

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MAY 20, 2019

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Approval of Minutes**
3. **Communications**
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
 - 8b) MN Water Conservation Report 2018 – SPU Summary
 - C=>8c) Water Production Dashboard
 - 8d) Water Tank Site – Property Purchase Agreement Update
9. **Reports: Electric Items**
 - 9a) Electric System Operations Report – Verbal
 - C=>9b) 2017/2018 APPA Excellence in Reliability Award – Press Release
 - 9c) SPU/Scott County Cooperative Construction Agreement
10. **Reports: Human Resources**
11. **Reports: General**
 - 11a) Transition/Succession Planning - Update
 - 11b) Downtown Flower Baskets – SPU Donation - Verbal
 - C=>11c) April Financial Results
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**
 - Regular Meeting -- June 3
 - Mid Month Meeting -- June 17
 - Regular Meeting -- July 1
 - Mid Month Meeting -- July 15
14. **Adjourn** to 6/3/19 at the SPU Service Center, 255 Sarazin Street

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Regular Meeting)

President Joos called the regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M., May 6, 2019.

MEMBERS PRESENT: Commissioners Joos, Amundson, Meyer, Clay and Mocol. 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.

Motion by Amundson, seconded by Meyer to approve the minutes of the April 15, 2019 Commission meeting. Motion carried.

There were no Communication items.

President Joos offered the agenda for approval.

Motion by Clay, seconded by Mocol to approve the agenda as presented. Motion carried.

There was no Consent business.

The warrant listing for bills paid May 6, 2019 was presented.

Motion by Amundson, seconded by Meyer to approve the warrant listing dated May 6, 2019 as presented. Motion carried.

Liaison Lehman presented his report. Road construction season is in full force in Shakopee. SPU Staff was thanked for being part of the coordination meeting with City Staff.

Water Superintendent Schemel provided a report of current water operations. Water tanks and towers are being cleaned and the painting is being touched up. Hydrant inspection and repair is taking place. Hydrants located in busy corridors are being sandblasted and repainted. Work on the reconstruction project is close to being completed.

Planning and Engineering Director Adams reviewed the SPU and City Staff meeting to coordinate the City's 2014 Comprehensive Plan AUAR and the DNR approved Water Supply Plan.

Motion by Clay, seconded by Meyer to offer Resolution #1246. A Resolution to Adopt the Bid Amount and Contract Award for the Watermain Replacement in the 2019 City of Shakopee

Street Reconstruction Project. Ayes: Commissioners Clay, Meyer, Mocol, Amundson and Joos. Nay: none. Motion carried. Resolution passed.

Electric Superintendent Drent provided a report of current electric operations. There were 4 electric outages that were reviewed. Updates on construction projects was provided.

Motion by Amundson, seconded by Meyer to remove Resolution #1245 from being tabled at the April 22 Commission meeting. Motion carried

Motion by Mocol, seconded by Clay to offer Resolution #1245. A Resolution Approving Shakopee Public Utilities Commission's Cogeneration and Small Power Production Tariff. Ayes: Commissioners Meyer, Mocol, Clay, Amundson and Joos. Nay: none. Motion carried. Resolution passed.

Mr. Drent presented the Commission with the APPA Excellence in Reliability Award for 2018. SPU also received the award in 2017. Staff was asked to prepare a press release for the Shakopee Valley News.

Mr. Drent presented the 2019 Reliability and Outage Report. Staff was thanked for their hard work in achieving another year of low electric outage indices.

Utilities Manager Crooks read the MPPA Board Meeting Summary for April 2019.

Finance Director Schmid reviewed the 2018 SPU Employee Total Compensation Reports.

Marketing/Customer Relations Director Walsh informed the Commission that Shelby Zander, the first place winner in the SPU/MMUA Tom Bovitz Scholarship Essay Competition also won third place in the State Competition in Minnesota. The SPU second place recipient, Alan Purves, was announced.

Ms. Schmid discussed the annual renewal for the SPU Property and Liability Insurance Coverage.

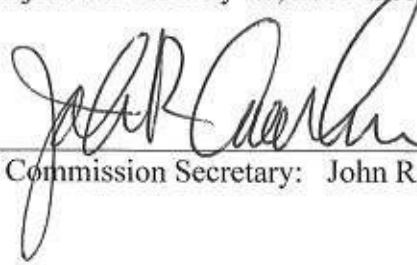
Motion by Meyer, seconded by Mocol to not waive the monetary limits on tort liability established by MN Statutes, Section 466.04. Motion carried.

Mr. Crooks provided an overview of a MMUA Resource Article that stresses proper financial management for utilities and the importance of maintaining proper levels of financial reserves.

Mr. Crooks reviewed the 2019 Commission Goals and Objectives, as set at the March 18 Commission meeting. Website development, the SPU transition/succession plan and the strategic communications plan were discussed.


The tentative commission meeting dates of May 20 and June 3 were noted.

Motion by Meyer, seconded by Clay to adjourn to the May 20, 2019 meeting. Motion carried.

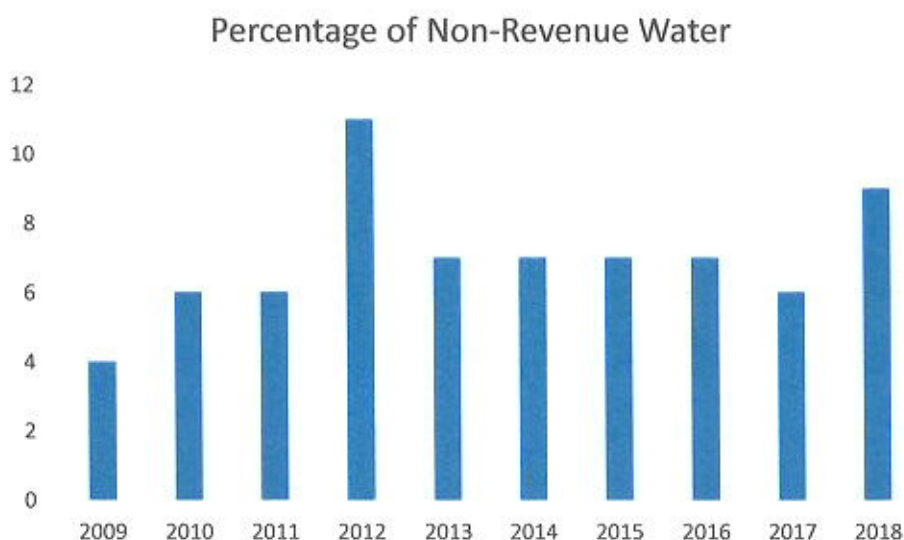
A handwritten signature in black ink, appearing to read "John R. Crooks", written over a horizontal line.

Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John R. Crooks, Utilities Manager
FROM: Lon R. Schemel, Water Superintendent 
SUBJECT: 2018 Water Conservation Report
DATE: May 15, 2019

In 2017 the MN Department of Natural Resources announced that water systems would be required to file a Water Conservation Report each year. 2017 was the first year for this web-based reporting system. The report is due March 30 of each year. The report focuses on water losses and conservation efforts. Water losses are anytime that water that is pumped from a metered source (wells) and cannot be accounted for via metering at the point of use. This is also called non-revenue water. Non-revenue water can be caused by water main breaks, fire fighting, hydrant flushing, and slow inaccurate meters. SPU's non-revenue water has been at about 7% for the past 10 years.



According to Carmelita Nelson, Water Conservation Consultant for the Department of Natural Resources, SPU has a very strong report dashboard and meets all current requirements for conservation reporting.

