

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MARCH 4, 2019

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Approval of Minutes**
3. **Communications**
 - 3a) Shakopee School District AED Program – Thank You
4. **Approve the Agenda**
5. **Approval of Consent Business**
6. **Bills: Approve Warrant List**
7. **Liaison Report**
8. **Reports: Water Items**
 - 8a) Water System Operations Report – Verbal
 - C=> 8b) Water Production Dashboard
 - 8c) Resn. #1239 – Setting the Amount of the Trunk Water Charge, Approving Of Its Collection and Authorizing Water Service to Certain Property Described As: Ridge Creek Third Addition
 - 8d) Resn. # 1240 – Approving Payment for the Pipe Oversizing Costs on the Watermain Project: Countryside Second Addition
9. **Reports: Electric Items**
 - 9a) Electric System Operations Report – Verbal
 - 9b) MMPA Board Meeting Public Summary for February 2019
10. **Reports: Human Resources**
11. **Reports: General**
 - 11a) Joint Meeting with the City Council
 - a. Meeting Date
 - b. City Council Agenda Items – SPU Response
 - c. SPU Agenda Items
 - 11b) 2018 Commission Goals and Objectives – Review/Update
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**

- Joint Meeting	--	March 12
- Regular Meeting	--	March 18
- Mid Month Meeting	--	April 1
- Regular Meeting	--	April 15
14. **Adjourn** to 3/12/19 at the Shakopee City Hall

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Regular Meeting)

President Weyer called the regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M., February 19, 2019.

MEMBERS PRESENT: Commissioners Amundson, Meyer, Clay and Weyer. Also present, Liaison Lehman, Utilities Manager Crooks, Finance Director Schmid, Planning & Engineering Director Adams, Electric Superintendent Drent, Water Superintendent Schemel and Marketing/Customer Relations Director Walsh. Commissioner Joos was absent as previously advised.

Motion by Amundson, seconded by Clay to approve the minutes of the February 4, 2019 Commission meeting. Motion carried.

Under Communications, a thank you letter was received recognizing SPU for their donation to the Shakopee School District AED Program. An AED unit was installed at Shakopee East Jr. High School.

President Weyer offered the agenda for approval.

Motion by Meyer, seconded by Amundson to approve the agenda as presented. Motion carried.

There were no Consent Items.

The warrant listing for bills paid February 19, 2019 was presented.

Motion by Amundson, seconded by Clay to approve the warrant listing dated February 19, 2019 as presented. Motion carried.

Liaison Lehman stated there was no Liaison report.

Water Superintendent Schemel provided a report of current water operations. Interior work continues with all the Pump Houses in preparation of warmer weather. A potential leak is being investigated on Valley View Road in the vicinity of Water Tower #4.

SPU Consultant John Karwacki, with Sambatek, presented the bid results for the construction of the Windermere Booster Station. There were four competitive bids for the project. Mr. Karwacki recommended accepting the low bid from Rice Lake Construction, with the October 1 substantial completion date, in the amount of \$2,343,200.

Motion by Clay, seconded by Amundson to award the Windermere Booster Station construction project to Rice lake Construction for the amount, including the October 1 substantial completion date, of \$2,343,200. Motion carried.

Planning and Engineering Director Adams provided information regarding an easement agreement needed for the Conditional Use Permit with the City of Shakopee for the Windermere Booster Station property.

Motion by Amundson, seconded by Meyer to approve and authorize the execution of the easement agreement to grant the City of Shakopee easements around the perimeter of the Windermere Booster Station site. Motion carried.

Electric Superintendent Drent provided a report of current electric operations. One electric outage was reported within the past two weeks, as an arrestor failed. Construction projects were updated.

Mr. Drent discussed the upcoming Power Pole Wrap Project. As SPU continues its battles with animal caused outages, the crews will be installing a plastic barrier on power poles in an attempt to discourage squirrels from causing outages. Updates will be provided during the year.

Motion by Amundson, seconded by Clay to offer Resolution #1238. A Resolution Regulating Wage and Contract Terms. Ayes: Amundson, Clay, Meyer and Weyer. Nay: None. Motion carried. Resolution passed.

Mr. Schemel reviewed minor revisions proposed for the Water Meter Technician Job Description.

Motion by Meyer, seconded by Clay to approve the revisions to the Water Meter Technician Job Description. Motion carried.

The preliminary December 2018 Financials were presented by Finance Director Schmid. Budget versus Actual and Year over Year information was reviewed.

Utilities Manager Crooks reported on the City Council SPU Commissioner re-appointment decision. President Weyer was not reappointed. The City Council appointed past Commission Liaison Kathi Hofer-Mocol to take his seat beginning April 1, 2019.

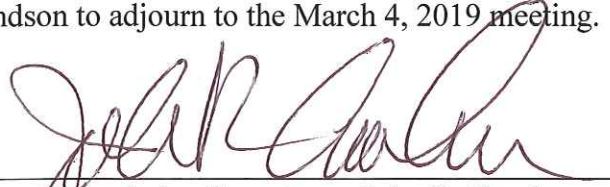
A Joint Meeting between the SPU Commission and the Shakopee City Council is being planned. A proposed meeting date of March 12 was discussed. The Commission formally requested the meeting date be rescheduled for the last week of March as Finance Director Schmid will not be available until that week.

Mr. Crooks reviewed the proposed agenda items from the City Council and provided initial background information on each item. The Commission, by consensus, accepted the City Council agenda items.

Tentative Commission agenda items were discussed. Commission direction was to have the Commission approved agenda items finalized at the March 4 meeting.

The tentative commission meeting dates of March 4 and March 18 were noted.

Motion by Meyer, seconded by Amundson to adjourn to the March 4, 2019 meeting. Motion carried.



Commission Secretary: John R. Crooks



HELLO JOHN, SHARON AND
SHAKOPEE PUBLIC UTILITIES
COMMISSION,

3a

THANK YOU VERY MUCH FOR YOUR
CONTRIBUTION TO OUR A-E-D. PROJECT!
YOU ARE HELPING MAKE OUR SCHOOLS
SAFER FOR OUR ENTIRE COMMUNITY!

TAKE CARE,

Dave Orlowsky

Temporary Assistant Superintendent Dave Orlowsky

Desk 952-697-8702 | Cell 763-913-2238

dorlowsky@shakopee.k12.mn.us

Superintendent's Office 952-496-5006

1200 Town Square | Shakopee, MN 55379

Monthly Water Dashboard

As of: December 2018

Shakopee Public Utilities Commission

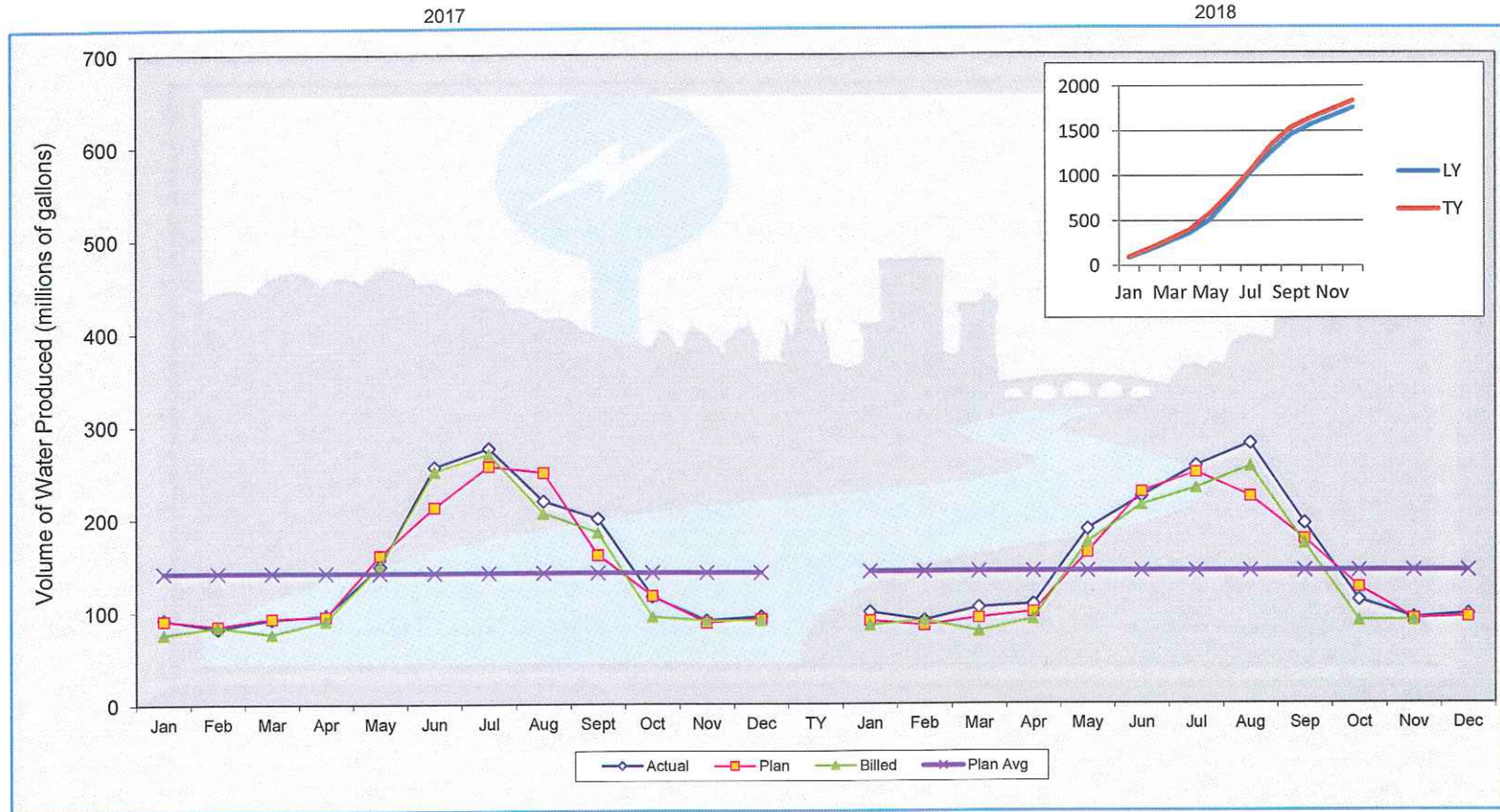
8b

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure Water Pumped/Metered

Averages	
2015	138
2016	145
2017	147

Last 6 months actuals	256	280	194	111	92	96
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	LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		92	82	92	96	149	256	276	219	200	116	90	94		99	90	104	107	188	223	256	280	194	111	92	96
Actual																										
Plan																										
YTD % *															110%	108%	109%	109%	111%	107%	106%	110%	110%	108%	107%	107%
Billed															85	90	78	91	174	214	232	255	172	89	89	

* Actual gallons pumped vs. Plan

RESOLUTION #1239

A RESOLUTION SETTING THE AMOUNT
OF THE TRUNK WATER CHARGE, APPROVING OF ITS COLLECTION
AND AUTHORIZING WATER SERVICE TO CERTAIN PROPERTY
DESCRIBED AS:

RIDGE CREEK THIRD ADDITION

WHEREAS, a request has been received for City water service to be made available to certain property, and

WHEREAS, the collection of the Trunk Water Charge is one of the standard requirements before City water service is newly made available to an area, and

WHEREAS, the standard rate to be applied for the Trunk Water Charge has been set by separate Resolution,

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$37,432.91 based on 8.41 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

Lots 1-20, Block 1; Lots 1-10, Block 2; Lot 1, Block 3; RIDGE CREEK THIRD ADDITION,
Scott County, Minnesota

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 4th day of March, 2019.

