



PUBLIC UTILITIES COMMISSION AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, July 28, 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. **Out of State Travel**

D. **Recommend Surplus Items for Auction**

6. **Presentations**

A. **Tower Award - Jana Pernula**

B. **Waterworth Rate Study Tool**

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. **2026 Comprehensive Policy Review Update**
 1. BPU_POL_2021-01 Opt Out Meter Reading Fee
 2. BPU_POL_2008-15 Non- Sufficient Funds Checks and ACH Payments
9. **New Business**
 - A. **Approve Fee Amendment with HR Green - Main Lift Station Reconstruction Project**
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 June 30, 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
Business Office Supervisor
Business Office Supervisor
Recording Secretary
Waste Water Treatment intern

Paul Sandy
Trent Hawkinson
Danny Loch
Charlie Gammon
Jana Pernula
Heidi Gandsey
Becky Ridlon
Kaylan Peterson

Others in Attendance

City Council Liaison
City Administrator
HR Director
Bolton & Menk
Bolton & Menk
Northland Arboretum
CliftonLarsonAllen

Jeff Czczok
Nick Broyles
Brittney Kummet
Morgan Salo, PE
Bryan Drown
Trevor Pumnea
Eric Smedsrud

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Motion by Commissioner Bayliss 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 May 26th, 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.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

May 26, 2026

2025 Audit Presentation

Eric Smedsrud CliftonLarsonAllen Presented the 2025 audit results.

Wussow emphasized the December 2024 water rate increase, noting that it has strengthened the financial performance of the water utility by improving operating margins and supporting the cost of maintaining services and infrastructure. The importance of reviewing utility rates annually.

Public Forum

None

Unfinished Business

Memo -See board packet for updates.

Wussow asked whether a formal plan is in place to achieve the utility's carbon-free 2040 goal.

Hawkinson responded that no formal documented plan currently exists, but the utility continues to make progress by pursuing opportunities as they arise. Wussow also asked about the status of an EV charging policy. Hawkinson stated that no formal policy has been adopted. Although the Strategic Plan identified completion in 2026, only the discussion phase was completed due to limited Commission interest. Staff remain prepared to develop a policy if directed by the Commission.

Czczok requested a cost-benefit analysis of the utility's generation assets, including hydro operations, to better understand operating costs, revenues, and overall financial performance while recognizing the value of the assets in supporting carbon-free energy goals. Hawkinson explained that the cost-effectiveness of generation assets depends on the comparison methodology, such as power purchase agreements, wholesale market prices, or blended rates. He noted that achieving the carbon-free 2040 goal will increase costs compared to current coal-based power and requested Commission guidance on the preferred methodology for future financial analyses of renewable energy projects. Loch reported that staff are awaiting bonding information from Bond Counsel after the project did not receive state legislative funding. The bonding analysis will estimate the cost of financing the project independently, with results expected by the next Commission meeting. The requested cost-benefit analysis will also be presented at that time.

Czczok requested a cost-benefit analysis of the hydro operation, asking for a clear report on its expenses, revenue, and overall financial performance. While recognizing its carbon-neutral benefits, he questioned whether the facility generates enough revenue to justify its operating and equipment costs. Loch explained that all existing generators remain operational when river flow permits and that none are permanently idle. The proposal would install a new generator in Pit 6, where no unit currently exists, using newer technology to improve energy production, particularly during lower river flows. He noted that the existing generators have been in service for more than 100 years and that staff are evaluating the project with an acceptable target payback period of approximately 20 to 25 years, while projects with longer payback periods would require additional review.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

May 26, 2026

Change order 1 – 2026 Galvanized Water Service Line Replacement Project Number 2 - see board packet for report.

Public Utilities Director Sandy presented.

Commissioner Jay asked a question about why an additional mobilization fee appeared, noting that there should have already been a mobilization fee included in the original agreement. It was clarified that this issue had previously been discussed with DeChantal during the change order negotiations. Brian Drown with Bolton and Menk responded explaining that the contractor's mobilization costs extend beyond transporting equipment. As a local contractor working on smaller, individual properties, the contractor incurs coordination, bonding, administrative, and other incidental costs for each location. Drown indicated that each property should be treated as a separate small project, with those individual costs collectively contributing to the overall project cost.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to 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. There was a unanimous vote in favor of the motion. Motion Carried.

2026 Backwash Reclaim Tank Construction Manager at Risk (CMAR) Project Pre-qualification and Bidding Phases and Construction Authorization- see board packet for report.

Public Utilities Director Sandy presented.

Sandy stated this item is for information only at this time, no action needed.

The commission expressed enthusiasm for the construction approach, noting the benefit of obtaining bids from specialized contractors rather than relying on a single general contractor with subcontractor markups. The discussion then focused on the Guaranteed Maximum Price (GMP), with Loch clarifying that the project's maximum cost is set at \$5.3 million. The GMP remains fixed even if contingency funds are fully used, unless the owner directs additional work through approved change orders. Contractor contingencies are intended to cover the contractor's risk for unforeseen costs or bidding omissions, while owner-directed changes may require use of the owner's contingency or an increase to the contract amount through a change order. Questions were also raised about potential design omissions, with Morgan Salo from Bolton and Menk explaining that those issues would be addressed if they arise but are not currently a concern.

Approve Amended BPU POL 2005-07 Tenant/Landlord Responsibility for Vacated Rentals.

Finance Manager Loch presented.

Discussion included: Wussow asked about notification procedures when tenant accounts transfer to property owners after vacancy. Loch explained that a notice letter is sent to inform landlords, but the account automatically transfers under existing policy and statute regardless of whether the letter is received. Concerns were raised about whether this places responsibility on the utility for ensuring delivery, and staff clarified that the property owner remains responsible for charges. Commission concluded that the policy as presented is acceptable, with staff recommending approval and ongoing monitoring.

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Motion by Commissioner Wussow and seconded by Commissioner Jay to Approve Amended Bpu POL 2003-07 Tenant/Landlord Responsibility for Vacated Rentals. There was a unanimous vote in favor of the motion. Motion carried.

Approve Amended BPU POL 2005-09 Customer Deposits.

Finance Manager Loch presented.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve Amended Bpu POL 2003-09 Customer Deposits. There was a unanimous vote in favor of the motion. Motion carried.

Approve Amended BPU POL 2005-06 Metering of Multi Unit Dwellings for Rentals.

Finance Manager Loch presented.

Wussow asked a question regarding item number four in the policy statement, specifically about the requirement that the property be inspected by BPU personnel before an account is placed in a tenant's name. It was confirmed that staff do indeed conduct on-site inspections of the property. A follow-up question addressed where the inspection reports are stored and whether they are maintained by BPU or the city's rental department. It was explained that the reports are retained within BPU systems, primarily through a mapping system used to track properties.

Motion by Commissioner Wussow and seconded by Commissioner Jay to Approve Amended Bpu POL 2003-06 Metering of Multi Unit Dwellings for Rentals. There was a unanimous vote in favor of the motion. Motion carried.

New Business

Legal Services with Flaherty and Hood for Cursory Review of Sewer Use and capacity Agreement between City of Brainerd and City of Baxter. See board packet for agenda request.

Public Utilities Director Sandy presented.

Wussow expressed appreciation for the involvement of a third party in helping initiate the process but emphasized the importance of maintaining transparency and avoiding unexpected developments that could result in disputes or legal disagreements. They stated their expectation that the group sessions would proceed openly and without surprises.

Staff reported ongoing communication with the City of Baxter, including email correspondence outlining the intent to bring the matter before the Commission. The expectation is that the city's attorney will review the agreement, with legal counsel for both communities examining the document and providing any necessary comments or revisions.

Wussow also expressed appreciation for the continued open communication between the two cities and the collaborative approach to the joint wastewater project. They commended the proactive efforts and strong representation through the Joint Wastewater Management Board meetings and looked forward to the facility planning findings, particularly the projected wastewater usage for both communities.

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Sandy explained that Bolton & Menk, serving as the technical advisor under the wastewater facility planning contract, will lead to revisions to the agreement using information developed through the facility plan. The revised agreement will then be reviewed by legal counsel for both cities and the Joint Wastewater Management Board as the process moves forward.

Sandy further noted that additional legal work will be required through the end of the year, with each community now responsible for its own legal expenses rather than following the previous one-third/two-thirds cost-sharing arrangement. Existing planning funds have already been allocated through Bolton & Menk, while additional legal expenses are anticipated in the 2027 budget. Legal services from Flaherty & Hood were estimated at approximately ten hours.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to 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 a cost not to exceed \$3,500.00. There was a unanimous vote in favor of the motion. Motion Carried.

Discuss Crow Wing Power Infrastructure/Service Territory Boundaries. See board packet for agenda request.

Operation Manager Hawkinson presented.

The discussion covered a proposed service territory realignment that would not result in a net loss of customers but would adjust boundaries between utilities, including along the Highway 371 corridor, to better align service responsibility. Hawkinson noted that administrative costs may be negotiated as part of the agreement, and acknowledged that long-term infrastructure cost recovery is limited due to long asset lifespans, making extended replacement assumptions impractical.

While there was hesitation about giving up any service area due to potential future revenue loss from undeveloped lots, it was noted by Hawkinson that the current fragmented “island” service areas are financially inefficient. The proposed boundary cleanup would simplify and clarify service lines, reduce overlap, and improve operational efficiency such as outage response and emergency coordination, with staff emphasizing overall benefits despite the difficult trade-offs involved.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve proposed service territory boundary adjustments, continue 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.

Commissioner Jay requested to amend the motion to ensure the adjustments do not exceed the proposed service territory boundaries.

Amended Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve proposed service territory boundary adjustments not exceed the proposed service territory boundaries, continue 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. There was a unanimous vote in favor of the motion. Motion Carried.

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Discuss Northland Arboretum Billing Related to BPU POL 2005-07. See board packet for agenda request.
Operation Manager Hawkinson presented.

Commissioners discussed a request to make an exception to existing policy 2005-07 but agreed that doing so would be unfair to other ratepayers and could set an undesirable precedent. While acknowledging the value of the project and the significant contributions made by the applicant, commissioners concluded that too many questions remain to justify an exception at this time. Instead, they supported working with staff to explore alternative solutions, including gathering input from contractors and other stakeholders, with the goal of identifying a fair and practical path forward without changing current policy.

Staff Reports

City Administrator Report -see board packet for report.

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

Wussow requested that future personnel reports more clearly distinguish new hires from internal promotions, particularly for City, HR, and Airport positions. Kummert agreed to separate or identify the categories more clearly in future reports.

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

Wussow asked whether costs related to contaminated soils on the Highway 210 water main project would be borne by BPU and whether the source of the contamination had been identified. Sandy explained that the issue requires switching water main materials in limited areas where petroleum-related contaminants could affect PVC pipe, resulting in an upcoming change order. While contamination along the corridor originates from a variety of historic sources, staff noted that only two or three locations currently require material changes, with costs and quantities still being finalized.

Additionally, Wussow questioned whether the City Council should reconsider allowing future development on the Roberts property, noting that it was purchased for wellhead protection and that the development contingency prevented pursuit of grant funding. Loch explained that it is now too late to seek those grants and that any future development would require the property to be purchased by another City department. Wussow expressed concern that development would conflict with the property's intended purpose. Staff responded that no development is currently planned and that the Community Development Director also believes the property is not suitable for development.

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

Additionally, Hawkinson reported on the significant storm that impacted the Brainerd Lakes area, noting that the utility system performed well, with only about 22 sustained outages despite numerous system operations and alarms. Staff credited the utility's infrastructure investments and thanked line crews for working overnight in difficult conditions to restore service, expressing pride in the team's response and the reliability of the system.

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

Wanted to welcome Wastewater Treatment intern Kaylan Peterson to the team.

In addition to his report, Gammon noted that, according to the DNR, the area is in the beginning stages of a drought warning. He encouraged residents, businesses, and landowners to watch for communications from their water supplier regarding possible future water use reduction measures and restrictions.

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

In addition to Loch's report, he wanted to welcome Business Office Supervisor Heidi Gandsey to the team. Loch also reported that work is underway to bring the 2026 financial information up to date after prioritizing completion of the cost-of-service studies and audit. Commissioners were advised that the reported \$4 million budget surplus is seasonal and misleading, as construction spending has not yet occurred, and it should not be interpreted as available cash on hand.

City Council Liaison Report

Wished everyone a happy 4th of July.

Commission Members – Report

Commissioner Bayliss wished everyone a safe and enjoyable holiday weekend and encouraged reflection on the significance of Independence Day while expressing appreciation for those who have served and continue to serve in defense of the nation's freedoms.

Commissioner Wussow reported on presenting to the National Association of Realtors about Brainerd's housing growth, highlighting the community's collaborative housing efforts, major development projects, and the importance of infrastructure investments. Wussow commended staff for their work over the past five years and noted that the presentation showcased the city's accomplishments. Wussow also shared meetings with Senators Amy Klobuchar and Tina Smith, where discussions included the state hospital property and data center ordinances. Wussow concluded by praising Paul's community update videos and wished everyone a happy 4th of July.

Commissioner Jay reminded residents to be mindful with fireworks over the 4th of July holiday, noting that BPU crews are responsible for responding to any outages or issues that may occur.

Commissioner Angland thanked BPU staff for their proactive approach and continued efforts to position the utility for future success.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to adjourn to MMUA virtual session July 15th 3pm-5pm. There was a unanimous vote in favor of the motion. Motion carried at 10:55 AM.

Mike Angland, Commission President

Danny Loch, Finance Manager/Secretary



Public Utilities Commission Agenda Request

MEETING DATE: July 28, 2026

TITLE OF ITEM: Out of State Travel

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN):

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE:

Brainerd Public Utilities has been requested to participate in meetings in Washington, D.C., in December 2026 to discuss federal and state funding opportunities for BPU's current and future infrastructure needs. The anticipated meetings would provide BPU representatives with an opportunity to present information regarding major water, wastewater, electric, and hydroelectric projects and discuss potential funding assistance with Minnesota representatives, agency personnel, and other funding partners.

The City of Brainerd Employee Policy Manual requires out-of-state travel exceeding 300 miles from Brainerd to receive advance approval through the applicable City and BPU approval processes. The City processes have been completed. Because the anticipated trip to Washington, D.C., exceeds this threshold and will require air travel, staff is requesting Commission approval before travel arrangements and related expenses are incurred.

The primary purpose of the trip is to advocate for financial assistance for BPU's significant long-term capital needs and to maintain relationships with governmental representatives and funding agencies. Approval of the travel does not guarantee that federal or state funding will be awarded.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Motion to approve out-of-state travel to Washington, D.C., in December 2026 for designated BPU representatives, including reasonable and necessary expenses incurred in accordance with the City of Brainerd Employee Policy Manual, and to authorize staff to complete the remaining required approvals and travel arrangements.

FINANCIAL IMPACT: Expenses are expected to include airfare, lodging, meals, local transportation, parking, and other necessary travel costs. The estimated cost is \$1,500 per traveler, with an estimated total cost not to exceed \$4,000. Expenses will be paid from available BPU budgeted funds.

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		Make		Model	YOUNGSTOWN
VIN/Serial Number					
Mileage		Condition	NEW	Reserve Price (optional)	\$
Remarks: Any known Defects and options the unit may have	NEW FR WATERPROOF WINTER YOUNGSTOWN GLOVES W/KEVLAR. 5 PAIR 12-3290-60-XXL. 7 PAIR 12-3290-60-3XL				

LOT 2

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

LOT 3

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

LOT 4

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

LOT 5

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

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

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

Authorized Signature

Title

Date

Surplus Services Use Only	
	Surplus Services Authorization

Surplus Equipment (BPU) - Technology Dept 2026

Type	Model	SN	Asset Tag
desktop	Optiplex 9020	CJBQP22	5078
desktop	Optiplex 7040	GCV3V62	5094
desktop	Optiplex 9020	6NPYB62	5152
desktop	Optiplex 9020	H2CGCY1	5065
desktop	Optiplex 9020	3JSSP52	5115
desktop	Optiplex 9020	GJQQB42	5140
desktop	Optiplex 9020	1M9XBZ1	NONE
desktop	Optiplex 9020	2TSYBZ1	5072
desktop	Optiplex 9020	H2CHCY1	5054
desktop	Optiplex 9020	8T9HK02	5102
desktop	Optiplex 7050	J620JN2	5087
desktop	Optiplex 9020	GMSCW52	5135
desktop	Optiplex 9020	CPM0Y12	NONE
desktop	Optiplex 9020	2JR5622	5061
desktop	Optiplex 7040	GCV4DD2	5149
desktop	Optiplex 9020	G7KPDZ1	5035
desktop	Optiplex 9020	G7KNDZ1	5042
desktop	Optiplex 9020	8T9JK02	5159
desktop	Optiplex 9020	H4FDC42	5199
desktop	Optiplex 7040	FFSWP52	5154
desktop	Optiplex 9020	CPJ4Y12	5166
desktop	Optiplex 9020	CPK0Y12	5130
desktop	Optiplex 9020	BN21S22	5006
desktop	Optiplex 9020	BN7ZR22	5003
desktop	Optiplex 9020	CJ0SP22	5205
desktop	Optiplex 9020	BJR9622	5000
desktop	Optiplex 7050	J61FMF2	5021
desktop	Optiplex 9020	3L33C62	5131
desktop	Optiplex 9020	JG9WB42	5017
desktop	Optiplex 9020	CPKYX12	5162
desktop	Optiplex 9020	1M9YBZ1	5109
desktop	Optiplex 7050	J5ZNL2	5188
desktop	Optiplex 9020	JRRSD22	5194
desktop	Optiplex 7040	G6DCKB2	5143
desktop	Optiplex 9020	J37SFZ1	5230
desktop	Optiplex 9020	CPL4Y12	5121
desktop	Optiplex 7040	FFSSP52	5168
desktop	Optiplex 9020	J38HFZ1	5028
desktop	Optiplex 9020	2TS1CZ1	5011
laptop	VOSTRO P83F	34991883254	NONE
laptop	VOSTRO P83F	6CQ9HX2	5222
laptop	VOSTRO P83F	1YN9HX2	5187
laptop	VOSTRO P92G	75NJHT2	5182
laptop	VOSTRO P92G	JDTJHT2	5226
laptop	VOSTRO P102F	JHL9103	5213
laptop	VOSTRO P102F	78L9103	5175

Type	Model	SN	Asset Tag
laptop	VOSTRO P102F	JLL9103	5225
laptop	VOSTRO P102F	C8L9103	5178
laptop	VOSTRO P102F	3ML9103	5191
laptop	VOSTRO P102F	29L9103	5193
laptop	VOSTRO P102F	J8L9103	5235
monitor	ASUS VG 248QG	M9LMQS136149	NONE
monitor	Dell 1908Fp	CN0G313H742618CM7EPL	NONE
monitor	AOC LM729	171SCHA024301	NONE
monitor	Dell 1908Pb	CN0G31H742618CM7EJL	NONE
monitor	Dell E197Fm	CNOWH319728726BTHEM	NONE
monitor	Dell E2210F	CNOT776R7287205P3BUL	NONE
monitor	Dell P2725H	953SS34	5409
monitor	Dell P2725H	4X1S534	5401
monitor	Dell E2210HC	CNOH256R64180O1ROJL	5345
monitor	ASUS VE278	H3LMTF039472	5233
monitor	P2014Ht	CN0J6HFT74445395BP7L	5204
monitor	P2214Hb	CNOKW14V74261S8I8CUL	5202
monitor	Dell V2414Hb	CN0R9F1P7426148123VL	5201
monitor	Dell P2214Hb	CN0KW14V7426153V6W1L	5195
monitor	Dell P2214Hb	CN0T0RN67426162M3HVB	5169
monitor	Dell P2214HB	7VR1M82	5165
monitor	Dell P2014Ht	CN036HFT7444548NBL8L	5161
monitor	P2014Ht	CNOJ6HFT74445433B2ML	5160
monitor	P2014Ht	CNOJ6HFT744454CBC6SL	5158
monitor	HP L1906	CND7362X71C	5136
monitor	Dell P2014Ht	CN0J6HFT7444539TB4YL	5128
monitor	Dell P2014Ht	CN0J6HFT74445433B22L	5127
monitor	Dell P2014Ht	CN0J6HFT744453BKANML	5117
monitor	Dell P2012H	CNOWSHWR7444538GAMJM	5112
monitor	Dell P2014Ht	CN0J6HFT744453BJAHEL	5111
monitor	Dell P2217H	2W3SS82	5093
monitor	ASUS VG24SH	J4LMQ5097445	5082
monitor	P2214Hb	CNOKW14V7426158I8CYL	5044
monitor	Dell 2214Hb	CN0T0RN67426162M33GB	5043
monitor	ASUS VG 248QG	SILMQS072781	5030
monitor	P2214Hb	CNOKW14V742615881R1B	5019
monitor	P2014Ht	CNOJ6HFT74445395D9QL	5018
printer	HP Laserjet m4s2dn	VNB3X25785	NONE
printer	HP Laserjet M4S2dn	VNB3X25775	NONE
printer	Brother HhL6200DW	UU4180J7N798697	NONE
printer	Canon ImageClass Mf236n	WQW21231	NONE
printer	Canon Image Runner 1023N	TJEO3588	NONE
printer	HP Laserjet M452dn	VND3B025158	NONE
printer	Brother ML300	U53081A6P353408	NONE
printer	HP Laserjet m454dn	VNB3505682	NONE
printer	HP Laserjet m452dn	VND3M03785	NONE

Type	Model	SN	Asset Tag
printer	HP Laserjet m452dn	VND3B02144	NONE
printer	HP L1906	CND7362X75	NONE
printer	Brother HLL6200DW	U64180J7N798095	NONE
printer	Canon DR501C	DD310142	NONE
printer	HP Laserjet 1320N	CNFC566244	NONE
printer	Xerox QRRS02016	C235	5176
printer	Canon L190	L2Y25974	5133
printer	HP Laserjet P3005d	CNJ1F53254	5120
printer	HP Laserjet 2420d	CNGKK13486	5101
printer	HP Laserjet M4S2dw	VNB3D02163	5092
printer	HP Laserjet M4S4dn	VNB3K17010	5059



Public Utilities Commission

Agenda Request

MEETING DATE: July 28, 2026

TITLE OF ITEM: Waterworth Rate Study Tool

ACTION REQUESTED: Discussion Item

ESTIMATED TIME (MIN):

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of BPU's ongoing financial and capital planning efforts, staff has begun working with Waterworth and its long-term financial forecasting and rate modeling program. The program is intended to connect capital improvement needs with projected operating revenues, expenses, reserves, debt, grants, and customer rates. This allows staff and the Commission to evaluate how changes in project timing, costs, funding sources, and rate assumptions may affect the long-term financial sustainability of each utility.

