250	7,149,064	10,447,427
2023	40,594,106	6,670,284	9,928,926
2024	44,253,648	6,270,728	8,793,793
2025	46,514,080	5,709,560	9,534,619



Financial Results (Continued)

Cash and Investments

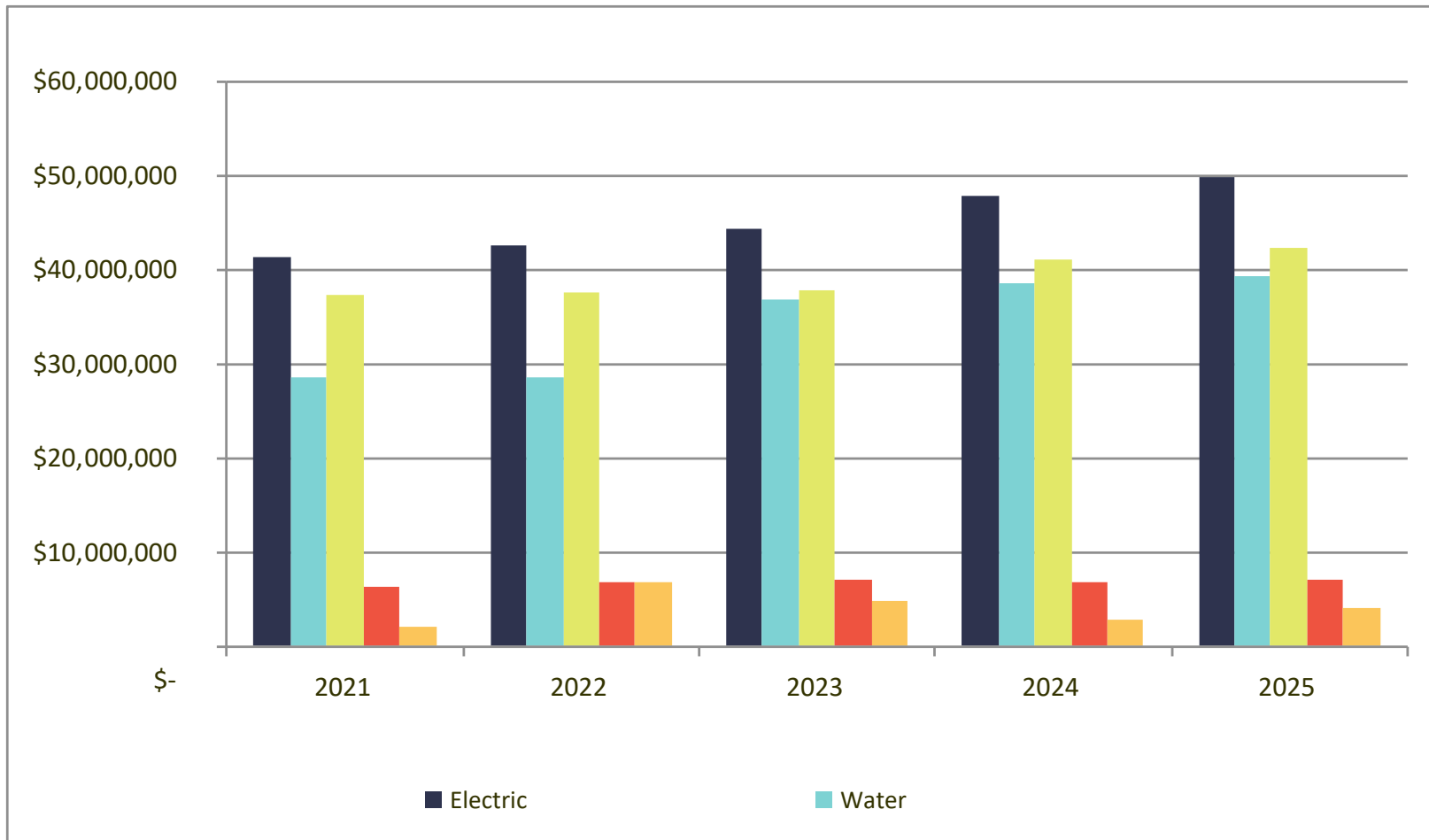


Year	Cash and Investments	Restricted Cash and Investments
2021	17,656,542	5,973,059
2022	12,742,353	5,496,892
2023	8,501,032	5,736,535
2024	6,775,722	6,217,718
2025	6,740,571	7,447,142



Financial Results (Continued)

Total Capital Assets



Financial Results (Continued)

- Other Financial Highlights
 - Electric revenues increased due to an increase in usage by residential and commercial users; however, expenses increased even more, operating income is about \$17,000 lower than prior year
 - Water revenues increased by \$416,000 due to a higher level of usage by all customers, expenses decreased slightly resulting in an operating gain of about \$330,000
 - Wastewater revenues increased \$67,000, while operating expenses increased \$370,000, producing an operating loss of \$434,000, compared to a loss of \$130,000 in the prior year



Key Issues/Summary

- Increase in cash from operating activity
 - Operating activity produced positive cash flow of \$6,900,000 prior year was \$5,300,000
- Overall asset additions were lower than the prior year
 - \$5,500,000 in the current year compared to \$6,600,000 in the prior year
- Overall positive cash flow
 - \$1,725,000 in bond proceeds
 - Minimal investment activity
 - Overall increase in cash/investments of \$1,200,000



Key Issues/Summary (Continued)

- Electric had a lower change in net position than the prior year
 - Change in net position of \$254,452 compared to \$401,035 in the prior year
- Water department had a higher change in net position than the prior year
 - Change in net position of \$493,321 compared to \$68,457 in the prior year
- Wastewater had higher change in net position than the prior year
 - Net gain of \$1,692,000 compared to \$1,655,000 in the prior year
- We advise the margins for each department be consistent from year to year
- Continue to monitor the rates and assess each department individually



Thank you to all for helping to get this audit completed timely and for allowing us to serve you!

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

A. Hydro Generation (1/31/23)

Staff continue to evaluate replacement options for the hydro generation project following the identification that previously reviewed generator models were no longer in production. Barr Engineering has completed additional engineering evaluation and provided updated cost estimates for the project.

Current estimates indicate procurement of a replacement generator is expected to range between approximately \$2.3 million and \$3.2 million, depending on final equipment selection and procurement considerations. Total project costs, including installation and associated improvements, are currently estimated between \$5.7 million and \$7.9 million.

Following the conclusion of the 2026 legislative session without state funding for the project, staff have shifted their efforts toward evaluating alternative financing strategies. Staff are currently working with the utility's bond advisor to develop preliminary revenue bond financing scenarios for Commission consideration. Preliminary financing information is expected to be available during the first week of July and will help inform future discussions regarding project scope, affordability, and next steps.

B. Strategic Planning (04/24/2025)

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

Once integration discussions are complete and there is a clear understanding of how the Utility and the City will function operationally, strategic planning efforts will resume under the direction of the Public Works Director, Electric 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.

C. ClimaVision

The Commission previously approved participation in the ClimaVision weather radar installation project. ClimaVision, in partnership with Kandiyohi County, the Association of Minnesota Emergency Managers (AMEM), and the Minnesota Pollution Control Agency (MPCA), has submitted a funding proposal to the Legislative-Citizen Commission on Minnesota Resources (LCCMR) to accelerate installation of the radar.

As part of the funding effort, the Brainerd Fire Chief submitted a letter of support to local legislative representatives highlighting the project's benefits for public safety, emergency management, and community resiliency.

If awarded, the funding would help accelerate installation of the radar and improve weather detection capabilities for the region. Staff will continue to monitor the status of the funding request and provide updates to the Commission as additional information becomes available.

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 CMAR Project Selection – Rice Lake Construction
7. Crypto Mining Activity

Completed in 2026:

1. ClimaVision Radar – Awaiting Construction
2. Main Lift Station Painting – Holding off due to planned 2027 Main Lift Station Reconstruction
3. Water Code 705 – Approved by City Council on 5/18/2026
4. Development of Plan to be Carbon Free by 2040
5. Lead Service Line Inventory Assessment and Replacements – First replacement project in 2026. On-going PPL and IUP maintenance activities for future replacement projects.
6. Waterworth Continuous Rate Management – Implementation in 2026
7. Crypto Mining Activity – Second Amendment to Just for Krypto (JFK) contract
8. Wastewater Treatment Facility (WWTF) Plan Submission to MPCA
9. Professional Engineering and Architectural Services Pool
10. Large Industrial Power Customer Application and Guidebook
11. 2027 Lead and Galvanized Water Service Line PPL and IUP Submissions
12. Review of proposed 10-Year Capital Improvement Plan for Streets and Utilities
13. EV Charing Policy
14. Comprehensive Policy Review
 - a. BPU_POL_2005-07 – Inactive Accounts
 - b. BPU_POL_2005-10 – Disconnection of Service
 - c. BPU_POL_2003-05 – Fees for Water Meters
 - d. BPU_POL_2024-01 – Frozen Water Lines
 - e. BPU_POL_2025-01 – Leaking Water Service Line Policy
 - f. BPU_POL_2003-04 – Unauthorized Use of Utility Meters
 - g. BPU_POL_2008-13 – Access to Premises
 - h. BPU_POL_2007-11 – Utility Service Turn on Fee
 - i. BPU_POL_2007-12 – Fee for Checking Readings and Test/Change Meters
 - j. BPU_POL_2005-08 – Application for Service

Acronyms:

WASTEWATER:

MPCA – Minnesota Pollution Control Agency
WWTF – Wastewater Treatment Facility
NPDES – National Pollutant Discharge Elimination System
EPA – US Environmental Protection Agency
CWA – Clean Water Act
WQS – Water Quality Standard
TMDL – Total Maximum Daily Load
WLA – Waste Load Allocation
BMP – Best Management Practice
SCADA – Supervisory Control and Data Acquisition
CWRP – Clean Water Revolving Fund
PSIG – Point Source Implementation Grant
SSTS – Subsurface Sewage Treatment System
ADW – Average Dry Weather Flow
AA – Average Annual Flow
AWW – Average Wet Weather Flow
PDF – Peak Daily Flow
PHWW – Peak Hourly Wet Weather Flow
PIWW – Peak Instantaneous Wet Weather Flow
GPD – Gallons per Day
GPCD – Gallons per Capita per Day
MGD – Million Gallons per Day
PPM – Parts per Million
PPB – Parts per Billion
I & I – Inflow and Infiltration
CBOD₅ – Carbonaceous Biochemical Oxygen Demand

WATER:

MDH – Minnesota Department of Health
EPA – Environmental Protection Agency
SDWA – Safe Drinking Water Act
DWRF – Drinking Water Revolving Fund
AWWA – American Water Works Association
DWSMA – Drinking Water Supply Management Area
WPA – Wellhead Protection Area
PWS – Public Water Supply
MCL – Maximum Contaminant Level
TDS – Total Dissolved Solids
TSS – Total Suspended Solids
pH – Measure of acidity/alkalinity
CL₂ – Chlorine
Mn – Manganese
Fe – Iron

BOD₅ – Biochemical Oxygen Demand
PFAS – Polyfluoroalkyl and Perfluoroalkyl Substances
PFOS – Perfluorooctane Sulfonate
PFOA – Perfluorooctanoic Acid
TSS – Total Suspended Solids
TDS – Total Dissolved Solids
pH – Measure of acidity/alkalinity
NH₃-N – Total Ammonia Nitrogen
TKN – Total Kjeldahl Nitrogen
TN – Total Nitrogen
NO₃ – Nitrate
NO₂ – Nitrite
TP – Total Phosphorus
DO – Dissolved Oxygen
DMR – Discharge Monitoring Report
SIU – Significant Industrial User
MCC – Motor Control Center
SBR – Sequencing Batch Reactor
AS-BNR – Activated Sludge – Traditional Biological Nutrient Removal
IFAS – Integrated Fixed-Film Activated Sludge
MBR – Membrane Bioreactor
BAF – Biologically Aerated Filters
UV – Ultraviolet
WAS – Waste Activated Sludge
GBT – Gravity Belt Thickener
VFD – Variable Frequency Drive

HAA – Haloacetic Acids
PFAS – Polyfluoroalkyl and Perfluoroalkyl Substances
PFOS – Perfluorooctane Sulfonate
PFOA – Perfluorooctanoic Acid
VFD – Variable Frequency Drive
SCADA – Supervisory Control and Data Acquisition
MCC – Motor Control Center
GAC – Granular Activated Carbon
RO – Reverse Osmosis
PPM – Parts per Million
PPB – Parts per Billion
RRA – Risk and Resilience Assessment
ERP – Emergency Response Plan

GENERAL INFRASTRUCTURE:

MnDOT – Minnesota Department of Transportation
CEAM – City Engineers Association of Minnesota
APWA-MN – American Public Works Association of Minnesota
MnPFA – Minnesota Public Facilities Authority
MPCA – Minnesota Pollution Control Agency
MDH – Minnesota Department of Health
MMUA – Minnesota Municipal Utilities Association
GIS – Geographic Information Systems
CIP – Capital Improvement Plan
ROW – Right of Way
ADA – Americans with Disabilities Act

RFP – Request for Proposals
RFQ – Request for Quotes
PVC – Polyvinyl Chloride (pipe)
HDPE – High Density Polyethylene
DIP – Ductile Iron Pipe
DR – Dimension Ratio (pipe)
C900 – Watermain Pipe Specification
RCP – Reinforced Concrete Pipe
RC – Reinforced Concrete
CIPP – Cured in Place Pipe
OD – Outside Diameter
ID – Inside Diameter

ENVIRONMENTAL:

NPDES – National Pollutant Discharge Elimination System
MnDNR – Minnesota Department of Natural Resources
SWCD – Soil and Water Conservation District
MPCA – Minnesota Pollution Control Agency
SWPPP – Stormwater Pollution Prevention Plan
MS4 – Municipal Separate Storm Sewer System
WCA – Wetland Conservation Act

BMP – Best Management Practice
TMDL – Total Maximum Daily Load
ESA – Environmental Site Assessment
EAW – Environmental Assessment Worksheet
EIS – Environmental Impact Statement
NEPA – National Environmental Policy Act
MEPA – Minnesota Environmental Policy Act
VOC – Volatile Organic Compounds

ELECTRIC:

MP – Minnesota Power
MISO – Midcontinent Independent System Operator
AEP – American Electric Power
AEP Energy Partners – American Electric Power Energy Partners an AEP Company

kWh – Kilowatt hour
MWh – Megawatt hour (1,000 times larger than a kWh)
kW – Kilowatt
MW – Megawatt
JFK – Just for Krypto

HYDRO:

FERC – Federal Energy Regulatory Commission
SHPO – Minnesota State Historic Preservation Office
Project – Brainerd Hydro Electric Project
CRMP - Cultural Resources Management Plan
ARS - Archaeological Research Services

HPMP - Historic Properties Management Plan
NRHP - National Register of Historic Places
APE - Area of Potential Effects
ACHP - Advisory Council on Historic Preservation
THPO - Tribal Historic Preservation Officer



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Change Order 1 - 2026 Galvanized Water Service Line Replacement Project Number 2

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Paul Sandy, Public Works Director

PRESENTER: Paul Sandy, Public Works Director

SUMMARY OF ISSUE: At the May 26, 2026 Commission Meeting, the Commission authorized staff to negotiate a change order with the prime contractor, DeChantal Excavating, to expand the current project scope to include 19 additional service line locations. The additional locations consist of service lines along 2nd Avenue NE between F Street and H Street, as well as several galvanized water service lines with known active leaks. Further detail is provided in the attached Bolton and Menk cover letter.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Alternatives

The decision to pursue the additional service line replacements through a change order followed a thorough review of the overall project budget and the funding allocated to the City of Brainerd for the 2026 Galvanized Water Service Line Replacement Program.

Current Budget Status

The cumulative cost of all 2026 project expenditures, including construction and engineering services, totals \$2,282,529.20. This figure is \$392,470.80 below the total funding allocated to the City of Brainerd for the 2026 replacement program, leaving a substantial balance available to fund additional eligible work.

Service Line Evaluation

Of the 19 service lines originally identified for potential replacement through the change order process and subsequent field investigations conducted under the expanded Bolton and Menk scope of work, two were determined upon further investigation to be copper rather than galvanized material and are therefore ineligible for replacement under the program. The remaining 17 service lines have been confirmed as galvanized and are eligible for replacement.

Change Order Scope and Cost

Bid unit costs and estimated quantities of work for the planned replacement of the 17 eligible service lines are detailed in the attached change order documents. The total change order amount presented to the Commission for review and approval is \$190,403.25. If approved, this change order would add 17 service line replacements to the 2026 program, bringing the revised total project cost to \$2,472,932.45 — remaining within the funding allocated for the program.

As construction of the approved service line scope approaches completion, staff will conduct a

comprehensive evaluation of the remaining allocated funds and assess the feasibility of incorporating additional galvanized water service line replacements into the 2026 program. Any recommendations for further scope additions will be brought back to the Commission for review and approval prior to authorization.

RECOMMENDED ACTION/MOTION: Staff recommends that the Commission approve Change Order No. 1 for the 2026 Galvanized Water Service Line Replacement Project No. 2 with DeChantal Excavating in the amount of \$190,403.25.

FINANCIAL IMPACT: The City of Brainerd has been allocated \$2,675,000 in service line replacement funding for the 2026 Replacement Program. With the approval of Change Order No. 1 in the amount of \$190,403.25, the total approved project cost increases to \$2,472,932.45, leaving a remaining program balance of \$202,067.55. The proposed change order is within the funding allocated to the City and does not require any additional appropriation of funds.



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June 18, 2026

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

RE: Change Order No. 1
Adding Services to 2026 Lead Service Line Replacement Project 2 (NE Brainerd)
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) through the Minnesota Public Facilities Authority (PFA). BPU has bid three separate Lead Service Line Replacement Projects in 2026 summarized as follows:

	Project 1	Project 2	Project 3
	2026 Reconstruction & Resurfacing Project Areas	NE Brainerd	Alley Between South 6th Street and South 7th Street
Construction Bid Amount:	\$646,412.05	\$1,098,207.15	\$157,000.00
Engineering:	\$152,620.00	\$191,750.00	\$36,540.00
Total Project Cost:	\$799,032.05	\$1,289,957.15	\$193,540.00

The sum of the project costs is \$2,282,529.20, which is \$392,470.80 below the funding allocated to the City of Brainerd for Lead Service Line Replacements in 2026. Based on the average cost per service the city could pursue replacing an additional 19 galvanized services with funding it has been allocated. We have been in contact with Corey Mathisen, the Lead Service Line Replacement Program Manager at the Minnesota Department of Health (MDH) and he has indicated the city needs to supply the addresses of the additional services to MDH and is able to add additional work via change order to one of the existing projects.

On May 26th BPU authorized Bolton & Menk to expand Project 2 and include an additional 14 services on 2nd Ave NE from F Street N to H Street N and 5 galvanized water services throughout the city that are known to be leaking for replacement. The addresses to add to Project 2 are:

- 2nd Ave NE – F Street to G Street
 - 602, 605, 608, 611, 617, 620
- 2nd Ave NE – G Street to H Street
 - 701, 708, 710, 711, 715, 716, 717, 718
- Identified Leaking Galvanized Services
 - 1109 9th Ave NE, 405 3rd Ave NE, 615 6th St. N, 310 5th N, 524 9th St. S

Paul Sandy, PE
Brainerd Public Utilities
June 18, 2026
Page 2

We have made contact with 12 of the 19 property owners and during the on-site inspections have found the existing water service at 710 2nd Ave NE and 718 2nd Ave NE to be copper and thus not eligible for replacement.

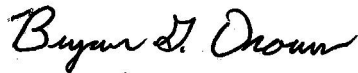
We have estimated quantities for the remaining 17 service replacements and applied the bid unit costs to these items. As we discussed, the contractor has requested a prorated addition to the Mobilization pay item. In their original bid he is treating each service as a separate project with the Mobilization pay item averaging \$1,721 per service. Change Order No. 1 reflects an increase in the Mobilization pay item in the amount of \$29,260 or 17 x \$1,721.

Change Order No. 1 is presented in the amount of \$190,403.25.

If you have any question, please contact me at 218-821-5242 or by email at bryan.drown@bolton-menk.com.

Sincerely,

Bolton & Menk, Inc.



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

Enclosure: Change Order No. 1

CHANGE ORDER NO. 1

Owner: City of Brainerd
 Engineer: Bolton & Menk, Inc.
 Contractor: DeChantal Excavating LLC
 Project: 2026 Lead Service Line Replacement Project 2
 Contract Name: 2026 Lead Service Line Replacement Project 2

Owner's Project No.:
 Engineer's Project No.: 25X.142000.000
 Contractor's Project No.:

Date Issued: June 15, 2026
 Effective Date of Change Order: Upon Public Utility Commission Approval

The Contract is modified as follows upon execution of this Change Order:

Description: Add to the project:

- 17 Galvanized water service replacements located at the attached address list.

Attachments: Address List, Summary of proposed cost, Summary of Estimated Quantities.