Commission President: Aaron Weyer

ATTEST:

Commission Secretary: John R. Crooks

RESOLUTION #1240

A RESOLUTION APPROVING PAYMENT FOR THE PIPE OVERSIZING COSTS ON THE WATERMAIN PROJECT:

COUNTRYSIDE SECOND ADDITION

WHEREAS, the Shakopee Public Utilities Commission had previously approved of an estimated amount of \$23,448.50 with Resolution #1197 for oversizing on the above described watermain project, and

WHEREAS, the pipe sizes required for that project have been installed as shown on the engineering drawing by Campion Engineering Services, Inc., and

WHEREAS, a part, or all, of the project contains pipe sizes larger than would be required under the current Standard Watermain Design Criteria as adopted by the Shakopee Public Utilities Commission, and

WHEREAS, the policy of the Shakopee Public Utilities Commission calls for the payment of these costs to install oversize pipe above the standard size.

NOW THEREFORE, BE IT RESOLVED, that the payment by the Shakopee Public Utilities Commission for the oversizing on this project is approved in the amount of \$60,261.81, and

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 4th day of March, 2019.


Commission President: Aaron Weyer

ATTEST:

Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

9b

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: MMPA BOARD MEETING PUBLIC SUMMARY
FEBRUARY 2019
DATE: FEBRUARY 27, 2019

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on February 19, 2019 at the offices of Shakopee Public Utilities.


The Board discussed the status of the renewable projects the Agency is pursuing.

An overview of the North American Electric Reliability Corporation's electric reliability standards was presented.

The Board approved Hometown Solar grant awards to Tatanka Elementary STEM School in Buffalo and the City of Elk River.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER
SUBJECT: CITY COUNCIL / SPU JOINT MEETING
DATE: FEBRUARY 15, 2019 - UPDATED FEBRUARY 28, 2019



There is a request from the City Council for a joint meeting between our governing boards.

This request is based on recent issues that have arisen between the City of Shakopee and Shakopee Public Utilities, of which you are aware of. Based on the City's proposed agenda items/requests, the thrust of the meeting will be centered upon SPU's rates and charges.

1. The Shakopee Public Utilities Commission formally requested that the Utilities Manager be allowed to present the "Public Policy Committee" presentation that was given to the Chamber of Commerce on December 11, 2018. The Commission felt having this presentation given to the City Council prior to a separate joint meeting would be beneficial and allow the two Boards to concentrate on other issues besides SPU rates and charges.

This request was denied in "they believe that a single joint meeting is the appropriate way to deal with the issue for reasons of transparency, having the issues discussed with the policy makers available for discussion, and the ability for the public to understand the issues".

The Council has proposed a single joint meeting be held March 12th.

A formal request was sent to the City Administrator to reschedule the meeting to March 26, or any day in the last week of March, due to the absence of the SPU Finance Director.

The request was denied and the email response to the request is attached for your information. The meeting date will be March 12, 2019.

2. The City Council, through the City Administrator has requested that their agenda items include the following:
 - Provide the presentation that was given to the Chamber of Commerce Public Policy Committee.
 - Provide the status of our current rate formula for both WCC and TWC to include any changes to the formula that you foresee.
 - Provide a comparison of the SPU WCC/TWC rates for our neighboring and comparable cities (please include those funds that operate as your WCC/TWC which may be named differently as well).
 - Provide the SPU projected plans for the water infrastructure with an identification of the funding streams.
 - Provide an outline of the water rates currently charged and any past recommendations from consultants regarding appropriate rate structures that were not followed and why.
 - The effect of the Woodbury decision on your funding decisions in the future.

Staff has prepared the tentative responses to each of the City Council's six requests. Additional input is requested from the Commission and will be added before being provided to the City Council.

3. The Commission has the opportunity to add any items to the agenda for which you would like discussed with the City Council. Items that would be added by the SPU Commission will be formally submitted to the City Administrator for inclusion in the joint agenda.

RECOMMENDATION –

Develop addition agenda items for inclusion in the joint meeting agenda, with those items being submitted to the City Administrator/City Council.

Crooks, John

From: Bill Reynolds <BReynolds@ShakopeeMN.gov>
Sent: Friday, February 22, 2019 2:19 PM
To: Crooks, John
Cc: William.Mars; William Mars; aweyer428@hotmail.com
Subject: RE: Joint Meeting

John,

After discussion with them members of the City Council, we believe that the meeting between the policy bodies should not be held up due to a single employee's absence. If that was the standard, we might not meet for months.

We are interested in policy decisions and plans – not anything that should be impacted by the finance director's absence.

Please provide your agenda items.



William H. Reynolds
City Administrator, City of Shakopee
952-233-9311
www.ShakopeeMN.gov

From: Crooks, John <jcrooks@shakopeeutilities.com>
Sent: Wednesday, February 20, 2019 1:05 PM
To: Bill Reynolds <BReynolds@ShakopeeMN.gov>
Cc: William.Mars <William.Mars@target.com>; William Mars <WMars@ShakopeeMN.gov>; aweyer428@hotmail.com
Subject: RE: Joint Meeting

Good Afternoon Bill,

The SPU Commission is formally requesting to move the joint meeting date to March 26 from March 12. The Commission feels it is important that the SPU Finance Director be in attendance, as many of the Council agenda items are centered upon financial issues. The Finance Director be will out of the office the first three weeks of March. Any dates would work if they are during the week of March 25, therefore the request to hold the meeting March 26. Please let me know if you have any questions and if the Council will reschedule to March 26

From: Bill Reynolds <BReynolds@ShakopeeMN.gov>
Sent: Wednesday, February 13, 2019 12:32 PM
To: Crooks, John <jcrooks@shakopeeutilities.com>
Cc: William.Mars <William.Mars@target.com>; William Mars <WMars@ShakopeeMN.gov>; aweyer428@hotmail.com
Subject: RE: Joint Meeting

John,

The City Council is looking forward to our joint meeting on the 12th of March that will cover the below topics and anything your organization would like to present.

They believe that a single joint meeting is the appropriate way to deal with the issue for reasons of transparency, having the issues discussed with the policy makers available for discussion, and the ability for the public to understand the issues.

Please advise as to your agenda items as well as the answer to my question regarding the submission of the SPUC portion of the Shakopee 2040 Comp Plan noted below.



William H. Reynolds
City Administrator, City of Shakopee
952-233-9311
www.ShakopeeMN.gov

From: Bill Reynolds
Sent: Friday, February 08, 2019 3:13 PM
To: 'Crooks, John' <jcrooks@shakopeeutilities.com>
Subject: Joint Meeting

John,

My staff has been reviewing the documents you have sent over for the last few weeks. At this point we believe it would be helpful for you to give your presentation that was presented to the Chamber and we would also like these three topics covered at a joint meeting between the city and SPUC:

- The status of your current rate formula for both WCC and WTC to include any changes to the formula that you foresee
- A comparison of the SPUC WCC /WTC rates for our neighboring and comparable cities (please include those funds that operate as your WCC/WTC which may be named differently as well)
- Your projected plans for the city's water infrastructure with an identification of funding stream
- An outline of the water rates currently charged and any past recommendations from consultants regarding appropriate rate structures that were not followed and why
- The effect of the Woodbury decision on your funding decisions in the future


The tentative date for the meeting would be March 12th.

On another matter, I have been told that we did not have the opportunity to review the SPUC submission to the City of Shakopee's 2040 Comprehensive Plan prior to your organization's direct submission of it to the Met Council. I really hope that is not correct. Please advise.



William H. Reynolds
City Administrator, City of Shakopee
952-233-9311
www.ShakopeeMN.gov

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
**SUBJECT: PRESENTATION MADE TO THE SHAKOPEE CHAMBER OF
COMMERCE PUBLIC POLICY COMMITTEE 12-11-18**
DATE: FEBRUARY 28, 2019

City Council Request #1 – “Provide the presentation that was given to the Chamber of Commerce Public Policy Committee”.

At the Chamber’s request on December 3, 2018, SPU Staff made a presentation to the Public Policy Committee in regards to questions raised concerning the SPU Water Connection and Trunk Water Charges. The presentation was made on December 11, 2018. Attached to this memo is the information provided to the Committee. There were also many questions answered by SPU Staff and after the presentation we were thanked for providing information that the Committee was not aware of. SPU Staff has since received no further questions or comments regarding the presentation from members of the Public Policy Committee or the Executive Director of the Chamber of Commerce.

SPU Staff provided the same presentation to the Commission at their meeting on January 7, 2019, the first Commission meeting since the Committee presentation in December. The SPU Commission felt strongly that this information be shared with the City Council in providing the same informative presentation.

The SPU Commission made a formal request on January 7, 2019 to have the Utilities Manager make this presentation at a separate City Council meeting before a Joint Meeting be scheduled, to provide information that could answer many of the questions the City has in regards to SPU Water Connection and Trunk Water Charges. The Commission felt this would facilitate a more efficient Joint Meeting.

This request was denied in an email from the City Administrator dated February 13, 2019 with the response stating “They believe that a single joint meeting is the appropriate way to deal with the issue for reasons of transparency, having the issues discussed with the policy makers available for discussion, and the ability for the public to understand the issues”.

Recommendation-

SPU Staff is requesting the presentation given to the Chamber of Commerce Public Policy Committee on December 11, 2018 and the Shakopee Public Utilities on January 7, 2019 be provided to the City Council at the March 13, 2019 Joint Meeting.

Agenda

Public Policy Committee of the Shakopee Chamber of Commerce

3 pm, Tuesday, December 11, 2018

Resonate Community Church Office, 327 Marschall Road, Suite 365, Shakopee

Committee Projects (2018 Priorities are Bolded)

1. **Cost of Starting a Business in Shakopee Comparison**
 - a. SPU Commission John Crooks
 - b. Study Presentation Wayde Johnson & Bruce Loney
 - c. Brochure? Michael Klemm
 - d. Additional Development & Redevelopment Conditions
 - e. Conversations with developers about the obstacles they face:
 - i. Bruce: D. R. Horton
 - ii. Rob: Scott O'Brien
 - iii. Wayde: Gonzalo Medina and his consultant Paul Tucci
2. Candidate Forums Revised Policy Statement Becky Ribbich
3. **TIFF**
4. **R4 Housing Plan**

Reports

City Council Meetings

Planning Commission Meetings

Grown MN Visits

City Council (7 pm)		Planning Commission (7 pm)	
Date	Committee Member	Date	Committee Member
December 18		January 3	
January 2		February 7	
January 15			
February 5			
February 19			

Funding Mechanisms

1. **Operations Fund** – rate based with fixed charge

Rates – Residential – up to 5000 gallons 2.49/1000gallons

Over 5000 gallons 2.98

Commercial – 2.28

Industrial – 1.98

23.77% of water sales revenue is contributed to the City of Shakopee - \$1.1 Million in 2018

2. **Reconstruction Fund** – rate based

Rate – all customers - .25/1000 gallons

With the decrease of the reconstruction fee and with no raising of water rates our customers will see the following in 2019 – Residential and Commercial rates down 6.6% Industrial rates down 7.5%

THE FOLLOWING FUNDS ARE ESTABLISHED TO PROVIDE THE SPU COMMISSION DEFINITION OF LEVEL "A" SERVICE TO THE COMMUNITY – A ROBUST, REDUNDANT, LOOPED SUPPLY AND A DISTRIBUTION SYSTEM CAPABLE OF SUPPLYING WATER SAFE FOR HUMAN CONSUMPTION AT ADEQUATE PRESSURE FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL APPLICATIONS AND FOR FIRE PROTECTION USES

3. **Trunk Water Fund** – fee based

Definition – this fund finances trunk watermain oversizing agreements and fully financed SPU projects.....

Policy – (1979) if it is found to be in the best interest of the water system that larger size mains than standard be installed for the overall benefit of the water system, that the Commission may elect to pay for the difference in the cost of materials necessary to provide for the larger mains

Calculation methodology

Collection Process

Financials and History

4. Water Connection Fund – fee based

What it is not.....