The increase in non-revenue water for 2012 was from a 6" water main that broke where it could not be seen and ran directly to a storm intake. We feel that it ran for about four months. The increase in 2018 was from five leaks/breaks that occurred that year. Our average for main breaks is one per year.

Of note: the Department of Natural Resources' conservation goal for non-revenue water is 10%. The State average is 8.88%. SPU is 5.1% according to the results of the report. The Department of Natural Resources' goal for gallons per capita per day is 75. The State average is 52. SPU is 65 GPCD.

The results of this web-based reporting system will change slightly in coming years as the Department of Natural Resources improves on the metrics that they request.



Certificate of Completion

THIS ACKNOWLEDGES THAT

Shakopee Public Utilities

Has Completed the 2018 Water Conservation Report

Carmelita Nelson, Program Coordinator

Spring 2019

Shakopee Public Utilities Commission Summary of Water Conservation Report

Additional Details at www.espwater.org
2019 Report based on 2018 Water Use

| | |
|--|---|
| Water Conservation Goals | |
| Unaccounted Water Loss | 5.1 % |
| Residential GPCD | 65 |
| Annual % Reduction-Nonresidential | 0.85 |
| Trend in total per capita demand | «TrendInPerCapitaDemand» |
| Total Peaking Factor | 2.3 |
| Water Accounting | |
| Total water to Treatment | 1,840,599,000 gallons |
| Total water to Distribution | 1,767,150,000 gallons |
| # of Residential connections | 10,469 |
| # of Non-Res. connections | 982 |
| Residential vs. Non-Res. Use | 977.4 million gal. vs. 699.7 million gal. |
| Date of Highest Use | 8/20/2018 |
| Water Conservation - Direct | |
| Water Supply System Infrastructure Efficiency (leaks, meters, etc.) | <ul style="list-style-type: none"> • Meter Repair/Replace: gal -- \$134,785 • Meter testing: 3,306,000 gal -- \$15,125 • Increase Treatment Efficiency: gal -- \$86,200 • Storage Mixing: gal -- \$17,000 |
| Date of last Audit/Percent done | % audit |
| Direct Conservation Single Family (SF) and Multi-Family (MF) and Commercial, Industrial, Institutional (CII) Efforts | <ul style="list-style-type: none"> • SF Clothes Washer Rebates: Quantity: 40 Gallons saved: 200,000 |
| Reuse or other Customer conservation projects | None listed |
| Water Conservation Indirect | |
| Ordinances | <ul style="list-style-type: none"> • Critical/Emergency Water Deficiency Ordinance |

| | |
|------------------------|---|
| | <ul style="list-style-type: none"> • Irrigation restrictions Regulations • Soil preparation requirements (x" of topsoil) • Tree ratio requirement • Allow native plants and Low water use turf/plants • Wellhead protection ordinance and zoning |
| Education and Outreach | <ul style="list-style-type: none"> • Consumer Confidence Reports -- 1 • Information kiosk at utility and public buildings -- 1 • Website -- 1 |
| Collaboration | <ul style="list-style-type: none"> • Collaborate with Metcouncil on Smart Irrigation |
| Rate structure | <ul style="list-style-type: none"> • Increasing Block |

General Comments and Recommendations for additional conservation efforts:

1. **WATER CONSERVATION GOALS:** Compare your water supply system results to the statewide water conservation goals that are set in the Water Supply Plans:

| | |
|---|-------|
| a. UNACCOUNTED FOR WATER LOSS | <10% |
| b. RESIDENTIAL GALLONS PER CAPITA DEMAND (GPCD) DAILY | <75 |
| c. ANNUAL % REDUCTION IN NONRESIDENTIAL USE | >1.5% |
| d. TREND IN TOTAL PER CAPITA DEMAND | >=1.0 |
| e. TOTAL PEAKING FACTOR | <2.6 |

Each water supplier should try to achieve the statewide water conservation goals by the time their next Water Supply Plan is due (2026-2028).

2. **WATER LOSS:** For most water suppliers, working on reducing water loss should be your top conservation objective. Cities should first make their own water supply system as efficient as possible. In addition to leaks, water can be “lost” through unauthorized consumption (theft), administrative errors, data handling errors, and metering inaccuracies or failure.
3. **LEAK REPAIR:** Budgeting for and keeping on top of aging pipes and infrastructure will be important in the coming years to reduce water loss. Also check fire hydrants frequently, many cities are finding these to be part of their water loss problem.
4. **METERS:** A water meter program should include selection, installation, testing and maintenance. Over time meters lose accuracy and inaccurate meters contribute to loss of revenue. Accurate meters are also key to getting a handle on water loss. Focus first on large meter installations.
5. **AUDIT:** Water audits are the first step for controlling water loss. AWWA offers free [Water Audit Software](#). The second step is intervention and implementing solutions, and the third step is evaluation and further improvements if needed. Metering and better water accounting are key to improving the city’s water loss percentage.
6. **PEAK WATER DAY:** Generally this number indicates if the city has high summer water use. Conservation education should focus on improving landscape irrigation efficiency on public and private property. The [UMN Turfgrass Science](#) website has excellent irrigation resources. If your peak water day was for hydrant flushing, you might evaluate if this amount could be reduced without sacrificing best practices. Some cities are significantly cutting back with hydrant flushing and not impacting water quality.
7. **RESIDENTIAL & NON-RESIDENTIAL:** Compare the volume of Residential and non-residential water user. Is one significantly more than the other or are they quite close in water use? Focusing on your big water use accounts with education programs or conservation partnerships may make sense.
8. **NON-RESIDENTIAL EDUCATION AND OUTREACH IDEAS:**
 - a. Non-residential use is always an opportunity for water conservation – economically Commercial, Industrial and Institutional users *want* to be as efficient as possible. The city should look at the 2-3 largest non-residential water users and meet with them to see if there are things they can do to conserve water.
 - b. Cities often work with the CII categories that are easiest to implement: government/municipal buildings and facilities; large landscape areas; schools and/or colleges; office buildings; restaurants. Research shows that the degree of success for water conservation are: 1. Schools/colleges, 2. Commercial and apartments, 3. Large

landscape areas, 4. Lodging, 5. Public pools/water parks. Target your efforts here for optimal success.

- c. If any of the CII facilities have outdoor lawn irrigation this is an easy and quick way to reduce water use by installing smart meters, doing an irrigation audit to look for leaks and broken heads, or simply turning off the irrigation controllers and only turning them on when there has been a lack of rainfall.

9. RESIDENTIAL EDUCATION AND OUTREACH IDEAS:

- a. The city may want to offer free toilet leak detection tablets to customers since this is the most common leak and easy to fix. Contact the MN DNR Information Center for a free supply of toilet leak detection info cards and dye tablets.
- b. You may want to try promoting this home water conservation app that only takes a few minutes and is fun and informative <http://nrwa.aqkwa.com> (try it yourself!). In addition to adults, you can work with the schools, kids may influence their parents to conserve water.
- c. Other new water campaigns the city may want to participate in include: the US EPA WaterSense Program. Membership is free and allows you access to great resources. Also *Value of Water*- US Water Alliance has a Value of Water Campaign <http://uswateralliance.org/initiatives/value-of-water> with a toolkit that has PDFs of ads, billboards, bill stuffers, bus shelter ads, banners, and social media. The focus is positive, emphasizing that water is essential.

10. **ORDINANCES:** City Councils may want to strengthen their water conservation ordinances. League of MN Cities is a great source for sample ordinances.

11. **RATE STRUCTURE:** Cities should regularly evaluate the water rate structure. MN Rural Water Association provides this service (free for a quick review; small fee for a full bookkeeping audit).

