

**ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT UTILITIES CONFERENCE ROOM
February 10, 2026**

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioner Matt Westgaard
Remote Members: Commissioner Nick Zerwas participated in the meeting via interactive television as he was out of state at the time of the meeting.
Members Absent: Commissioner Jill Larson-Vito
ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Tony Mauren, Governance & Communications Manager
Tom Geiser, Operations Director
Chris Sumstad, Electric Superintendent
Mike Tietz, Technical Services Superintendent
David Ninow, Water Superintendent
Jenny Foss, Communications & Administrative Coordinator
Dan Plude, Inventory & Procurement Foreperson
Others Present: Jared Shepherd, Attorney; Cal Portner, City Administrator

1.0 GOVERNANCE

1.1 Call Meeting to Order

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the February 10, 2026, agenda. Motion carried 4-0 in a roll call vote.

1.4 Recognition of Employee Longevity - Dan Plude, 8 years

Mr. Sumstad presented Inventory & Procurement Foreperson Dan Plude to the Commission commending him for his significant contributions which extend beyond his defined role and support both the electric and water departments. Mr. Sumstad explained that Mr. Plude's background as an electrician proved invaluable during the construction of the field services building, where he managed both utility and building material inventory. Mr. Plude was also praised for his adept management of supply chain challenges during the COVID-19 pandemic, successfully navigating lead time issues to ensure a steady supply of necessary materials.

Mr. Plude expressed his gratitude for the opportunity to work at Elk River Municipal Utilities and highlighted the positive collaboration he experiences with his team and with county personnel.

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to approve the following Consent Agenda:

2.1 Check Register – January 2026

2.2 Regular Meeting Minutes – January 13, 2026

2.3 2025 Annual Safety Report

2.4 Update Cogeneration and Small Power Production Tariff – Schedule 1, 2, and 3

2.5 2025 Fourth Quarter Delinquent Items

Motion carried 4-0 in a roll call vote.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.4g – Organization, Staffing, and Compensation

It was noted that this was a break in the sequential order of the monthly policy manual review as the Employee Handbook is scheduled for update at the June meeting, and a review of the Controlled Substances policy will be brought back to a future meeting with new language provided by legal counsel to reflect changes in state law.

The Commission reviewed the policy concerning the general manager's responsibilities for organization structure, staffing, and compensation. Staff did not recommend any changes to the current policy. The Commission had no comments or objections, and no action was taken.

4.2 ERMU Commission Compensation and Stipends

Mr. Hanson presented a review of commissioner compensation, comparing ERMU's current structure to that of 14 other utilities. Currently ERMU commissioners receive \$150 per month and a \$75 per day stipend when they participate in additional qualifying activities like conferences or community events.

Mr. Hanson presented his attachment which showed the various compensation packages, showing a pay range from \$0 per month up to \$600 per month, with an overall average monthly pay of \$271 dollars. He added that all comparison utilities reimburse or cover costs for travel and training. He explained that all compared utilities were all municipals with a good blend of size and structure.

Commissioners expressed that while compensation is not the motivation for their service, an adjustment is warranted to keep pace with peer utilities as they have done with staff compensation, Payment in Lieu of Taxes to the City, and customer rates. Commissioner Stewart noted from the memo it had been over 10 years since the compensation and stipends have been reviewed, having last been formally discussed in November 2015.

The Commission agreed that any change should be based on a clear rationale, similar to the data-driven approach used for staff compensation studies.

It was confirmed by Mr. Shepherd that currently any recommended change to commissioner compensation must be approved by the City Council, but there should be a future review of whether that process should be adapted.

Mr. Hanson stated he would prepare multiple compensation package options for the Commission to review at the March meeting based on the 14 responses received. These options will consider how to calculate and set the monthly base pay as well as the additional activity daily stipends.

5.0 BUSINESS ACTION

5.1 Financial Report – December 2025

Mr. Hanson presented the unaudited financial reports for December 2025 YTD, he noted additionally there is still some data that has yet to be submitted to the finance department. He explained that ERMU finished the year with a strong combined margin of 7.8%, totaling \$4.1 million. The electric department contributed 92% of the margin, with the water department contributing 8%.

Customer accounts remain in good standing, with 86% of all receivables current. Only 4% of accounts are over 90 days past due. Ms. Youngs explained that franchise fees can see a rise in delinquency during winter months, as energy assistance programs do not cover this fee.

Purchased power costs constituted 68% of total expenses for 2025, representing a nearly \$2 million increase from 2024.