Definition – This fund finances wells, pump houses, storage tanks, booster stations, water storage tanks and water transmission line projects

Policy – (1983) that the Water Connection Charge shall be applied to all water connections made to, or newly drawing water from the Shakopee water system; and that the Water Connection Charge shall also be applied to all instances where increased water usage is indicated by an increase in SAC units or by other means, ie. metered water usage

Calculation Methodology

Collection Process

Financials and History

5. WCC/TWC Comparatives

Water Capacity Charge Fees

Fees	Water Capacity		Plus Cents Per Sq. Ft.	By Res.
Effective	Charge Fees		for	No.
Date	(per equivalent SAC unit)	Percentage	Industrial Use Only	
1/1/2010	\$3,895.00		9.2	953
1/1/2011	\$4,136.00	6.2%	9.8	977
1/1/2012	\$4,322.00	4.5%	10.2	1005
1/1/2013	\$4,504.00	4.2%	10.6	1027
1/1/2014	\$4,743.00	5.3%	11.2	1058
1/1/2015	\$4,927.00	3.9%	11.6	1080
1/1/2016	\$5,134.00	4.2%	12.1	1106
1/1/2017	\$5,416.00	5.5%	12.8	1144
1/1/2018	\$5,730.00	5.8%	13.5	1178
1/1/2019	\$6,039.00	5.4%	14.2	1218


Trunk Water Charge Fees

Fees	Trunk Water		By
Effective	Charge		Resolution
Date	Fees	Percentage	No.
1/1/2010	\$2,210.00		952
1/1/2011	\$2,347.00	6.2%	976
1/1/2012	\$2,452.00	4.5%	1006
1/1/2013	\$2,555.00	4.2%	1028
1/1/2014	\$2,690.00	4.3%	1059
1/1/2015	\$2,794.00	3.9%	1081
1/1/2016	\$2,911.00	4.2%	1107
1/1/2017	\$3,071.00	5.5%	1145
1/1/2018	\$3,749.00	5.8% + \$500	1179
1/1/2019	\$4,451.00	5.4% + \$500	1219

CITY	UNIT	WATER			TRUNK	
Chanhassen	2018 SAC	Water Hook Up Fee	2233/unit		Water Lateral Charge	9186/unit
		WAC	5210/unit			
Prior Lake	2018 SAC	WCC	9000		Water Aceage Charge	7217/acre
		WCC	1136/unit			
		Water Tower Charge	1452/unit			
Chaska	2018 SAC	WCC	4230/unit		Water Area Fee	2523/acre
Savage	2018 SAC	WCC	2984.49		Trunk Fee	4447.43/acre
		Tank, Source Supply	2012.19/acre			
BellePlaine	2018 City Code	WCF	4040/unit			
Jordan	2018 City Code	WCC	3206.93/unit			
		WAC	Res. 1664.3/unit			
			Non-Res. 3699.94/unit			
Eden Prairie	2019 REC/SAC	system access charge	Res. 3100/unit			
			Non-Res. 4030/unit			
		WCC	2897/acre			
		WCC*	7368/acre			
SPU	2019 SAC	WCC	6039/unit		TWC	4451/acre

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION

FROM: JOHN R. CROOKS, UTILITIES MANAGER 

**SUBJECT: WATER CONNECTION AND TRUNK WATER CHARGES
DETERMINATION OF RATES AND INCREASES**

DATE: MARCH 1, 2019

City Council Request #2 – “Provide the status of our current rate formula for both WCC and TWC to include any changes to the formula that you foresee”.

Included with this memo is the calculation methodology used in both the WCC and the TWC, as provided by Planning and Engineering Director Joe Adams.


Also attached is the minutes from the November 5, 2007 Commission meeting approving the additional 2% be added to the annual ENR CCI. It should be noted that the Commission discussed the financing of both charges at nine different meetings during 2007.

The second part of the City Council Request #2 is “to include any changes to the formula that you foresee”. SPU Staff does not foresee any changes to the current methodology used in calculating WCC and TWC charges.

In September 2018, the Commission, with the annual budget process, included the costs of hiring a Consultant in 2019 to conduct an analysis of WCC and TWC costs, based on the completion of the SPU 2018 Comprehensive Water System Plan as completed by SEH.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Trunk Water Charge and Water Connection Charge

DATE: March 1, 2019

ISSUE

This memo serves to summarize the Utilities Commission's development of their TWC and WCC fees.

BACKGROUND

The Commission initially adopted their TWC and WCC policies and set fees by Resolutions #222 dated Jan 1, 1982 and #261 dated May 2, 1983 respectively. Subsequent resolutions (34 TWC resolutions to date and 36 WCC resolutions to date) were adopted to adjust the rates for inflation using the Engineering News Record's (ENR) Construction Cost Index (CCI).

Periodic Comprehensive Water Plan Updates were developed for the Commission by an engineering consultant to update the "snapshot" of future facilities and funding needs and to aid the Commission in developing their annual Five Year Capital Improvement Plan. These Comprehensive Water Plan Updates were driven by the Commission's desire to identify and plan for critical water system infrastructure needs to support the development goals of the City of Shakopee and were each based on the City's latest Comprehensive Plan (or draft), including land use and population projections. Comprehensive Water Plans were followed by a financial analysis of the Commission's Connection Fund and Trunk Water Fund to determine if any other adjustments beyond the annual ENR's CCI were warranted, so that the fees would be sufficient to fund the needed future facilities.

DISCUSSION

To derive the TWC and WCC rates, the financial analysis has taken the projected costs of future facilities and divided by the projected units that the costs can be spread against.

In the case of the TWC the units are developable acres that have not previously been deemed to have water availability as defined by the Commission. Water availability initially was granted to all existing properties served by the water system when the TWC was first adopted. Developable acres are defined by the Commission's policy to be gross acreage minus road rights of way, dedicated city park area and

delineated wetlands that remain on site post development. To account for these features in future development an allowance of 15% is subtracted from the total undeveloped area at the time of the study with certain additional adjustments made for unique circumstances, e.g. SMSC land holdings are subtracted out because it is assumed they will be served by their own water system (this area grows between studies as additional land is purchased by the SMSC), the MN River Wildlife Refuge and other similar clearly undevelopable areas. So, total planned Trunk Water facilities divided by projected net acreage yields the TWC rate per net acre.

In the case of the WCC the units are (equivalent) SAC units. Sewer Availability Charge units are defined by the Met Council. One SAC unit equals 274 gallons of sewage flow per day. The Met Council determines for each building permit the amount of SAC units assigned. The Met Council publishes a handbook that explains their methodology and they do make periodic adjustments in that methodology, but much of it is based on historical flow data. Sewer flow data is assumed to track with domestic water use metered data with adjustments for industrial processes and seasonal lawn sprinkling. The WCC rate is applied to all new connections (customers) and can also be applied to existing customers when increased water usage is indicated by metering when water use is not tracking sewage flow due to process water that is not discharged to the sewer system. To derive the WCC rate the total cost of future water supply (wells and pump houses), treatment, storage and pressure regulating facilities (booster stations and pressure reducing valves) is divided by the projected number of (equivalent) SAC units that are assumed to be applied to new developments based on land use and population projections in the City's Comprehensive Plan. So, total planned Water Connection (Capacity) facilities divided by projected (equivalent) SAC units yields the WCC rate per SAC unit.

Note - It is sometimes confusing to have the WCC fee labeled as a "connection" (vs. capacity) charge, because it lends the impression it has something to do with the cost of making a physical pipe connection. While it is really related to the demand "capacity" that the water supply system has to be able to support for use by the proposed development

The Commission's stated intention has been to stay ahead of growth to always be in a position to support the city's development goals and to "capture" development opportunities when they arise by having facilities in place that are capable of serving proposed developments' requirements.

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Regular Meeting)

President McGowan called the regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities Meeting room at 5:05 P.M., November 5, 2007.

MEMBERS PRESENT: Commissioners McGowan, Mars, Miller and Braun. Also present Liaison Joos, Manager Van Hout, Finance Director Schmid, Planning & Engineering Director Adams, Line Superintendent Athmann, Water Superintendent Crooks and Marketing/Key Account Director Petrich. Commissioner Engler was absent as previously advised.

Mgr. Van Hout introduced Finance Director Renee Schmid to the Commission. President McGowan welcomed her to the Utilities on behalf of the Commission.

It was noted that the minutes from the October 15, 2007 Commission meeting would be offered for approval at the next scheduled meeting.

Commissioner Mars made reference to an email he had received from a customer requesting that the Utilities offer an online payment option. President McGowan acknowledged the request and noted that other payment options are currently available.

Commissioner Miller requested that item 10b: Auditor Selection Committee – Status Update, be removed from Consent Business.

Motion by Miller, seconded by Mars to approve the agenda as amended. Motion carried.

President McGowan stated that the Consent Item was: 13 Month Nitrate Report (Advisory).

Motion by Mars, seconded by Miller to approve the Consent Business as presented. Motion carried.

Bills read:

CMI Mailing & Marketing Service-postage	6,000.00
Scott Eickholt	145.50
Thomas R. Lacina	195.95
Steve Massie	80.03
Gregory Triplett	187.70
Miguel Alonso	100.00
American Public Power Assoc.	2,500.00
Sherri Anderson	36.28
Kenneth C. Arrell	100.00



Arrow Ace Hardware	333.01
Avant Group LLC	435.11
Batteries Plus	60.77
Tamara & Scott Bawek	165.00
BEC Corporation	5,492.13
Best Express Delivery Inc.	252.00
Timothy & Denise Bien	60.00
Bob's Lawn & Landscaping Inc.	132.86
Border States Electric Supply	286.70
Carlson Building Services Inc.	3,035.25
Centerpoint Energy	324.61
Cintas Corp.	558.82
Citizens State Bank-Sales/USE tax	201,039.00
Citizens State Bank-Acclaim Benefits	765.48
City of Prior Lake	2,626.50
City of Shakopee	372,528.28
City of Shakopee	132,000.00
City of Shakopee	1,475.00
Coordinated Business Systems Ltd	102.86
Culver Company	783.25
C3-Ilex, LLC	875.53
De Lage Landen Financial Services	184.12
Delta Dental Plan of MN	3,496.20
Dick's/Lakeville Sanitation Inc.	145.56
Ditch Witch of Minnesota Inc.	336.93
Kim Dwine	250.00
Scott Eickholt	53.35
Employers Association Inc.	13,780.00
Andrew Enstad	160.00
Fastenal Ind. & Const. Supplies	41.02
Gail Fink	100.00
Louis Flicek	250.00
Assurant Employee Benefits	1,675.27
Bryan Fugere	30.00
John & Ruth Geis	250.00
Genuine Parts Co.	25.56
Gopher State One-Call	857.89
Brad Gustafson	524.05
Cheryl Hartman	100.00
Hauer Farms Inc.	47.25
Hawkins Inc.	3,491.46
Heartland Tire	507.78
Tracy Hein	100.00