12. **FUTURE WEATHER:** Northern cities are already experiencing changing seasons and weather patterns. Some of these will impact water supply and demand. Climate science tells us three key trends will likely continue through mid-century:

1. Extreme rainfall is happening more often.
2. Minnesota's climate is becoming warmer and wetter.
3. Winter is warming 13 times faster than summer and there are fewer days of extreme cold.

These changes will likely impact public water supplies in several ways:

- a. **Rivers & Streams:** Rivers will see altered high and low flows and an increase in contamination due to flooding. Whatever the historic flood level has been in the past, anticipate it to be higher. Are water treatment facilities, water towers, and pumps flood proof/resilient? Are there industries upstream that may contaminate drinking water supplies during a flood? Are communications in place to notify the city of possible contamination and emergency flood preparations in place? If the city is not a member of MnWARN they may want to consider this voluntary option. Warmer winters may mean more ice, which often requires more salt treatment. Chloride contamination is becoming a concern in many areas of the state and may require additional water treatment.
- b. **Lakes:** Longer thermal stratification on lakes means that seasonal mixing may be eliminated in shallow water, resulting in fish kills. This may not affect the city directly. Thin ice may pose safety hazards to citizens and staff.

- c. Possible City Infrastructure Impact: direct damage from heavy rain, increased mold/moisture damage, safety and accessibility on ice or trails, damage to culverts and bridges.
- d. Invasive species have new advantages. Are zebra mussels a threat at your water or wastewater treatment facilities? If not, they may be in the future. Forest insect pests may migrate further north killing vast forested areas and increasing fire hazards.
- e. Warmer winter temperatures: The good news is this may mean fewer frozen water lines.
- f. Forests: Boreal species will face increasing hydrothermal stress. The heat stress is more than trees can tolerate and forest communities will change across the landscape and higher temperatures means more drying of vegetation. If geographically appropriate, is the water system prepared for a possible increase in forest fires?

MINNESOTA WATER CONSERVATION REPORT 2018



mi DEPARTMENT OF
NATURAL RESOURCES

ESPWater™

November 4, 2018

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Figure 1. Water is essential to all living things. Using this precious resource wisely is everybody's responsibility.

For more information on this Minnesota Water Conservation Report, please contact the Department of Natural Resources (DNR) Ecological and Water Resources Division at (651) 259-5034 or (651) 259-5100.

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- MN Department of Natural Resources
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- Minnesota Water Utilities
- Metropolitan Council
- MN Rural Water Association
- American Water Works Association
- Alliance for Water Efficiency
- Legislative Citizens Commission on Minnesota Resources
- League of Minnesota Cities

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- Eden Prairie Utilities Division
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- Rochester Public Utilities
- Shoreview Utilities Division

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- Amanda Yourd – DNR

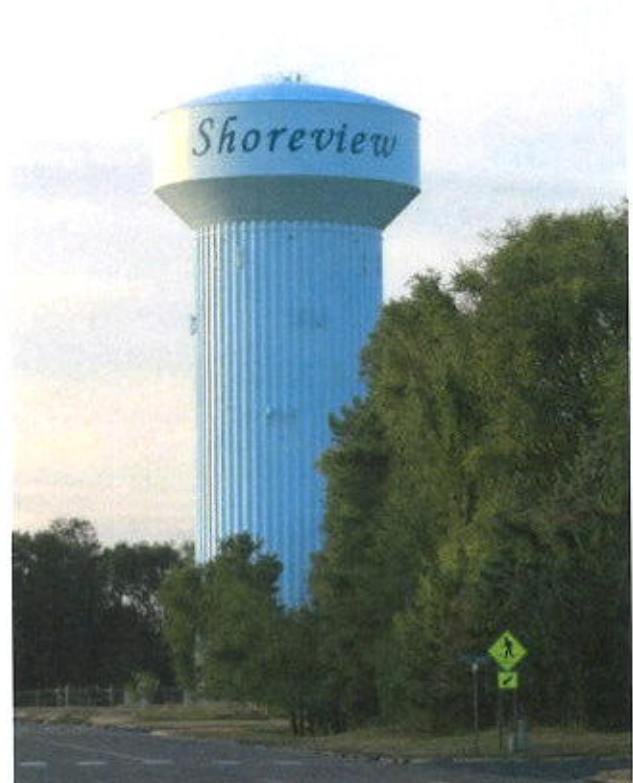


Figure 2. Four cities pilot tested the new Water Conservation System and offered valuable suggestions.

Executive Summary

The Minnesota Department of Natural Resources (DNR) is responsible for managing the use of water throughout the state. A DNR water appropriation permit is required to appropriate more than 10,000 gallons per day or one million gallons per year.

This report is the first comprehensive effort to monitor water supplier conservation efforts from source to consumption, with the goal of determining the impact of conservation efforts in the state.

The Minnesota Water Conservation Reporting system, developed by Energy Savings Platforms LLC (ESP) under contract with the DNR, is an online reporting system that collects annual data from Minnesota water suppliers (utilities), stores the results in a central database in the Cloud, and enables statewide analysis of conservation efforts. The Water Conservation Reporting system is powered by ESPWater™ software.

While the collection of data in a central location provides value to DNR and stakeholders, the Water Conservation Reporting system also provides value back to the utilities in exchange for their data entry effort. This system:

- Allows utilities to view information supplied by other utilities (*what are others doing?*).
- Creates a common “schematic” of water flow metrics to allow utility-to-utility comparison (*a shared perspective of water management*).
- Includes a simple dashboard to indicate the utility’s performance relative to DNR conservation goals noted below (*how are we doing?*).

The Water Conservation Reporting system is now the primary state repository for water conservation metrics that apply to community water suppliers.

In early 2018, the DNR/ESP team rolled the Water Conservation Reporting system out to 348 Minnesota utilities, provided training and gathered 2017 utility operational data. This report includes an analysis of the results.

Relative to the DNR’s conservation goals, the 2017 data indicate:

- In total, statewide utilities have a water loss of 8.88%, meeting the DNR conservation goal of no more than 10% water loss.
- The statewide value for residential consumption, Gallons Per Capita per Day (GPCD) is 52 gallons, meeting the DNR conservation goal of no more than 75 GPCD.
- Peak Daily Use (maximum gallons per day during the year, divided by average daily use) is 2.36, meeting the DNR conservation peaking factor goal of no more than 2.6.

These data indicate good performance overall for Minnesota utilities in 2017. Of course, some utilities met these goals and others did not. These data will help utilities better understand where to focus their conservation efforts to meet these water conservation goals and further improve statewide performance.

