



STEARNS ELECTRIC ASSOCIATION NEW OPERATIONS AND HEADQUARTERS FREQUENTLY ASKED QUESTIONS GUIDE

August 2025

1. WHY DID STEARNS ELECTRIC NEED A NEW HEADQUARTERS FACILITY?

Stearns Electric's new operations center and headquarters, located at 700 Kraft Dr. SE in Melrose, replaced its 55-year-old headquarters in Melrose. The new facility provides the space necessary to support the Cooperative's growing operations efficiently and effectively.

Stearns Electric outgrew its former building, shed and pole yard (located at 900 Kraft Dr. SE) in virtually every way. Cramped facilities and storage areas impacted the efficiency and cost-effectiveness of service. In particular, the garage, shop and mechanic areas needed more space and updated equipment to accommodate the size and demands of today's fleet vehicles and provide appropriate space for employees to work safely and efficiently. There was no aspect of operations, administration and member service that wasn't impacted by the former building's inadequate size, age and antiquated design.

Critical features at the new facility (700 Kraft Dr. SE) include a larger garage, an enhanced mechanic shop, meeting areas and storage spaces for important material and equipment like poles, wires, transformers and meters. Office departments and workspaces were designed to make workflow more productive and efficient.

The new facility is located on property Stearns Electric already owned, directly to the west of the former building.

Stearns Electric has been deeply committed to serving our community for the last 88 years. The new operations center represents an important investment in our long-term ability to continue high-quality service.

2. HOW MUCH DID THE NEW HEADQUARTERS PROJECT COST?

The Cooperative's Board of Directors approved the construction of the new facility with a budget of \$21.5 million. Though a few items remain to be completed, we are on pace to come in below budget.

3. WILL MY ELECTRIC RATES INCREASE BECAUSE OF THE NEW FACILITY?

We realize the cost of electricity is important to our members and it is our mission to provide competitively priced and reliable power. The majority of the cost to finance the new operations center and headquarters was factored into the 2023 rate adjustment, which was implemented in May 2023.

Future rate increases will be impacted by industry factors like wholesale power generation, rising costs of equipment, materials and services, planned transmission projects and operating expenses into the future.

4. DID STEARNS ELECTRIC CONSIDER RENOVATING THE CURRENT FACILITY INSTEAD OF BUILDING A NEW ONE?

The Board explored a large addition and a redesign of the current facility to accommodate the proper warehouse and fleet area needed to house our large vehicles and equipment. The cost to complete such an addition was very expensive and only provided a band-aid fix to our long-term needs. Being landlocked on the east side where our mechanic shop, fleet area and warehouse are located, but also where the utilities are connected into the building, drove renovation costs to a level where constructing new simply made the most sense.

After careful consideration of costs, location and operational needs, the Stearns Electric Board decided that new construction was the best option to support our mission of providing safe and reliable electricity to our members.

5. WHY NOT CONSOLIDATE ALL OPERATIONS INTO ONE FACILITY?

Stearns Electric has had two office facilities since 1989 - in Melrose and St. Joseph. The Melrose office is the geographic center of our service territory, which serves parts of six different counties, while the St. Joseph office is closer to growing areas near St. Cloud and Sartell.

6. WHAT WILL HAPPEN TO THE OLD BUILDING (900 KRAFT DR. SE)?

The Stearns Electric Board of Directors, along with Cooperative leadership, explored all options and determined leasing the current facility at 900 Kraft Drive SE was the best use of the former headquarters. Cooperative staff alongside the Board Facility Committee interviewed several commercial realty groups. They selected commercial realtor SVN/GC Real Estate to promote and market the 900 Kraft Dr. SE building.

More information regarding the lease will be posted to the facility webpage when it becomes available.

7. WHAT WAS THE TIME FRAME FOR COMPLETING THIS PROJECT?

The Cooperative's Board of Directors began vetting facility options in 2019 as part of the Cooperative's 2019-2021 Strategic Plan.

In 2021, Board members approved a partnership with GLTArchitects on a building pre-design process and in February 2024, Board members approved the location of the new operations center and headquarters.

