

**BEMIDJI CITY COUNCIL
CITY COUNCIL BUDGET COMMITTEE AGENDA**

Tuesday, June 30, 2026

**Conference Room
City Hall – 317 4th Street NW
2:30 PM**



CALL TO ORDER/ROLL CALL

BUSINESS

- a) McKinstry Energy Savings Project Presentation

ADJOURN

REMOTE MEETING ATTENDANCE

MEMBERS MAY BE ATTENDING VIA WEBEX UNDER THE AUTHORITY OF MINNESOTA STATUTES SECTION 13D.02. THE PUBLIC MAY MONITOR THE MEETING BY ACCESSING THE REMOTE MEETING LINK ON THE CITY WEBSITE. <https://bemidjimn.portal.civicclerk.com/>

CITY COUNCIL AGENDA ITEM



Meeting Date: June 30, 2026
Action Requested: Provide input and have discussion around the McKinstry assessment and proposed business case analysis.
Prepared By: Rich Spiczka, City Manager

Background:

The team from McKinstry will be here to present their preliminary energy efficiency assessment as well as present a potential project the City could undertake in order to increase efficiency and save money revolving around energy savings. McKinstry exists to provide comprehensive facility and energy modernization plans and projects to public entities. They have created a business case analysis that they wish to present and discuss with the Budget Committee. This could have impacts on the 2027 budget so it makes sense to present here to get the pulse of how the city's elect feel about the concept.

Recommendation:

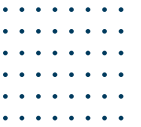
Bemidji
Budget Savings
Project

Budget Committee Presentation

June 16, 2026



Bemidji Project Team Leads



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Energy Solutions
Regional Director
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952 - 221 - 5918
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Engineer
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Project Consultant
Past President - League of MN Cities
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About McKinstry

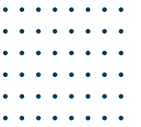
Budget Committee Presentation

June 16, 2026



About McKinstry

McKinstry is a national leader in designing, constructing, operating and managing high-performing facilities.



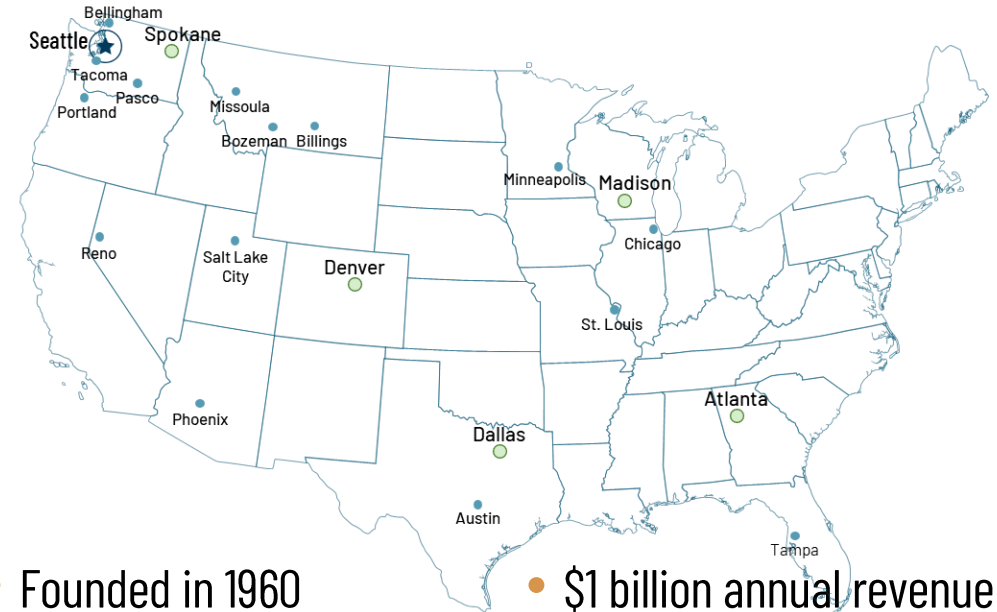
REGIONAL PRESENCE NATIONAL FOOTPRINT

Our Midwest Presence



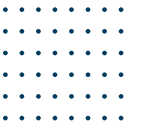
- 80+ projects worth over **\$350M** in last five years
- 40+ **solar PV projects installed**
- Strong partnerships leading to **legacy clients**
- St. Louis Park, MN office

Our National Footprint

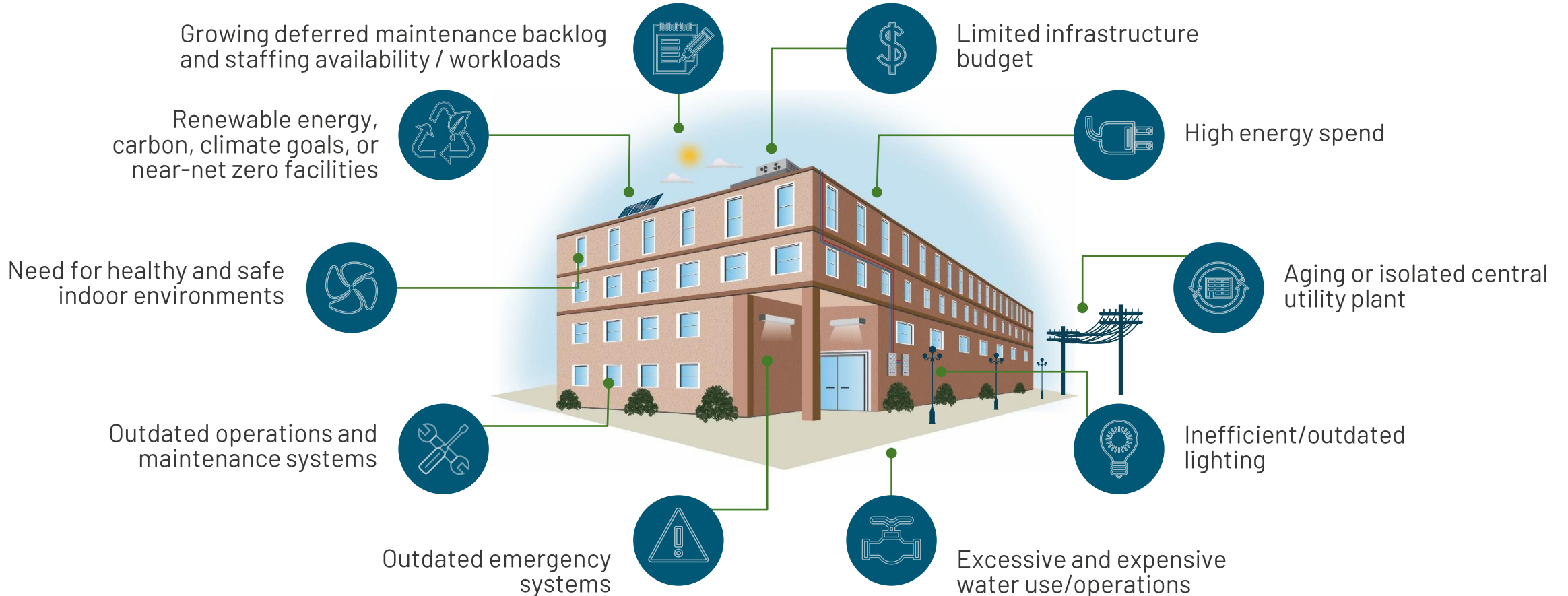


- Founded in 1960
- Privately held
- 21 offices nationwide
- \$1 billion annual revenue
- 3,000 employees
- 100 PEs and architects
- 250 MW solar PV installed by our in-house renewable energy experts

