ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT THE UTILITIES CONFERENCE ROOM

June 9, 2026

Members Present:	Chair John Dietz, Vice Chair Mary Stewart, Commissioners Jill Larson-Vito, Matt Westgaard, and Nick Zerwas
ERMU Staff Present:	Mark Hanson, General Manager Sara Youngs, Administrations Director Melissa Karpinski, Finance Manager Tony Mauren, Governance & Communications Manager Tom Geiser, Operations Director Chris Sumstad, Electric Superintendent Mike Tietz, Technical Services Superintendent Jenny Foss, Communications & Administrative Coordinator Megan Zachman, Human Resources Generalist
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

There were no recommended changes to the agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the June 9, 2026, agenda. Motion carried 5-0.

2.0 CONSENT AGENDA (Approved By One Motion)

Commissioner Stewart noted that Commissioner Larson-Vito was not listed in the Members Present section of the May minutes. Staff stated they would correct the published minutes.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to approve the Consent Agenda with the correction to item 2.2 Regular Meeting Minutes – May 12, 2026, as follows:

2.1 Check Register – May 2026
2.2 Regular Meeting Minutes – May 12, 2026
2.3 Summary of General Manager Performance Evaluation Closed Session
2.4 Summary of Information Security Committee Closed Session

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Annual Commission Performance Evaluation

Mr. Hanson led a review of the annual 360-degree performance evaluation, which included quantitative scores and qualitative comments from both the Commission and management staff.

Evaluation scores have remained remarkably consistent over the past three years with only minor fluctuations. Positive feedback included a comment calling the current commission the "strongest to date."

Staff suggested better incorporating the new mission, vision, and values into the meeting process. Commissioners agreed that staff should lead this effort by reinforcing how agenda items align with these principles, similar to how the Planning Commission connects items to the City's comprehensive plan.

Staff praised the Commission for thorough preparation, healthy debate, and willingness to engage in continuing education. They appreciated the time taken to vet complex issues and reach a unified consensus.

Staff feedback indicated that recurring questions from commissioners about budget variances related to the compensation study could be perceived as questioning the study's validity. Commissioners clarified their intent is to understand significant year-over-year financial differences as part of due diligence, not to undermine the study.

A suggestion was made by staff for commissioners to provide questions on complex packet items ahead of meetings to allow adequate research time.

A response was noted regarding instances where emotionally charged topics like compensation have led to statements that fall short of professional commentary. This was raised as a point of awareness.

In response to an open ended comment from the Commission, saying the body should "Be careful not to turn into a group that just goes along with everything staff recommends. Staff has a lot of good ideas that need to be thoroughly vetted by the Commission before Approval," General Manager Mark Hanson noted that he intentionally avoids making recommendations on certain issues to encourage full and independent vetting by the Commission.

Commissioners expressed that their in-depth discussions on internal operations (like compensation policies) are a function of focusing on areas of direct impact and control, not micromanagement, as day-to-day operations are handled effectively by staff.

The Commission expressed appreciation for staff's participation in the review.

4.2 **<u>Employee Handbook Annual Updates</u>**

Ms. Zachman presented the updates to the employee handbook as part of staff's annual review to comply with new state law requirements and minor housekeeping improvements. Legal counsel and staff confirmed all changes are compliant with current labor laws.

It was clarified that field employees take breaks in the field and only return to the plant if their schedule allows.

It was confirmed that the utility's private plan for Minnesota Paid Leave has been approved by the state.

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to adopt the revised ERMU Employee Handbook. Motion carried 5-0.

5.0 <u>BUSINESS ACTION</u>

5.1 **<u>Financial Report – April 2026</u>**

Ms. Karpinski presented the financial report. She explained that it is normal for water to be at a loss this time of year and that the trend is changing as the report window moves into the warmer, dryer months.

Commissioner Westgaard had submitted a question prior to the meeting wondering why there was a variance in the Production Expense for water. Ms. Karpinski explained that this was due to the transformer that was installed at the Meadowvale booster station which was installed by the electric department to power the station. She explained the transformer is an expense on the water side and an asset on the electric side.

There was a question about how many customers were still on payment plans from the Cold Weather Rule. Ms. Youngs explained that all of those plans are current/paid.

Moved by Commissioner Zerwas and seconded by Commissioner Larson-Vito to receive the April 2026 Financial Report. Motion carried 5-0.

5.2 **2025 Consumer Confidence Report**

In Mr. Ninow's absence, Mr. Mauren presented the report. The 2025 water quality sampling results show full compliance with all Minnesota Department of Health standards.