Stearns Electric and its members broke ground on the new facility on May 6, 2024, and the building was opened to the public on August 19, 2025.

Visit the facility webpage for a full timeline.

8. WHY DID THE CO-OP BUILD WHEN INTEREST RATES AND COSTS WERE SO HIGH?

Interest rates were only one of many expenses that impacted the overall cost to construct the operations center and headquarters. If we would have waited a year to build the new operations center and headquarters, the cost would most likely have been significantly higher. Industry experts have explained, based on recent construction estimates, that waiting another year would have cost Stearns Electric an additional \$5-10 million.

9. HOW WILL STEARNS ELECTRIC PAY FOR THE NEW BUILDING?

Stearns Electric is financing the project over a 30-year term. The majority of the cost to finance the project were factored into the 2023 rate adjustment, which was implemented in May 2023.

10. WHAT ENERGY EFFICIENCIES ARE INCORPORATED INTO THE NEW FACILITY?

Stearns Electric and the design team participated in an Energy Design Assistance process through Bright Energy Solutions. Compared to the construction industry's energy conservation standard, it's projected that the efficiency features that were added into the building's design will save 8,000 therms of gas and 45,000 kWhs of electric energy use each year.

Some building and site features include:

- Precast concrete walls and enhanced roof insulation, which provide R values exceeding code requirements.
- Triple pane windows with medium solar gain, which allow a moderate amount of the sun's heat to enter the building. This is beneficial for passive solar heating in winter, but not enough to cause overheating during the summer.
- Reduced lighting power LEDs throughout the building, with dimming daylight and occupancy sensor controls.
- An HVAC system comprised of rooftop units and in floor radiant heating, with hot water from high efficiency gas boilers.
- Infrastructure to accommodate future electric vehicle charging stations.
- Site stormwater infiltration basins, which can hold a combined 95,457 cubic feet of stormwater runoff which is infiltrated back into the aquifer.

Building systems were commissioned, which is a quality assurance process for HVAC, electrical and plumbing to ensure systems are installed, tested and operating as intended and designed.

11. WERE LOCAL CONTRACTORS USED FOR THE PROJECT?

Yes, from a construction cost standpoint approximately 90% of the contractors used on this project were local, which we have defined as located between St. Cloud and Alexandria.

12. IN WHAT WAYS DID STEARNS ELECTRIC EMPLOYEES HELP SHAPE THE PROJECT?

Our employees played a key role in developing the new headquarters and operations center. We extensively surveyed our employees for ways to be efficient with space and help them be more effective at their jobs. Their guidance and support directly informed the design of several aspects of the new building and gives us even more confidence that this investment will help us better serve our members.

13. DID STEARNS ELECTRIC CONSIDER BUILDING JUST A FLEET FACILITY?

As the Cooperative explored various options, it was determined a new headquarters and operations center would produce the best long-term value. Using two facilities to support operations positions the Cooperative for improved outage response times and strategic disaster recovery plans, among other benefits.

14. WHAT WILL HAPPEN TO THE STEARNS ELECTRIC BRANCH IN ST. JOSEPH?

The Stearns Electric branch office in St. Joseph was unaffected by this project. The St. Joseph branch office, where one-third of Cooperative employees start their workday, will maintain its critical role in our ability to support our more than 29,000 member-consumers effectively.

15. WILL STEARNS ELECTRIC CONSIDER INVESTING IN THE ST. JOSEPH OFFICE?

There are no plans to make any major capital investments in the St. Joseph office, which was built less than 15 years ago. The Cooperative will continue to properly maintain the facility and make improvements that support our employees and operations, when appropriate.

16. WHERE CAN I FIND MORE INFORMATION OR ASK OTHER QUESTIONS?

Our website includes a dedicated webpage about the project.

If you have questions or wish to speak directly to a Cooperative representative, call our offices during regular business hours at (800) 962-0655.



TO LEARN MORE:

Please contact our office during regular business hours.

(800) 962-0655 | [STEARNELECTRIC.ORG/MELROSE-FACILITY](https://stearnelectric.org/melrose-facility)