Hennen's Shell	56.50
Joe Hillstrom	31.04
Hooper Corporation	155,419.96
Agnes E. Horeish	250.00
Jerry's Lawn Service	4,019.31
Joanne M. Johnson	30.00
JT Services	2,761.55
David & Jean Kaiser	100.00
Randy Kelso	160.00
Jeff & Beth Kelzer	250.00
Kennedy & Graven, Chartered	143.00
Anthony Kerber	260.00
Gary & Lauren Kern	100.00
Trina Kramer	280.00
Thomas R. Lacina	64.99
League of MN Cities Ins. Trust	276.47
Perry Letizio	100.00
Link Lumber	171.46
Scott Lucius	30.00
M E Simpson Co., Inc.	12,500.00
Steve Massie	65.48
Metrotech Corporation	210.00
Jason Miller	100.00
Minn. Valley Testing Labs, Inc.	192.00
Minn. Pipe & Equipment	1,173.44
MMUA	1,200.00
MN Child Support Payment Ctr	1,923.25
Motor Parts Service Co., Inc.	16.38
NCPERS Group Life Ins.	140.00
Eric Newman	127.50
Nexus Information Systems	3,866.85
Northern States Power Co.	1,440.94
Northern Tool & Equipment	49.45
Northern Water Works Supply	561.61
Barry O'Brien	135.00
Tamara Petrich	623.98
Jerry Poole	30.00
Pro Staff	3,475.68
Quality Forklift Sales & Service	918.12
R W Beck Inc.	26,692.44
RDO Equipament Co.	82.03
Red Pederson Utilities Inc.	3,730.00
RESCO	42,674.32

Doris Rushmeyer	250.00
S & T Office Products Inc.	1,133.25
Kurt Schoenecker	350.00
Scott County CDA	750.00
Shakopee Chamber of Commerce	784.65
Norman & Janice Shutrop	100.00
Matt Stanley	160.00
T & R Service	1,607.00
John Paul Terrizzi	160.00
Brent/June Theilen	60.00
Lisa & Cory Tremel	280.00
Wisc. Child Support Paymt Ctr	561.00
Gregory Triplett	73.72
Edwin Underwood	100.00
United Services Group	546.34
USA Blue Book	77.44
Valley-Rich Co., Inc.	5,875.83
Lou Van Hout	36.95
Verizon Wireless	41.13
Debra K. Wangerin	200.00
Wells Fargo Bank MN NA	655.87
WESCO	10,223.98
Thomas A. York	290.00
Emily Young	100.00
Ziegler Inc.	3,915.48

Motion by Mars, seconded by Braun to approve the warrant listing dated November 5, 2007 as presented. Motion carried.

Liaison Joos presented his report.

Item 8a: 13 Month Nitrate Report (Advisor), was received under Consent Business.

Mr. Crooks reported on current water operations. He also noted the results of an annual inspection of the pump houses conducted by the Minnesota Dept. of Health.

Mr. Adams provided an overview of the Beckrich Park/Kristal Estates Feasibility Report on the proposed extension of sanitary sewer and water utilities to those two plats.

Lynette Stocker of the Beckrich Park Estates homeowners association spoke on behalf of the residents regarding the fees associated with this proposed project. Mr. Joos again noted he was a homeowner in the area of this project.

Motion by Mars, seconded by Braun to approve the water system portion of the feasibility report for the extension of water utilities to Beckrich Park Estates by City Project

Number 2007-10 dated October 31, 2007, also including text changes and comments suggested by Staff. Motion carried.

The Trunk Water Charge and Water Connection Charge fees rates to be applied to the Beckrich Park Estates portion of this project were discussed.

Motion by Miller, seconded by Mars to apply the 2007 Trunk Water Charge and Water Connection Charge rates to the Beckrich Park Estates portion of the water system extension. During discussion of the motion Commission Mars noted this was due to the unique circumstances of this project, and that we will get the connections fees at the start rather than over time. President McGowan called for the vote. Motion carried.

The financial analysis of the Water Connection Charge and Trunk Water Charge Fund CIP was discussed. Direction was requested by Staff to clarify the amount of the inflationary increase to be applied to the Water Connection Charge. Commission consensus was to go with 2% above the annual inflationary figure.

Mr. Adams noted the letter of notice that was mailed to probable interested parties regarding the impending increases to the Water Connection Charge and the Trunk Water Charge.

Mr. Adams presented a request by I-Storage, located at the southeast corner of Stagecoach Rd and 13th Avenue, to receive municipal water service for domestic use and fire protection.

Motion by Mars, seconded by Braun to approve the proposed I-Storage water main extension, subject to all standard conditions, with the specific exception of the looping requirement at this time due to planned water system in the 13th Avenue, Maras Street, Hanson Avenue and Stagecoach Road area. Motion carried.

Motion by Braun, seconded by Miller to offer Resolution #899. A Resolution Setting The Amount Of The Trunk Water Charge, Approving Of Its Collection And Authorizing Water Service To Certain Property Described As: I-Storage. Yes: Commissioners Miller, Braun, Mars and McGowan. Nay: none. Motion carried. Resolution passed.

Mr. Athmann reported on current electric operations.

Mgr. Van Hout noted the Financial Report for September 2007.

Commissioner Miller provided a status update on the process in progress to select an auditor for the year 2007, and noted the plan for Commission action on November 19.

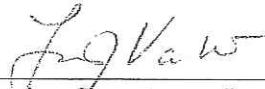
Mr. Adams provided an overview of the Semi-Final 5 Year CIP.

Mgr. Van Hout provided an organizational assessment update.

Mgr. Van Hout provided the Commission materials to review to assist in determining the 2008 wage ranges.


President McGowan designated himself and Commissioner Mars as a compensation sub-committee.

Motion by Mars, seconded by Miller to adjourn to the November 19, 2007 meeting.
Motion carried.



Commission Secretary: Louis Van Hout

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
**SUBJECT: WATER CONNECTION AND TRUNK WATER CHARGES
COMPARATIVE ANALYSIS**
DATE: FEBRUARY 28, 2019

City Council Request #6 – “Provide a comparison of the SPU WCC/TWC rates for our neighboring cities (please include those funds that operate as your WCC/TWC which may be named differently as well)”.

This request was actually part of the Public Policy Committee presentation and was provided to the Commission at the January 7, 2019 meeting.

Staff was also provided a comparative analysis as done by the Public Policy Committee that was discussed in detail at the December 11, 2018 meeting. As their study was still being prepared, staff does not believe we are at liberty to share their data. At this time SPU has not requested the final study from the Committee.

Also attached is a comparison done by the City Economic Director of Planning and Development. This information was provided by the City Administrator.

Recommendation –

To provide Staff direction on which data should be included in the City Council in the Joint Meeting Agenda packets.

CITY	UNIT	WATER	TRUNK	
Chanhasen	2018 SAC	Water Hook Up Fee	2233/unit	
		WAC	5210/unit	
Prior Lake	2018 SAC	WCC	9000	
		WCC	1136/unit	
		Water Tower Charge	1452/unit	
Chaska	2018 SAC	WCC	4230/unit	
Savage	2018 SAC	WCC	2984.49	
		Tank, Source Supply	2012.19/acre	
BellePlaine	2018 City Code	WCF	4040/unit	
Jordan	2018 City Code	WCC	3206.93/unit	
		WAC	Res. 1664.3/unit	
			Non-Res. 3699.94/unit	
Eden Prairie	2019 REC/SAC	system access charge	Res. 3100/unit	
			Non-Res. 4030/unit	
		WCC	2897/acre	
		WCC*	7368/acre	
SPU	2019 SAC	WCC	6039/unit	
			TWC	4451/acre

restauranters by SPUC. At this time we do have an out in our lease but would love to proceed with this project and bring a fantastic family dining experience to your great City.

As you may know, major retail development does not get hit with SAC/WAC charges to the degree restaurants do. Normal retail charges for a major development are next to nothing compared to the overall cost for large developers. Restaurants get hit with SAC/WAC charges which amount to about 1/3rd of our overall buildout costs. National chains can afford to pay these costs however it is more difficult for small business owners. If the city wants another Wendys or Ruby Tuesdays throughout their City, those national chains may pay these exorbitant fees, but they are just too much for us and nearly all quality local restauranters. A basic live music venue or hip hop bar could maybe afford these SAC charges because their space is much smaller. However, a sit down dining establishment needs square footage for families to gather, kitchen equipment, bar/dining space and banquet rooms in order to operate. The new guidelines from the Metropolitan Council negatively affect sit down dining establishments because they are based simply on square footage. If a new major economic development project, for example a large distribution center, does get approved with these cash credits, the city will be in an even greater demand for new dining establishments.

I graduated from the City of Shakopee and am proud of its development and how the City has grown. If the City wants to draw in another fast food establishment or stale national chain that's fine, if not Willy McCoys, et'al would love to become a great addition to the community if a portion of the \$244,00 SAC/WAC charges could be mitigated.

Please feel free to call me with questions or comments.

Korey Bannerman
Willy McCoys
612-685-2292

From: Michael Kerski <MKerski@shakopeemn.gov>
Sent: Wednesday, November 7, 2018 8:51 AM
To: korey.bann@gmail.com
Cc: Kelly Buska <kbuska@shakopeemn.gov>; Bill Reynolds <BReynolds@ShakopeeMN.gov>; Darin Nelson <DNelson@Shakopeemn.gov>
Subject: SAC

Good morning

The city is not in possession of credits but actual cash received as part of the Rahr agreement.

It would be up to the City Council if you would be eligible for the credits. Currently there are the cash equivalent of about 43 credits in the bank but the Council has been holding those for a major economic development project that would create high paying jobs. There are a couple of those projects in the current pipeline.

You questioned the city's SAC and WAC fees compared to other cities. Staff has done some research and found that we are similar to other communities:

	<u>Shakopee</u>	<u>Savage</u>	<u>Prior Lake</u>
Met Council	\$2485.00	\$2485.00	\$2485.00
City SAC	\$500.00	\$2237.54	\$799.00
WAC	<u>\$5730.00</u>	<u>\$2984.49</u>	<u>\$2788.00</u>

Total	\$8715.00	\$7707.03	\$6072.00
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Michael



SHAKOPEE

Michael Kerski
Director of Planning & Development
City of Shakopee
485 Gorman Street
Shakopee, MN 55379
Direct 952-233-9346
Cell 864-360-5473
www.ShakopeeMN.gov

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: SPU CAPITAL IMPROVEMENT PLAN 2019-2023
DATE: FEBRUARY 28, 2019

City Council Request #4 – “Provide the SPU projected plans for the water infrastructure with an identification of the funding streams”.

As part of the annual budget process the 5 year SPU Capital Improvement Plan for Water is presented to the Commission, in a draft form, for Commission input and comment in the month of November. Once their input has been provided the Final 5 year CIP is presented for approval/acceptance, which typically is at a December meeting.

Attached is the SPU Commission approved projects for 2019 and the Commission accepted Plan for the years 2020-2023, as there may be slight changes in those projects going forward.

Recommendation –

Staff asks the Commission to forward the attached information to the City Council for inclusion in the agenda packets for the Joint Meeting.

Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: November 19, 2018
Water Summary

Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<u>Operating Fund</u>							
Miscellaneous	See Detail	250,000	587,500	367,500	405,000	281,000	280,000
System Upgrades	See Detail	-	147,400	68,500	64,000	20,000	20,000
ADVANCED METERING INFRASTRUCTURE (AMI)	See Detail	-	20,000	1,031,641	1,090,979	1,136,504	-
Vehicles/Equipment	See Detail	-	4,300	45,000	40,000	-	-
Total Operating Fund		250,000	759,200	1,512,641	1,599,979	1,437,504	300,000
<u>Reconstruction Fund</u>							
Reconstruction Projects	See Detail	-	520,000	220,000	220,000	210,000	210,000
Total Reconstruction Fund		-	520,000	220,000	220,000	210,000	210,000
<u>Trunk Fund</u>							
Trunk Water Mains - SPUC Projects	See Detail	-	25,000	25,000	25,000	25,000	25,000
Over Sizing - Non-SPUC Projects	See Detail	-	463,100	556,506	635,200	563,000	368,020
Total Trunk Fund		-	488,100	581,506	660,200	588,000	393,020
<u>Connection Fund</u>							
Wells	See Detail	-	350,000	53,040	520,000	-	-
Water Treatment	See Detail	-	-	-	51,500	583,000	5,375,800
Pump House Additions/Expansions	See Detail	-	-	-	64,400	1,272,500	-
New Tanks and Transmission Water Main	See Detail	-	250,000	2,692,800	64,900	-	-
Booster Stations	See Detail	3,671,851	-	-	-	-	-
Auxiliary Facilities	See Detail	-	-	-	-	200,000	478,000
Total Connection Fund		3,671,851	600,000	2,745,840	700,800	2,055,500	5,853,800
Total Water		3,921,851	2,367,300	5,059,987	3,180,979	4,291,004	6,756,820
Cumulative Total Water		3,921,851	6,289,151	11,349,138	14,530,117	18,821,121	25,577,941

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: November 19, 2018
Water Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
Operating Fund							
Miscellaneous							
Water Meters	PM/Development	-	145,000	150,000	150,000	150,000	175,000
Landscaping	Line of sight screening Riverview Booster	-	13,500	13,500	-	-	-
8" Watermain Looping Boulder Pointe	Development	-	104,000	-	-	-	-
CI2 Feed Improvements	Safety/Enhanced Accuracy	-	72,000	75,000	75,000	-	-
Chemical Feed Scales	Life Cycle Replacement	-	23,000	24,000	25,000	26,000	-
Reservoir Maintenance	Preventative Maintenance	-	50,000	50,000	50,000	50,000	50,000
Power Wash Towers	Preventative Maintenance	-	15,000	15,000	15,000	15,000	15,000
Hydrant Replacement	As Needed	-	40,000	40,000	40,000	40,000	40,000
CR16 Valve & Hydrant Adjustments	County Trail Project CP-16-XX	-	25,000	-	-	-	-
CR 83 Valve & Hydrant Adjustments	County Road Project	-	-	-	50,000	-	-
8" Watermain Looping Apgar St and 2nd Avenue		250,000	100,000	-	-	-	-
Total Miscellaneous		250,000	587,500	367,500	405,000	281,000	280,000
System Upgrades							
Reservoir Mixers	Water Quality	-	35,000	35,000	35,000	-	-
Sidewalk Repair	Safety/Maintenance	-	5,000	-	-	-	-
CI2 Leak Detection Upgrade	Safety/Lifecycle Replacement	-	13,500	13,500	9,000	-	-
SCADA Communications Upgrade	Water System Reliability	-	57,900	-	-	-	-
Sealcoat Drives/Repair	Preventative Maintenance	-	5,000	5,000	5,000	5,000	5,000
Driveway Replacement PH 6	Preventative Maintenance	-	16,000	-	-	-	-
Miscellaneous Equipment	As Needed	-	15,000	15,000	15,000	15,000	15,000
Total System Upgrades		-	147,400	68,500	64,000	20,000	20,000
ADVANCED METERING INFRASTRUCTURE (AMI)							
Planning/Design/Project Management	Project Planning/Design	-	20,000	48,187	68,187	72,800	-
Construction/Implementation/Hardware/Software/Training	Customer Service	-	-	983,454	1,022,792	1,063,704	-
Total ADVANCED METERING INFRASTRUCTURE (AMI)		-	20,000	1,031,641	1,090,979	1,136,504	-
Vehicles/Equipment							
Portable Pressure Calibrator	Water Quality	-	4,300	-	-	-	-
Replace Truck #622	Life Cycle Replacement	-	-	-	40,000	-	-

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: November 19, 2018
Water Detail**

Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
New Positions Trucks	Customer Service	-	-	45,000	-	-	-
Total Vehicles/Equipment		-	4,300	45,000	40,000	-	-
Total Operating Fund		250,000	759,200	1,512,641	1,599,979	1,437,504	300,000
Reconstruction Fund							
Reconstruction							
Bituminous Overlay	City CIP	-	30,000	30,000	30,000	20,000	20,000
Reconstruction	City Street Recon	-	450,000	150,000	150,000	150,000	150,000
Correct Deficient Services	As Needed	-	40,000	40,000	40,000	40,000	40,000
Total Reconstruction		-	520,000	220,000	220,000	210,000	210,000
Total Reconstruction Fund		-	520,000	220,000	220,000	210,000	210,000
Trunk Fund							
Trunk Water Mains - SPUC Projects (Completed by SPUC)							
Projects to be determined		-	25,000	25,000	25,000	25,000	25,000
Total Trunk Water Mains - SPUC Projects		-	25,000	25,000	25,000	25,000	25,000
Over Sizing - Non-SPUC Projects (Completed by Others)							
16" WM East from Monarch Estates parallel to 17th Ave to CR 83 0.875 mile NES	Development	-	152,400	79,250	164,800	171,400	-
16" WM Windermere South from Booster Station to 2-HES Tank Site	Development	-	60,000	62,400	32,500	-	-
16" WM Krystal Addition to CR 79 (800 ft) NES	Development	-	70,000	-	-	-	-
12" WM South from Hwy 169 to 17th Ave 0.25 mile (Hauer) NES	Development	-	48,700	-	-	-	-
12" WM West from CR 17 North of Wood Duck Trail (1200 ft) 2-HES	Development	-	40,000	-	-	-	-
12" WM C.R. 16 from C.R. 15 west to C.R. 69 - (DR Horton) 0.25 mile/segment 2-HES	Development/City Project/Scott County Proj	-	-	52,000	55,000	57,200	-
12" WM West of Windermere 0.75 mile 1-HES	Development	-	-	208,000	-	-	-
12" WM on Stagecoach Rd from Eagle Creek Preserve to Hansen Ave 0.5 mile NES	Development	-	-	104,000	-	-	-
12" WM Vierling Drive West from CR 69 0.25 mile NES	Development	-	-	50,856	-	-	-
12" WM Parallel to CR 69 South from Vierling Drive 0.75 mile NES	Development	-	-	-	52,900	110,000	-
12" WM Thrush Street from CR 83 to 0.25 mile West 1- HES	Development	-	-	-	55,000	-	-
12" WM CR 83 from Thrush Street to 0.25 mile north 1-HES	Development	-	-	-	55,000	-	-

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: November 19, 2018
Water Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
12" WM West of Tank Site thru area B to CR69 0.25 mile	Development	-	-	-	110,000	-	-
12"WM West of CR 69 thru area B 0.50 mile 2-HES	Development	-	-	-	110,000	-	-
12" WM CR 69 South of HWY 169 0.50 mile 1-HES to 2-HES	Development	-	-	-	-	110,000	-
12" WM West of CR 69 thru area B 0.50 mile 1-HES	Development	-	-	-	-	114,400	-
12" WM Parallel to CR 69 South from CR 16 0.25 mile 2-HES	Development	-	-	-	-	-	59,500
12" WM Horizon Drive across CR 18 to Foothill Road 2-HES (1.0 mile) 2 HES to NES	Development	-	-	-	-	-	225,000
8" WM on Muhlenhardt Rd 0.50 mile 1-HES to 2-HES	Development	-	-	-	-	-	83,520
Projects to be determined		-	92,000	-	-	-	-
Total Over Sizing - Non-SPUC Projects		-	463,100	556,506	635,200	563,000	368,020
Total Trunk Fund		-	488,100	581,506	660,200	588,000	393,020
Connection Fund							
Wells							
2-HES Well/Tank Site @ South of Windermere	Development	-	350,000	-	-	-	-
1 or 2-HES Jordan Well @ South of Windermere or @Windermere Booster	Development	-	-	53,040	520,000	-	-
Total Wells		-	350,000	53,040	520,000	-	-
Water Treatment							
NES Jordan Well #22 Submersible (Pump House No. 3 modifications)	Radium Remediation	-	-	-	51,500	518,000	-
Water Treatment Plant	Water Quality	-	-	-	-	65,000	5,375,800
Total Water Treatment		-	-	-	51,500	583,000	5,375,800
<p>Note: NES Well #22 and The Water Treatment Plant are not currently needed, they are put into the budget as placeholders as contingencies in the event they become necessary.</p>							
Pump House Additions/Expansions							
2-HES Pump House @ South of Windermere	Development	-	-	-	64,400	1,272,500	-
Total Pump House Additions/Expansions		-	-	-	64,400	1,272,500	-
New Tanks and Transmission Water Main							

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: November 19, 2018
Water Detail**


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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
104 2-HES District Storage (0.5 MG, Elevated Tank) @ South of Windermere	Development	-	130,000	2,568,000	-	-	-
105 Transmission Watermain Equivalent (16"vs. 12") Windermere Booster Station to 2-HES Tank	Development	-	120,000	124,800	64,900	-	-
106 Total New Tanks and Transmission Water Main		-	250,000	2,692,800	64,900	-	-
108 Booster Stations							
109 Booster Station @ Windermere 1-HES to 2-HES	Development	3,671,851	-	-	-	-	-
110 Total Booster Stations		3,671,851	-	-	-	-	-
112 Auxiliary Facilities	Development						
113 Inline Booster Station Site @ Foothill Road and Horizon Drive	Development	-	-	-	-	150,000	-
114 Inline Booster Station @ Foothill and Horizon NES to 2 HES	Development	-	-	-	-	50,000	400,000
115 Pressure Reducing Valve - 2-HES to 1-HES @ Horizon Drive and trail bend	Development	-	-	-	-	-	26,000
116 Pressure Reducing Valve - 2-HES to 1-HES @ Muhlenhardt Rd	Development	-	-	-	-	-	26,000
117 Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	Development	-	-	-	-	-	26,000
118 Total Auxiliary Facilities		-	-	-	-	200,000	478,000
120 Total Connection Fund		3,671,851	600,000	2,745,840	700,800	2,055,500	5,853,800
122 Total Water		3,921,851	2,367,300	5,059,987	3,180,979	4,291,004	6,756,820

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**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

5

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: SPU WATER RATES AND COMPARITIVE ANALYSIS
DATE: FEBRUARY 28, 2019

City Council Request #5 – “Provide an outline of the water rates currently charged and any past recommendations from consultants regarding appropriate rate structures that were not followed and why”.

Staff is a bit perplexed by what is being requested, however information is being supplied in regards to our water rates and Commission authorized increases.

The first item is the SPU 2019 Water rate Brochure, which describes in detail rates structures and rate classes.

The Cost of Service/Rate Study was performed by Progressive Consulting Engineers in July of 2009. Within the study, the Consultant’s recommendation was to increase water rates by 10% per year over a 5 year period ending in 2015. Attached to this memo are the minutes of the meeting in which the Study was presented. The Commission felt the annual increase over a period of 5 years was excessive and approved a 10% increase in year one, and to annually review the position of the Water Fund Balance and to consider additional rate increases as to secure appropriate reserves as recommended by our financial auditors.

Also attached is a comparative analysis of our water rates with surrounding communities. This same analysis was performed for the SPU/Council meeting in 2014 and 2012, as to keep a similar stream of comparison.

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Adjourned Regular Meeting)

President Mars called the adjourned regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M., August 17, 2009.

MEMBERS PRESENT: Commissioners Mars, Braun, Engler, McGowan and Coffel. Also present, Liaison Joos, Manager Van Hout, Finance Director Schmid, Line Superintendent Athmann and Water Superintendent Crooks.

Motion by Braun, seconded by McGowan to approve the minutes of the August 3, 2009 meeting. Motion carried.

President Mars noted he had received a letter from a rate payer regarding interest in geothermal systems.

President Mars offered the agenda for approval.

Motion by McGowan, seconded by Coffel to approve the agenda as presented. Motion carried.

President Mars noted that item 8a: Water System Operating Report was not intended to be on the Consent Business agenda, and that the only Consent Item was: item 10b: Financial Results for July 2009.

Motion by Engler, seconded by Braun to approve the Consent Business agenda as amended. Motion carried.