Adam Duddy from Waterworth will attend Tuesday's Commission meeting to introduce the program and provide an overview of the initial financial models developed for BPU's water and wastewater utilities.

Staff and Adam have entered historical financial information, previously approved operating budgets, and BPU's existing capital improvement plans into the program. The models have also been updated to incorporate information from the wastewater facility plan, ongoing water system planning discussions, recent water studies, and other engineering services and estimates. BPU's approved capital improvement plan identifies significant anticipated investment in both the water and wastewater systems, while the audited financial statements provide the starting financial position used in evaluating how those investments may be funded.

The information being presented is preliminary and should not be considered a completed rate study, final capital plan, or formal rate recommendation. The purpose of the presentation is to introduce the Commission to the program, review the assumptions currently included in the models, and demonstrate how the program may be used to identify future funding shortfalls and evaluate potential solutions.

The initial modeling may illustrate financial challenges that have not previously been presented to the Commission in this format. These projections will continue to be refined as project scopes, engineering estimates, financing options, grant opportunities, operating costs, and other assumptions are updated. Any future rate changes, borrowing decisions, or revisions to the capital improvement plan would be presented separately for Commission consideration through the normal budget and approval processes.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Waterworth is intended to serve as an ongoing financial planning tool rather than a replacement for BPU's accounting system, engineering studies, annual budget process, or formal cost-of-service studies. The model can be updated as financial conditions and infrastructure plans change, allowing staff and the Commission to evaluate different scenarios using a consistent set of information.

RECOMMENDED ACTION/MOTION: This item is presented for informational and discussion purposes. No formal Commission action is requested at this time.

FINANCIAL IMPACT: There is no immediate financial impact associated with this informational presentation. Future financial impacts will depend on the capital projects, funding strategies, rate adjustments, and other policy decisions ultimately considered and approved by the Commission.



W A T E R W O R T H TM





A financial forecasting and revenue calibration solution adopted by hundreds of organizations across North America. Our job is to help utilities like yours plan financially — so you can avoid surprises, avoid emergency rate hikes, and make smart choices about how to invest in your infrastructure.

Our Tool

Continuous Process



Full Cost Recovery



Communication



Presentation Outcomes



- To have a clear picture on current/forecasted financials
- To know what the revenue requirements are
- To have an actionable plan



- Understanding of our tool/process
- To know how we have produced the information
- Have confidence in the results

Our Process

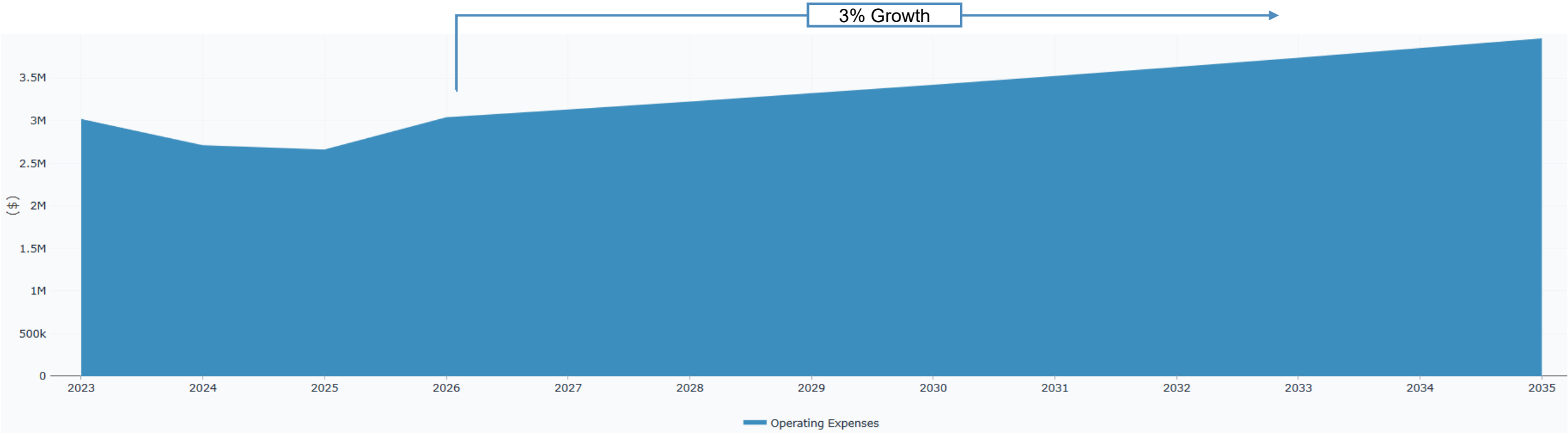


Water Revenue Requirements

Operating Expenses



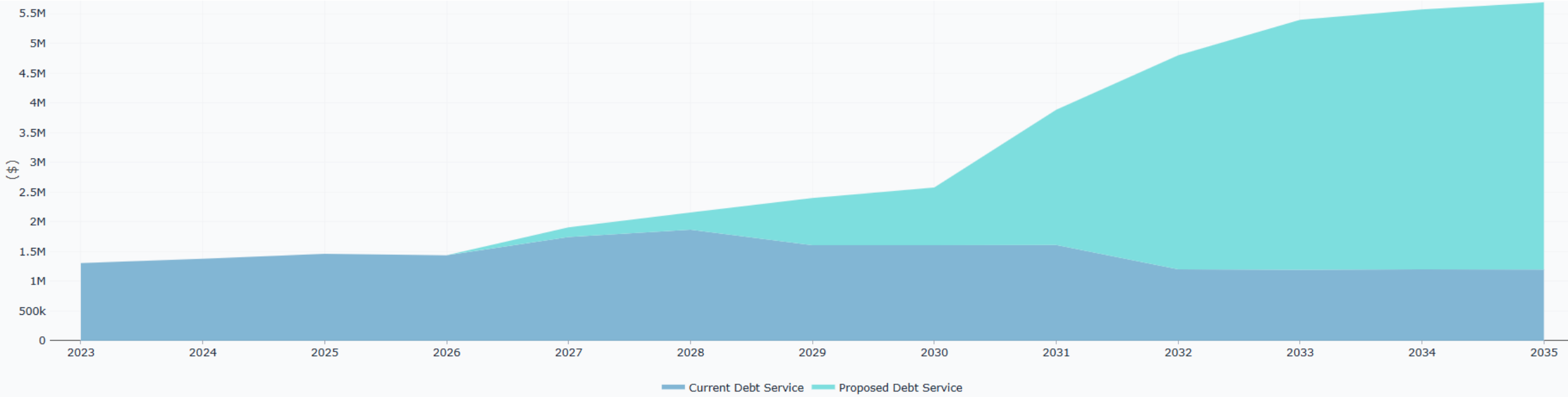
This chart illustrates the operating & maintenance expenses - the routine costs required to provide safe and reliable water service. These include but are not limited to salaries & benefits, contracted services, system maintenance, utilities, treatment chemicals, insurance and other operating and administrative costs.



Debt Expense



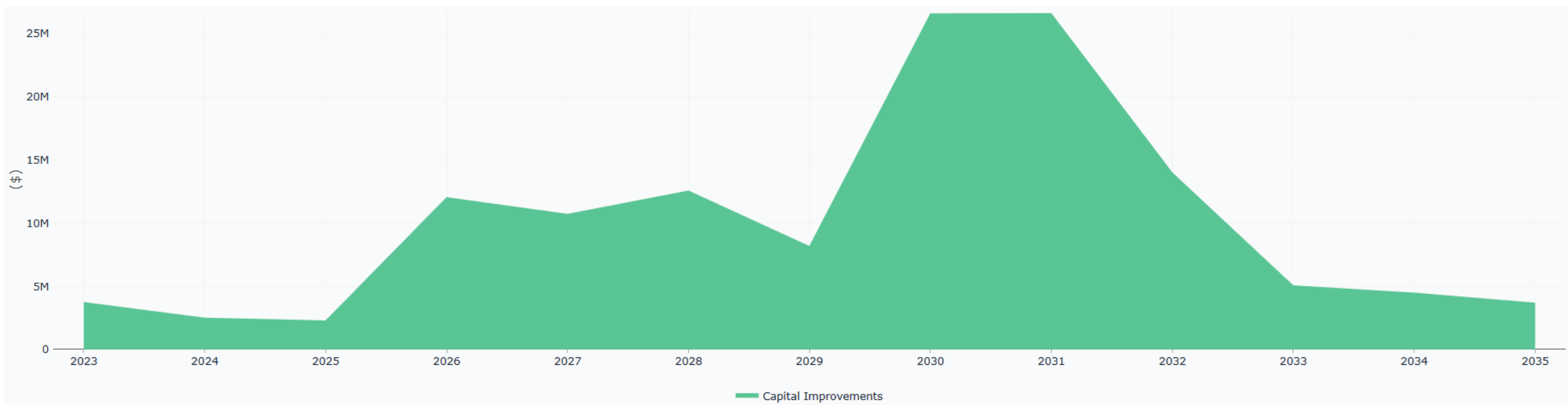
This chart represents the utility’s use of debt to fund capital investments and manage cash flow needs. Debt financing allows the utility to spread the cost of large infrastructure projects over time, aligning repayment with the useful life of the assets and the benefits received by future ratepayers. Historic figures reflect actual debt service payments, while future projections are based on existing debt schedules and anticipated borrowing tied to planned capital improvements.



Capital Expenses



In addition to meeting ongoing operating costs, the utility must continue to invest in capital improvements for system renewal and capacity improvements to ensure long-term service reliability. Historic years are based on audited actuals, the current year on the approved budget, and future years on projections from a Capital Improvement Plan.



- Reclamation/Backwash Construction Project – 2026, 2027 - \$ 5,300,000

Highway 210/Washington Street – 2026, 2027 - \$ 4,050,000

New Plant Provision – 2026 to 2032 - \$ 60,175,000

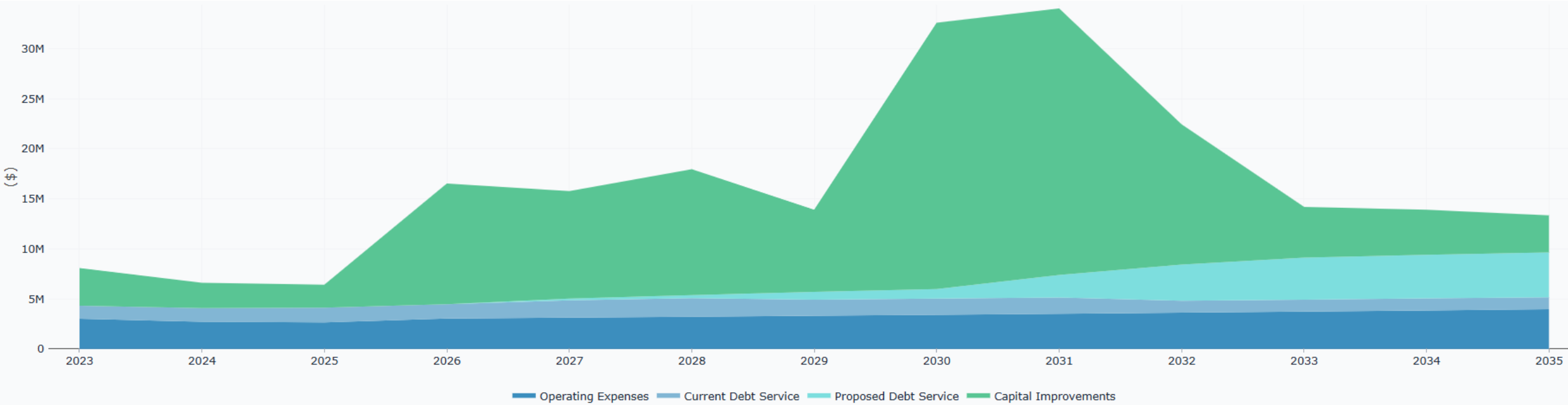
Lead Service Replacements – 2026 to 2035 - \$ 2,675,000 annually

Well #9 – 2028 - \$ 5,000,000

Revenue Requirements



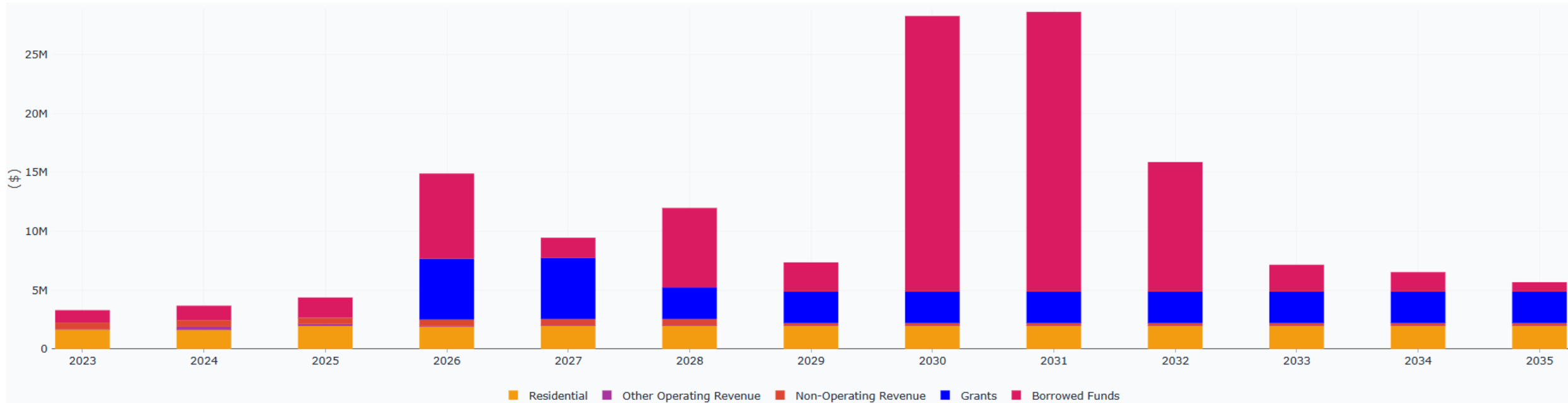
Revenue requirements are the total annual funds needed to operate, maintain, and reinvest in infrastructure sustainably. This includes operating costs, debt service, and capital replacement needs. Understanding these requirements helps ensure long-term financial planning, supports rate setting, and highlights funding gaps to guide informed decisions.





Projected Revenues – No Growth

Status quo revenues refer to the funding expected under current rates, policies, and practices without any changes. This projection helps determine whether existing revenue streams are sufficient to cover future operating costs, debt obligations, and capital needs. Comparing status quo revenues to revenue requirements reveals any gaps that may need to be addressed through rate adjustments or new funding sources.



Loans:

Well #9 – 2028 - \$ 5,000,000

New Plant Provision – 2026 to 2032 - \$ 54,500,000

Various Projects – 2026 to 2035

Grants:

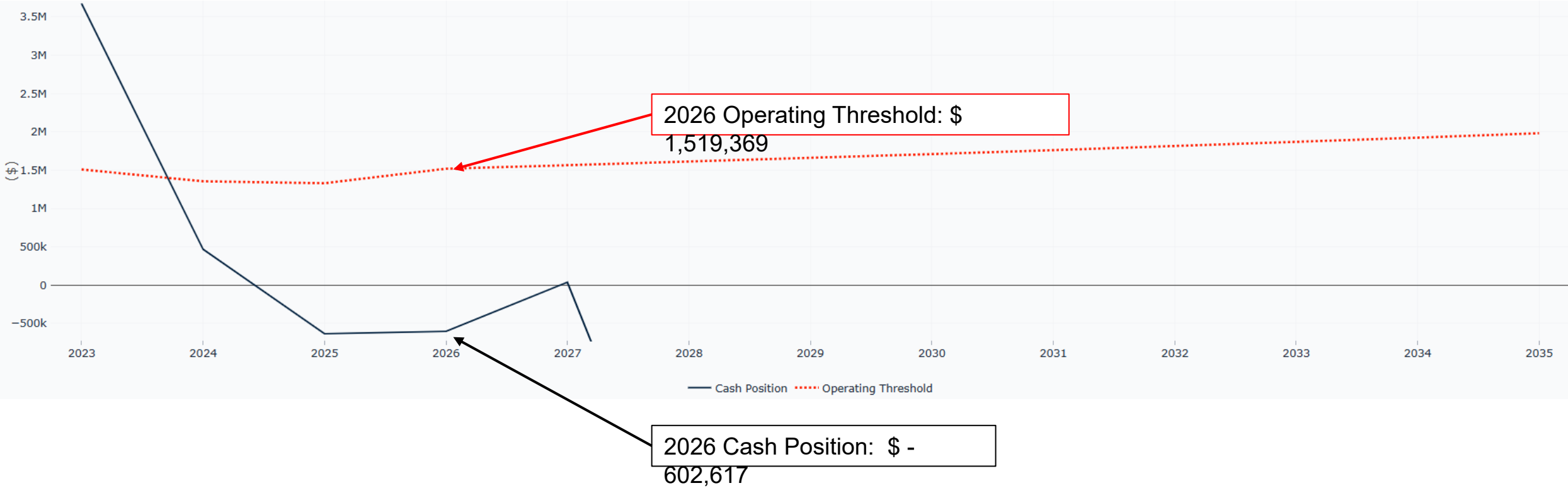
Reclamation/Backwash Construction Project – 2026, 2027 - \$ 5,000,000

Lead Service Replacements – 2026 to 2035 - \$ 2,675,000 annually

Cash Position



The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves—guided by targets or thresholds—ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

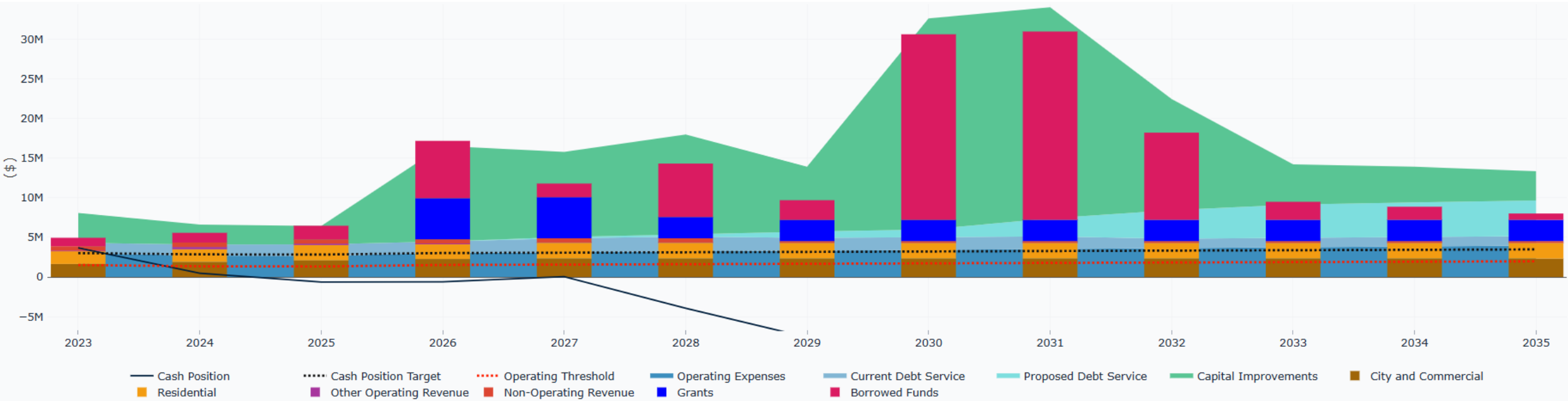


The operating threshold represents six months of operating expenses and serves as a planning benchmark for the recommended minimum level of available cash reserves in each fiscal year.

Status Quo - Long Term Financial Model



The status quo long-term financial model reflects the utility’s projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.

