



PUBLIC UTILITIES COMMISSION AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, August 25, 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. **Conflict Waiver with Flaherty and Hood for Representation to the City of Brainerd for Representation related to the Sewer Use and Capacity Agreement**

D. **Recommend Surplus Items for Auction**

6. **Public Forum**

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

7. **Unfinished Business**

- A. **Unfinished Business**
(See attached separate memo regarding updates on unfinished business)
- B. **Proposals for Geotechnical Services — Water Treatment Plant Backwash Reclamation Project**
- C. **BPU_POL_2013-16 Meter Reading Fee**
- D. **BPU_POL_2014-18 Fee For Temporary Electric Services**
- 8. **New Business**
 - A. **Hydro Update and Quote for Tax Credit Services**
- 9. **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**
- 10. **Commission Member/Council Liaison Reports**
- 11. **Adjourn**
 - A. **ClimaVision Installation Preview - September 14 - 2PM-4PM - State Hospital**

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 July 28, 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 – Absent

Utility Staff Present

Public Works Director
Finance Manager
Water/Wastewater Manager
Business Office Supervisor
Business Office Supervisor
Recording Secretary

Paul Sandy
Danny Loch
Charlie Gammon
Jana Pernula
Heidi Gandsey
Becky Ridlon

Others in Attendance

City Mayor
City Administrator
HR Director
Deputy Public Works Director/City Engineer
Public Services Director
Waterworth

Dave Badeaux
Nick Broyles
Brittney Kummet
Jennifer Schumann
Zachary Swarthout
Adam Duddy -Virtual

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Public Works Director Paul Sandy introduced Deputy Public Works Director/City Engineer Jennifer Schumann to the commission. City Administrator Nick Broyles introduced Public Services Director Zachary Swarthout to the commission.

Approval of Agenda Items

Commissioner Angland requested to add under 6. C - quote from Waterworth Electric Module to the agenda.

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

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

July 28, 2026

Approval of Consent Items

Motion by Commissioner Bayliss and seconded by Commissioner Wussow to approve the Minutes from June 30th, 2026, Current month's bills, out of state travel, Recommended Surplus items for Auction. There was a unanimous roll call vote in favor of the motion. Motion carried.

Tower Award Presentation

Mayor Dave Badeaux presented, Business Office Supervisor, Jana Pernula, with the Tower Award in recognition of her 33 years of dedicated service to the City of Brainerd. Mayor Badeaux thanked Jana for her many years of commitment and contributions to the city and wished her all the best in her well-earned retirement.

Waterworth Rate Study Tool Presentation

Finance Manager Danny Loch & Waterworth Adam Duddy -Virtual, Presented a summary and outline of the Waterworth program and an updated water and wastewater model.

Sandy said the model confirmed the water utility has been in a difficult financial position for years, making a new water treatment plant the city's top priority. Staff will consider delaying some water distribution projects to help fund the plant and reduce future rate increases. Sandy noted the wastewater fund has more flexibility because permit-driven projects typically allow several years for compliance, giving the city time to build reserves. However, the water fund requires more immediate action due to its long-standing deficit and growing emergency repair needs. Staff will use the completed rate study to guide the 2027 budget process and plan future rate adjustments.

Commissioners Wussow, Angland, and Bayliss praised the presentation and financial model for clearly illustrating the utility's challenges and improving transparency. They agreed the water treatment plant can no longer be delayed and said the model's flexibility and clear presentation will support informed decision-making, strategic planning, and better communication with ratepayers.

Loch thanked Adam and his team for their support throughout the implementation process. He noted they met weekly for more than two months to ensure staff understood the software, verified the data, and became comfortable using the model. Loch praised the team's ongoing service and said they delivered on their commitment, making the implementation a positive experience.

Quote from Waterworth

Presented by Finance Manager Loch

Loch presented a proposal to expand the Waterworth software to include electric and stormwater modules. Loch explained that the software has been valuable for long-term capital budgeting by allowing easier adjustments and improved planning compared to the current Excel-based process. After reviewing the system, staff recommended implementing it for all utility enterprise funds moving forward.

The proposed annual costs are \$9,000 for the electric module and \$3,000 for the stormwater module. Loch noted the higher cost for electric is due to the complexity and size of the system compared to previously implemented modules.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

July 28, 2026

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve quote from Waterworth software access to electric service support and advising \$9,000 and software access to stormwater service support and advising \$3,000. There was a unanimous vote in favor of the motion. Motion Carried.

Public Forum

None

Unfinished Business

Memo -See board packet for updates.

Loch reported that the Climate Vision weather radar project received federal funding and construction is expected to begin before September 15. The city has coordinated with Climate Vision, and installation will move quickly, resulting in increased activity at the state hospital site, including cranes and radar installation. He also provided an update on the hydrogeneration project, noting that complications with benefit calculations for the new generator have delayed progress. Revised calculations are expected to be available at the next meeting.

BPU POL 2021-01 Opt Out Meter Reading Fee - see board packet for report.

Finance Manager Loch presented.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve BPU POL 2021-01 Opt Out Meter Reading Fee. There was a unanimous vote in favor of the motion. Motion Carried.

BPU POL 200-15 Non-Sufficient Funds Checks and ACH Payments

Finance Manager Loch presented.

Motion by Commissioner Bayliss and seconded by Commissioner Wussow to Approve BPU POL 2008-15 Non-Sufficient Funds Checks and ACH Payments. There was a unanimous vote in favor of the motion. Motion Carried.

New Business

Approve Fee Amendment with HR Green – Main Lift Station Reconstruction Project - See board packet for agenda request.

Public Utilities Director Sandy presented.

Angland Abstained from this item.

Wussow asked whether any other lift stations are located in environmentally sensitive areas and what lessons could be applied to future projects. Sandy replied that no other lift stations currently present similar concerns but noted that the new water treatment plant may require environmental documentation, FEMA coordination, or other regulatory review during the preliminary design phase.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

July 28, 2026

Bayliss asked whether the approval amount was \$64,000, noting that HR Green's letter listed a total of \$66,000. Sandy clarified that the \$64,000 amount was a typographical error and that staff was requesting approval of the full \$66,000.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve fee amendment to the agreement with HR Green in a not-to-exceed amount of \$66,000. There was vote in favor of the motion with one abstention of the motion with Angland abstaining. Motion carried.

Staff Reports

City Administrator Report -see board packet for report.

Nothing additional to report.

Angland thanked Broyles for attending the Brainerd Fire Department construction meetings when possible and expressed appreciation for his participation and support.

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

Nothing additional to report.

Public Works Director Report – see board packet for report.

Additionally, Paul welcomed new Water and Wastewater Operator Lee Anderson, and provided updates on several construction projects, noting that work continues as scheduled and several spring projects are nearing completion.

Wussow commented on the absence of pending change orders and asked for an update on the fats, oils, and grease (FOG) control program. Paul said staff are currently focused on completing the mercury program with Baxter and will address the FOG program afterward.

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

Wussow asked whether staff should continue reporting Baxter's water usage now that the city is no longer supplying water. Gammon recommended continuing to track the information for the time being while Baxter demonstrates it can meet its needs independently. Wussow also asked whether the water purchase agreement should be renewed annually if future service is needed. Gammon noted that the Minnesota Department of Health should be aware if the City provides water to another municipality and stated that discussions should continue as needed.

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

Loch highlighted updates from his report, including upcoming release of Dying to Film videos, exploration of potential funding for a hydro generation project, and implementation of AP automation. He also noted upcoming IT integration work scheduled for August 18–24 that may cause temporary system downtime. Loch provided an overview of hydro costs, noting current generation costs and potential future costs associated with a generator project.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

July 28, 2026

Commission Members – Reports

Commissioner Bayliss

Bayliss thanked all BPU staff for their hard work and dedication, recognizing the behind-the-scenes efforts that support services relied upon by the community.

Commissioner Wussow

Wussow congratulated Jana on her retirement and shared highlights from the MMUA legislative program update, noting discussions on funding for drinking water infrastructure, PFAS mitigation, and lead service line replacement. Staff was thanked for monitoring funding opportunities. It was also confirmed that the City's lobbying services will remain in place for another year.

Commissioner Angland

Angland recognized BPU staff for their responsiveness and support of construction owners and contractors. He also congratulated Jana on her years of service, noting that her longevity reflects the strength of the organization.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to adjourn, there was a unanimous vote in favor of the motion. Motion carried at 10:08 AM.

Mike Angland, Commission President

Danny Loch, Finance Manager/Secretary



Public Utilities Commission

Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: Conflict Waiver with Flaherty and Hood for Representation to the City of Brainerd for Representation related to the Sewer Use and Capacity Agreement

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): N/A - Consent Calendar

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

SUMMARY OF ISSUE: At its June meeting, the Brainerd Public Utilities Commission approved a scope of services with Flaherty and Hood to provide legal representation during the review and modification of the existing Sewer Use and Capacity Agreements between the City of Brainerd and the City of Baxter.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Since that time, Flaherty and Hood provided the attached letter to both the City of Brainerd and the City of Baxter regarding the legal services necessary to support this effort and to represent Brainerd's interests. Flaherty and Hood also provides services to the City of Baxter related to legislative priorities and lobbying on the city's behalf. As a result, Flaherty and Hood has identified a potential conflict of interest under Rule 1.7 of the Minnesota Rules of Professional Conduct.

The letter further explains that, based on Flaherty and Hood's review, no conflict currently exists, nor is one anticipated. Given the distinct nature of the services being provided to each city, Flaherty and Hood indicates that continuing to represent both Baxter and Brainerd under their current contracts should not present an issue moving forward. However, the firm requests that both cities sign the attached conflict waiver, acknowledging this discussion and confirming their awareness of the potential conflict that could arise.

The Baxter City Council has already executed the attached letter at a previous City Council meeting, acknowledging the letter and its contents.

Since that time, staff have also verified that only the Commission president and Director signature are required on this agreement based on the City Charter language with the City Attorney.

RECOMMENDED ACTION/MOTION: Staff recommends authorizing staff to execute the attached conflict waiver with Flaherty and Hood.

FINANCIAL IMPACT: At its June meeting, the BPU Commission authorized services with Flaherty and Hood for an amount not to exceed \$3,500.

July 28, 2026

Mayor Dave Badeaux
City of Brainerd
501 Laurel Street
Brainerd, MN 56401

VIA EMAIL

Mayor Darrel Olson
City of Baxter
50 Memorywood Drive
Baxter, MN 56425

Re: Sewer Use and Capacity Agreement modification representation

Dear Mr. Badeaux and Mr. Olson,

The City of Brainerd and Brainerd Public Utilities (“Brainerd”) intends to seek modifications to the existing Sewer Use and Capacity Agreement (the “Agreement”) between Brainerd, and the City of Baxter (“Baxter”). Brainerd has engaged Flaherty & Hood (“Firm”) to represent the interests of Brainerd and to provide legal services in support of its efforts to review and modify this Agreement.

Baxter is also a current legislative service client of the Firm. As a result, we have determined that there is potential for a concurrent conflict of interest pursuant to Rule 1.7 of the Minnesota Rule of Professional Conduct.

However, based on our review there does not appear to be at present, nor do we expect there to be during the course of our representation of Brainerd for legal services and Baxter for legislative services, a conflict of interest between the two cities that would operate to prohibit Flaherty & Hood from representing both parties in their individual capacities, with their informed written consent. Flaherty & Hood is able to competently and diligently represent Brainerd and Baxter as outlined in each party’s respective engagement letters, and our representation is not prohibited by law.

However, as noted above, our representation of Brainerd is contingent on both Brainerd and Baxter consenting to our representation of both parties in connection with the the modification of the Agreement.

By signing this letter below, you confirm that you are aware of the potential that a conflict may arise during our representation, you are aware of the risks, advantages, and

alternatives available to you, and have had an opportunity to raise any questions or concerns regarding our representation of both Brainerd and Baxter, and you consent to our representation of both parties in connection with the project. If either party is uncomfortable with the concurrent representation and services provided by Flaherty & Hood, that party has every right not to waive the potential conflict. We recommend that both Brainerd and Baxter consult with their respective City attorney's before signing this waiver.

If you have any questions or believe you need further information, do not hesitate to contact me.

Thank you.

Daniel Marx

Very truly yours,

FLAHERTY & HOOD, P.A.
Daniel M. Marx
Shareholder Attorney

DMM

[SIGNATURE PAGES FOLLOW]

ACKNOWLEDGE AND AGREED TO: The City of Brainerd and Brainerd Public Utilities ("Brainerd") acknowledges that Flaherty & Hood represents the City of Baxter, a municipal corporation, by providing legislative services in connection with sales and use taxation matters. Brainerd acknowledges that it has read and understands the potential conflict of interest as addressed in this letter, including that Flaherty & Hood's representation of Baxter and Brainerd on the modification of the Agreement may result in Flaherty & Hood having directly adverse interests to Brainerd, and that reasonably foreseeable risks of this concurrent representation include the possibility that Flaherty & Hood may need to withdraw from representing one or both cities on the Agreement modification if the parties' positions become materially adverse or contested. Brainerd agrees to Flaherty & Hood's representation and hereby waives any potential conflict of interest as described herein. No information regarding Baxter that Flaherty & Hood has previously learned will be provided to Brainerd.

CITY OF BRAINERD

By: _____
Its: Mayor

By: _____
Its: City Administrator

Date: _____

BRAINERD PUBLIC UTILITIES

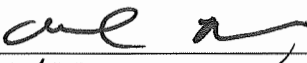
By: _____
Its Commission President

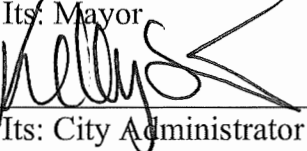
By: _____
Its Director

Date: _____

ACKNOWLEDGE AND AGREED TO: The City of Baxter acknowledges that Flaherty & Hood represents the City of Brainerd, a municipal corporation, by providing legal services in connection with the modification of the Agreement. Baxter acknowledges that it has read and understands the potential conflict of interest as addressed in this letter, including that Flaherty & Hood's representation of Brainerd and Baxter on the modification of the Agreement may result in Flaherty & Hood having directly adverse interests to Baxter, and that reasonably foreseeable risks of this concurrent representation include the possibility that Flaherty & Hood may need to withdraw from representing one or both cities on the Agreement modification if the parties' positions become materially adverse or contested. Baxter agrees to Flaherty & Hood's representation on matters involving the Brainerd in connection with modification of the Agreement and hereby waives any potential conflict of interest as described herein. No information regarding Brainerd that Flaherty & Hood has previously learned will be provided to Baxter.

THE CITY OF BAXTER

By: 
Its: Mayor

By: 
Its: City Administrator

Date: _____



Public Utilities Commission

Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: Recommend Surplus Items for Auction

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 1

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager

SUMMARY OF ISSUE: The attached list includes equipment and miscellaneous items that staff have determined are no longer needed for utility operations. Staff is recommending the Commission forward these items to the City Council to be declared surplus and authorized for disposal through public auction in accordance with Minnesota State Statutes. This is part of our normal asset management process and helps recover any remaining value from equipment that has reached the end of its useful life or has otherwise been replaced.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend approving the attachment to be deemed surplus and providing to City Council for disposal.

FINANCIAL IMPACT:

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

**Brainerd Public Utilities
BPU Commission Unfinished Business
August 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.

Staff will present updated engineering and financing information under New Business at this month's Commission meeting, 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. IT Integration Weekend August 21-23

The network integration for BPU staff moving onto the city network began the week of August 17, as previously reported. Scheduled maintenance on Tuesday, August 18, was part of this transition; the outage lasted approximately one hour and was completed without significant issues. A second, system-wide maintenance window is scheduled for Friday, August 21, through Sunday, August 23, during which staff access to customer account information, along with certain online account and payment services, will be unavailable to the public. Staff have communicated this outage in advance to limit disruption to customers.

As part of the integration, staff email addresses are scheduled to transition from the bpu.org domain to brainerdmn.gov by Monday, August 24, in compliance with state law requiring use of a dotgov domain. This change will apply to all staff, including the Commissioners. A limited number of mailboxes will remain active on the former bpu.org address on the legacy BPU network to support business continuity during the transition period. Staff will continue to monitor the integration process and will report any additional issues or milestones in next month's update.

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
 - n. BPU_POL_2021-01 – Opt Out Meter Reading Fee
 - o. BPU_POL_2008-15 – Non- Sufficient Funds Checks and ACH Payments

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: August 25, 2026

TITLE OF ITEM: Proposals for Geotechnical Services — Water Treatment Plant Backwash Reclamation Project

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 5 Minutes

SUBMITTED BY: Paul Sandy, Public Works Director

PRESENTER: Paul Sandy, Public Works Director

SUMMARY OF ISSUE: The Water Treatment Plant Backwash Reclamation Project has progressed into its construction phase. As part of this phase, materials testing services are required to verify that the materials being used to construct the on-site reclaim tank meet the specified project standards and engineering requirements. These testing services will help confirm the quality, integrity, and suitability of the materials prior to and during construction, ensuring the reclaim tank is built to the necessary specifications.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: Bolton and Menk, serving as the City's on-site construction representative, coordinated with and received proposals from two geotechnical firms to provide the materials testing services required for the project. This scope of work includes, but is not limited to, soil compaction testing, soil moisture testing, on-site concrete testing, concrete cylinder sampling, and concrete compressive strength testing.

Two proposals were received for this scope of work, one from Braun Intertec and one from American Engineering and Testing (AET). A summary of the proposed costs from each firm is provided below:

Braun Intertec: \$9,941

AET: \$10,600

Based on the lower proposed cost from Braun Intertec, along with the City's established working relationship with the firm, staff recommends that the Commission award the materials testing services to Braun Intertec at the proposed fee, not to exceed \$9,941.

RECOMMENDED ACTION/MOTION: Staff recommends awarding the materials testing services contract for the Water Treatment Plant Backwash Reclamation Project to Braun Intertec, at a fee not to exceed \$9,941.

