

**MINUTES
LAKE CRYSTAL UTILITIES COMMISSION
REGULAR MEETING
TUESDAY, OCTOBER 7, 2025, at 8:00 am**

The following Commissioners were present: Commissioners McCoy, Richards, and Ahrenstorff.

Staff Present: Jeremy Hutchens, Water/Wastewater Superintendent; Madison Allen, Electric Superintendent; Angie Grafstrom, City Administrator; Sierra Roiger, Utility Billing Clerk.

Others Present: Judy Meyer

The meeting was called to order at 8:00 AM

Approval of September 2, 2025, Regular Meeting Minutes.

Motion made by Commissioner Ahrenstorff to approve the minutes of September 2nd, 2025, regular meeting, pending changes as discussed, motion seconded by Commissioner McCoy and carried unanimously.

Payment of bills:

The commission reviewed the bills prior to the meeting.

Motion made by Commissioner McCoy to approve payment of PUC bills totaling \$397,868.45, motion seconded by Commissioner Ahrenstorff and carried unanimously.

Discussion items:

South Substation Bonding and DGR's Cash Flow Model

Administrator Grafstrom shared that it has been determined the city cannot give the money for the substation bonding as it will affect the bond rating. The city is already heavily bonded and reducing any fund balances could be harmful to the city's bond rating. She also provided details on how underwriters previously looked at bonding on a cursory level, but it is now a more in-depth look at the city as a whole. The suggestion from Northland is to do a bond end of 2025/beginning of 2026 and then do the final bond in 2027. There will be two administration costs with this plan, but the savings on interest are being taken into consideration. The commission reviewed the cash flow projection that was provided. Discussion was held regarding the generation credit, the future projection provided, and the rate increases that were provided by Heartland.

Review Bills Certified to Taxes due to Non-payment

Administrator Grafstrom informed the commission that the City Council had approved certifying a total of \$13,068.00 in delinquent water, sewer, and refuse payments. All accounts that get certified have received a certification letter that was mailed out before September 15th. Administrator Grafstrom provided the commission updates on the state of shutoffs in the city for non-payment. In September, there were 24 accounts that received a shutoff notice. As the Cold Weather Rule began on October 1st, there will be no more shutoffs until the May 2026. Customers are being provided with information for financial assistance if they need it and can continue making payment arrangements for unpaid bills by reaching out to city hall.

Action Items:

Updated Utility Billing Policy and Procedures

Administrator Grafstrom presented the commission with recommended changes to the utility billing policies. The commission discussed the changes and asked questions about the reasoning behind the changes. Administrator Grafstrom explained the goal of these changes being to help customers get caught up prior to the next billing cycle. Changes made include the review of accounts that have payments routinely failing, shortening the payment window for delinquent accounts, and requiring delinquent payments be made by 8am on disconnect day in the utility bill drop box.

Motion made by Commissioner McCoy to approve the Updated Utility Billing Policy and Procedures, pending changes as discussed, motion seconded by Commissioner Ahrenstorff and carried unanimously.

Approve Updates to Personnel Policy Definitions, Leaves, Insurance, and Retirement to accommodate new Paid Leave, etc.

Administrator Grafstrom provided recommended changes within the personnel policy, as recommended by the city attorney. She shared changes to the leave policies and how that will impact city employees. She shared details about the short-term disability policy changes stating that with the way that paid leave is going to be paid out, low earners are going to be paid at 84%, but high earners are going to be paid at 48% of their salary if needing to go on leave.

Motion made by Commissioner Richards to approve Updates to Personnel Policy Definitions, Leaves, Insurance, and Retirement to accommodate new Paid Leave, etc., motion seconded by Commissioner Ahrenstorff and carried unanimously.

Switch from Invoice Cloud to Civic

Administrator Grafstrom expressed difficulties in operations with the current payment processing vendor, Invoice Cloud. She shared that Billing Clerk Roiger has been looking into Civic as a new vendor. She then shared more information about the capabilities, including expanded payment options, that customers would receive and the positive impacts for both staff and customers.

Motion made by Commissioner Ahrenstorff to approve switching from Invoice Cloud to Civic, motion seconded by Commissioner Richards and carried unanimously.

Staff Reports:

Superintendent Hutchens reported on a watermain leak found near Kevins Market. The leak was found while crews were installing the new sanitary main. GM Contracting did exploratory excavating to find the leak then Westrum Leak Detection was able to provide a better picture of where the leak was located. Black topping will be billed through the MnDOT HWY 60 Construction project as MPM repaved the excavation. Next, he shared that MDH hired an Environmental Consultant to sample the City's finished drinking water for PFAS. These samples were taken on September 4th, but he has not received the results yet. He also discussed biosolids sampling and testing. The results showed slightly higher results under two parameters, so additional testing will be completed next year. Additionally, he provided updates on how the plan to seal and replace well #2 will impact the current Wellhead Protection Plan. He is contacting MDH and Bolton & Menk to receive cost estimates for drafting new plans. For additional updates, please see written report in the packet.

City Administrator Grafstrom updated the commission on the Crystal Gardens lots, sharing the city council approved the final payment for the development. Construction will begin in Spring of 2026. Council applied for a matching grant, but there has not been an update on it yet. The grant was for \$500,000, but the city/PUC portion will be closer to \$1.3 million as it will require the installation of a new lift station. Next, she shared information about the wastewater regionalization 2026 bonding bill. She is working with Bolton & Menk on the specifications of the project, which will see approximately \$1.5 million invoice now through next June. Finally, she provided the commission with an update on the substation. She stated that the PUC will need to consider when they are going to bond for this project. DGR provided an updated spreadsheet with proposed rate increases through 2030, which remained stable at 3% per year. For additional updates, please see written report in the packet.

Superintendent Allen provided an outage report that discussed three power outages. Two of the outages were from blinks from the transmission provider and the third was caused by a private party dropping a tree on a power line. He also shared he has been gathering information for a three-phase transformer order. This will be a 2026 expense unless the lead times are greater with an estimated total of \$90,000. Additionally, he shared that both apprentices attended MMUA Overhead school this month and provided positive feedback. Finally, he will be working to complete the annual inventory for the auditors.

Information Items:

S & P Bond Rating as an FYI

Administrator Grafstrom provided the commission with information from Northland that shows the previous bond information from November of 2024.

Revenue and Expense Report (Revenue through August)

Administrator Grafstrom provided the commission with the Revenue and Expense Report of the utility departments. This report has the revenue through August, but the expenses are through September.

Draft Budget

Administrator Grafstrom dispersed a draft of the budget. The commission reviewed the budget broken down by the utility. Administrator Grafstrom will continue to work with Superintendent Hutchens and Superintendent Allen to get line items updated and any changes that need to be made.

Next Meetings and Events

Regular Meeting of the PUC: November 3, 2025, 6:30 pm

Commission Comments and Observations: None

Adjournment: There being no further business, the meeting adjourned at 9:28 AM.

Minutes prepared by Sierra Roiger

Dennis McCoy, Chairman

Angela Grafstrom, Secretary