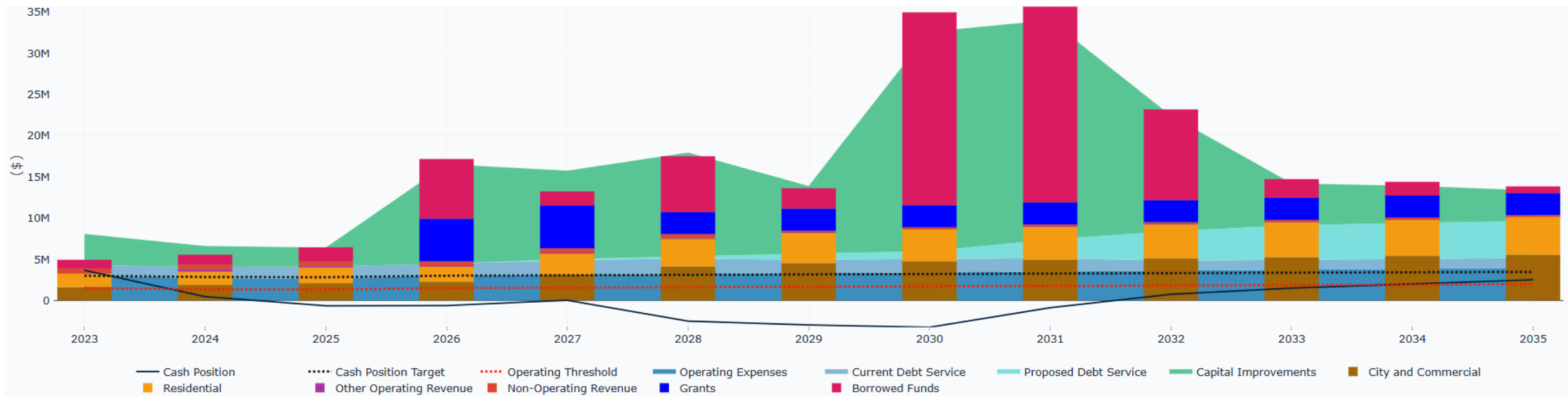


Water Proposed Solution

Proposed Solution – Revenue Adjustments



The proposed revenue adjustments allow cash reserves to recover above the operating threshold by 2034. While the percentages shown represent the overall revenue adjustments required, individual rates do not necessarily need to increase by the same amount; as we continue refining the model, we can evaluate future rate structures that distribute these adjustments appropriately across customer classes and charges.





Proposed Solution – Revenue Adjustments

The proposed revenue adjustments allow cash reserves to recover above the operating threshold by 2034. While the percentages shown represent the overall revenue adjustments required, individual rates do not necessarily need to increase by the same amount; as we continue refining the model, we can evaluate future rate structures that distribute these adjustments appropriately across customer classes and charges.

35%

2027

30%

2028

10%

2029

5%

2030

4%

2031

3%

2032–2035

40%

2027

30%

2028

10%

2029

5%

2030

4%

2031

3%

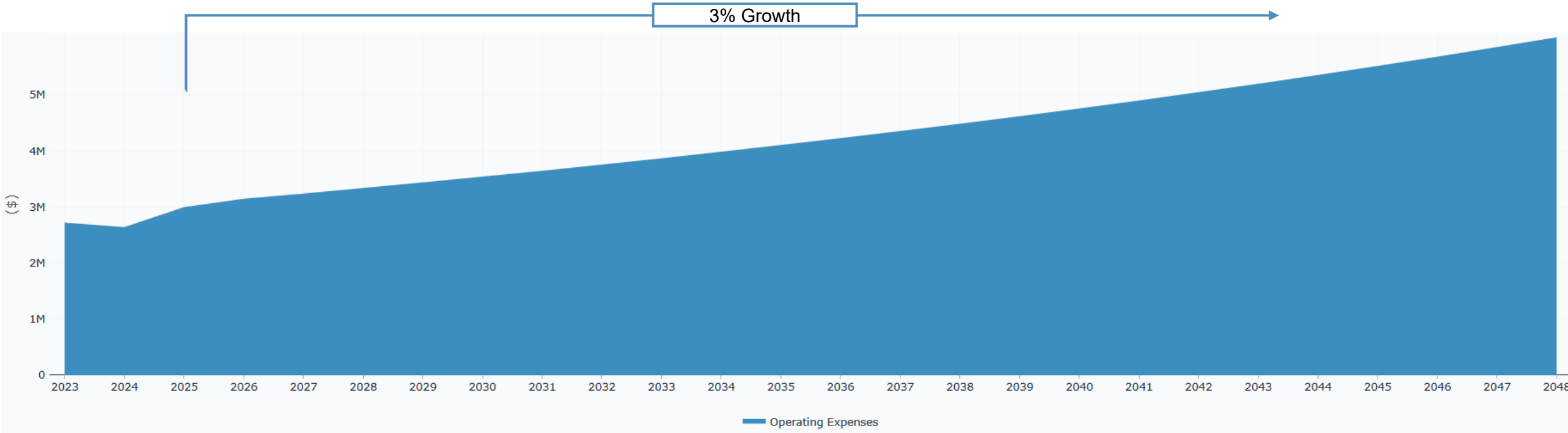
2032–2035

Wastewater Revenue Requirements

Operating Expenses



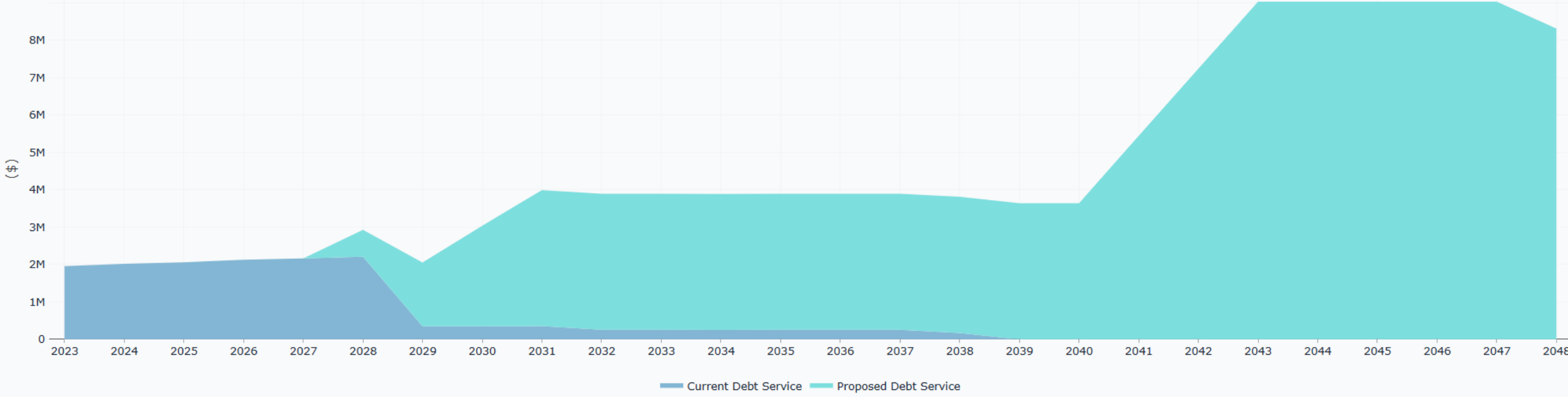
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Debt Expense



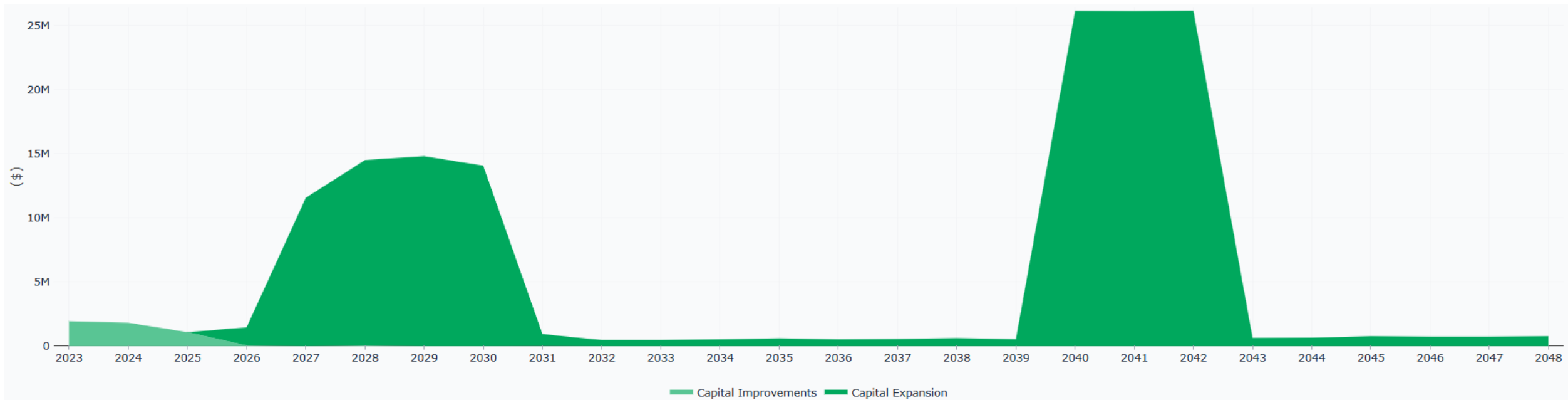
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Capital Expenses



In addition to meeting ongoing operating costs, the utility must continue to invest in capital improvements for system renewal and capacity improvements to ensure long-term service reliability. Historic years are based on audited actuals, the current year on the approved budget, and future years on projections from a Capital Improvement Plan.

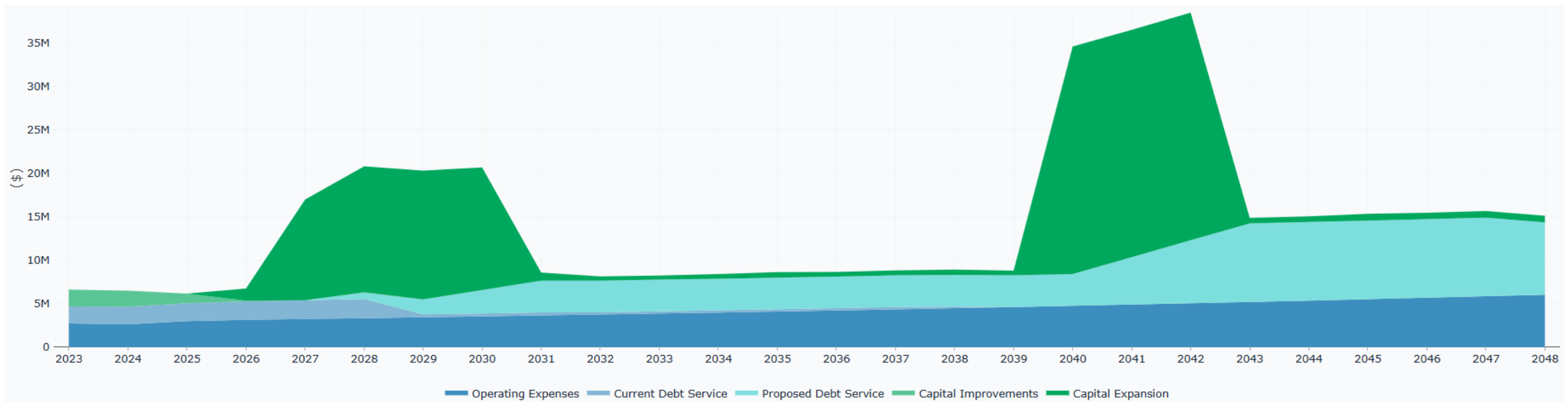


Plant Expansion/ Upgrades – 2028, 2030 - \$ 41,560,000
Main Lift Replacement – 2027 - \$ 10,200,000
Plant Expansion/ Upgrades – 2040 to 2042 - \$ 76,600,000

Revenue Requirements



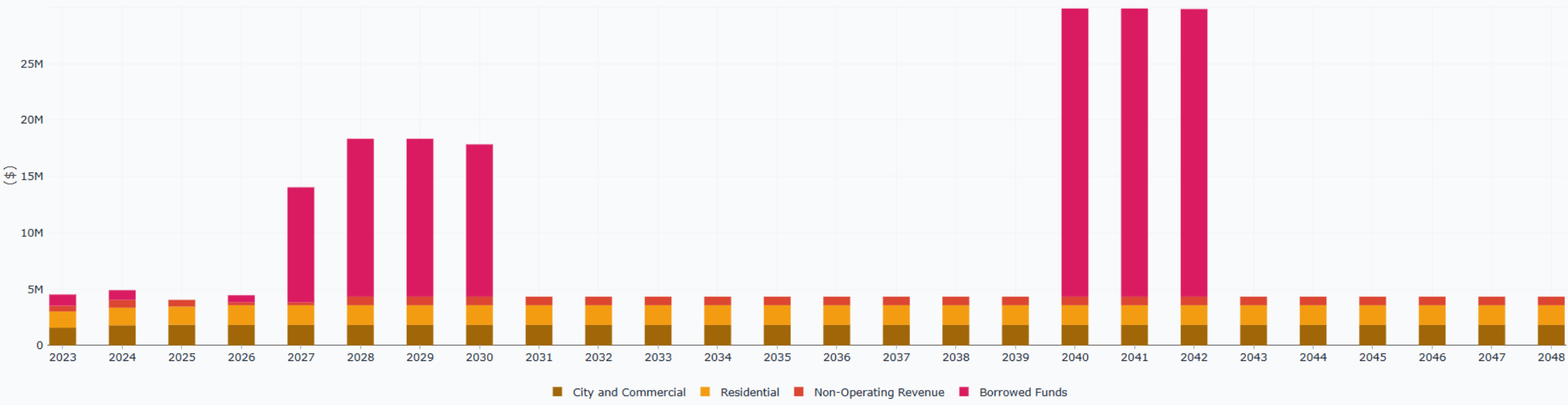
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Projected Revenues – No Growth



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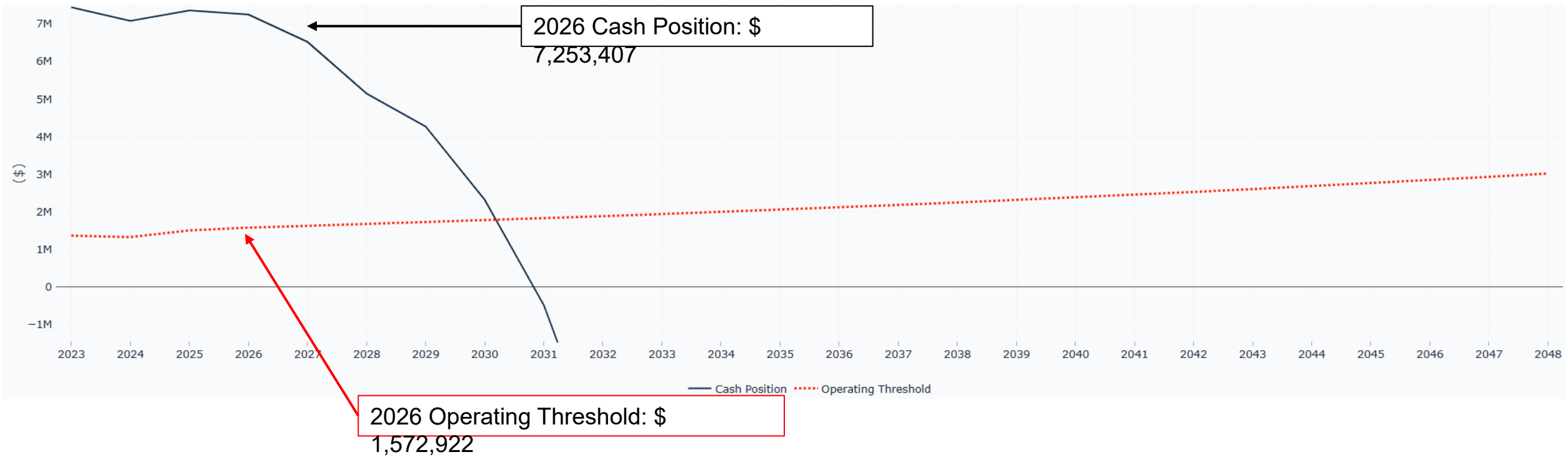


Loans:
Main Lift Replacement – 2027 - \$ 10,200,000
Plant Expansion/ Upgrades Phase 1– 2028 to 2030 - \$ 41,500,000
Plant Expansion/ Upgrades - Phase 2 – 2040 to 2042 - \$ 76,600,000

Cash Position



The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves—guided by targets or thresholds—ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.

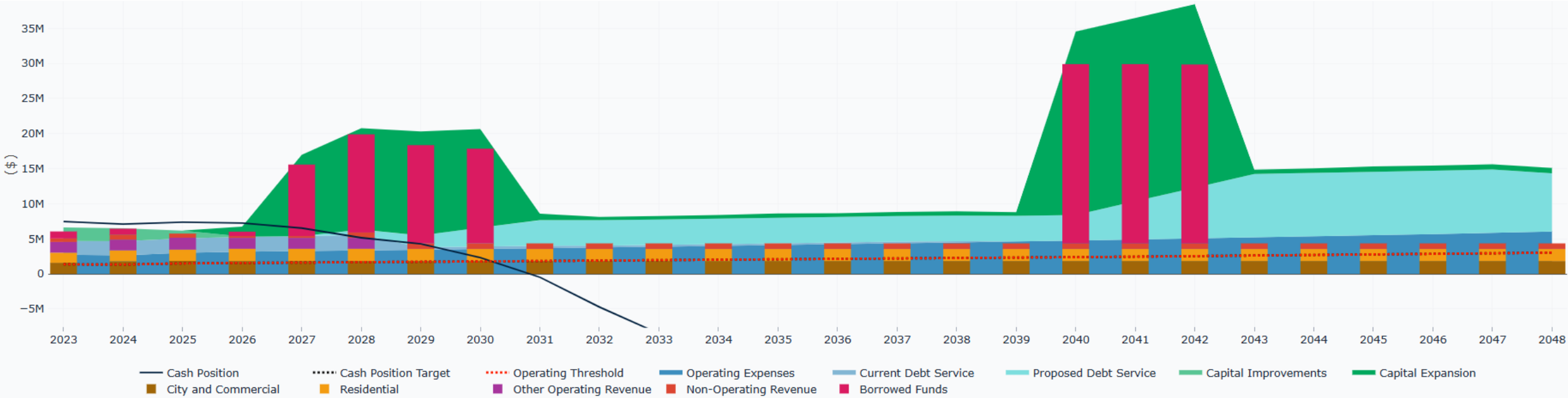


The operating threshold represents six months of operating expenses and serves as a planning benchmark for the recommended minimum level of available cash reserves in each fiscal year.

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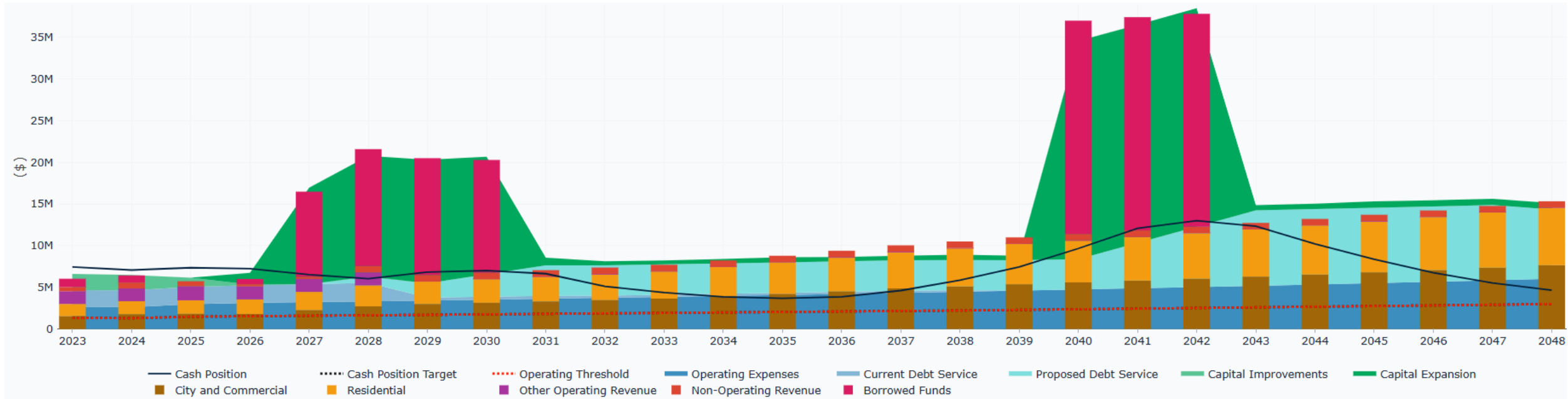


Wastewater Proposed Solution



Proposed Solution – Revenue Adjustments

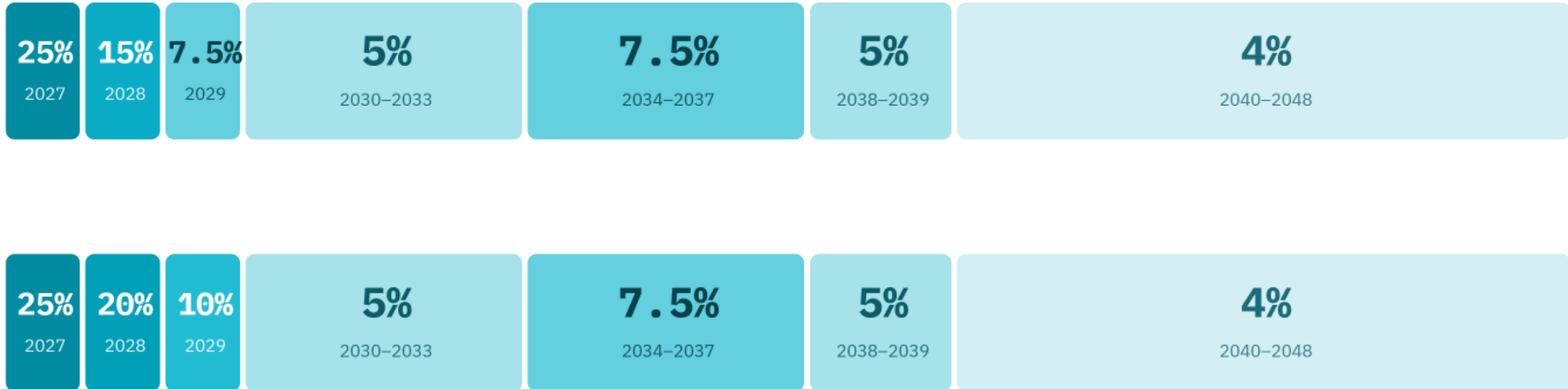
The proposed revenue adjustments allow cash reserves to stay above the operating threshold. While the percentages shown represent the overall revenue adjustments required, individual rates do not necessarily need to increase by the same amount; as we continue refining the model, we can evaluate future rate structures that distribute these adjustments appropriately across customer classes and charges.