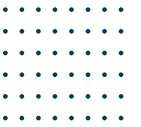
Solving Problems to Help Your Budget



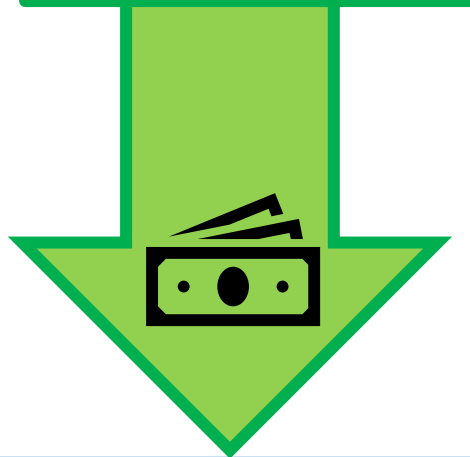
Bemidji: \$955,053
Annual Utility Spend



Working with McKinstry: The “Community Win-Win”

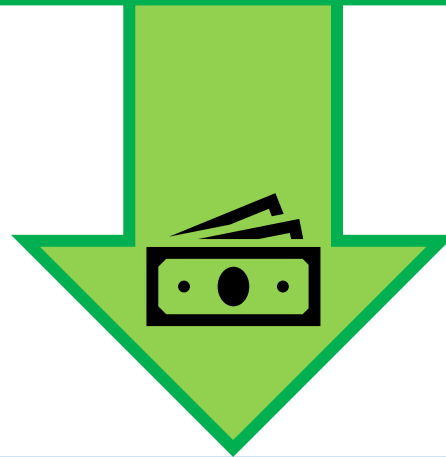


**Taxpayer
Cost
Savings**



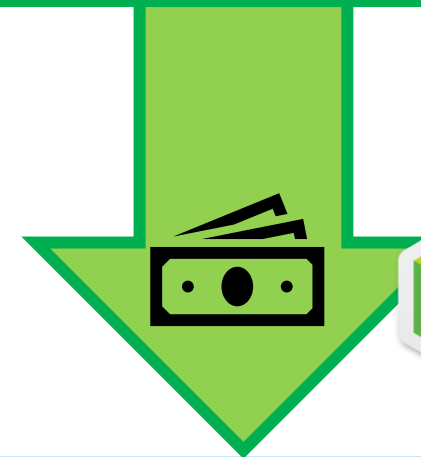
- ✓ **Cost Reductions**
- CIP Savings
- Utility Cost Savings
- Incentive \$'s achieved

**Operations &
Services
Benefits**



- ✓ **Total Project A-Z by McK.**
- Maintenance Reduced
- Staff Time Saved
- Capital Addressed
- Services Improved

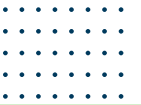
**Sustainability
Recognition &
Achievement**



- ✓ **Sustainability Achievement**
- Solar
- Efficiency Upgrades
- Award Recognition
- Green Step City Awards

Guaranteed Savings Project

Minnesota Projects = \$360 Million



Cities:

- Moorhead = ~\$6M (Under Development)
- St. Peter = Phase 2 (Under Development)
- St. Peter = \$2.6M
- Rochester = \$6M in 3 Phases
- Apple Valley = \$3M in 2 Phases
- Virginia = \$3.5M
- Minneapolis = \$10.2M in 3 Phases
- Mankato = \$7.1M in 2 Phases
- Many more to list

Universities:

- Winona State = \$12.4M
- Mankato State = \$8.4M
- U of M – Twin Cities = \$8M

Counties:

- Dakota County = \$11.4 M
 - Phase 1 \$8.4M
 - Phase 2: \$3M (Under Construction)
- Carlton County = \$5.7M (Under construction)
- Otter Tail County = \$1.5M (Under construction)
- Blue Earth County = \$5.4M (Ribbon Cutting)
- Chisago County = (Under Development)

Other:

- National Loon Center = \$2.6M (In construction)
- Minneapolis/ St. Paul Airport = \$40 M in 2 Phases
- Guthrie Theater = \$6M

Award Winning Projects in Minnesota (\$90 Million +)

Dakota County, MN (\$8.4M) →

Blue Earth County, MN (\$5.4M) →

Winona State University (\$12.5M)

Minneapolis/ St. Paul Airport (\$40M)

City of Hutchinson, MN (\$5M)

City of Mankato, MN (\$8.5M – 2 phases)

Mankato State University (\$8.1M)

City of Apple Valley, MN (\$2.8M – 2 phases) →



MnSEIA



Project Funding

Budget Committee Presentation

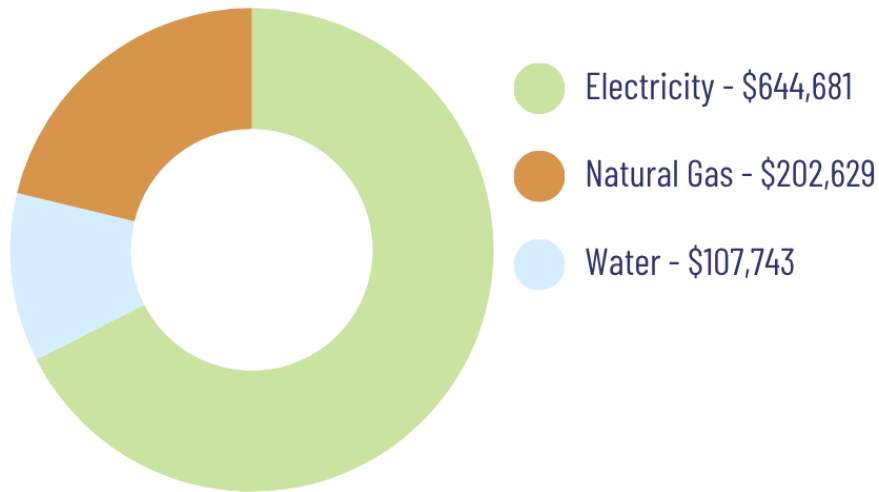
June 16, 2026



Bemidji's Existing Utility Cost Profile Summary

24 Month *Existing* Bill History Analysis:

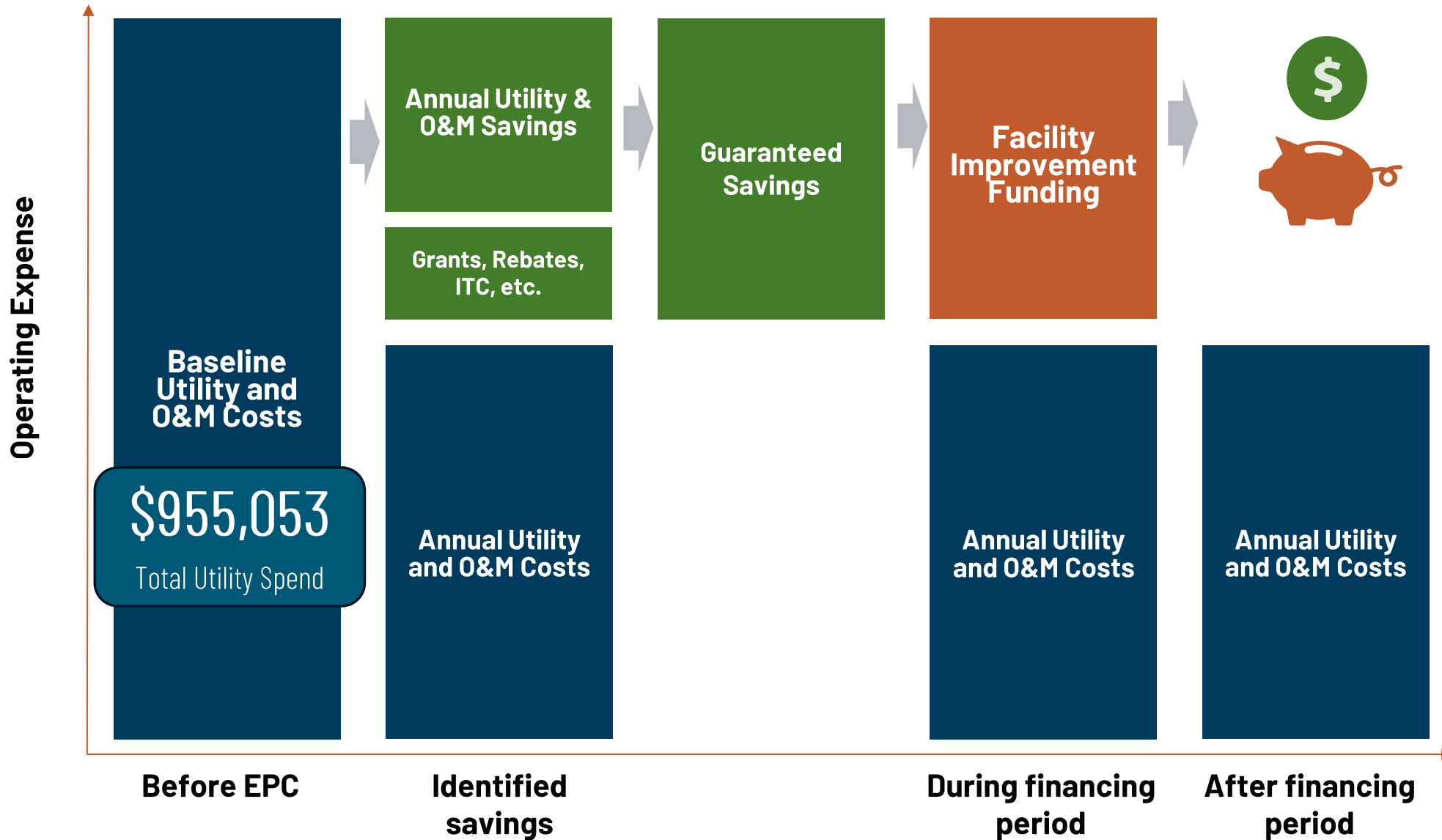
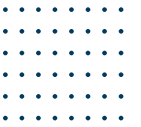
ANNUAL ENERGY COST BREAKDOWN BY UTILITY TYPE