Background

The Need for Conservation in Minnesota

Minnesotans have historically benefited, and continue to benefit, from the state's abundant water supplies. In some areas of the state, however, supplies are becoming increasingly limited by constraints on quantity and/or quality. Causes of water supply limitation may include:

- population increases
- economic trends
- uneven statewide availability of groundwater
- groundwater being withdrawn at a faster rate than recharge can occur
- climatic changes
- degraded water quality

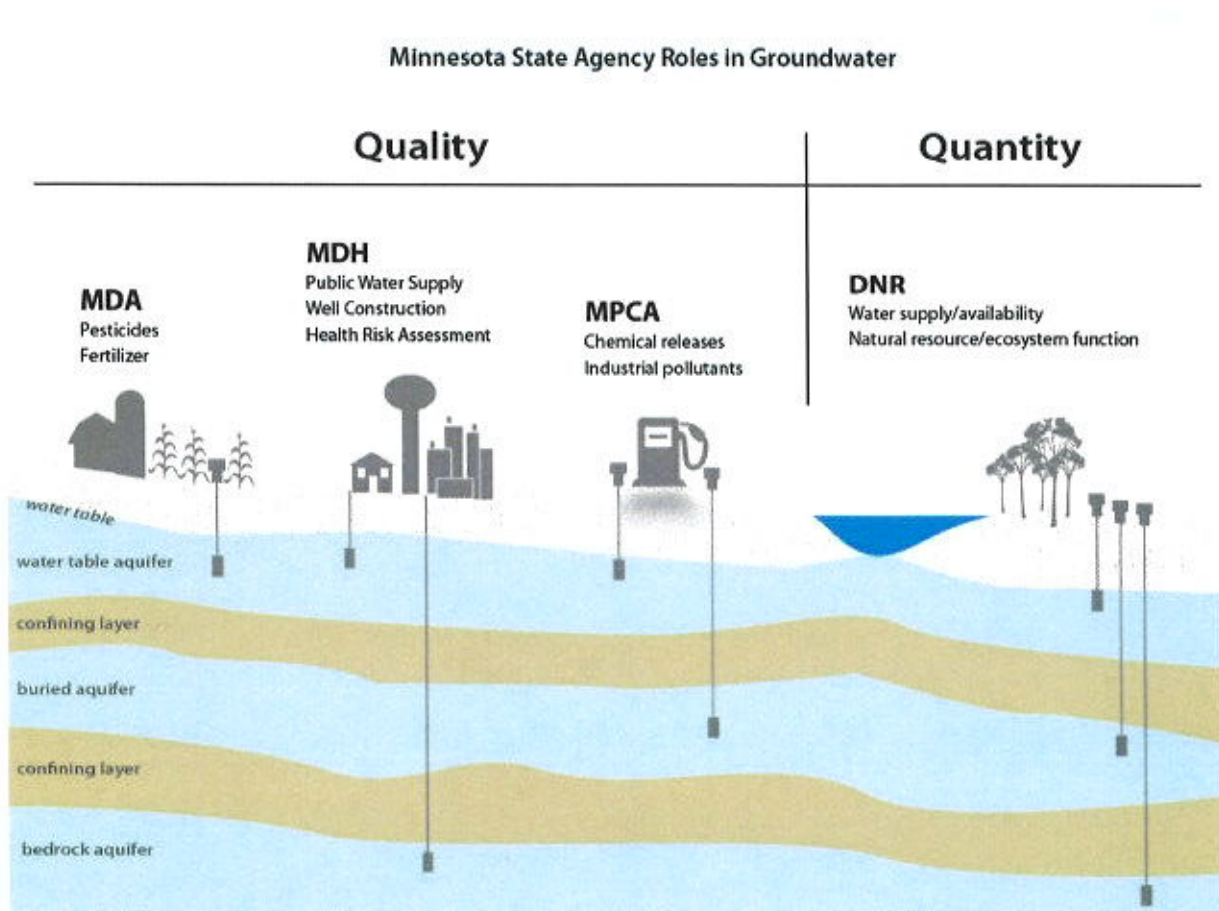


Figure 3. In Minnesota, multiple state agencies have responsibilities for water resources. The DNR is responsible for water use.

Water Regulation

Although several state agencies are responsible for water regulation (Figure 3), the DNR is the only state agency responsible for regulating water use and is mandated by statute to insure the sustainability of

water resources. The DNR uses seven core strategies to ensure water resources are used sustainably. One of the seven strategies is *promoting the wise use of groundwater and implementation of water conservation practices*. The DNR will collect water conservation achievements from water suppliers on an annual basis as part of this strategy.

The DNR influences water use through its permit programs, information collection and analysis activities, law enforcement responsibilities, education and technical assistance. The law requiring demand reduction measures was revised during the 2012 legislative session to require public water suppliers serving more than 1,000 people to implement measures that reduce the demand for water in their community (see [Minnesota laws here](#)). Implementing these measures reduces water losses, peak water demands and nonessential water uses. Without these measures in place, a public water supplier cannot get approval to drill new wells or increase their permitted water volume. Public water suppliers' 2016 Water Supply Plans include these conservation requirements.

Relevant Legislation

Several statutes and rules require water conservation, efficiency and sustainable water use. The DNR is continually seeking to improve water management, to help ensure a sustainable future where everyone can count on reliable water resources.

| | |
|---|-------------------------------------|
| Primary Legislation: | |
| Water Policy and Information | Minn. Stat. chapter 103A |
| Waters of the State | Minn. Stat. chapter 103G |
| DNR to develop a water conservation program | Minnesota Statutes § 103G.101 |
| Assurance of supply | Minnesota Statutes § 103G.265 |
| Appropriation and Use of Water | Minnesota Statutes § 103G.271 |
| Water Supply Planning and Demand Reduction law | Minnesota Statutes § 103G.291 |
| Water Appropriations and Use Permits and Use Management Plans | Minn. R. parts 6115.0600 –6115.0810 |
| Related Legislation: | |
| Water Planning and Project Implementation | Minn. Stat. chapter 103B |
| Protection of Water Resources | Minn. Stat. chapter 103F |
| Groundwater Protection | Minn. Stat. chapter 103H |
| Wells, Borings and Underground Uses | Minn. Stat. chapter 103I |
| Environmental Rights | Minn. Stat. chapter 116B |
| Environmental Policy | Minn. Stat. chapter 116D |

Ten-Year Water Supply Plans

Beginning in the 1990s, Minnesota water suppliers serving more than 1,000 people have been required to submit a Water Supply Plan every ten years to the DNR (Minn. Stat. § 103G.291). Water Supply Plans provide a means for communities to be proactive in their management of sustainable drinking water for citizens, businesses and industry. In the current round of updates, communities are submitting Water Supply Plans between 2016 and 2018.

In their Water Supply Plans, communities are asked to describe their existing and planned water supply, and to develop emergency and conservation plans. From 2015-2017, DNR staff met with water suppliers all over the state to discuss water supply planning and water conservation. At these workshops, water suppliers shared tips and suggestions with each other about how to improve their water supply systems and reduce water loss. Many water suppliers said they needed more information on water conservation.

The Water Conservation portion of the Water Supply Plan identifies objectives that all water suppliers must address to meet the statutory requirements for demand reduction measures. The Water Supply Plan template identifies objectives for each ten-year period, to promote efficient use of water and provide a water conservation plan for each utility. These objectives are:

- Objective 1: Reduce unaccounted water loss to less than 10%.
- Objective 2: Achieve less than 75 residential gallons per capita per day (GPCD) of water use.
- Objective 3: Achieve at least a 1.5% annual reduction in non-residential per capita water use.
- Objective 4: Achieve a decreasing trend in total per capita per day.
- Objective 5: Reduce ratio of maximum day to the average day demand to less than 2.6.
- Objective 6: Implement demand reduction measures.
- Objective 7: Implement strategies to reduce water use and support wellhead protection planning.
- Objective 8: Identify how success in meeting these objectives will be monitored and tracked over the next ten years.

In previous decades, DNR staff followed up on conservation efforts whenever a water supplier needed to add a well or increase their volume as required in statute. DNR staff would refer to the supplier's Water Supply Plan to see if they were implementing demand reduction measures. If not, the DNR worked with them prior to approving a permit amendment

- There were 9,707 active water appropriation permits at the end of 2017.
- There are 680 municipal/public water supply permits using more than 10,000 gallons per day or 1 million gallons per year.
- 96% of public water supply permits have groundwater as their source of water. Some large communities, including Minneapolis, St. Paul, Duluth and St. Cloud rely on surface water.