Change in Contract Price	Change in Contract Times
Original Contract Price: \$ 1,098,207.15	Original Contract Times: Substantial Completion: October 30, 2026 Ready for final payment: November 13, 2026
Increase from previously approved Change Orders No. to No. : \$ 0.00	Increase from previously approved Change Orders No. to No. : Substantial Completion: _____ Ready for final payment: _____
Contract Price prior to this Change Order: \$ 1,098,207.15	Contract Times prior to this Change Order: Substantial Completion: October 30, 2026 Ready for final payment: November 13, 2026
Increase this Change Order: \$ 190,403.25	Increase this Change Order: Substantial Completion: 0 Ready for final payment: 0
Contract Price incorporating this Change Order: \$ 1,288,610.40	Contract Times with all approved Change Orders: Substantial Completion: October 30, 2026 Ready for final payment: November 13, 2026

Recommended by Engineer
 By: Bryan D. Drown
 Title: Project Engineer

Accepted by Contractor
 By: [Signature]
 Title: CEO

Date: 06/18/2026
 Date: 6-18-26

Accepted by Owner (Authorized Signature)
 By: _____
 Title: _____
 Date: _____

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BRAINERD PUBLIC UTILITIES - CHANGE ORDER NO. 1

2026 Lead Service Line Replacement Project 2 - NE Brainerd
Additional Service Replacements Address List

2nd Ave NE - F Street to H Street

602 2nd Ave NE

605 2nd Ave NE

608 2nd Ave NE

611 2nd Ave NE

617 2nd Ave NE

620 2nd Ave NE

701 2nd Ave NE

708 2nd Ave NE

711 2nd Ave NE

715 2nd Ave NE

716 2nd Ave NE

717 2nd Ave NE

City Wide Leaking Services

1109 9th Ave NE

405 3rd Ave NE

615 6th Street North

310 5th Street North

524 9th Street South

CHANGE ORDER NO. 1
2026 LEAD SERVICE LINE REPLACEMENT PROJECT 2
 CITY OF BRAINERD, MINNESOTA
 BMI PROJECT NO. 25X.142000.000

Date: 6/12/2026

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	TOTAL COST
1	MOBILIZATION	LUMP SUM	1	\$29,260.00	\$29,260.00
2	TRAFFIC CONTROL	LUMP SUM			\$0.00
3	CLEARING & GRUBBING	EACH	5	\$940.00	\$4,700.00
4	REMOVE & REPLACE CURB AND GUTTER	LIN FT			\$0.00
5	REMOVE AND REPLACE CONCRETE SIDEWALK	SQ FT	697	\$14.25	\$9,932.25
6	REMOVE AND REPLACE BITUMINOUS DRIVEWAY	SQ FT			\$0.00
7	REMOVE AND REPLACE CONCRETE DRIVEWAY	SQ FT			\$0.00
8	REMOVE AND REPLACE BITUMINOUS STREET PAVEMENT	SQ FT			\$0.00
9	REMOVE AND RPLACE CONCRETE STEP	EACH			\$0.00
10	SALVAGE AND REINSTALL FENCE	LIN FT	16	\$50.00	\$800.00
11	SALVAGE AND RIENSTALL RETAINING WALL	SQ FT			\$0.00
12	EXPLORATORY EXCAVATION	HR			\$0.00
13	TELEWISE & LOCATE SANITARY SERVICE	EACH	17	\$550.00	\$9,350.00
14	CASTING ASSEMBLY SPECIAL	EACH			\$0.00
15	1" PE WATER SERVICE PIPE	LIN FT	785	\$26.00	\$20,410.00
16	2" POLYSTYRYNE INSULATION	SQ YD			\$0.00
17	CONNNECT TO EXISTING CURB STOP	EACH	17	\$2,450.00	\$41,650.00
18	CONNNECT TO EXISTING WATER SERVICE- INDOOR	EACH	17	\$885.00	\$15,045.00
19	PLUMBER	EACH	17	\$1,150.00	\$19,550.00
20	ELECTRICIAN	EACH	17	\$445.00	\$7,565.00
21	WATER PITCHER AND FILTER	EACH	17	\$150.00	\$2,550.00
22	TURF ESTABLISHMENT	SQ YD	513	\$32.00	\$16,416.00
23	EROSION CONTROL	EACH	17	\$775.00	\$13,175.00
24	CONSTRUCTION ALLOWANCE	LUMP SUM			

TOTAL: \$190,403.25

Property Address	Clearing & Grubbing	Remove & Replace Curb and Gutter	Remove & Replace Concrete Sidewalk	Remove & Replace Bituminous Driveway	Remove & Replace Concrete Driveway	Remove & Replace Bituminous Street Pavement	Remove & Replace Concrete Step	Salvage & Reinstall Fence	Salvage & Reinstall Retaining Wall	Televise & Locate Sanitary Service	1" PE Water Service Pipe	Connect to Existing Curb Stop	Connect to Existing Water Service - Indoor	Turf Establishment
	(EACH)	(LIN FT)	(SQ FT)	(SQ FT)	(SQ FT)	(SQ FT)	(EACH)	(LIN FT)	(SQ FT)	(EACH)	(LIN FT)	(EACH)	(EACH)	(SQ YD)
602 2ND AVE NE	0	0	0	0	0	0	0	0	0	1	56	1	1	38
605 2ND AVE NE	0	0	70	0	0	0	0	0	0	1	50	1	1	28
608 2ND AVE NE	1	0	69	0	0	0	0	0	0	1	36	1	1	29
611 2ND AVE NE	1	0	0	0	0	0	0	0	0	1	48	1	1	32
617 2ND AVE NE	0	0	0	0	0	0	0	0	0	1	44	1	1	31
620 2ND AVE NE	0	0	0	0	0	0	0	0	0	1	47	1	1	42
701 2ND AVE NE	0	0	80	0	0	0	0	16	0	1	44	1	1	21
708 2ND AVE NE	0	0	56	0	0	0	0	0	0	1	34	1	1	29
711 2ND AVE NE	0	0	0	0	0	0	0	0	0	1	37	1	1	33
715 2ND AVE NE	1	0	0	0	0	0	0	0	0	1	35	1	1	33
716 2ND AVE NE	1	0	0	0	0	0	0	0	0	1	41	1	1	38
717 2ND AVE NE	0	0	0	0	0	0	0	0	0	1	30	1	1	33
1109 9TH AVE NE	0	0	32	0	0	0	0	0	0	1	65	1	1	40
405 3RD AVE NE	1	0	80	0	0	0	0	0	0	1	56	1	1	30
615 6TH ST N	0	0	75	0	0	0	0	0	0	1	67	1	1	25
310 5TH ST N	0	0	160	0	0	0	0	0	0	1	50	1	1	10
524 9TH ST S	0	0	75	0	0	0	0	0	0	1	45	1	1	21
TOTALS:	5	0	697	0	0	0	0	16	0	17	785	17	17	513



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: 2026 Backwash Reclaim Tank Construction Manager at Risk (CMAR) Project Pre-qualification and Bidding Phases and Construction Authorization

ACTION REQUESTED: Information Only

ESTIMATED TIME (MIN): 10 Minutes

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

SUMMARY OF ISSUE: At the April 28, 2026 Public Utilities Commission meeting, the Commission established a Guaranteed Maximum Price (GMP) of \$5,300,000 for the 2026 Backwash Reclaim Tank Project. This authorization directed staff and the Construction Manager at Risk, Rice Lake Construction Group, to advance the project into the trade partner pre-qualification phase and proceed toward competitive bidding among pre-qualified trade partners. Competitive bids were subsequently received and publicly opened on June 18, 2026 at 2:00 PM.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

Guaranteed Maximum Price Framework

When the Commission established the GMP of \$5,300,000 at the April 28, 2026 meeting, this figure represented the maximum construction cost the City would be obligated to pay for the Backwash Reclaim Tank Project. The GMP is subject to adjustment only in the event of owner-directed changes during construction, which would be processed through a formal change order procedure. This pricing structure provides the City with cost certainty and financial protection throughout the construction process.

Contractor Contingency

Incorporated within the established GMP is a Contractor Contingency of \$225,000, which was set at the time the GMP was approved and carried forward unchanged through the competitive bidding process. This contingency is intended to cover unforeseen conditions and unknown variables encountered during construction. Importantly, any portion of the Contractor Contingency that remains unused at the conclusion of the project is returned to the City upon final completion and acceptance of the improvements.

Competitive Bid Results and Project-Generated Contingency

When competitive bids are received and the cumulative cost of all work packages comes in below the established GMP, the difference between the GMP and the actual bid totals generates what is referred to as project-generated contingency. This additional contingency is available for use at the City's discretion should the need arise during construction. The competitive bid results for this project were favorable. The bids received across all work packages generated \$196,640 in project-generated contingency, in addition to the original \$225,000 in Contractor Contingency, bringing the total available

contingency for the project to \$421,640. Detailed bid results for all work packages are included in the attached documentation for the Commission's review.

Project Status and Next Steps

The Work Authorization for the 2026 Backwash Reclaim Tank Project has been executed, and the project is advancing into the construction phase. Staff will be present at the Commission meeting to provide a detailed overview of the pre-qualification and competitive bidding process, discuss the bid results, and address any questions the Commission may have regarding the path forward.

RECOMMENDED ACTION/MOTION: Informational Only.

FINANCIAL IMPACT: The competitive bidding process yielded favorable results, generating \$196,640 in project-generated contingency available for use at the City's discretion throughout the duration of the project. In addition, the previously established \$225,000 Contingency remains in place to address any unforeseen conditions or unknown variables encountered during construction. Should either contingency need to be drawn upon, utilization of those funds would be processed through a formal change order procedure requiring appropriate authorization by the Commission. The GMP of \$5,300,000 remains unchanged and represents the maximum construction cost for the approved scope of work as defined by the project plans and specifications.



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June 30, 2026

Brainerd Public Utilities
Mike Angland, BPU Commission President
8027 Highland Scenic Rd
Baxter, MN 56425

RE: Filter Backwash Reclaim Improvements – CMAR Construction Phase Bids
Filter Backwash Reclaim
City of Brainerd, Brainerd Public Utilities, Minnesota
Project No.: 0M2.132915

Dear Mr. Angland,

Rice Lake Construction Group was hired as the Construction Manager at Risk (CMAR) for the Filter Backwash Reclaim project. The decision to hire Rice Lake Construction Group as the CMAR was outlined in the CMAR bid evaluation letter dated September 22, 2025.

The commission authorized a Guaranteed Maximum Price (GMP) of \$5.3 Million for the project at the April commission meeting. Once the GMP was approved, we proceeded with finalizing plans and specifications and bidding the project. If bids come in lower than the GMP, the GMP remains the same but the difference in bid values for each line item gets applied to a project generated contingency which is the owner's money to spend if desired. If the project generated contingency money is not used during the project, it gets returned to the owner upon project completion. The GMP and bid costs are shown below in Table 1. The bids came in \$196,640 lower than expected and this value was placed in the project generated contingency.

Since the GMP has already been authorized, we recommend issuing a Work Authorization to allow construction to begin on the project.

Bolton & Menk will continue to work with City staff with construction and on-site services. Please feel free to contact us with any questions regarding the bids or contract documents.

Sincerely,

Bolton & Menk, Inc.

Morgan Salo, P.E. (MN)
Water/Wastewater Project Manager | Principal

cc: Mac Graupman, Bolton & Menk

Table 1: Filter Backwash Reclaim Bid Packages

BPU Filter Backwash Reclaim			
Category	Description	GMP 4/24/2026	Bid Day Cost 6/18/2026
DIV 01	General Conditions, Bonds, Insurance	\$319,250	\$319,250
ALLOWANCE	Landscaping	\$16,000	\$16,000
BP-3	Cast-In-Place Concrete	\$1,745,170	\$1,722,996
BP-7	Roofing - Supply and Install	\$12,650	\$25,000
BP-9	Coatings	\$39,992	\$38,700
BP-10	General Construction	\$249,278	\$239,877
BP-22	Plumbing	\$79,282	\$68,200
BP-23	HVAC	\$25,900	\$25,900
BP-26	Electrical	\$441,752	\$313,140
BP-31	Earthwork & Site Utilities	\$1,128,798	\$1,124,652
BP-40	Process Pipe - Supply & Install and Process Equip. Install	\$526,703	\$517,337
BP-43.1	Diaphragm Pumps- Supply	\$8,500	\$11,105
BP-43.2	Submersible Centrifugal Pumps - Supply	\$51,931	\$31,392
BP-46	Chemical Equipment - Supply	\$60,000	\$55,017
	SUBTOTAL	\$4,705,206	\$4,508,566
	CONTINGENCY	\$225,000	\$225,000
	PROJECT GENERATED CONTINGENCY		\$196,640
	CONTRACTOR FEE	\$369,794	\$369,794
	CMAR TOTAL	\$5,300,000	\$5,300,000



BPU WTP Backwash Reclamation Tank Cost Model		GMP	Bid Packages	Notes
		4/24/2026	6/18/2026	
CATEGORY	DESCRIPTION			
DIV 01	General Conditions, Bonds, Insurance	\$ 319,250	\$ 319,250	RLCG
ALLOWANCE	Landscaping	\$ 16,000	\$ 16,000	Allowance
BP-3	Cast-In-Place Concrete	\$ 1,745,170	\$ 1,722,996	RLCG
BP-7	Roofing - Supply and Install	\$ 12,650	\$ 25,000	Thelen
BP-9	Coatings	\$ 39,992	\$ 38,700	Frest Blast
BP-10	General Construction	\$ 249,278	\$ 239,877	RLCG
BP-22	Plumbing	\$ 79,282	\$ 68,200	RJ
BP-23	HVAC	\$ 25,900	\$ 25,900	Thelen
BP-26	Electrical	\$ 441,752	\$ 313,140	Design
BP-31	Earthwork & Site Utilities	\$ 1,128,798	\$ 1,124,652	RLCG
BP-40	Process Pipe - Supply & Install and Process Equip. Install	\$ 526,703	\$ 517,337	RLCG
BP-43.1	Diaphragm Pumps - Supply	\$ 8,500	\$ 11,105	TBD
BP-43.2	Submersible Centrifugal Pumps - Supply	\$ 51,931	\$ 31,392	Quality Flow
BP-46	Chemical Equipment - Supply	\$ 60,000	\$ 55,017	Hawkins
SUBTOTAL		\$ 4,705,206	\$ 4,508,566	
CONTINGENCY		\$ 225,000	\$ 225,000	
PROJECT GENERATED CONTINGENCY			\$ 196,640	
CONTRACTOR FEE		\$ 369,794	\$ 369,794	
CMAR Total		\$ 5,300,000	\$ 5,300,000	

Contractor	Total Bid	Bond Amount	Voluntary Add	Voluntary Deduct	Comments
BP-3 Cast-In-Place Concrete					
Rice Lake Construction Group	\$ 1,722,996.00				
BP-7 Roofing					
Thelen Heating and Roofing	\$ 25,000.00	\$ 2,000.00		\$ (6,000.00)	Roof Hatch
Nelson Roofing	\$ 61,952.00	\$ 1,240.00			
BP-9 Coatings					
Fresh Blast	\$ 38,700.00	\$ 3,000.00		\$ (4,950.00)	No Coatings on Pump Room Ceiling, Walls and Floor
				\$ (8,420.00)	No Sealer on Exterior
Heineman Painting	\$ 39,992.00	\$ 399.92			
Elevation Coatings	\$ 46,500.00	\$ 1,800.00			
Champion Coatings	\$ 48,900.00	\$ 1,000.00			
Albers Industrial Linings	No Bid				
Henkemeyer Coatings	No Bid				
Keys Professional Painting	No Bid				
Mongan Painting	No Bid				
BP-10 General Construction					
Rice Lake Construction Group	\$ 239,877.00				
BP-22 Plumbing					
RJ Mechanical	\$ 68,200.00	\$ 682.00			
Rice Lake Construction Group	\$ 77,519.00				
Gravelle Plumbing & Heating					
Superior Mechanical					
BP-23 HVAC					
Thelen Heating and Roofing	\$ 25,900.00	\$ 259.00			
Gravelle Plumbing & Heating					
Superior Mechanical					
BP-26 Electrical					
Design Electric	\$ 281,700.00	\$ 2,817.00	\$ 31,440.00		Vacuum Pump Drain Starter and Solenoids
Radtke Services	\$ 325,000.00	\$ 8,125.00			
Holden Electric	\$ 328,700.00	\$ 4,870.00			
Kilmer Electric Company	\$ 371,300.00	\$ 5,840.00	\$ 37,430.00		Vacuum Pump and Enclosure, Starter, Solenoid Valves. Sheet 5.12, 5.14, 7.03 Keyed No 5 and 11.
BP-31 Earthwork and Site Utilities					
Rice Lake Construction Group	\$ 1,124,652.00				
Ramsey Companies	No Bid				
Carl Bolander & Sons	No Bid				
Meyer Contracting	Sent Sub Bid to RLCG				Sent RLCG a sub number for \$1.5M for the earthwork and site utilities.

BP-40 Process Pipe - Supply & Install and Process Equip. Install

Rice Lake Construction Group \$ 517,337.00

RJ Mechanical No Bid

BP-43.1 Diaphragm Pumps - Supply

Vessco (Cognito) \$ 11,104.65

Received after 2pm. Added Sales Tax. Will need to confirm Vessco will sell separately of package.

BP-43.2 Submersible Centrifugal Pumps - Supply

Quality Flow Systems (KSB) \$ 31,391.63

Added Sales Tax

BP-46 Chemical Equipment - Supply

Hawkins \$ 55,016.25

Added Sales Tax

Combined BP-43.1, BP-43.2, BP-46 & Valves

Vessco \$ 281,397.33

Received after 2pm. Added Sales Tax

WORK AUTHORIZATION: 1

		Project No.
Owner:	Brainerd Public Utilities	
Owner's Advisor:	Bolton & Menk, Inc.	0M2.132915
Engineer:	Bolton & Menk, Inc.	0M2.132915
CMAR:	Rice Lake Construction Group	
Project:	Filter Backwash Reclamation	
Contract Name:		
Work Authorization:	Work Authorization No. 1 – Bid Packages 3-46 (Full Project)	
Date Issued: 6-23-2026	Effective Date of Work Authorization:	6-23-2026

Terms used in this Work Authorization have the meanings stated in the General Conditions and the Supplementary Conditions.

The Contract is modified as follows upon execution of this Work Authorization:

ARTICLE 1—AUTHORIZED WORK

1.01 CMAR shall complete all Work that is specified or indicated in this Work Authorization. The authorized work is generally described as follows:

- A. Bid Package 03 – Cast-In-Place Concrete
- B. Bid Package 07 – Roofing - Supply and Install
- C. Bid Package 09 – Coatings
- D. Bid Package 10 – General Construction
- E. Bid Package 22 – Plumbing
- F. Bid Package 23 – HVAC
- G. Bid Package 26 – Electrical
- H. Bid Package 31 – Earthwork & Site Utilities
- I. Bid Package 40 – Process Pipe - Supply & Install and Process Equip. Install
- J. Bid Package 43.1 – Diaphragm Pumps - Supply
- K. Bid Package 43.2 – Submersible Centrifugal Pumps - Supply
- L. Bid Package 46 – Chemical Equipment - Supply
- M. All the bid packages are authorized. The project in its entirety shall move forward and be completed by the dates in the contract documents.

1.02 The authorized Bid Package is more fully defined in Exhibit A.

ARTICLE 2—COMPENSATION

2.01 Owner shall pay CMAR for the completion of the Bid Packages described in this Work Authorization in accordance with the provisions set forth in the Agreement.

2.02 Work Compensated on a Cost-Plus-Fee Basis

A. Owner shall pay CMAR for completion of the Bid Packages in this Work Authorization in accordance with the Contract Documents. Fees for Work in this Work Authorization are the same as those included in the Agreement dated 4-28-2026. The Guaranteed Maximum Price for this Work Authorization, subject to increases or decreases for change in the Work, is as shown in Exhibit B.

ARTICLE 3—CONTRACT TIMES

3.01 CMAR agrees to perform the Work set forth in this Work Authorization pursuant to the schedule in Exhibit B. No Milestones have been established for the Work covered in this Work Authorization. CMAR will complete the Work covered in this Work Authorization in a timely manner that will (a) allow CMAR to meet the Substantial Completion and final completion requirements of the Contract, and (b) avoid any adverse impact on the completion of other Work Authorizations for which a Milestone has been established.

ARTICLE 4—CONTRACT DOCUMENTS

4.01 Contract Documents for Work Authorization

- A. The Contract Documents are identified in the Agreement, Article 16. The following provisions do not limit or modify the Contract Documents.
- B. The Contract Documents with specific applicability to this Work Authorization consist of the following:
1. This Work Authorization, including any exhibits identified as Contract Documents.
 2. Bonds
 - a. Performance bond, together with power of attorney.
 - b. Payment bond, together with power of attorney.
 3. The following which may be delivered or issued on or after the Effective Date of the Work Authorization and are not attached hereto:
 - a. Contract Amendments pertaining to this Work Authorization
 - b. Change Orders, Work Change Directives, and Field Orders that modify this Work Authorization.
 4. Drawings and Specifications shown in Exhibit A as included parts of the Bid Package (or Bid Packages) authorized in this Work Authorization.
- C. The Contract Documents may only be amended, modified, or supplemented as provided in the Contract.

EXHIBIT A—DESIGN DOCUMENTS

ARTICLE 1—SPECIFICATIONS

1.01 Specifications entitled Filter Backwash Reclamation dated 05/15/2026.

A. Specifications include those from Addendum No. 2.

1.02 Specifications listed in the table of contents.

1.03 New Specifications as listed in the following table: N/A

Section No.	Specification Title

1.04 Specifications from previous Work Authorizations (WA) as listed in the following table: N/A

Section No.	Specification Title	WA No.	Errata No.

1.05 Errata as listed in the following table:

Errata No.	Description	Section No.	Paragraph No.	Date of Issue
1	Addendum No. 2	07 53 01	2.1A	6-11-2026
2	Addendum No. 2	08 70 00	2.1.G.10	6-11-2026

ARTICLE 2—DRAWINGS

2.01 Drawings, not attached but incorporated by reference, consisting of 63 sheets with each sheet bearing the following general title: Water Treatment Plant Backwash Reclamation.