FINANCIAL IMPACT: These materials testing services will become part of the overall project engineering costs. Based on the project's history of transitioning from a traditional design-bid-build contract to a

CMAR (Construction Manager at Risk) contract, Bolton and Menk's original design proposal, prior to onboarding the CMAR, was \$390,494. When the project transitioned to the CMAR delivery method, the Commission approved a revised scope of work with Bolton and Menk to carry the project through the CMAR design process, along with a fee for construction engineering and administration. This revised contract, approved at the November 2025 Commission meeting, totaled \$450,700.

Combined, these two engineering contracts total \$841,194. With Braun Intertec's proposal now included in the engineering costs, the total rises to \$851,135. Including the construction contract (\$4,878,360), less the owner-generated contingency and the contractor contingency (accounting only for construction of the reclaim tank), the total construction and engineering amount for the project is \$5,730,195. With associated contingencies that were removed from above, the total GMP for the project construction is \$5,300,000.

With the \$5,000,000 direct appropriation grant designated for the project, the estimated total cost to the water fund is \$730,195.

Authorization for Services

BPU WWTF Improvements

Date: 8/4/2026

Proposal: 10016004_001

Site Address:

8027 Highland Scenic Dr.
Baxter, Minnesota 56425

CLIENT INFORMATION:

Client Name: Brainerd Public Utilities

Client Contact: Paul Sandy, PE

Client Address: 7656 Design Rd Suite 200
Baxter, MN 56425

Client Email: psandy@bpu.org

BRAUN INTERTEC CLIENT MANAGER:

Braun Intertec Project Manager: John Pomranke

Phone: 218-929-1099

Email: JPomranke@braunintertec.com

TERMS AND CONDITIONS:

Fees are budgeted as a Time and Expense of \$9,941.

Authorized work will be done in accordance with our Master Agreement for Professional Services with the City of Brainerd dated July 14, 2026. The authorizer will be responsible for payment.

Authorizers Signature: _____

Printed Name: _____

Title: _____ *Date:* _____

Authorizer's Firm: _____

Invoicing Due Date: _____

Special Billing Instructions:

A signed copy of this authorization for services must be received by Braun Intertec Corporation before work can proceed. Return this form to Project Manager after authorization.

NOTES:

Time billed is based on total time, including all travel time. Overtime premiums of 1.25x the standard hourly rates apply for hours outside of 7 am to 4 pm, Monday through Friday. These premiums are not included in our estimated fees.

We typically require 24-hour notification.

It is your responsibility to provide us with the requirements of testing and/or plans and specifications.

SCOPE OF WORK:

Scope is limited to include:

- Test compacted fill placed below building footprints and oversizing areas, below slabs and/or pavements, adjacent to walls, and in utility trenches, to determine if the relative compaction was achieved.
- Perform laboratory Proctor tests to determine the maximum Proctor dry densities and optimum moisture contents of prospective fill materials.
- Sample and test the plastic concrete for slump, air content, and temperature.
- Prepare test cylinders for laboratory compressive strength testing.
- Quantities of tests and trips based on email from Bolton & Menk, as summarized in our attached Fee Estimate.
- Consulting and/or project management associated with our services.

Fee Estimate
10016004_001
BPU WWTF Improvements

Client:

Brainerd Public Utilities
Lance Zemke
7656 Design Rd Suite 200
Baxter, MN 56425
15076254171

Work Site Address:

8027 Highland Scenic Dr.
Baxter, Minnesota 56425

	Qty/Hours	Rate	Amount
Task 1: Construction Materials Testing & Special Inspections			
Subtask 1.1: Soils			\$1,294.00
Soil Compaction Testing - Nuclear	8.00	102.00	\$816.00
Trip Charge	2.00	95.00	\$190.00
Nuclear moisture-density meter charge, per hour	8.00	36.00	\$288.00
Subtask 1.2: Concrete			\$5,417.00
Concrete Testing	28.00	102.00	\$2,856.00
Concrete Cylinder Pick Up	13.00	102.00	\$1,326.00
Trip Charge	13.00	95.00	\$1,235.00
Subtask 1.3: Laboratory Testing			\$1,872.00
Soil Proctor MD Relationship (Standard) ASTM D698 each	2.00	216.00	\$432.00
Concrete Compressive Strength Cylinders ASTM C39 each	32.00	45.00	\$1,440.00
Subtask 1.4: Project Management and Engineering			\$1,358.00
Project Assistant	2.00	102.00	\$204.00
Project Control Specialist III	1.00	164.00	\$164.00
Project Manager	5.00	198.00	\$990.00
Task 1 Total:			\$9,941.00
Project Total			\$9,941.00



Cost Proposal
Brainerd WWTF Improvements
Brainerd, MN

Date:
July 29, 2026

Prepared for:
Brainerd Public Utilities
8027 Highland Scenic Dr
Baxter, MN 56425

Geotechnical • Materials
Forensic • Environmental
Building Technology
Petrography/Chemistry

American Engineering Testing
3940 Minnkota Ave NW
Bemidji, MN 56601
TeamAET.com • 218-209-2977

July 29, 2026

Brainerd Public Utilities
8027 Highland Scenic Dr
Baxter, MN 56425



ATTN: C/O: Lance Zemke – Bolton & Menck, Inc.

Subject: Fee Proposal – Construction Material Testing Services
Brainerd WWTF Improvements
Brainerd, MN

Greetings Lance,

American Engineering Testing (AET) is pleased to submit this proposal and preliminary fee estimate to provide construction material testing services during the Brainerd WWTF Improvements project in Brainerd, MN. Our proposal is based on the preliminary testing quantities provided by Bolton & Menck, Inc. In this proposal, we present our understanding of the project, an outline of the scope of services we are to provide, and the fee estimate for our services.

PROJECT INFORMATION

We understand the project, located in Brainerd, Minnesota, consists of improvements to the existing WWTF Facility.

We have not received a copy of the construction schedule and have had to make some assumptions as to the anticipated number of visits, duration of each visit, and the anticipated amount of testing. We believe these assumptions are consistent with current construction practices and the project goals. We will coordinate our services with your project representative to provide an efficient application of our services while meeting the requirements of the project plans and specifications.

SCOPE OF SERVICES

AET's Project Manager, Jake Voigt, will provide supervision and technical oversight of our services. Mr. Voigt is responsible for interacting with your designated project representative to coordinate our field observation and laboratory testing services. Staff assignment will be dependent on the nature of the testing required.

Scope of Work

We understand activities on this project will require general construction material testing as well as special inspection services as defined within the most recent IBC. We present below a generalized "scope of services" associated with our involvement on this project.

- Perform quality assurance services for evaluation of native soils and engineering fill used in support of project structural elements.



- Perform plastic and compressive strength testing of concrete
- Provide timely reporting of test results

Technical Management & Reports

Our Project Manager reviews the daily field reports generated by our field staff during construction. Items found in non-compliance with the project requirements are brought to the immediate attention of the construction superintendent for correction.

We have assumed that our standard invoicing format issued on a monthly basis with no supporting documentation will be acceptable for this project. If supporting documentation or specialized invoicing is required, additional administrative time may be required to accommodate your request.

ESTIMATED FEES

Our services will be provided on a unit cost basis according to the unit rates provided in the attached AET Fee Estimate tabulation. These rates will remain in effect through the duration of the project. Our monthly invoices will be determined by multiplying the number of personnel hours or tests by their respective unit rates. We have also estimated a total cost we anticipate will be required to complete the previously described observations and testing services. This estimated total cost is based on our experience with similar projects and construction schedule.

We caution that this is only an estimated cost. Often, variations in the overall cost of the services occur due to reasons beyond our control, such as construction change orders, weather delays, changes in the contractor's schedule, unforeseen conditions or retesting of services. These variations will affect the actual invoice totals, either increasing or decreasing our total costs for the project from those estimated in this proposal. If more time or tests are required, additional fees may be needed to complete the project testing services. If less time or tests are needed, a cost savings will be realized. We will not, however, exceed the estimated total cost for the project without first obtaining your authorization.

TERMS AND CONDITIONS

All AET Services are provided subject to the Terms and Conditions set forth in the enclosed Construction Service Agreement—Terms and Conditions, which, upon acceptance of this proposal, are binding upon you as the Client requesting Services, and your successors, assignees, joint venturers, and third-party beneficiaries. Please be advised that additional insured status is granted only upon written acceptance of the proposal.

ACCEPTANCE

AET requests written acceptance of this proposal in the Proposal Acceptance box below, but the following actions shall constitute your acceptance of this proposal together with the Terms and Conditions: 1) issuing an authorizing purchase order for any of the Services described in this proposal, 2) authorizing AET's presence on site, or 3) written or electronic notification for AET to proceed with any of the Services described in this proposal. Please indicate your acceptance of this proposal by signing below and returning a copy to us. When you accept this proposal,



you represent that you are authorized to accept on behalf of the Client.

GENERAL REMARKS

AET appreciates the opportunity to provide this service for you and looks forward to working with you on this project. If you have any questions or need additional information, please contact us.

Sincerely,
American Engineering Testing, Inc.

Handwritten signature of Jake Voigt in black ink.

Jake Voigt, PE
Engineer III

Handwritten signature of Seth Misialek in black ink.

Seth Misialek
Field Engineer

ACCEPTANCE AND AUTHORIZATION: AET Proposal No. P-0055370

SIGNATURE: _____

PRINTED NAME: _____

COMPANY: _____

ADDRESS: _____

PHONE NUMBER AND EMAIL: _____

DATE: _____

INVOICING INFORMATION (Provide Company AP Department Information, if present.)

AP CONTACT NAME: _____

BILLING/MAILING ADDRESS: _____

AP PHONE NUMBER AND INVOICE EMAIL: _____

P.O. NO./ PROJECT NO.: _____

Attachments: AET Fee Estimate
Construction Service Agreement – Terms and Conditions
Certificate of Insurance
W9

PROJECT TESTING SERVICES FEE SCHEDULE

Brainerd WWTF Improvements
Brainerd, MN
AET PROPOSAL No. P-0055370



SERVICE DESCRIPTION	PROJECT BUDGET			
	ESTIMATED UNITS		UNIT RATE	BUDGET AMOUNT
Compaction Testing				
Soil Density Testing - Technician, Level I	2	Hour	\$105.00	\$210.00
Trip Charge	2	Each	\$500.00	\$1,000.00
Nuclear Density Test	8	Test	\$35.00	\$280.00
ASTM D698 Standard Proctor	2	Test	\$205.00	\$410.00
ASTM C136 Sieve Analysis of Aggregate (Coarse and Fine)	2	Test	\$150.00	\$300.00
Section Subtotal:				\$2,200.00
Concrete Testing				
Concrete Testing - Technician, Level I	10	Hour	\$105.00	\$1,050.00
Trip Charge	10	Each	\$500.00	\$5,000.00
ASTM C39 Concrete Compressive Strength 4x8 Cylinder	40	Test	\$40.00	\$1,600.00
Section Subtotal:				\$7,650.00
Project Management & Coordination				
Project Management - Engineer, Level II/Project Manager	3	Hour	\$190.00	\$570.00
Project Administrator	2	Hour	\$90.00	\$180.00
Travel	48	Hour	\$0.00	\$0.00
Section Subtotal:				\$750.00
ESTIMATED SALES BUDGET				\$10,600.00

SECTION 1 - RESPONSIBILITIES

1.1 – This Service Agreement – Terms and Conditions (“terms and conditions”) is applicable to all services (“Services”) provided by American Engineering Testing, Inc. (AET). As used herein “Services” refer to the scope of Services described in the proposal submitted by AET to Client. The proposal, these terms and conditions and any appendices attached hereto shall comprise the agreement (“Agreement”) between AET and Client for Services described in the proposal and are binding upon the Client, its successors, assignees, joint ventures and third-party beneficiaries. **AET requests written acceptance of the Agreement, but the following actions shall also constitute Client’s acceptance of the Agreement: 1) issuing an authorizing purchase order, task order, service order, or any other documentation for any of the Services, 2) authorizing AET’s presence on site, or 3) written or electronic notification for AET to proceed with any of the Services.** Issuance of a purchase order, task order or service order by Client which contains separate terms and conditions will not take precedence or modify the terms and conditions contained in this Service Agreement AND THE TERMS AND CONDITIONS OF THIS SERVICE AGREEMENT AND ANY CORRESPONDING PROPOSAL ISSUED BY AET SHALL GOVERN UNLESS AUTHORIZED IN WRITING IN ADVANCE BY AET.

1.2 - Prior to AET performing Services, Client will provide AET with all information that may affect the cost, progress, safety and performance of the Services. This includes, but is not limited to, information on proposed and existing construction, all pertinent sections of contracts between Client and their client and/or Owner which contain flow-down provisions to AET, if they are included, site safety plans or other documents which may control or affect AET’s Services. If new information becomes available or changes are made during AET’s Services, Client will provide such information to AET in a timely manner. Failure of Client to timely notify AET of changes to the project including, but not limited to, location, elevation, loading, or configuration of the structure or improvement will constitute a release of any liability of AET. Client will provide a representative for timely answers to project-related questions by AET.

1.3 - AET observes and tests earthwork and other construction operations and materials, and may provide opinions, conclusions and recommendations regarding the same. However, AET’s Services do not relieve the contractors of their contractual responsibility to perform their work in accordance with approved plans, specifications and building code requirements.

1.4 - AET personnel do not have authority to accept, reject, direct or otherwise approve the work of the contractor. AET cannot stop work or waive or alter the requirements of the project documents. Any authority given to AET by Client must be in writing prior to the start of Services.

1.5 - AET does not perform construction management, general contracting or surveying services and our involvement with the project does not constitute any assumption of those responsibilities.

1.6 - Services performed by AET often include sampling at specific locations. Client acknowledges the limitations inherent in sampling. Variations in conditions occur between and beyond sampled/tested locations. The passage of time, natural occurrences and direct or indirect human activities at the site or distant from it may alter the actual conditions. Client assumes all risks associated with such variations.

1.7 - AET is not responsible for interpretations or modifications of AET’s recommendations by other persons.

1.8 - Should change in conditions be alleged, Client agrees to notify AET before evidence of alleged change is no longer accessible for evaluation.

1.9 - Test borings and/or cone penetration test soundings to a proper depth below foundation grade and the base of suitable bearing soils are recommended to explore the deeper unseen soil and ground water conditions. Judgments made by AET personnel regarding the suitability of materials and ground water conditions below the bottom of an excavation are limited if sufficiently deep test borings/soundings are not provided by the Client prior to our observations and judgments. AET’s opinions, conclusions and recommendations are qualified to that extent.

1.10 – Pricing in the proposal assumes use of these terms and conditions. AET reserves the right to amend pricing if Client requests modifications to the Agreement or use of Client’s alternate contract format. Any contract amendments made after Client has authorized the Services shall be applicable only to Services performed after the effective date of such amendment. The proposal and these terms and conditions, including terms of payment, shall apply to all Services performed prior to the effective date of such amendment.

1.11 – The AET proposal accompanying these terms and conditions is valid for thirty (30) days after the proposal issuance date to the Client. Any attempt to authorize Services after the expiration date is subject to AET’s right to revise the proposal as necessary.

SECTION 2 – ON CALL SERVICES

2.1 - If AET’s Services are performed on an on-call basis at the direction of the Client or its authorized representatives, Client acknowledges the inherent limitations associated with performing engineering judgments and testing Services on an on-call basis, including without limitation, the inability to completely evaluate, document or judge work and conditions not directly observed or tested by AET. AET’s opinions, conclusions, and recommendations are qualified to the extent of those limitations.

2.2 - Density tests of fill soils represent conditions only at the locations and elevations tested and do not necessarily represent conditions laterally, above or below. AET can only provide judgments regarding the engineered fill system to adequately support the design construction loadings by monitoring the filling process on a continuous basis for consistency of soil type, moisture content, lift thickness, and compaction effort.

2.3 – AET requires a minimum of 24 hours’ notice of the need for Services. AET will not be liable for claims, damages, or delays related to failure of Client to provide adequate advance notice to AET.

SECTION 3 - SAFETY

3.1 - Client shall inform AET of any known or suspected hazardous materials or unsafe conditions at the site. Client or its authorized representative(s) is responsible for the safety of the jobsite. If, during the course of AET’s Services, such materials or conditions are discovered, AET reserves the right to take measures to protect AET personnel and equipment or to immediately terminate Services. Client shall be responsible for payment of such additional protection costs.

3.2 - AET shall only be responsible for safety of AET employees at the site; the safety of all others shall be Client's or other persons' responsibility.

SECTION 4 - SAMPLES

4.1 - Client shall inform AET of any known or suspected hazardous materials prior to submittal to AET. All samples obtained by or submitted to AET remain the property of the Client during and after the Services. Any known or suspected hazardous material samples will be returned to the Client at AET’s discretion.

4.2 - Non-hazardous samples will be held for thirty (30) days and then discarded unless, within thirty (30) days of the report date, the Client requests in writing that AET store or ship the samples. Storage and shipping costs shall be borne solely by Client.

SECTION 5 - PROJECT RECORDS

The original project records prepared by AET will remain the property of AET. AET shall retain these original records for a minimum of three years following submission of the report, during which period the project records can be made available to Client at AET's office at reasonable times.

SECTION 6 - STANDARD OF CARE

AET performs its Services consistent with the level of care and skill normally performed by other firms in the profession at the time of this service and in this geographic area, under similar budgetary constraints.

SECTION 7 - INSURANCE

AET maintains insurance with coverage and minimum limits shown below. AET will furnish certificates of insurance to Client upon request.

7.1 –

Workers' Compensation Employer's Liability	Statutory Limits \$100,000 each accident \$500,000 disease policy limit \$100,000 disease each employee
Commercial General Liability	\$1,000,000 each occurrence \$1,000,000 aggregate
Automobile Liability	\$1,000,000 each accident
Professional/Pollution Liability Insurance	\$1,000,000 per claim \$1,000,000 aggregate

7.2 - Commercial General Liability insurance will include coverage for Products/Completed Operations extending one (1) year after completion of AET's Services as outlined in our proposal, Property Damage, Personal Injury, and Contractual Liability coverage applicable to AET's indemnity obligations under this Agreement.

