

WEIGHING THE OPTIONS

Dear Member:

I would like to thank all our members who attended the 2021 Drive-In Annual Meeting in May. Whether you were there in-person, listening on the radio, or participating online, member engagement is what makes our electric cooperative business model unique, effective, and successful.

Due to COVID-19, planning this meeting was a large undertaking. Thank you to all the MLEC staff who helped plan and participate, board members and candidates, and the Grand Casino Mille Lacs for hosting our event. Throughout this pandemic, we have adapted, learned, acted, and survived. And we were reminded that we can do difficult things when we do them together.

I have been entrusted – as your cooperative’s leader – to do more than simply help the business survive. How can we do more to benefit our members? How can we strengthen our organization to effectively serve Aitkin, Crow Wing, and Mille Lacs counties? How can we provide our employees a safe, healthy, and efficient working environment? In short, what does this business need to thrive, now and in its next 80 years?

Now is the time for bold, transformative change to position your cooperative for our communities’ next generations’ needs.

As you have read in past newsletters and local newspaper articles, our facility does not reflect the work we are currently doing nor how our cooperative is evolving. Our facility is too small to house the number of employees we have, it is ineffective to operate the technology of a modern office space, and it has limited storage for the number and types of fleet and equipment kept here today. Times have changed since MLEC was incorporated 80 years ago. Then, we were simply providing energy to light a barn. Today, we are connecting rural Minnesota to the rest of the globe.

To put a finer point on it, the electrical system is woefully inadequate for the technology required in a modern office building. We currently run extension cords throughout the building to keep office equipment up and running. The heating and cooling system is a patchwork of multiple systems and free-standing plug-in heaters. The plumbing system has multiple issues – most concerning are floor drains backing up and water pressure problems.

If renovations were to begin, we would be required to meet up-to-date building codes, including testing and installation for ADA compliance and the installation of sprinklers. Due to the era of the building, a full hazardous materials assessment would need to be completed. Wetlands to the north of the property are causing buckling of the cold storage building – literally rendering it structurally unsound according to independent engineers.

As if any of this on its own wasn’t bad enough, the Minnesota Department of Transportation came to us in 2019 to let us know it will be closing both driveways off Highway 169 in 2022, and it will be taking 20 feet of our property boundary on the south and west side. Not only will this require a major reconfiguration of our driveway and parking situation, but it will also require us to figure out how to turn semis around in the same areas that we currently have severe wetland concerns.

We engaged Widseth – a full-service architecture, engineering, and environmental firm out of Brainerd – to analyze the state of our current facility and perform a feasibility study. After that, we asked them to determine our options: Option 1 - remodel our



Sarah Cron
CEO

existing facility, Option 2 - build a new building on this existing site, Option 3 - build a new building on a new site.

After in-depth analysis, it was determined that we needed to invest over \$2 million in the existing facility – just to stay in the building! That does not include the upgrades or additions to bring the building up to code or expand it to fit our needs. Putting millions of dollars into a 1960s-era building just to bring it to square took Option 1 off the table.

That brings us to Option 2, could we build a new building on this existing site? We would need to build a new facility in phases to keep our employees in the existing building. With the layout of the existing property, MNDOT taking 20 feet of property on the south and west, and wetland concerns on the north and east, we start losing a lot of options on the existing property. This option would leave little to no room for future expansion.

That leaves us with Option 3, should we build a new building on a new site? Widseth, the engineering firm Bolton & Menk, our Board, our Management Team, many MLEC employees, and even some MLEC members that took the time to review the study or speak with me, believe that after weighing all the facts, the answer is yes.

Approximately one year ago, MLEC’s Board of Directors gave me the directive to begin looking for land for a potential Operations Facility. In an attempt to stay somewhat centrally located and with ready access to the bulk of our members, I was looking inside Aitkin County, along Highway 169. That alone really narrowed down our search for land. Because we do not provide electric service to the City of Aitkin (that is served by Aitkin Public Utilities) we needed to be located somewhere outside of Aitkin City limits. Our current facility is on 20 acres, so I knew we needed a minimum of 20 acres. And, because 51 percent of Aitkin County is jurisdictional wetland, finding an appropriate site was even more difficult. I had several realtors, private citizens, board members, and employees looking for land. MLEC made several attempts but did not secure a single piece of land.