A. Drawings include those plans sheets, notes, and any items incorporated from Addendum No. 1 and 2.

2.02 Drawings listed on the sheet index in the Drawings.

2.03 New Drawings as listed in the following table:

Sequence No.	Drawing No.	Drawing Title

2.04 Drawings from previous Work Authorizations (WA) as listed in the following table: N/A

Sequence No.	Drawing No.	Drawing Title	WA No.	Revision No.

2.05 Revisions for this Work Authorization as listed in the following table:

Sequence No.	Drawing No.	Revision No.	Description	Date of Issue
	7.03	1	Addendum No. 1	6-11-2026

EXHIBIT B – CONTRACT TIMES AND COMPENSATION

ARTICLE 1— CONTRACT TIMES

1.01 The work for Bid Packages 3-46 (full project in its entirety) authorized in this work authorization shall be completed by the substantial and final completion dates lay out in the project specifications. The completion dates are as follows:

- A. Substantial Completion: October 31, 2027
- B. Final Completion: June 30, 2028

ARTICLE 2— COMPENSATION

2.01 The work for Bid Packages 3-46 (full project in its entirety) authorized in this work authorization shall be paid per the contract documents. The guaranteed maximum price for this work authorization is the same as the guaranteed maximum price in the contract documents. The Guaranteed maximum price is as follows:

2.02 Guaranteed Maximum Price

- A. The Guaranteed Maximum Price is five million and three hundred thousand dollars.

GMP = \$5,300,000.00



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Approve Amended BPU_POL_2003-07 Tenant/Landlord Responsibility for Vacated Rentals

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 4

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 comprehensive review of the policies, staff reviewed Policy 2003-07 – Tenant/Landlord Responsibilities for Vacated Properties to ensure it remains current, clearly written, and consistent with the utility's standardized policy format.

The revisions are primarily administrative in nature and include minor language updates to improve clarity and consistency to the policy statement, the remaining changes brought the policy into the previously approved template. The most notable change is the renumbering of the policy from Policy 2003-01 to Policy 2003-07, eliminating a duplicate policy number within the utility's policy manual. This administrative change improves organization and ensures each policy has a unique identifier for future reference.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: During the review of Policy 2003-07 – Tenant/Landlord Responsibilities for Vacated Properties, staff discussed the provision stating that Brainerd Public Utilities will notify the property owner after a tenant's final billing has been completed.

Staff recognizes this notification is not a common practice among many utilities, as property owners typically become aware of the transfer of utility responsibility when they receive the subsequent utility bill. However, given the significant number of rental properties within Brainerd Public Utilities' service territory, staff elected to retain the provision in the proposed policy.

Staff wanted to bring this provision to the Commission's attention because it represents a policy choice rather than an administrative update. If the Commission determines that this notification is no longer necessary, the provision can be removed as part of the policy adoption.

RECOMMENDED ACTION/MOTION: Staff recommend approving the amended BPU_POL_2003-07 Tenant/Landlord Responsibility for Vacated Rentals as presented.

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

Tenant/Landlord Responsibility for Vacated Rentals

BPU_POL_2003-07

Latest Revision/Effective Date: June 30, 2026

Original Adoption Date: August 28, 2003

I. Purpose

The purpose of this policy is to establish a consistent process for the termination and transfer of utility services at rental properties served by Brainerd Public Utilities (BPU). This policy is intended to clarify the responsibilities of tenants and property owners when utility service is discontinued due to a tenant vacating a property, ensure continuity of utility service, reduce disputes regarding utility billing responsibility, and provide clear notification procedures to property owners.

II. Scope

This policy applies to all rental properties receiving utility services from BPU where utility service is established in a tenant's name. The policy governs the termination of tenant utility accounts, reversion of utility responsibility to the property owner, notification procedures, and responsibility for utility charges incurred after a tenant vacates a rental property.

III. Definitions

Final Billing Date: The date through which utility services are billed to a tenant upon termination of a utility account. Charges incurred after this date shall be billed to the property owner unless utility service has been established in another customer's name.

Property Owner: The individual, partnership, corporation, limited liability company, trust, or other legal entity holding legal title to a rental property receiving utility services from BPU.

Rental Property: A residential, commercial, or other property occupied by a tenant under a lease, rental agreement, or other arrangement granting possession or use of the property that is not the property owner.

Tenant: An individual or entity occupying a rental property under a lease, rental agreement, or other arrangement with the property owner and who may establish utility service in their name.

Utility Account: The customer account established with BPU for the provision and billing of utility services to a specific property.

Utility Service: Electric, water, wastewater, and any other utility services provided by BPU to a customer account.

Account Reversion: The automatic transfer of utility account responsibility from a tenant to the property owner upon termination of the tenant's utility service.

Termination of Service: The discontinuation of a utility account in a customer's name, including the issuance of a final bill and transfer of account responsibility as applicable.

IV. Policy Statement

Utility services will be terminated upon a tenant's request when they vacate a rental property. The utility service will then revert to the owner of the property. When there is a signed rental lease between the tenant and property owner, and the tenant does not fulfill their lease, utilities incurred after the tenant's final billing will be the responsibility of the property owner to pay.

BPU will notify the owner of the vacated property after the tenant's final billing is complete.

V. Procedures

1. A tenant requesting termination of utility service due to vacating a rental property must notify BPU and provide a requested final service date.
2. BPU shall complete a final meter reading and issue a final bill to the tenant for utility services provided through the termination date.
3. Upon termination of the tenant's utility account, utility service for the property shall automatically revert to the property owner unless otherwise authorized by BPU.
4. The property owner shall be responsible for all utility charges incurred after the tenant's final billing date until a new tenant establishes utility service in their name.
5. BPU shall notify the property owner after the tenant's final billing has been completed and the utility account responsibility has reverted to the owner.
6. If a signed rental lease exists and a tenant vacates the property prior to fulfilling the lease terms, the property owner remains responsible for utility charges incurred after the tenant's final billing date.
7. Property owners are responsible for notifying BPU of current mailing addresses and contact information for billing and notification purposes.
8. Failure of a property owner to receive notice from BPU shall not relieve the property owner of responsibility for utility charges incurred after the tenant account termination date.

VI. Roles and Responsibilities

The Billing Representative is responsible for processing tenant final bills, completing final meter readings, and ensuring utility accounts are accurately transferred from the tenant to the property owner upon termination of service. The Billing Representative shall initiate this process upon notification from Business Office Support Staff or other

authorized utility personnel that a tenant has requested termination of service or vacated a rental property. This position verifies billing accuracy, applicable service dates, and account information to ensure compliance with established utility policies and procedures. The Billing Representative also provides notification to property owners regarding account reversion and ongoing billing responsibility, maintains supporting account documentation and records, and coordinates with Front Office Staff and management regarding disputed accounts, delinquent balances, or unusual account circumstances. In performing these duties, the Billing Representative is responsible for administering utility billing procedures in a consistent, accurate, and professional manner.

VII. Compliance and References

None.

VIII. Associated Forms and Attachments

Vacated property landlord letter.

IX. Review and Update Schedule

This policy shall be reviewed and updated on an as-needed basis to reflect changes in utility operations, administrative practices, or applicable legal requirements. Revisions shall be submitted to the Commission for approval when necessary.

Adopted: August 28, 2003, Revised: June 30, 2026

X. Approval and Authority

The BPU Commission has the authority to approve, amend, and repeal this policy. Upon approval by the Commission, the policy shall be implemented, administered, and enforced by the Business Office Supervisor or their designee. The Business Office Supervisor is responsible for ensuring that utility staff consistently apply the policy and associated procedures in accordance with Commission direction.

BRAINERD PUBLIC UTILITIES
POLICY NO. 2003-~~107~~
ADOPTED 08/28/2003

**TENANT OR LANDLORD'S RESPONSIBILITY FOR UTILITIES
WHEN RENTAL PROPERTY IS VACATED**

Utility services will be terminated upon a tenant's request when he/shethey vacates a rental property. The utility service will then revert to the owner of the property. When there is a signed rental lease between the tenant and property owner, and the tenant does not fulfill his/hertheir lease, utilities incurred after the tenant's final billing will be the responsibility of the property owner to pay.

Brainerd Public Utilities will notify the owner of the vacated property after the tenant's final billing is donecomplete.



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Approve Amended BPU_POL_2005-09 Customer Deposits

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 6

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 Comprehensive Policy Review, staff completed a comprehensive revision of Policy 2005-09 – Customer Deposits using the Commission-approved policy template. The policy was reorganized into the standardized format, including sections for purpose, scope, definitions, policy statement, procedures, roles and responsibilities, compliance, associated forms, review schedule, and approval authority.

The primary change is organizational rather than operational. Existing customer deposit requirements, including deposit eligibility, calculation methods, interest, refund provisions, and transfer procedures, were retained and relocated from the policy statement into the Procedures section to improve clarity and consistency. Definitions were added to establish consistent terminology, staff responsibilities were identified to clarify policy administration, and applicable statutory references were consolidated within the Compliance section.

Overall, the revised policy does not materially change how Brainerd Public Utilities administers customer deposits but modernizes the document, improves readability, and aligns the policy with the standardized format adopted as part of the Commission's comprehensive policy review.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommendation is to approve the amended BPU_POL_2005-09 Customer Deposits as presented.

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

Customer Deposits

BPU_POL_2005-09

Latest Revision/Effective Date: June 30, 2026

Original Adoption Date: January 1, 1986

I. Purpose

The purpose of this policy is to establish consistent standards for customer deposits, promote fair and equitable utility billing practices, reduce the risk of uncollectible accounts, and ensure compliance with applicable laws governing utility customer deposits.

II. Scope

This policy applies to all residential and commercial utility accounts served by Brainerd Public Utilities (BPU) and governs the circumstances under which customer deposits may be required, collected, maintained, transferred, applied, and refunded.

III. Definitions

Commercial Customer: A customer receiving utility service for commercial, industrial, governmental, institutional, or other non-residential purposes.

Customer: Any person, business, organization, governmental entity, or other legal entity that applies for, receives, or is responsible for utility service provided by BPU.

Customer Deposit: A sum of money required by BPU as security for payment of utility charges and compliance with the terms and conditions of utility service.

Customer of Record: The person or entity legally responsible for establishing utility service and paying all charges associated with a utility account.

NSF Transaction: A payment returned by a financial institution due to insufficient funds or other payment processing issues that prevent the payment from being successfully completed.

Residential Customer: A customer receiving utility service primarily for household, domestic, or personal use.

Satisfactory Credit History: A customer payment history that demonstrates timely payment of utility bills and compliance with BPU credit requirements.

Unsatisfactory Payment History: A customer payment history that includes more than one penalty charge within the previous twelve (12) months, the issuance of delinquent or disconnection notices, non-sufficient funds (NSF) transactions, or other indicators that the customer presents an increased risk of nonpayment.

Utility Credit Reference: Documentation or information obtained from a utility provider that is used by BPU to evaluate a customer's payment history and creditworthiness for utility service.

Utility Bad Debt: Any unpaid utility charges, fees, penalties, or other amounts owed to BPU that remain outstanding after reasonable collection efforts have been exhausted.

IV. Policy Statement

BPU requires customers to establish and maintain satisfactory credit as a condition of receiving utility service. To protect the financial integrity of the utility and its customers, BPU may require a deposit when a customer does not meet established credit requirements, has an unsatisfactory payment history, has previously incurred a utility bad debt, has filed bankruptcy while a customer of BPU, has been disconnected for nonpayment, or otherwise meets the deposit criteria established by this policy.

When a deposit is required, the customer shall provide the required deposit in accordance with this policy. Deposits shall be administered consistently and applied, maintained, transferred, and refunded in accordance with applicable law and BPU procedures.

The determination of whether a deposit is required and the amount of the deposit shall be made by BPU in accordance with the standards established in this policy.

V. Procedures

A deposit may be required to establish or maintain utility service. BPU shall require a deposit when a utility credit reference is not returned to BPU within ten (10) days of the application for service, when a utility credit reference indicates an unsatisfactory payment history, when the customer has previously left an unpaid balance or demonstrated an unfavorable payment history with BPU, when the customer has filed bankruptcy while a customer of BPU, when utility service has been disconnected for nonpayment, or when an existing deposit is determined to be insufficient based on the customer's payment history or account activity. For purposes of this policy, an unsatisfactory payment history includes more than one penalty charge within the previous twelve (12) months, the issuance of delinquent or disconnection notices, or any non-sufficient funds (NSF) transactions.

For residential customers, the required deposit shall equal two (2) times the average monthly bill based on the previous twelve (12) months of usage. If twelve months of billing history is not available, BPU shall estimate the average monthly bill based on a comparable account and multiply that amount by two. A minimum residential deposit of fifty dollars (\$50) shall be required.

For commercial customers, the required deposit shall equal the highest monthly bill during the previous twelve (12) months, rounded to the nearest ten dollars (\$10). If twelve months of billing history is not available, BPU shall estimate the highest monthly bill based on a comparable account. A minimum commercial deposit of one hundred dollars (\$100) shall be required.

Deposits for new customers shall be billed on the customer's first utility bill. Customers who have been disconnected for nonpayment or who have an outstanding bad debt with BPU shall be required to pay the deposit before utility service is established or restored.

All customer deposits shall earn interest at the rate established annually by the Minnesota Department of Commerce pursuant to applicable state law. Interest shall be credited to the customer's account annually in December and upon final settlement of the account.

A customer deposit shall be refunded when the customer has paid utility bills in full and on time for at least eleven (11) of twelve (12) consecutive months. Deposits and accrued interest shall be applied as a credit to the customer's account. When a customer closes an account, the deposit and accrued interest shall be applied to the final bill. Any remaining balance shall be refunded to the customer of record. Refund amounts less than five dollars (\$5) shall not be refunded.

A deposit may be transferred from one customer to another residing at the same service location upon completion of a deposit transfer form approved by BPU. Deposit transfers shall only be made with the authorization of the customer whose deposit is being transferred.

VI. Roles and Responsibilities

Business Office Support Specialist: Responsible for establishing new customer utility accounts, obtaining and reviewing customer application information, identifying accounts that may be subject to deposit requirements under this policy, requesting required credit references or supporting documentation, and initiating the deposit process when applicable.

Billing Representative: Responsible for calculating required deposit amounts in accordance with this policy, applying deposit charges to customer accounts, maintaining deposit records, processing deposit transfers, applying deposits and accrued interest to final bills when applicable, and issuing deposit refunds in accordance with policy requirements.

Business Office Supervisor: Responsible for overseeing the administration of customer deposits, ensuring consistent application of this policy, providing guidance on deposit determinations and exceptions, reviewing disputed deposit requirements when necessary, and monitoring compliance with applicable laws, regulations, and BPU policies.

VII. Compliance and References

Customer deposits shall be administered in accordance with Minnesota Statute § 325E.02. Deposits eligible for interest shall earn interest at the rate annually established

by the Minnesota Department of Commerce, and deposits shall be returned or applied in accordance with applicable state law and this policy.

VIII. Associated Forms and Attachments

Credit Reference Form.

IX. Review and Update Schedule

This policy shall be reviewed as necessary, to ensure compliance with applicable laws and regulations, alignment with utility billing and collection practices, and continued protection of the financial interests of Brainerd Public Utilities and its customers.

Revised: December 06, 2005; January 30, 2007; June 30, 2026

X. Approval and Authority

The Brainerd Public Utilities Commission has the authority to approve, amend, and repeal this policy. Upon approval by the Commission, the policy shall be implemented, administered, and enforced by the Finance Manager or their designee.

BRAINERD PUBLIC UTILITIES POLICY 2005-9

Adopted 01/01/86

Revised 12/06/05

Revised 01/30/07

CUSTOMER DEPOSITS

BPU requires customers to establish and maintain satisfactory credit as a condition of receiving utility service. To protect the financial integrity of the utility and its customers, BPU may require a deposit when a customer does not meet established credit requirements, has an unsatisfactory payment history, has previously incurred a utility bad debt, has filed bankruptcy while a customer of BPU, has been disconnected for nonpayment, or otherwise meets the deposit criteria established by this policy.

When a deposit is required, the customer shall provide the required deposit in accordance with this policy. Deposits shall be administered consistently and applied, maintained, transferred, and refunded in accordance with applicable law and BPU procedures.

The determination of whether a deposit is required and the amount of the deposit shall be made by BPU in accordance with the standards established in this policy.

CUSTOMERS SUBJECT TO A DEPOSIT

~~To establish credit with Brainerd Public Utilities (BPU), a deposit may be required at the time of application for service. A deposit will be required from customers for the following reasons:~~

- ~~• A utility credit reference is not returned to the BPU business office within 10 days from the date of application for service.~~
- ~~• A utility credit reference indicates a less than favorable credit history. A favorable credit history would indicate no more than one (1) penalty can be charged to an account within a the previous 12 month 12-month period. No delinquent notices or disconnection notices can be issued, and the account cannot have any NSF checks.~~

- ~~Any customer that was a previous BPU customer and left a bad debt or had an unfavorable credit history.~~
- ~~Any customer who has filed bankruptcy while being a customer of BPU.~~
- ~~Any customer who is disconnected for non-payment of bill.~~
- ~~Any customer who has an existing deposit that is not sufficient and/or has not established a good credit history while being served by BPU.~~

DEPOSIT AMOUNT

~~Residential Customers – The deposit will equal a two (2) month average billing based on the previous 12 months of bills. If there is no previous year's billing available, there will be an estimate made based on an account of similar size to establish an average monthly bill and then doubled to satisfy the required deposit. A minimum deposit of \$50 will be required.~~

~~Commercial Customers – The deposit will equal the highest monthly bill charged for the previous 12 months, rounded to the nearest ten (10) dollars. If there is no previous year's billing available, there will be an estimate made based on an account of similar size to establish an estimated highest monthly billing which will then be considered the required deposit. A minimum deposit of \$100 will be required.~~

~~Deposits for new customers will be billed with their first monthly bill. Exceptions include being disconnected for non-payment of a customer's utility bill or having a bad debt with BPU. The deposit will then have to be paid before utility service is allowed.~~

INTEREST ON DEPOSITS

~~All deposits will earn interest at a rate that is set by the MN Department of Commerce each year in December [MN Statute 325E.02(b)]. Interest will be credited to the customer's account annually in December and/or when a customer moves and a final billing is done.~~

REFUNDING OF DEPOSITS

~~All customers who have paid their bill on time and in full for at least 11 of 12 consecutive months will have their deposit refunded. The deposit will be refunded to only the primary name on the account. Deposits and any accrued interest are credited to the customer's 13th month's billing. When a customer moves out of their residence and a final billing is done, the deposit will be applied to their final bill. If the customer's final bill is less than their deposit, the remaining balance will be mailed to them. Any refund less than \$5 will not be returned to the customer.~~

TRANSFER OF DEPOSITS

~~A deposit can be transferred from one person to another residing at the same service location by coming into BPU and filling out a deposit transfer form.~~



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Approve Amended BPU_POL_2005-06 Metering of Multi Unit Dwellings for Rentals

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 2

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 comprehensive review of Brainerd Public Utilities' policies, staff completed a comprehensive update to Policy 2005-06 – Metering of Multi-Unit Dwellings for Rentals to align the policy with the utility's standardized policy format and improve overall organization, readability, and consistency.

The policy's intent and application remain unchanged. The most significant revision was relocating the applicable Minnesota statutory language from the policy statement to the Compliance section, consistent with the standardized policy format adopted by the Commission. Additional revisions included reorganizing the policy into the standard template and updating formatting and language for clarity and consistency.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend approving the amended BPU_POL_2005-06 Metering of Multi Unit Dwellings for Rentals.

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

Metering Of Multi-Unit Dwellings For Rental Properties

BPU_POL_2005-06

Latest Revision/Effective Date: June 30, 2026

Original Adoption Date: August 30, 2005

I. Purpose

The purpose of this policy is to establish consistent standards for electric service and billing in multi-unit properties, ensure customers are billed only for the utility services they receive, promote fair and transparent billing practices, and provide procedures for identifying and correcting shared metering, mixed wiring, and mixed plumbing conditions.

II. Scope

This policy applies to all residential and commercial properties served by Brainerd Public Utilities (BPU) where electric service is provided through individual tenant accounts. It governs the identification, correction, and billing responsibilities associated with shared metering, mixed wiring, mixed plumbing, and other improper utility service configurations affecting the accurate allocation of electric utility costs.

III. Definitions

Customer of Record: The person or entity legally responsible for establishing utility service and paying all charges associated with a utility account.

Landlord/Property Owner: The individual, partnership, corporation, limited liability company, trust, or other legal entity that owns, manages, or controls a residential or commercial property receiving utility service.

Mixed Plumbing: A condition in which an electrically powered water heater or other electrically powered plumbing-related equipment serves more than one dwelling unit, tenant space, or common area while being billed through a single tenant's utility account.

Mixed Wiring: A condition in which electrical outlets, fixtures, appliances, devices, equipment, common areas, or other portions of a property outside an individual tenant's leased premises are connected to and served through that tenant's utility meter.

Shared Metering: A condition in which a utility meter measures electric service provided to an individual tenant's dwelling unit or leased space and also measures electric service provided to common areas, exterior lighting, shared facilities, another tenant's space, or other portions of the property not exclusively occupied by that tenant.

Single-Metered Building: A residential or commercial property in which shared metering, mixed wiring, mixed plumbing, or another utility service configuration

results in an individual tenant being billed for utility usage attributable to common areas, multiple units, or property owner responsibilities.

Tenant: A person or entity occupying residential or commercial property under a lease, rental agreement, or other occupancy arrangement.

Utility Service Configuration: The physical arrangement of utility meters, wiring, equipment, fixtures, appliances, and related infrastructure used to provide utility service to a property.