7.3 - Automobile Liability insurance shall include coverage for all owned, hired and non-owned automobiles.

7.4 - Professional/Pollution Liability Insurance is written on a claims-made basis and coverage will be maintained for one (1) year after completion of AET's Services as outlined in our proposal. Renewal policies during this period shall maintain the same retroactive date.

7.5 - **To the extent permitted by applicable state law, and upon Client's signing of the proposal, which includes these Terms and Conditions, and return of the same to AET, or Client provided forms of acceptance as defined in Section 1.1; Client and Owner shall be named an "additional insured" on AET's Commercial General Liability Policy (Form CG D4 14, which includes blanket coverage for the Additional Insured on a Primary and Non-Contributory basis). Client and Owner shall also be named an "additional insured" on a Primary and Non-contributory basis on AET's Automobile Liability Policy (Form CA T4 74). Any other endorsement, coverage or policy requirement may result in additional charges.**

7.6 - AET will maintain insurance coverage required by this Agreement at its sole expense, provided such insurance is reasonably available, with insurance carriers licensed to do business in the state in which the project is located and having a current A.M. Best rating of no less than A minus (A-). Such insurance shall provide for thirty (30) days prior written notice to Client for notice of cancellation or material limitations for the policy or ten (10) days' notice for non-payment of premium.

7.7 - AET reserves the right to charge Client for AET's costs for additional coverage requirements unknown on the date of the proposal, e.g., coverage limits or policy modification including waiver of subrogation, additional insured endorsements and other project specific requirements.

SECTION 8 - DELAYS

If delays to AET's Services are caused by Client or Owner, other parties, strikes, natural causes, pandemic, weather, or other items beyond AET's control, a reasonable time extension for performance of the Services shall be granted, and AET shall receive an equitable fee adjustment.

SECTION 9- PAYMENT, INTEREST AND BREACH

9.1 - Invoices are due net thirty (30) days from the date of receipt of an undisputed invoice. Invoices will be paid without reductions for bond or retention. Client will inform AET of invoice questions or disagreements within fifteen (15) days of invoice date; unless so informed, invoices are deemed correct.

9.2 – Invoices remaining unpaid for sixty (60) days shall constitute a material breach of this Agreement, permitting AET, in its sole discretion and without limiting any other legal or equitable remedies for such breach, to terminate performance of this Agreement and be relieved of any associated duties to the Client or other persons. Further, AET may withhold from Client data and reports in AET's possession. If Client fails to cure such breach, all reports associated with the unpaid invoices shall immediately upon demand be returned to AET and Client may neither use nor rely upon such reports or the Services.

9.3 – AET reserves the right to pursue any unpaid invoice utilizing available remedies at law. AET explicitly reserves its Mechanic Lien or Bond Claim rights for nonpayment of an undisputed invoice. Client is responsible for paying AET expenses and attorney fees related to collection of past due invoices.

9.4 – AET reserves the right to charge a 2.5% fee on any payment made using a credit card or debit card.

SECTION 10 - CHANGE ORDERS

AET's proposal associated with this project may provide an estimated cost for the work. If the proposal amount is a time and material estimate, or if changes occur affecting the project scope, estimated quantities, project schedule or other unforeseen conditions, AET will communicate with Client and request a change order. However, nothing in this agreement shall be construed in any way as a waiver of payment by Client to AET for Services authorized under this agreement. Approval of a change order may be in writing, by electronic communication, or any directive for additional Services.

SECTION 11 - MEDIATION

11.1 - Except for enforcement of AET's rights to payment for Services rendered or to assert and/or enforce its lien rights, including without limitation assertion and enforcement of mechanic's lien rights and foreclosure of the same, Client and AET agree that any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to arbitration or the institution of legal or equitable proceedings by either party; provided however that if either party fails to respond to a request for mediation within sixty (60) days, the party requesting mediation may without further notice, proceed to arbitration or the institution of legal or equitable proceedings.

11.2 - Mediation shall be in accordance with the Construction Industry Mediation Rules of the American Arbitration Association. Request for mediation shall be in writing and the parties shall share the mediator's fee and any filing fees equally and each party shall pay their own legal fees. The mediator shall be acceptable to both parties and shall have experience in commercial construction matters.

SECTION 12 - LITIGATION REIMBURSEMENT

Except for matters relating to non-payment of fees, which is governed by Section 10 hereof, payment of attorney's fees and costs associated with lawsuits or arbitration of disputes between AET and Client, which are dismissed or are judged substantially in either party's favor, shall be paid by the non-prevailing party. Applicable costs include, but are not limited to, attorney and expert witness fees, court costs, and other direct costs.

SECTION 13 - MUTUAL INDEMNIFICATION

13.1 - Subject to the limitations contained in Sections 14 and 17, AET agrees to indemnify Client from and against damages and costs to the extent caused by AET's negligent performance of the Services.

13.2 - Client agrees to indemnify AET from and against damages and costs to the extent caused by the intentional acts or negligence of the Client, Owner, Client's contractors and subcontractors or other third parties.

13.3 - If Client has an indemnity agreement with other persons or entities relating to the project for which AET's Services are performed, the Client shall include AET as an Additional Insured.

13.4 - AET's indemnification to the Client, including any indemnity required or implied by law, is limited solely to losses or damages caused by its failure to meet the standard of care and only to the extent of its negligence.

SECTION 14 - NON-SOLICITATION

Each party to this Agreement (a "Party") agrees that it will not encourage, induce, or actively solicit any employee of the other party to leave their employment for any reason, provided that neither Party is precluded from (a) hiring any such employee who has been terminated by a Party or its subsidiaries prior to commencement of employment discussions between a Party and such employee, or (b) soliciting any such employee by means of a general advertisement or through an employment agency that does not specifically pursue the employee, or (c) hiring employees or former employees of the other Party who contact the Party on its own accord. This Non-Solicitation provision shall be effective and enforceable for six (6) months following termination of this Agreement.

SECTION 15- MUTUAL WAIVER OF CONSEQUENTIAL DAMAGES

Except as specifically set forth herein and to the extent permitted by applicable law, Client and AET waive against each other, and each other's officers, directors, members, subcontractor, agents, assigns, successors, partners, and employees any and all claims for or entitlement to special, incidental, indirect, punitive, or consequential damages arising out of, resulting from, or in any way related to the Services provided by AET under this Agreement. This mutual waiver of consequential damages includes, but is not limited to, the following: loss of profits; loss of revenue; rental costs/expenses incurred; loss of income; loss of use of property, equipment, materials or services; loss of opportunity; loss of rent; loss of good will; loss of financing; loss of credit; diminution of value; loss of business and reputation; loss of management or employee productivity or the services of such persons; increased financing costs; cost of substitute facilities; cost of substitute goods/property/equipment; cost of substitute services; and/or cost of capital. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement in accordance with the provisions of the Agreement and related documents and shall survive any such termination.

SECTION 16 - LIMITATION OF LIABILITY

To the fullest extent permitted by applicable law, the total aggregate liability of AET and its officers, directors, partners, employees, subcontractors, agents, and sub-consultants, to Client and/or Client's employees, officers, directors, members, agents, assigns, successors, or partners, or anyone claiming through Client, for any and all injuries, damages, claims, losses, or expenses (including attorney's fees and costs) arising out of, resulting from or in any way related to Services provided by AET from any cause or causes, including, but not limited to, its negligence, professional errors and omissions, strict liability, breach of contract, or breach of warranty shall not exceed the total compensation in excess of costs received by AET for Services or \$50,000, whichever is less. The limitation of liability set forth herein does not apply to claims arising solely out of or related to the willful or intentional acts of AET.

SECTION 17 - POSTING OF NOTICES ON EMPLOYEE RIGHTS

Effective June 21, 2010, prime contracts with a value of \$100,000 or more and signed by federal contractors on projects with any agency of the United States government must comply with 29 CFR Part 471, which requires physical posting of a notice to employees of their rights under Federal labor laws. The required notice may be found at [29 Code of Federal Regulations Part 471, Appendix A to Subpart A](#). The regulation also has a "flow-down" requirement for subcontractors under the prime agreement for subcontracts with a value of \$10,000 or more. AET requires strict compliance of its subcontractors working on federal contracts subject to this regulation. The regulation has specific requirements for location of posting and language(s) for the poster.

SECTION 18 - TERMINATION

After 7 days' written notice, either party may elect to terminate work for justifiable reasons. In this event, the Client shall pay AET for all Services performed, including demobilization and reporting costs to complete the Services.

SECTION 19 - SEVERABILITY

Any provisions of this Agreement later held to violate a law or regulation shall be deemed void, and all remaining provisions shall continue in force. However, Client and AET will in good faith attempt to replace an invalid or unenforceable provision with one that is valid and enforceable, and which comes as close as possible to expressing the intent of the original provision.

SECTION 20 - GOVERNING LAW

This Agreement shall be construed in accordance with the Laws of the State of Minnesota without regard to its conflicts of law provisions.

SECTION 21 - ENTIRE AGREEMENT

This Agreement, including these terms and conditions and attached proposal and appendices, is the entire agreement between AET and Client. Regardless of method of acceptance of this Agreement by the Client, this Agreement supersedes any written or oral agreements, including purchase/work orders or other Client agreements submitted to AET after the start of our Services. Any modifications to this Agreement must be mutually acceptable to both parties and accepted in writing. No considerations will be given to revisions to AET's terms and conditions or alternate contract format submitted by the Client as a condition for payment of AET's accrued Services.

SECTION 22 - SITE ACCESS, UNDERGROUND FACILITIES AND CONSTRUCTION STAKING (CONSTRUCTION)

22.1 - Client will furnish AET safe and legal site access.

22.2 - With the exception of public utilities which AET will contact state "call before you dig" notification centers (e.g. Gopher State One call in Minnesota), Client will mark or cause to be marked the location of all other underground utilities and structures (Facilities) that service or are located on the site. AET shall be entitled to rely upon the accuracy of all location information supplied by any source.

22.3 - Client shall hold harmless, indemnify and defend AET from all claims, damages, losses, fines, penalties and expenses (including attorney's fees) arising out of or related to the following: a) Facilities that are not shown or vary from the locations shown on any plans or drawings, b) Facilities that are not located by or vary from the locations marked by Client, governmental or quasi-governmental locator programs, or private utility locating services, or c) any other Facilities that are not disclosed or vary from locations provided by the Client. The obligation to defend AET shall be independent of the obligation to indemnify and hold harmless AET and shall be with independent counsel acceptable to AET.

22.4 - The location and elevation of a proposed structure or facility shall be staked (with offsets) and controlled by surveying or GPS equipment by others. AET's measurements are made in relation to that information. The reliability of any opinions, conclusions, and recommendations based on those measurements is strictly dependent on the accuracy of the staking or GPS information provided by others.

22.5 - During construction, observations and testing Services are based on the positioning of the formwork by the contractor or its subcontractor. AET will not be responsible for any errors or damages resulting from improper location or positioning of the formwork.

22.6 - Client acknowledges that in the normal course of its Services, AET may unavoidably alter existing site conditions or affect the environment in the area being studied. AET will take reasonable precautions to minimize alterations to the site or existing materials. Restoration of the site is the responsibility of the Client.

SECTION 23 UNDERGROUND UTILITIES AND STRUCTURES AND FACILITIES (GEOTECH)

23.1 - Public Utilities: AET's sole responsibility under this section will be to contact the state "call before you dig" notification center (e.g. Gopher State One Call in Minnesota), if such an entity exists, for location information of public utilities only. AET shall have no obligation to proceed with the work until Client has fully complied with all the requirements of this Section 23.

23.2 - Private Utilities and all other Equipment or Facilities: Client will mark or cause to be marked the location of all other Facilities, Equipment and/or Utilities that service or are located on the site including but not limited to private utilities. AET shall be entitled to rely upon the accuracy of all location information supplied by any source including the Client.

23.3 - Client acknowledges that location data may be incorrect or that some Facilities, Equipment or Utilities may not be capable of location and Client fully acknowledges and accepts this risk and waives any claims against AET for damages or claims arising out of or in any way related to incorrect locations of Utilities, Equipment or Facilities incapable of location.

23.4 - Client shall waive as against AET and further hold harmless, indemnify and defend AET from all claims, damages, losses, fines, penalties and expenses (including attorney's fees) by any third parties arising out of or related to the following: a) Facilities and utilities that are not shown or vary from the locations shown on any plans or drawings, b) Facilities and utilities that are not located by or vary from the locations marked by Client, governmental or quasi-governmental locator programs, or private utility locating services, or c) any other Facilities or utilities that are not disclosed or vary from locations provided by the Client. The obligation to defend AET shall be independent of the obligation to indemnify and hold harmless AET and shall be with independent counsel acceptable to AET.



CERTIFICATE OF LIABILITY INSURANCE

1/1/2027

DATE (MM/DD/YYYY)

12/17/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Companies, LLC DBA Lockton Insurance Brokers, LLC in CA CA license #0F15767 444 W. 47th St., Ste. 900 Kansas City MO 64112-1906 (816) 960-9000 kcasu@lockton.com	CONTACT NAME:	
	PHONE (A/C No. Ext): FAX (A/C, No):	
INSURED 1562985 AMERICAN ENGINEERING TESTING, INC. 550 CLEVELAND AVE. N ST. PAUL, MN 55114-1804	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: The Phoenix Insurance Company	25623
	INSURER B: Travelers Property Casualty Company of America	25674
	INSURER C: Continental Casualty Company	20443
	INSURER D:	
INSURER E:		
INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** 22217726 **REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ CONT. LIAB/XCU GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:	N	N	P-630-0E963389-PHX-26	1/1/2026	1/1/2027	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 25,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
B	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY	N	N	810-B8961693-26-43-G	1/1/2026	1/1/2027	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
B	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$	N	N	CUP-C0212610-26-43	1/1/2026	1/1/2027	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ XXXXXXXX
B	☒ WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB-B8969168-26-43-G	1/1/2026	1/1/2027	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	☒ PROFESSIONAL LIABILITY INCL. POLLUTION INCIDENT	N	N	ECH254066939	1/1/2026	1/1/2027	EACH CLAIM/AGGREGATE \$5,000,000/\$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

22217726
EVIDENCE OF INSURANCE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Joseph M. Amello

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**Request for Taxpayer
Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

**Give form to the
requester. Do not
send to the IRS.**

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.) AMERICAN ENGINEERING TESTING, INC.	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. ☐ Individual/sole proprietor ☐ C corporation ☒ S corporation ☐ Partnership ☐ Trust/estate ☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. ☐ Other (see instructions) _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ (Applies to accounts maintained outside the United States.)
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions. ☐	
	5 Address (number, street, and apt. or suite no.). See instructions. 550 CLEVELAND AVENUE 6 City, state, and ZIP code ST. PAUL, MN 55114 7 List account number(s) here (optional)	Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number								
			-				-	
or								
Employer identification number								
4	1	-	0	9	7	7	5	2 1

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, **you are not required to sign the certification**, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person <i>Phil Chwialkowski</i>	Date 1/1/2026
------------------	--	------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they



Public Utilities Commission

Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: BPU_POL_2013-16 Meter Reading Fee

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 2

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager, Heidi Gandsey, Business Office Supervisor

SUMMARY OF ISSUE: Continuing the 2026 comprehensive policy review, staff selected Policy 2013-16 Fee for Reading Meters, for review. The policy describes charges for customers who do not allow access to their meter, and the communication methods staff would use prior to assessing any fees. Commission has previously reviewed and reaffirmed BPU_POL_2008-13 Access to Premises, which provides for direct access to meters. Staff find that Policy 2013-16 is obsolete, as its subject matter is fully addressed under the existing, adopted provisions of BPU_POL_2008-13.

Currently, one customer is billed under Policy 2013-16. Staff recommend the Commission abolish Policy 2013-16, notify the affected customer of this change as outlined in the policy, and transition enforcement to the already-adopted Policy 2008-13. Going forward, rather than assessing a fee after failed attempts to schedule access, staff will follow the Commission-approved process under 2008-13 to temporarily disrupt service until the customer provides access to utility-owned equipment.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommended abolishing policy 2013-16 Fee for Reading meters as it's addressed in BPU_POL_2008-13 Access to Premises that was reaffirmed by Commission earlier this year.

FINANCIAL IMPACT:

BRAINERD PUBLIC UTILITIES
POLICY 2013-16
Adopted 10/29/2013
Updated 1/28/2020

FEE FOR READING ELECTRIC AND/OR WATER METERS

Brainerd Public Utilities (BPU) will charge a \$15 monthly fee to a customer of BPU who does not respond to notice(s) giving permission to BPU to install, change, or repair the electric and/or water meter(s) at their residence or business.

Three (3) attempts will be made to the customer:

- 1. Door hanger will be delivered**
- 2. Telephone call**
- 3. Letter sent**

If after these three (3) attempts and there has not been an appointment set up by the customer, or if the appointment is cancelled, the following month a \$15 fee will be added as a line item to the customer's bill each month until access is gained, and the necessary work has been done. If the meters have not been changed out within six months after receiving the last notice, the fee will increase to \$50 per month.

BRAINERD PUBLIC UTILITIES

POLICY 2013-16

Adopted 10/29/2013

Updated 1/28/2020

Abolished August 25, 2026

~~FEE FOR READING ELECTRIC AND/OR WATER METERS~~

~~Brainerd Public Utilities (BPU) will charge a \$15 monthly fee to a customer of BPU who does not respond to notice(s) giving permission to BPU to install, change, or repair the electric and/or water meter(s) at their residence or business.~~

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- ~~2. Telephone call~~
- ~~3. Letter sent~~

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Public Utilities Commission

Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: BPU_POL_2014-18 Fee For Temporary Electric Services

ACTION REQUESTED: Approve/Deny Motion

ESTIMATED TIME (MIN): 3

SUBMITTED BY: Danny Loch, Finance Manager

PRESENTER: Danny Loch, Finance Manager, Heidi Gandsey, Business Office Supervisor

SUMMARY OF ISSUE: As part of the 2026 comprehensive policy review, staff selected BPU_POL_2014-18 Fee for Temporary Electric Service for review. The review identified only minor updates required to bring the policy current.