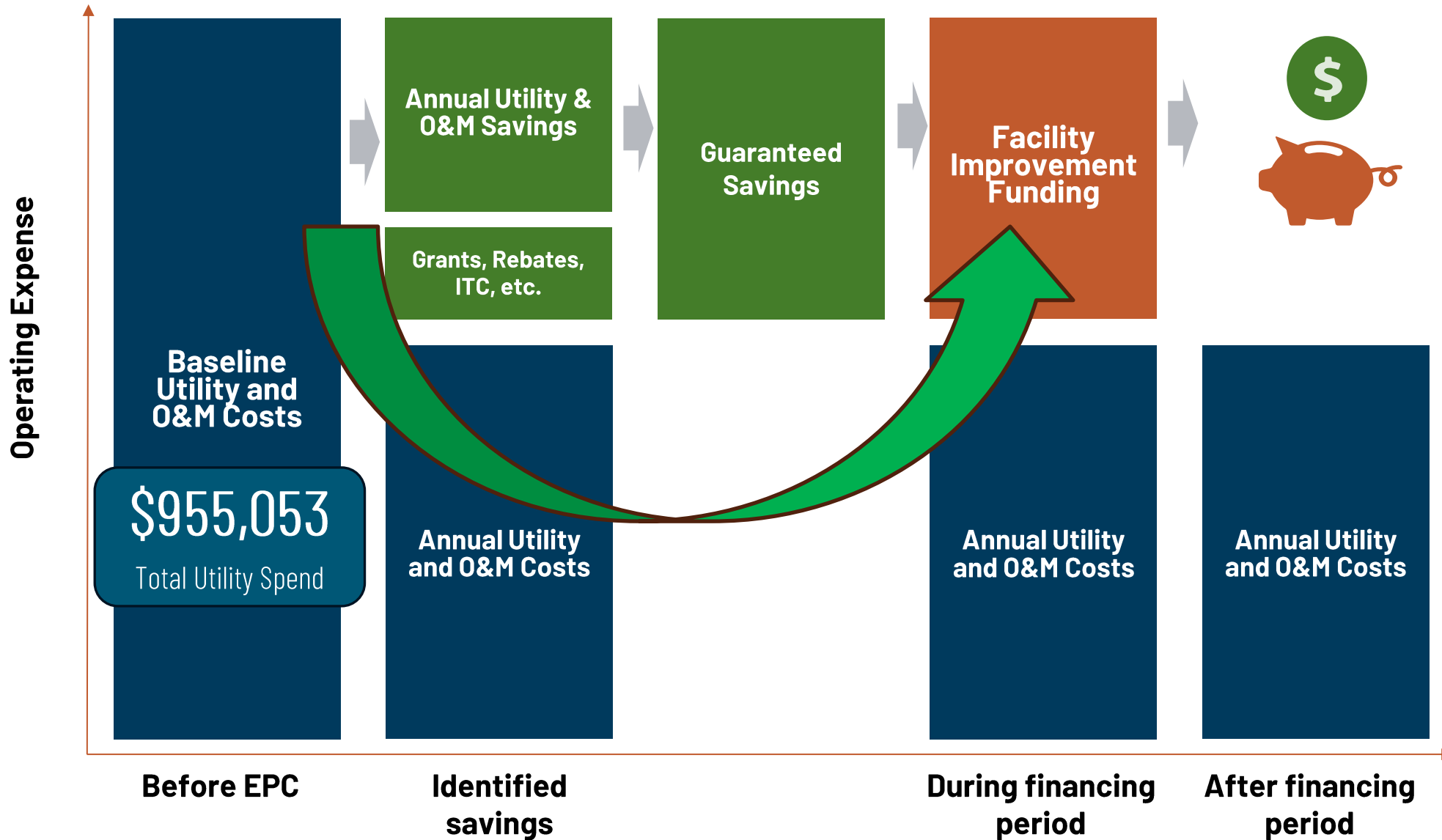
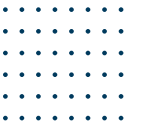
\$955,053
Total Utility Spend

Facility Name	Gross Area (ft ²)	Electricity Cost (\$)	Gas Cost (\$)	Water Cost (\$)
City Hall	11,447	\$8,396	\$4,596	\$964
Curling Club	20,234	\$30,407	\$10,120	-- ¹
Fire Hall #1	10,507	\$6,630	\$4,789	\$1,846
Fire Hall #2	6,027	\$2,978	\$1,750	\$1,368
Fire Hall #4	4,154	\$2,632	\$2,234	-- ¹
First City Liquor	15,930	\$13,311	-- ²	\$2,469
Lakeview Liquor	7,130	\$7,657	\$1,251	\$2,231
Library	7,720	\$8,746	\$6,238	\$1,270
Nielsen Riese Arena	28,887	\$4,902	\$4,607	-- ¹
Public Works	76,270	\$47,892	\$3,182	\$4,774
Sanford Center	192,000	\$312,392	\$103,487	\$4,296
Tourist Information Center	3,872	\$1,511	\$1,913	\$2,909
Wastewater Treatment Plant	44,100	\$182,411	\$39,423	\$81,321
Water Plant	8,100	\$14,816	\$19,039	\$4,296
Total	436,378	\$644,681	\$202,629	\$107,743
Total Utilities: Energy (Elec + Gas) and Water			\$955,053	

Cost Savings Project – Budget Neutral



Cost Savings Project – Budget Neutral



Project Opportunity:
Preliminary
Assessment Results

Budget Committee Presentation

June 16, 2026



Current State of City Facilities

Summary of Existing Conditions

- City staff is hard at work to operate and maintain existing facilities and infrastructure
- Significant deferred maintenance backlogs and inadequate systems are driving inefficiencies and operating challenges
- High utility costs
- Limited cash funds & in-house staff stretched thin

\$955,053

Total Utility Spend

Thanks to City staff for their assistance

- City Manager
 - Rich Spiczka
- Facilities Manager
 - Brad Henricksen
- Dept Directors and Leaders
 - Donna Coe, Finance Director
 - Sam Anderson, Director of Public Works
 - Todd Anderson, Water & Sewer Superintendent
 - Marty Katzenmeyer, Superintendent WWTF
 - Scott Schroeder, Parks Superintendent
- **... and many other helpful personnel!**