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LET'S DISH

SEND US YOUR RECIPES!

We'll credit your account **\$10.00** if it's printed in THE OUTLET

MAIL TO:

Kassie Peterson
Mille Lacs Energy, P.O. Box 230 Aitkin,
MN 56431

OR E-MAIL:

kpeterson@mlecmn.com



Thank you to Cathy Peterson of Windom for sharing this month's recipe.

TURTLE BARS

Crust:

1 1/2 cups flour
3/4 cup brown sugar
3/4 cup butter or margarine
1 1/2 cup oatmeal
1/2 tsp salt

Layers:

6 oz. chocolate chips
1 jar caramel topping
1/2 cup pecans
1/4 cup flour

Mix crust ingredients (reserve about 1 cup) and pat down crust into a 9x13 inch pan and bake for 10 minutes. Layer on remaining ingredients, then sprinkle on reserved 1 cup crust as a topping. Bake 20 minutes at 375 degrees. Enjoy!

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As you all know, MLEC serves many cities in three counties. On a map, if you look at the swath of lakes along the northwest end of Lake Mille Lacs, that is where 65 percent of MLEC's members are located. In September of 2020, during the pandemic, I found a house and 40 acres of high ground on Highway 169, just south of The Joint. The opportunity was too good to pass up, so MLEC purchased the property.

The purchase was for \$450,000, and we recently were able to sell the house and 7 acres for \$400,000. According to our realtor, the buyers are extremely happy with their purchase and are excited to have MLEC as a potential neighbor.

The land is zoned agricultural, and it was once farmland. Contingent on the original purchase, we did get a conditional use permit from Aitkin County to build an Operations Facility on the property. Right before the Annual Meeting, we got approval from MNDOT to put a turn lane and driveway into the property off Highway 169.

Right now, interest rates are at 2 percent. If we can borrow money in the 2 to 3 percent range, versus 4 to 5 percent range,

that can be the difference between MLEC building a multimillion-dollar facility with a minimal to no rate increase – or – wait for 5 to 10 years when the decision to build a new building is forced upon us and a major rate increase will undoubtedly be required.

With lots happening behind the scenes, we still have not contacted an architect or contractor. We do not know for certain how much a building is going to cost. We needed to jump through some major hoops before we could even think about those things. Things must happen in a logical order to make the best use of the cooperative's resources.

If for any reason we decide not to move forward with the project, we can sell the land with road access, and it will still have been a good investment for MLEC and our membership.

Until next month,

CALL BEFORE YOU DIG



Underground power lines are just as dangerous as overhead power lines. Avoid serious injury and property damage by calling 811 before you dig to have underground facilities marked. Call Gopher State One Call or 811 at least two business days prior to a dig. Dial 811 or 1-800-252-1166 during business hours (6:00 a.m. to 6:00 p.m. April 1st - October 31st). This service is free for homeowners. Minnesota state law requires you call. If you damage a line, you will be financially responsible for repairs.

5 STEPS FOR SAFE DIGGING

Working on an outdoor project? Always call 8-1-1 first, because you never know what's below. Here are five easy steps for safe digging:

Source: call811.com

1. NOTIFY

Call 8-1-1 or make a request online two to three days before you start.



2. WAIT

Wait two to three days for a response to your request. Affected utilities will send a locator to mark any underground utility lines.



3. CONFIRM

Confirm that all affected utilities have responded by comparing the markers to the list of utilities the 8-1-1 call center notified.



4. RESPECT

Respect the markers provided by the affected utilities. They are your guide for the duration of your project.



5. DIG CAREFULLY

If you can't avoid digging near the markers (within 18-24 inches on all sides, depending on state laws), consider moving your project.