Ms. Foss explained that this would be the first year the report was produced in-house, implementing a custom, ERMU-branded template and producing a cost savings of approximately $3,600. She added that collaboration between the water and communications teams ensured regulatory compliance and clearer presentation.

Commissioners praised the clarity of the new charts and improved language.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to receive and file the 2025 Consumer Confidence Report. Motion carried 5-0.

5.3 **Revised Market-Based Electric Service Agreement for 19178 Industrial Boulevard NW**

Mr. Hanson presented the revised agreement and explained there are a series of steps at the city level that involve the Planning Commission and City Council before the project can move forward.

The presented agreement was largely the same as one approved the previous month, changes were reference to the rate plan from the power provider, which is in development, a plan for procuring a necessary transformer within the agreement to leverage economies of scale, and mandatory backflow prevention for any connection to the water service for the cooling system – which is city code for industrial customers but listed for clarity.

Commissioner Zerwas shared that part of the additions seem to be in conflict with the prior language, in particular regarding backflow prevention for water connection. He noted that the agreement also states the company is prohibited from connecting the cooling system to water service. Mr. Hanson explained that while continuous use is prohibited, charging the system could require connection. Mr. Zerwas recommended clarifying that in the text.

Mr. Hanson confirmed there is a noise study that is intended to be available to City Council by July 15.

Staff confirmed that the advance money paid by the developer for feasibility studies is nonrefundable in response to Commissioner Stewart’s question.

There was discussion about zoning and land use for the proposed site. Mr. Shepherd explained that if the property is sold, any new owner would be bound by the original agreement's terms, including the 33-megawatt capacity limit.

Staff explained that the project offers millions of dollars in potential margins that will help stabilize rates for all customers and will not cause a rate increase for existing customers, with risks responses having been thoroughly researched.

Mr. Hanson added that staff is still working with Great River Energy as the transmission provider to analyze system impact.

Moved by Commissioner Larson-Vito and seconded by Commissioner Zerwas to approve the revised Market-Based Electric Service Agreement for 19178 Industrial Boulevard NW pending final legal review, with provision of authorization to the general manager and ERMU’s attorney to approve any subsequent changes that are not material, and the addition of clarifying language on acceptable water connection. Motion carried 5-0.

5.4 Streetlight Installation and Maintenance Agreement

Mr. Hanson presented an updated agreement with the City of Elk River for streetlight services.

Key updates were that ERMU will now charge the city on a per-fixture basis for the municipal streetlights it owns and responsibilities for downtown decorations and flag hanging has been removed from this agreement and are expected to be handled via separate agreements with the appropriate entities.

Moved by Commissioner Larson-Vito and seconded by Commissioner Westgaard to approve the revised Streetlight Maintenance Agreement between ERMU and the City of Elk River. Motion carried 5-0.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

There was discussion about attendance at the Minnesota Municipal Utilities Association’s Summer Conference.

Commissioner Stewart requested staff investigate options for tracking donated water for greater transparency in response to Mr. Ninow's bullet about mutual aid firefighting efforts outside the City. Staff responded that they would research options to report it more clearly.

ERMU will participate in the Sherburne County Fair parade scheduled for July 18, 2026.

Ms. Youngs announced that ERMU had hired a new IT professional, Jake Walz, who had previously worked for the City's IT department. Mr. Walz was selected from a pool of 30 applicants and will start on June 23, 2026.

It was confirmed that the presence of a quorum of commissioners at the upcoming American Public Power Association's national conference in Boston, MA should be publicly noticed. Staff will provide an email update to attendees with logistical details.

6.2 **City Council Update**

Chair Dietz provided a City Council Update.

6.3 **Future Planning**

Chair Dietz announced the following:
a. American Public Power Association National Conference – June 26- July 1
b. Regular Commission Meeting – July 14, 2026
c. 2026 Governance Agenda

6.4 **Other Business**

Commissioner Westgaard shared that a request has been received to convene the Dispute Resolution Committee. A commercial user is seeking a second transformer and wishes to discuss associated fees. Staff is coordinating a meeting with the subcommittee members, Ms. Larson-Vito and Mr. Westgaard, and the applicant. A report will be provided to the full commission after the meeting.

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Larson-Vito and seconded by Commissioner Westgaard to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:23 p.m. Motion carried 5-0.

Minutes prepared by Tony Mauren.

John J. Dietz, ERMU Commission Chair

Justin Dunford, City Clerk