The policy statement was revised to remove specific fee amounts previously stated in the policy text, replacing them with a reference to the BPU fee and rate schedule as approved and adopted by the Commission. This change ensures the policy remains accurate as fees are updated over time, without requiring a separate policy amendment each time the fee schedule changes.

Additionally, the policy was reformatted to conform to the current approved Commission policy template. No substantive changes were made to the intent, scope, or application of the policy.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION: Staff recommend the Commission approve the revised BPU_POL_2014-18 Fee for Temporary Electric Service as presented.

FINANCIAL IMPACT:



BRAINERD PUBLIC UTILITIES

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

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

www.bpu.org

Temporary Electric Service Fee

BPU_POL_2014-18

Latest Revision/Effective Date: August 25, 2026

Original Adoption Date: September 23, 2014

I. Purpose

To establish a standardized fee structure for temporary electric service requests to cover administration and infrastructure setup costs.

II. Scope

This policy applies to all commercial and residential customers requesting temporary electric service from Brainerd Public Utilities (BPU).

III. Definitions

Temporary Electric Service: Short-term electrical connectivity provided to a customer, typically for construction, remodeling, or specific events, before a permanent connection is established.

Line Extension: An extension of BPU's existing electrical distribution facilities to reach a customer's specific delivery point.

Temporary Service Fee: The fee assessed by BPU, as set forth in the adopted Fee Schedule, to cover the cost of establishing temporary electric service, separate from any line extension or metering charges.

Electric Meter Service Charge: A recurring fee charged to the customer for the provision, maintenance, and reading of the electric meter, as set forth in the adopted Fee Schedule, and applied in addition to the temporary service fee.

IV. Policy Statement

Effective October 1, 2014 Brainerd Public Utilities (BPU) will charge a fee outlined in the fee schedule for temporary electric service requests for both commercial and residential customers. If a line extension is needed, additional costs may apply. In addition to the temporary service fee, the customer will also be charged the required electric meter service charge and for all kilowatt hours that are used per the adopted fee or rate schedule.

V. Procedures

1. **Application:** BPU receives a formal request from the customer for temporary electric service.
2. **Assessment:** BPU reviews the site to determine whether a standard temporary setup applies or a line extension is required.
3. **Billing:** BPU applies the required temporary service fee, along with any calculated line extension costs, to the customer's account.
4. **Meter Installation & Tracking:** BPU installs the temporary meter, activates service, and logs kilowatt-hour consumption for standard recurring billing.
5. **Removal & Final Billing:** Upon expiration or cancellation of temporary service, BPU removes the meter, discontinues service, and issues final billing for consumption and any outstanding costs.

VI. Roles and Responsibilities

Customer: Responsible for submitting the request, paying the upfront temporary service fee, covering line extension costs, and paying for monthly metered consumption.

BPU Staff: Responsible for evaluating service needs, installing metering equipment, and billing according to the adopted fee schedule.

VII. Compliance and References

None.

VIII. Associated Forms and Attachments

- Temporary Electric Service Request Form
- BPU Adopted Fee Schedule
- BPU Electric Rate Schedule

IX. Review and Update Schedule

This policy will be reviewed periodically in conjunction with updates to the BPU fee and rate schedules.

X. Approval and Authority

Authorized by Brainerd Public Utilities Commission on August 25, 2026

**BRAINERD PUBLIC UTILITIES
POLICY NO. 2014-18
ADOPTED 09/23/2014**

FEE FOR TEMPORARY ELECTRIC SERVICE

Effective October 1, 2014 Brainerd Public Utilities (BPU) will charge a fee ~~of \$150~~outlined in the fee schedule for temporary electric service requests for both commercial and residential customers. If a line extension is needed, additional costs may apply. In addition to the temporary service fee, the customer will also be charged the required electric meter service charge and for all kilowatt hours that are used per the adopted fee or rate schedule.



Public Utilities Commission Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: Hydro Update and Quote for Tax Credit Services

ACTION REQUESTED: Discussion Item

ESTIMATED TIME (MIN): 10

SUBMITTED BY: Danny Loch, Finance Manager

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

SUMMARY OF ISSUE: Following discussion at last month's Commission meeting, staff prepared a three-year comparison of hydroelectric generation costs to BPU's existing solar contract costs and the applicable residential energy charge. The analysis excludes costs that would continue regardless of hydro ownership, isolating expenses specifically attributable to operating the facility.

In 2025, hydro expenses totaled approximately \$1.10 million for 12.71 million kWh generated, or approximately 8.67 cents per kWh, roughly comparable to the 8.63-cent residential energy charge and modestly above the 7.47-cent weighted average cost of BPU's existing solar contracts. Hydro generation exceeded equivalent solar cost by approximately \$152,000 and exceeded equivalent residential energy value by approximately \$5,600.

Costs were less favorable in 2024 and 2023: hydro generation exceeded equivalent solar cost by approximately \$941,000 and \$504,000, respectively, and exceeded equivalent residential energy value by approximately \$834,000 and \$308,000. Over the full three-year period, hydro generated approximately 33.35 million kWh at an average cost of 12.04 cents per kWh, exceeding equivalent solar cost by approximately \$1.60 million and equivalent residential energy value by approximately \$1.15 million.

For reference, the Commission's recently approved solar contract carries a rate of 8.75 cents per kWh, slightly above both the 2025 hydro cost and residential energy charge, and is expected to provide approximately 21.4 million kWh annually in support of Minnesota's 2040 carbon-free electricity requirement.

This analysis reflects only the residential energy rate component and does not assign financial value to other potential benefits of dam ownership, including local generation, capacity, system reliability, renewable energy attributes, operational control, or protection against energy market volatility.

Investment Tax Credit (ITC) and Financing Strategy

Staff have continued working with financial and legal advisors to evaluate financing options for hydroelectric facility improvements, including generator replacement. The project has now been

discussed with representatives from multiple firms, and staff have confirmed the project meets prevailing wage requirements and is located in a qualifying energy community, supporting eligibility for the federal Investment Tax Credit under Internal Revenue Code Section 48E at the 30 percent base-plus-prevailing-wage rate, with a potential additional energy community bonus that could lead to an additional 20%. Final quantification of the credit, confirmation of the energy community designation, and the applicable filing mechanism remain subject to review if Commission decides to engage advisors for this project.

Staff met with Marty Seifert of Flaherty & Hood to discuss financing strategy, including the relative merits of pursuing state legislative support versus the federal ITC. Given the current election year, during which all legislative bills are effectively paused for the cycle, Mr. Seifert advised that pursuing the ITC is the more viable path forward at this time.

To support a potential tax credit application, staff met with two firms: CliftonLarsonAllen, BPU's current auditor, which has confirmed no conflicts of interest; and Baker Tilly, Bond Counsel, which has similarly confirmed no conflicts. Staff are recommending the Commission consider engaging one or both firms to assist with confirming eligibility, quantifying the credit, and preparing the formal application.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

Baker Tilly Fees for Service:

- Phase 1 – Preliminary Eligibility - \$25,000
- Phase 2 – Vendor management – Not applicable
- Phase 3 – Cost Segregation - \$12,000
- Phase 4 – Tax Credit Documentation Package – \$19,000
- Appendix E – \$4,500
- FEOC - \$25,000
- Total Fees - \$85,500
- assuming 75% of your project is IRA eligible and you get a 34% tax credit (40% - Base 30% tax credit plus 10% for energy community less 15% for tax-exempt financing) the estimated IRA tax credit would be over \$1 million.

CliftonLarsonAllen Fees for Service:

- Detailed cost segregation and technical system analysis to determine eligible investment tax credit basis, including full engineering review, invoice/pay app review, and direct/indirect cost allocations for the hydro project
- Domestic content eligibility and certification, if requested
- Energy community bonus credit eligibility analysis
- Tax exempt bond/grant funding assessment on tax credit eligibility
- Credit finalization and National Tax Office review
- Summary report
- IRS registration assistance
- Preparation and filing of your Form 990-T and applicable credit forms

- Total Base Fees \$45,000
 - Technology Fee (7%) * \$3,150
 - Total Base ITC Fees \$48,150
 - Estimated Credit ** \$1,500,000 - \$3,000,000

Staff are seeking Commission discussion and direction on (1) whether to proceed with pursuing the ITC as the primary financing strategy at this time, and (2) engagement of CliftonLarsonAllen and/or Baker Tilly to support the tax credit application process. To proceed with the project all avenues would require the utility to proceed with bonding and then receive reimbursement if any funding would be received.

Barr has provided the attached memo describing generator considerations.

RECOMMENDED ACTION/MOTION: Staff recommend the Commission direct staff to proceed with the federal Investment Tax Credit as the primary financing strategy for the hydroelectric generation project, and to engage CliftonLarsonAllen under a base fee arrangement to assist staff in performing the majority of the tax credit application work. Bond financing costs and terms remain under analysis pending updated calculations from Voith and will be brought back to the Commission as that information becomes available.

FINANCIAL IMPACT:

Technical Memorandum

To: Daniel Loch, Trent Hawkinson
From: Barr Engineering
Subject: BPU Unit 6 Hydroturbine – Sole Source Justification Memo
Date: August 19, 2026
Project: BPU Unit 6 Hydroturbine Installation

1 Purpose

This memorandum provides the background, information, and design implications for BPU to determine the justification for procuring a Voith StreamDiver submersible turbine-generator unit on a sole source basis for installation in Pit 6 of the Brainerd Public Utilities (BPU) - Brainerd Hydroelectric Project.

2 Background

As part of previous phases of the Pit 6 hydropower improvement project, Barr Engineering conducted a feasibility study and evaluated commercially available submersible turbine-generator technologies suitable for installation at the existing dam. During this evaluation, Barr Engineering engaged multiple manufacturers and suppliers using industry contacts and information obtained from the Idaho National Laboratory's Hydropower Technology Catalog (large online database of turbine technologies developed to help operators select equipment) to assess available technologies and their applicability to the site-specific hydraulic and structural conditions. The following constraints severely limited the available turbine-generator units that would represent a viable option for installation in Pit 6:

- Existing draft tube opening
- Limited available head above existing turbine pit floor elevation
- Highly variable tail water elevation
- Limited existing pit space
- No building or structural cover above the turbine pit
- Preferred vertical unit orientation for maintenance and installation requirements

Based on the Brainerd Dam site configuration, the feasibility study determined that two primary technologies, the Voith StreamDiver unit and Flygt hydroturbines, represented viable options capable of being installed within Pit 6 while requiring minimal modifications to the existing dam structure and maximizing the site's energy generation potential.

Based on these findings, Barr Engineering was subsequently tasked with preparing technical specifications for a formal public procurement process that would allow qualified manufacturers, including Voith and Flygt, to submit bids for the supply of a hydroturbine generating unit.

3 Sole Source Justification

In the spring of 2025, Flygt notified Brainerd Public Utilities and Barr Engineering that it would no longer manufacture submersible turbine-generator units and would therefore be unable to supply equipment or

provide future support for this project. As a result, the Flygt unit is no longer a viable alternative for procurement.

Following this notification, the Voith StreamDiver unit became the only known commercially available technology identified through the feasibility evaluation that satisfies the project's technical requirements while maintaining compatibility with the existing facility configuration. Accordingly, Barr Engineering and BPU have proceeded with the Voith StreamDiver as the basis of design for the project.

Since selection of the StreamDiver as the basis of design, engineering and coordination efforts have been completed specifically around the characteristics of the Voith equipment. These efforts include:

- Development of a preliminary general arrangement for the Pit 6 installation.
- Preliminary structural design of equipment supports and modifications.
- Preliminary mechanical design and integration requirements.
- Preliminary electrical design and power system coordination.
- Coordination with Voith to confirm the unit's performance under the anticipated site hydraulic conditions, including available river flows and operating head conditions at the dam.

Voith has worked directly with BPU and Barr Engineering to verify that the StreamDiver unit can achieve the intended operating objectives and perform under the hydrologic scenarios present at the facility.

4 Impact of Selecting an Alternative Supplier

At this stage of project development, selection of a different turbine technology would most likely require significant reevaluation and redesign of the project. Mechanical, structural, and electrical systems have been developed around the specific dimensions, operational characteristics, and installation requirements of the Voith StreamDiver unit. Substituting an alternative unit would likely result in:

- Additional engineering design and analysis costs.
- Revisions to completed mechanical, structural, and electrical work.
- Delays to project design completion and procurement activities.
- Potential increased construction costs due to design modifications.
- Potential impacts to project schedule and funding timelines.
- Additional technical risk associated with integrating an unverified alternative technology into the existing facility.

These impacts would negatively affect both the project budget and schedule and would likely provide limited benefit given the absence of the previously identified competing manufacturer.

5 Conclusion

Based on the feasibility study, market evaluation, subsequent withdrawal of Flygt from the submersible turbine-generator market, the numerous site-specific physical constraints, and the substantial engineering development completed around the Voith StreamDiver unit, the Voith StreamDiver is considered the only practical and technically viable source for the hydroturbine equipment required for the Pit 6 project.

For these reasons, it is Barr's opinion that Brainerd Public Utilities has a reasonable basis to procure the Voith StreamDiver submersible turbine-generator unit through a sole source procurement process. This

To: Daniel Loch, Trent Hawkinson
From: Barr Engineering
Subject: BPU Unit 6 Hydroturbine – Sole Source Justification Memo
Date: August 19, 2026
Page: 3

approach will minimize project risk, reduce the complexity of a more generic RFP and resulting proposal review process that may include equipment that would either not meet requirements or result in substantial increased cost to accommodate (resulting in more expensive total cost), avoid unnecessary redesign costs, maintain the project schedule, and ensure the successful implementation of the Pit 6 hydropower improvements.

MEMORANDUM

TO: Mayor Badeaux and City Councilmembers
FROM: Nick Broyles, City Administrator
DATE: 17 August 2026
SUBJ: City Administrator Report

In addition to routine administrative matters and in preparation of topics and business action items on the Council's work sessions and meeting agendas, the following is a summary of tasks and activities the City Administrator's office has been working on since the last report of 20 July 2026.

Community Engagement

20 Jul: YMCA board meeting; City Council meeting
22 Jul: Staff visit with water distribution personnel; discussions around pavilion at Memorial Park; meeting to discuss parks capital planning; fire department remodel progress meeting; HRA board meeting; library project bid opening
23 Jul: Met with My Neighbor to Love to discuss stormwater permit
28 Jul: Conversations around transit fares and difference between us and Baxter; PUC meeting; park board (introduced Zac Swarthout)
29 Jul: Greater Minnesota Parks and Trails summer meeting in Kensington to meet with their commission and to represent Brainerd as Rep. Heintzeman was recognized for his legislative work for the group
30 Jul: Agenda review with President O'Day; discussion around a request for city space from the Minnesota Department of Driver and Vehicle Services; met with Shane Riffle from the YMCA
3 Aug: Met with Councilor Erickson and select staff members to discuss the Quality Inn on S. 6th St.; discussed HVAC at the library and humidity concerns; City Council meeting
4 Aug: Meeting to discuss the Brainerd east segment of the Cuyuna Lakes State Trail
5 Aug: Staff visit with water/wastewater personnel; fire department remodel progress meeting; LCCMR lunch with Senator Heintzeman, Rep. Heintzeman, President O'Day, and select staff to discuss legislative ideas
6 Aug: Airport commission; lunch with Rob Mason from the Greater Minnesota Regional Parks & Trails Commission; Oak St. PMT
7 Aug: Monthly meeting with Baxter city administrator, Brad Chapulis; 90 days have passed for Charter, and it is now active; conducted several mid-year reviews
10 Jul: Conducted more mid-year reviews
11 Jul: More mid-year reviews; department head meeting
12 Jul: Staff visit with police department personnel; represented the Better Health Collective Board of Trustees at the labor management committee meeting
13 Jul: Conducted more mid-year reviews
14 Jul: Finished mid-year reviews; reviewed council agenda with President O'Day
15 Jul: Participated in fire department fund-raising golf scramble with Councilor Erickson at Cragun's Resort

Greater Minnesota Parks and Trails (GMPT)

Established in 2010, GMPT is an organization of counties, cities, parks groups, nonprofits, businesses, and individuals who are dedicated to building and developing stronger parks and trails, both regional and local, throughout Greater Minnesota. The primary focus of GMPT is to improve the quality of life for the citizens of Minnesota by providing recreational opportunities, and by promoting legislative support, funding opportunities, and networking for regional parks and trails throughout Greater Minnesota. Their summer meeting was held on 29 Jul at Kensington Runestone Park in Kensington, MN where Rep. Heintzeman was recognized for his legislative efforts in support of the organization. Zac Swarthout, James Kramvik, and I attended the meeting to support Rep. Heintzeman and to learn more about GMPT.

Brainerd is not currently a member, but we want to learn more. Membership for Brainerd would be \$265 per year. I had a follow-up meeting with one of their Commissioners, Rob Mason, on 6 Aug for further discussions and information gathering.

Charter

As of 7 Aug, the statutory requirement of 90 days has passed, and our charter changes are now fully implemented and active.

Transit Fares

Baxter will be considering their transit fares at their 18 Aug city council meeting.

Historic Water Tower Update

We have a new POC at the National Park Service regarding grants management, Amanda DeCort. We are working with her and Paul Skogen to discuss next steps. We have a meeting scheduled for 18 Aug.

Library Humidity

We have coordinated through the prime and the subcontractor for the library HVAC project has made some adjustments to setpoints and exhaust fan dampers. April from KRLS has indicated that the humidity concerns have somewhat subsided. We are withholding final payment until we fully accept the changes.