Proposed Solution – Revenue Adjustments

The proposed revenue adjustments allow cash reserves to stay above the operating threshold. While the percentages shown represent the overall revenue adjustments required, individual rates do not necessarily need to increase by the same amount; as we continue refining the model, we can evaluate future rate structures that distribute these adjustments appropriately across customer classes and charges.



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

A. Hydro Generation (1/31/23)

Staff continued evaluating replacement options and financing strategies for the hydroelectric generation project. Voith met with Barr Engineering to review equipment and design considerations that may affect generator flows, civil construction requirements, and the overall project scope. Additional engineering analysis is underway to determine whether design modifications could improve project performance or reduce associated civil work and installation costs.

Staff also continued discussions with the utility's financial advisors regarding potential bonding and available federal incentives. Preliminary review indicates that the project may qualify for an Investment Tax Credit of approximately 30 percent of eligible project costs. Staff are working to confirm eligibility, qualifying expenditures, timing requirements, and the potential financial benefit before incorporating the credit into formal project financing scenarios.

Updated engineering and financing information will be presented to the Commission as the project scope, costs, and available funding options are further refined.

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. Electric Vehicle Charging Rate

Following questions raised by the Commission at last month's meeting regarding a potential electric vehicle charging rate, staff revisited the topic as part of the ongoing electric cost of service and rate study. Although prior discussions on a separate EV charging rate had been tabled, staff discussed the issue with Dave Berg Consulting to evaluate appropriate rate design considerations, cost recovery, and potential customer impacts. Any future recommendation will be presented to the Commission after the analysis is completed.

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 Charging Policy – Tabled
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
 - k. BPU_POL_2003-07 – Tenant/Landlord Responsibility for Vacated Rentals
 - l. BPU_POL_2005-09 – Customer Deposits
 - m. BPU_POL_2005-06 – Metering of Multi Unit Dwellings for Rentals

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
CWRF – 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: July 28, 2026

TITLE OF ITEM: 2026 Comprehensive Policy Review Update

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN):

SUBMITTED BY:

PRESENTER:

SUMMARY OF ISSUE:

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION:

FINANCIAL IMPACT:



Public Utilities Commission Agenda Request

MEETING DATE: July 28, 2026

TITLE OF ITEM: BPU_POL_2021-01 Opt Out Meter Reading Fee

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN):

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 Comprehensive Policy Review, staff selected BPU_POL_2021-01 – Opt-Out Meter Reading Fee Policy for review and update. Staff recommend updating the policy to the Commission-approved standardized template and revising the Policy Statement to reference the applicable charge established in the current BPU Fee Schedule rather than stating a specific \$25 fee within the policy.

This change will allow future fee adjustments to be made through the Commission’s approval of the BPU Fee Schedule without requiring a separate policy amendment. No other substantive changes are proposed.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend approving the amended BPU_POL_2021-01 Opt Out Meter reading fee as presented.

FINANCIAL IMPACT: None.



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

Opt-Out Meter Reading Fee

BPU_POL_2021-01

Latest Revision/Effective Date: July 28, 2026

Original Adoption Date: January 26, 2021

I. Purpose

To establish guidelines, responsibilities, and associated fees for Brainerd Public Utilities (BPU) customers who formally choose to opt out of the installation of Advanced Metering Infrastructure (AMI) electric and/or water meters at their residential properties.

II. Scope

This policy applies to all BPU residential customers requesting an exemption from AMI meter deployment, as well as the utility personnel responsible for billing, account estimation, and physical meter inspection.

III. Definitions

AMI (Advanced Metering Infrastructure): An integrated system of smart meters, communications networks, and data management systems that enables two-way communication between utilities and customers.

Opt-Out: A formal request by a utility customer to bypass the standard installation of wireless or smart digital utility meters, keeping or replacing them with a non-communicating alternative.

Estimated Consumption: An approximate calculation of utility usage applied to a billing cycle when actual, verified meter readings are unavailable.

IV. Policy Statement

When a Brainerd Public Utilities (BPU) customer requests to opt-out from having an AMI electric and/or water meter installed at their residence, the customer is required to read their meters each month and submit the readings to BPU for billing purposes. If the readings are not received by the billing date, the electric and/or water consumption(s) will be estimated.

It is necessary that BPU physically read the customer's meters in June and December of each year. The customer will be charged a reading fee as set by the approved fee schedule on their utility bill for each of these months.

BPU requires utility meters to always be accessible to BPU personnel. BPU has the right to access a customer's residence or business at reasonable times, whether it is for the reading, inspection, repairing and/or replacing an electric and/or water meter, or for some other purpose reasonably necessary for the proper management of the utility service.

V. Procedures

1. Monthly Customer Reporting: Customers must personally record metrics from their electric and/or water meters each month. Readings must be submitted directly to BPU prior to the designated monthly billing date.
2. Billing Penalties for Non-Reporting: If the customer's self-readings are not received by the billing date, the electric and/or water consumption(s) will automatically be estimated for that cycle.
3. Mandatory Bi-Annual Utility Readings: BPU service staff must physically read the opt-out customer's meters twice per year. These mandatory physical checks occur strictly in June and December.
4. Fee Assessment: A meter reading fee will be automatically charged to the customer's utility bill in accordance to BPU schedule of fees during the months of June and December to cover the cost of manual processing.

VI. Roles and Responsibilities

1. The Customer: Accountable for submitting monthly meter data on time, paying the bi-annual service fee, and maintaining clear, uninhibited access to all utility equipment on their property.
2. BPU Field Personnel: Responsible for conducting physical reads, routine inspections, maintenance, and equipment replacements at reasonable hours.
3. BPU Billing Department: Accountable for applying accurate usage data, projecting consumption estimates when data is missing and assessing the applicable fee in June and December.

VII. Compliance and References

None.

VIII. Associated Forms and Attachments

None.

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: July 28, 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 2021-01
Adopted 01/26/21

OPT OUT METER READING FEE

When a Brainerd Public Utilities (BPU) customer requests to opt out from having an AMI electric and/or water meter installed at their residence, the customer is required to read their meters each month and submit the readings to BPU for billing purposes. If the readings are not received by the billing date, the electric and/or water consumption(s) will be estimated.

It is necessary that BPU physically read the customer's meters in June and December of each year. The customer will be charged a ~~\$25 meter~~-reading fee [as set by the approved fee schedule](#) on their utility bill for each of these months.

BPU requires utility meters to always be accessible to BPU personnel. BPU has the right to access a customer's residence or business at reasonable times, whether it is for the reading, inspection, repairing and/or replacing an electric and/or water meter, or for some other purpose reasonably necessary for the proper management of the utility service.



Public Utilities Commission

Agenda Request

MEETING DATE: July 28, 2026

TITLE OF ITEM: BPU_POL_2008-15 Non- Sufficient Funds Checks and ACH Payments

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN):

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: As part of the 2026 Comprehensive Policy Review, staff selected BPU_POL_2008-15 – Non-Sufficient Fund Checks and ACH Payments Policy for review and update. During the review, staff noted that the existing policy statement included detailed procedural requirements. Staff recommend updating the policy to the Commission-approved template by revising the Policy Statement to clearly summarize BPU’s requirements for valid and collectible payments and relocating the detailed operational language to the Procedures section.

The primary substantive update expands the policy to address current payment methods, including electronic transfers and electronic checks, in addition to traditional checks and ACH payments. The remaining revisions reorganize and clarify the existing requirements, modernize terminology, and align the policy with the approved standardized format without materially changing how returned payments are administered.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend approving the amended BPU_POL_2008-15 Non-Sufficient Funds Checks and ACH Payment policy as presented.

FINANCIAL IMPACT: No change.



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

Non-Sufficient Fund (NSF) Checks and ACH Payments

BPU_POL_2008-15

Latest Revision/Effective Date: July 28, 2026

Original Adoption Date: December 30, 2008

I. Purpose

To establish clear, consistent guidelines for handling dishonored payments and to ensure prompt financial recovery for services rendered.

II. Scope

This policy applies to all Brainerd Public Utilities (BPU) customers, account holders, and check issuers who pay for utility services via paper check, Automated Clearing House (ACH) electronic transfer, or eChecks.

III. Definitions

Automated Clearing House (ACH) Payment: An electronic transfer of funds between a customer's financial account and BPU, including one-time and recurring bank withdrawals.

Automatic Payment: A payment authorized by the customer to be withdrawn automatically from a financial account or charged to a credit or debit card.

Customer: The individual or entity responsible for the utility account or payment of utility charges.

Dishonored Check: A check that is not accepted or paid by the financial institution on which it was drawn, including a check returned because of non-sufficient funds, a closed account, a stop-payment order, or another reason.

Electronic Check: An electronic payment that uses a customer's checking account and routing information to transfer funds to BPU.

Financial Institution or Payment Processor: A bank, credit union, card processor, electronic payment provider, or other entity responsible for processing a payment submitted to BPU.

Non-Sufficient Funds (NSF): A condition in which an account does not contain enough available funds to complete a payment submitted to BPU.

Payment Issuer: The individual or entity that submits or authorizes a payment to BPU, whether the individual or entity is the named utility account holder.

Recurring Card Payment: A credit or debit card payment authorized by the customer to be processed automatically on a recurring basis.

Restitution: Payment of the full amount of a returned payment and the applicable returned-payment service charge.

Returned Payment: Any check, ACH transaction, electronic check, automatic bank withdrawal, recurring card payment, or other payment that is returned, rejected, reversed, declined, or otherwise not collected by BPU.

Returned-Payment Service Charge: The charge assessed when a payment is returned or rejected, in the amount established by the current BPU Fee Schedule.

Service Address: The property or location at which BPU provides utility service associated with the customer's account.

Utility Deposit: An amount required by BPU as security for payment of future utility charges in accordance with applicable BPU policies.

IV. Policy Statement

Brainerd Public Utilities (BPU) requires customers to submit valid and collectible payment for utility services. A payment returned or rejected because of non-sufficient funds, a closed account, or another reason will be considered unpaid. This policy applies to checks, electronic checks, Automated Clearing House (ACH) payments, automatic bank withdrawals, and recurring credit or debit card payments.

V. Procedures

1. Returned Payment Notification

Upon receiving notice that a payment has been returned or rejected, BPU will notify the customer or payment issuer by regular mail. BPU may also provide notice electronically when contact information is available. Notices involving a dishonored check will include the applicable language required by Minnesota Statute § 609.535.

2. Payment Deadline

The customer must pay the full amount of the returned payment and the applicable returned-payment service charge within five business days after the notice is mailed. Payment arrangements will not be accepted until restitution is made.

3. Service Disconnection

If the required payment is not received within the five-business-day period, BPU may disconnect one or more utility services at the service address associated with the account. Any disconnection will be completed in accordance with BPU's Disconnection of Service Policy and applicable law.

4. Service Reconnection

Before disconnected utility service is restored, the customer must pay the following:

- The full amount of the returned payment;
- The applicable returned-payment service charge established in the current BPU Fee Schedule;
- The entire remaining balance due on the utility account;
- The applicable reconnection fee; and
- The required utility deposit, if a deposit is not already on file.

5. Repeated Returned Payments

If more than two payments are returned or rejected within any consecutive 12-month period, BPU will no longer accept personal checks, ACH transactions, or electronic checks for the account. All future utility payments must be made by cash or money order.

VI. Roles and Responsibilities

Financial Institution or Payment Processor

Provides notification to BPU when a payment is returned due to non-sufficient funds, a closed account, or another payment-processing issue.

BPU Billing Department

Processes returned payments, mails required notices, applies applicable fees, receives replacement payments, updates payment restrictions, tracks repeated returned payments, and directs service disconnection or reconnection when applicable.

BPU Field Staff

Disconnect and reconnect utility service as directed by the BPU Billing Department and in accordance with applicable BPU policies.

VII. Compliance and References

Minnesota Statute § 609.535: Governs the issuance of dishonored checks and legal remedies. All mailed notices must explicitly contain the legal language outlined in this statute.

VIII. Associated Forms and Attachments

- Standard BPU Dishonored Payment Notice Letter (including MN Statute § 609.535 disclosure language).
- Automatic Bill Payment Plan Enrollment

IX. Review and Update Schedule

This policy will be reviewed at the time of a law change under Minnesota states or as needed based on changes in City ordinance, code, or Commission direction.

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on December 30, 2008.

BRAINERD PUBLIC UTILITIES

POLICY 2008-15

Adopted 12/30/08

NON-SUFFICIENT FUND CHECKS AND ACH PAYMENTS

~~If a check made payable to Brainerd Public Utilities (BPU) is returned for non-sufficient funds (NSF) or the account has been closed, or if a customer has their utility bill paid by (ACH) electronic transfer, or eChecks and notification is sent for non-sufficient funds or the account has been closed, the following procedures will take place.~~

- ~~• BPU will send a notice, by regular mail, to the check issuer when a check or ACH is returned for NSF from a financial institution. The notice shall contain language of MN Statute 609.535 pertaining to issuance of dishonored checks.~~
- ~~• Restitution has to be made within five (5) business days and must be paid by money order or cash. There will also be an additional \$30 service charge in accordance of the BPU fee schedule. There are no arrangements allowed when a NSF check is received.~~
- ~~• If restitution is not made within the required time, the electric service will be disconnected at the service address where the check was issued. Before the service will be reconnected, the NSF check, \$30 service charge, entire balance of account, a deposit, if one has not been previously paid, and a reconnect fee will have to be paid.~~

~~If more than two (2) checks or ACHs are returned to BPU within a twelve (12) month period, all future utility payments will have to be paid by money order or cash. However, if a customer signs up for the automatic bill payment plan in lieu of paying the required utility deposit, and an ACH or recurring credit card is returned to BPU within the first twelve (12) months of service, the customer~~

- ~~• will automatically be taken off bank pay and will have to pay the required utility deposit, along with the other required charges.~~

Brainerd Public Utilities (BPU) requires customers to submit valid and collectible payment for utility services. A payment returned or rejected because of non-sufficient funds, a closed account, or another reason will be considered unpaid. This policy applies to checks, electronic checks, Automated Clearing House (ACH) payments, automatic bank withdrawals, and recurring credit or debit card payments.



Public Utilities Commission

Agenda Request

MEETING DATE: July 28, 2026

TITLE OF ITEM: Approve Fee Amendment with HR Green - Main Lift Station Reconstruction Project

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 10 Minutes

SUBMITTED BY: Paul Sandy, Public Works Director

PRESENTER: Paul Sandy, Public Works Director

SUMMARY OF ISSUE: At its November 2025 meeting, the Public Utilities Commission approved an agreement with HR Green for design and bidding services related to the reconstruction of the Main Lift Station. Since that approval, staff have been working with HR Green and its subconsultant, Widseth, on the project's design and plan preparation.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

The environmental work and application preparation with the Minnesota Department of Natural Resources (MnDNR) and the Federal Emergency Management Agency (FEMA) were not part of the original contract's scope of work. However, because the existing lift station is located in the flood plain, staff worked with HR Green on the preliminary design and on preparing the documentation required for the Letter of Map Revision (LOMR) application submitted to FEMA for approval to reconstruct the Main Lift Station within the flood plain. Although staff recognized this fell outside the original scope, the work was necessary to move the project forward. HR Green and Widseth have tracked this work separately on their invoices since the start of the project.

Since the original contract was approved, the LOMR application has been reviewed by the MnDNR and submitted to FEMA, where review is expected to take approximately six months. HR Green and Widseth have completed their work on this task, and staff is now bringing forward a fee amendment to cover the time and effort spent on the LOMR application and its supporting documentation. Based on the tracked time and materials from HR Green and Widseth, the total fee amendment is \$64,000. Staff has been monitoring invoiced amounts and additional expenses as invoices are received.

RECOMMENDED ACTION/MOTION: Staff recommends approval of a fee amendment to the agreement with HR Green in a not-to-exceed amount of \$64,000.

FINANCIAL IMPACT: The Commission approved a design and bidding budget of \$494,000 as part of the November proposal. With this fee amendment, the total fee for design and bidding services increases to \$558,000.



▷ 2550 University Ave. West, Suite 360S | St. Paul, MN 55105
Main 651.644.4389 + Fax 651.644.9446

▷ HRGREEN.COM

July 16, 2026

Mr. Paul Sandy, PE
Public Works Director
Brainerd Public Utilities
8027 Highland Scenic Rd
Brainerd, MN 56401

Subject: BPU Main Lift Station LOMR Amendment Request

Dear Mr. Sandy:

Please find attached an amendment request for effort spent completing the LOMR application for the BPU Main Lift Station. Attached is a letter with additional details from Widseth, who has been completing the majority of the work on the LOMR. In addition to Widseth's efforts, HR Green has had a token effort in coordinating meetings and providing input to the team on other recent LOMR projects.

Widseth	\$64,000
HR Green, Inc.	\$2,000
Total	\$66,000

We would be happy to meet with you and discuss this amendment request in greater detail. We appreciate the opportunity to provide services to the Brainerd Public Utilities on this project. Please contact Bill Lueck at (651) 659-7704 with any comments or questions you may have.

HR Green, Inc.

A handwritten signature in blue ink that reads "William F. Lueck".

Bill Lueck, PE
Project Manager
Enc.

Cc: Charlie Gammon-BPU; Bill Westerberg, Dan Bogart, Dave Reese-Widseth

June 26, 2026

Mr. William Lueck
HR Green
2550 University Avenue W.
Suite 400N
St. Paul, MN 55114-2015

Brainerd/Baxter

7804 Industrial Park Road
Baxter MN 56425

218.829.5117
Baxter@Widseth.com
Widseth.com

Re: Brainerd Main Lift Station
Additional Services

Dear Mr. Lueck

During the design process it was identified that additional services would be needed to get City of Brainerd, Minnesota Department of Natural Resources (DNR), and Federal Emergency Management Agency approval for the proposed Brainerd Main Lift Station project located within the floodway of the Mississippi River. Brainerd Public Utilities acknowledged that this was additional services and to keep track of the effort spent to get approval for construction of the project within the floodway. The additional services effort included the following tasks:

- Numerous meetings with DNR, City of Brainerd, BPU Staff, Design Team
- Research requirements for work within a floodway
- Preparing graphics for floodway discussions
- Determining impacts to the design
- Working with the DNR to create a model of the existing and proposed floodway
 - Worked with 2 different models
 - USACE Model – Corrected Effective Model (Best available data)
 - FEMA Model – Duplicative Model (FIS Report model)
- Modelled area of No Rise and determined No Rise certification requirements for existing, proposed, and floodway analysis
- Review of floodproofing rules
- Create and troubleshoot duplicate corrective model
- Identified surcharge in model and solved problem – Expanded model run length to meet surcharge requirement calculations
- Prepare a Letter of Map Revision (LOMR) for the Brainerd Main Lift Station Project
 - Required additional modelling to answer questions
 - Preparing figures for LOMR in GIS
 - Worked with DNR and Design Team to improve report by including important items FEMA is looking for in the LOMR
 - Prepare MT-2 Permit application forms
 - Prepare hydraulic analysis report, verifying no-rise, floodway surcharge compliance, and flood fringe placement

As of June 12, 2026, Widseth has \$64,400 in fees to date for the above additional services tasks. It is requested to amend the Brainerd Main Lift Station Project with an additional \$64,000 in fees. The scope of additional services to get approval of the LOMR is not clear. It is proposed to continue to charge hourly for these additional services.

If you have any questions, please contact me.
Sincerely,

WIDSETH



William K. Westerberg

MEMORANDUM

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

In addition to routine administrative matters and in preparation of topics and business action items on the Council's work sessions and meeting agendas, the following is a summary of tasks and activities the City Administrator's office has been working on since the last report of 15 June 2026.