IV. Policy Statement

Electric service in a single-metered multi-unit residential building, will be billed to the property owner or landlord. A single metered residential building includes the following situations: “shared meter” in which a utility meter measures service provided to a tenant’s dwelling and also measures such service to areas outside that dwelling or “mixed wiring” in which electric outlets, fixtures or devices outside the individual unit are included on another unit’s individual meter; or “mixed plumbing” when related to electric utility service such as when an electric water heater serves more than one individual unit.

If BPU discovers a single-metered residential or commercial building with shared metering, mixed metering, or mixed plumbing in which individual metered service has been established and is being billed to the tenant, BPU will immediately establish an account in the landlord/owner’s name and they will be responsible for the usage of all meters involved.

In order to re-establish individual metered service for the individual tenant unit(s), the landlord/building owner will be required to provide certification of a licensed electrician, and or, plumber that all instances of mixed wiring, shared metering and/or mixed plumbing have been eliminated. The property will also have to be inspected by BPU personnel before the account will be put in a tenant’s name.

V. Procedures

BPU may identify shared metering, mixed wiring, mixed plumbing, or other improper utility service configurations through customer complaints, field inspections, account reviews, service investigations, or other means. Upon discovery, BPU may investigate the condition to determine whether utility usage attributable to common areas, multiple units, or property owner responsibilities is being billed through an individual tenant account.

If BPU determines that a shared metering, mixed wiring, mixed plumbing, or other improper service condition exists, BPU shall notify the property owner of the deficiency and may transfer responsibility for all affected utility accounts to the property owner. The property owner shall become the customer of record and shall be

responsible for all utility charges associated with the affected service until the condition has been corrected and verified by BPU.

The property owner shall be responsible for correcting all identified deficiencies and ensuring that all corrective work is completed in accordance with applicable codes, regulations, and permitting requirements. Prior to re-establishing utility service in a tenant's name, the property owner shall provide written certification from a licensed electrician and/or licensed plumber, as applicable, verifying that all instances of shared metering, mixed wiring, mixed plumbing, or other identified deficiencies have been corrected.

BPU reserves the right to inspect the property and verify compliance with this policy prior to establishing utility service in a tenant's name. BPU may require additional documentation, testing, or inspections as necessary to confirm compliance. Utility service may be transferred to an individual tenant only after BPU has received the required certifications and determined that the property complies with this policy and all applicable requirements.

Property owners are responsible for maintaining compliance with this policy on an ongoing basis. If future violations are identified, BPU may transfer utility service responsibility back to the property owner and take any additional actions authorized by applicable law, tariff, or utility policy.

VI. Roles and Responsibilities

Business Office Support Staff: Responsible for receiving and documenting customer complaints or reports of potential shared metering, mixed wiring, or mixed plumbing conditions and forwarding the information to the appropriate personnel for investigation.

Billing Specialist: Responsible for reviewing affected utility accounts, coordinating account transfers when required under this policy, maintaining customer account records, and communicating billing responsibility changes to property owners and tenants as applicable.

Repair Office: Responsible for coordinating investigations of reported shared metering, mixed wiring, or mixed plumbing conditions, dispatching field personnel as necessary, and serving as the primary point of coordination between office and field operations.

VII. Compliance and References

Pursuant to Minnesota Statute § 504B.216, utility service provided to a shared-metered residential building shall be billed to the landlord or property owner, who shall be the customer of record responsible for utility service associated with the property.

VIII. Associated Forms and Attachments

None.

IX. Review and Update Schedule

This policy shall be reviewed annually upon completion of the Minnesota legislative session to evaluate any changes in applicable state laws or regulations and to determine whether revisions to the policy are necessary.

X. Approval and Authority

The Brainerd Public Utilities Commission has the authority to approve, amend, and repeal this policy. Upon approval by the Commission, the policy shall be implemented, administered, and enforced by the Finance Manager or their designee.

**BRAINERD PUBLIC UTILITIES
POLICY NO. 2005-6
ADOPTED 08/30/05**

**METERING OF MULTI-UNIT DWELLINGS
FOR RENTAL PROPERTIES**

Electric service in a single-metered multi-unit residential building, ~~as defined pursuant to MN Statute 504B.215,~~ will be billed to the landlord/building owner. ~~(MN Statute 504B.215 Subd. 2 requires the landlord of a single-metered residential building be responsible for paying the utility bill, and bill and shall be the customer on record contracting with the utility, and requires the landlord to advise the utility of the existence of a single-metered residential building).~~ A single metered residential building includes the following situations: “shared meter” in which a utility meter measures service provided to a tenant’s dwelling and also measures such service to areas outside that dwelling or “mixed wiring” in which electric outlets, fixtures or devices outside the individual unit are included on another unit’s individual meter; or “mixed plumbing” when related to electric utility service such as when an electric water heater serves more than one individual unit.

If Brainerd Public Utilities (BPU) discovers a single-metered residential or commercial building with shared metering, mixed metering, or mixed plumbing in which individual metered service has been established and is being billed to the tenant, BPU will immediately establish an account in the landlord/owner’s name and they will be responsible for the usage of all meters involved.

In order to re-establish individual metered service for the individual tenant unit(s), the landlord/building owner will be required to provide certification of a licensed electrician, and or, plumber that all instances of mixed wiring, shared metering and/or mixed plumbing have been eliminated. The property will also have to be inspected by BPU personnel before the account will be put in a tenant’s name.



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Legal Services with Flaherty and Hood for Cursory Review of Sewer Use and Capacity Agreement between City of Brainerd and City of Baxter

ACTION REQUESTED: Approve/Deny Motion **ESTIMATED TIME (MIN):** 5 Minutes

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

SUMMARY OF ISSUE: On May 1, 2026, City staff met with representatives from the City of Baxter to review and discuss the existing Sewer Use and Capacity Agreement between the two communities governing shared use of the Brainerd Wastewater Treatment Facility (WWTF). The original agreement, executed in November 2007 in conjunction with the initial plant expansion, has served as the framework under which both communities have operated since that time. However, given the significant scope of the planned Phase 1 and Phase 2 improvements at the WWTF currently under development through the Facility Planning process, and consistent with the approved scope of work with Bolton and Menk for Facility Planning services, it has been determined that revisiting and updating the existing inter-community agreement is the next critical and logical step in advancing the planned improvements at the wastewater treatment facility. Updating the agreement will ensure that the terms governing capacity allocation, cost sharing, and operational responsibilities between the City of Brainerd and the City of Baxter accurately reflect the current and future needs of both communities as the facility improvements progress.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: **Background and Staff Recommendation**
Following the May 1, 2026 meeting with the City of Baxter, City staff has been actively reviewing the existing Sewer Use and Capacity Agreement and has since conducted a working meeting with Daniel Marx of Flaherty and Hood, P.A. to discuss a structured path forward for updating the agreement. Mr. Marx previously played an instrumental role in representing the City of Brainerd during the original delegation process with the Minnesota Pollution Control Agency (MPCA), and his familiarity with both the existing agreement and the applicable regulatory framework positions him as a well-qualified resource for this effort.

Need for Legal Services

Given the scale and financial implications of two significant upcoming capital improvement projects — the Phase 1 Biosolids Improvements and the Phase 2 Liquid Treatment Improvements — it is critical that the existing inter-community agreement be reviewed and ultimately updated to accurately reflect revised cost-sharing responsibilities, regulatory requirements, and operational considerations before these projects advance further. Staff is requesting Commission authorization to formally engage Flaherty and Hood, P.A. for professional legal services to initiate this process.

Proposed Scope of Legal Services

The engagement of Flaherty and Hood would proceed in the following structured phases:

Phase 1 — Cursory Review and Legal Memorandum

Flaherty and Hood will conduct a cursory review of the existing Sewer Use and Capacity Agreement, which is the portion of the work that is being contemplated by the Commission at this meeting. Upon completion, Mr. Marx will prepare a written legal memorandum summarizing his findings for City staff. The memorandum will identify areas of the agreement that Brainerd believes require updating, with a focus on three primary areas:

- Regulatory compliance and MPCA delegation requirements
- Applicable changes in federal, state or local law since the original agreement was executed
- Cost-sharing responsibilities as they relate to planned capital and cost of service operational expenses associated with the Phase 1 and Phase 2 improvements.

Once staff has completed its internal review of the memorandum, it will be forwarded to the City of Baxter and their legal counsel for review. Staff anticipates this phase will be completed within approximately 30 days of authorization.

Phase 2 — Work Plan for Full Agreement Review and Re-Write (future Legal work)

In addition to identifying needed updates, the memorandum will include a proposed work plan for undertaking a comprehensive review and re-write of the agreement. This work plan will address the integration of technical assistance from engineers with direct familiarity with the Facility Plan, wastewater treatment operations, and the cost-of-service structure at the Brainerd WWTF. Incorporating the appropriate technical expertise will be essential to producing an agreement that is both legally sound and operationally accurate.

Phase 3 — Joint Wastewater Management Board Engagement

Upon completion and review of the legal memorandum by both cities' staff and legal counsel, staff anticipates convening a Joint Wastewater Management Board (WWMB) meeting to formally present the findings and establish a mutually agreed-upon roadmap and timeline for drafting a new agreement. The Joint WWMB will serve as the primary sounding board throughout the negotiation and drafting process, ensuring that both the City of Brainerd and the City of Baxter are engaged collaboratively and transparently at each stage.

Flaherty and Hood, P.A. has provided a fee schedule for the proposed scope of legal services. Based on discussions during the working meeting with staff, Mr. Marx estimates that approximately 10 hours of professional time will be required to complete the cursory review of the existing Sewer Use and Capacity Agreement and prepare the accompanying legal memorandum. As a member of the Minnesota Environmental Science and Economic Review Board (MESERB), the City of Brainerd is eligible to receive a discounted billing rate for Mr. Marx's services. Legal services for this engagement will be billed at a rate of \$285.00 per hour, resulting in an estimated total cost of \$2,850.00 for the initial review and memorandum. The fee schedule provided by Flaherty and Hood, P.A. is attached for the Commission's reference.

RECOMMENDED ACTION/MOTION: Staff recommends that the Commission authorize the engagement of Flaherty and Hood, P.A. for professional legal services related to the cursory review of the existing Sewer Use and Capacity Agreement between the Cities of Brainerd and Baxter and the preparation of a written legal memorandum summarizing findings and recommended updates for an estimated cost of \$2,850.

FINANCIAL IMPACT: The estimated cost for the cursory review and legal memorandum is \$2,850.00, based on an estimated 10 hours of professional legal services billed at the MESERB discounted rate of \$285.00 per hour. Funding for this engagement is available within the existing 2026 Wastewater Treatment Consulting Services budget and does not require any additional appropriation of funds.

2026 Flaherty & Hood P.A., Environmental Legal & Regulatory Services

Specialty Environmental and Regulatory Rates Municipal Clients.

Shareholder Attorney/Lobbyist <i>Daniel Marx</i>	\$300.00
Senior Attorney	\$275
Associate Attorney	\$250
Other legal professionals	\$120 - \$195
Administrative and other litigation	Rates are matter specific
Mileage	Applicable I.R.S. rate
Black and White Copies	\$0.15 per page
Color Copies	\$0.75 per page
Faxes	\$0.15 per page
WESTLAW Legal Research	As applicable to required usage

Discounted Environmental and Regulatory Rates for MESERB & CGMC Members

Shareholder Attorney/Lobbyist <i>Daniel Marx</i>	\$285.00
Senior Attorney	\$260
Associate Attorney	\$245
Other legal professionals	\$120 - \$185
Administrative and other litigation	Rates are matter specific
Mileage	Applicable I.R.S. rate
Black and White Copies	\$0.15 per page
Color Copies	\$0.75 per page
Faxes	\$0.15 per page
WESTLAW Legal Research	As applicable to required usage



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Discuss Crow Wing Power Infrastructure/Service Territory Boundaries

ACTION REQUESTED: Discussion Item

ESTIMATED TIME (MIN): 10

SUBMITTED BY: Trent Hawkinson, Electric Director, **PRESENTER:** Trent Hawkinson, Electric Director,
Danny Loch, Finance Manager

PRESENTER: Trent Hawkinson, Electric Director,
Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Staff has been evaluating the impacts of the proposed Highway 371 roundabout project on Brainerd Public Utilities' (BPU) electric distribution system. Preliminary engineering estimates indicate the project will require significant utility relocations, with infrastructure relocation costs currently estimated at approximately \$268,000.

During this evaluation, staff identified broader opportunities to improve the long-term efficiency of BPU's electric distribution system. The proposed roadway improvements, combined with the existing service territory boundary between BPU and Crow Wing Power (CWP), highlight challenges related to future commercial development, infrastructure expansion, and the cost of serving customers in areas where utility facilities are closely intertwined.

As part of this evaluation, BPU and Crow Wing Power have discussed a comprehensive review of the shared electric service territory boundary. Rather than addressing only the Highway 371 corridor, both utilities believe a broader review may provide long-term benefits by reducing future infrastructure relocation costs, eliminating redundant utility facilities, improving operational efficiency, and creating more logical service territory boundaries that better align with major roadways, property lines, and anticipated development.

The proposed boundary adjustments would result in BPU transferring several existing customers located west of Highway 371 to Crow Wing Power. While this would reduce BPU's customer base in the affected area, staff's analysis indicates that the anticipated revenue from these customers and the limited future development opportunities remaining after construction of the roundabout do not justify the significant infrastructure relocation and future capital investment that would otherwise be required. In staff's judgment, the proposed boundary adjustments represent the most cost-effective long-term solution for both utilities.

In addition to the financial and operational benefits, establishing Highway 371 as the service territory boundary creates a clear and easily identifiable demarcation for utilities, developers, contractors, and emergency response agencies. A clearly defined boundary will simplify utility coordination and assist

dispatch centers in quickly identifying the appropriate electric utility during emergency response situations.





ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

- Exhibit A – Shady Hills Area Service Territory Review
- Exhibit B – Highway 25 Service Territory Review
- Exhibit C – Fairview Road Area Service Territory Review



RECOMMENDED ACTION/MOTION: Staff recommends the Commission support the proposed service territory boundary adjustments, authorize continued coordination with Crow Wing Power to finalize a mutually acceptable agreement, and authorize submission of a joint application to the Minnesota Public Utilities Commission for approval.

FINANCIAL IMPACT:

Legend

-  BPU Serves by Exemption
-  Served by CWP in BPU Territory
-  City Limit
-  BPU Service Territory Line

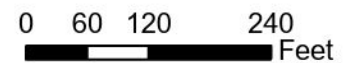
Electric Company Territory

-  Brainerd Public Utilities
-  Crow Wing Coop. Power and Light Co.
-  Minnesota Power







BRAINERD PUBLIC UTILITIES ELECTRIC MAP

This map is intended for reference purposes only and is not a legally recorded map nor survey. Brainerd Public Utilities shall not be liable for any damages or claims that arise due to accuracy, availability, use, or misuse of the information herein pursuant to MN Statutes 466.03 Subd 21.





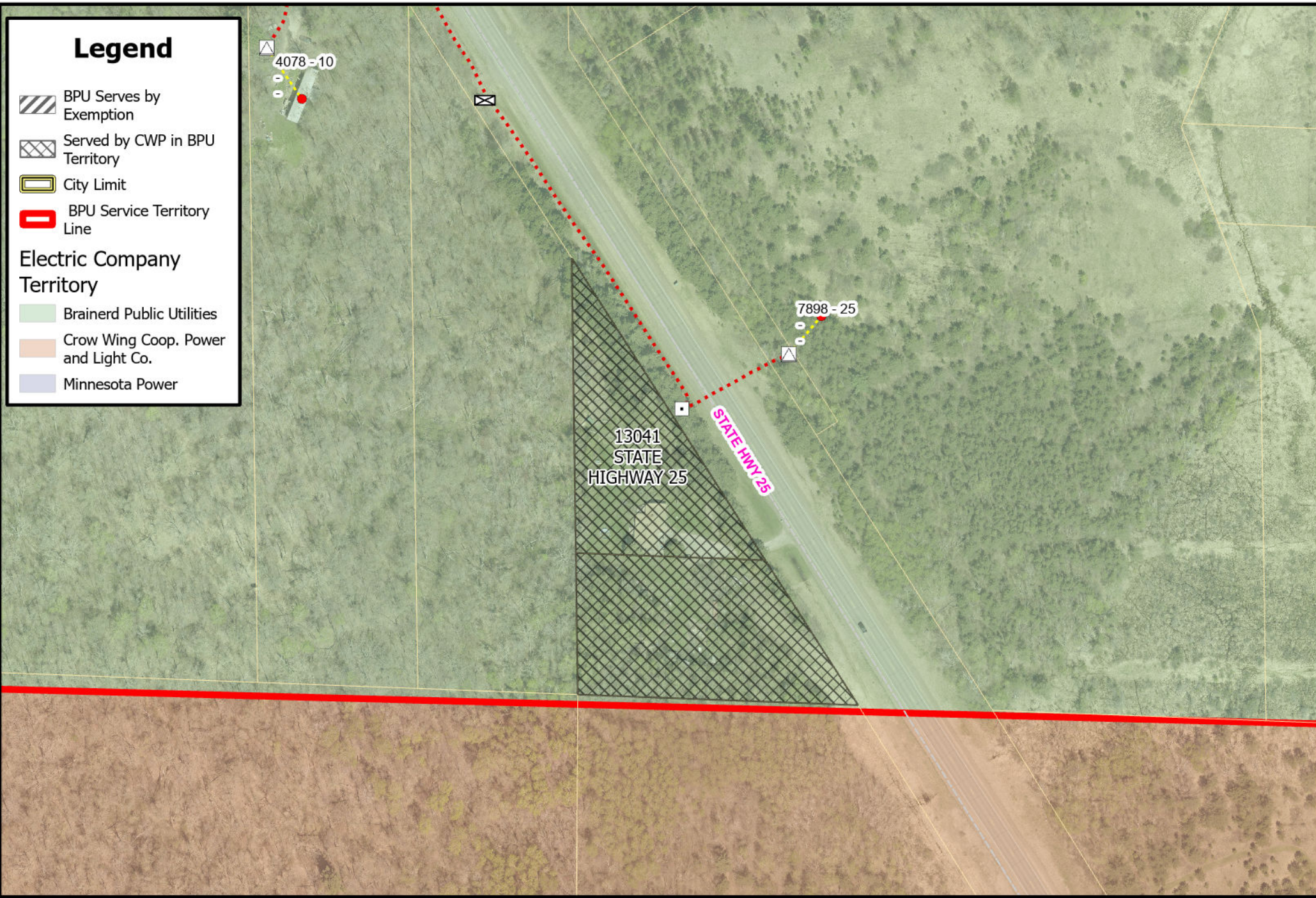
Date: 6/23/2026

Legend

-  BPU Serves by Exemption
-  Served by CWP in BPU Territory
-  City Limit
-  BPU Service Territory Line

Electric Company Territory

-  Brainerd Public Utilities
-  Crow Wing Coop. Power and Light Co.
-  Minnesota Power




BRAINERD PUBLIC UTILITIES ELECTRIC MAP

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


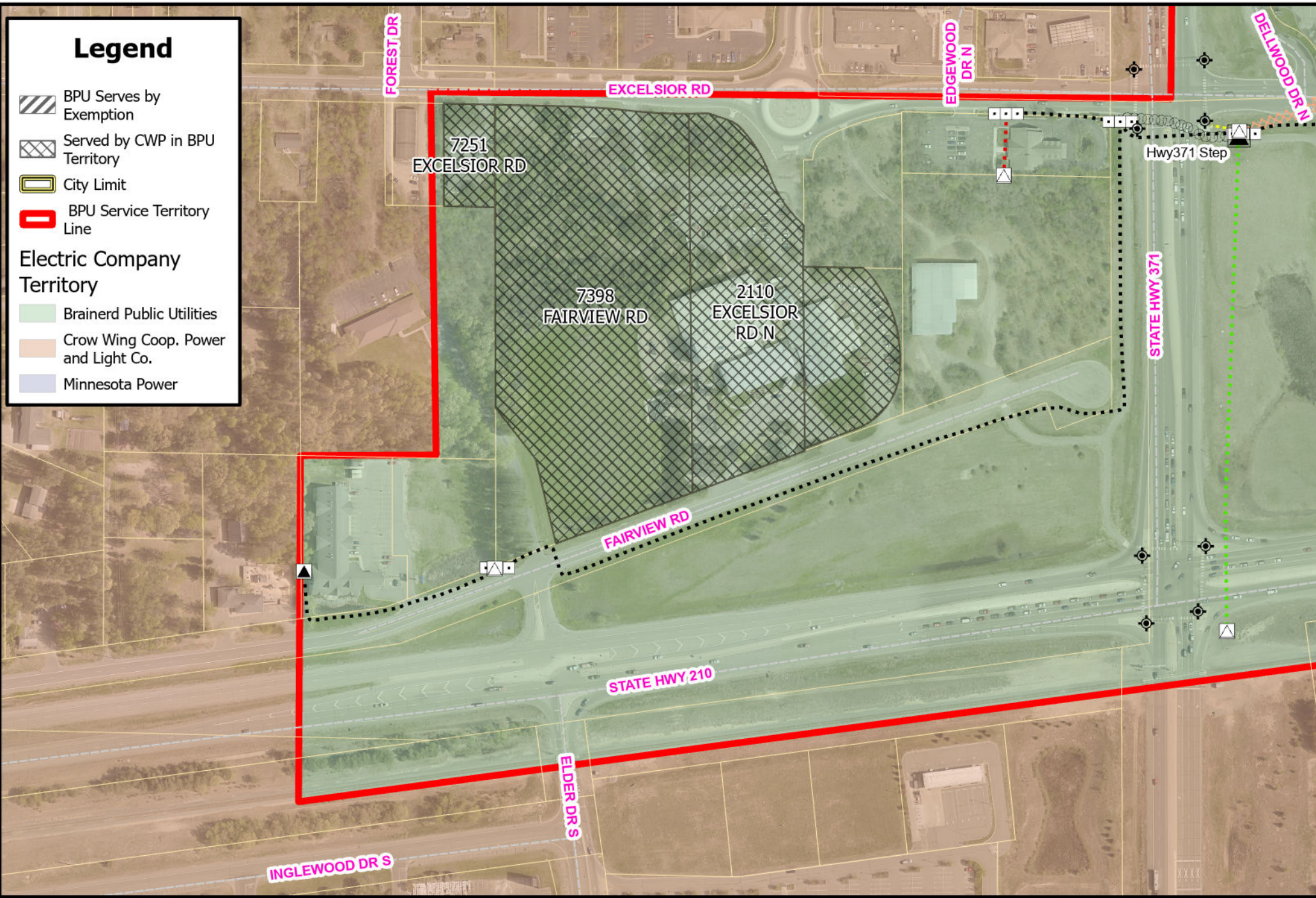
Date: 6/23/2026

Legend

-  BPU Serves by Exemption
-  Served by CWP in BPU Territory
-  City Limit
-  BPU Service Territory Line

Electric Company Territory

-  Brainerd Public Utilities
-  Crow Wing Coop. Power and Light Co.
-  Minnesota Power



**BRAINERD PUBLIC UTILITIES
ELECTRIC MAP**

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Date: 6/23/2026



Public Utilities Commission Agenda Request

MEETING DATE: June 30, 2026

TITLE OF ITEM: Discuss Northland Arboretum Billing Related to BPU_POL_2005-07

ACTION REQUESTED: Direction Requested

ESTIMATED TIME (MIN): 12

SUBMITTED BY: Trent Hawkinson, Electric Director, **PRESENTER:** Trent Hawkinson, Electric Director,
Danny Loch, Finance Manager Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Brainerd Public Utilities received a request from a customer to be placed on the Commission agenda to discuss a potential exception to the Inactive Utility Account Policy. The customer requested that monthly service charges be waived for inactive seasonal electric accounts associated with a community event.