Suspense Tracker



HR DIRECTOR REPORT

In this report:

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

Benefits Information

The Better Health Collective has informed staff that renewal information will be provided to our broker, North Risk Partners, on August 20. Staff has scheduled the annual 2027 Insurance Committee Meeting for August 27 to review the health insurance renewal, along with the life insurance RFP materials.

Following the Insurance Committee meeting, staff intends to present recommendations on both benefit offerings to the Council at the September 8 meeting.

Current Job Opportunities

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

Airport Operations Manager - Accepting applications through August 24.

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

Parks Maintenance - Accepting applications through September 7.

Maintenance I - Accepting internal applications through August 24.

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

Parks Weekend Custodial Worker - Open until filled.

Umpire - Adult Softball - Open until filled.

Personnel

New Hires for City/HRA/Airport:

Promotions for City/HRA/Airport:
Wyatt Pribyl - Maintenance II (10/05)

Farewell to:

Robert Anderson - Maintenance II (10/02)
Scott Belisle - Parks Maintenance (10/30)

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

During the month of August, the Wellness Committee provided staff with Root Beer Floats as a summer treat. A special thank you to Cheryl Jensen for coordinating this effort and ensuring everyone was able to enjoy it.

Looking ahead to September, the Wellness Committee will be launching a Walking Challenge, coordinated by Shawn Middagh. All staff are encouraged to participate, and we are hopeful that the City of Brainerd will make its way to the top of the leaderboard!

The Wellness Committee is also in the planning stages for this year's Employee Appreciation Event. A Save the Date has been shared for October 1 from 11:30 a.m. to 1:30 p.m. Please send RSVPs to Shawn Middagh, Kayla Huether, or Toni Gage by September 15 so appropriate arrangements can be made.

Nominations for the Exceptional Service and Innovation Awards were accepted through August 14. The selection process is underway, and award recipients will be announced at the Employee Appreciation Event on October 1. Thank you to everyone who submitted a nomination; we are fortunate to have such dedicated and talented staff.



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Brainerd Public Utilities Public Works Director Report August 2026

Public Works Director Activities – July – August 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

- Site visit to the Buffalo Hills gully remediation and repair project with SWCD and HR Green to review progress and next steps.
- Weekly progress meetings for the 2026 SE Brainerd Reconstruction Project.
- Preconstruction meeting for the City of Baxter's 2026 Microsurfacing Project.
- Staff meeting to discuss humidity-related issues associated with the Library Exterior and HVAC Improvements project.
- Weekly progress meetings for the Trunk Highway 210 Reconstruction Project.
- Final punchlist walkthrough for the Wright Street and S 10th Street project with Landwehr.
- Monthly progress check-in meetings for the Backwash and Reclamation Tank project.
- Discussion with the City Attorney regarding the Ronald/Joseph/Alley Galvanized Water Service Line Project.

Project Development & Planning

- Site planning meetings and site visits with Climavision to support installation of the radar on the State Hospital water tower.
- Meeting with MnDNR regarding the Cuyuna Lakes State Trail, including discussion of the \$2,000,000 direct appropriation, agreement terms, and project development.
- Meeting with KLJ to discuss a proposal for evaluating temporary mini-roundabouts on Oak Street in connection with the Trunk Highway 210 Reconstruction detour route.
- Public engagement meeting with Oak Street commercial property owners regarding the 2029 Oak Street Reconstruction Project.
- Kickoff meeting with SEH to begin development of City Standard Specifications and Details.
- Meeting with the National Park Service regarding funding and next steps for the Brainerd Historic Water Tower.
- Staff meeting to review a development inquiry near College Drive and Quince Street.
- Staff meetings to advance planning for 2027 city-led project development.
- Meeting with a developer regarding a submitted building permit application on Oak Street.

Utility & Infrastructure

- Staff meeting with Bolton and Menk to discuss development of Risk and Resiliency and Emergency Response Plans for the Water Treatment Plant and Wastewater Treatment Facility.
- Ongoing Waterworth rate management check-in meetings.
- Staff preparation meeting to discuss the stormwater ditch near Southview Court.
- Meeting with Bolton and Menk to review Brainerd sewer financials and loan options for upcoming Phase 1 WWTF improvements through the PFA.

Administration & Operations

- Local engineers meeting with engineering staff from Crow Wing County, the City of Baxter, and the City of Brainerd.

PUBLIC WORKS DIRECTOR REPORT AUGUST 2026 (CONTINUED)

- Safety and Public Works agenda review meetings with Chair Tad Erickson.
- Weekly Management Team meetings.
- Meeting with staff and SPW Chair Erickson regarding the Quality Inn property on S 6th Street.
- Staff meetings to develop the 2027 engineering operational and capital fund budgets.
- Staff meetings to develop the 2026 special assessment schedules and assessment rolls.
- Staff lunch with Senator and Representative Heintzeman to discuss funding opportunities for the community.
- Bi-weekly Department Head meetings.
- Monthly check-in meeting between SEH and City Public Works.
- Monthly check-in meeting between Bolton and Menk and City Public Works.
- Mid-year performance reviews for all Public Works staff.
- Planning meeting with Bolton and Menk for the December Washington, D.C. fly-in.
- Engineering budget review with the City Administrator and Finance Director.

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 2 improvement area, spanning from 5th Avenue NE to Kingwood Street, while also continuing work in the Phase 1 improvement area. Ongoing construction activities in Phase 2 include the removal and installation of watermain and water services along that segment.
- **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

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

to Landwehr Construction. Staff have received responses to Landwehr and will begin the negotiation process.

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

2025/2026 Wright Street/S 10th Street

- **Construction Progress**

The Wright Street Project is substantially complete. Landwehr is working through punchlist items on the project that were identified during the final punchlist walkthrough and awaiting 70% perennial growth on the project.

- **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.

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**

Moore Engineering has indicated that it will be pursuing a fee amendment to cover additional costs resulting from the extended project schedule, attributable to the addition of the Galvanized Water Service Line Replacement Project and the coordination required between Moore Engineering and Bolton and Menk. Once the amendment is received, staff will review it to verify its accuracy before presenting it to the Council for consideration.

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**

WSB has indicated that it will be pursuing a fee amendment based on previous work completed under the prior City Engineer, as well as work currently being performed on the City's behalf, including preparation of assessment rolls for the project and assistance with the special assessment process. This work was not originally included in WSB's scope of services; however, given prior authorization for WSB to assist with the special assessment process, staff have continued to work directly with WSB on the preparation of the proposed assessment rolls for the project.

2026 SE Brainerd Reconstruction Project

- **Construction Progress**

The contractor, Ryan Contracting, has made substantial progress over the past month on watermain, sanitary sewer, and storm sewer installation, with completion of the utility work anticipated within the

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

next two weeks. Ryan is also mobilizing concrete crews and has begun building subgrades in preparation for upcoming curb, sidewalk, and driveway work.

- **Pending Change Orders**
None

2026 Galvanized Water Service Line Replacement Projects

- **Construction Progress**
The Galvanized Water Service Line Replacement Project associated with the Ronald Street/Joseph Street/Alley construction area is substantially complete. Galvanized Water Service Line Replacement Project Nos. 1 and 2 have both commenced construction, with the contractor having completed most of the service line replacements within the SE Brainerd Reconstruction project area, along with many of the replacements associated with the resurfacing project. The contractor has since mobilized into NE Brainerd to begin the next phase of replacements.
- **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 has commenced, with site work and pipe installation progressing as anticipated. Within the next month or so, work is expected to begin on the building foundations and walls for the reclaim tank. The goal is to have the building enclosed before winter, allowing interior work to continue through the winter months.
- **Pending Change Orders**
None.

2026 Sanitary Sewer Lining

- **Construction Progress**
This project is complete, and staff is awaiting delivery of the final project documentation and televised footage of the completed lining. Once received, staff will review the materials and work with the contractor to close out the project.
- **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 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
AUGUST 2026 (CONTINUED)**

2026 Street Striping Project

- **Construction Progress**

This project is complete. Staff is working with the Contractor on final quantity reconciliation.

- **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 will continue to hold regular bi-weekly coordination meetings once construction is near completion in 2026. 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:

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,

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

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 – Staff held a follow-up kickoff meeting with SEH following the onboarding of the new City Engineer, Jen Schumann. Staff will continue working with SEH over the next six months to develop the City Standard Details package.
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. 2027 Main Lift Station Reconstruction Project – The construction drawings have been submitted to the MPCA for review and certification of the proposed project, with construction anticipated to begin in spring 2027. Staff continue to work with Widseth and HR Green on submission of the LOMR application for work within the floodplain, which carries a potential six-month review timeline. Once project certification is complete, staff will work with the consultants to secure project financing through the PFA.
8. 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 24, 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 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.

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

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

The Utilities Commission authorized 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.

10. 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.



Public Utilities Commission Agenda Request

MEETING DATE: August 25, 2026

TITLE OF ITEM: Electric Director Report

ACTION REQUESTED: Discussion Item

ESTIMATED TIME (MIN):

SUBMITTED BY: Trent Hawkinson, Electric Director **PRESENTER:** Trent Hawkinson, Electric Director

SUMMARY OF ISSUE: No written report is available for this month's meeting due to conference attendance and outages this week. A verbal update will be delivered during the Commission meeting.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS:

RECOMMENDED ACTION/MOTION:

FINANCIAL IMPACT:



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Brainerd Public Utilities Water/Wastewater Manager's Report August 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 and 2 lift stations issues occurred. 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 400,000 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 July 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 2 calls from residents concerning water quality in July 2026. Working on the MDH 30 sites for Lead and Copper. Sampling occurred August 2026 and is in process with the lab.

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 are attending classes to obtain the class A Commercial Driver Licenses as required by the water/wastewater job description.

July 2026 Water Pumping Statistics

Water pumped to the North distribution system was 50,011,000 gallons for an average of 1,613,000 gallons per day. Water pumped to the South distribution system was 9,551,000 gallons for an average of 308,000 gallons per day. Chemical usage averages for the month are 4.27 gallons of fluoride per day, 0.80 gallons of caustic soda per day, 10.24 gallons of orthophosphate per day, and 33 pounds of chlorine per day. Went through 22 filter backwash events. Backwash average of 286,000 gallons for each event.

Filtration Plant

July 2026 daily test results showed an average of 0.89 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 97.8% 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.

July 2026 daily test results showed an average of 0.5 milligrams per liter of manganese in the unfiltered raw water and an average of 0.020 milligrams per liter of manganese in the filtered finished water which indicates 96.1% removal of manganese.

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

There were 5 Call-outs related to Well 5 faults. Utilities Electric staff found issue, and got Well 5 back online. Call-outs for High service pumps 1 and 2 faulted. Pumps were reset and back online. Additionally one of the Operators noticed the water treatment plant generator running abnormal during call-out, we scheduled a generator service, all generator issues have been corrected.

Chart Summary for Wastewater Treatment

July 2026-2025 Total influent flow comparisons

2026 Combined Total Flow was 59,380,000 gallons which is down 2,622,000 gallons from the previous year.

2026 Brainerd Total Flow was 36,524,000 gallons which is down 3,638,000 gallons from the previous year.

2026 Baxter Total Flow was 22,856,000 gallons which is up 1,016,000 gallons from the previous year.

July 2026 Influent Daily Average Flows

2026 Combined Flow was 1,915,000 gallons.

2026 Brainerd Flow was 1,178,000 gallons.

2026 Baxter Flow was 737,000 gallons.

Chart Summary for Water Production

July 2026-2025 Total water production flow comparisons

July 2026-2025 North distribution Total flow was 50,011,000 gallons which is down 2,972,000 gallons from the previous year.

July 2026-2025 South distribution Total flow was 9,551,000 gallons which is up 1,899,000 gallons from the previous year.

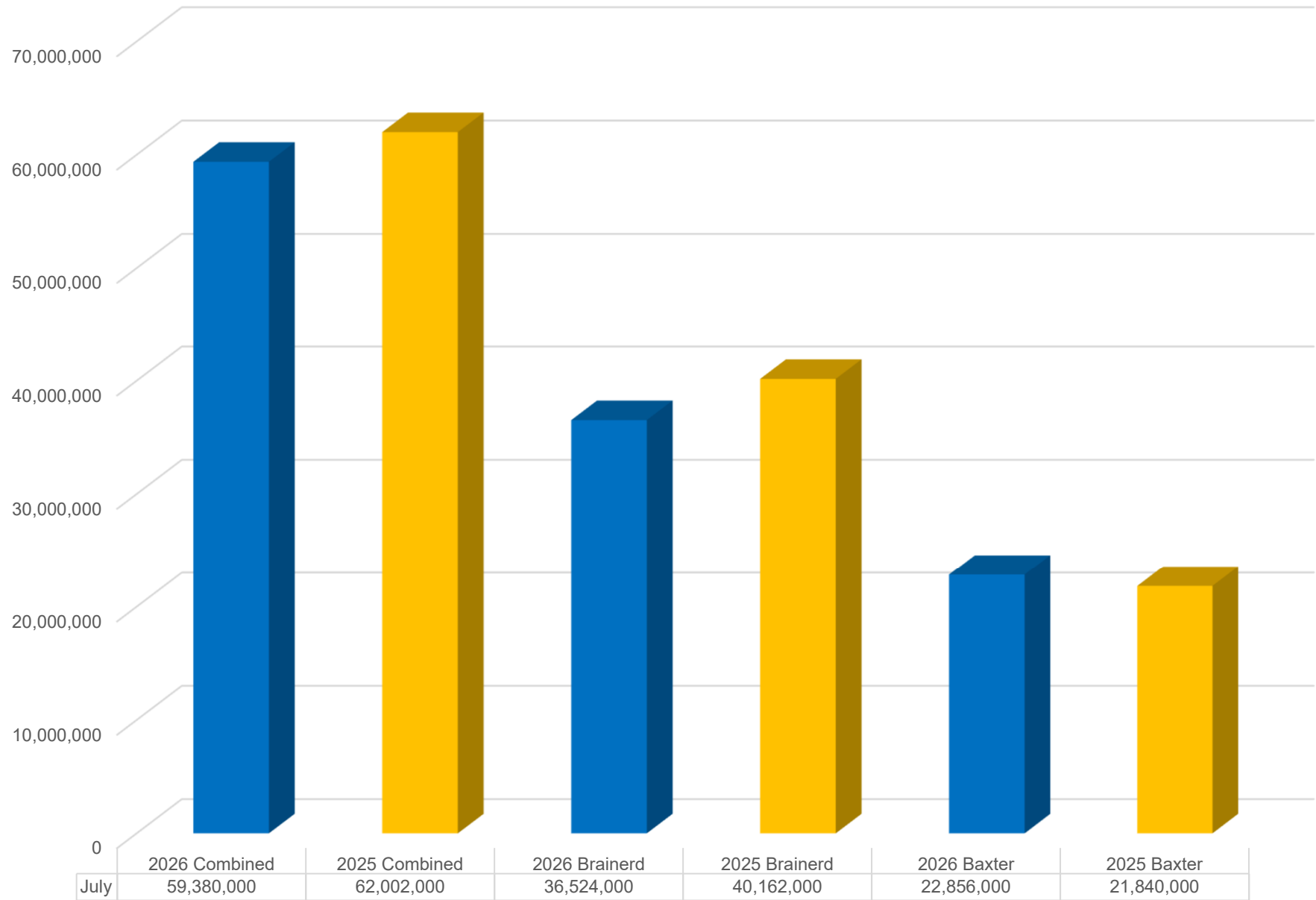
July 2026-2025 Baxter's Total flow was 0 gallons which is down 4,703,000 from the previous year.

July 2026 Daily Average Water North and South Distribution

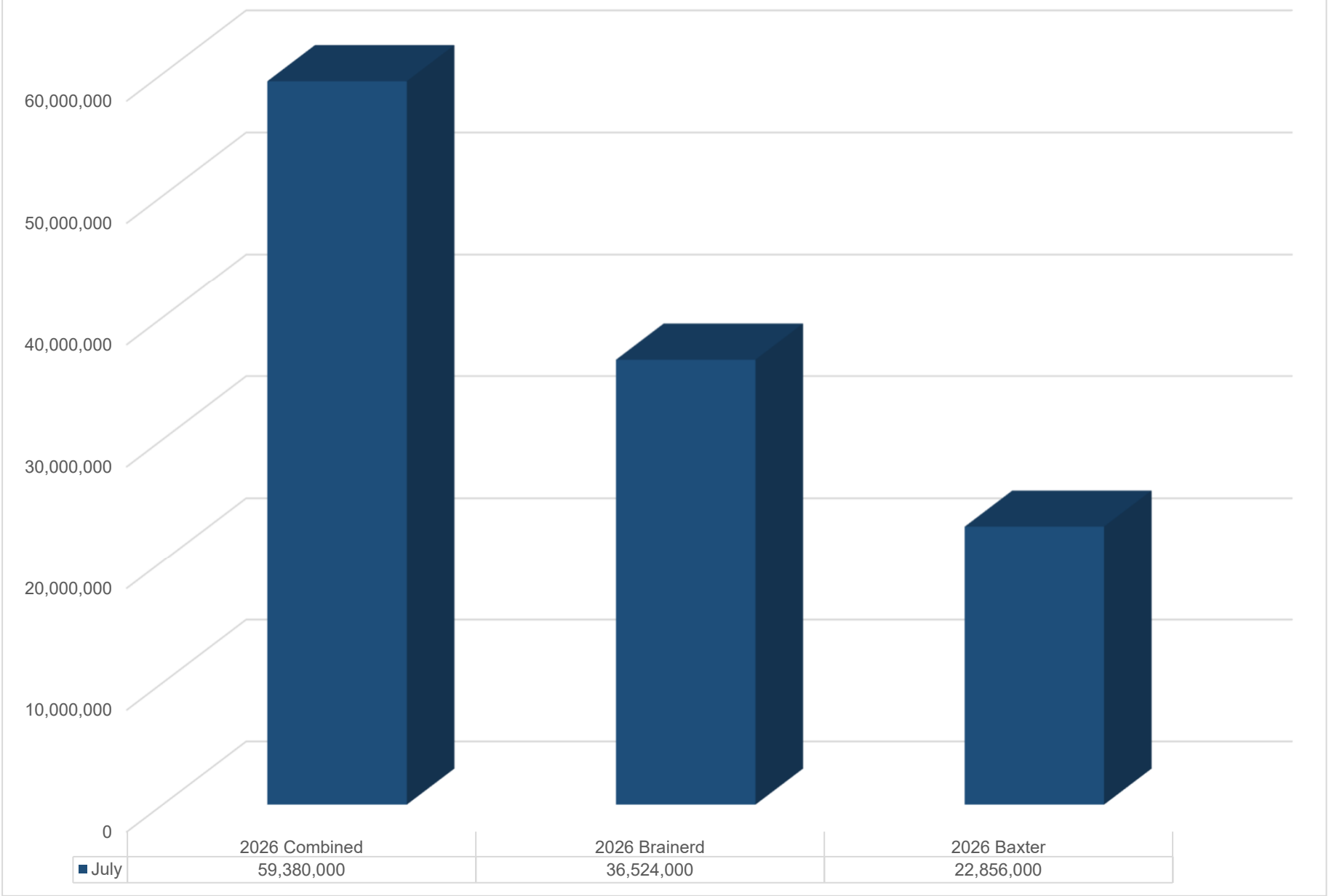
2026 North distribution average was 1,613,000 gallons.