The warrant listing for bills paid August 17, 2009 was presented:

Shakopee Post Office	\$310.00
Ronald Aanerud	200.00
Acclaim Benefits-flex spending reimb	390.20
Apple Ford of Shakopee	228.41
ARAMARK Refreshment Services Inc.	291.45
Avant Group LLC	331.03
Batteries Plus	301.13
Bell Lumber & Pole Co.	16,207.60
Matthew Beran	100.00
Robert Berndtson	253.00
Best Express Delivery Inc.	616.00
Border States Electric Supply	2,463.42
Mark J. Bosch	60.00
Debra Brandes	33.00



Jill & Eric Branwall	35.00
Leon Breeggemann	400.00
CAP Agency	15,115.00
Center Point Energy-Klein Underground	139.80
City of Savage	10,723.40
City of Shakopee	365,774.57
CPS Technology Solutions Inc.	2,864.17
Daffron & Associates Inc.	990.00
Dakota Supply Group	98.39
Peter Eide	60.00
Epic Lawn & Landscape Co.	3,811.16
Fastenal Ind. & Const. Supplies	646.98
Genuine Parts Co.	44.31
Bernard Goehring	75.00
Gopher State One-Call	864.00
Graybar Electric Co., Inc.	5,906.81
Daryl & Susan Hanson	95.00
Hawkins Inc.	11,185.43
Hennen's Shell	73.98
Frances Howard	35.00
Stuart C. Irby Co.	185.43
Loren Johnson	160.00
JT Services	4,788.00
Justright Sealcoating LLC	8,008.00
Peggy Kohl	15.00
Thomas R. Lacina	246.40
Kevin Linehan	165.00
Steve Link	15.00
Lloyd's Const. Services	343.25
Bernette Martin	300.00
Steve Massie	230.45
Donna McFarlane	100.00
Minn. Valley Testing Labs Inc.	132.50
Minnesota Life	987.54
Minnesota Pipe & Equipment	198.16
MN Municipal Power Agency	2,391,381.97
Minnesota UI	584.04
MN Dept of Revenue-Sales/USE tax	172,617.00
Jack Nelson	100.00
Nextel Communications	591.63
Nexus Information Systems	447.81
Northern States Power Co.	10,957.52
Northern Water Works Supply	15,091.62

Beth & Einar Odland	60.00
Curtis L. Olson	60.00
Carlos Pinelo	100.00
Progressive Consulting Engineers Inc.	323.18
Qwest Dex	48.00
Rose Presents	221.00
Katherine Rue	100.00
S&T Office Products Inc.	8,267.48
Renee Schmid	35.37
Ruth Searles	35.00
Sherwin Williams	123.41
SPS Companies, Inc.	176.00
Denise Synstelien	95.00
T&R Service	75.00
Gregory Triplett	228.80
USA Blue Book	153.67
Utilities Plus Energy Services	3,050.00
Viking Electric Supply Inc.	667.40
Wells Fargo Bank MN, NA	609.19
WESCO	2,480.36
Woodhill Business Products	1,805.59
Ziegler Inc.	1,500.39
Acclaim Benefits LLC	147.75
Bank of New York Mellon	250.00
Best Express Delivery Inc.	616.00
Blue Cross Blue Shield of MN	51,843.00
League of Minnesota Cities	500.00
Lincoln Marketing Inc.	309.00
Gene Pass	307.66
Pearson Florist	66.27

Motion by McGowan, seconded by Coffel to approve the warrant listing dated August 17, 2009 as presented. Motion carried.

Liaison Joos presented his report.

Mr. Crooks reported on current water operations, noting usage of approximately eight million gallons per day, and a motor failure attributed to lightening surge.

Mr. Crooks commented on a recent article in the Shakopee Valley News regarding the city's water system. That article corrected information on water levels incorrectly reported in the Minneapolis paper. President Mars noted it is important to clarify the information for our customers benefit.

The 2009 Water Rate Study was discussed. A 2008 state law required that a conservation rate structure be adopted by January 2010. To accomplish this, the rate study recommended a tiered structure for residential rates and a separate irrigation rate for commercial and industrial.

The Commission discussed the amount of the increase and noted the study projected increases continuing. It was noted that a substantial part of the costs were for capital expenditures, but the intent was to meet those costs and have the Water Fund Balance in good financial condition by the end of 2014/2015.

It was clarified that the rate study was a projection and the plan was to review things each year before changing rates for the following year. It was noted that the amount contributed by the Commission to the City General Fund was now based on revenues billed, and with the capital costs, revenues billed were increasing more than for typical operating costs and this affected the calculation. The suggestion was made to proceed with the rate increase for 2010 as proposed by the rate study and consider the contribution level question in the coming year.

Commissioner Coffel questioned the level at which the higher cost tier began. The rationale used by the rate study in setting that level was discussed.

Commissioner Coffel asked about cost control measures. Finance Director Schmid noted that CIP items were not released for construction without careful reviews, and noted that current expenses were below budget. Liaison Joos noted that conservation was important and the new rates do address that.

Motion by McGowan, seconded by Braun to accept the water rate increase for 2010 as proposed in the 2009 Water Rate Study. Ayes: Commissioners Mars, Braun, Engler and McGowan. Nay: Commissioner Coffel. Motion carried.

Mr. Athmann provided a report of current electric operations.

In the absence of Planning/Engineering Director Adams, Mgr. Van Hout provided a Smart Grid Investment Grant application status update, noting that the application for a grant had been submitted by August 6. We expect to hear the decision by November. Commissioner Coffel noted that he would look for a business plan to support a decision to proceed before committing to do so.

Motion by Braun, seconded by McGowan to approve the solicitation of consultants to assist in the development of an AMI system. Motion carried.

Mgr. Van Hout recognized Ms. Petrich's participation as a member of the City of Shakopee's Ad-hoc Economic Development Advisory Committee. Liaison Joos, also on that committee, noted its goals and membership.

Ms. Schmid reported on the status of the RFP for audit services recently issued by the Utilities. President Mars noted that any additional charges should be recognized. Commissioners McGowan and Coffel volunteered to review the proposals to recommend the selection of firm for audit services engagement, and President Mars so appointed.

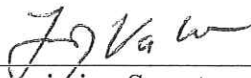
Item 10b: Financial Results for July 2009, was received under Consent Business.

Ms. Schmid provided an overview of the proposed 2010 Budget Planning Schedule. Commissioners Engler and Braun volunteered to be on the wage planning sub-committee, and President Mars so appointed.

Mgr. Van Hout noted the process to designate a voting delegate to the Minnesota Municipal Utilities Association. Commissioner Coffel is listed as an alternate.

The tentative commission meeting dates of September 8 (Tuesday) and September 14 were noted. President Mars noted he would not be able to attend the September 8 meeting.

Motion by Braun, seconded McGowan by to adjourn to the September 8, 2009 meeting. Motion carried.



Commission Secretary: Louis Van Hout

2019 WATER RATES (X 1,000 GALLONS)

	BASE CHARGE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
SPUC	\$3.37/month	0-5,000 \$2.49 over 5,000 \$2.98	\$2.28	\$1.98
SAVAGE	\$8.65/month	0-12,000 \$3.48 12,001-16,000 \$3.79 over 16,000 \$4.18	Same as Residential	Same as Residential
PRIOR LAKE	\$10.00/quarterly Capital Facility Charge	0-25,000 \$4.81 over 25,000 \$6.63	Same as Residential	Same as Residential
CHANHASSEN	\$13.65/quarterly	0-6,000 \$1.28 6,001-24,000 \$2.57 24,001-48,000 \$3.37 over 48,000 \$3.93 over 99,001 \$4.99	Same as Residential	Same as Residential
JORDAN	\$10.29/month	0-15,000 \$5.63 15,001-30,000 \$7.20 over 30,000 \$8.77	Same as Residential	Same as Residential
CHASKA	\$3.28/month	0-7,000 \$2.43 7,001-20,000 \$2.58 20,001-30,000 \$2.89 30,001-40,000 \$3.36 over 40,000 \$4.16	0-20,000 \$2.07 over 20,000 \$2.29	90,000 \$1.84 over 90,000 \$2.06
EDEN PRAIRIE 2018	\$31.50/quarterly 1/2 Water 1/2 Sewer	0-20,000 \$2.20 20,001-40,000 \$2.95 40,001-60,000 \$4.05 over 60,000 \$5.40	\$2.30	\$2.30

MULTIPLE-FAMILY RESIDENTIAL DWELLINGS

Multiple-family residential dwellings are buildings or housing groups which consist of several units, each of which is intended and designed for one family or individual occupant.

The designation is not dependent upon the actual occupancy of the units for their intended use. Shakopee Utilities will endeavor to adjust billing tier structures to accommodate residential units located in multiple-family dwelling installations and billed through a common water meter.

The owner or the customer of record in such instances is responsible for furnishing all necessary information and documentation to provide Shakopee Utilities the basis for making such adjustments. Adjustment will apply forward from the date documentation is provided and the determination made.

METERED FIRE SERVICES, DETECTOR/CHECK INSTALLATIONS AND SIMILAR

Fire services having water meters, detector/check installations and similar services will be billed the regular standard monthly fixed charge applicable to all water meters. Water usage for actual fire suppression is not billed.

No other water usage is permitted through such services and such usage may be subject to charges and penalties specified under other resolutions, ordinances, or law.

QUESTIONS?

Contact SPU Water Department
Call 952.445.1988 or
visit spucweb.com



WATER CONSERVATION TIPS

Conserving water can make a significant difference in your water bills. Use this checklist of water conservation and efficiency measures to help save water and money:

- ❑ When washing dishes by hand, don't let the water run while rinsing. Fill one sink with wash water and the other with rinse water.
- ❑ Keep a pitcher of water in the refrigerator instead of running the tap for cold drinks.
- ❑ Wash produce in the sink or a pan that is partially filled with water instead of running water from the tap.
- ❑ If your shower can fill a one-gallon bucket in less than 20 seconds, replace the shower head with a water-efficient option.
- ❑ Place food coloring in the toilet tank. If it seeps into the toilet bowl, you have a leak. It's easy to fix and can save 600 gallons of water each month.
- ❑ Grab a wrench to fix any leaky faucets. It's simple, inexpensive and can save 140 gallons each week.
- ❑ Insulate hot water pipes to minimize the amount of water you need to run to get hot water to the faucet.
- ❑ When buying new appliances look for the ENERGY STAR® label. New, water-saving washing machines save up to 20 gallons per load.

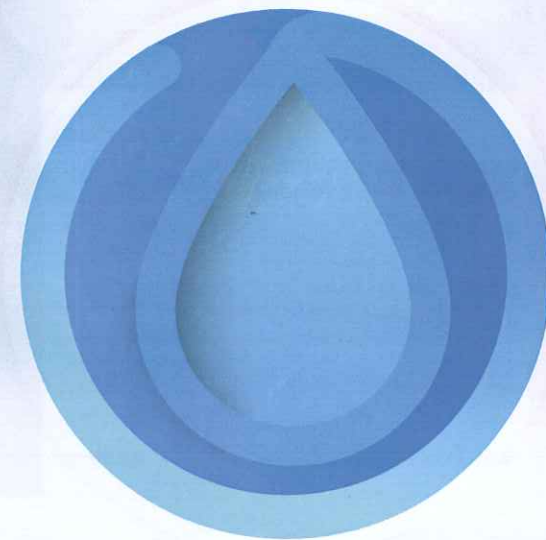
For more water saving tips,
visit www.wateruseitwisely.com



SHAKOPEE PUBLIC UTILITIES

255 Sarazin Street • PO Box 470
Shakopee, MN 55379
952.445.1988 • spucweb.com

Office hours: Monday thru Friday 7:30 a.m.-4:00 p.m.