Following the request, BPU staff met with representatives of the organization to review the purpose and requirements of the policy. During those discussions, it was noted that a second local nonprofit organization may be similarly affected by the policy. Both organizations expressed concern that the ongoing monthly service charges for inactive accounts could impact the financial viability of their community events.

The Inactive Utility Account Policy was adopted to provide a consistent and equitable approach for maintaining inactive utility services while recovering the fixed costs associated with keeping those services connected and available. The Commission is being asked to consider the customer's request and determine whether an exception to the policy is appropriate.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: The customer is scheduled to be in the audience to discuss with the Commission.

Alternative 1 – Grant an Exception to the Inactive Account Policy

The Commission could approve an exception to the Inactive Utility Account Policy for the requesting organization(s). If the Commission chooses this option, staff recommends obtaining a legal opinion to determine whether waiving Commission-approved utility charges for a specific customer or organization is permissible under Minnesota law and consistent with the Commission's authority. Legal review should also consider whether granting an exception could constitute preferential treatment or an unauthorized use of public funds, as well as the precedent it may establish for future requests from other seasonal customers or organizations.

Alternative 2 – Maintain the Existing Policy

The Commission could maintain the Inactive Utility Account Policy as adopted and apply it consistently to all customers. The policy was developed to address inactive and seasonal service connections while ensuring that the fixed costs of maintaining utility service availability are recovered equitably. Although staff recognizes the important contributions these organizations make to the community and understands the financial concerns they have expressed, staff believes granting an exception would create inconsistent application of Commission policy, establish precedent for future requests, and shift a portion of the utility's fixed costs to other ratepayers. Staff recommends continuing to administer the policy uniformly to ensure fair and equitable treatment of all customers.

RECOMMENDED ACTION/MOTION: To discuss possible exceptions to the policy as requested by the entities.

FINANCIAL IMPACT:

MEMORANDUM

TO: Mayor Badeaux and City Councilmembers
FROM: Nick Broyles, City Administrator
DATE: 15 June 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 18 May 2026.

Community Engagement

18 May: City council meeting
19 May Fire advisory board meeting
26 May: PUC meeting; park board meeting
27 May: Discussions w/park staff re: operations; fire department remodel progress meeting; HRA board meeting
28 May: City/county meeting w/key staff to discussed proposed airport agreement; agenda review w/President O'Day; discussions w/staff re: potential liquor ordinance amendment in response to new state legislation
29 May: Tour with HRA executive director of all their properties; more parks discussions w/staff
1 Jun: Meeting with department heads re: union contracts – five or our seven contracts expire at the end of 2026
3 Jun: Staff visit w/water-wastewater personnel; fire department remodel progress meeting; meeting w/mayor covering several topics
4 Jun: EDA meeting; airport commission; oak street PMT meeting; more meetings w/parks staff
5 Jun: Meeting w/Baxter city administrator; meeting w/chair of park board
8 Jun: Monthly radio show at WJJY; data center discussion w/VCV
9 Jun: Landscaping meeting w/select staff; business after hours at Jim's Electric
10 Jun: Staff visit w/police department personnel; airport tour; fire department remodel progress meeting
11 Jun: Interviews for public services director; agenda review with President O'Day
12 Jun: Meeting w/parks staff to review deliverables

Projects

1. Highway 210 Reconstruction Project

- Current construction: east mall segment (roundabouts, watermain and sewer utilities, muck excavation, etc.); planned completion east mall segment – early august
- Detour
 - EB/WB 210 – Highway 25 slip ramp and 10th Avenue NE
 - EB/WB 210 to Mill Avenue – 4th Avenue NE and E Street
- Next phase: Kingwood Street to 5th Avenue NE

2. 2026 Brainerd Resurfacing Projects

- Resurfacing of Spruce Drive (Buffalo Hills Lane to S 6th Street), Graydon Avenue (Woodcrest Road – Birchridge Drive), Hillcrest Drive, Pine Street (16th – Walnut Street), Dal-Mar Drive and Dal-Mar Cricle, S 11th Street (Thiesse Drive to Industrial Park Road)
- Road closures on Spruce Drive commenced on 6/3 for upsizing of storm sewer
- All other roadways are open to local traffic during construction. Through traffic should find alternative routes.
- Completion date – prior to 4th of July

3. Beech Street/Oakridge Road

- Project is substantially complete with minor punch list items remaining.
- 4. Wright Street/S 10th Street**
 - Wright Street: substantially complete with final lift of bituminous pavement remaining. They are awaiting the completion of S 10th Street before placing the final bituminous on the roadway.
 - S 10th Street: on-going watermain installation, storm sewer installation, and grading activities south of Madison Street. Placement of curb on segment north of Madison Street to commence late this week. Watermain and utility work anticipated to be completed this week, with drain tile, and grading to commence next week.
 - Completion date – Contractor on schedule to complete work on S 10th Street by early August.
 - 5. SE Brainerd Reconstruction Project**
 - Streets and utilities included in project include SE 17th Street, SE 18th Street, and SE 19th Street (all Oak Street to Laurel Street), Norwood Street, Maple Street, and Laurel Street (between SE 17th Street and SE 19th Streets).
 - Preconstruction meeting will be held soon, where contractors schedule will be presented. Anticipated start date mid- to late- June with final completion date of 30 Oct.
 - Contractor is Ryan Contracting.
 - Project includes full replacement of sewer and water utilities, storm water utilities, curb and gutter, pavement, and reconstruction of alleys.
 - 6. Ronald/Joseph/Alley Reconstruction Project**
 - Project is nearing substantial completion, with pavement being placed tentatively for Wednesday, June 10th (weather dependent). Final topsoil, laying seeds, and clean-up will commence once bituminous is completed, with final completion near the end of June.
 - 7. Galvanized Water Service Line Replacement Projects**
 - Ronald/Joseph/Alley Galvanized Water Service Line Replacement Project: these water service lines have been replaced (14) with final plumbed connections being completed in the homes.
 - Project No.'s 1 and 2: two projects for Galvanized Water Service Line replacements are anticipated to commence mid- to late- June and continue through the fall of 2026.
 - Projects include replacement of galvanized water service lines in conjunction with 2026 street reconstruction and resurfacing projects as already detailed, along with a standalone water service line replacement project in NE Brainerd on Gillis Avenue, 1st Avenue NE, and 2nd Avenue NE. In total, the estimated number of replacements in 2026 will be around 120-130 total service lines in these areas.
 - The city has over 1,000 known galvanized water service lines requiring replacement and an additional approximate 400 unknowns that are still being verified through on-site inspections and records verification.
 - 8. Large Patching**
 - The city will be commencing some large patches on S 8th Street, Andrew Street, Norwood Street, Bluff Avenue, and Grove Street beginning as soon as this week.
 - This is a program where the city, along with the contractor, Knife River, removes larger sections of pavement with localized potholing and replaces the areas with fresh pavement to extend the life of the streets until the streets can be fully reconstruction or rehabilitated.
 - These streets are historically streets not contained within the 10-year capital improvement plan where the city needs to increase the lift of the pavements and reduce the number of localized areas of potholes in need of patching with standard pothole patching.
 - 9. 2026 Sanitary Sewer Lining**
 - Contractor is beginning work on a smaller sanitary sewer lining project in North Brainerd between N 5th Street and N 7th Street between Washington Street and Juniper Street.

- The purpose of this project is to rehabilitate the sewer using a cured in place pipe (CIPP) liner in which restores the integrity of the pipe without standard means of excavating.
- The contractor is beginning work on 6/8/2026 and anticipates being completed by 6/12/2026. Additional work to manholes in the project area will follow.

10. Willow Street Roundabout

- Project is substantially complete and awaiting 70% perennial growth in the boulevard areas.

11. Water Treatment Plant Reclamation Tank Project

- This project is for construction of a reclamation tank to decant backwash water used in the water treatment plant backwashing process and send it back through the treatment process to reduce water loss.
- Project is out for competitive bids with trade partners currently, with anticipated construction start date in July.
- Construction Manager at Risk is Rice Lake Construction Group with a guaranteed maximum price for construction set at \$5,300,000.

12. Other Projects

- 2026 city-wide street striping is nearing completion, with contractors working to complete long line work and symbols on streets within the next couple of weeks.
- 2026 seal coat project – Schedule is unknown, but includes streets like Juniper Street, N 3rd Street, N 6th Street, N 7th Street, Tamarac Street, Sycamore Street, Rosewood Street, Vine Street, Todd Street, Paul Street, Paul Circle, S 7th Street, S 8th Street, and Madison Street. Seal coats are implemented by the city close to after their resurfacing or reconstruction dates (within a couple of years) to preserve the new pavement surface to extend the life of the pavements after resurfacing and reconstruction.

We have already began scoping and survey work for the 2027 street program, and once we get a little later in the construction season, we will be back to report on which projects are intended to be reconstructed or resurfaced in 2027.

Charter

The draft charter was unanimously approved by council on 4 May and will be in effect after 90 days.

Finance

- **Audit:** Staff will receive a draft of the audit next week.
- **Election:** 2026 is an election year with the primary on 11 Aug and the general election on 10 Nov. Filing for city offices has closed and the city will not have races on the primary ballot. Staff and election judges are getting trained.

Human Resources

- **Mid-Year Benefit Meetings:** Staff met with Integrity Benefits and North Risk Partners to complete a mid-year review of all benefits. We were pleased to learn that, at this point in the year, our health insurance renewal is trending favorably. While there is still potential for changes in the coming months, we remain optimistic about our 2027 renewal rate.
- **Staffing Update:** Staff have been actively conducting interviews for several full-time positions across the city. We anticipate presenting hiring recommendations to the council over the upcoming meetings.

Streets & Sewer

1. Fill, slope, topsoil, seed, and cover Norwood storm sewer pond
2. Paint downtown crosswalks
3. Mow boulevards

4. Inspect commercial vehicles (MN mandatory inspection program)
5. Jet sanitary sewer lines in SE Brainerd
6. Traffic control when requested (Farmers market, approved events)
7. Camera sanitary sewer lines for current and upcoming street projects

Recreation

- Concessions open this weekend at Bane & Jaycees for tournaments
- 1 Jul: movies in the park (National Treasure)
- Softball leagues Monday - Thursday
- Pickleball leagues Tuesday & Thursday
- Early registration for fall leagues opened (softball, kickball, pickleball)

Parks

- Prepping fields for baseball, softball, and soccer fields for organizations/associations and leagues.
- Continuing to mulch and mow.
- Gregory Park bathrooms flooded twice; underground sewer repairs were completed.
- Epoxying concessions and restrooms at Memorial Park (restrooms), Lyman P. White (restrooms), Lions Park at Buffalo Hills (restrooms), and Kiwanis Park (restrooms), are completed. Jaycees Park (concession) scheduled after BBBA Tournaments.
- Batting cages are now installed at Jaycees Park and Bane Park.
- Beech shade screens are up.
- Gregory Park hydroseeded and watered daily.
- Lions Club submitted grant application to Lions Club International for Lions Park at Buffalo Hills, total \$97,654.59.
- Downtown planters were filled by Copper Creek.

Transit

- Continued software optimization and service planning efforts with Spare to improve scheduling, rider experience, and operational efficiency.
- Transit continues to exceed MnDOT's 90% on-time performance target while meeting and exceeding ridership-per-hour performance goals. Several buses are routinely operating at or near capacity due to scheduling constraints and trip parameters.
- Ongoing weekly operations meetings with Blue Sky Transit continue to focus on service delivery, operational performance, and contractor coordination.
- Continued implementation of updated procurement policies and participation in monthly MnDOT procurement office hours to support compliance and best practices.
- Developed and implemented standardized processes, SOPs, and staff training for monthly recurring transit ticket orders and bulk transit ticket orders to improve consistency and operational continuity.
- Monthly MnDOT ridership and budget reporting continues to be submitted on time and accepted without issue.
- Participated in conflict de-escalation and customer service training to support safe and effective public interactions.
- Continued community outreach efforts through meetings with Pine Crest Country Manor and the Brainerd for All Ages Transportation Subgroup to improve awareness of and access to public transit services.
- Reviewed inclusive social media accessibility best practices to improve the accessibility and usability of public-facing communications.

- Participated in federal legislative update meetings to remain informed on transportation policy changes and emerging funding opportunities affecting public transit.
- Continued development of the 2027 Transit Operating Grant application and supporting budget documentation in preparation for the 30 Jun submission deadline.

Fire

Nor-son Construction is making great progress with the fire station renovation. Demolition was completed at the end of May and the footings on the east side have been poured and below grade foundation walls are starting. May was a very busy and demanding month for the Brainerd Fire Department. From high-profile regional deployments to advanced technical rope rescue certifications and community wildland management, our personnel demonstrated a high level of readiness and professionalism. The unseasonably demanding wildland fire conditions across the state required our department to respond to two major statewide resource requests. On both deployments, Brainerd crews were specifically assigned to high-stakes structure protection, successfully safeguarding homes and property from encroaching wildfires.

- Stewart Trail Fire (Two Harbors, MN): Brainerd personnel and apparatus deployed northeast to assist local and state agencies in suppressing a fast-moving wildland incident.
- Flanders Fire (Mission Township, MN): BFD responded locally within Crow Wing County to a significant wildland incident, providing critical structural triage and protection alongside regional mutual aid partners.

Training hours were high this month as our members focused on highly specialized rescue disciplines and joint-agency wildland operations. Nine Brainerd firefighters, alongside personnel from several neighboring regional departments, successfully completed the intensive CMC Rope Rescue Technician I/II 40-hour course. This advanced, demanding certification sharpens our technical vertical rescue capabilities. It ensures that our crews are fully prepared to execute complex, high-angle and low-angle rescue scenarios safely and efficiently. In coordination with Crow Wing Soil and Water and Great River Greening, BFD crews conducted a successful prescribed burn at Rotary Park. This operation served a dual purpose:

- It provided vital, real-world wildland fire training for our firefighters.
- It actively mitigates hazardous fuel loads to reduce future wildfire risks while restoring local native ecology.

To ensure our personnel maintain the rigorous physical capabilities required to perform safely on the fireground, the department successfully completed its annual physical fitness testing for all firefighters this month.

Technology

- Migration of city public domain from ci.brainerd.mn.us to brainerd.mn.gov is underway, website deadline is 1 Jun but has already been implemented. Dotgov domain is also in place for email with plans to switch over in the works, tentatively July 1. Lots of work to do with updating existing documents, etc. Applications and websites that use single sign on (SSO) are being prepped for the change from ci.brainerd.mn.us to brainerd.mn.gov.
- Beginning implementation of helpdesk, asset management, project tracking platform
- All city network infrastructure (firewalls, switches, etc.) is being replaced, phase one - core switches are complete, phase two - replacement of all access switches underway, phase three - firewall replacement/cutover in May.
- Ongoing planning for total network integration of the public utility network, anticipated late Aug.

- Numerous new fiber connections made to various utility locations adding them to the SCADA network and allowing the addition of security cameras and access control.
- As part of a security software change, a new endpoint protection has been pushed out to all devices. A new SIEM (security information and event management) has also been rolled out and is being monitored/tested.
- Wrapping up city-wide computer replacements.

Suspense Tracker



HR DIRECTOR REPORT

In this report:

- IUOE/IBEW Meeting
- Current Job Opportunities
- Personnel
- Wellness Committee

IUOE/IBEW Meeting

On May 11, staff received a meeting request from the IUOE and IBEW unions following the May 4 City Council meeting to discuss the updated organizational chart. The original dates proposed by the unions did not work for staff, so an alternative date of June 23 was offered and accepted. On June 23, staff and City Attorney Tim Sullivan met with representatives from both IUOE and IBEW.

Current Job Opportunities

Network Administrator - Accepted applications through June 23 with interviews scheduled.

Administrative Specialist - Payroll - Interviews will take place on June 24.

Journey Electrical Lineworker - Offer has been made and candidate is going through the pre-employment process.

Police Officer - Two offers have been made and were accepted. Candidates are going through pre-employment process

Airport Operations Manager - Offer has been made and candidate is going through the pre-employment process.

Parks Weekend Custodial Worker - Open until filled.

Umpire - Adult Softball - Open until filled.

Weekend Ball Field Maintenance - Open until filled.

Personnel

New Hires/Promotions for City/HRA/Airport:

Andy Moody - Water/Wastewater Operator (06/01)
Daniel Doucette - Water/Wastewater Operator (06/01)
Jesse Simenson - Water/Wastewater Operator (06/01)
Darrin Smith - Water/Wastewater Operator (06/01)
Bradley Knapp - Water/Wastewater Operator (06/01)
Jason Gage - Water/Wastewater Operator (06/01)
Madison Lloyd - Police Records Management Tech (06/16)
Heidi Gandsey - Business Office Supervisor (06/23)
Katie Sandberg - ROSS Resident Services Coordinator (06/23)
Lee Anderson - Water/Wastewater Operator (07/13)
Jennifer Schumann - Deputy Public Works Director/City Engineer (07/20)
Zachary Swarthout - Public Services Director (07/27)

Farewell to:

Jacob Walz - Network Administrator (06/12)
Brandi Westom - Police Records Management Tech (06/12)
Caleb Wahlstrom - Community Service Officer (06/18)

There are currently eight City/HRA/Airport employees with Family & Medical Leave Act (FMLA) issues. Four of those cases are for intermittent leave when needed.

Wellness Committee

For the month of July, the Wellness Committee will be hosting a Lunch N Learn. We are very fortunate to have Jenelle Thelen from PERA joining us to present. Her presentation will cover "From Hire to Retire" and she will also answer any additional questions staff may have. Please RSVP to HR Assistant Ashley Thrasher by July 2 with the session you would like to attend, as well as your lunch choice from Jimmy John's.