Self-Funding Project Example

For
\$0
City Contribution



City Completes
\$3.95M
Energy & Facility
Upgrade Work



City Gains
\$5.85M
25-year Savings
Benefit to City



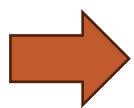
Reduce annual utility
and operational costs
by **~\$149K/yr**

City-wide Project,
Completing Great work
Energy Savings = **18%**

Opportunity for
~\$1.3M in Incentives &
Rebates

\$955,053

Total Utility Spend

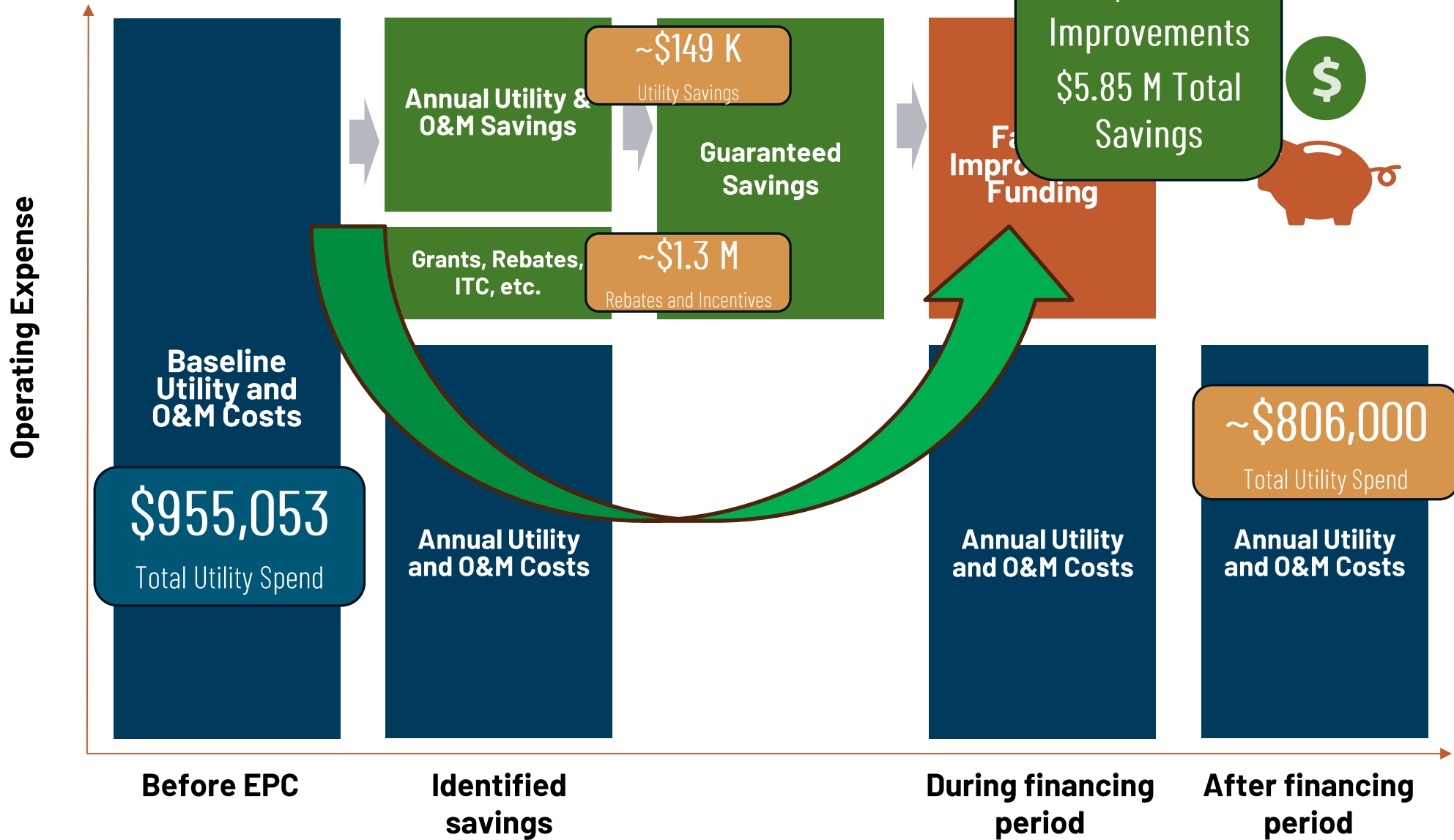
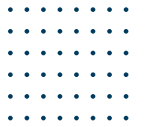


~\$806,000

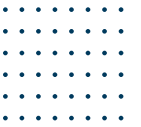
Total Utility Spend

Figures represent averages of preliminary estimate ranges, see report page 2

Cost Savings Project – Budget Neutral



Financing Introduction: Equipment Lease (TELP) and Other Funding Options



McKinstry Client Financial Solutions team:

- assists City, provides guidance, and gathers offers
- does not profit or receive fees from any financing.
- is provided freely as a service to clients



Quick Facts	Making Cents
Demographics	The City of Bemidji presents its 2021 Summary Financial Report. The purpose of this report is to inform the community of City's finances in an easy-to-read format. These highlights are based, in part, upon the City's Audit which is a more inclusive document.
Population 15,278	
Growth since 2010 72%	
Persons under 18 years 20.5%	Tax rates are often used to compare cities. The rate is calculated by dividing the property tax levy by a function of taxable property value. In comparison with nine similar regional center cities, Bemidji tax rates were in the bottom one-third. The average home value in Bemidji is \$154,000 and pays \$606 annually in City property taxes.
Persons 18 and over 78.5%	
Median age 39.13	
Owner-occupied housing 41.1%	
Total households 1,416	
Persons in poverty 20.9%	
Median household income \$ 32,325	
Median home value \$ 141,100	
Major Employers	
Beltrami Health 1,200	
Bemidji Public Schools 975	
Bemidji State University 593	
Beltrami County 382	

Dividing Up Your Tax Dollar
Your tax dollar is divided into several governmental entities.
Bemidji collects 40 cents of every tax dollar. The remaining portions are divided among Beltrami County (48 cents), School District (11 cents), other agencies (1 cent).

2021 Summary Financial Report 2021 Page 3

Special Revenue Funds Bemidji has several special revenue funds used to fund activities derived from specific sources or sources of revenue. They are required to finance particular functions which include parking development, Transit Association, Joint Planning Board, Building activities, other grant and construction projects to support these activities are derived from grants, transportation aid, transfers and special assessments.

Long Term Debt Bemidji maintains an "A1" bond rating from Moody's. Their comments noted Bemidji had a strong financial profile including being a regional economic center, prudent financial management, stable revenue levels, modest tax base with steady property valuation needs. Also mentioned were the challenges of below average demographic profile with low resident income, above average unemployment and very high debt burden.

Internal Service Funds These funds are an accounting practice used to allocate direct costs internally among the City's various departments. The City maintains an internal service fund to cover the costs of facilities, utilities, information technology, City Hall and Public Works Facility operations.

Ten Year Look Back

Year	LGA Received	Property Tax Levy	City Tax Rate	General Fund Budget
02-11	2,800,144	2,788,766	62.4	6,060,878
02-11	3,808,449	6,517,521	50.3	13,670,268
Range	702,265	2,718,755	7.9	4,678,190

22 LGA was \$3.8 million

Police	1,733,271
General Gov't	448,860
Public Works	604,422
Fire	980,972
Equipment	470,500
Parks & Recreation	420,883
Transit	128,470
Beltrami Center	100,000
Development	95,000
Contingencies/Other	171,088
TOTAL	4,678,190

anged over the last 10 years? and (LGA) is higher by \$70,235 any taxes have increased \$2.7 million and full-time employees property taxes increase? investment in new building including a joint Enforcement Center, Public Works Facility The Sanford Center as well as a street renewal and operational budgets

How are your property tax dollars spent?