Water Rates

Effective January 2019



SHAKOPEE PUBLIC UTILITIES

Water Rates *Effective January 2019*

EFFECTIVE JANUARY 2019	AVAILABILITY	USAGE CHARGE (per 1000 GALLONS)	RECONSTRUCTION CHARGE (per 1000 GALLONS)	FIXED SERVICE CHARGE										
				5/8 X 3/4 INCH	3/4 INCH	1 INCH	1-1/2 INCH	2 INCH	3 INCH	4 INCH	6 INCH	10 INCH		
	RESIDENTIAL SERVICE: RW ¹⁾ CONSERVATION RATE STRUCTURE	1 - 5000 GALLONS \$2.49	\$0.25	PLUS	PLUS	\$3.37	\$3.71	\$4.71	\$6.06	\$9.76	\$37.03	\$47.12	\$70.69	\$168.30
		>5000 GALLONS \$2.98												
	COMMERCIAL AND INSTITUTIONAL SERVICE: CW ²⁾	\$2.28	\$0.25	PLUS	PLUS	\$3.37	\$3.71	\$4.71	\$6.06	\$9.76	\$37.03	\$47.12	\$70.69	\$168.30
	INDUSTRIAL SERVICE: IW ³⁾	\$1.98	\$0.25	PLUS	PLUS	\$3.37	\$3.71	\$4.71	\$6.06	\$9.76	\$37.03	\$47.12	\$70.69	\$168.30
	IRRIGATION SERVICE ⁴⁾	\$2.98	\$0.25	PLUS	PLUS	\$3.37	\$3.71	\$4.71	\$6.06	\$9.76	\$37.03	\$47.12	\$70.69	\$168.30

- 1) Single and multiple family dwellings.
- 2) Facilities that engage in the sale, lease, rental or trade of products, goods, and services, including office buildings, institutional facilities, schools, churches, governmental buildings and nursing homes.
- 3) Facilities that engage in the production, manufacturing, warehousing, storage or transfer of goods, products, commodities or other wholesale items.
- 4) Lawn and landscape irrigation.

WATER SERVICE LINE FACTS

Service lines are owned and maintained by the property owner from the point of connection to the municipal water main, including all fittings, etc. on the water main, which are necessary for that connection. It is the responsibility of the customer or property owner to maintain the service line from the water main into the house or building.

If you need assistance determining if and/or where the service is leaking, please contact the SPU Water Department at 952.445.1988.

APPLIES TO ALL CUSTOMERS

MONTHLY BILLS: The monthly bill is the sum of the Usage Charge, Reconstruction Fund Charge and the Fixed Service Charge.

Minimum bill provisions, late charges, penalties, and special charges also apply.

DEPOSIT REQUIREMENTS: Deposit requirements shall be consistent with terms outlined in a separate resolution of the Shakopee Public Utilities Commission.

CONSERVATION RATE STRUCTURE: To encourage water conservation and to comply with Minnesota Statute 103G.291, SPU adopted a Conservation Rate Structure for residential water service effective January 1, 2010.

The Usage Charge for the first 5,000 gallons of water used is \$2.49 per 1,000 gallons; each additional 1,000 gallons is \$2.98. Additionally, the Usage Charge for irrigation service, when metered separately, is \$2.98 per 1,000 gallons.


ODD/EVEN WATERING PROGRAM: SPU maintains seasonal water restrictions May 1st through October 1st.

If your address ends in an even number, sprinkle only on even-numbered days. If your address ends in an odd number, sprinkle only on odd-numbered days.

No sprinkling is allowed between 12 noon and 5:00 p.m. regardless of your address.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER
SUBJECT: HARSTAD v. WOODBURY
DATE: FEBRUARY 28, 2019



City Council Request #6 – “The effect of the Woodbury decision on your funding decisions in the future”.

As discussed at the February 19, 2019 SPU Commission meeting, staff had researched State Statute and felt there was no impact to SPU with the Supreme Court decision on August 2018, where the Court ruled state law did not give the authority to charge fees from developers for future road projects. This decision was limited to Statute 462.358.

The Commission directed staff to bring back more detailed information regarding this lawsuit and potential effects on SPU rates and charges. Contact was made with both the League of Minnesota Cities and SPU attorney Kathleen Brennen with McGrann Shea Carnival Straughn & Lamb.

Opinions of both entities confirm the fact the rates, fees and charges are specifically authorized/governed by separate State Statutes. I have attached a section of the *Handbook For Minnesota Cities*, Chapter 24, Section IV.A for your review. I have also attached an article that was in the Prior Lake American February 12, 2019 regarding the case.

Recommendation-

In responding to the City Council's request, SPU is confident there will be no effect or impact of the Woodbury decision on our funding decisions in the future.



HANDBOOK FOR MINNESOTA CITIES

Chapter 24
Financing Public Improvements

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This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

RELEVANT LINKS:

Handbook, *Municipal Budgeting*.

Minn. Stat. § 469.176, subd. 4c (d).

Minn. Stat. § 469.175, subd. 3.

Minn. Stat. § 469.178, subd. 7.

“Tax Increment Financing.”
House Research Short
Subject, Sept. 2018.

2018 Minn. Laws ch.114, § 1
amending Minn. Stat. §
444.075, subd. 1a.
Minn. Stat. § 444.075, subd.
2.
Minn. Stat. § 444.075, subd.
3(b).
LMC information memo,
*Securing Payment of Utility
Charges*.

Minn. Stat. § 444.075.

Minn. Stat. § 444.075, subd.
3(h).

Minn. Stat. § 444.075, subd.
3c (b).

Basically, it segregates certain tax dollars from a defined area in the city, or a workforce housing project, for use in developing and improving the area, which can include local improvements. TIF takes advantage of the increases in tax capacity and property taxes from development or redevelopment before the development actually occurs to pay for public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value. The taxes paid on the captured value are called “increments.” Unlike property taxes, increments are not used to pay for the general costs of cities, counties, and schools. Instead, increments go directly to the development authority to repay public indebtedness or upfront costs the city incurs in acquiring the property, removing existing structures, or installing public services.

TIF requires extensive planning, implementation, and reporting in consultation with the appropriate financial and legal professionals.

IV. Funds for specific purposes

A. Waterworks systems

Cities or counties may acquire and operate waterworks systems including sewer systems and storm sewer systems. However, counties may not exercise this authority in areas of the county organized into cities and areas of a county incorporated within a sanitary district established by a special act of the Legislature. Cities may use any of the following tools or a combination of them to fund construction, maintenance, or improvement of any of these systems or parts of these systems. Cities may also use special assessments to pay for waterworks, sewer and storm sewer systems, discussed subsequently. In statutory and charter cities, even if a charter indicates otherwise, charges made for services must be, as nearly as possible, proportionate to the cost of furnishing the service.

1. Availability fees

Water and sewer availability fee, sometimes known as WAC and SAC fees, may be set to cover the eventual costs of improvements to local waterworks infrastructure including construction, reconstruction, repair, or enlargement of the system. Cities may charge use and availability fees for waterworks services even against properties not currently connected to the system. Collecting charges to build up revenue is reasonable, according to the law, even well before a city starts a planned waterworks or sewer project.

RELEVANT LINKS:

Minn. Stat. § 444.075, subd. 3.
Crown Cork & Seal Co., Inc. v. City of Lakeville, 313 N.W.2d 196 (Minn. 1981).

Minn. Stat. § 444.075, subd. 5.

Minn. Stat. § 471.191.

Minn. Stat. § 475.58, subd. 3b.

3. Connection charges

Cities may use connection charges (in addition to use and availability charges) to finance the construction and operation of water and sewer systems. Cities cannot base connection charges on the square footage of the property served. Connection charges may be set by reference to any of the following criteria:

- The actual cost of connection.
- Assessments paid by the connecting property.
- At the council's discretion, by any other method, if the connection charge is "just and equitable."

Cities may also use connection charges to pay for obtaining and complying with permits required by law (for example, permits that the National Pollutant Discharge Elimination System requires).

4. Contracts

Cities may contract with individuals, companies, or corporations to either use or construct waterworks facilities. The company or individual need not be a resident or inside city limits. Cities may also contract with other cities or counties to obtain or use waterworks facilities.

B. Recreation facilities

Any city operating playgrounds or a program of public recreation may issue bonds to acquire, lease, or maintain land, buildings, and other recreational facilities. These include, but are not limited to, indoor swimming pools, skating rinks, athletic fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of athletic or cultural participation, contests, or exhibitions, and related parking facilities. Revenue or general obligation bonds may fund such facilities, but they are subject to a vote.

C. Street reconstruction

If a city has a street reconstruction plan that describes the street reconstruction to be financed and covering at least five years, it may issue bonds to do so without a vote, but only after a public hearing. Street reconstruction includes utility replacement and relocation and other activities incidental to the street reconstruction, turn lanes, and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects.

RELEVANT LINKS:

Availability fees for waterworks, sanitary sewers, or storm sewer must pay for the construction, reconstruction, repair, enlargement, improvement, or other obtainment; the maintenance, operation, and use of the facilities, and of obtaining and complying with permits required by law.

2. Use fees for water, sewer, and storm sewers

a. Water fees

Minn. Stat. § 444.075, subd. 3-4.

In addition to availability fees, a city may use a combination of methods to set rates for water, including, but not limited to, flat rates, rates based on usage, and different rates based on a reasonable classification of property (for example, commercial or residential property). Cities may consider doing a rate study to ensure that collections cover debt, depreciation, reserve, operating, and maintenance costs.

b. Sewer fees

Minn. Stat. § 444.075, subd. 3a (4).

Cities may charge for sanitary sewer according to the amount of water consumed or by reference to a reasonable classification of the types of premises receiving the service.

Cities may also combine these formulas to set sanitary sewer charges based on the type of property and the amount of water used. Sanitary sewer charges must not be based on the size, or square footage, of the property served.

c. Storm sewer fees

Minn. Stat. § 444.075, subd. 3b (4).

Minnesota Pollution Control Agency: Stormwater Program.