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Brainerd Public Utilities Public Works Director Report June 2026

Public Works Director Activities – May – June 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:

Capital Projects & Construction

- Washington Street (TH 210) weekly construction progress meetings, including a dedicated meeting to address contaminated soils and watermain issues encountered during construction
- Weekly construction progress meetings for the 2026 Resurfacing Projects, including attendance at the preconstruction meeting
- Bi-weekly construction progress meetings for the Voyageur Heights Project
- Weekly construction progress meetings for the Beech Street/Oakridge Road and Wright Street/S. 10th Street Projects
- Bid reconciliation meeting with Bolton and Menk and Rice Lake Construction Group for the Backwash Reclaim Tank Project
- 90% design review meeting with SEH for the East River Road Sanitary Sewer CIPP Project
- Site meeting with the contractor for the Central Minnesota Dermatology Project

Project Development & Planning

- 2029 Oak Street Project Management Team meetings with City staff and Council members, including the 2029 Oak Street Public Informational Meeting
- 2029 Oak Street weekly consultant project manager and staff meetings
- Brainerd Oaks West coordination meeting with the developer, City staff, and engineering consultant
- Serene Pines Development stormwater drainage maintenance scoping meeting with maintenance staff
- Developer meetings with the Community Development Department
- Master Services Agreement scoping discussions for the professional engineering and architecture services pool with the City Attorney
- Meeting with HR Green to discuss scope of services for the Buffalo Hills Gully Repair Project
- Site meeting with Crow Wing County Engineer Tim Bray regarding the Anabec Street stormwater issue
- Staff meetings with the Soil and Water Conservation District (SWCD) regarding the Buffalo Hills Gully Repair Project

Utility & Infrastructure

- Meetings with Bolton and Menk to discuss the 2026 Lead Service Line (LSL) inventory certification to the Minnesota Department of Health (MDH)
- Meeting with Flaherty and Hood, P.A. to discuss the Brainerd/Baxter Wastewater Treatment Facility Sewer Use and Capacity Agreement
- BPU Main Lift Station check-in meeting
- Meeting with Bolton and Menk regarding Labor Compliance review initiative for State Aid projects
- Meeting with finance staff regarding State Aid fund advancement and reimbursement requests

**PUBLIC WORKS DIRECTOR REPORT
JUNE 2026 (CONTINUED)**

Administration & Operations

- Weekly Brainerd Public Utilities (BPU) management team meetings
- Department Head meetings
- Safety and Public Works agenda review meeting with Chair Erickson
- BPU LMCIT Insurance Renewal meeting
- Department Head Union Negotiation Strategy Meeting
- Interviews for the Business Office Supervisor position
- Interviews for the Water/Wastewater Operator position
- Waterworth implementation check-in meetings
- Meetings with various residents regarding stormwater and general construction concerns

Community & Outreach

- Recording of water plant tour video with DyingToFilm
- Meeting with staff and Skate Park group to discuss project advancement and grant agreement with the Department of Employment and Economic Development (DEED)
- Staff discussion with the Chair of the Water Tower Committee regarding grant funds and next steps
- Attendance at the 2026 MESERB Summer Conference

2026 Major Capital Construction Projects Progress and Updates

2026/2027 Highway 210 (Washington Street) Reconstruction

- **Construction Progress:**

R.L. Larson Excavating is actively advancing utility installation and construction operations within the Phase 1 improvement area spanning from 10th Avenue NE to 5th Avenue NE. The contractor has also mobilized into the Phase 2A rehabilitation area, which extends from 10th Avenue NE to the eastern project termini. Watermain and sanitary sewer installations within this phase are anticipated to be substantially complete by the end of June 2026. Final grading, storm sewer work, and surface improvements are scheduled to follow and are planned to be carried out through the month of July 2026.

- **Pending Change Orders:**

Staff has been engaged in ongoing discussions with MnDOT, R.L. Larson Excavating, and SRF Consulting (design engineer) regarding necessary watermain improvements within areas of known soil contamination along the project corridor. Specifically, these discussions have focused on areas where Diesel Range Organics (DROs), Gasoline Range Organics (GROs), and Volatile Organic Compounds (VOCs) have been identified. Based on MnDOT's environmental assessment findings, these organic contaminants present a risk of material degradation to PVC watermain pipe, necessitating a change in pipe material through the affected areas.

As a result of these discussions and consistent with MnDOT's environmental assessment, it has been determined that Ductile Iron Pipe (DIP) will be substituted for PVC pipe in the identified contaminated soil areas to ensure the long-term integrity and performance of the watermain infrastructure. Staff is currently working with MnDOT and R.L. Larson Excavating to finalize unit pricing for the affected locations. Upon completion of pricing negotiations and final cost resolution, a formal change order will be prepared and presented to the Public Utilities Commission and City Council for review and approval at a future meeting.

2025/2026 Beech Street/Oakridge Road

- **Construction Progress:**

The project is substantially complete. Landwehr Construction is currently addressing minor punch list items to finalize the work, and the project is awaiting the establishment and maturation of perennial grass growth in disturbed areas before final completion and acceptance can be confirmed. Staff will continue to monitor site conditions and coordinate with the contractor to ensure all remaining items are resolved in a timely manner.

**PUBLIC WORKS DIRECTOR REPORT
JUNE 2026 (CONTINUED)**

- **Pending Change Orders:**

Staff has completed a thorough review of all project documentation and disputed quantity claims arising from the 2025 construction of the Beech Street and Oakridge Road Project. Following a comprehensive evaluation of documentation submitted by both City staff and Landwehr Construction, staff has prepared a detailed memorandum outlining the City's position on all disputed quantities and outstanding extra work requests submitted by the contractor. The memorandum has been forwarded to Landwehr Construction, and staff is currently awaiting the contractor's response.

Upon receipt of Landwehr Construction's response and the conclusion of negotiations, a final change order encompassing all agreed-upon disputed quantities and trench backfill replacement work performed during the 2025 construction season will be prepared and presented to the City Council for review and approval. Finalization of the change order will allow the project to be formally closed out.

2025/2026 Wright Street/S 10th Street

- **Construction Progress**

The Wright Street Project is substantially complete. Remaining work is limited to minor punch list items and the placement of the final wear course of asphalt, which is planned to coincide with the wear course placement on S. 10th Street.

Utility work on the S. 10th Street Project has been completed. Curb and gutter installation is anticipated to be finished in late June 2026, with Landwehr Construction currently scheduling base course pavement placement for June 30, 2026. Following placement of the base course, work will shift to topsoil restoration, seeding, and general project cleanup. Placement of the final wear course of asphalt on both S. 10th Street and Wright Street is planned for mid- to late-July 2026.

- **Pending Change Orders**

Landwehr Construction has not yet submitted final quantity disputes or extra work claims for the Wright Street Project. As a result, staff has not yet had the opportunity to conduct a formal review of all related documentation and prior correspondence between the City and the contractor. Consistent with the approach being taken on the Beech Street and Oakridge Road Project, upon receipt of Landwehr Construction's quantity disputes and extra work claims, staff will conduct a thorough review of all supporting documentation, formalize the City's position in a written memorandum, and engage in negotiations with the contractor to resolve all outstanding items. A final change order encompassing all agreed-upon quantities and claims will subsequently be prepared and presented to the City Council for review and approval to formally close out the Wright Street Project. There are no other known pending change orders for the S 10th Street Project.

Ronald/Joseph/Alley Reconstruction

- **Construction Progress**

The project reached substantial completion on June 15, 2026. The contractor is currently working through final site cleanup, restoration activities, and outstanding punch list items necessary to achieve final project completion. Staff will continue to monitor progress and coordinate with the contractor to ensure all remaining work is completed in a satisfactory and timely manner.

- **Pending Change Orders**

A change order will be presented to the City Council at the July 6, 2026 meeting to formally extend the substantial completion date of the project to June 15, 2026. The time extension is warranted based on the additional coordination requirements and construction delays experienced by the contractor as a direct result of the authorized galvanized water service line replacement work incorporated into the project. The change order reflects only an adjustment to the contract completion date and does not include any additional cost to the City.

**PUBLIC WORKS DIRECTOR REPORT
JUNE 2026 (CONTINUED)**

2026 Brainerd Resurfacing Project

- **Construction Progress**

The contractor has completed all removal operations in accordance with the project plans and specifications and has successfully installed the storm sewer on Spruce Drive. Work is currently focused on spot curb and gutter replacements throughout the project limits. The project remains on schedule, with paving and substantial completion anticipated prior to the Fourth of July 2026.

- **Pending Change Orders**

None

2026 SE Brainerd Reconstruction Project

- **Construction Progress**

A preconstruction meeting is scheduled for the week after the 4th of July. Project work has not commenced.

- **Pending Change Orders**

None

2026 Galvanized Water Service Line Replacement Projects

- **Construction Progress**

The Galvanized Water Service Line Replacement Project associated with the Ronald Street/Joseph Street/Alley construction area is substantially complete. Galvanized Water Service Line Replacement Project Nos. 1 and 2 have not yet commenced construction, and preconstruction meetings for both projects have not yet been held. Staff will coordinate with the respective contractors to schedule preconstruction meetings and establish construction timelines in the near term.

- **Pending Change Orders**

Change Order No. 1 for Galvanized Water Service Line Replacement Project No. 2 is included on the June 2026 Public Utilities Commission agenda for consideration. If approved, the change order will authorize the addition of 17 service line replacements to the current scope of work for Project No. 2.

2025 Willow Street Roundabout

- **Construction Progress**

The project is substantially complete and is awaiting the establishment of perennial vegetation to a minimum of 70% ground cover in all disturbed areas before final completion and acceptance can be confirmed. Staff will continue to monitor site conditions and coordinate with the contractor accordingly.

- **Pending Change Orders**

None

2026 Reclaim/Backwash Tank

- **Construction Progress**

Construction has not yet commenced on this project. Staff is currently coordinating with the contractor to schedule the preconstruction meeting, which will serve as the formal initiation of the construction process and establish the project timeline and expectations prior to mobilization.

- **Pending Change Orders**

None

2026 Sanitary Sewer Lining

- **Construction Progress**

Lining of the 8-inch sanitary sewer mains within the project limits is complete. The contractor encountered a brief delay in operations due to a material shortage of approximately 15 linear feet of 10-inch sanitary sewer main liner, which required procurement of additional material before work could resume. Installation of the remaining 10-inch liner will commence when the contractor receives the materials. Manhole rehabilitation work will follow upon completion of all sewer main lining activities.

**PUBLIC WORKS DIRECTOR REPORT
JUNE 2026 (CONTINUED)**

- **Pending Change Orders**

During construction, it was determined that the contractor did not mobilize sufficient liner material to complete the full length of the 10-inch sanitary sewer main, and the original plan quantities were short by approximately 15 linear feet of the total material needed to line the entire segment. This discrepancy is not anticipated to require a formal change order; however, it will result in a minor overrun in the bid quantity for 10-inch sewer main lining. The overrun will be reconciled through the final quantity documentation and payment process at the conclusion of the project.

2026 Large Patching

- **Construction Progress**

The large patching project has been completed, and staff are coordinating with the contractor to finalize project quantities.

- **Pending Change Orders**

No change orders are pending for the project. One patch on Norwood Street required a greater pavement depth than originally estimated during quoting. This discrepancy will be addressed through final quantity documentation, and the contractor will be compensated based on the actual work performed.

2026 Seal Coat Project

- **Construction Progress**

The contractor plans to mobilize on site to begin the seal coating project after the Fourth of July. Public notices will be distributed in advance to inform residents of the upcoming construction.

- **Pending Change Orders**

None

2026 Street Striping Project

- **Construction Progress**

This project is substantially complete, and staff are finalizing project quantities and preparing final payment to the contractor.

- **Pending Change Orders**

None

Continued Capital Construction Design Engineering Coordination

Design and construction activities are actively underway across both City-led capital improvement projects and private development initiatives, with multiple efforts progressing concurrently. To maintain effective planning, scheduling, and execution, staff continue to hold regular bi-weekly coordination meetings. These meetings provide a structured forum to review the status of active projects, anticipate upcoming work, and coordinate efforts across City infrastructure and development projects currently in the review and approval process.

This coordinated approach allows staff to better align project timelines, identify cost-saving opportunities, reduce the potential for construction conflicts, and ensure that utility improvements are efficiently integrated with street reconstruction and resurfacing projects. Key coordination efforts include early design review, utility layout and conflict resolution, construction sequencing, and permitting. Proactive communication planning is also emphasized to minimize impacts to residents, businesses, and other stakeholders.

Current projects being coordinated across multiple City departments include, but are not limited to:

- Beech Street/Oakridge Road and Wright Street/S 10th Street Reconstruction Projects
- Ronald and Joseph Alley construction coordination
- Highway 210 Reconstruction Project
- Lead service line replacement projects (both in conjunction with planned reconstruction/resurfacing and as standalone utility projects)

PUBLIC WORKS DIRECTOR REPORT JUNE 2026 (CONTINUED)

- Southeast Brainerd Reconstruction Project
- 2026 Street Resurfacing Project
- Main Lift Station design and planning
- Backwash/Reclaim CMAR Project
- Willow Street Roundabout Project
- Buffalo Hills Gully Repairs
- 2026 Sanitary Sewer Lining Project
- East River Road trunkline rehabilitation project
- Kuepers development project south of Woodland Hills Lane
- Country Manor construction project
- Brainerd Oaks West project
- Coordination related to 2027 street reconstruction and resurfacing projects

Coordination across these efforts involves multiple City divisions, including engineering, utilities, public works, planning, and administration. Activities include design integration, construction phasing, budget alignment, and long-term asset management. This collaboration remains strong and effective, ensuring City investments are strategically aligned, regulatory requirements are met, and infrastructure improvements are delivered efficiently with minimal community disruption.

2026 Public Works Director Priorities and Project Progress

Pursuant to my last report, I have identified several opportunities for improvement that I plan to pursue in 2026 and updates from the previous meeting. Some of these priorities and projects include:

1. Bluebeam PDF Software – 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. Pool Engineering Services – Staff continue to work with legal counsel to finalize a master services agreement for all consultants within the approved pool.
3. Integrated Capital Improvement Planning (CIP) and Capital Asset Planning Sessions – Staff conducted the initial long-range capital improvement planning session and established a schedule for ongoing meetings and continued collaboration. Key deliverables from this effort will include long-range sanitary sewer and water system plans, with the potential for incorporation into the City's Comprehensive Plan.

The current schedule anticipates advancing several planning initiatives throughout 2026, followed by more detailed system modeling and analysis in 2027 once existing data gaps and modeling needs have been identified. These efforts will support evaluation of potential future sanitary sewer capacity upgrades, as well as watermain upsizing and looping to accommodate future development and improve system redundancy and reliability.

4. City Standard Details and Specifications – A kickoff meeting was held with SEH on May 19, 2026 to discuss project deliverables and schedule. The project team elected to pause development until early August, when the new City Engineer/Deputy Public Works Director joins the City. Given the significant influence this position will have on the development of these standards, staff would like them involved in the process from the outset.
5. Fats, Oils, and Grease (FOG) Control Program and Mercury Control Program – Staff has held a kickoff meeting with SEH to formally initiate project development for both programs. Regular check-in

**PUBLIC WORKS DIRECTOR REPORT
JUNE 2026 (CONTINUED)**

meetings and ongoing correspondence between staff and SEH are occurring as the programs are advanced through the development process. Upon completion of program development, the final deliverables will be presented to the Public Utilities Commission for review and approval. Following Commission acceptance, staff will proceed with implementation of the approved programs.

6. City Code 705 – Water System – The final draft of City Code Section 705 was reviewed by the City Council, with the first reading held at the May 4, 2026 Council Meeting. The final reading and adoption were approved at the May 18 City Council Meeting. Final publication of the ordinance is complete, and the ordinance has been submitted to become a part of the codification process.
7. Water Treatment Plant and Well Siting Study – Bolton and Menk continues to advance the Water Treatment Plant and Well Siting Study. Upcoming work includes finalizing the sizing parameters for a new treatment facility and developing conceptual site layout alternatives for Commission consideration.

In parallel, Traut Wells is scheduled to mobilize in mid-July 2026 to begin the drilling of a test well within a City-owned utility corridor located west of Buffalo Hills Park. This area was identified through a hydrogeologic study as a potentially viable location for new municipal well construction due to the possible presence of water-bearing sand formations capable of supporting adequate groundwater yields. The test well will be drilled as part of the ongoing study to evaluate pumping rates and the overall capacity of a potential municipal well at or near this location. The results of the test well drilling will inform the next phases of the study and help guide future decisions regarding new well development and facility siting.

8. WWTF Facility Plan and Sewer Use and Capacity Agreement between Brainerd and Baxter for Phase 1 and Phase 2 WWTF Improvements – The Wastewater Treatment Facility (WWTF) Facility Plan has been formally submitted to the Minnesota Pollution Control Agency (MPCA) for review and is currently awaiting agency comments.

The next phase of this project is presented to the Public Utilities Commission at the June 2026 meeting and involves the authorization of professional legal services to assist staff in initiating a structured review of the existing Sewer Use and Capacity Agreement between the Cities of Brainerd and Baxter. Legal counsel will conduct a cursory review of the existing agreement and prepare a written memorandum identifying recommended updates and amendments necessary to reflect the scope and financial implications of the planned Phase 1 and Phase 2 improvements at the WWTF.

Following completion and review of the legal memorandum by both cities' staff and legal counsel, the Joint Wastewater Management Board (WWMB) will be convened to formally present the findings and serve as the primary collaborative body through the amendment or re-write process. The Joint WWMB will guide negotiations and review of the updated agreement terms, ensuring that both the City of Brainerd and the City of Baxter are engaged transparently and collaboratively at each stage of the process.

9. Water Treatment Facility and Wastewater Treatment Facility Risk and Resiliency Assessments and Emergency Response Plans – The Risk and Resiliency Assessments for both the Water Treatment Facility and the Wastewater Treatment Facility have been completed and formally certified to the U.S. Environmental Protection Agency (EPA).

The next required phase of this effort is the preparation of Emergency Response Plans for both facilities, which must be completed and submitted within six months of the certification of the respective Risk and Resiliency Assessments. Staff is actively working with Bolton and Menk to develop the Emergency Response Plans and is coordinating to ensure timely submission in advance of the applicable deadlines.



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Brainerd Public Utilities Electric Director's Report June 2026

Distribution System Operations

In addition to scheduled capital projects, staff continue to perform routine maintenance and operational activities across the electric distribution system. Monthly inspections and preventative maintenance are conducted on distribution equipment to identify potential issues before they impact system reliability.

Staff also routinely review system loading, feeder performance, and phase balancing throughout the distribution system to optimize reliability and efficiently utilize existing infrastructure. Coordination with our Regional Transmission Organization (RTO) and wholesale power provider also continues to ensure transmission loading, capacity obligations, and system operations remain aligned with regional reliability requirements.

Hydroelectric Operations

Staff continue to closely monitor river flow conditions and optimize hydroelectric generation to maximize renewable energy production whenever favorable conditions exist. Operational data collected throughout the spring and early summer has continued to improve our understanding of river behavior, allowing for more informed operational decisions and increased generating efficiency.

Staff also completed maintenance activities to address a long-standing subsidence issue adjacent to the hydro facility. Crews excavated the affected area and removed abandoned plumbing infrastructure that was no longer in service. BPU also worked with a commercial diving contractor to install a steel plate on the existing sheet piling wall. This repair is expected to stabilize the area and resolve the subsidence issue while protecting the integrity of the hydro facility.

Engineering staff continue evaluating the potential installation of governors on Generator #5 and Generator #4. Preliminary analysis indicates these upgrades could improve automation, operational flexibility, and allow additional generating units to operate continuously during favorable flow conditions. Staff are continuing to evaluate equipment options, project costs, and expected operational benefits before bringing forward any recommendations.

Highway 371/210 Infrastructure Coordination

Staff continue coordinating with roadway agencies and utility partners regarding the planned Highway 371 and Highway 210 reconstruction projects. These projects are expected to require significant electric utility relocations over the coming years and may result in substantial capital investments to maintain reliable electric service throughout the affected corridors.

BPU continues evaluating the long-term financial and operational impacts associated with these projects, including future feeder routing, underground infrastructure requirements, and maintaining reliable service to existing and future customers within the developing corridor.

Service Territory Review

Following initial discussions with Crow Wing Power, staff continue evaluating historical service arrangements and opportunities to improve long-term service territory alignment. The objective remains to reduce future infrastructure costs, simplify utility operations, and establish clearer service boundaries were mutually beneficial.

Discussions remain cooperative and exploratory in nature. Both utilities continue to review potential service territory adjustments associated with existing historical service agreements, future roadway improvements, and planned development. Any future recommendations will be presented to the Commission for consideration as discussions progress, further discussion will occur on the agenda topic for the regular meeting.

Large Load Development

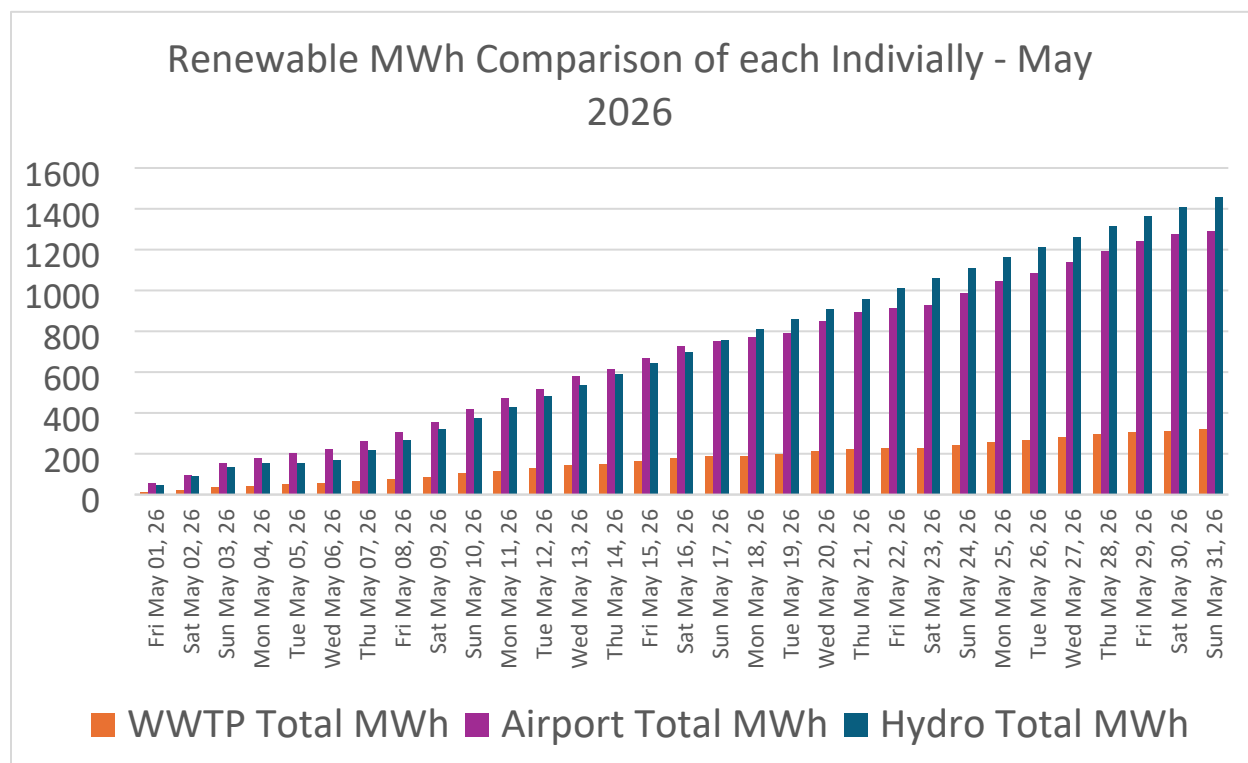
Staff continue working with a prospective data center developer regarding a potential large-load project within BPU's service territory. Since the last Commission update, the developer has withdrawn their initial 25MW application and has indicated they are now evaluating a substantially larger electrical load.