2026 South distribution average was 308,000 gallons.

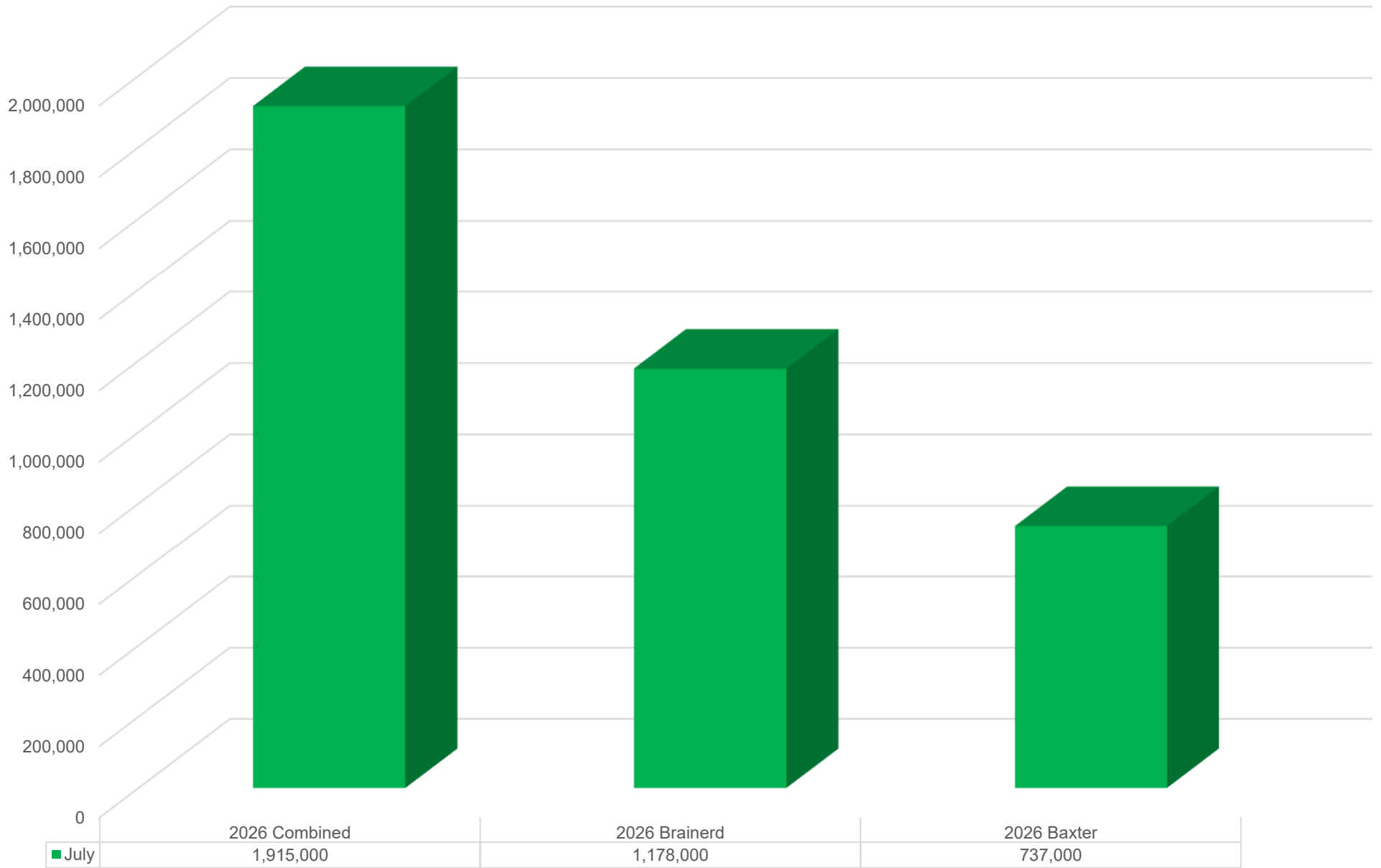
July 2026 - 2025 Wastewater Influent Flow Comparisons



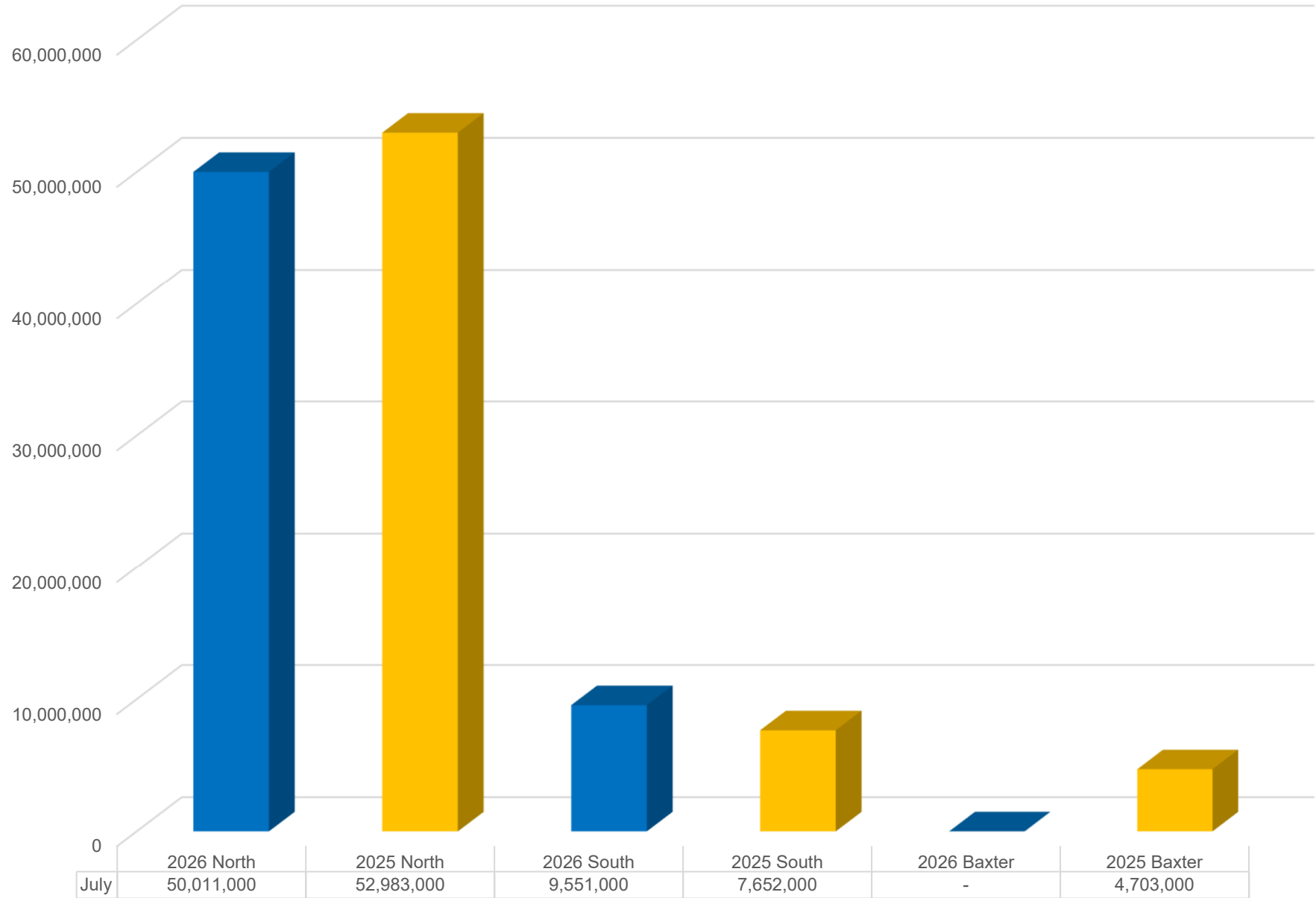
July 2026 Wastewater Influent Total Flows



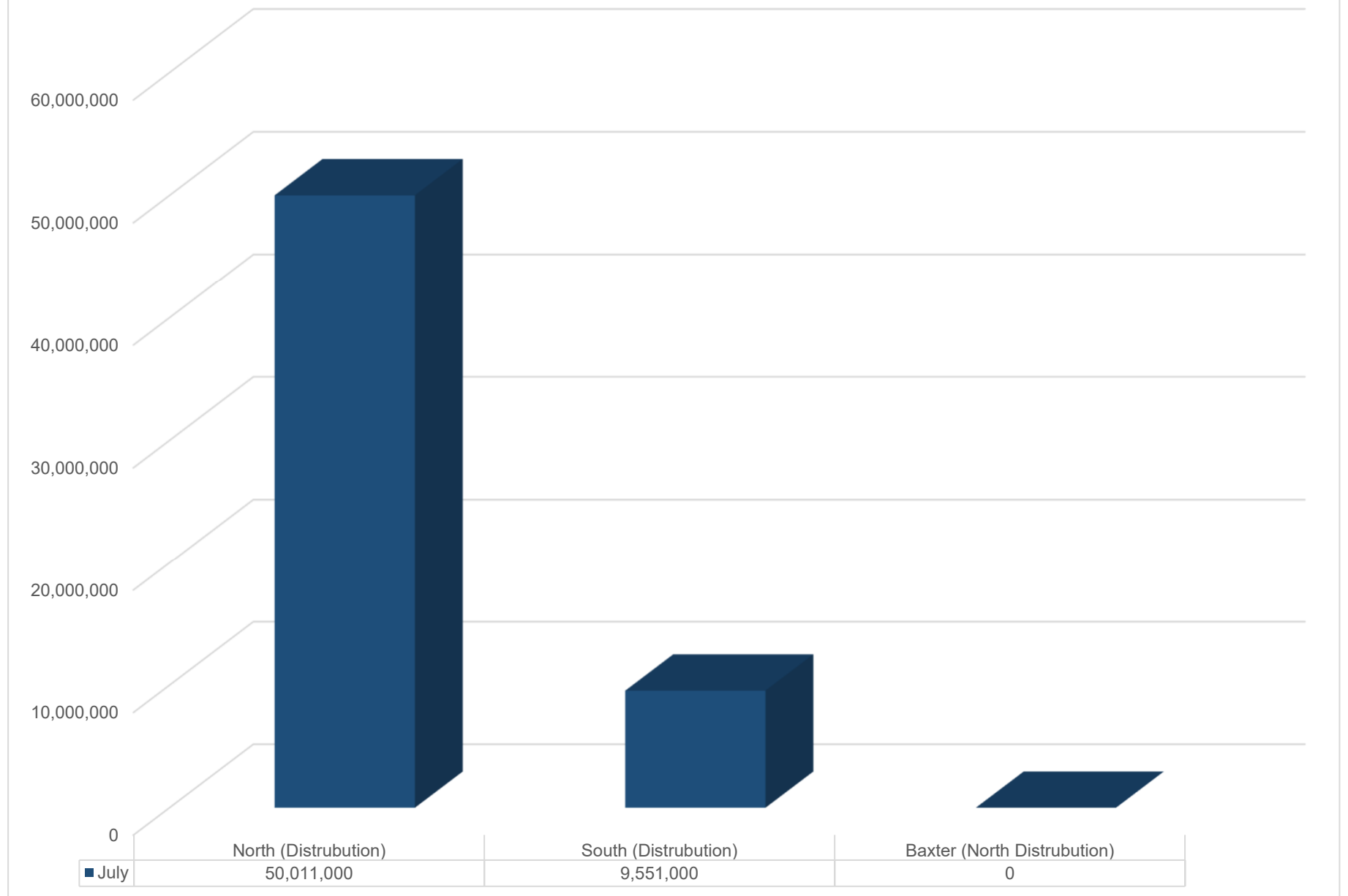
July 2026 Wastewater Influent Daily Average Flows



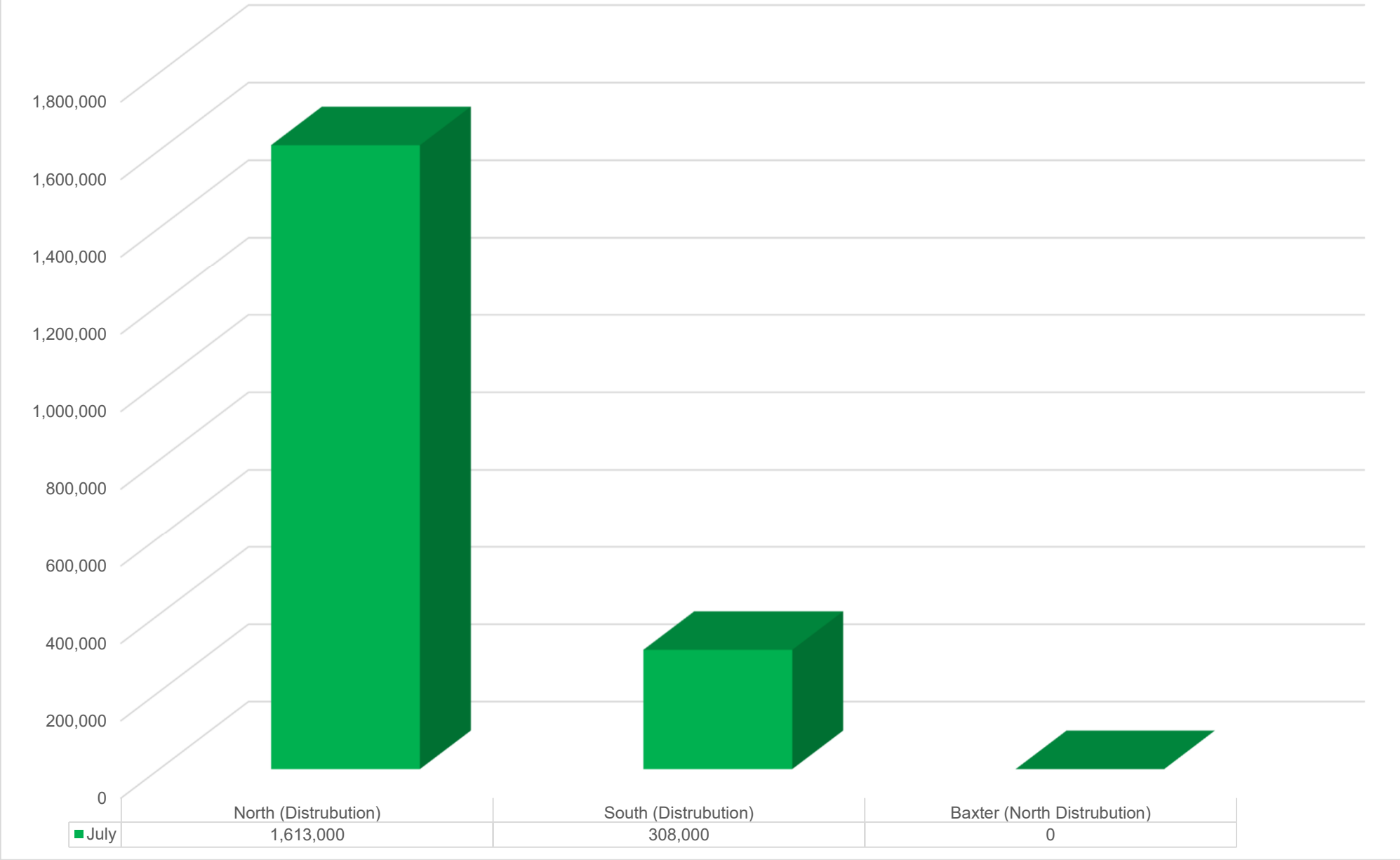
July 2026-2025 Comparison Water Production Totals North and South Distribution



July 2026 Total North and South Distribution



July 2026 Daily Average North and South Distribution





BRAINERD PUBLIC UTILITIES

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Brainerd Public Utilities Finance Managers Report August 2026

2027 Budget Process

Staff have begun work on the fiscal year 2027 budget process. Preliminary planning and preparation are underway, and staff will provide updates to the Commission as the process progresses, including key milestones and anticipated timelines for budget development, review, and adoption. We are presently on track to meet the October Commission meeting for initial presentation and the Council presentation for the first meeting in December as required by the charter.

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, which staff continue to work on compiling. Staff have initiated requests with Tyler Smart Meter to receive this AMI detail. 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. Additionally, staff met with Dave Berg at a recent conference to discuss updates related to the EV charging rate, contribution percentage, and firm load rate. Preliminary results from the studies are expected in September and early October, with presentations anticipated during the October Commission meeting cycle along with the budget presentations.

Waterworth

Work continued this month on implementing the Waterworth budgeting and long-term financial planning software. Staff presented the water and wastewater models to the Commission at its last meeting, and following Commission action, submitted the requested information regarding the electric model to Waterworth/MuniWorth. Staff are now awaiting initial results from the Waterworth implementation.