Electric usage was approximately 4% higher in January 2026 compared to January 2025. Water sales tracked closely with prior years, showing typical increases during summer months.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to receive the December 2025 Financial Report. Motion carried 4-0 in a roll call vote.

5.2 Minnesota Municipal Power Agency Solar Site Interconnection Agreement

Mr. Hanson presented his memo on the interconnection agreement with the Minnesota Municipal Power Agency (MMPA) for a new 3.5-megawatt solar site. The solar site is just outside the service territory to the west and will connect to an ERMU substation via a dedicated feeder line. ERMU will act as a contractor to install the line, with all costs reimbursed by MMPA. Upon completion, MMPA will own and operate the solar site, the line, and the substation interconnection. ERMU will retain the right to disconnect the site if necessary to protect its own electrical system.

There was discussion about the land MMPA owns in northern Elk River which is being reserved for future development, including a new renewable gas plant injection site.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve Minnesota Municipal Power Agency Solar Site Interconnection Agreement pending final legal review, as well as provision of authorization to the general manager and ERMU's attorney to approve any subsequent, immaterial changes. Motion carried 4-0 in a roll call vote.

5.3 Strategic Plan and 2025 Annual Business Plan Results

Mr. Hanson presented his memo and asked individual managers to speak to their item listed on the attachment labelled Strategic Plan and 2025 Annual Business plan Results.

Following presentation on the Disaster Recovery Plan initiative, Commissioner Westgaard commended staff on the work which does not always yield results that are immediately appreciated, but the community would expect ERMU to have. Mr. Geiser explained that the work to update the existing plan will benefit younger staff who will become organizational leaders. Chair Dietz asked if the plan was created in conjunction with City. Staff explained that there had been joint exercises. Mr. Hanson added his appreciation for the Commission supporting ERMU participating in mutual aid efforts, as it offers valuable training to staff and helps ERMU build for the future.

In the Advanced Metering Infrastructure (AMI) Project discussion, Mr. Tietz explained that supply chain issues limited ERMU's ability to complete commercial electric meter exchanges in 2025. Ms. Youngs provided examples of how staff uses data to serve customers and help them understand their usage. Ms. Youngs encouraged commissioners

to sign up for SmartHub so they can provide feedback to staff as they work to improve the user experience. In response to a question, Ms. Youngs stated that 71% of customers have a SmartHub account.

During the Planning for Future Wells, Treatment and Storage topic, Mr. Ninow noted the significant milestone in receiving approval from the DNR to drill up to three new wells, as ERMU sources its water from the Mt. Simon-Hinckley Aquifer, the access to which is highly regulated. Mr. Ninow added that part of the approval for the new wells was the consideration that it would be prohibitively expensive for ERMU to begin to treat and distribute surface water from the Mississippi River. Mr. Hanson explained the considerations for future well sites, which ERMU is exploring with the help of a consultant. In response to a question, staff explained that while permission from the DNR to develop new wells doesn't necessarily expire there is an expectation that projects will proceed in a timely manner.

During discussion of the Management Policy Manual project staff described the process for appropriately delegating policies to the Commission and management respectively. Staff explained that management delegated policies had been reviewed by legal staff both in the separation of policies occurring in 2017 and during the review which had occurred over the past three years.

Commissioner Westgaard asked how data retention practices are applied to the information collected by the AMI system. Staff stated that ERMU data systems are established with specific retention schedules in place. Mr. Shepherd and staff stated they would confirm the retention practices and report back to the Commission.

The Commission shared their appreciation for the presentation, stating they felt the summary provided the information they needed to assess the organization's performance in strategic initiatives.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Geiser shared that ERMU had received its anticipated Bucket Truck #5. Staff will be sending the replaced vehicle to auction.

Mr. Portner reminded commissioners that RSVPs for the city-held commissioner appreciation event, occurring on March 5, are due by February 11.

6.2 City Council Update

Chair Dietz provided a city council update.

6.3 **Future Planning**

Chair Dietz announced the following:

- a. Regular Commission Meeting – March 10, 2026
- b. 2026 Governance Agenda

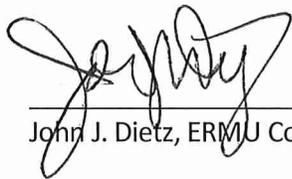
6.5 **Other Business**

There was no other business

7.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:46 p.m. Motion carried 4-0 in a roll call vote.

Minutes prepared by Tony Mauren.



John J. Dietz, ERMU Commission Chair



Jolene Richer, Deputy City Clerk