The developer has also expressed interest in acquiring additional land to accommodate the expanded project. Staff directed the developer to the City's Community Development Director to begin discussions regarding potential development sites and land availability.

As the project scope continues to evolve, staff will continue coordinating with the developer, Minnesota Power, MISO, and other stakeholders to evaluate transmission requirements, infrastructure needs, and project feasibility. Additional updates will be provided to the Commission as more information becomes available.

May Renewable Energy Production Summary

The following graphs summarize BPU's renewable energy production for May 2026, including generation by renewable resource and a comparison to April 2026.



In May, Brainerd Public Utilities' renewable generation produced a total of 3,067.75 MWh, representing approximately 49.8% of the energy consumed by our typical residential meters. The residential comparison is based on an estimated average monthly residential energy use of 800–1,000 kWh per meter. BPU served 6,974 residential electric meters during May 2026. Residential meter counts are updated quarterly.

Generation by resource was as follows:

- Hydro: 1,456.0 MWh (23.6%) – our largest renewable energy source for the month.
- Airport Solar: 1,293.25 MWh (21.0%).
- WWTP Solar: 318.5 MWh (5.2%).

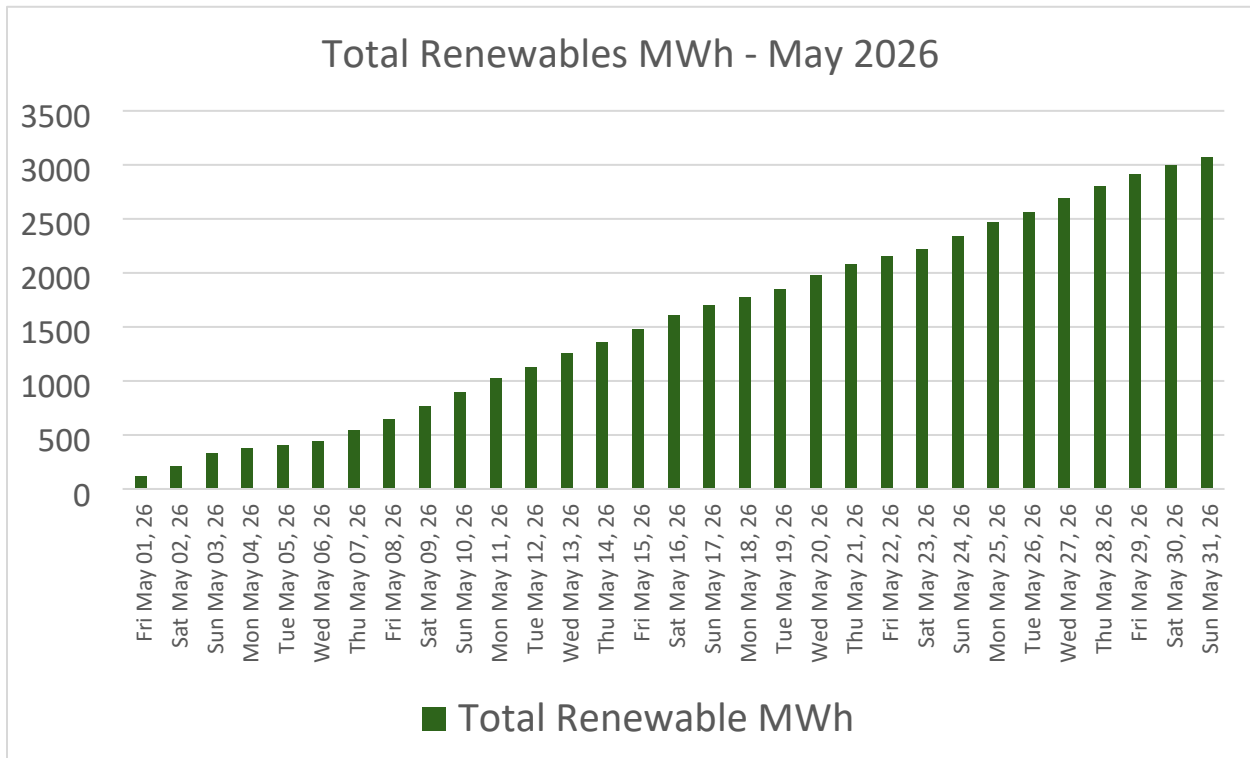
Month-over-Month Comparison (May vs. April)

- Hydro: 1,456.0 MWh, a decrease of 78.75 MWh from April (1,534.75 MWh).
- Airport Solar: 1,293.25 MWh, an increase of 327.25 MWh from April (966.0 MWh).
- WWTP Solar: 318.5 MWh, an increase of 82.25 MWh from April (236.25 MWh).

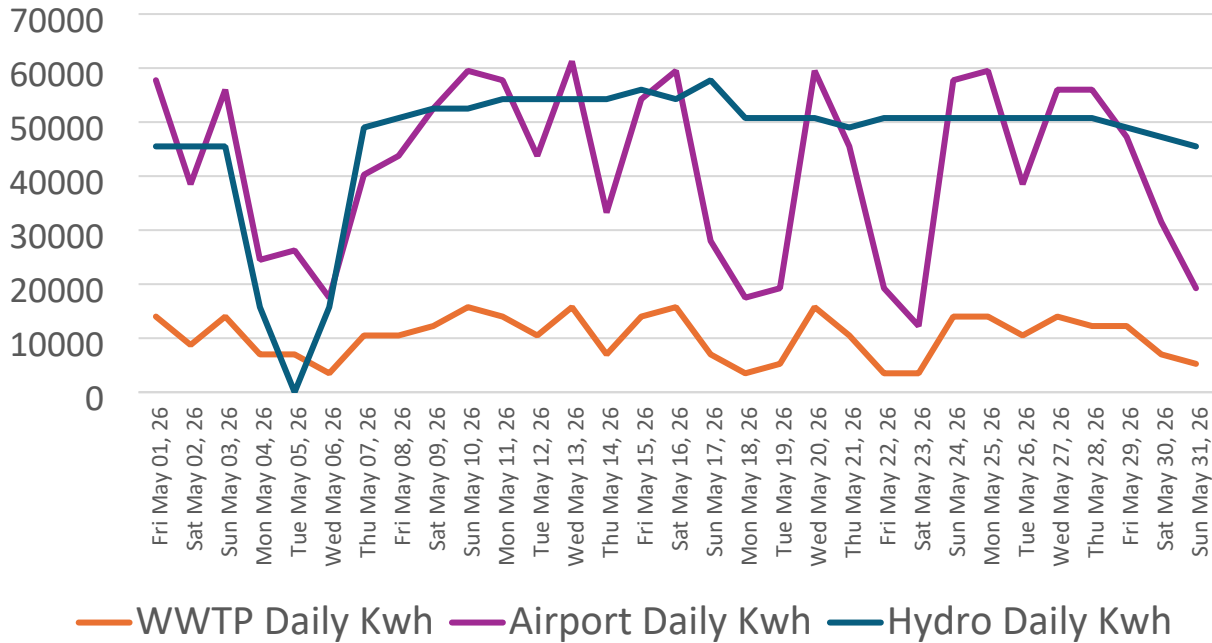
Renewable Generation Asset Capacity

Brainerd Public Utilities currently has three renewable generation resources with a combined installed capacity of 10.172 MW

- Airport Solar: 5.7 MW
- WWTP Solar: 1.372 MW
- Hydroelectric Facility: 3.1 MW

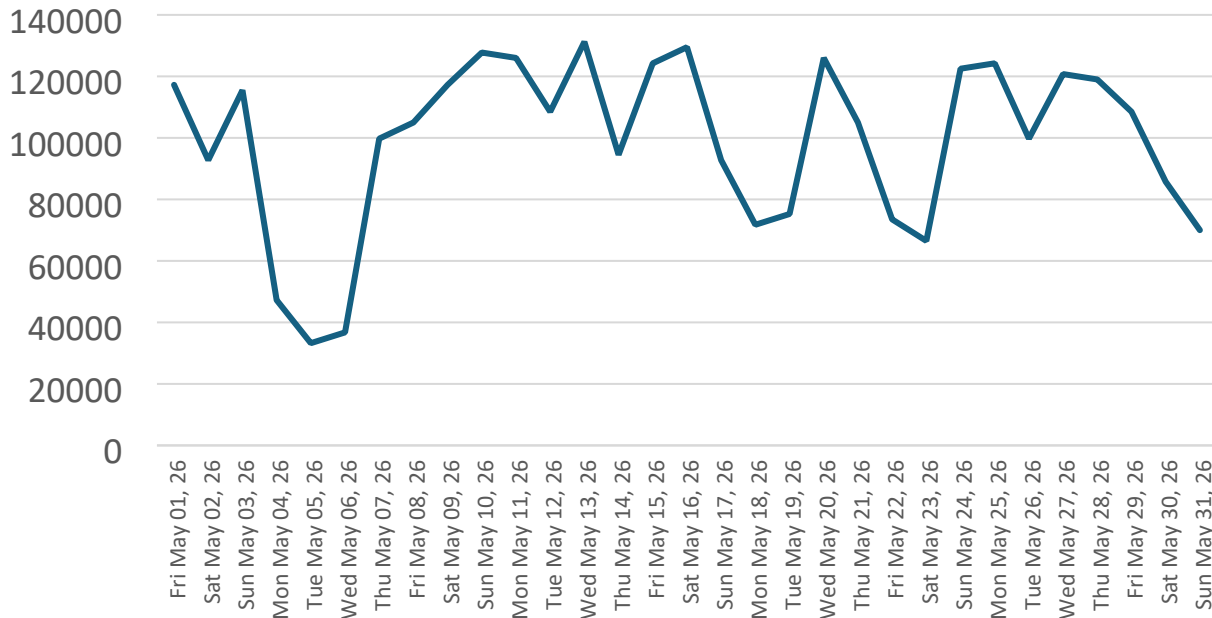


Daily Kwh Comparison of Renewables - MAY 2026



Daily Total kWh of Renewables – May 2026

Daily Total Kwh of Renewables - May 2026





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Brainerd Public Utilities Water/Wastewater Manager's Report June 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.

Wastewater Treatment Facility Operations and Maintenance

On-going tank inspection and repairs to Sequential Batch Reactor (SBR) number four Influent valve, jet motive pump and elbows. On-call operators tested Supervisory Control and Data Acquisition (SCADA) alarms for the Wastewater Treatment Facilities and lift stations to ensure reliability of emergency systems.

Land Application of Biosolids Program

Waiting for first cutting of hay fields before applying biosolids on approved MPCA fields. Currently there are 595,000 gallons in storage. Working on the Minnesota Biosolids Per- and Poly-fluoroalkyl Substances (PFAS) Strategy compliance consisting of PFAS sampling, required actions include reduction efforts and communications with users. On-going and continual development of the Minnesota Biosolids PFAS Strategy program for the approved Biosolids application sites.

Wastewater Lab Testing and Compliance

Sent May 2026 Electronic Daily Monitoring Report to Minnesota Pollution Control Agency (MPCA). Ongoing Mercury Minimization Plan, Copper Minimization Plan, PFAS Minimization Plan, and Phosphorus Management Plan. Ongoing meetings with industries to address Perfluorooctanesulfonate (PFOS) and what strategies to undergo to reduce PFOS. Ongoing 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 Compliance samples throughout the distribution system required by the Minnesota Department of Health (MDH). Received 3 calls from residents concerning water quality issues of taste and odor in May 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, Southwest 6th Lift, Tyrol Lift, Walnut and Pine Lift. Portable twenty-five-Kilowatt, forty-five kilowatt, one hundred fifty kilowatt and both Wastewater facilities generators and Godwin trash pump. 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 and wastewater operators toured a Reverse Osmosis (RO) Water Treatment Plant in St. Peters, Mn on May 5, 2026. Water and Wastewater operators attended Minnesota Wastewater Operators Association Laboratory and Process Control Workshop on June 17 and 18, 2026 at The Lodge in Baxter, Mn.

May 2026 Water Pumping Statistics

Water pumped to the North distribution system was 40,652,000 gallons for an average of 1,311,000 gallons per day. Water pumped to the South distribution system was 8,412,000 gallons for an average of 271,000 gallons per day. Chemical usage averages for the month 3.51 gallons of fluoride per day, 1.11 gallons of caustic soda per day, 6.99 gallons of orthophosphate per day, and 28.1 pounds of chlorine per day. Went through 21 filter backwash events. Backwash average of 273,000 gallons for each event.

Filtration Plant

May 2026 daily test results showed an average of 0.87 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 98.6% removal of iron.

*Minimum standard for filtered finished water is 0.3 milligrams per liter of iron which would be 75% removal based on the unfiltered raw concentration.

May 2026 daily test results showed an average of 0.5 milligrams per liter of manganese in the unfiltered raw water and an average of 0.023 milligrams per liter of manganese in the filtered finished water which indicates 95.1% 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.

Worked with distribution system personnel and contract service worker to clean and rehabilitate the pressure reducing valve at Riverside Booster Station.

Videographer at water production facilities.

Traut Well pulled well 3 to inspect well casing. After Coliform testing well 3 is back in-service.

Worked with InControl systems integrator to resolve alarm issues.

Chart Summary for Wastewater Treatment

May 2026-2025 Total influent Flow comparisons

2026 Combined Total Flow was 60,510,000 gallons which is down 99,000 gallons from the previous year.

2026 Brainerd Total Flow was 38,689,000 gallons which is down 1,155,000 gallons from the previous year.

2026 Baxter Total Flow was 21,821,000 gallons which is up 1,056,000 gallons from the previous year.

May 2026 Influent Daily Average Flows

2026 Combined Flow was 1,952,000 gallons.

2026 Brainerd Flow was 1,248,000 gallons.

2026 Baxter Flow was 704,000 gallons.

Chart Summary for Water Production

May 2026-2025 North distribution Total flow was 40,652,000 gallons which is up 171,000 gallons from the previous year.

May 2026-2025 South distribution Total flow was 8,412,000 gallons which is up 695,000 gallons from the previous year.

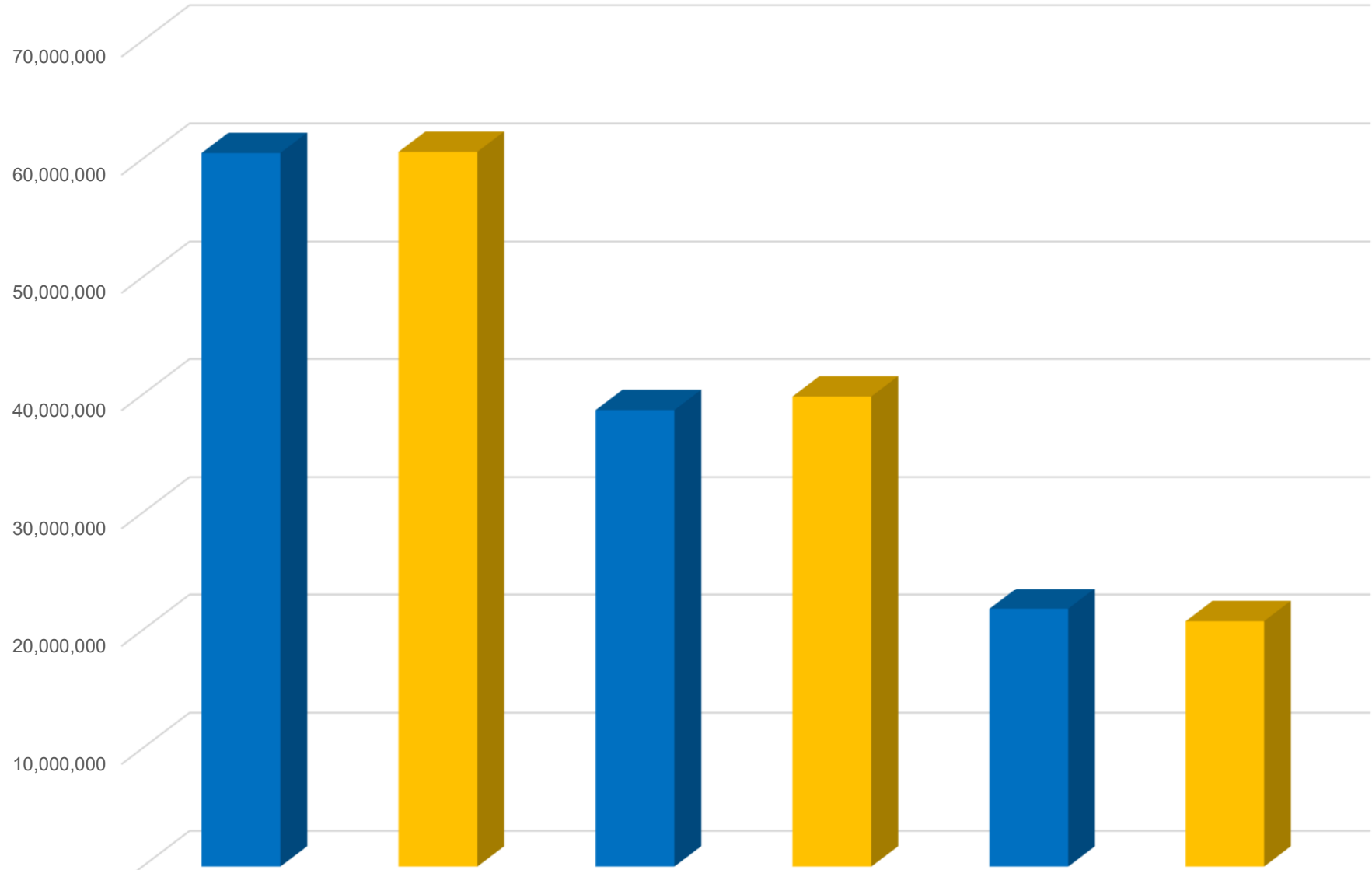
May 2026-2025 Baxter's Total flow was 0 gallons which is down 179,000 from the previous year.

May 2026 Daily Average Water North and South Distribution

2026 North distribution average was 1,311,000 gallons.

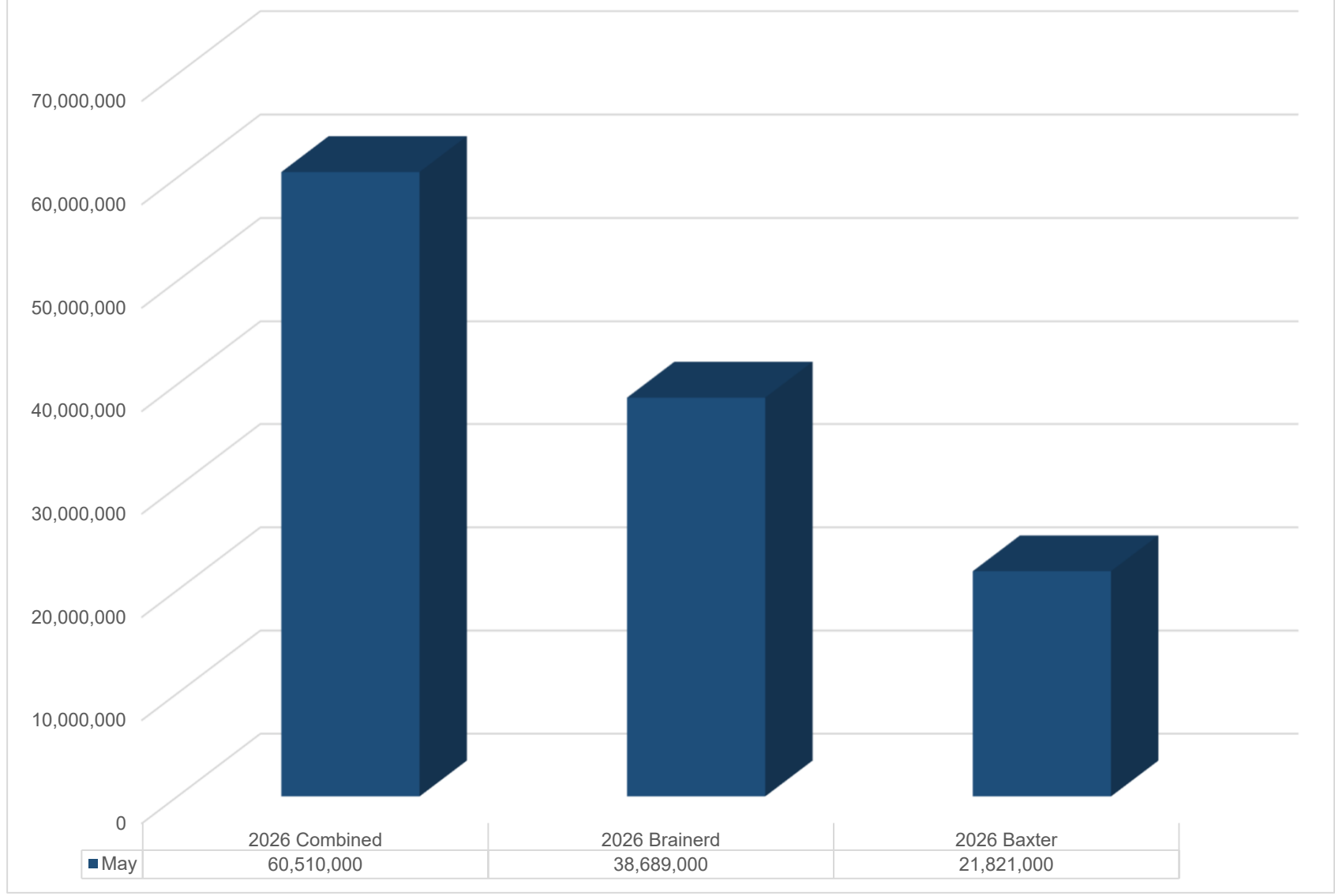
2026 South distribution average was 271,000 gallons.