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. Initial testing has gone smoothly, and staff remain on track to meet the anticipated implementation date.

MMUA Events

Staff attended the MMUA Summer Conference. The conference offered sessions on a range of topics relevant to municipal utility operations. Travis Schmidt (Moorhead Public Service) and Bill Black (MMUA) presented on billing, collection, and disconnection policies and best practices, while Darrick Moe (MREA) discussed the findings of the state's nuclear energy study and next steps toward lifting the moratorium. MREA's ask is to consider if the Commission would like to support lifting a moratorium on nuclear energy production. The MMUA Government Relations Team provided a federal and state legislative update, and Tyler Moberg (Amplified Impact LLC) led a practical session on applying AI tools and techniques to utility work. Jill Winkler (TKDA) presented a facility assessment framework focused on strengthening safety, readiness, and reliability through improved design, and Bethany Ryers (Baker Tilly) reviewed key financial benchmarks and performance metrics used to assess utility health and communicate results to governing boards. Of particular interest to the utility was a discussion point raised during the session regarding a potential or recommended shift in regulatory accounting moving from the current GASB model to the FERC form of accounting which

Finance Managers Report August 2026 (Continued)

could offer advantages in spreading or smoothing rate design year over year. Kaela Brennan (Spencer Fane) led two governance-focused sessions, one addressing best practices for optimizing the working relationship between commissioners and council members, and the other covering common legal questions related to the Minnesota Government Data Practices Act, Open Meeting Law, and related topics. The conference concluded with a keynote from Joe Schmit on creating a culture of impact and loyalty through intentional leadership.

Staff found the conference valuable for staying current on industry trends, legislative developments, and practical tools applicable to ongoing utility operations. Given the breadth of relevant content offered, staff recommend that Commissioners, Council members, City administration, and Human Resources staff consider attending future MMUA conferences, which also include dedicated tracks in leadership, human resources, water and wastewater, electric operations, and governance.

Financial Results

Staff continued preparing and reviewing the 2026 financial results during the month. January is attached. Following recommendations identified through the 2025 audit, staff met with the auditors to obtain further clarification and have since implemented the recommended changes to the financial reporting process. The January 2026 financial results, presented at this month's meeting, do not yet reflect these changes.

The changes primarily relate to the treatment of liability accounts for withholdings from salaries. Staff are applying for these changes beginning with the February 2026 financial results and will continue presenting each month on an ongoing basis as they are completed.

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	1,008,000						7,809,000
Blended AEP Cost	\$ 0.08153	\$ 0.07578	\$ 0.09151	\$ 0.08662	\$ 0.10561	0.10000	\$ 0.09732						\$ 0.0912
Calculated Benefit	80,307.05	69,566.04	102,948.75	139,284.96	158,203.78	66,698.63	98,098.56	-	-	-	-	-	715,107.77

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



**Monthly Financial
Report
January 2026
Unaudited**

**BRAINERD PUBLIC UTILITIES
COMPARISON OF OPERATING RESULTS
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026 AND 2025**

	2026		2025	
	Amount	Percent of Sales	Amount	Percent of Sales
OPERATING REVENUE				
Department				
Electric	2,165,611	78.6%	2,462,214	81.0%
Water	304,150	11.0%	301,286	9.9%
Wastewater	287,204	10.4%	278,077	9.1%
Total Operating Revenue	<u>2,756,965</u>	<u>100.0%</u>	<u>3,041,577</u>	<u>100.0%</u>
OPERATING EXPENSES				
Salaries and Wages	1,026,243	37.2%	886,787	29.2%
Purchased Power	1,515,311	55.0%	1,594,042	52.4%
Operations and Maintenance	260,346	9.4%	163,114	5.4%
Other Charges	33,497	1.2%	32,988	1.1%
Employee Benefits	152,907	5.5%	176,902	5.8%
Insurance and Bonds	7,557	0.3%	30,177	1.0%
Depreciation and Amortization	458,148	16.6%	451,654	14.8%
Total Operating Expenses	<u>3,454,009</u>	<u>125.3%</u>	<u>3,335,664</u>	<u>109.7%</u>
OPERATING INCOME	<u>(697,044)</u>	<u>-25.3%</u>	<u>(294,087)</u>	<u>-9.7%</u>
NONOPERATING REVENUE				
Interest Revenue - Investments	21,505	0.8%	(3,330)	-0.1%
Sale of Renewable Energy Credits	-	0.0%	-	0.0%
Interest Revenue - Notes Receivable	-	0.0%	6,558	0.2%
Bond Premium	11,524	0.4%	11,424	0.4%
Interest Expense - Bonds	(61,228)	-2.2%	-	0.0%
Local Option Sales Tax	145,240	5.3%	(61,188)	-2.0%
Pera Aid Revenue		0.0%	122,160	4.0%
Other	8,091	0.3%	5,100	0.2%
Total Nonoperating Revenue	<u>125,132</u>	<u>4.5%</u>	<u>80,724</u>	<u>2.7%</u>
INCOME BEFORE OPERATING TRANSFERS TO THE CITY	<u>(571,912)</u>	<u>-20.7%</u>	<u>(213,363)</u>	<u>-7.0%</u>
CAPITAL CONTRIBUTIONS	-	0.0%	-	0.0%
TRANSFERS TO THE CITY	<u>(60,517)</u>	<u>-2.2%</u>	<u>(67,421)</u>	<u>-2.2%</u>
CHANGE IN NET ASSETS	<u><u>(632,429)</u></u>	<u><u>-22.9%</u></u>	<u><u>\$ (280,784)</u></u>	<u><u>-9.2%</u></u>

BRainerd PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION BY DEPARTMENT
JANUARY 31, 2026 AND 2025

	Electric	Water	Wastewater Treatment	Totals	
				2026	2025
ASSETS					
UTILITY PLANT					
Construction in Progress	\$ 1,088,763	\$ 2,370,008	\$ 683,806	\$ 4,142,577	\$ 2,933,857
Right-to-Use	444,271	27,674	27,674	499,619	467,416
In Service	53,450,810	40,714,230	44,165,298	138,330,338	134,262,332
Total Investment in Utility Plant	54,983,845	43,111,912	44,876,778	142,972,535	137,663,605
Less: Accumulated Depreciation	(30,392,369)	(18,282,817)	(24,724,681)	(73,399,867)	(67,972,331)
Net Utility Plant	24,591,476	24,829,095	20,152,097	69,572,668	69,691,274
CASH AND INVESTMENTS					
<u>Nonrestricted</u>	4,096,069	(2,665,612)	5,102,347	6,532,804	6,259,596
<u>Restricted</u>					
Customer Deposits	656,252	-	-	656,252	596,969
City of Brainerd Contribution	293,883	-	-	293,883	89,055
Conservation Incentive Program	639,711	-	-	639,711	619,855
Water and Sewer Accessibility Charges	-	594,995	7,138	602,133	628,162
Construction Bond Proceeds	-	-	-	-	-
Debt Service Reserve	1,117,250	1,449,702	2,139,099	4,706,051	4,706,051
Total Restricted Cash and Investments	2,707,096	2,044,697	2,146,237	6,898,030	6,640,092
Total Cash and Investments	6,803,165	(620,915)	7,248,584	13,430,834	12,899,688
CURRENT ASSETS					
Accounts Receivable	3,713,318	850,194	3,229,707	7,793,219	8,042,858
Interest Receivable	18,370	1,168	19,993	39,531	25,443
Inventory	1,943,438	222,514	-	2,165,952	2,282,023
Prepaid Expenses	146,106	46,383	39,400	231,889	241,698
Total Current Assets	5,821,232	1,120,259	3,289,100	10,230,591	10,592,022
OTHER ASSETS					
Bonds and Notes Receivable	-	-	-	-	-
Interest Receivable - Notes Receivable	-	-	351	351	37,000
Service Territory Acquisitions, Net of Accumulated Amortization	128,083	-	-	-	(106,864)
Deferred Outflows of Resources	263,718	87,906	87,906	439,530	479,903
Investment in Solar Generation Facility	617,954	-	-	617,954	617,954
Total Other Assets	1,009,755	87,906	88,257	1,057,835	1,027,993
Total Assets	38,225,628	25,416,345.00	30,778,038	94,291,928	94,210,977
LIABILITIES AND NET ASSETS					
NET POSITION					
Net Investment in Capital Assets	21,174,958	12,483,209	12,254,564	45,912,731	43,871,120
Restricted	-	1,603,224	2,022,806	3,626,030	3,609,614
Unrestricted	7,102,710	(3,014,273)	7,319,612	11,408,050	11,556,658
Total Net Position	28,277,668	11,072,160	21,596,982	60,946,810	59,037,391
LONG-TERM LIABILITIES					
Revenue Bonds Payable	2,190,000	11,620,000	2,254,200	16,064,200	16,753,200
PFA Construction Loan Payable	-	-	3,648,000	3,648,000	5,285,000
Compensated Absences	722,080	254,494	229,818	1,206,392	1,042,339
Other Postemployment Benefit Obligation	210,955	70,318	70,318	351,591	332,217
Net Pension Liability	1,043,113	347,704	347,704	1,738,521	2,068,564
Deferred Inflows of Resources	948,231	316,078	316,078	1,580,387	1,840,414
Capital Lease Payable	396,729	13,980	13,980	424,689	374,195
Revenue Bond Premium	22,685	631,656	82,085	736,426	787,508
Total Long-Term Liabilities	5,533,793	13,254,230	6,962,183	25,750,206	28,483,437
CURRENT LIABILITIES					
Accounts Payable	1,483,939	11,534	(154,983)	1,340,490	1,585,997
Revenue Bonds Payable	1,120,000	75,000	79,200	1,274,200	1,274,200
PFA Construction Loan Payable	-	-	1,585,000	1,585,000	1,585,000
Capital Lease Payable	18,104	5,250	5,250	28,604	17,606
Payable to City of Brainerd	327,532	699,128	490,866	1,517,526	342,872
Conservation Incentive Program Payable	639,711	-	-	639,711	619,855
Accrued Expenses					
Salaries and Withholding Taxes	32,544	141,988	96,896	271,428	321,554
Sales Taxes	118,126	3,533	-	121,659	223,008
Bond Interest	17,959	153,522	116,644	288,125	295,171
Customer Deposits	656,252	-	-	656,252	596,969
Total Current Liabilities	4,414,167	1,089,955	2,218,873	7,722,995	6,862,232
Total Liabilities	9,947,960	14,344,185	9,181,056	33,473,201	35,345,669
Total Liabilities and Net Position	\$ 38,225,628	\$ 25,416,345	\$ 30,778,038	\$ 94,420,011	\$ 94,383,060

BRAINERD PUBLIC UTILITIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024

	January 31, 2026				Totals	
	Electric	Water	Wastewater Treatment	Total	January 31,	
					2025	2024
OPERATING REVENUES						
Utility Revenues	\$ 2,126,544	\$ 293,320	\$ 199,162	2,619,027	\$ 2,927,980	\$ 2,854,645
Other Operating Revenue	39,067	10,829	88,042	137,938	113,597	207,412
Total Operating Revenue	2,165,611	304,150	287,204	2,756,965	3,041,577	3,062,057
OPERATING EXPENSES						
Purchased Power	1,515,311	-	-	1,515,311	1,594,042	1,717,530
Production/Generation						
Salaries and Wages	51,917	101,999	112,378	266,294	206,442	130,365
Operations and Maintenance	1,457	20,993	73,140	95,591	85,451	78,583
Employee Benefits	6,813	13,917	13,755	34,485	39,965	33,231
Other Charges	-	-	-	-	55	895
Total Generation/Production Expenses	60,188	136,909	199,273	396,369	331,913	243,074
Distribution						
Salaries and Wages	404,240	94,508	29,431	528,178	464,584	268,958
Operations and Maintenance	49,679	11,726	10,855	72,259	42,519	37,404
Employee Benefits	50,577	20,025	3,847	74,449	65,599	34,201
Other Charges	5,660	10,628	-	16,288	13,497	19,133
Total Distribution Expenses	510,155	136,886	44,132	691,174	586,199	359,696
General and Administrative						
Salaries and Wages	149,030	42,398	40,343	231,771	215,761	168,962
Operations and Maintenance	45,046	21,803	25,648	92,496	35,144	38,995
Insurance and Bonds	5,749	1,089	719	7,557	30,177	31,367
Employee Benefits	16,191	14,529	13,253	43,974	71,338	96,466
Other Charges	12,004	751	4,454	17,209	19,436	58,118
Total Gen. and Admin. Expenses	228,021	80,569	84,417	393,007	371,856	393,908
Depreciation and Amortization	197,056	109,046	152,046	458,148	451,654	441,154
Total Operating Expenses	2,510,730	463,411	479,868	3,454,009	3,335,664	3,155,362
NET OPERATING INCOME (LOSS)	(345,119)	(159,262)	(192,664)	(697,044)	(294,087)	(93,305)
NONOPERATING REVENUE (EXPENSE)						
Interest Revenue - Investments	4,549	1,165	15,791	21,505	(3,330)	133,353
Bond Premium	733	9,727	1,065	11,524	-	-
Interest Revenue - Notes Receivable	-	-	-	-	11,424	12,210
Local Option Sales Tax	-	-	145,240	145,240	6,558	8,900
Interest Expense - Bonds	(8,187)	(31,917)	(21,124)	(61,228)	122,160	126,034
PERA Aid Revenue	-	-	-	-	(61,188)	(60,400)
Other	75	-	8,016	8,091	5,100	4,566
Total Nonoperating Revenue (Expense)	(2,830)	(21,025)	148,987	125,132	80,724	224,663
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(347,949)	(180,286)	(43,677)	(571,912)	(213,363)	131,358
TRANSFERS TO THE CITY	(60,517)	-	-	(60,517)	(67,421)	(62,649)
CHANGE IN NET POSITION	\$ (408,466)	\$ (180,286)	\$ (43,677)	(632,430)	(280,784)	68,709

BRainerd PUBLIC UTILITIES
COMBINING STATEMENT OF NET POSITION FOR ELECTRIC DEPARTMENT
JANUARY 31, 2026 AND 2025

	January 31, 2026			
	Generation	Distribution	Total	2025
ASSETS				
UTILITY PLANT				
Construction in Progress	\$ 1,035,658	\$ 53,105	\$ 1,088,763	\$ 1,141,868
Right-to-Use	-	444,271	444,271	888,543
In Service	8,100,351	45,350,459	53,450,810	98,801,270
Total Investment in Utility Plant	9,136,009	45,847,836	54,983,845	100,831,680
Less: Accumulated Depreciation	(3,231,949)	(27,160,420)	(30,392,369)	(57,552,789)
Net Utility Plant	5,904,060	18,687,416	24,591,476	43,278,891
CASH AND INVESTMENTS				
Nonrestricted	(5,876,315)	9,972,384	4,096,069	14,068,453
Restricted				
Customer Deposits	-	656,252	656,252	1,312,504
City of Brainerd Contribution	-	293,883	293,883	587,766
Conservation Incentive Program	-	639,711	639,711	1,279,422
Debt Service Reserve	686,750	430,500	1,117,250	1,547,750
Total Restricted Cash and Investments	686,750	2,020,346	2,707,096	4,727,442
Total Cash and Investments	(5,189,565)	11,992,730	6,803,165	18,795,895
CURRENT ASSETS				
Accounts Receivable	-	3,713,318	3,713,318	7,426,637
Interest Receivable	-	18,370	18,370	36,740
Inventory	-	1,943,438	1,943,438	3,886,876
Prepaid Expenses	9,042	137,064	146,106	283,170
Total Current Assets	9,042	5,812,190	5,821,232	11,633,423
OTHER ASSETS				
Service Territory Acquisitions, Net of Accumulated Amortization	-	128,083	128,083	256,166
Deferred Outflows of Resources	43,953	219,765	263,718	483,483
Investment in Solar Generation Facility	-	617,954	617,954	1,235,908
Total Other Assets	43,953	965,802	1,009,755	1,975,557
Total Assets	767,490	37,458,138	38,225,628	75,683,766
LIABILITIES AND NET ASSETS				
Net Investment in Capital Assets	3,748,375	17,426,583	21,174,958	38,601,540
Unrestricted	(5,889,481)	12,992,191	7,102,710	20,094,902
Total Net Position	(2,141,106)	30,418,774	28,277,668	58,696,442
LONG-TERM LIABILITIES				
Revenue Bonds Payable	1,705,000	485,000	2,190,000	2,675,000
Compensated Absences	72,625	649,455	722,080	1,371,535
Other Postemployment Benefit Obligation	35,159	175,796	210,955	386,751
Net Pension Liability	173,852	869,261	1,043,113	1,912,374
Deferred Inflows of Resources	158,038	790,193	948,231	1,738,424
Capital Lease Payable	-	396,729	396,729	793,458
Revenue Bond Premium	22,685	-	22,685	22,685
Total Long-Term Liabilities	2,167,359	3,366,434	5,533,793	8,900,227
CURRENT LIABILITIES				
Accounts Payable	(113)	1,484,052	1,483,939	2,967,991
Revenue Bonds Payable	665,000	455,000	1,120,000	1,575,000
Capital Lease Payable	-	18,104	18,104	36,208
Payable to City of Brainerd	33,649	293,883	327,532	621,415
Conservation Incentive Program Payable	-	639,711	639,711	1,279,422
Accrued Expenses				
Salaries and Withholding Taxes	28,496	4,048	32,544	36,592
Sales Taxes	51	118,075	118,126	236,201
Bond Interest	14,154	3,805	17,959	21,764
Customer Deposits	-	656,252	656,252	1,312,504
Total Current Liabilities	741,237	3,672,930	4,414,167	8,087,097
Total Liabilities	2,908,596	7,039,364	9,947,960	16,987,324
Total Liabilities and Net Position	\$ 767,490	\$ 37,458,138	\$ 38,225,628	\$ 75,683,766