Community Engagement

15 Jun: City Council meeting
16 Jun: Better Health Collective Board of Trustees meeting
17 Jun: Staff visit w/utility service center personnel; fire department remodel progress meeting; prep for IUOE/IBEW meeting; Wright/10th/Beech progress meeting
18 Jun: Meeting w/skate park working group; water tower discussions w/key stakeholders
22 Jun: Park board discussion w/Chair Shipe, Councilman Yeager, and select staff; continued water tower discussions; sportsmanship committee meeting re: softball; met w/Baxter staff re: wastewater treatment facility agreement
23 Jun: Meeting w/IUOE/IBEW
24-26 Jun: LMC annual conference in Rochester
29 Jun: Sportsmanship committee meeting re: softball; meeting w/public services foremen
30 Jun: PUC meeting; discussed transit operating grant budget w/staff; department head meeting; park board
1 Jul: Fire department remodel progress meeting; ride-along w/streets foreman; Wright/10th/Beech progress meeting
2 Jul: Airport Commission meeting; review council agenda w/President O'Day
6 Jul: city council meeting
7 Jul: met w/Lind Masonry at Lum park re: sidewalk project; meeting re: Etterman parcels and Trailside park; discussed preliminary storm damage process and strategies to prepare for reimbursement
8 Jul: Wright/10th/Beech progress meeting
10 Jul: Budget preparations
13 Jul: Monthly WJY radio show (fire department); discussed recreation programming budget w/staff; data request discussions; job description review w/staff and one councilmember; transit discussion w/Baxter staff
14 Jul: Met w/potential developer and staff re: city hall parking lot project; department head meeting; business after hours at Advantage Home Pros
15 Jul: Staff visit w/fire personnel; fire department remodel progress meeting; 3rd quarter Wellness Committee meeting; P&F/SPW agenda review meetings
16 Jul: Ronald/Joseph alley project final walkthrough; review council agenda w/President O'Day; meeting with PW re: Lum park shower building scope and budget
17 Jul: Aliver community celebration event

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/mid 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)
 - Project is substantially complete and awaiting 70% perennial growth of seeded areas.
- 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.
 - Base course paving on South 0th Street is complete. Contractor will be paving wear course on S 10th Street and Wright Street on 17 Jul.
 - Completion date – Contractor on schedule to substantially complete work on S 10th Street by early August. Punchlist and final 70% perennial growth period to commence after that point.
- 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 held on 9 Jul.
 - Upcoming schedule – clearing grubbing week of 20 Jul. Temporary water setup week of 27 Jul. Utility crews and utility replacement to commence week of 3 Aug.
 - 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 contractor walkthrough scheduled for 16 Jul.
- 7. Galvanized Water Service Line Replacement Projects**
 - Ronald/Joseph/Alley Galvanized Water Service Line Replacement Project: these water service lines have been replaced (14). Project is substantially complete.
 - Project No.'s 1 and 2: two projects for Galvanized Water Service Line replacements are anticipated to commence mid- to late- July 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**
 - Project is complete and the final payment has been issued.
- 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.
 - Contractor is awaiting delivery of additional supplies.
- 10. Willow Street Roundabout**

- Project is in final completion stage. Turf restoration has been accepted by the city.

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 start date is scheduled for late July 2026.
- 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 on punch list items including missed long line and symbol striping work.
- 2026 seal coat project includes seal coating of streets (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.
- Project work commenced and was completed from 6-10 Jul. Project is substantially complete and awaiting final quantity determination and payment process.

Charter

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

Finance

- **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.

Streets & Sewer

- Finished final restoration, seeding and rip rap work at NW 2nd storm pond.
- Start North Town storm pond restoration work.
- Continue sewer jetting in South and Southeast Brainerd.
- Continue crosswalk painting.
- Start hauling gravel for alley repairs.

Recreation

- Great Pumpkin Festival - Contacting vendors, businesses, and volunteers for the set date of 3 Oct.
- Fall league registration continues through 3 Aug (kickball, MS2, MS1, coed softball, Competitive pickleball, recreational pickleball).
- Preparing fall staff schedules (umpires & concession staff).
- Wellness committee planning.
- Summer leagues continue.
- Preparing playoff schedules for all leagues.
- Concessions at Memorial: Mondays-Thursdays.
- Memorial picnic shelter planning.
- Contacting other organizations on umpire pay comparisons.
- Budget planning.
- Bane Community Celebration Event- The Aliver Foundation 17 Jul.

Parks

- Prepping fields for baseball, softball, and soccer fields for organizations/associations and leagues.
- Continuing to mulch and mow.
- All epoxying is complete except for Jaycees Park concession and bathrooms.
- Memorial Park playground installation scheduled for this fall (September/October), more information to come (Recreation DNR 2026 grant not awarded to the City of Brainerd).
- Lions Park at Buffalo Hills ADA sidewalk installed.
- Great River Greening working on removing garlic mustard from Mississippi Landing (Evergreen Landing).
- Brainerd Lakes Goats back at Rotary Park, browsing 9-acre project southwest portion of the park.
- Batting cages are fully installed at Bane and Jaycees Park.
- Lum Park ADA sidewalk extension, TBD.

Transit

- Completed and submitted the 2027 Transit Operating Grant application to the Minnesota Department of Transportation, including extensive budget development, required certifications, supporting documentation, and grant compliance requirements.
- Completed a comprehensive Transit Financial and Operational Review for City Council, including historical financial analysis, fare revenue trends, local funding contributions, ridership analysis, operational data, and future financial projections to support policy discussions and long-term planning.
- Analysis of June usage data indicates rider adoption of the AI Voice system, mobile app, and online booking portal saved an estimated 41 hours of dispatch staff time through self-service trip booking and trip management, allowing staff to focus on customer service and operational support.
- Transit continues exceeding MnDOT's 90% on-time performance target while maintaining strong ridership and operational efficiency through continued scheduling optimization.
- Finalized preparations for the new partnership with Central Lakes College, expanding transportation access for students through a new transit voucher program launching this month.
- Continued weekly operations meetings with Blue Sky Transit focused on contractor performance, service quality, operational improvements, and contract compliance.
- Monthly MnDOT ridership and budget reporting continues to be submitted on time and accepted without issue.
- Continued coordination with MnDOT and vehicle vendors regarding replacement transit vehicles approved through the capital grant program.
- Preventative air conditioning maintenance was completed on the transit fleet to improve vehicle reliability and passenger comfort during the summer season.
- Continued participation in MnDOT Procurement Office Hours to support procurement compliance and implementation of updated purchasing requirements.
- Continued community outreach through Brainerd for All Ages (AARP) and public awareness efforts promoting available transit services and rider resources.
- Transit continues maintaining a 99% positive rider satisfaction rating through the rider application.

Fire

Fire station renovation is still going very well. All below grade footings, and foundation walls are complete. All backfilling is complete and project is back to grade. Exterior walls on the east side are going up. That work will continue for the next month. Trades are on site working on rough in where they can.

We were awarded the MN State Fire Marshal Extractor/Dryer grant, about \$15,000. That will work into the renovation budget.

Suspense Tracker



HR DIRECTOR REPORT

In this report:

- Benefits Information
- Current Job Opportunities
- Personnel
- Wellness Committee

Benefits Information

Staff is expecting to receive our 2027 Better Health Collective renewal rate information sometime mid August. Adam Olson from North Risk Partners believes we are tracking towards a favorable renewal. More information to follow.

Staff will be meeting with Bill Dehmer from Integrity Benefits in early August to review RFP information regarding the Life Insurance RFP completed in June. More information to follow.

Current Job Opportunities

Police Officer - Offer has been made and accepted. Candidate is going through the pre-employment process

Airport Operations Manager - Offer was been declined. Staff have reposted the position and are now accepting applications through August 10.

Police Records Management Technician - Accepting applications through July 28.

Community Service Officer - Accepting applications through July 22.

Parks Weekend Custodial Worker - Open until filled.

Umpire - Adult Softball - Open until filled.

Personnel

New Hires for City/HRA/Airport:

Nathan Himley - Network Administrator (7/27)
Alexander Yocum - Police Officer (8/10)
Kylie Uselman - Police Officer (8/10)

Promotions for City/HRA/Airport:

Farewell to:

Caleb Wahlstrom - Community Service Officer (6/18)

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

The July Lunch N Learn took place on July 9. Jenelle Thelen with PERA joined us to present "From Hire to Retire". It was a very well attended event and we are glad staff had the opportunity to hear first hand what PERA's process is.

For the month of August the Wellness Committee will be providing staff with Root Beer Floats! We hope all enjoy a cold sweet treat during these hot working days!

Staff requested Council's approval to allow City Buildings to close for two hours on October 1 to conduct our annual Employee Appreciation Event. Council approved the request and an event flyer will be prepared and distributed next month.

Staff are collecting nominations for both the Exceptional Service and Innovation awards. An email was sent out to all staff on July 21 requesting nominations be submitted to HR Director Kummet by end of day, August 14. Staff encourage employees to submit nominations and please reach out to HR Director Kummet with any questions you may have!



BRAINERD PUBLIC UTILITIES

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Brainerd Public Utilities Public Works Director Report July 2026

Public Works Director Activities – June – July 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
- 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
- Meeting with owners of the My Neighbor to Love development project on NW 3rd Street.
- Weekly construction progress meetings for the SE Brainerd Reconstruction Project.
- Library Community Access Improvements and Storage Upgrades Project pre-bid contractor meeting and public bid opening.
- Washington Street (TH 210) Business Owner Meeting and construction update.
- Ronald/Joseph/Alley Reconstruction Project substantial completion walkthrough with Moore Engineering and the Contractor.

Project Development & Planning

- 2029 Oak Street weekly consultant project manager and staff meetings
- Brainerd Oaks West coordination meeting with engineering consultant
- 2027 capital construction project coordination meeting with staff.
- Master Services Agreement scoping discussions for the professional engineering and architecture services pool with the City Attorney
- Developer meetings with Community Development Department
- Meeting with HR Green to discuss scope of services for the Buffalo Hills Gully Repair Project
- Staff meetings with the Soil and Water Conservation District (SWCD) regarding the Buffalo Hills Gully Repair Project

Utility & Infrastructure

- Meetings with Bolton and Menk and internal staff to discuss the 2026 Lead Service Line (LSL) inventory certification to the Minnesota Department of Health (MDH)

Administration & Operations

- Weekly Brainerd Public Utilities (BPU) management team meetings
- Department Head meetings
- Safety and Public Works Agenda Review Meeting with Chair Erickson
- Waterworth implementation check-in meetings
- Meetings with various residents regarding stormwater and general construction concerns
- Onboarding of the new City Engineer, Jennifer Schumann, on July 20, 2026
- Onboarding of the new W/WW Operator Lee Anderson on July 13, 2026

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

2026 Major Capital Construction Projects Progress and Updates

2026/2027 Highway 210 (Washington Street) Reconstruction

- **Construction Progress:**

R.L. Larson Excavating is actively advancing 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 substantially complete. Final grading, storm sewer work, and surface improvements are in progress with a planned completion of the phase for early August.

- **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. Staff sent a letter to residents about remedial efforts the City is working on with the Contractor to obtain perennial grass growth. This letter contained small things that residents can do to help assist in the growing process.

- **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.

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

2025/2026 Wright Street/S 10th Street

- **Construction Progress**

The Wright Street Project is substantially complete. Wear course pavement was placed on July 17, 2026. Final work items include striping, mailbox installation, punchlist items, and awaiting 70% perennial grass growth.

S 10th Street is substantially complete. Wear course pavement was placed on July 17, 2026. Final work items include striping, mailbox installation, punchlist items, and awaiting 70% perennial grass growth.

- **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. Staff are also in the process of processing a change order for turf establishment repair work completed by Doucette Landscaping the week of July 13, 2026. This repair work consisted of inter-seeding, fertilizing, and performing watering operations during the drought conditions. This change order will be processed along with a change order revising the quantity of final turf establishment on Wright Street and S 10th Street, as there was a quantity discrepancy in the plans and specifications for the project. The final quantity within the change order will be based on actual field measurements.

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. A substantial completion walkthrough was performed on the project on July 16, 2026.

- **Pending Change Orders**

None

2026 Brainerd Resurfacing Project

- **Construction Progress**

Project is substantially complete and awaiting 70% perennial vegetative cover from the areas that were disturbed and seeding/stabilized during construction.

- **Pending Change Orders**

None

2026 SE Brainerd Reconstruction Project

- **Construction Progress**

The contractor, Ryan Contracting, has begun reclaiming and performing removals on the project site. Utility work including installation of watermain, sanitary sewer, and storm sewer is planned to begin week of July 27, 2026.

- **Pending Change Orders**

None

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

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 commenced construction with planned tree removals commencing the week of July 20, 2026. The contractor, DeChantal Excavating, will begin service line installations starting at the SE Brainerd Reconstruction project and progress through both project areas.

- **Pending Change Orders**

None.

2025 Willow Street Roundabout

- **Construction Progress**

This project is complete. Staff are working through final documentation and federal/state aid reimbursement documentation to be reimbursed for all eligible project related expenses.

- **Pending Change Orders**

None.

2026 Reclaim/Backwash Tank

- **Construction Progress**

Construction is planned to commence on the week of August 10, 2026. Progress meetings are scheduled, and continued coordination through construction will commence once construction operations begin.

- **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 has remobilized the week of July 20 to clean and place CIPP liner in the 10" sanitary sewer main. After the liner is placed, televising of the final products and manhole rehabilitation will be completed.

- **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**

None

2026 Seal Coat Project

- **Construction Progress**

The project is substantially complete. Staff are working through quantity reconciliation and pay vouchers with the contractor.

- **Pending Change Orders**

None

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

2026 Street Striping Project

- **Construction Progress**

This project is substantially complete, and staff are working with the contractor on some punchlist areas with striping they missed and finalizing project quantities. A final contractor pay voucher will be produced once construction operations are complete.

- **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)
- 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:

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

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 is working to schedule another kick-off meeting to review the project scope, deliverables, and schedule.
5. Fats, Oils, and Grease (FOG) Control Program and Mercury Control Program – Regular check-in 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 ordinance publication is complete, and the new Water Code 705 is posted on the City website. The new code is also a part of the City's ongoing 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 the week of August 3, 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.

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

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 Operations

Electric distribution crews continue to focus on maintaining a safe and reliable electric system through routine maintenance, construction, inspections, and customer service work. Monthly activities have included line maintenance, pole change outs, underground utility locates, transformer replacements, new service installations, and responding to customer requests and outages.

Staff continue monitoring system loading and balancing electrical demand across the distribution system to improve reliability during the summer peak season.

Technical Services

Technical Services crews continues preventative maintenance on substations, protective equipment, and the utility's metering and Scada control systems. These ongoing inspections and testing efforts help identify potential issues before they become outages and support the long-term reliability of the electric system.

Staff are also reviewing new service requests and working on future commercial development and potential large-load customers.

Hydro & Renewable Generation

The hydro facility continues to operate reliably, with generation adjusted based on available river flows. Routine inspections and maintenance are ongoing to maintain dependable operation and maximize renewable energy production.

The Airport and Wastewater Treatment Plant solar facilities continue to perform well during the summer months and are providing strong renewable energy production.

System Planning

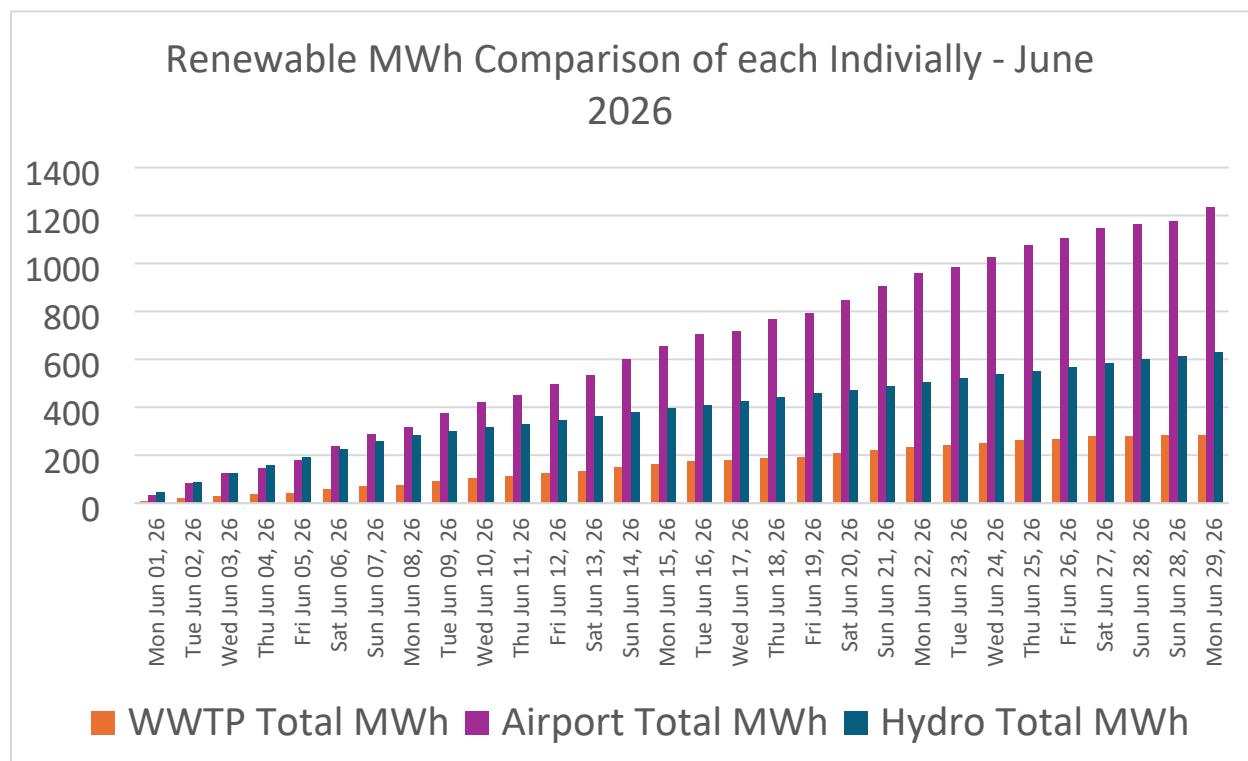
Staff continue working with Crow Wing Power on service territory boundary discussions related to the Highway 371 corridor and several other locations. These discussions are intended to improve long-term planning, reduce future infrastructure costs, and simplify service boundaries where practical. We are awaiting action from CWP's Board of Directors to move this project forward.

Safety

Safety remains a top priority throughout the department. Employees continue participating in regular safety meetings, job briefings, and equipment inspections while following established safe work practices. These efforts help protect both employees and the public while maintaining reliable electric service.

June Renewable Energy Production Summary

The following graphs summarize Brainerd Public Utilities' renewable energy production for June 2026 and compare it to the corresponding period in 2025.



In June, Brainerd Public Utilities' renewable generation produced a total of 2,147.25 MWh, representing approximately 34.7% 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 June 2026. Residential meter counts are updated quarterly.

Airport Solar was the largest renewable generating resource during the month, producing 1,235.5 MWh, or approximately 20.0% of the energy consumed by our typical residential meters. WWTP Solar produced 281.75 MWh, or approximately 4.5%, while the Hydro Facility generated 630 MWh, representing approximately 10.2% of typical residential meter consumption.