May 2026 - 2025 Wastewater Influent Flow Comparisons

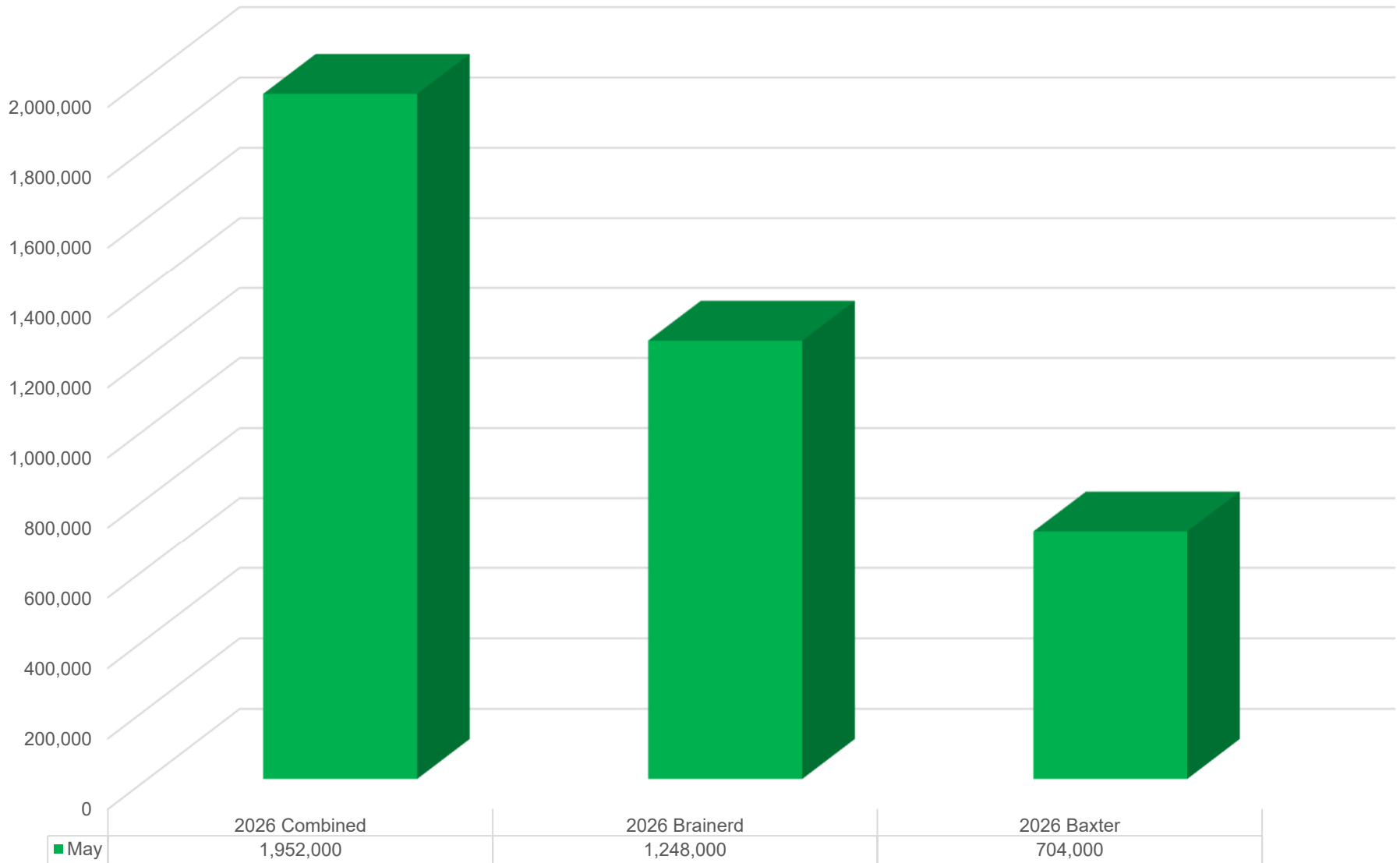


0	2026 Combined	2025 Combined	2026 Brainerd	2025 Brainerd	2026 Baxter	2025 Baxter
May	60,510,000	60,609,000	38,689,000	39,844,000	21,821,000	20,765,000

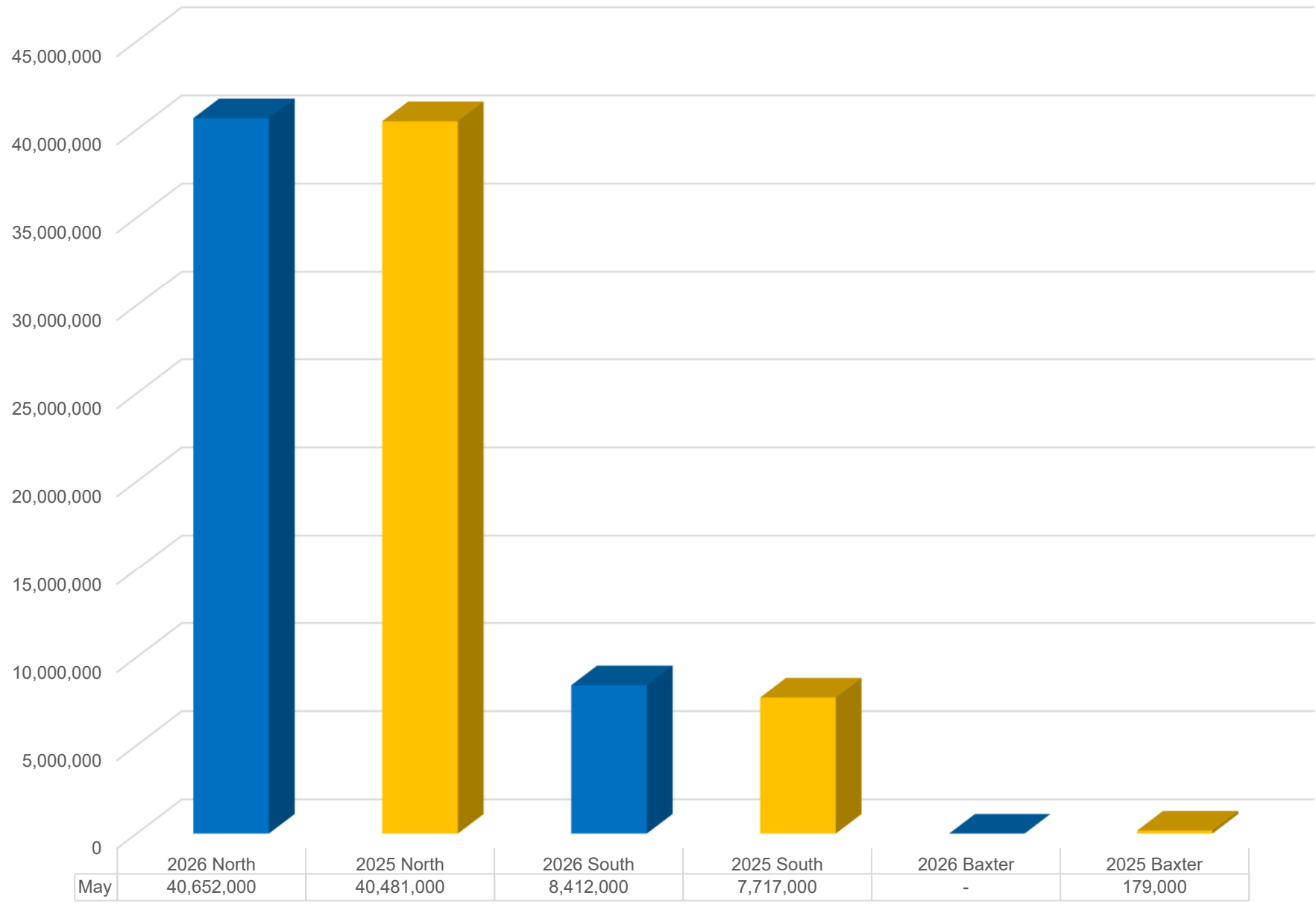
May 2026 Wastewater Influent Total Flows



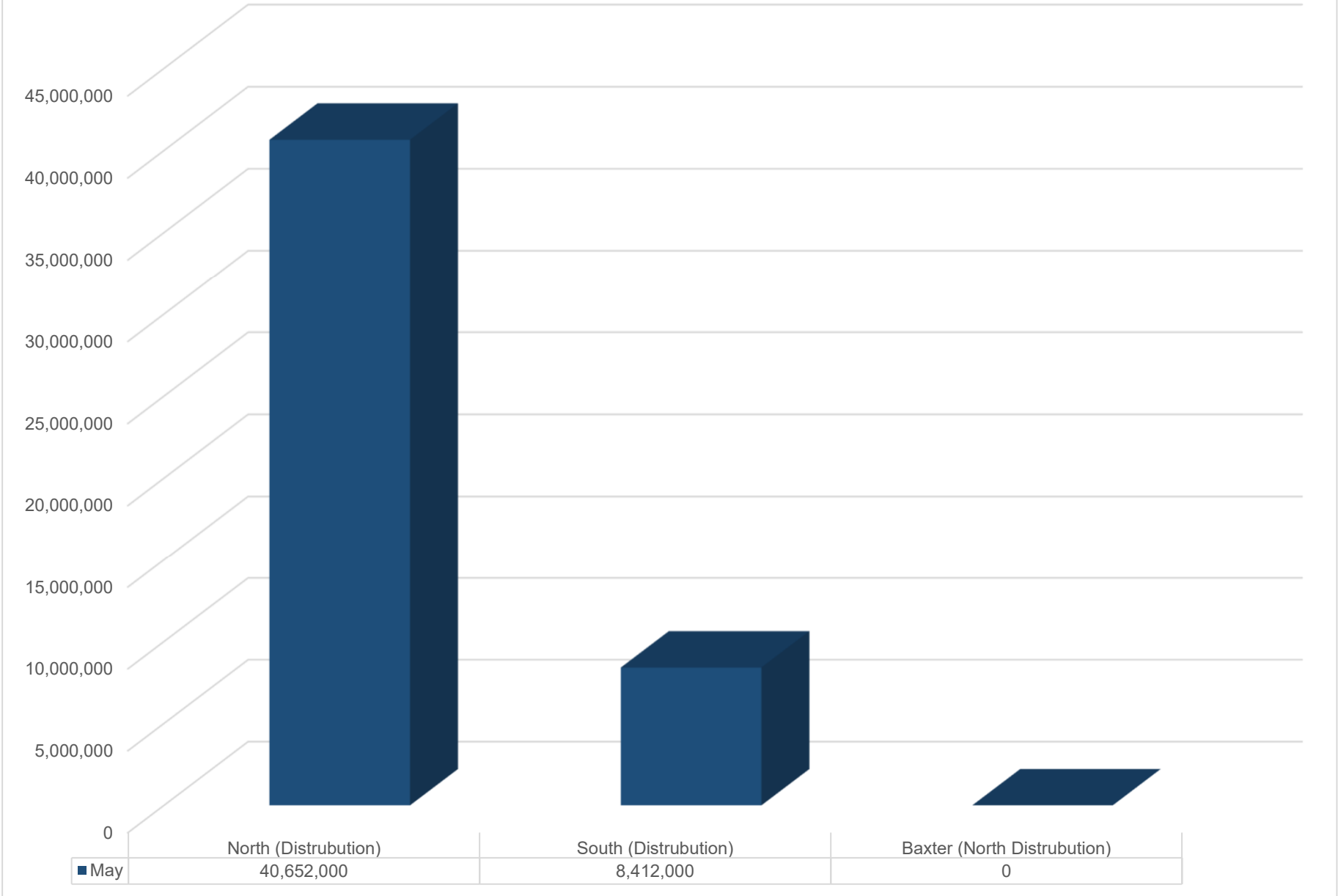
May 2026 Wastewater Influent Daily Average Flows



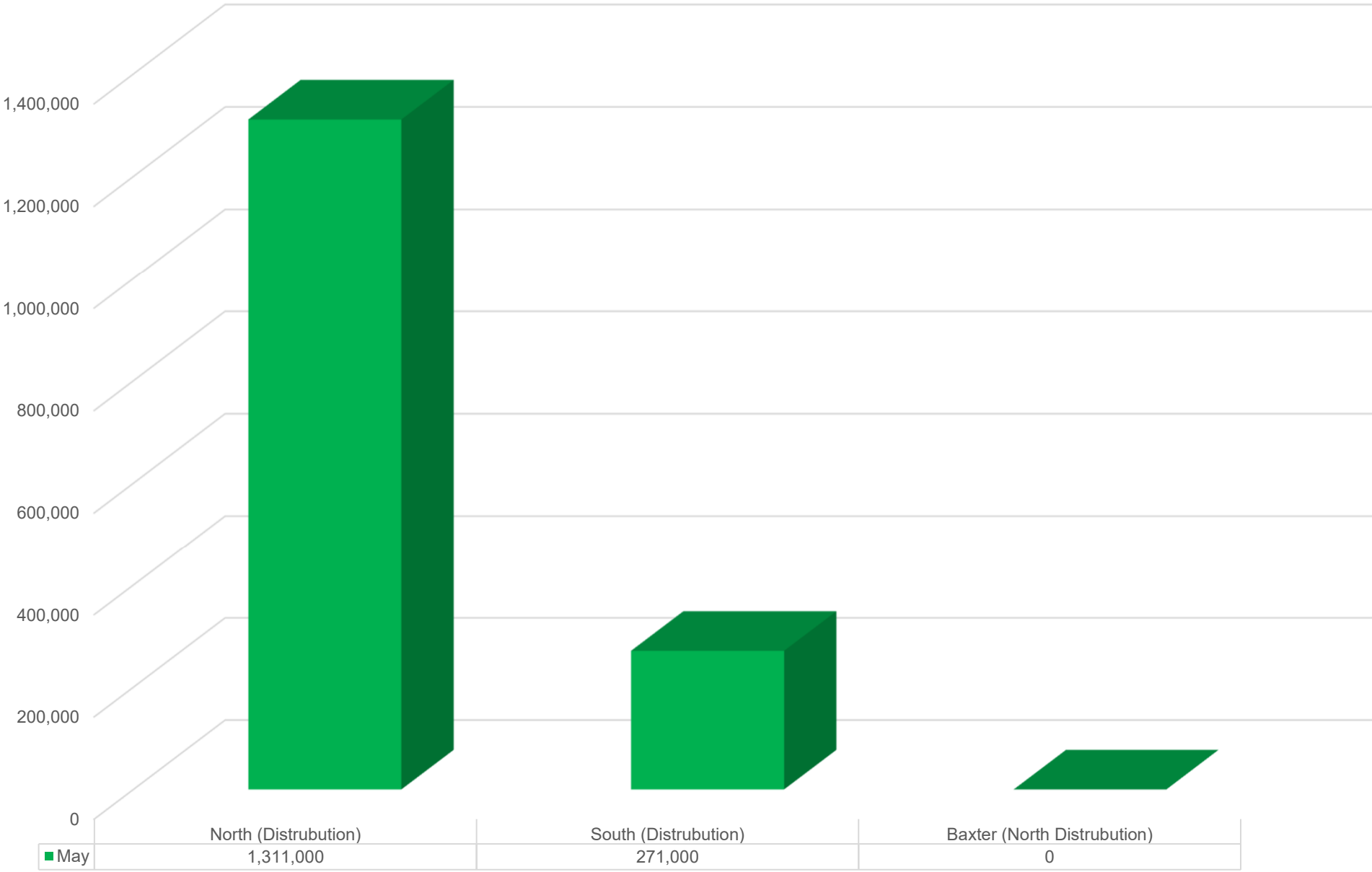
May 2026-2025 Comparison Water Production Totals North and South Distribution



May 2026 Total North and South Distribution



May 2026 Daily Average North and South Distribution





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Brainerd Public Utilities Finance Managers Report May 2026

Water Treatment Plant Educational Video

Staff coordinated with DyingToFilm on the production of Brainerd Public Utilities' educational water treatment plant video. One day of on-site filming was completed during the month, and staff have since received the initial draft for review and editing. A second day of filming is scheduled for the week following the July 4 holiday to capture additional footage and finalize the project. Once complete, the video will be used as a public education resource highlighting the water treatment process and BPU operations.

Emergency Management Training

Staff participated in Crow Wing County's Damage Assessment Training Workshop. The training focused on post-disaster damage assessment procedures, documentation requirements, and coordination with local, county, state, and federal emergency management agencies. The workshop will assist BPU in preparing for future emergency response and disaster recovery efforts.

Customer Relations and Large Load Development

Throughout the month, staff met with numerous customers regarding utility billing questions, implementation of recently adopted utility policies, and account-specific concerns. Staff also participated in discussions with prospective and existing large electric load customers regarding future service needs, infrastructure requirements, and potential economic development opportunities within Brainerd Public Utilities' service territory.

Streetlighting/Water/Wastewater/Electric Cost Studies

Staff continued working with Utility Financial Solutions (UFS) on the utility cost of service studies during the month. The water cost of service study has been completed and provided to UFS for review. Work on the wastewater cost of service study is currently underway and is expected to be completed in the coming weeks. Preparation for the electric cost of service study has also continued. Staff have coordinated with Daver Berg Consulting LLC to schedule the initial project meeting for July 13, where the study scope, data requirements, and project timeline will be reviewed. The electric cost of service study will provide the basis for evaluating revenue requirements, cost allocation, and future electric rate recommendations.

Staff continued implementation of the Waterworth budgeting and long-term financial planning software to enhance forecasting, capital planning, and utility rate analysis. The baseline water model and the modeling software is anticipated to be presented and in complete roll out during the month of July.

Financial Results

The 2025 audited financial statements are being presented to the Commission at this meeting. The audit report is available upon request, and the agenda packet includes the presentation that will be provided by the independent auditors.

The 2026 monthly financial statements are currently in process and are anticipated to be presented at next month's Commission meeting. Preparation of the financial statements was temporarily delayed while staff completed additional data requests and financial analyses required for the ongoing utility cost of service studies. With those requests substantially complete, staff are finalizing the financial statements for Commission 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	918,000	1,125,000	1,608,000	1,498,000								6,134,000
Blended AEP Cost	\$ 0.08153	\$ 0.07578	\$ 0.09151	\$ 0.08662	\$ 0.10561								\$ 0.0882
Calculated Benefit	80,307.05	69,566.04	102,948.75	139,284.96	158,203.78	-	-	-	-	-	-	-	392,106.80

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, MN

Packet Summary Budget Report

Group Summary

For Fiscal: 2026 Period Ending: 06/30/2026

Account Typ...	Original YTD Budget	Current YTD Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 1 - ELECTRIC						
Revenue	15,077,541.54	15,077,541.54	1,961,959.48	12,337,573.24	-2,739,968.30	18.17 %
Expense	14,631,450.36	14,631,450.36	1,714,722.99	10,839,378.35	3,792,072.01	25.92 %
Fund: 1 - ELECTRIC Surplus (Deficit):	446,091.18	446,091.18	247,236.49	1,498,194.89	1,052,103.71	-235.85 %
Fund: 2 - WATER						
Revenue	2,378,498.22	2,378,498.22	364,012.47	2,004,244.31	-374,253.91	15.73 %
Expense	2,354,251.68	2,354,251.68	176,532.88	1,165,547.35	1,188,704.33	50.49 %
Fund: 2 - WATER Surplus (Deficit):	24,246.54	24,246.54	187,479.59	838,696.96	814,450.42	-3,359.04 %
Fund: 3 - WASTEWATER TREATMENT						
Revenue	2,689,523.76	2,689,523.76	454,540.26	3,560,380.49	870,856.73	32.38 %
Expense	2,629,069.56	2,629,069.56	164,111.45	1,014,304.82	1,614,764.74	61.42 %
Fund: 3 - WASTEWATER TREATMENT Surplus (Deficit):	60,454.20	60,454.20	290,428.81	2,546,075.67	2,485,621.47	-4,111.58 %
Fund: 4 - HYDRO DAM						
Revenue	6,597.36	6,597.36	0.00	390.50	-6,206.86	94.08 %
Expense	415,637.88	415,637.88	52,557.82	342,223.66	73,414.22	17.66 %
Fund: 4 - HYDRO DAM Surplus (Deficit):	-409,040.52	-409,040.52	-52,557.82	-341,833.16	67,207.36	16.43 %
Report Surplus (Deficit):	121,751.40	121,751.40	672,587.07	4,541,134.36	4,419,382.96	-3,629.84 %

Fund Summary

Fund	Original YTD Budget	Current YTD Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)
1 - ELECTRIC	446,091.18	446,091.18	247,236.49	1,498,194.89	1,052,103.71
2 - WATER	24,246.54	24,246.54	187,479.59	838,696.96	814,450.42
3 - WASTEWATER TREATMENT	60,454.20	60,454.20	290,428.81	2,546,075.67	2,485,621.47
4 - HYDRO DAM	-409,040.52	-409,040.52	-52,557.82	-341,833.16	67,207.36
Report Surplus (Deficit):	121,751.40	121,751.40	672,587.07	4,541,134.36	4,419,382.96