- \$4,833,281—General Fund activities
- \$ 480,000—Sanford Center subsidy and capital
- \$ 383,000—Street removal program
- \$ 267,000—Public Works Facility bond payments
- \$ 208,506—Law Enforcement Center Lease
- \$ 323,777—South Shore land bonds
- \$6,517,521—Total 2021 Property Tax Levy

TAX STATEMENT 2019			
2018 Values for Taxes Payable in 2019			
VALUES AND CLASSIFICATION			
	Taxes Payable Year:	2018	2019
Step 1	Estimated Market Value:	243,100	271,000
	Homestead Exclusion:	15,400	12,900
	Taxable Market Value:	227,700	258,100
	New Improvements:		15,300
	Property Classification:	Res Hstd	Res Hstd
Sent in March 2018			
Step 2	PROPOSED TAX		
	Did not include special assessments or referenda approved by the voters at the November election		\$3,634.00
Sent in November 2018			
Step 3	PROPERTY TAX STATEMENT		
	First half taxes due	May 15	\$1,926.00
	Second half taxes due	October 15	\$1,926.00
	Total Taxes Due in 2019:		\$3,852.00
		2018	2019
If you are eligible for a property tax refund. File owe delinquent taxes and are not eligible. If you are eligible for a special refund.			
		\$3,264.12	\$3,627.17
		\$3,264.12	\$3,627.17
A. Agricultural and rural land credits	\$0.00	\$0.00	
B. Other Credits	\$0.00	\$0.00	
	\$3,264.12	\$3,627.17	
A. County General	\$682.97	\$766.14	
B. County Regional Rail Authority	\$5.10	\$4.52	
	\$766.88	\$856.30	
	\$0.00	\$0.00	
A. Voter approved levies	\$1,206.61	\$1,320.73	
B. Other Local Levies	\$452.77	\$527.01	
A. Metropolitan Council			

Your Budget: Cash

Mix of Budget and Financing

Bond Issue

Tax Exempt Lease Purchase (TELP) (Most Popular for McKinstry Clients)



Self-Funding Project Example Cash Flow

Summary of Economics and Cash Flow

Capital Contribution

Project Cost (\$)

Total Benefit**

\$0

\$3,950,997

\$5,851,142

Year	Project Cost (\$)	Avoided Energy + O&M Savings	Incentives*	Lease Payment	End Balance	Annual Cashflow	Total Cumulative Cash Flow
0	(\$3,950,997)	\$0	\$0	\$3,950,997	\$0	\$0	\$0
1		\$149,481	\$309,574	(\$459,054)	(\$3,647,850)	\$1	\$1
2		\$155,088	\$1,000,397	(\$1,155,484)	(\$2,636,309)	\$1	\$2
3		\$160,907	\$0	(\$160,906)	(\$2,579,432)	\$1	\$3
4		\$166,945	\$0	(\$166,944)	(\$2,514,273)	\$1	\$4
5		\$173,210	\$0	(\$173,209)	(\$2,440,277)	\$1	\$5
6		\$179,712	\$0	(\$179,711)	(\$2,356,859)	\$1	\$6
7		\$186,459	\$0	(\$186,458)	(\$2,263,403)	\$1	\$7
8		\$193,461	\$0	(\$193,460)	(\$2,159,257)	\$1	\$8
9		\$200,726	\$0	(\$200,725)	(\$2,043,736)	\$1	\$9
10		\$208,266	\$0	(\$208,265)	(\$1,916,116)	\$1	\$10
11		\$216,091	\$0	(\$216,090)	(\$1,775,637)	\$1	\$11
12		\$224,211	\$0	(\$224,210)	(\$1,621,493)	\$1	\$12
13		\$232,637	\$0	(\$232,636)	(\$1,452,841)	\$1	\$13
14		\$241,382	\$0	(\$241,381)	(\$1,268,790)	\$1	\$14
15		\$250,457	\$0	(\$250,456)	(\$1,068,401)	\$1	\$15
16		\$259,874	\$0	(\$259,873)	(\$850,686)	\$1	\$16
17		\$269,648	\$0	(\$269,647)	(\$614,608)	\$1	\$17
18		\$279,791	\$0	(\$279,790)	(\$359,070)	\$1	\$18
19		\$290,317	\$0	(\$290,316)	(\$82,924)	\$1	\$19
20		\$301,241	\$0	(\$86,196)	\$0	\$215,045	\$215,064
21		\$312,578	\$0	\$0	\$0	\$312,578	\$527,642
22		\$324,344	\$0	\$0	\$0	\$324,344	\$851,985
23		\$336,554	\$0	\$0	\$0	\$336,554	\$1,188,540
24		\$349,227	\$0	\$0	\$0	\$349,227	\$1,537,766
25		\$362,379	\$0	\$0	\$0	\$362,379	\$1,900,145
Totals	(\$3,950,997)	\$6,024,984	\$1,309,971	(\$5,434,810)	\$0	\$1,900,145	

Financial Disclaimer: McKinstry is not engaged in providing legal, tax, or financial advice. The information provided herein is intended only to assist you in your decision-making and is broad in scope. Accordingly, before making any final decisions you should consider obtaining additional information and advice from your accountant or other financial advisers who are fully aware of your specific circumstances.

Improvement Opportunities – Recommendations to Advance in Process



	Facility Assessment	City Hall	Fire Hall #1	Fire Hall #2	Fire Hall #4	First City Liquor	Lakeview Liquor	Library	Nielsen Riese Arena	Public Works	Sanford Center	Tourist Information Center	Wastewater Treatment Plant	Water Plant	Softball Fields
Base Project	Solar PV	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Lighting and Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Retro commissioning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Water Conservation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Building Envelope	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Duct Sealing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Demand Control Ventillation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Low Voltage Transformers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Kitchen Hood Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stretch Project	Lighting and Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Makeup Air Unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Bemidji

Next Steps



Action Plan: Bemidji's Energy Efficiency & Cost Savings Project



Preliminary Assessment

Council Approval

Directed Engineering Study

Agreement to move to Construction

Construction & Savings



Started @ No Cost

Review findings: Preliminary estimates and qualification.

~15% engineering

Approvals

Develop and approve agreement language.

~90 days

Collaboration Preliminary -> ROM -> Guaranteed

Cost rolled into final agreement

~90% engineering

Approvals

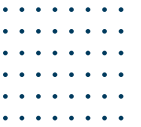
Approve final project agreement.

1-20 years

Performance Measure & Verification

McKinstry responsible for results and savings

Bemidji's Project: City Maintains Control, McKinstry Collaborates



Council Approval



City Decides on scope it wants to advance into DES

Directed Engineering Study



~90 days

McKinstry Develops items included in DES scope **as selected by City** (e.g. Full base project, full stretch project, individual additions or subtractions, etc.)

McKinstry and Bemidji Collaborate on items that remain in scope over course of development

McKinstry Structures project options under guidance and control of

Development Cost rolled into final project (no up front cash required)

Agreement to move to Construction



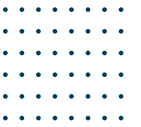
Approvals

McKinstry presents one or more final contract options per collaborative DES process

Project includes final scope only as **decided by city**

City maintains control: is under no obligation to buy any particular scope item or group of items

DES (Directed Engineering Study) Report



Deliverables:

- ✓ "Construction Ready" Project Options
 - Detailed Drawings
 - Specified Equipment/ Bidding
- ✓ City Controls Project Scope
- ✓ Identification of Grants and Rebates
 - DES is required to apply
- ✓ Capital Budget Items?
- ✓ Energy / Operation Savings Verification
- ✓ Cashflow Justification
- ✓ Competitive Financing

Development Cost for DES: no upfront cost to City when project moves into construction

Dakota County INVESTMENT GRADE AUDIT
DAKOTA COUNTY, MN
DECEMBER 31, 2023

1. Executive Summary
Economic and Benefit Summary of Project

PROJECT METRICS	
Scope of Work Summary	- Solar PV - 4 sites - Lighting - 18 bldgs with a standard LED lighting solution - Retro-commissioning - 2 buildings
Self-Funds via MN State Statute 471.345, Sub. 13 - Energy Efficiency Projects	
Cost	
Capital Contribution	
Annual Energy + O&M Savings	
County-wide % Reduction in Electric and Natural Gas Cost (Annual cost of \$1.363 Million)	
Total Cumulative Cash Flow (30 yrs)	
Solar - % Electric Offset	*Admin
*Near Net Zero Site	*Rob Ga
Solar Size (kW _{oc})	
Carbon Reduction (lbs) / Green House Gas Reduction	4.5
County Wide % Reduction in Carbon (Electric and Natural Gas Usage)	
2 Near Net Zero Sites	
Largest MN County Solar	