Figure 4. Statewide, water supply may be limited by population increases, economic trends, uneven statewide availability of groundwater, climate change and degraded water quality.

The Need for the Water Conservation Reporting System

DNR saw a need for a more coordinated, accessible approach to reporting water conservation. The Water Conservation Reporting System was developed to enhance suppliers' ability to evaluate, manage and measure their water conservation efforts. Stakeholders were engaged at the beginning of the development process, to ensure achievable measures and enhance stakeholder buy-in and compliance. This system will address the following water conservation needs.

- Utilities, the DNR and stakeholders need information on water use and trend analysis to manage the resource.
- Utilities lacked an easy way to learn from other utilities. The Water Conservation Reporting System connects utilities with data and insight from other utilities.
- Better management of resources will help water suppliers prepare for droughts and water emergencies.
- Over time, trends will provide valuable insight on water suppliers' water use and conservation.
- Better water management will contribute to sustainable aquifer levels, avoiding well interference and water use conflicts and reducing the need to drill new wells or expand system capacity.
- Data will help inform policy decisions on Minnesota's water resources.

Now, for the first time, the DNR has a system for compiling the conservation efforts and tracking success on a statewide basis. The Water Conservation Reporting System will assist water suppliers as well as the DNR in assessing successful implementation of Water Supply Plans.

Data Collection Design

Water Conservation Reporting Goals

The Water Conservation Reporting System provides monitoring, tracking and standardized data reporting among permit holders for water conservation and efficiency. The Water Supply Plan – Part 3, “Water Conservation,” is a key driver. The goals of Water Conservation Reporting are to:

- Measure the impact of conservation efforts in Minnesota over time.
- Encourage and enable best practices in water management.
- Analyze trends.

Measure the Impact of Conservation Efforts in Minnesota over Time

To measure conservation impact, basic water accounting data will be gathered from each water utility each year.



Figure 5. Conservation efforts in one year can affect water use in future years. If reasonable data can be gathered, water losses isolated, and weather and population normalized, one can measure the accumulated impact of conservation over time.

If the water accounting data are accurate over time, it is possible to normalize water usage by weather and population. Best practices meter management can isolate unreported water loss. The remaining change in water usage over time is attributable to conservation efforts.

Encourage and Enable Best Practices in Water Management

The utilities’ ability to manage water has a significant impact on one of Minnesota’s most important resources. The Water Conservation Reporting system will help utilities improve by providing:

1. A common data structure (or perspective) that shows their water management performance.
2. A statewide view of utility performance and conservation ideas and actions¹.
3. A utility dashboard with key performance metrics defined by the Water Supply Plan².

Analyze Trends

Ideally, future versions of the Water Conservation Reporting system will provide individual utility feedback and recommendations on the web site, along with an annual data summary and trend analysis.

¹ Each utility on the Water Conservation Reporting system can view peer utility data across Minnesota.

² [DNR Water Supply Plan Template link here.](#)

Data Collection Design Goals

For long-term success, the Water Conservation Reporting system features:

- An online website with authenticated access for water suppliers to enter their data.
- A centralized, structured database in the cloud.
- Convenient 24/7 access.
- User-friendly data entry.
- Saving partial data entry for later completion.
- Automatic calculation of derived values.
- A dashboard with key performance metrics.
- Easy interface to ask questions of DNR or Water Conservation Reporting system staff.
- Defined data collection periods.
- A comprehensive rollout and training plan to reach 348 water supplier organizations.
- A convenient link from MPARS or the webpage [ESPWater](#) to access the Water Conservation Reporting System.
- Individualized water supplier reports.

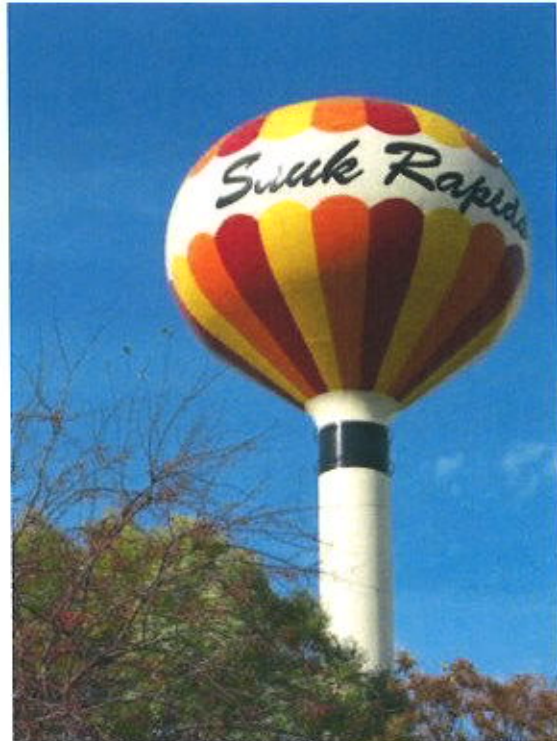


Figure 6. There were 348 utilities invited to participate. 94% created an account and entered data.

Scope of the Data

Targeted Utilities

The target utilities are those permitted water suppliers that serve more than 1,000 customers.

These are the same utilities that are required to submit a Water Supply Plan.

Data to Collect

Collection of numeric data, rather than text, enables meaningful analysis. The data are split into three different groups:

- Water Accounting
- Conservation – Direct
- Conservation – Indirect

Water Accounting

Basic water flow data are collected from each utility. Figure 7 depicts the high-level flow model, beginning with the water source and ending at consumption.

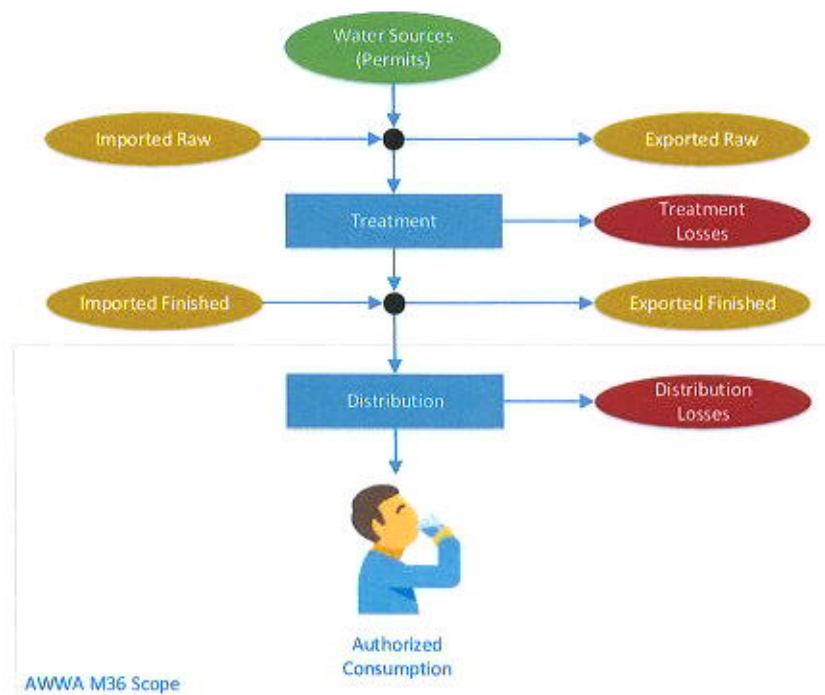


Figure 7. The scope of the water accounting data entry starts at the water source and ends at consumption. Water is typically pumped from a natural resource (ground water or surface water). This raw water is passed through a treatment process to produce finished water, which is distributed to utility customers.