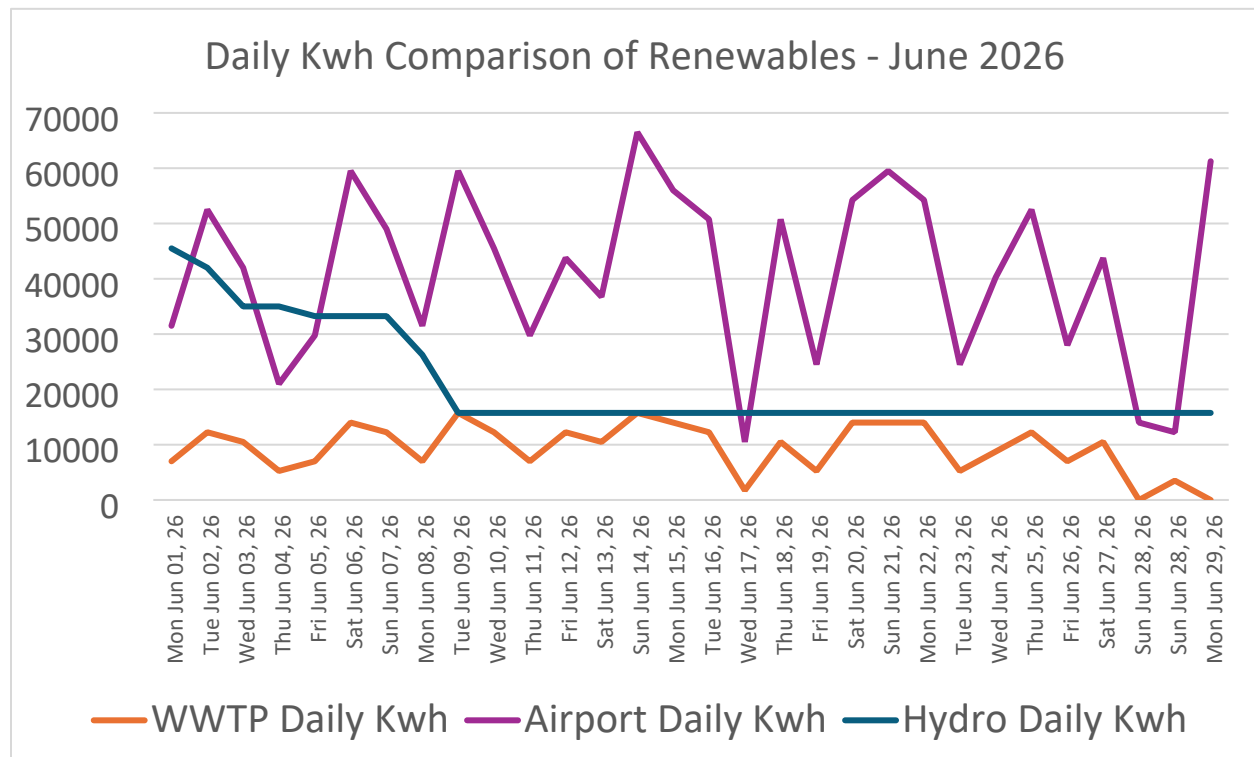
Generation by resource was as follows:

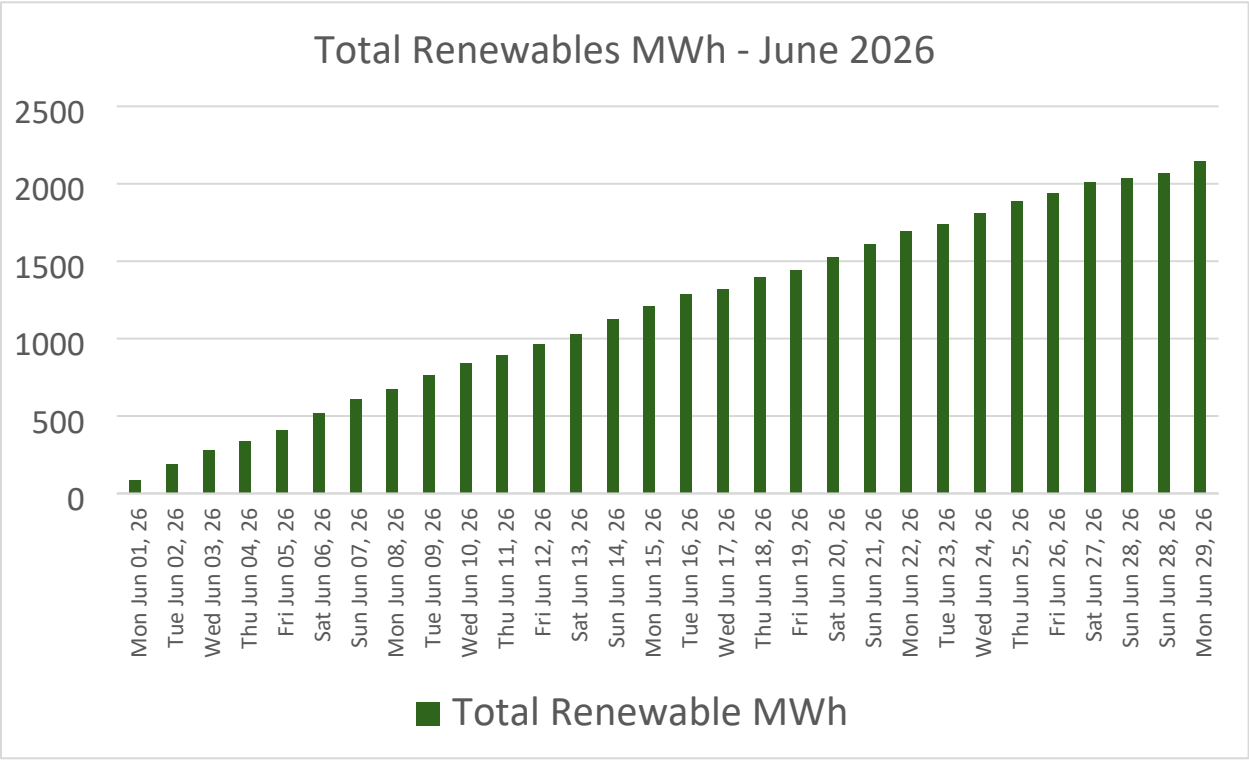
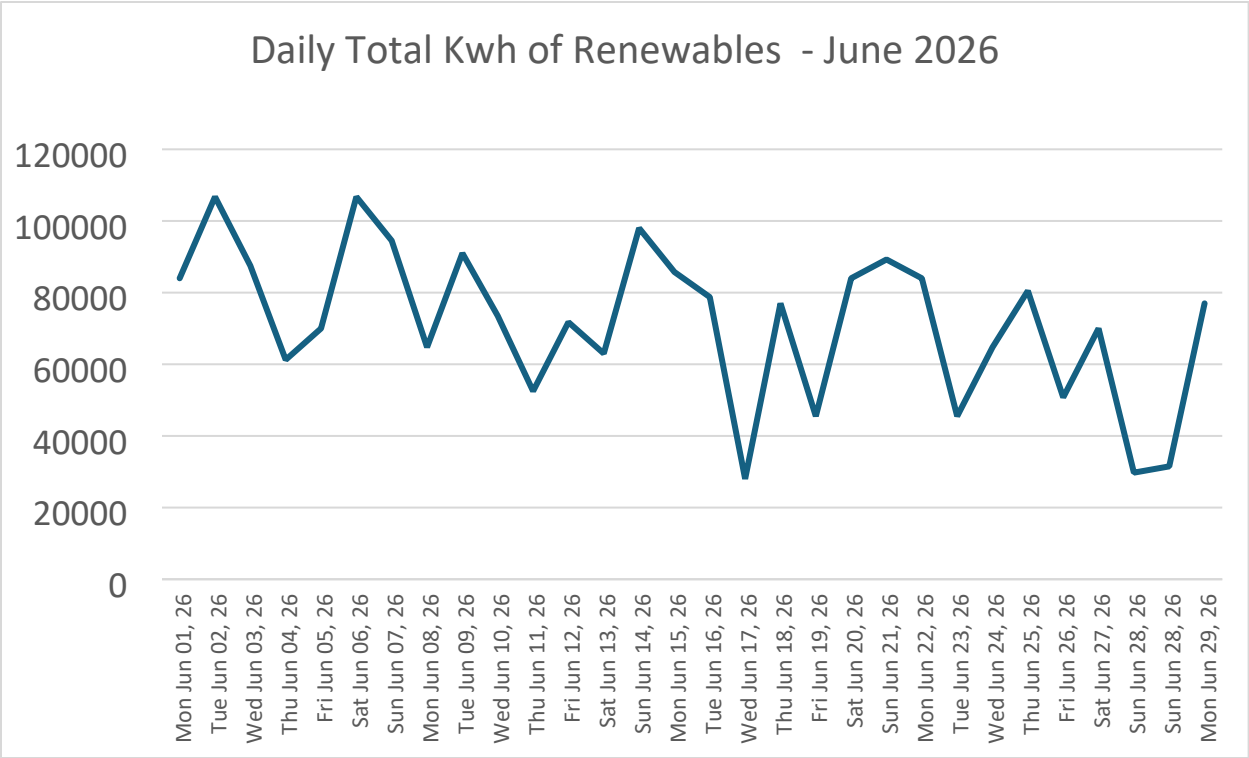
- Airport Solar: 1,235.5 MWh (20.0%) – the largest renewable energy source for the month, up 325.5 MWh from last month.
- Hydro: 630.0 MWh (10.2%), down 420.0 MWh from last month due to lower river flows.
- WWTP Solar: 281.75 MWh (4.5%), up 56.5 MWh from last month.

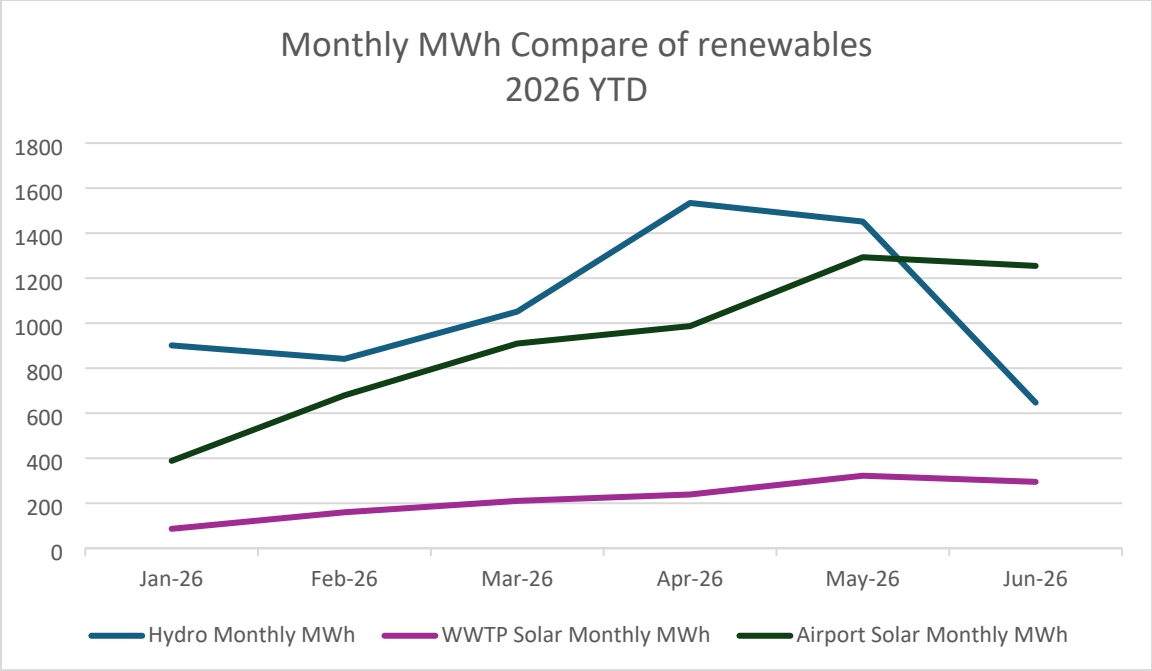
Renewable Generation Asset Capacity

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

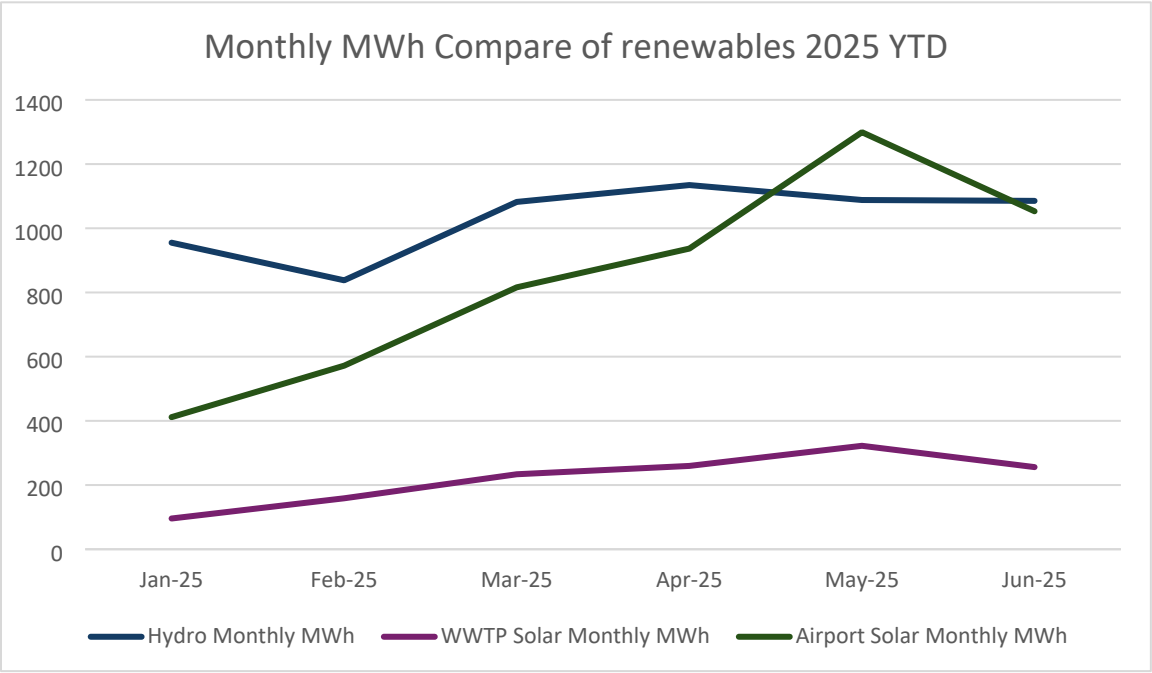
- Airport Solar: 5.7 MW
- WWTP Solar: 1.372 MW
- Hydroelectric Facility: 3.1 MW



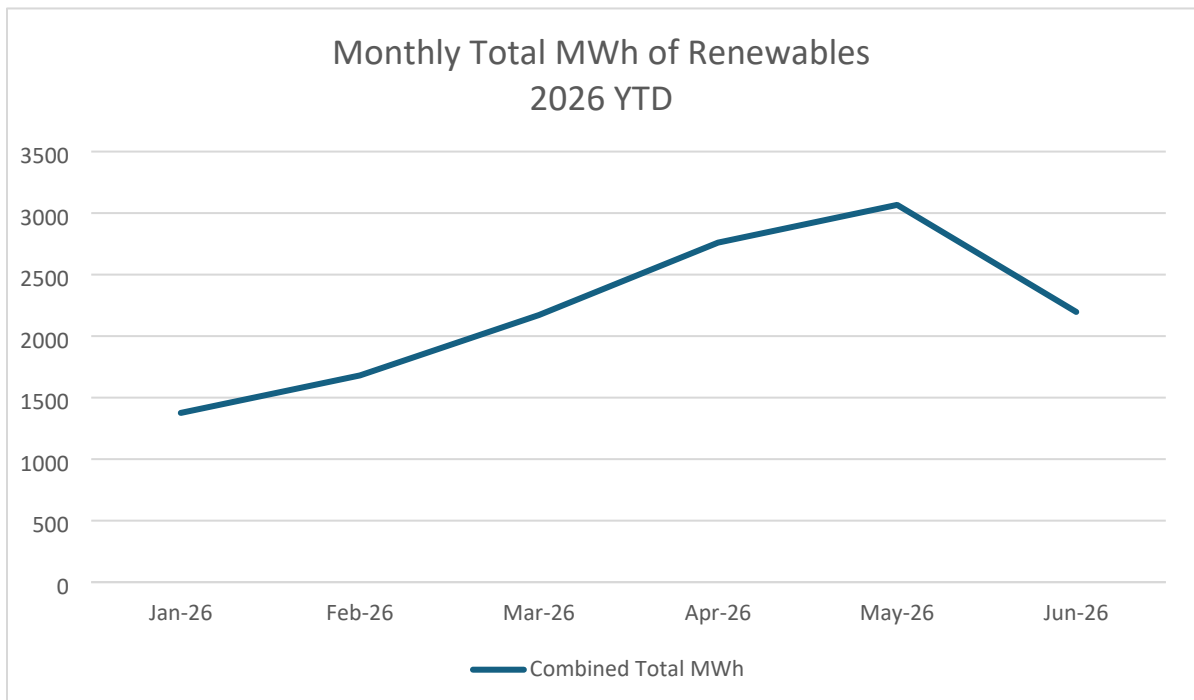




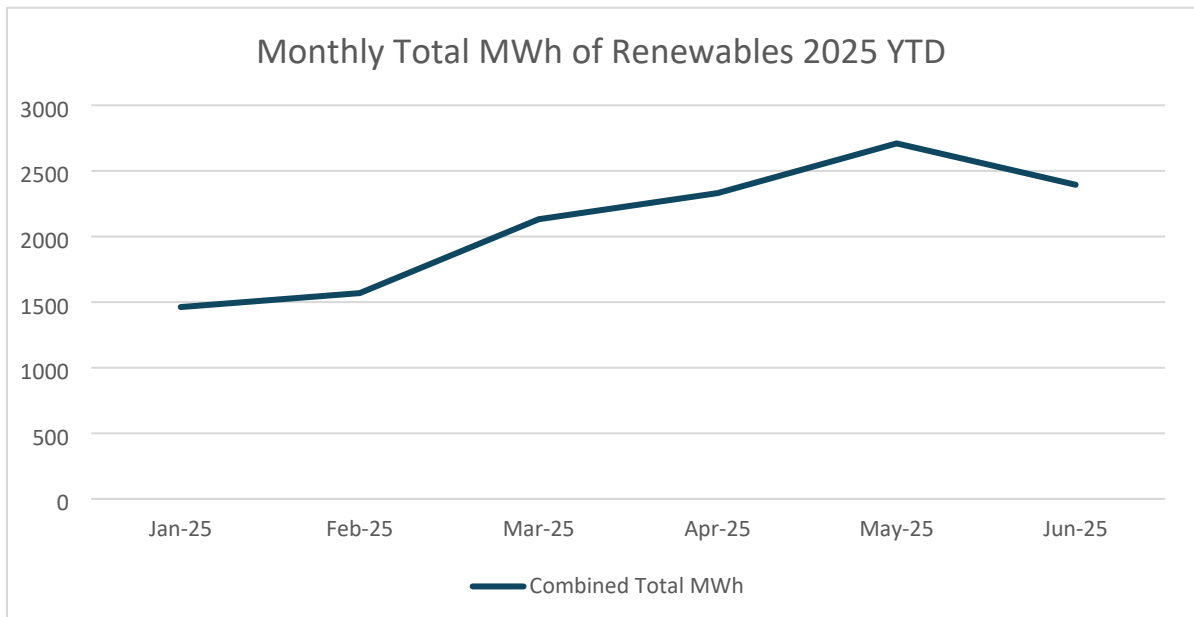
Previous Year – 2025



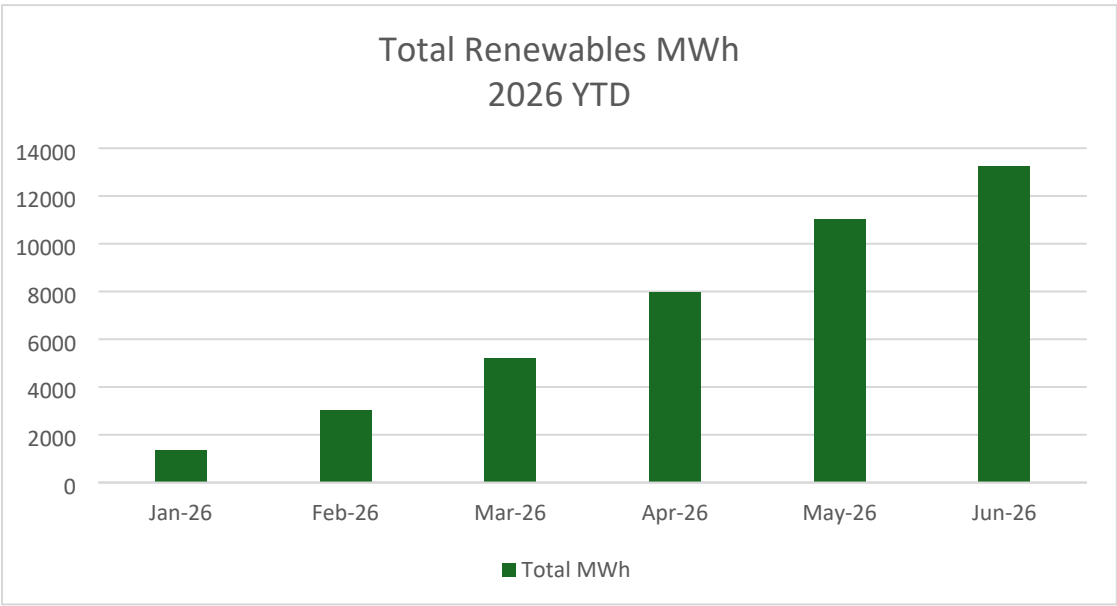
Year-to-date, June has not surpassed May's production. May remains the highest renewable generation month of 2026 with 3,066 MWh, while January recorded the lowest monthly production at 1,375 MWh.