Note:
• Reference Section 7 - Financial Analysis in the IGA report for more details

1. Executive Summary
PROJECT BENEFIT OUTCOMES

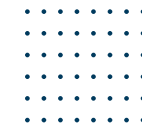
- 84 Local Jobs** Create local jobs and economic development for Dakota County, the surrounding community and State of MN - this project will create an estimated 84 local jobs for the design and installation of this project.
- \$17.1 Million** In avoided energy costs Reduce Dakota County's energy spend by approximately \$338k/year; therefore, reducing long-term operational costs for the life of the equipment (30 yrs), which may be used to reinvest into other County operation needs and/or fund the overall project.
- 4.6 Million Pounds of Carbon** Reduced per year Reduce Greenhouse Gas (GHG) and Carbon (CO₂) emissions by 4.6 Million pounds of Carbon annually.
Source: <https://www.epa.gov/energy/greenhouse-gas-equivalency-calculator>
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By installing 1.0 MW of solar, Dakota County will have the largest solar PV system for a Minnesota County in which all renewable energy will be used to offset energy use at County owned and operated sites.
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McKinstry
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Scope Control and Choices Case Study: Sanford Center – Ground Mount Solar Array



Potential Opportunity

- Highly conducive, large, unused green space
- 40% direct pay available – domestic content “adder”

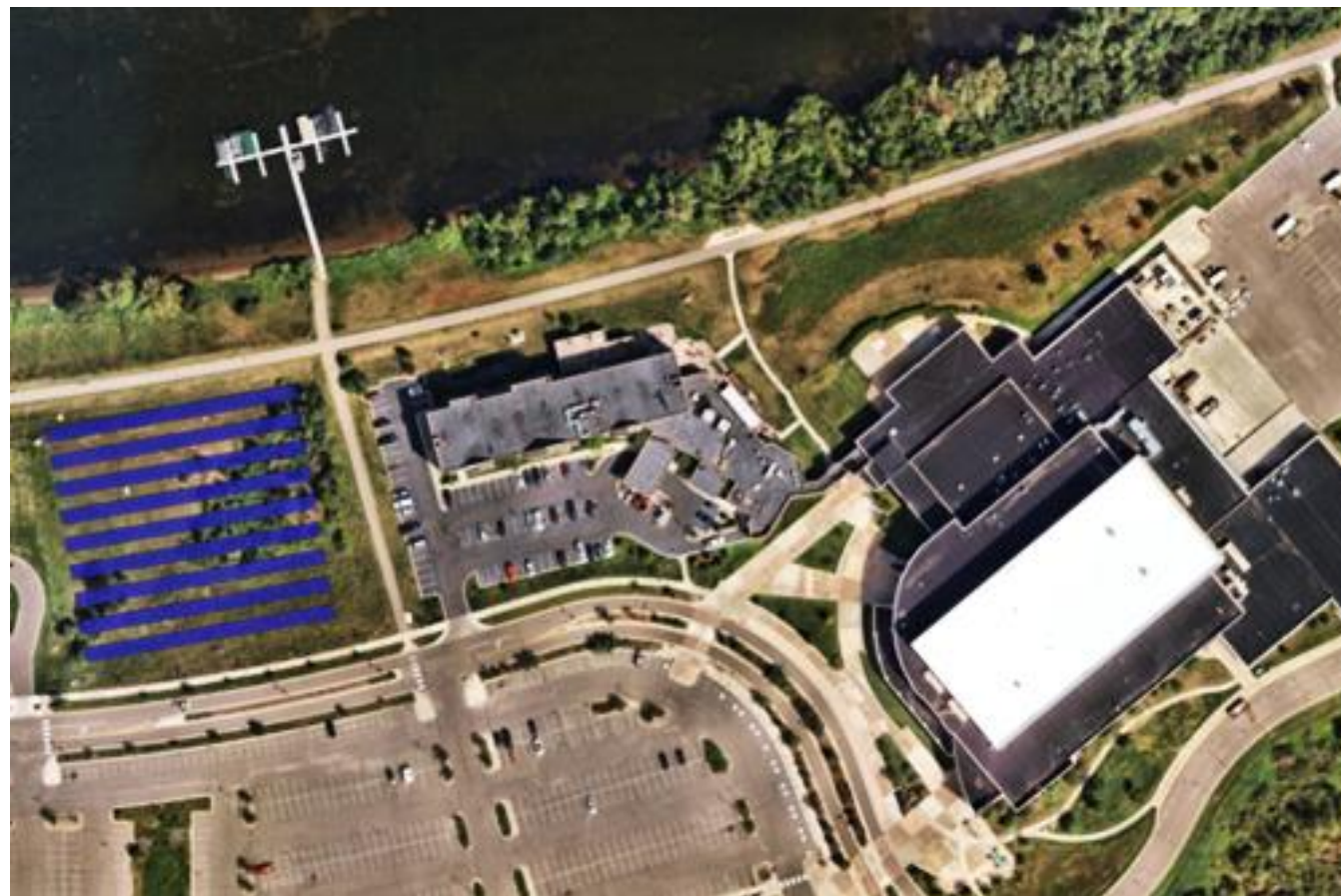
Solar PV System Size (kWdc)	701
Annual kWh Generation (kWh)	886,579
Annual Production Value	\$65,961

Benefits

- Significant operating cost reduction
- Visible renewable investment opportunity
- Improved cost and economics compared to investigated solar carport options
- **32% annual electric offset**

Projected Total ITC Direct Pay	40%
--------------------------------	-----

Lifetime Generation Value (25Y)	\$2,562,347
---------------------------------	--------------------



Self-Funding Project Achievements and Benefits Overview

- Significant energy cost reduction = 18%
- Reduce Costs at Sanford Center with Significant Solar Array
 - 32% electric cost reduction!
- Significant Financial Opportunity with Wastewater Treatment Solar
 - Capture both federal incentive and state public buildings funds
 - Lifetime savings over \$200,000
- Complete and standardize systems – generate savings
 - LED lighting and targeted controls
 - City-wide building envelope (exteriors, doors, air control)
- Significant HVAC efficiencies and improvements
 - More efficient operation - Less wasted air - Less strain on equipment from excessive run time = longer life
 - Improved occupant comfort – fewer service calls
- Eliminate pain points, safety risks, and equipment risks
- Reduce Capital Improvement needs. Reduce Sanford Center Capital asks.
- Operational and maintenance efficiencies
- Hedge against rising utility rates

\$955,053
Total Utility Spend

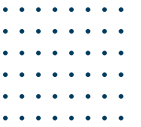
<p><i>For</i></p> <p>\$0</p> <p>City Contribution</p>	<p><i>City Completes</i></p> <p>\$3.95M</p> <p>Energy & Facility Upgrade Work</p>	<p><i>City Gains</i></p> <p>\$5.85M</p> <p>25-year Savings Benefit to City</p>
		

How does this resonate?