The water accounting data definitions start with the basic water accounting categories gathered by the American Water Works Association (AWWA) M36 Water Audits and Loss Control programs. The AWWA software helps utilities discover how much water the utility is losing due to leakage, meter error or water theft. It also helps them learn how to determine the cost of uncaptured revenue. AWWA's fourth edition M36 manual and software provides water audit methodology and some of the best loss control techniques. The AWWA water audit scope is the physical utility distribution system.

Data fields were added to include:

- Annual water pumped from the sources
- Annual
 - Imported raw (untreated) water from each source
 - Exported raw water to each source
 - Imported finished (treated) water from each source
 - Exported finished water to each source
 - Peak day flow
- Monthly
 - Flow into distribution
 - Metered water for residential use
 - Metered water for non-residential use

Water losses are not reported directly but are derived from the data gathered above.

Conservation – Direct

The Conservation – Direct category is designed to collect numeric information about applied conservation efforts that have measurable results. These conservation efforts are broken into projects occurring before the customer meter and projects occurring after the customer meter.

Conservation – Indirect

The Conservation – Indirect category is designed to collect numeric information about conservation efforts that do not result in easily measurable savings, such as ordinances, education and outreach efforts.



Figure 8. Direct Conservation projects are efforts undertaken to reduce water loss, improve efficiency or reuse water where the gallons saved can be measured or estimated.

User Input and Interface Design

Stakeholder Meetings

A series of stakeholder meetings was held to refine the data to be collected from each utility, the data definitions and to guide development of a new dashboard page.³ Meeting attendees included representatives from institutional stakeholders, large metro water utilities and rural utilities. Based on feedback, a help system was also created and integrated into the site, including comprehensive definitions for each data field, to ensure that users entered the correct data.

Pilot

A pilot data entry effort was launched in late 2017, with the following utility volunteers:

- Eden Prairie Utilities Division
- Montrose Public Works
- Rochester Public Utilities
- Shoreview Utilities Division

The pilot included:

- Testing the batch account creation process that is designed to “onboard” 348 utilities.
- Testing the technical and policy support desks.
- Testing data entry integrity, including opening and closing the window for editing on the site.
- Analyzing preliminary data.

Based on the results and feedback from the pilot, the site was further refined and prepared for the January 2018 rollout.

First Annual Data Collection

Organization, permit number and contact information for each utility was imported into the Water Conservation Reporting system from MPARS. In December 2017, three training webinars were held and a video recording was posted online. Following the training, invitations were sent to 348 utilities to set up system passwords and begin data entry.

The site opened for data entry on Jan 2, 2018. The reporting deadline was March 15, 2018. During the reporting period, water accounting data entry was monitored. Utilities that had entered obviously incorrect data were contacted to help them improve their data quality.

After the deadline, the data set was analyzed. Twenty-four water suppliers had entered obviously incorrect data and were contacted to help improve data quality. The editing window on the site was reopened for these utilities to update their data, and most fixed the errors on the web site.⁴

³ See Acknowledgements.

⁴ Each utility is the only organization allowed to edit data on the web site, and their editing scope is limited to their own data.

Reporting Utilities

Out of a total of 348 reporting utilities, 327 created an account and entered data. This represents a 94% participation rate.

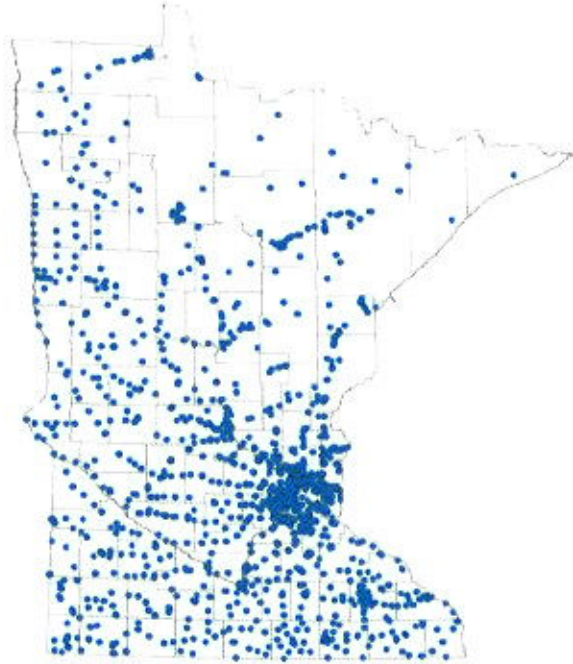


Figure 9. Water Supplier Locations. There are 680 municipal/public water supply permits. Only communities serving more than 1,000 people reported conservation efforts in 2017. Smaller communities will begin reporting conservation efforts in 2019.

Results

Water Accounting

Data Set

Some of the data entered by utilities are obviously not right. For example, some utilities entered flow metrics that resulted in negative treatment or distribution losses, both of which are impossible. Thirty-four percent, or 118, of the utilities were removed from the statewide water accounting analysis. The criteria for removal are:⁵

| Rejection Criteria | # Utilities | % |
|-------------------------------|-------------|-----|
| Negative Treatment Loss | 34 | 10% |
| Treatment Loss > 50% | 8 | 2% |
| Negative Distribution Loss | 70 | 20% |
| Zero Authorized Consumption | 28 | 8% |
| Zero Gallons from Sources | 17 | 5% |
| Distribution Loss Ratio > 0.5 | 19 | 5% |

The water accounting analysis is based on data from the remaining 230 utilities. These utilities account for 79% or 134,216 million gallons of the water withdrawn by all 348 utilities (170,290 million gallons). The utilities that were removed generally recognize a need for improved water meter maintenance or water accounting.

These 230 utilities will be referred to as the “**filtered set of utilities**” for purposes of the Water Accounting Analysis. Note that the “Conservation – Direct” and “Conservation – Indirect” sections use the entire set of 348 reporting utilities.



Figure 10. Water treatment facilities can range from simple to extremely complex operating systems. In total, they do meet the key water conservation objectives. Photo of Eden Prairie facility.

Water Accounting Model

The following water flow schematic describes the relationships between the accounting fields that are collected:

⁵ Some utilities met more than one of the rejection criteria, so the total number of excluded utilities does not equal the sum of the numbers in this chart.

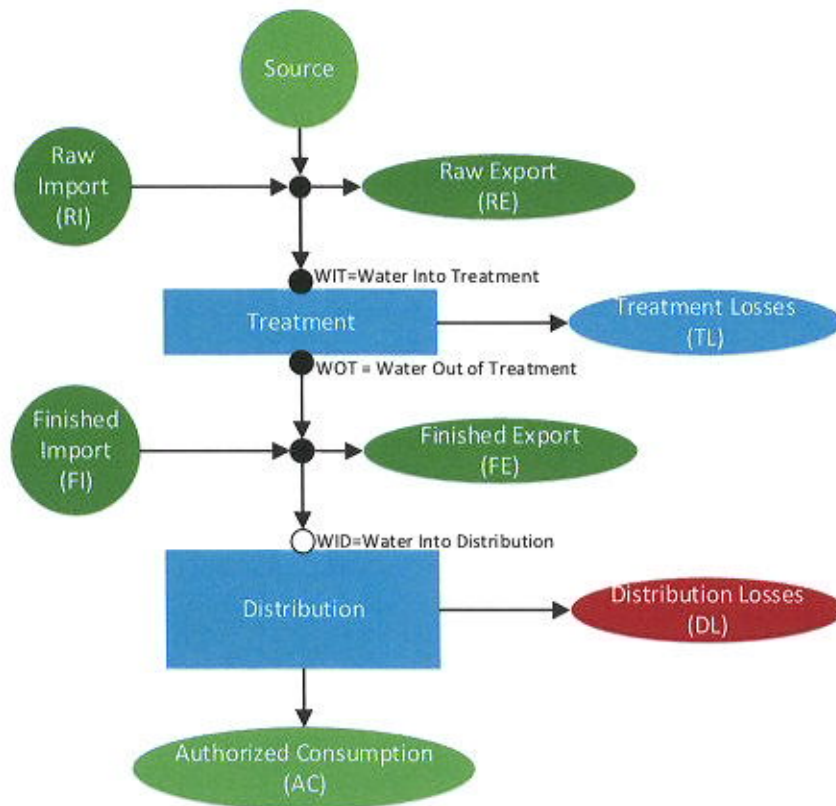


Figure 11. The Water Conservation Report accounts for all water taken into a system, through treatment, and then to distribution to customers, including water losses.