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024

	January 31, 2026			Variance With Budget - Positive (Negative)	Year to Date January 31,	
	Current Month	Year to Date	Budget		2025	2024
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 653,053	\$ 653,053	\$ 587,500	\$ 65,553	\$ 607,522	\$ 598,428
Commercial	906,552	906,552	900,000	6,552	817,040	824,707
Medium/Large Commercial	146,661	146,661	208,333	(61,673)	164,880	185,463
Industrial	304,242	304,242	700,000	(395,758)	740,895	690,401
City of Brainerd	32,283	32,283	30,188	2,096	29,899	31,789
BPU	83,753	83,753	64,167	19,586	79,006	79,307
Total Utility Revenue	2,126,544	2,126,544	2,490,188	(363,643)	2,439,242	2,410,095
<u>Other Operating Revenue</u>						
Penalties	12,174	12,174	10,833	1,341	19,524	13,118
Other	26,893	26,893	144,100	(117,207)	3,448	(10,775)
Total Other Operating Revenue	39,067	39,067	154,933	(115,866)	22,972	2,343
Total Operating Revenue	2,165,611	2,165,611	2,645,121	(479,510)	2,462,214	2,412,438
OPERATING EXPENSES						
<u>Purchased Power</u>						
All Other Customers	1,236,153	1,236,153	1,083,333	(152,820)	929,324	1,055,932
Solar Generation	37,284	37,284	66,667	29,383	27,771	14,044
Crypto Mining Customers	241,874	241,874	583,333	341,459	636,947	647,554
Total Purchased Power Expense	1,515,311	1,515,311	1,733,333	218,022	1,594,042	1,717,530
<u>Generation</u>						
Salaries and Wages	51,917	51,917	44,350	(7,567)	51,428	28,992
Operations and Maintenance	1,457	1,457	3,425	1,968	1,948	878
Employee Benefits	6,813	6,813	12,742	5,929	10,099	8,700
Other Charges	-	-	500	500	-	-
Depreciation	26,200	26,200	29,167	2,967	27,300	27,400
Total Generation Expenses	86,388	86,388	90,184	3,797	90,775	65,970
<u>Distribution</u>						
Salaries and Wages	404,240	404,240	170,592	(233,648)	328,458	182,118
Operations and Maintenance	49,679	49,679	54,900	5,221	15,667	15,220
Employee Benefits	50,577	50,577	42,098	(8,479)	45,476	19,011
Other Charges	5,660	5,660	5,717	57	2,112	5,999
Depreciation and Amortization	155,800	155,800	156,417	617	154,600	147,500
Total Distribution Expenses	665,955	665,955	429,723	(236,232)	546,313	369,848
<u>General and Administrative</u>						
Salaries and Wages	149,030	149,030	85,492	(63,538)	124,351	105,950
Operations and Maintenance	45,046	45,046	61,348	16,303	20,591	26,440
Insurance and Bonds	5,749	5,749	22,317	16,567	17,960	18,407
Employee Benefits	16,191	16,191	32,172	15,980	51,522	70,323
Other Charges	12,004	12,004	20,950	8,946	14,005	38,039
Depreciation and Amortization	15,056	15,056	18,192	3,136	17,414	15,214
Total Gen. and Admin. Expenses	243,076	243,076	240,470	(2,606)	245,843	274,373
Total Operating Expenses	2,510,730	2,510,730	2,493,710	(17,020)	2,476,973	2,427,721
NET OPERATING INCOME	(345,119)	(345,119)	151,411	(496,530)	(14,759)	(15,283)
NONOPERATING REVENUE						
Interest Revenue - Investments	4,549	4,549	800	3,749	(4,559)	33,107
Interest Expense - Bonds	(8,187)	(8,187)	(9,933)	1,746	(9,423)	(10,800)
Sale of Renewable Energy Credits	-	-	-	-	-	-
Bond Premium	733	733	1,100	(367)	873	1,008
PERA Aid Revenue	-	-	-	-	-	-
Gain on Disposal of Capital Assets	75	75	100	(25)	-	-
Total Nonoperating Revenue	(2,830)	(2,830)	(7,933)	5,103	(13,109)	23,315
INCOME BEFORE TRANSFERS TO THE CITY	(347,949)	(347,949)	143,478	(491,426)	(27,868)	8,032
TRANSFERS TO THE CITY	(60,517)	(60,517)	(71,875)	11,358	(67,421)	(62,649)
CHANGE IN NET POSITION	<u>\$ (408,466)</u>	<u>\$ (408,466)</u>	<u>\$ 71,602</u>	<u>\$ (480,069)</u>	<u>\$ (95,289)</u>	<u>\$ (54,617)</u>

**BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - ELECTRIC DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024**

	KWH SOLD			REVENUE			AVERAGE REVENUE PER KWH		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	5,473,121	5,360,511	4,950,298	\$ 653,053	\$ 607,522	\$ 598,428	\$ 0.1193	\$ 0.1133	\$ 0.1209
Commercial	3,420,435	3,514,120	3,352,384	906,552	817,040	824,707	0.2650	0.2325	0.2460
Medium/Large Commercial	5,369,872	5,239,366	5,203,024	146,661	164,880	185,463	0.0273	0.0315	0.0356
Industrial	2,834,087	14,334,803	5,783,570	304,242	740,895	690,401	0.1074	0.0517	0.1194
City of Brainerd	198,475	185,798	198,090	32,283	29,899	31,789	0.1627	0.1609	0.1605
BPU	755,814	749,526	715,224	83,753	79,006	79,307	0.1108	0.1054	0.1109
Total	<u>18,051,804</u>	<u>29,384,124</u>	<u>20,202,590</u>	<u>\$ 2,126,544</u>	<u>\$ 2,439,242</u>	<u>\$ 2,410,095</u>	<u>\$ 0.1178</u>	<u>\$ 0.0830</u>	<u>\$ 0.1193</u>
% Change From Previous Year	<u>-38.57%</u>	<u>45.45%</u>	<u>NA</u>	<u>-12.82%</u>	<u>1.21%</u>	<u>NA</u>	<u>41.91%</u>	<u>-30.42%</u>	<u>NA</u>

	% TO TOTAL - KWH			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	30.32%	18.24%	24.50%	30.71%	24.91%	24.83%	7,015	6,966	6,944
Commercial	18.95%	11.96%	16.59%	42.63%	33.50%	34.22%	1,255	1,234	1,223
Medium/Large Commercial	29.75%	17.83%	25.75%	6.90%	6.76%	7.70%	64	64	66
City of Brainerd	1.10%	0.63%	0.98%	1.52%	1.23%	1.32%	51	42	36
Industrial	4.19%	48.78%	28.63%	14.31%	30.37%	28.65%	1	1	1
BPU	4.19%	2.55%	3.54%	3.94%	3.24%	3.29%	40	39	39
Total	<u>88.49%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>8,426</u>	<u>8,346</u>	<u>8,309</u>
% Change From Previous Year							<u>0.96%</u>	<u>0.45%</u>	<u>NA</u>

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WATER DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024

	January 31, 2026			Variance With Budget - Positive (Negative)	Year to Date January 31,	
	Current Month	Year to Date	Budget		2025	2024
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 154,624	\$ 154,624	\$ 161,250	\$ (6,626)	\$ 155,219	\$ 127,067
Commercial	121,620	121,620	166,667	(45,047)	119,678	103,246
City of Brainerd	8,493	8,493	12,500	(4,007)	7,813	7,730
BPU	8,584	8,584	9,442	(858)	7,847	6,798
Total Utility Revenue	293,320	293,320	349,858	(56,538)	290,557	244,841
<u>Other Operating Revenue</u>						
Penalties	2,440	2,440	1,700	740	2,834	2,470
Other	8,389	8,389	2,817	5,572	7,895	131,780
Total Other Operating Revenue	10,829	10,829	4,517	6,313	10,729	134,250
Total Operating Revenue	304,150	304,150	354,375	(50,225)	301,286	379,091
OPERATING EXPENSES						
<u>Production</u>						
Salaries and Wages	101,999	101,999	35,933	(66,066)	69,990	56,463
Operations and Maintenance	20,993	20,993	37,983	16,990	13,689	16,026
Employee Benefits	13,917	13,917	12,842	(1,075)	14,088	13,285
Other Charges	-	-	60	60	-	-
Depreciation	14,500	14,500	18,750	4,250	17,400	15,200
Total Production Expenses	151,409	151,409	105,569	(45,840)	115,167	100,974
<u>Distribution</u>						
Salaries and Wages	94,508	94,508	46,500	(48,008)	113,742	74,412
Operations and Maintenance	11,726	11,726	23,250	11,524	15,672	10,457
Employee Benefits	20,025	20,025	10,630	(9,395)	15,909	12,008
Other Charges	10,628	10,628	2,133	(8,494)	11,385	13,134
Depreciation	89,300	89,300	89,583	283	88,700	85,400
Total Distribution Expenses	226,186	226,186	172,097	(54,089)	245,408	195,411
<u>General and Administrative</u>						
Salaries and Wages	42,398	42,398	32,625	(9,773)	46,598	32,347
Operations and Maintenance	21,803	21,803	28,817	7,014	9,248	6,247
Insurance and Bonds	1,089	1,089	5,700	4,611	5,117	4,608
Employee Benefits	14,529	14,529	12,137	(2,391)	10,259	14,488
Other Charges	751	751	4,817	4,066	1,127	9,830
Depreciation	5,246	5,246	5,354	108	5,070	4,570
Total Gen. and Admin. Expenses	85,816	85,816	89,450	3,634	77,419	72,090
Total Operating Expenses	463,411	463,411	367,116	(96,296)	437,994	368,475
NET OPERATING INCOME (LOSS)	(159,262)	(159,262)	(12,741)	(146,521)	(136,708)	10,616
NONOPERATING REVENUE						
Interest Revenue - Investments	1,165	1,165	800	365	(573)	6,700
Local Option Sales Tax - Baxter	-	-	29,100	(29,100)	-	-
Bond Premium	9,727	9,727	12,300	(2,573)	10,257	10,490
Bond Issuance Costs	-	-	-	-	-	-
Interest Expense - Bonds	(31,917)	(31,917)	(25,417)	(6,500)	(25,659)	(24,900)
PERA Aid Revenue	-	-	-	-	-	-
Gain on Disposal of Capital Assets	-	-	-	-	-	-
Total Nonoperating Revenue	(21,025)	(21,025)	16,783	(37,808)	(15,975)	(7,710)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(180,286)	(180,286)	4,043	(184,329)	(152,683)	2,906
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>\$ (180,286)</u>	<u>\$ (180,286)</u>	<u>\$ 4,043</u>	<u>\$ (184,329)</u>	<u>\$ (152,683)</u>	<u>\$ 2,906</u>

**BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WATER DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024**

	GALLONS SOLD			REVENUE			AVERAGE PER 1,000 GALLONS		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	12,290,504	12,113,108	11,614,502	\$ 154,624	\$ 155,219	\$ 127,067	\$ 12.58	\$ 12.81	\$ 10.94
Commercial	14,096,223	13,830,112	14,732,539	137,179	134,676	117,222	9.73	9.74	7.96
City of Baxter	-	-	-	1,518	662	552	#DIV/0!	-	-
Total	<u>26,386,727</u>	<u>25,943,220</u>	<u>26,347,041</u>	<u>\$ 293,321</u>	<u>\$ 290,557</u>	<u>\$ 244,841</u>	<u>\$ 11.12</u>	<u>\$ 11.20</u>	<u>\$ 9.29</u>
% Change From Previous Year	<u>1.71%</u>	<u>-1.53%</u>	<u>NA</u>	<u>0.95%</u>	<u>18.67%</u>	<u>NA</u>	<u>-0.75%</u>	<u>20.52%</u>	<u>NA</u>

	% TO TOTAL - GALLONS			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	46.58%	46.69%	44.08%	52.71%	53.42%	51.90%	4,158	4,080	4,064
Commercial	53.42%	53.31%	55.92%	46.77%	46.35%	47.88%	831	858	852
City of Baxter	0.00%	0.00%	0.00%	0.52%	0.23%	0.23%	1	1	1
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>4,990</u>	<u>4,939</u>	<u>4,917</u>
% Change From Previous Year							<u>1.03%</u>	<u>0.45%</u>	<u>NA</u>

BRAINERD PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - WASTEWATER TREATMENT DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024

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	January 31, 2025		Budget	Variance With Budget - Positive (Negative)	Year to Date	
	Current Month	Year to Date			January 31, 2025	2024
OPERATING REVENUES						
<u>Utility Revenues</u>						
Residential	\$ 125,543	\$ 125,543	\$ 145,833	\$ (20,291)	\$ 130,113	\$ 128,391
Commercial	73,619	73,619	85,300	(11,681)	68,068	71,318
Total Utility Revenue	199,162	199,162	231,133	(31,971)	198,181	199,709
<u>Other Operating Revenue</u>						
Penalties	3,395	3,395	2,300	1,095	4,019	3,309
Reimbursement of Expenses - Baxter	84,016	84,016	66,667	17,349	75,288	66,613
Other	631	631	4,250	(3,619)	589	897
Total Other Operating Revenue	88,042	88,042	73,217	14,825	79,896	70,819
Total Operating Revenue	287,204	287,204	304,350	(17,146)	278,077	270,528
OPERATING EXPENSES						
<u>Treatment</u>						
Salaries and Wages	112,378	112,378	41,700	(70,678)	85,024	44,910
Operations and Maintenance	73,140	73,140	100,146	27,006	69,814	61,679
Employee Benefits	13,755	13,755	13,680	(74)	15,778	11,246
Other Charges	-	-	2,592	2,592	55	895
Depreciation	113,600	113,600	120,042	6,442	119,200	119,200
Total Treatment Expenses	312,873	312,873	278,159	(34,713)	289,871	237,930
<u>Lift Stations</u>						
Salaries and Wages	29,431	29,431	11,883	(17,547)	22,384	12,428
Operations and Maintenance	10,855	10,855	15,983	5,128	11,180	11,727
Employee Benefits	3,847	3,847	4,032	185	4,214	3,182
Other Charges	-	-	200	200	-	-
Depreciation	34,400	34,400	22,400	(12,000)	18,000	23,000
Total Collection Expenses	78,532	78,532	54,498	(24,034)	55,778	50,337
<u>General and Administrative</u>						
Salaries and Wages	40,343	40,343	28,925	(11,418)	44,812	30,665
Operations and Maintenance	25,648	25,648	16,707	(8,941)	5,305	6,308
Insurance and Bonds	719	719	10,417	9,698	7,100	8,352
Employee Benefits	13,253	13,253	10,264	(2,989)	9,557	11,655
Other Charges	4,454	4,454	5,675	1,221	4,304	10,249
Depreciation and Amortization	4,046	4,046	3,408	(638)	3,970	3,670
Total Gen. and Admin. Expenses	88,463	88,463	75,396	(13,067)	75,048	70,899
Total Operating Expenses	479,868	479,868	408,054	(71,815)	420,697	359,166
NET OPERATING LOSS	(192,664)	(192,664)	(103,704)	(88,960)	(142,620)	(88,638)
NONOPERATING REVENUE						
Interest Revenue - Investments	15,791	15,791	8,333	7,457	1,802	93,546
Interest Revenue - Notes Receivable	-	-	-	-	6,558	8,900
Interest Expense - Bonds	(21,124)	(21,124)	(30,300)	9,176	(26,106)	(24,700)
Bond Premium	1,065	1,065	700	365	294	712
Local Option Sales Tax - Brainerd	145,240	145,240	122,700	22,540	122,160	126,034
Local Option Sales Tax - Baxter	-	-	6,100	(6,100)	-	-
Federal Grant Revenue - Build America Bond	8,016	8,016	6,250	1,766	5,100	4,566
PERA Aid Revenue	-	-	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
Total Nonoperating Revenue	148,987	148,987	113,783	35,203	109,808	209,058
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(43,677)	(43,677)	10,080	(53,757)	(32,812)	120,420
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>\$ (43,677)</u>	<u>\$ (43,677)</u>	<u>\$ 10,080</u>	<u>\$ (53,757)</u>	<u>\$ (32,812)</u>	<u>\$ 120,420</u>

**BRAINERD PUBLIC UTILITIES
OPERATING STATISTICS - WASTEWATER TREATMENT DEPARTMENT
FOR THE ONE MONTH PERIOD ENDED JANUARY 31, 2026, 2025, AND 2024**

	GALLONS PROCESSED			REVENUE			AVERAGE PER 1,000 GALLONS		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	12,212,594	12,049,127	11,546,949	\$ 125,543	\$ 130,113	\$ 128,391	\$ 10.28	\$ 10.80	\$ 11.12
Commercial	12,647,305	12,564,738	13,433,275	73,619	68,068	71,318	5.82	5.42	5.31
City of Baxter	20,460,000	18,981,000	18,528,000	84,016	75,288	66,613	4.11	3.97	3.60
Total	<u>45,319,899</u>	<u>43,594,865</u>	<u>43,508,224</u>	<u>\$ 283,178</u>	<u>\$ 273,469</u>	<u>\$ 266,322</u>	<u>\$ 6.25</u>	<u>\$ 6.27</u>	<u>\$ 6.12</u>
% Change From Previous Year	<u>3.96%</u>	<u>0.20%</u>	<u>NA</u>	<u>3.55%</u>	<u>2.68%</u>	<u>NA</u>	<u>-0.39%</u>	<u>2.48%</u>	<u>NA</u>
	% TO TOTAL - GALLONS			% TO TOTAL - REVENUE			TOTAL METERS IN SERVICE		
	PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,			PERIOD ENDED JANUARY 31,		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Residential	26.95%	27.64%	26.54%	44.33%	47.58%	48.21%	4,081	4,055	4,048
Commercial	27.91%	28.82%	30.88%	26.00%	24.89%	26.78%	848	834	832
City of Baxter	45.15%	43.54%	42.59%	29.67%	27.53%	25.01%	1	1	1
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>4,930</u>	<u>4,890</u>	<u>4,881</u>
% Change From Previous Year							<u>0.82%</u>	<u>0.18%</u>	<u>NA</u>