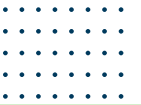
Our Team's Minnesota Experience



MN Cost Savings/ Energy Efficiency Projects



Minnesota Projects = \$360 Million



Cities:

- Moorhead = ~\$6M (Under Development)
- St. Peter = Phase 2 (Under Development)
- St. Peter = \$2.6M
- Rochester = \$6M in 3 Phases
- Apple Valley = \$3M in 2 Phases
- Virginia = \$3.5M
- Minneapolis = \$10.2M in 3 Phases
- Mankato = \$7.1M in 2 Phases
- Many more to list

Universities:

- Winona State = \$12.4M
- Mankato State = \$8.4M
- U of M – Twin Cities = \$8M

Counties:

- Dakota County = \$11.4 M
 - Phase 1 \$8.4M
 - Phase 2: \$3M (Under Construction)
- Carlton County = \$5.7M (Under construction)
- Otter Tail County = \$1.5M (Under construction)
- Blue Earth County = \$5.4M (Ribbon Cutting)
- Chisago County = (Under Development)

Other:

- National Loon Center = \$2.6M (In construction)
- Minneapolis/ St. Paul Airport = \$40 M in 2 Phases
- Guthrie Theater = \$6M



- \$2,600,000 of sustainability projects
- \$139,000 annual energy savings



City of St. Peter

Population 12,156

ENERGY EFFICIENCY PROJECT

Phase 1 (2017)

- *Self-funded from energy savings*
- Main Street LED lighting upgrades
- Wastewater Treatment Plant UV upgrades
- Twelve (12) buildings and six (6) parks
 - LED lighting upgrades
 - Controls improvements
 - Seven (7) insulation upgrades
- *Partner to advance City's "GreenStep City" status*



2026: Phase 2 Under Development





City of Apple Valley



Energy Efficiency Projects

- City population ~ 50,000
- **\$2.8M of Energy Efficiency Projects Over 2 Phases**
- Self-Funded by Cost Savings Benefits, Reduced Operating Costs, Minimized Impending Capital Improvement
- Strategic Plan for Sustainable Operations
- 19 buildings (403,000 ft² and 174 Streetlights)
- 726 Metric Tonnes of CO₂e Offset/Year
- **City Sustainability Award Winner and GreenStep Cities Advancement Step 2 -> Step 5**



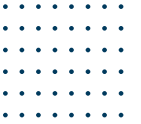
Solar Leadership + Energy Efficiency Project

Dakota County

- **\$8.4 Million Energy Project**
- 1.1MW solar - **Largest solar system for a MN County** – all solar used on-site
- **\$338,000 in annual energy savings = 25% reduction**
- Offset of \$800k of deferred maintenance \$'s
- 3 carport solar arrays + 1 ground mount solar array
- County-wide lighting and retro commissioning
- **\$1.1 Million in Direct Pay** via Investment Tax Credit
- **2 Near Net Zero sites**
- **27% Carbon Reduction**
- **MN Sustainability Award Winner - 2024**



Dakota County – Largest County Solar Project



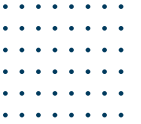
Northern Service Center
South St. Paul



Western Service Center/ Galaxie Library
Apple Valley



Dakota County – 2 Net Zero Sites



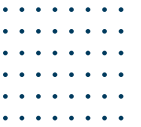
Administration Center
Hastings



Robert Trail Library
Rosemount



Dakota County – Value Driven Energy Project



\$8.37 Million Energy Project

From County Budget

\$800K

County Contribution

County Completes

\$8.37M

Energy Savings
Project Work

County Gains

\$14.9M

Benefits to the County

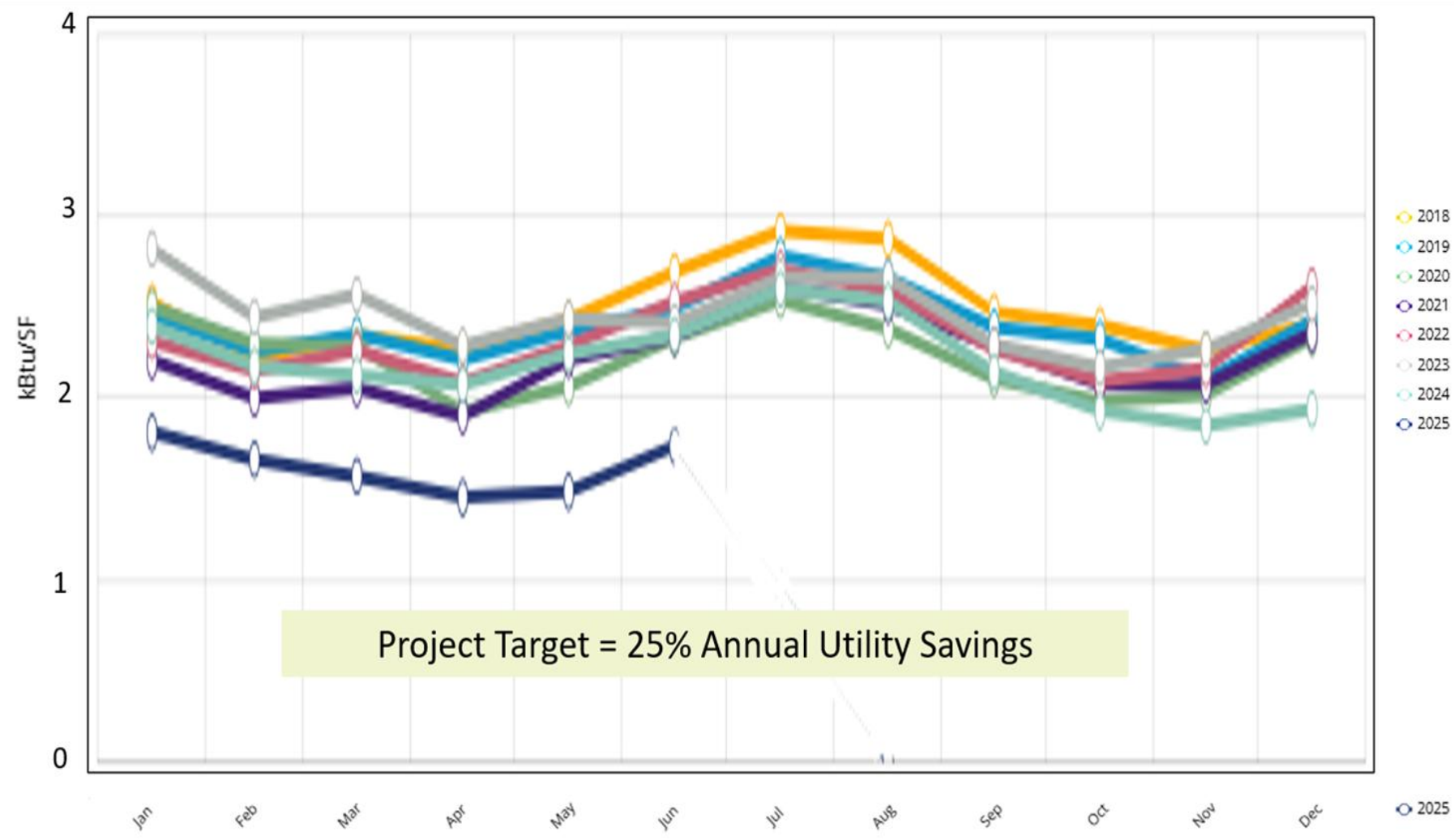
- ✓ Includes deferred maintenance and CIP items

- ✓ 1 MW solar – GM + 3 Carports
- ✓ 2 Net Zero Energy Sites
- ✓ County-Wide LED Lighting
- ✓ Equipment Retro commissioning
- ✓ Showcase Cost Savings Project

- ✓ 27% GHG Emissions Reduced
- ✓ \$334k / yr in reduced utility costs
- ✓ 25% reduction in costs (from \$1.36M annual budget)

Phase One Impact

Year over Year Electric Use – 2018 - 2025





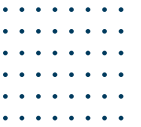
Winona State University

Energy Efficiency + Solar Project

- **\$12.4M of Sustainability Projects**
- **Self-Funded from Energy Savings**
- Energy Efficiency Upgrades and LED Lighting
- 1.4 MW Solar Carport and 6 Rooftop Systems
- MBE/WBE Involvement
- **Student Training on Energy Savings through STEM**
- **26% Sustainability Plan Achievement**
- **2021 MN Solar Association Award Winner**



WSU – Value Driven Energy Project



\$12.4 Million Energy Project



**26% Sustainability
Goal Achievement!**

**Includes \$7.5 Million in
Deferred Maintenance**

WSU - Value Driven Energy Project = Over-Achievement!