Terms and Formulae:

| Source | Sum of permit sources | Entered | List total |
|--------|-------------------------|---------|---|
| RI | Raw Imported Water | Entered | |
| RE | Raw Exported Water | Entered | |
| WIT | Water Into Treatment | Derived | $WIT = Source + RI - RE$ (if Source Total is null, or there is a RI or RE that is null, value is null) |
| WOT | Water Out of Treatment | Derived | $WOT = WID + FE - FI$ (not shown; if WID Total is null, or if there is an FI or FE that is null, value is null) |
| FI | Finished Imported Water | Entered | |
| FE | Finished Exported Water | Entered | |
| WID | Water Into Distribution | Entered | List total |
| AC | Authorized Consumption | Entered | List total |
| TL | Treatment Losses | Derived | $TL = WIT - WOT$ (if WIT or WOT is null, value is null) |
| DL | Distribution Losses | Derived | $DL = WID - AC$ (if WID Total or AC Total is null, value is null) |
| TotL | Total Losses | Derived | $TotL = TL + DL$ (if TL or DL is null, value is null) |
| WLP | Water Loss Percent | Derived | $WLP = DL / WID$ (if DL or WID is null, value is null) |

State Water Balance

Much like a financial accounting system, the water metrics that are collected must “balance.” Each snapshot in time of the water system must account for the total water in the system.

The water balance total changes when water is imported into or exported from the system. The water balance illustration in Figure 13 shows the traditional AWWA M36 water balance perspective plus pre-distribution.

The statewide water balance illustration below is constructed by aggregating all the data provided by the filtered set of utilities.

The AWWA M36 water balance is limited to the distribution system and is shown in light green.⁶

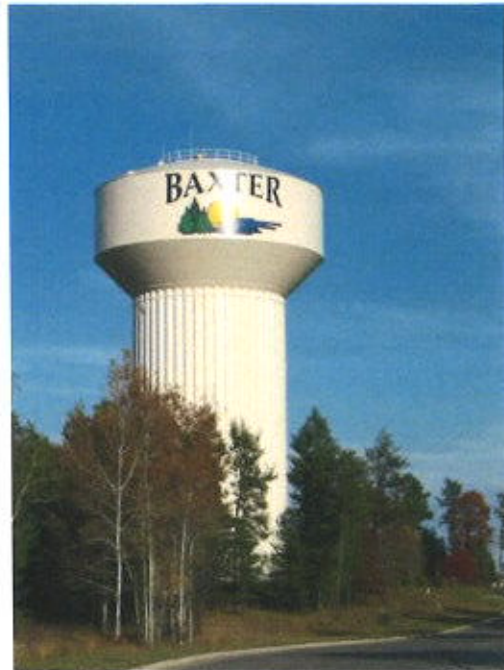


Figure 12. The Water Conservation Report tracks water use from the source collection point to distribution to customer meters.

⁶ We unintentionally omitted “Reported Breaks and Lines” from the data collection in 2017. We will update the site for the next round of data acquisition (note that only a few of the larger utilities have undertaken the AWWA M36 process to date).

Minnesota Water Conservation Report 2018

Water Balance Millions of Gallons

| | | | | | | | |
|------------------------|-----------------------------------|----------------------------|--|---|---|---|----------------------------------|
| Own Sources 130,028 | Water Into Treatment 130,018 | Exported Raw 283 | Exported Raw 293 Treatment Loss 3,815 (3.1%) Exported Finished 5,662 | Water Into Distribution 122,340 (100.0%) | Authorized Consumption 111,482 (91.1%) | Billed Metered 106,086 (86.7%) Billed Unmetered 156 (0.1%) Unbilled Metered 3,360 (2.7%) Unbilled Unmetered 1,881 (1.5%) Unauthorized Consumption 199 (0.2%) Meter Accuracy Loss 1,231 (1.0%) System Data Handling Discrepancy 41 (0.0%) Reported Breaks and Leaks Unreported Loss 9,387 (7.7%) | Revenue Water 106,242 (86.8%) |
| Imported Raw 283 | Water Out of Treatment 126,203 | Imported Finished 1,819 | Water Into Distribution 122,340 | Distribution Loss 10,858 (8.9%) | Non-Revenue Water 16,098 (13.2%) | | |
| 130,310 | 130,310 | 137,812 | 122,340 | 122,340 | 122,340 | 122,340 | 122,340 |

Figure 13. This is the total water balance for the filtered set of utilities reporting 2017 data, shown in millions of gallons. A subset of the AWWA water loss data is collected to account for water from source to consumption. AWWA water balance is shown in light green. Each column within the pre-distribution (white) section matches. Each post-distribution (light green) column total matches, which represents the AWWA water balance standard. This year "Reported Breaks and Leaks" was not collected, which would have reduced the total unreported losses (although most utilities are unfamiliar with the AWWA M36 methodology and did not report Unauthorized Consumption, Meter Accuracy Loss or System Data Handling Discrepancy).

Raw Water Sources and Inter-Utility Connections

Importing and exporting water with other water suppliers is not a common practice in Minnesota and has never been tracked before at a statewide level. Interconnections are frequently between a larger community and smaller communities. The larger supplier may provide some or all of the water for the smaller community. In some cases, two neighboring communities have interconnections for emergency preparedness, routine maintenance, peak summer water use or because of aquifer issues.

Figure 14 shows the gallons of imported and exported water reported by the filtered utility group and the percentage of the total pumped from permitted sources (Own Sources).

| Import/Export Water | Gallons | % of Pumped |
|---------------------|---------------|-------------|
| Imported Raw | 282,645,000 | 0.211% |
| Exported Raw | 292,847,948 | 0.218% |
| Imported Finished | 1,846,923,810 | 1.376% |
| Exported Finished | 5,682,273,121 | 4.234% |

Figure 14. This table shows the gallons of imported and exported water reported by the filtered utility group and the percentage of the total pumped.

Reasons that imports and exports do not balance are:

- Only utilities serving > 1,000 customers reported; exported water could have gone to smaller cities.
- Some smaller utilities had been filtered out, due to incorrect data entry.
- Many small utilities may import their finished water from local, larger utilities⁷.
- Water may be pumped into or out of Minnesota.

35 Water Suppliers import or export water from other communities. Prior to the Water Conservation Reporting System, import/export data could not be tracked.

Treatment Losses

In the water model, treatment losses are derived from the following data points⁸:

- Water into Treatment
- Imported Finished Water
- Exported Finished Water
- Water into Distribution

Of the filtered set of utilities, 169 reported zero treatment loss. Some utilities reported zero treatment loss because they do not have meters to measure raw water into distribution, and simply used the pumped water values for both water into treatment and water into distribution. The total treatment

⁷ Some of the organization names in the right-most column are structured data (a known reporting permittee) and some are user-entered data. Users had an option to select from the list of permittees or enter a new source/destination organization.