Previous Year – 2025

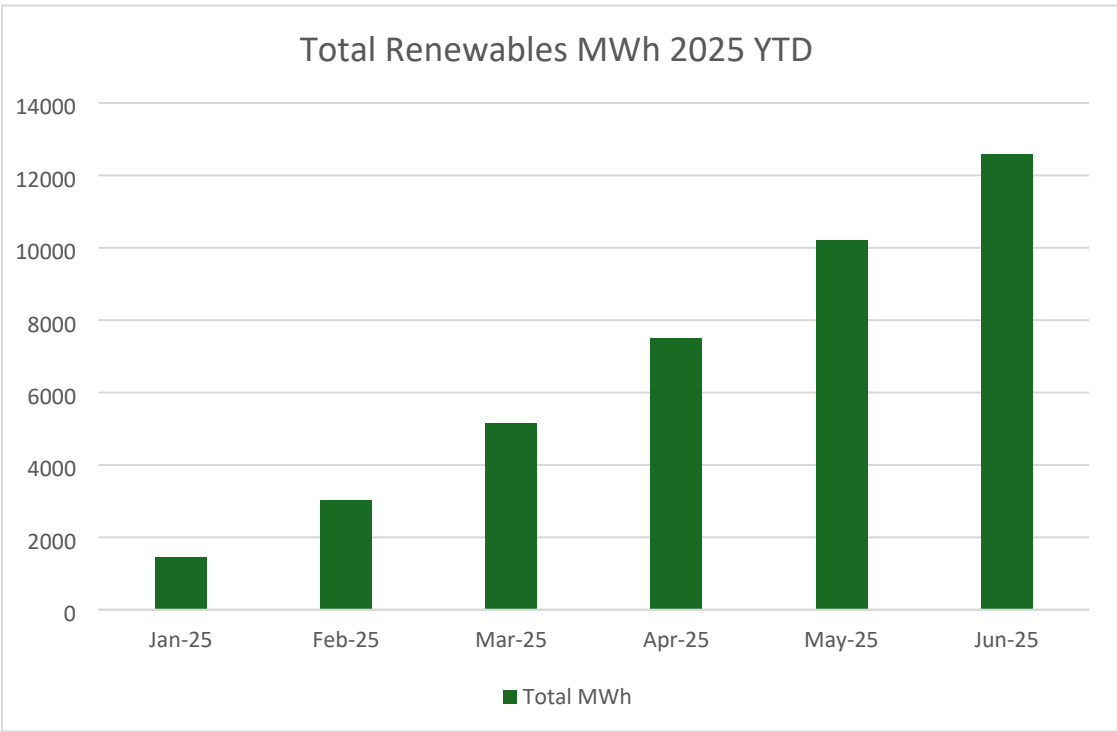


Together BPU Renewables produced 13,251.30 MWh YTD in 2026



Previous Year – 2025

Together BPU Renewables produced 12,597.31 MWh YTD in 2025





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Brainerd Public Utilities Water/Wastewater Manager's Report July 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

Two after hour callouts for weather related power outages and five backup alarms for communication issues.

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

Applying biosolids to MPCA approved fields. Currently there are 619,000 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 June 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 and responded to 3 calls from residents concerning water quality in June 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/Wastewater operators attended the Annual Lab training sessions for updates on the Minnesota Pollution Control Agency rules and regulation changes held in Baxter.

June 2026 Water Pumping Statistics

Water pumped to the North distribution system was 42,941,000 gallons for an average of 1,431,000 gallons per day. Water pumped to the South distribution system was 8,149,000 gallons for an average of 271,000 gallons per day. Chemical usage averages for the month 3.77 gallons of fluoride per day, 0.72 gallons of caustic soda per day, 9.13 gallons of orthophosphate per day, and 30 pounds of chlorine per day. Went through 17 filter backwash events. Backwash average of 295,000 gallons for each event.

Filtration Plant

June 2026 daily test results showed an average of 0.93 milligrams per liter of iron in the unfiltered raw water and an average of 0.02 milligrams per liter of iron in the filtered finished water, which indicates the plant is achieving an average of 97.4% 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.

June 2026 daily test results showed an average of 0.5 milligrams per liter of manganese in the unfiltered raw water and an average of 0.018 milligrams per liter of manganese in the filtered finished water which indicates 96.2% removal of manganese.

*Minimum standard for filtered finished water is 0.050 milligrams per liter of manganese which would be 90% removal based on the unfiltered raw concentration.

Calibrations and Controls onsite to calibrate flow meters in water production facilities.
Two after hour callouts for weather related power outages.
Staff replaced faulty chlorine sensor assemblies for the flow-through analyzer system.

Chart Summary for Wastewater Treatment

June 2026-2025 Total influent Flow comparisons

2026 Combined Total Flow was 55,537,000 gallons which is down 1,717,000 gallons from the previous year.

2026 Brainerd Total Flow was 34,348,000 gallons which is down 2,704,000 gallons from the previous year.

2026 Baxter Total Flow was 21,189,000 gallons which is up 987,000 gallons from the previous year.

June 2026 Influent Daily Average Flows

2026 Combined Flow was 1,851,000 gallons.

2026 Brainerd Flow was 1,145,000 gallons.

2026 Baxter Flow was 706,000 gallons.

Chart Summary for Water Production

June 2026-2025 North distribution Total flow was 42,941,000 gallons which is down 7,090,000 gallons from the previous year.

June 2026-2025 South distribution Total flow was 8,149,000 gallons which is up 1,899,000 gallons from the previous year.

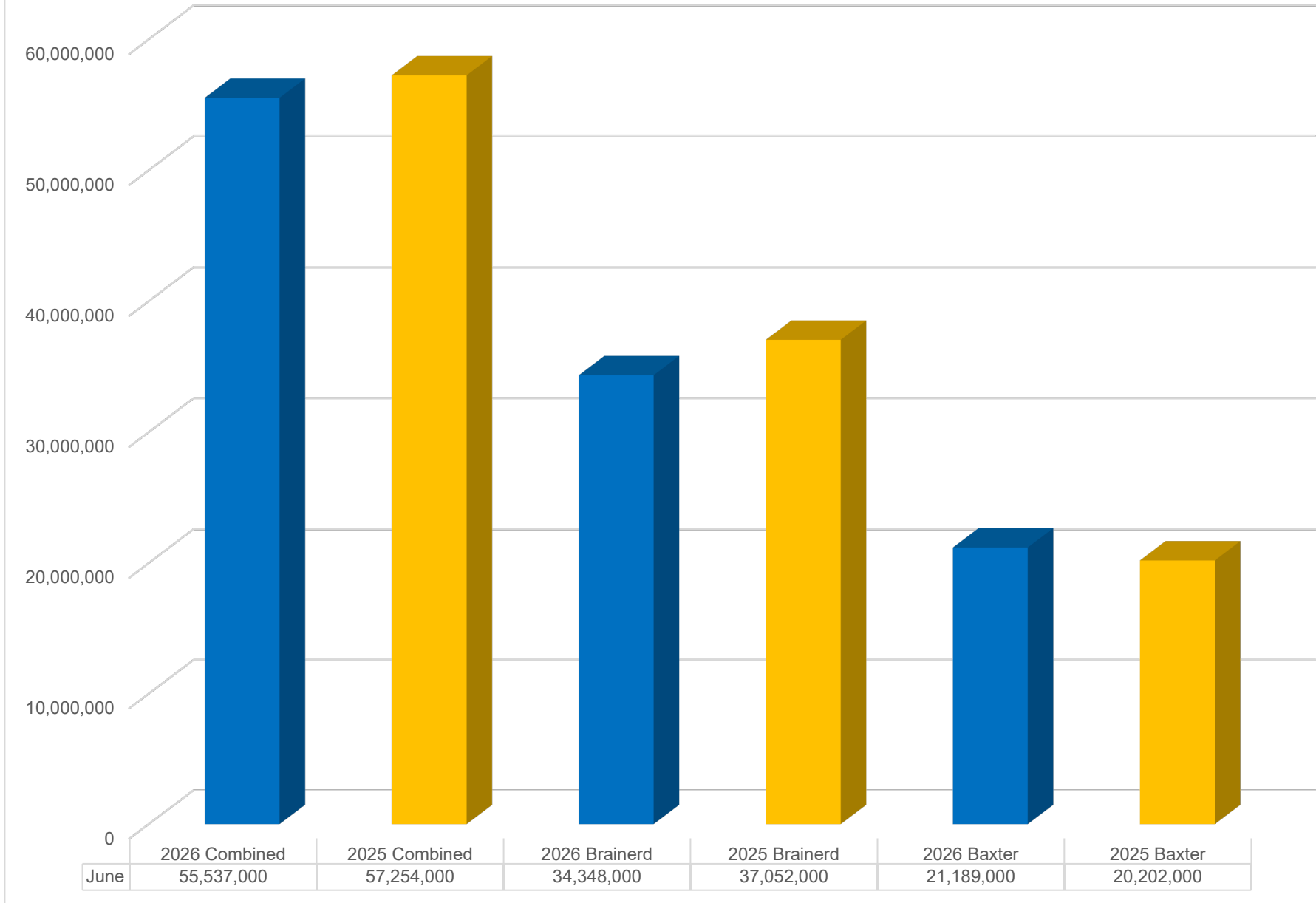
June 2026-2025 Baxter's Total flow was 0 gallons which is down 10,158,000 from the previous year.

June 2026 Daily Average Water North and South Distribution

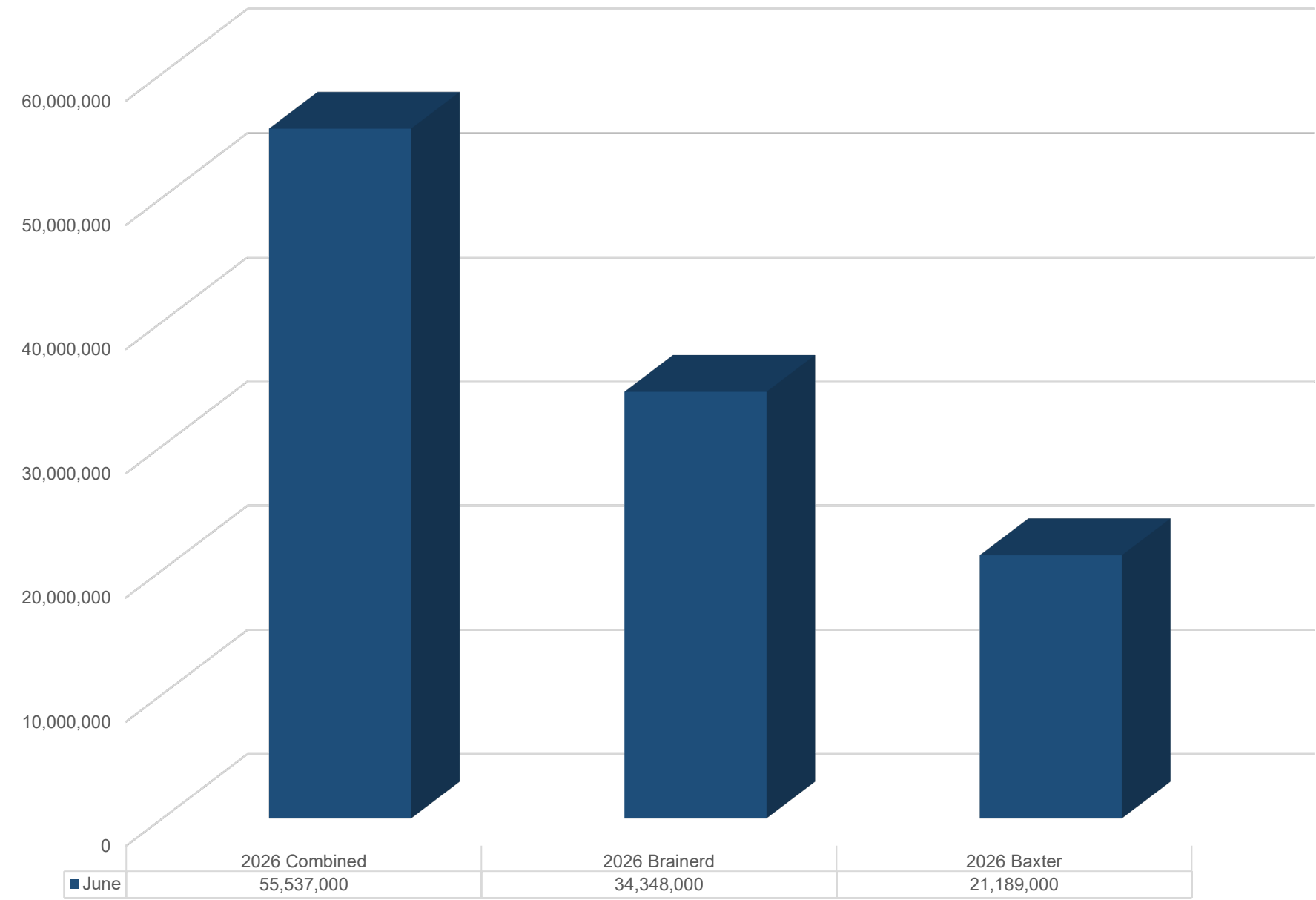
2026 North distribution average was 1,431,000 gallons.

2026 South distribution average was 271,000 gallons.

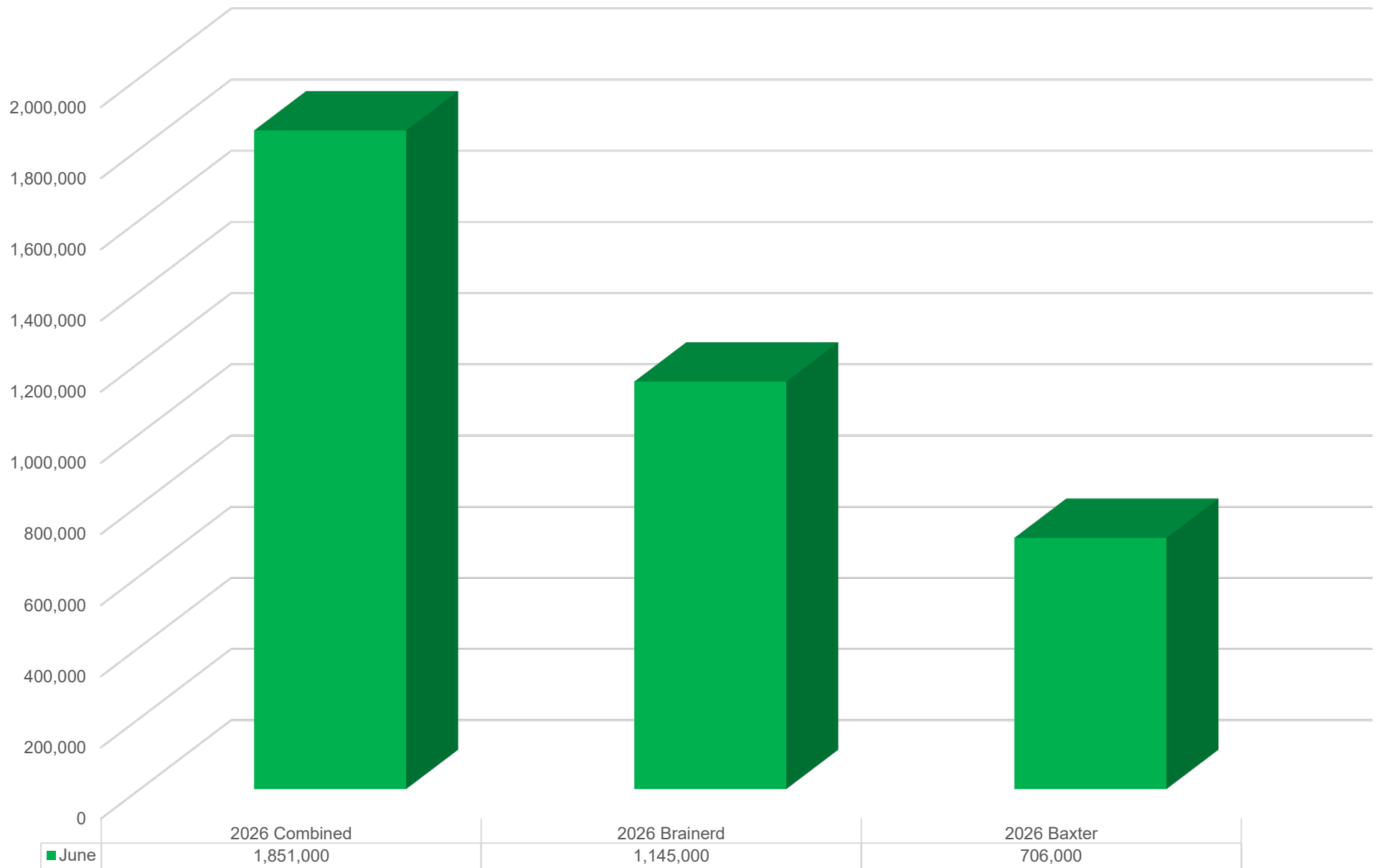
June 2026 - 2025 Wastewater Influent Flow Comparisons



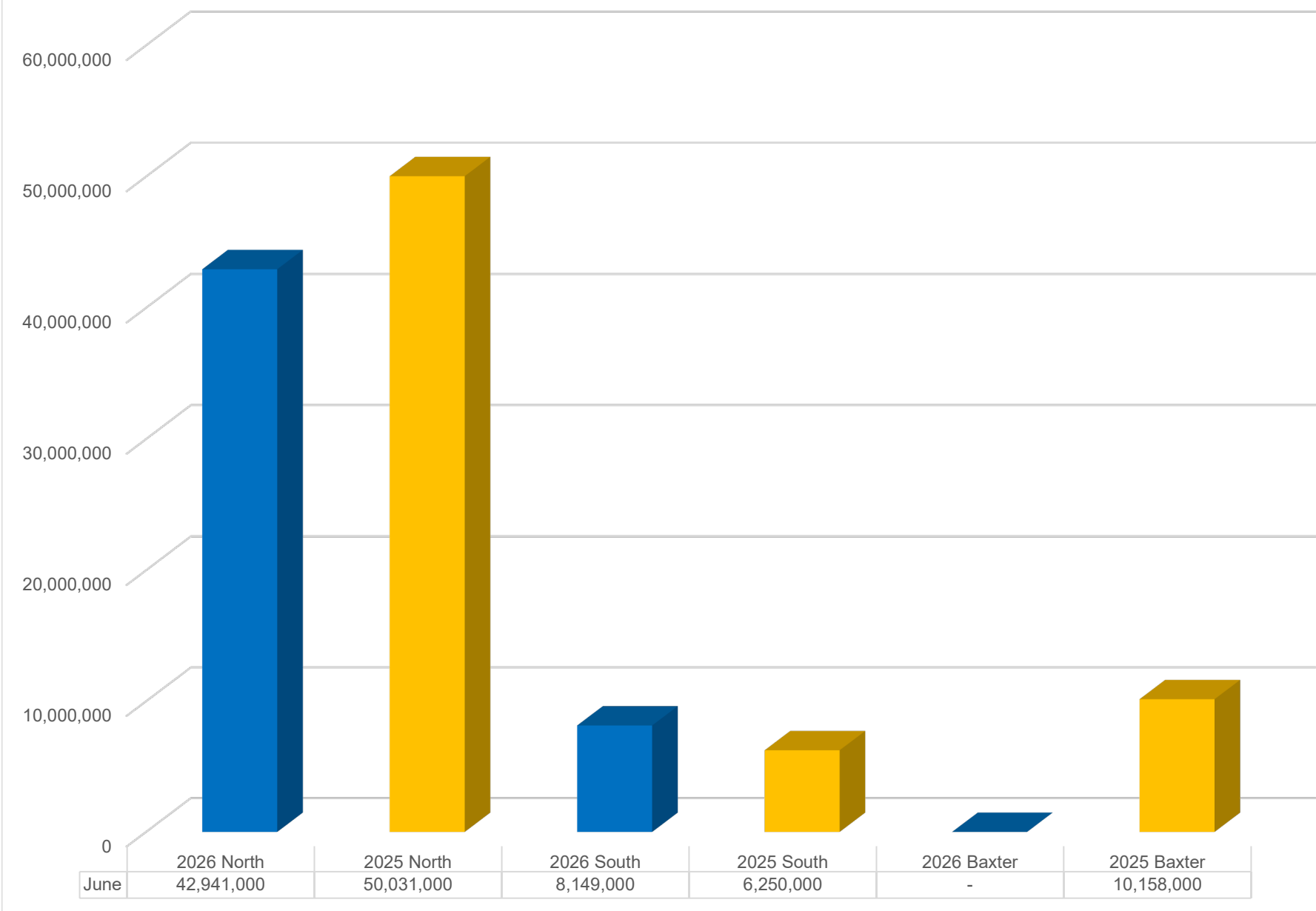
June 2026 Wastewater Influent Total Flows



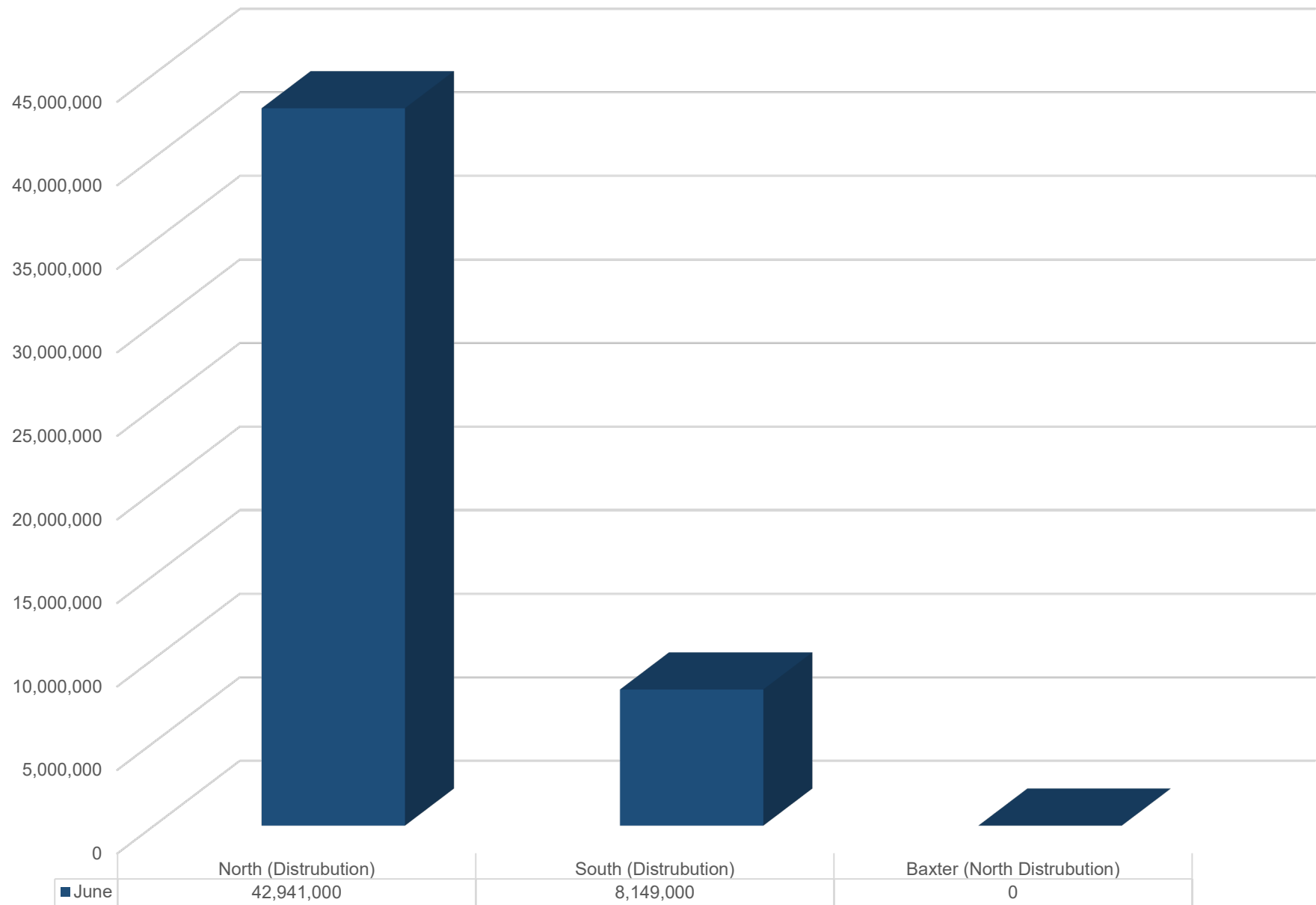
June 2026 Wastewater Influent Daily Average Flows