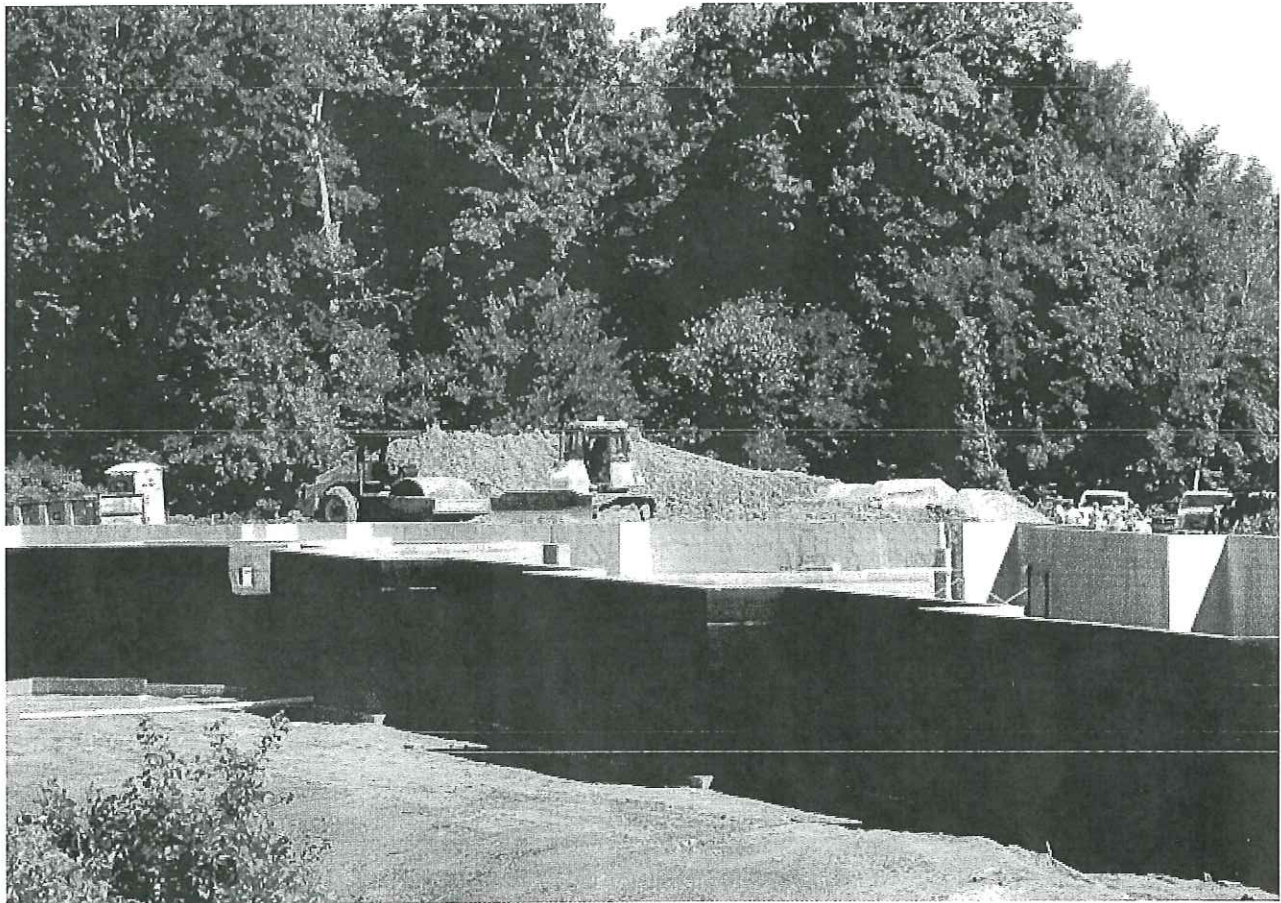
Storm sewers are systems built to prevent flooding and to separate stormwater from sanitary sewer systems. Stormwater is the runoff from rain and melted snow that picks up dirt, grease, fertilizer, and many other pollutants as it makes its way into streams and lakes. Minnesota law currently defines “storm sewer” as storm sewer systems, including mains, holding areas and ponds, and other accessories and related facilities for the collection and disposal of stormwater. Storm sewer charges may be fixed according to the size of the property (adjusted for a reasonable calculation of the stormwater runoff) or by referring to the same reasonable classification of the type of property as discussed above. Storm sewer charges may also be calculated by referring to the quantity and quality of pollutants and the difficulty of disposing of the stormwater runoff. Storm sewer charges must not be based on the amount of water consumed at a particular property.



https://www.swnewsmedia.com/prior_lake_american/news/prior-lake-other-growing-cities-debate-how-to-move-forward/article_573cbaf7-564a-5804-8c27-f219cc7f8766.html

Prior Lake, other growing cities debate how to move forward after Harstad v. Woodbury

By Maggie Stanwood mstanwood@swpub.com Feb 12, 2019



Walls went up at the Pike Lake Marsh construction site in August 2017 in Prior Lake. Under a recent Minnesota Supreme Court decision, the city of Prior Lake is unable to charge developers street impact fees.

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The city of Prior Lake could lose an estimated \$25 million in projected revenue over the next two to three decades due to a recent Minnesota Supreme Court decision banning a specific kind of development fee, city officials say.

On one hand, developers said the removal of the fee will help create housing at lower costs. On the other, city leaders said the extra costs incurred by the city could become a burden on the taxpayers.

Street impact fees

When a commercial or residential development comes to Prior Lake, the developer is responsible for the cost of installing streets and utilities on the property.

The developer is also charged sewer, stormwater and water fees from the city for work near but not on the development that would be strained from the additional use the development would bring. These fees have statutory authority.

Similar fees charged for street work aren't part of state law, however, City Attorney Sarah Schwarzhoff said. Until this year, the city charged a street impact fee of about \$6,500 per acre.

"When you do add homes, you do add car trips," Prior Lake Mayor Kirt Briggs said. "You do add increased demand on the infrastructure. Those costs mean a city must increase infrastructure or maintain infrastructure to address that need. That brings with it real cost."

In August 2018, the Minnesota Supreme Court ruled state law didn't give the authority to charge fees from developers for future road projects.

The case began in 2015 when developer Martin Harstad submitted an application to build Bailey Park, a 183-unit residential community on 77 acres in Woodbury. The city charged Harstad an infrastructure fee of almost \$1.4 million, or \$20,230 per acre, for "roadway and intersection improvements ... required to accommodate traffic generated by Bailey Park and surrounding areas," according to the court's opinion summary for the Harstad's lawsuit against Woodbury.

"If the law says you can do A and you try to do A and B, someone is going to say, 'No, you can just do A,'" City Manager Frank Boyles said. "That's what happened with Harstad."

For cities such as Bloomington, Edina and St. Paul, which don't have much room to expand or build, the decision won't have as much of an impact, Prior Lake City Council members said during a work session discussion on the case on Feb. 4.

But cities such as Prior Lake or Jordan with large tracts of undeveloped land are looking for a way to develop and grow without placing the cost of infrastructure improvements on current residents, Public Works Director Jason Wedel said.

"The concern for the City Council has been that development should pay for itself, so it's trying to find a way the city can still fund these improvements and not have those costs be incurred against our existing residents," Wedel said.

City officials' estimated loss of more than \$20 million over the next few decades is based on the \$6,500 per acre fee in Prior Lake and the amount of undeveloped land in the city — including the recent annexations from Credit River and Spring Lake townships. In 2019 alone, the city could lose an estimated \$250,000 in street impact fees.

"Those costs must be borne by someone or some entity," Briggs said. "The question is who shall bear these costs. Philosophically, I believe the Prior Lake council is unified in saying we believe those costs should be on that growth and on that development and that development alone — that those costs should not be on the shoulders of residents already in the community."

The city has about \$1 million on hand at the moment from street impact fees collected previously.

Affordable housing

Representatives from BATC-Housing First Minnesota, a housing industry advocacy group, said the removal of the fees will allow builders to create lower-cost housing in a market that needs it.

"The Supreme Court unanimously said cities don't have the power to charge these fees that are adding to the cost of new homes in the Twin Cities at a time when housing affordability is declining," Housing First Minnesota Regulatory Affairs Manager Nick Erickson said. "It was a huge win for those looking out for housing affordability."

Up to one-third of the cost of a new home in the Twin Cities comes from local, regional and state regulations, according to a recent report from the group. Per the report, the Twin Cities metro area is one of the worst markets for affordable new homes in the Midwest, with less than one-third of new homes selling for \$325,000 or less.

The affordable housing crunch has affected Scott County as well, according to a 2017 report from the Minnesota Housing Partnership.

In Scott County, 45 percent of renters spend more than 30 percent of their income on housing, a conventional threshold for affordability. Non-white people in the county are 50 percent less likely than white people to own a home.

"These fees are paid by the new home buyers," Erickson said.

The Harstad v. Woodbury case wasn't the first to address local development fees, Erickson said. A 1997 case, Country Joe v. Eagan, found cities were not allowed to charge developers a fee for "funding major street improvements," according to a case document.

"I've reached out to 25 cities in the last six to nine months to get an understanding of which cities use these fees, which they're legally not allowed to use," Erickson said. "The vast majority did not rely on these fees. ... Cities I spoke with couldn't understand why cities like Woodbury and Prior Lake were charging these fees when it's abundantly clear these fees are not permissible."

There's nonetheless more that goes into the cost of a home than the street impact or infrastructure fees, such as building codes, labor and raw material costs, Prior Lake City Council member Zach Braid said.

"If we're talking about bringing the cost of housing down, we have to have a holistic conversation about what goes into the cost of housing," Braid said. "I highly doubt, with this change, that now we are going to see affordable housing come in 2019. I highly doubt you'll even see a difference. Builders, developers, they will charge what the market will bear and what the market will absorb."

On the state level

The council has debated for several weeks what to do now that the fee has been removed, but each option has drawbacks, Boyles said.

Special assessments are permitted through state statute, but the city must show there would be a benefit to the assessed property from a proposed project, which becomes more difficult the farther the work is from the property in question, Boyles said. The city could also set up an escrow, but Boyles said the project must be done in a certain time period as designated by law.

Ultimately, the Legislature should include street impact fees in state statute as it did with sewer, water and stormwater, Boyles said.

"How in the world can you have three of them have legislative authority and the fourth one, perhaps the most important one ... not authorized by statute?" Boyles said. "It confounds me."

It might be difficult to gain traction in the Legislature, Schwarzhoff said.

"This is a fairly small category of city this affects, and because it's a fairly small category, it's hard to get anyone moving on it," Schwarzhoff said. "The builder's association has a lot of lobby, and they have managed to convince a lot of legislators that there's not a problem."

City officials have been speaking to the surrounding communities, the county and the League of Minnesota Cities about banding together.

"I certainly hope we have some legislative authority at some point to allow us to charge for street impact fees," council member Kevin Burkart said. "To not do that, I think, is putting a lot of municipalities in a straitjacket and essentially being in favor of socializing cost."

Both the League of Minnesota Cities and the Scott County Association for Leadership & Efficiency included making infrastructure fees part of state statute in their 2019 legislative priorities. Prior Lake leaders are also drafting a similar resolution that could be adopted by the city and other councils or boards in the state.

Shakopee City Administrator Bill Reynolds said that city does not have street impact fees or similar, but the Shakopee City Council would consider supporting the resolution and Prior Lake.

Rep. Tony Albright, who represents Prior Lake and Jordan in the state house, said there will be a "need for a legislative response to the decision" but that it might not be addressed quickly.

"I want to make sure that in response to whatever we do, we ensure that all stakeholders have a place at the table and every voice counts," Albright said.

Albright said he is also waiting to see what the priorities of Gov. Tim Walz, as outlined in the budget, will be, including any related to housing affordability.

In the meantime, the Prior Lake council authorized a contract with a planning and engineering consultant on Jan. 22 to look at “future transportation infrastructure needs” and how much those needs would cost.

MORE INFORMATION



Legislators caution county leaders about 'illusory' surplus

Maggie Stanwood

Maggie Stanwood was born and raised in small-town Iowa before moving to Wyoming in middle school. After her brief stint in the Wild West, she attended the University of Missouri - Columbia, where she graduated in May 2017 with a Bachelors in Journalism.

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SHAKOPEE PUBLIC UTILITIES
MEMORANDUM

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION

FROM: JOHN R. CROOKS, UTILITIES MANAGER

SUBJECT: 2018 COMMISSION GOALS / OBJECTIVES

DATE: FEBRUARY 27, 2018

2018 Goals / Objectives

To preserve, cultivate and advance the existing reputation of the Shakopee Public Utilities Commission in our community and service areas; with all customers:

1. Update SPU Website – **In Progress**
2. Implement E-Billing presentment and paperless option for customers
3. Security Assessment Implementation – **On Going**
4. Complete Electric Policy Manual - **Complete**
5. Institute LED Street Light Change Out Project - **Complete**

To continue our commitment to all Shakopee Public Utilities employees:

6. Update Existing Succession Plan – **Hired Consultant**
7. Develop Transition Plan for Utilities Manager – **Hired Consultant**

To be properly positioned in adapting changes, both short and long term, in the Water and Electric industries and therefore continually evolve the present Shakopee Public Utilities business model in a direction that most positively serves our community and service areas:

8. Service Territory Acquisition – **With Financial Analysis**
9. Comprehensive Long Term Plans for Water and Electric - **Complete**
10. SEP Billing and Power Export Agreement - **Complete**
11. Establish Procedures to Ensure Compliance with State/Federal Compliance – **On Going**