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

October 13, 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
Others Present:	Sharda Enslin, 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 Larson-Vito to approve the October 13, 2026, agenda. Motion carried 5-0.

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to approve the Consent Agenda as follows:

2.1 Check Register – September 2026
2.2 Regular Meeting Minutes – September 8, 2026

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.4i2 – Financial Reserves

Mr. Mauren presented the next policy in the Commission's routine review. Staff reported no recommended changes after reviewing both the Commission policy and its companion Management policy. Commissioners had no comments. No action was required or taken.

5.0 BUSINESS ACTION

5.1 Financial Report – August 2026

Ms. Karpinski presented the August financials, reporting a combined utility net margin of $1.436 million, 4.01%, improved from July's 2.38%. This consists of an electric margin of $1.67 million, 5.0%, improved from 3.92% in July, and a water margin of (-$255,000), which is (-9.34%), improved from (-19%) in July.

Staff noted that the budget performance data includes a reversal of $300,000 for a Minnesota Municipal Power Agency project that did not proceed and unfavorable fair market value on investments.

Ms. Karpinski explained that the 2026 purchased power expense is 4% higher than 2025.

Ms. Karpinski stated August was the highest-use month of the year to date. Staff confirmed that August 2026 was the highest billing ERMU had ever had, beating out July 2026.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to receive the August 2026 Financial Report. Motion carried 5-0.

5.2 2027 Annual Business Plan: Electric and Water Expenses

Ms. Karpinski presented 2027 expense budgets. The electric budget has a 1.9% increase over 2026, with notable drivers including the addition of a locator position, associated payroll costs, a 15% increase in medical insurance premiums, and an assumed 3% wage adjustment. Water has a 2.6% increase over the 2026 budget, driven by the same 15% medical insurance premium increase, a booster station transformer, and the assumed 3% wage adjustment.

Commissioner Mary Stewart asked about residual expenses at the decommissioned power plant. Staff noted $2,500 under miscellaneous power generation for permits, sampling, and

related labor, plus $500 for maintenance of plant engines. Staff explained that, while the large fuel tanks were removed and sold, day tanks remain for the generator engines with ongoing permit compliance, testing, and maintenance. Engines cannot be run to generate power but can be test-run for prospective buyers; permit costs have decreased, and most of the cost is labor for sampling. Staff stated that diesel has a long shelf life, but provisions exist to pump and refill from a tanker if needed.

Commissioner Stewart also asked why water meter reading expenses did not decline in parallel with electric. Staff explained that, whereas electric saw more labor-related reductions, water meter reading expenses are largely non-labor monthly costs for the Advanced Metering Infrastructure warranty and National Information Solutions Cooperative fees.

Chair Dietz asked about the new locator position relative to future diminishing fiber company demand. Mr. Hanson explained that ERMU anticipates the retirement of one existing locator around the time fiber installation work wanes. Staff is exploring adding GIS capabilities to the role, given internal experience, which would create flexibility and value.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

There were no verbal staff updates.

6.2 City Council Update

Chair Dietz gave a City Council Update.

6.3 Future Planning

Chair Dietz announced the following:

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

6.4 Other Business

There was follow-up discussion on items previously sent to the Commissioners in their monthly update.

Staff explained that ERMU has approximately ten customers who are billed only by ERMU for garbage service due to historical service territory arrangements with Connexus. The issue involved a renter who failed to pay their bill. Staff described the process for notifying property owners, privacy limitations, and the special assessment process for unpaid bills.

Staff also reported concerns raised by two customers regarding irrigation system pressure vacuum breaker (PVB) tests. ERMU conducts annual residential PVB testing at no charge as a customer service and compliance aid, although the Minnesota plumbing code places testing responsibility and cost on property owners. This approach has reduced customer costs and improved compliance. With several devices failing this year, ERMU issued notices requiring owners to hire plumbers, repair the equipment, and submit passing test results. Two customers disputed their results after plumbers subsequently passed them and are requesting reimbursement. Staff explained that ERMU does not charge for its test and cannot refund plumber costs because, even without ERMU's free service, owners are required to test. Mr. Hanson explained that ERMU's staff are certified and its equipment has been verified. He added that because the tests are done with pressurized air, subsequent tests can dislodge debris. ERMU has reduced outstanding noncompliant accounts from 21 to 11.

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 3:59 p.m. Motion carried 5-0.

Minutes prepared by Tony Mauren.

John J. Dietz, ERMU Commission Chair

Justin Dunford, City Clerk