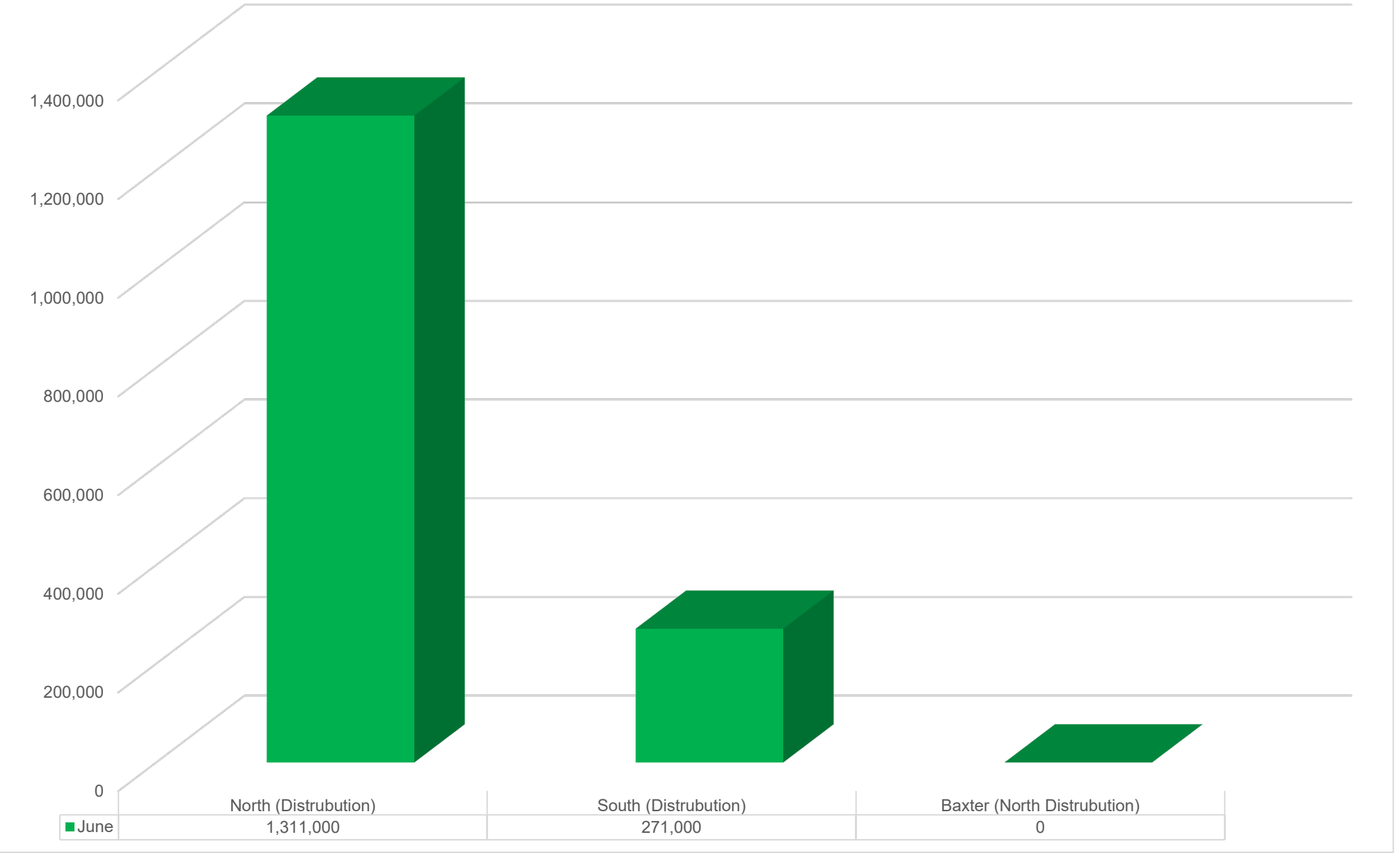
June 2026-2025 Comparison Water Production Totals North and South Distribution



June 2026 Total North and South Distribution



June 2026 Daily Average North and South Distribution





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Brainerd Public Utilities Finance Managers Report July 2026

Water Treatment Plant Educational Video

Staff met with DyingToFilm to review the final versions of BPU's educational water videos. The completed materials include a full water treatment plant tour, a short video featuring water facts, a short explaining where water goes after use, and a short describing how the filter plant operates. The videos are expected to be released during the first week of August and will be used as public education resources highlighting BPU's water treatment process and operations.

Streetlighting/Water/Wastewater/Electric Cost Studies

Staff continued coordinating with Utility Financial Solutions and Dave Berg Consulting LLC on the water, wastewater, and electric cost of service studies. All requested financial and operational information has been provided, except additional AMI usage data to support customer-class and rate analysis. Staff continue to work on pulling together the AMI data. Staff also held the initial project meeting with Dave Berg to review the scope, available data, study assumptions, and anticipated timeline for the electric cost of service study. Preliminary results from the studies are expected in September and early October, with presentations anticipated during the October Commission meeting cycle.

Waterworth

Implementation of the Waterworth budgeting and long-term financial planning software also continued during the month. Staff have been refining the water and wastewater models to incorporate updated capital plans, engineering information, operating assumptions, and potential funding needs. The software will be used to evaluate long-term revenue requirements, capital funding strategies, and potential solutions to projected financial shortfalls. Waterworth will be presenting the updated information at the Commission meeting.

Investment Tax Credit (ITC)

Staff met with Baker Tilly to discuss potential bonding options and the availability of Investment Tax Credit funding for improvements to the hydroelectric facility. Preliminary analysis indicates that the project may qualify for the tax credit, which could offset a portion of the overall project cost. Staff will continue working with Baker Tilly and other advisors to confirm eligibility, quantify the potential benefit, and evaluate financing alternatives as the project scope and costs are refined. Potential credit of 30% for the purchase of a generator. The included handout summarizes some conversation and research that has been completed to date.

AP Automation

Staff continued working with Tyler Technologies to implement the previously approved accounts payable automation workflow. During the month, staff met with Tyler to review system configuration, approval routing, and implementation requirements. The project has now entered the testing phase, with full implementation anticipated by September 1.

Storm – Preliminary Damage Assessments – State of MN

Following the severe storms during the first week of July, staff have been compiling damage information and developing cost estimates for affected BPU infrastructure and operations. Staff have also participated in coordination meetings and prepared supporting documentation for the State's preliminary damage assessment scheduled for July 23.

Finance Managers Report July 2026 (Continued)

MMUA Events

Staff participated in the Minnesota Municipal Utilities Association's *Interacting on the Issues* event on July 15, which provided updates on legislative, regulatory, and advocacy matters affecting municipal utilities. Staff also attended MMUA's *Bonding and Financing Tools for Municipal Utilities* course on July 16. The course reviewed municipal bonds and other financial tools available to fund infrastructure projects, manage debt, and support the long-term financial stability of municipal utility operations.

Financial Results

Staff continued preparing and reviewing the 2026 financial results during the month. Following recommendations identified through the 2025 audit and subsequent discussions with the auditors, staff are incorporating several changes into the financial reporting process. Staff anticipate having the January 2026 financial results available for presentation first, with the remaining months to be completed and presented on an ongoing basis.

Additional meetings are scheduled for the week following the Commission meeting to obtain further clarification from the auditors and confirm the appropriate application of the recommended changes to the 2026 financial statements.

Information Technology Integration

Planning for the upcoming network integration continued during the month – BPU staff moving onto the city network, does not include SCADA. Staff have participated in ongoing coordination meetings to review system access, account transitions, operational needs, and other implementation details intended to support a smooth transition. Additional staff meetings will continue leading up to the integration, which is scheduled to begin during the week of August 17. By Monday August 24, staff email will change from bpu.org to brainerdmn.gov – the migration to a dotgov domain is required by state law. Some mailboxes will remain active with a bpu.org address on the former BPU network for business continuity, but all staff will be dotgov including changes to Commissioner emails.

Hydro Analysis – Historic Costs

Following discussion at last month's Commission meeting, staff prepared a three-year comparison of hydroelectric generation costs to BPU's existing solar energy contract costs and the applicable residential energy charge. The analysis excludes expenses that would continue even if BPU did not own the dam. Although those excluded expenses would be absorbed elsewhere within the utility, the remaining amounts represent costs specifically attributable to ownership and operation of the hydro facility. NOTE: the solar comparison reflects only the applicable solar contract energy rates.

	2025	2024	2023
Total hydro expenses	\$1,102,435	\$1,625,280	\$1,288,962
Hydro generation	12,712,000 kWh	9,203,000 kWh	11,438,400 kWh
Hydro cost per kWh	\$0.0867	\$0.1766	\$0.1127
Total existing solar production	11,834,391 kWh	12,310,316 kWh	10,444,999 kWh
Total existing solar cost	\$884,377	\$915,773	\$716,527
Weighted average solar cost per kWh	\$0.07473	\$0.07439	\$0.06860
Residential energy charge per kWh	\$0.08628	\$0.08598	\$0.08580
Hydro cost above equivalent solar cost	\$152,475	\$940,662	\$504,288
Hydro cost above residential energy value	\$5,644	\$834,006	\$307,547

Finance Managers Report July 2026 (Continued)

In 2025, hydro expenses totaled approximately \$1.10 million and the facility generated 12.71 million kWh, resulting in an average generation cost of 8.67 cents per kWh. BPU's two existing solar contracts produced approximately 11.83 million kWh at a weighted average cost of approximately 7.47 cents per kWh. The residential energy charge was approximately 8.63 cents per kWh.

Based on 2025 hydro production, hydro generation cost approximately \$152,000 more than purchasing an equivalent amount of energy at the weighted average cost of the existing solar contracts. The hydro cost was substantially comparable to the residential energy charge, with hydro expenses exceeding the equivalent residential energy value by approximately \$5,600.

The cost differences were greater in 2024 and 2023 due to the combination of annual hydro expenses and generation levels. In 2024, hydro generation cost approximately \$941,000 more than an equivalent amount of energy at the weighted average solar contract cost and approximately \$834,000 more than the equivalent residential energy value. In 2023, hydro generation cost approximately \$504,000 more than an equivalent amount of solar energy and approximately \$308,000 more than the equivalent residential energy value.

Over the three-year period, the hydro facility generated approximately 33.35 million kWh at a total cost of approximately \$4.02 million, resulting in an average hydro generation cost of approximately 12.04 cents per kWh.

BPU's two existing solar contracts provided approximately 34.59 million kWh during the same period at a total cost of approximately \$2.52 million, resulting in a weighted average solar cost of approximately 7.28 cents per kWh. Applying the applicable weighted solar cost to hydro production in each year, hydro generation cost approximately \$1.60 million more than an equivalent amount of solar energy over the three-year period.

The equivalent residential energy value of the hydro generation totaled approximately \$2.87 million during the three-year period. Hydro expenses exceeded that value by approximately \$1.15 million. This comparison represents only the residential energy component of the rate and does not include the portion of customer rates needed to support transmission, distribution, capacity, administration, capital improvements, system maintenance, and other electric utility costs.

The Commission previously discussed and approved an additional solar contract with an energy rate of \$0.0875 per kWh. The contract is expected to provide approximately 21,375,720 kWh of additional renewable energy annually. It will supplement BPU's existing hydro and solar resources as the utility works toward Minnesota's 2040 carbon-free electricity requirement.

At the approved contract rate, the estimated annual energy cost is approximately \$1.87 million. For reference, the approved solar contract rate of 8.75 cents per kWh is slightly higher than the 2025 hydro generation cost of approximately 8.67 cents per kWh and the 2025 residential energy charge of approximately 8.63 cents per kWh. Using the 2025 residential energy charge solely as a comparison, the equivalent residential energy value of the anticipated solar production would be approximately \$1.84 million, approximately \$26,000 below the annual solar contract cost.

This analysis provides a direct comparison of renewable energy costs and the applicable residential energy charge but does not assign a financial value to other potential benefits of dam ownership, including local generation, generation capacity, system reliability, renewable energy attributes, operational control, or protection against future energy market volatility.

ITC vs. PTC Decision Summary

600 kW Run-of-River Hydropower Project — Crow Wing County, MN

Project Snapshot

Owner / applicant	Municipal utility (tax-exempt entity)
Technology	Run-of-river hydropower
Nameplate capacity	600 kW
Estimated project cost	\$5,000,000
Location	Crow Wing County, MN — Census Tract 27035951200
Energy Community status	CONFIRMED — Coal Closure Category, generating unit retirement (IRS Notice 2023-29, Appendix C)
Turbine/generator origin	Austria — CLEARED for FEOC purposes (not a Prohibited Foreign Entity jurisdiction)
Target placed-in-service	2030 — comfortably within the full-value begin-construction window (see Construction Timing, p.2)
Applicable credit regime	Section 45Y (PTC) / Section 48E (ITC), technology-neutral, tax-exempt/non-GHG-emitting facility
Monetization path	Section 6417 elective (“direct”) pay — cash refund from IRS, no tax liability needed

Credit Comparison

Both credits are available; a project may elect one or the other, not both. The election is generally binding for the life of the facility.

Investment Tax Credit (ITC — Section 48E)

One-time credit against eligible cost basis, claimed in the placed-in-service year.

Component	Rate	Credit (\$5.0M basis)
Base rate (no PWA compliance)	6%	\$300,000
Base rate WITH prevailing wage & apprenticeship (PWA)	30%	\$1,500,000
+ Energy Community adder (confirmed — Tract 27035951200)	+10 pts	\$2,000,000
+ Domestic content adder (status: likely NOT met — see p.2)	+10 pts	\$2,500,000 (if achieved)

Production Tax Credit (PTC — Section 45Y)

Per-kWh credit paid over a 10-year generation period. Value below assumes PWA compliance (1.5¢/kWh base) plus the confirmed energy community adder (+10%). Actual capacity factor should be confirmed against a flow-duration study.

Capacity factor	Annual generation	10-yr PTC (base + PWA + energy community)
35% (low)	1.84M kWh/yr	~\$331,000
45% (mid)	2.37M kWh/yr	~\$426,000
55% (high)	2.89M kWh/yr	~\$521,000

Recommendation

At this cost-to-output ratio (~\$8,300/kW), the ITC substantially outperforms the PTC — roughly \$2.0M up front vs. an estimated \$330K–\$520K spread over 10 years (undiscounted). The gap widens further once the PTC stream is discounted to present value. The ITC is the stronger fit for a capital-intensive, modest-output run-of-river project.

Open Items Before Filing

- Confirm eligible cost basis — not all of the \$5.0M project cost may qualify as “energy property” (e.g., certain land and financing costs are typically excluded).
- Obtain an engineering flow-duration analysis to replace the illustrative capacity-factor range above, if PTC is reconsidered.
- Confirm prevailing wage & apprenticeship (PWA) compliance plan for construction — required to access the 30% base rate; without it the ITC falls to 6%.
- Domestic content adder is likely NOT achievable: the turbine/generator package is sourced from Austria, and manufactured-product cost is typically dominated by this equipment. The 100% domestic steel/iron test may be met through U.S. civil works, but the manufactured-products percentage test (45–50% threshold) is unlikely to be met without a domestic turbine/generator. This is a cost/sourcing decision, not a compliance risk.
- Plan Section 6417 direct-pay filing timeline: ITC refund is claimed as a lump sum in the placed-in-service year — coordinate with interim construction financing and debt service planning.

FEOC Status — CLEARED

The turbine/generator manufacturer is based in Austria. Austria is not a Prohibited Foreign Entity (PFE) jurisdiction — only China, Russia, North Korea, and Iran trigger FEOC restrictions. Accordingly, the material-assistance cost-ratio test, effective-control payment restrictions, and FEOC-related direct-pay/transferability limits do NOT apply to this project. No further FEOC screening is required unless the sourcing plan changes.

Construction Timing

Hydropower is not subject to the wind/solar placed-in-service cliff (Dec. 31, 2027). Instead, non-solar/wind technologies — including hydro — qualify for the FULL credit value as long as construction begins by December 31, 2033 (phasing to 75% for a 2034 start, 50% for 2035, and eliminated for 2036 and later).

The project's target placed-in-service date of 2030 implies a begin-construction date well before the 2033 cutoff — comfortably inside the full-value window under current law. No statutory timing risk to the credit rate itself; remaining timing considerations (e.g., PWA compliance planning, direct-pay registration cadence) are operational, not eligibility-threatening.

Prepared for internal discussion purposes only — not tax or legal advice. Figures are illustrative based on preliminary project parameters and current IRS guidance (Notice 2026-39 and predecessor notices) as of mid-2026. Will need to Confirm final calculations with tax counsel prior to filing.

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	667,000							6,801,000
Blended AEP Cost	\$ 0.08153	\$ 0.07578	\$ 0.09151	\$ 0.08662	\$ 0.10561	\$ 0.10000							\$ 0.0902
Calculated Benefit	80,307.05	69,566.04	102,948.75	139,284.96	158,203.78	66,698.63	-	-	-	-	-	-	617,009.21

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: 07/31/2026

Account Typ...	Original YTD Budget	Current YTD Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 1 - ELECTRIC						
Revenue	17,590,465.13	17,590,465.13	1,852,038.04	14,476,811.20	-3,113,653.93	17.70 %
Expense	17,070,025.42	17,070,025.42	1,805,221.29	12,781,614.00	4,288,411.42	25.12 %
Fund: 1 - ELECTRIC Surplus (Deficit):	520,439.71	520,439.71	46,816.75	1,695,197.20	1,174,757.49	-225.72 %
Fund: 2 - WATER						
Revenue	2,774,914.59	2,774,914.59	324,033.89	2,397,993.73	-376,920.86	13.58 %
Expense	2,746,626.96	2,746,626.96	239,337.45	1,596,256.96	1,150,370.00	41.88 %
Fund: 2 - WATER Surplus (Deficit):	28,287.63	28,287.63	84,696.44	801,736.77	773,449.14	-2,734.23 %
Fund: 3 - WASTEWATER TREATMENT						
Revenue	3,137,777.72	3,137,777.72	337,783.92	3,927,486.74	789,709.02	25.17 %
Expense	3,067,247.82	3,067,247.82	156,882.30	1,433,679.31	1,633,568.51	53.26 %
Fund: 3 - WASTEWATER TREATMENT Surplus (Deficit):	70,529.90	70,529.90	180,901.62	2,493,807.43	2,423,277.53	-3,435.82 %
Fund: 4 - HYDRO DAM						
Revenue	7,696.92	7,696.92	0.00	1,123.21	-6,573.71	85.41 %
Expense	484,910.86	484,910.86	52,706.06	351,207.62	133,703.24	27.57 %
Fund: 4 - HYDRO DAM Surplus (Deficit):	-477,213.94	-477,213.94	-52,706.06	-350,084.41	127,129.53	26.64 %
Report Surplus (Deficit):	142,043.30	142,043.30	259,708.75	4,640,656.99	4,498,613.69	-3,167.07 %

Fund Summary

Fund	Original YTD Budget	Current YTD Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)
1 - ELECTRIC	520,439.71	520,439.71	46,816.75	1,695,197.20	1,174,757.49
2 - WATER	28,287.63	28,287.63	84,696.44	801,736.77	773,449.14
3 - WASTEWATER TREATMENT	70,529.90	70,529.90	180,901.62	2,493,807.43	2,423,277.53
4 - HYDRO DAM	-477,213.94	-477,213.94	-52,706.06	-350,084.41	127,129.53
Report Surplus (Deficit):	142,043.30	142,043.30	259,708.75	4,640,656.99	4,498,613.69