

Bagley Public Utilities  
Commissioners Meeting  
November 12, 2025

Chairman Thomas Lillegaard called to order the regular meeting of the Bagley Public Utilities Commission on November 12, 2025, at 10:00 am with Commissioners Dennis Merschman and Stuart Lien present. Also at the meeting were managers Bill Masterson and Ashley Shongo, City Clerk Lyle Mathison, Mayor Duane Lewis and Mike Karvakko with Karvakko Engineering via zoom.

Motion made by Merschman to approve the minutes as written for the regular board meeting held October 15, 2025. Motion was seconded by Lien and carried.

October 2025 expenditures were reviewed. Motion by Lien and second by Merschman to approve the October 2025 listing of payments by check and electronic transfer. Motion carried.

The Commission discussed invoices submitted for payment in November. Lien made the motion to pay all November bills as presented, Merschman seconded, and the motion carried.

Mike Karvakko with Karvakko Engineering gave an overview of the status of each phase of the water/sewer replacement project. Karvakko stated that he will present the recommendations made by the PUC at the Bagley City Council meeting scheduled for the evening of November 12, 2025. A motion was made by Dennis Merschman and seconded by Stuart Lien to approve the following:

1. Phase 1  
Make payment of \$31,405.34 to subcontractor, Knife River Materials, for bituminous incentives as recommended by Michelle Weinberg with Kennedy & Graven Chartered.
2. Phase 2/3  
Assess Reierson Construction \$4,500 for liquidated damages due to Stage 5 being completed three days past the milestone completion date.
3. Phase 5  
Assess Reierson Construction liquidated damages as the contract called for work to be completed in 55 working days and on or before September 5, 2025.
  - Stage 1 (Getchell intersections); Contract allowed for 10 days. Work was completed in 42 days.
    - 32 days @ \$1,030/day = \$32,960 for liquidated damages;
  - Stage 2; (Brown St.) Contract allowed for 30 days. Work was completed in 53 days. Only 8 days would be related to the milestone date, as the rest was past the imposed substantial completion date of September 5, 2025.
    - 8 days @ \$1,030/day = \$8,240 for liquidated damages;

- Stage 3; liquidated damages would be calculated from the September 5, 2025 substantial completion date to the actual substantial completion date of October 7, 2025.
  - 22 working days @ \$2,000/day = \$44,000 for liquidated damages;
- 4. Amending the contract with Karvakko Engineering for the additional inspection and project management time period for payment of \$21,100, only if the Bagley City Council approves pursuing the above liquidated damages from Reiersen Construction.

Motion carried.

Manager updates:

- Legacy Power has not yet provided a quote for services for upcoming electrical work on Getchell and McDougall Avenues.
- Zef Energy has reached out with information on an MPCA Volkswagen Electric Vehicle Grant. If commissioners are interested, more detail could be obtained.

Shongo explained that a residential customer has been foreclosed on and has left the property but the utilities are still connected and accruing charges. She stated that she's attempted to get contact information from the attorney, mortgage company and Clearwater County but has not been successful. To avoid possible damage to the home due to the cold weather, Commissioners advised to leave utilities connected until contact is made with someone responsible for the property.

A motion was made by Lien, seconded by Dennis Merschman to appoint Ashley Shongo as the Office Manager of Bagley Public Utilities effective November 1, 2025 at Base Pay Grade: Step 5 at a rate of \$27.37. Motion carried.

A motion was made by Stuart Lien and seconded by Dennis Merschman to approve Ashley Shongo to be an authorized bank signer for Bagley Public Utilities. Motion carried.

Masterson explained that effective January 1, 2026, BPU will switch to the same payroll schedule as the city. He explained that Deputy Clerk, Priscilla Johnson, has taken on the payroll for the PUC and having everyone on the same schedule will streamline the process.

Commissioners reviewed financial reports for September 2025.

Bagley Public Utilities  
Commissioners Meeting  
November 12, 2025  
Page 3

With no further business to come before the Commission, a motion was made by Merschman and seconded by Lien to adjourn the meeting.

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Thomas Lillegaard, Chairman

Attest:

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Ashley Shongo, Office Manager