\$12.4 Million Energy Project

For

\$0

WSU Contribution



WSU Completes

\$12.4M

Energy Savings
Project Work



WSU Gains

\$26M

Savings Benefit to
Campus over 25 years



Over-Achieved
Sustainability
Goal to 28% (2%)

The Extra \$'s allowed for a 1.4 MW Solar
System = Largest on MN Campus

Over-Achieved Energy
Savings and Project Rebates
by ~\$275,000

Achieved Federal IRA Grants for the Solar
System for \$2,000,000! (not available at start of
the Project)



Otter Tail County

County-Wide Energy and Taxpayer Savings Project

- \$1.5 Million Energy and Cost Savings Project
 - **\$0 upfront Capital required from County**
 - **Self-Funding Project**
 - \$74,000 in incentives in rebates
- **20% cost reduction of electric and natural gas spending**
 - = \$82,000 in year one energy/ taxpayer savings
 - = \$2.6 Million in savings over 25 yrs
- County-Wide standardization and modernization of lighting, HVAC, controls; envelope upgrades; duct sealing; retro-commissioning
- **Over \$800,000 in Capital Plan backlog and failing equipment needs addressed**





City of Virginia

City of Virginia Energy Savings Project

- **\$3.5 Million Energy Savings Project**
- **\$108,000 in annual energy and operations savings**
- Energy conservation measures across municipal buildings, parks and public areas
- LED Street and Facility upgrades across the city and parks
- **Solar System Application – 200kw**
- HVAC Upgrades / replacements
- Construction completed within 9 months
- **21% reduction in energy consumption**
- 819 metric tonnes of CO₂/ yr
- Green benefits from carbon sequestered is roughly equal to 1,070 acres of U.S. forests preserved for one year
- **GreenStep Cities Achievement Step 1 -> Step 4**



Blue Earth County

Energy Efficiency Project

- **\$5.4 Million Energy Project**
- **\$4.33 Million in Federal Funding (80% project funding) – Congressional Directed Spending via Senators Klobuchar and Smith**
- County-wide energy efficiencies
- **1.3 Million lbs. of carbon reduced**
- **Near Net Zero** energy performance design at the New Public Works Building
- 20 EV chargers
- County-wide LED lighting upgrades
- **MN Sustainability Project of the Year - 2023**



March 2026 - New Public Works Ribbon Cutting Ceremony



Savings Over-Performance: Year 1 Savings Results (May '26)

Blue Earth County Energy Optimization Upgrades Year One Measurement & Verification Report



Executive Summary

OUTCOME SNAPSHOT

This project embodied an excellent opportunity to significantly improve facilities, save energy, and trim utility spending. McKinstry looks forward to the continued success of this project.

McKinstry expects Blue Earth County will enjoy these extrapolated savings from the installed FIMs:

- \$71,003
Utility cost avoidance/year
- \$8,222
Operations & maintenance cost avoidance/year
- 595,212 kWh
Reduction/year
- 2,348 therms
Reduction/year

Carbon dioxide emissions reductions would equal:

- 452
MCO₂/year
- 87
Cars removed from the road per year (avg car)
- 124
Acres of trees planted

By taking the necessary steps to reduce energy consumption through the implemented FIMs detailed in this report, Blue Earth County will attain the savings outlined here.

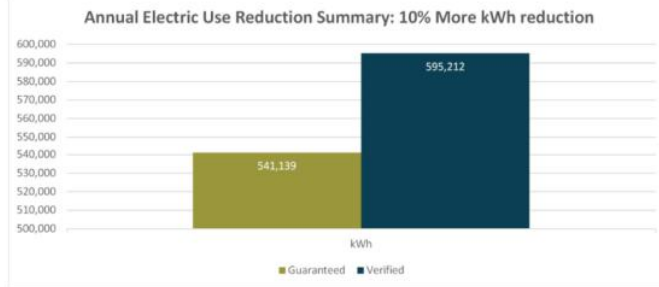


1.1 Project Background

Executive Summary

ANNUAL ENERGY USE & FINANCIAL BENEFITS

The graphs below illustrate the guaranteed savings vs. the measured and verified outcomes for the project, such as electric use, cost and secured rebates.



Verified Year One Electric Use Reduction Summary



Verified Year One Utility Avoided Cost Reduction Summary



CONFIDENTIAL & PROPRIETARY
BLUE EARTH COUNTY ENERGY OPTIMIZATION
YEAR ONE MEASUREMENT & VERIFICATION REPORT

Project Results:

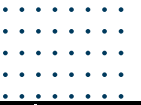
- Annual Guaranteed Energy Savings = \$65,322
 - Overachieved by **10% to \$71,003**
- Annual Anticipated Rebates \$'s = \$71,800
 - Overachieved by **20% to \$86,441**
- Federal / DOE Congressional Directed Spending (CDS) Target = 50%
 - Overachieved by achieving **80% Project Funding**
- Solar system not yet online = **Savings will be even greater in year 2!**

Stretch Opportunities:

Pair investments with guaranteed savings to stretch City dollars



Improvement Opportunities



	Facility Assessment	City Hall	Fire Hall #1	Fire Hall #2	Fire Hall #4	First City Liquor	Lakeview Liquor	Library	Nielsen Riese Arena	Public Works	Sanford Center	Tourist Information Center	Wastewater Treatment Plant	Water Plant	Softball Fields
Base Project	Solar PV	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Lighting and Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Retro commissioning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Water Conservation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Building Envelope	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Duct Sealing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Demand Control Ventillation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Low Voltage Transformers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Kitchen Hood Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stretch Project	Lighting and Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Makeup Air Unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Stretch Project Example: Stretch City Dollars

For
\$1.4M
City Contribution
+ \$1.4M



City Completes
\$6.3M
Energy & Facility
Upgrade Work
+ \$2.4M



City Gains
\$8.6M
25-year Savings
Benefit to City
+ \$2.7M

Reduce annual utility
and operational costs
by **~\$197K/yr**

City-wide Project,
Completing Great work
Energy Savings = **24%**

Opportunity for
~\$1.3M in Incentives &
Rebates

Stretch City's CIP Dollars

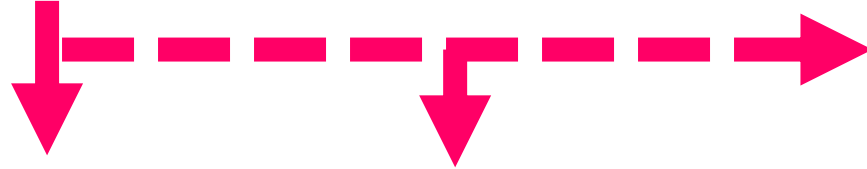
Bemidji

Next Steps

June 1, 2026



Action Plan: Bemidji's Energy Efficiency & Cost Savings Project



Preliminary Assessment

Council Approval

Directed Engineering Study

Agreement to move to Construction

Construction & Savings



Started @ No Cost

Review findings: Preliminary estimates and qualification.

~15% engineering

Approvals

Develop and approve agreement language.

~90 days

Collaboration Preliminary -> ROM -> Guaranteed

Cost applied to final agreement

~90% engineering

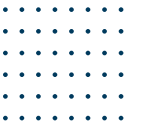
Approvals

Approve final project agreement.

~1 yr. +

Performance Measure & Verification

DES (Directed Engineering Study) Report



Deliverables:

- ✓ "Construction Ready" Project Options
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 - Specified Equipment/ Bidding
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Solar - % Electric Offset	*Admin
*Near Net Zero Site	*Rob Ga
Solar Size (kW _{oc})	
Carbon Reduction (lbs) / Green House Gas Reduction	4.5
County Wide % Reduction in Carbon (Electric and Natural Gas Usage)	
2 Near Net Zero Sites	
Largest MN County Solar	

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[Source: https://www.epa.gov/energy/greenhouse-gas-equivalency-calculator](https://www.epa.gov/energy/greenhouse-gas-equivalency-calculator)
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McKinstry
For The Life Of Your Building

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\$955,053
Total Utility Spend



How does this resonate?