⁸ See Water Accounting Model.

losses for the filtered set of utilities is 3.1%. Of those in the filtered group that reported positive treatment losses, treatment losses equaled 4.8% of water into distribution.

Figure 15 presents the distribution of treatment losses, as reported by the filtered set of utilities.

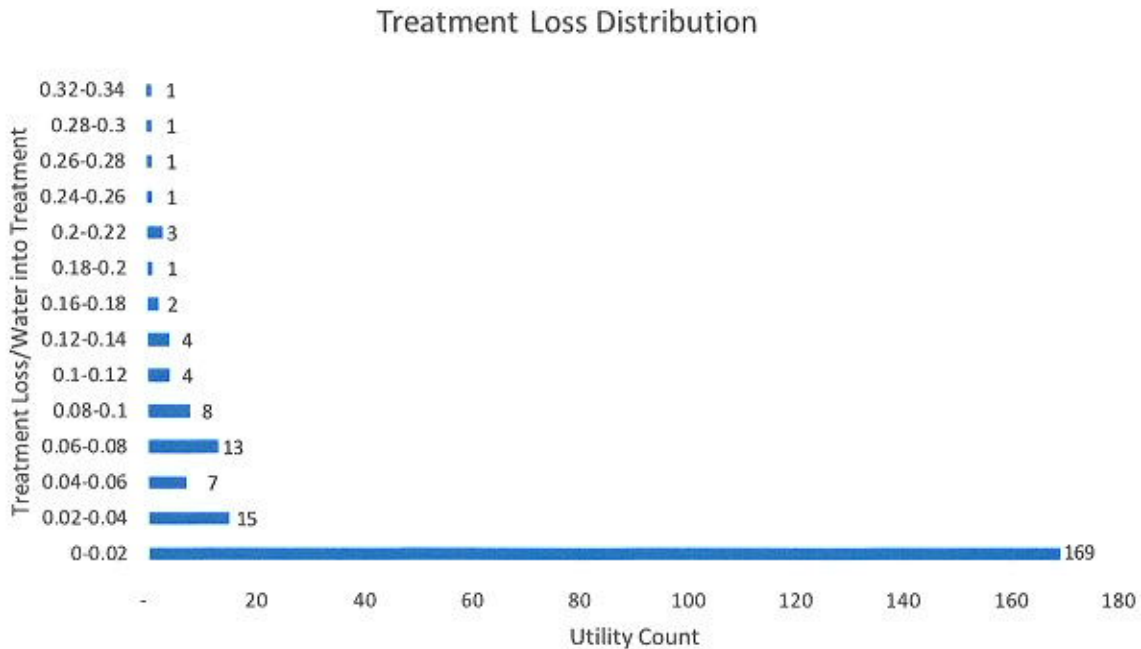


Figure 15. Of the filtered set of utilities, 169 reported zero treatment loss. This may be because they have minimal treatment, simply adding chlorine and fluoride and therefore have very little loss, or there may be meter issues.

Objective 1: Distribution Losses

Distribution Losses or the Water Loss Factor represents the amount of water lost while distributing water to customers. Water loss from failing infrastructure, faulty metering and theft costs money, and can mean lost revenue for utilities and higher rates for water users. It is difficult to quantify specific unmetered water use, such as that associated with firefighting and system flushing or system leaks. This report will add guidance and consistency to statewide reporting.

Water Loss Factor is calculated using the following formula:

$$\text{Water Loss Factor} = (\text{Water into Distribution} - \text{Authorized Consumption}) / \text{Water into Distribution}$$

The Minnesota Water Loss Factor goal for each utility is <10%.

By reducing water loss, utilities can save themselves and their community money in the long run, while protecting water resources. Another reason to fix infrastructure leaks is that it will also reduce the amount and cost of energy needed for water production and distribution.

OBJECTIVE 1

Reduce Unaccounted Water Loss to Less Than 10%

The total water loss factor for Minnesota utilities is 8.88% of water supplied to distribution (treating the filtered utility set as one large utility).

Meters are needed to accurately account for water use. The MN Rural Water Association, the Metropolitan Council and the Department of Natural Resources recommend metering all water uses. Metering can help identify high-use locations and times, along with leaks within buildings that have multiple meters. An effective metering program relies upon periodic performance testing, repair, and maintenance or replacement of all meters.

Water Loss Factor Reporting Distribution

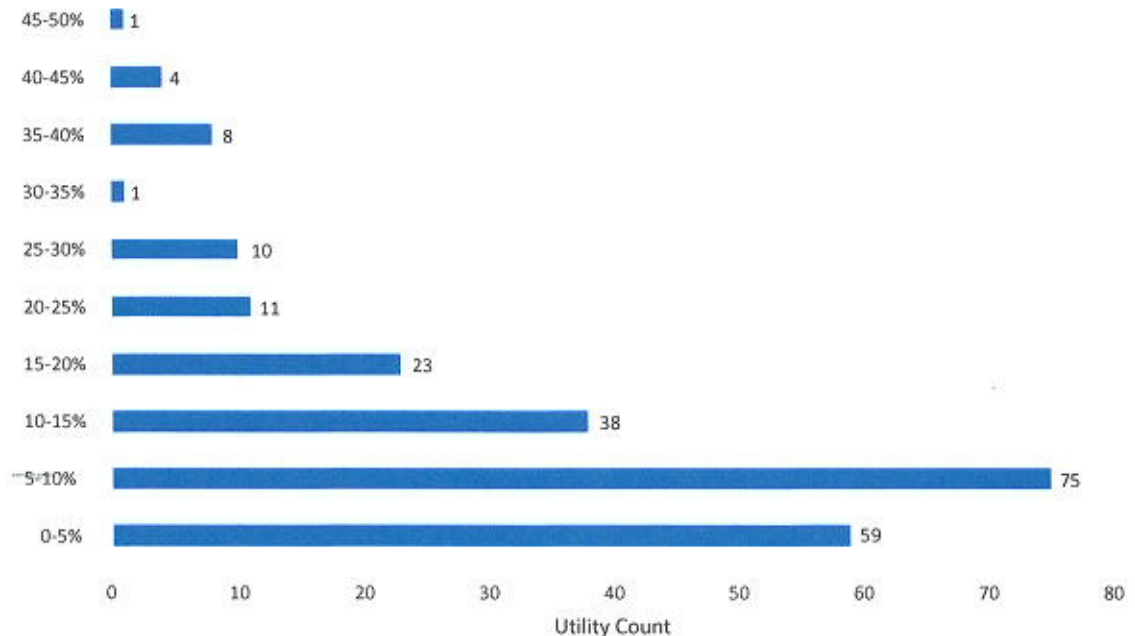


Figure 16. Water Loss Factor represents the amount of water lost while distributing water to customers. It is calculated by the formula: $(\text{Water into Distribution} - \text{Authorized Consumption}) / \text{Water into Distribution}$. Data shows that 75 water suppliers have 5%-10% water loss and 59 utilities have less than 5% water loss.

The AWWA M36 process includes a way of accounting for a portion of the distribution losses and assumes that the remainder are leaks in the distribution system. A few of the larger utilities have learned and adopted the M36 best practices.

Demographic Data

A total population of 3,424,690 is served by the filtered set of utilities.

There are 2,491,932 metered residential connections in this dataset with 1.37 persons/metered connection, which seems low.

One possible explanation for a low ratio of population/meters is that utilities reported inactive meters.

Figure 17 presents the distribution of population served/metered residential connections for the filtered set of utilities.

Persons/Meter Reporting Distribution

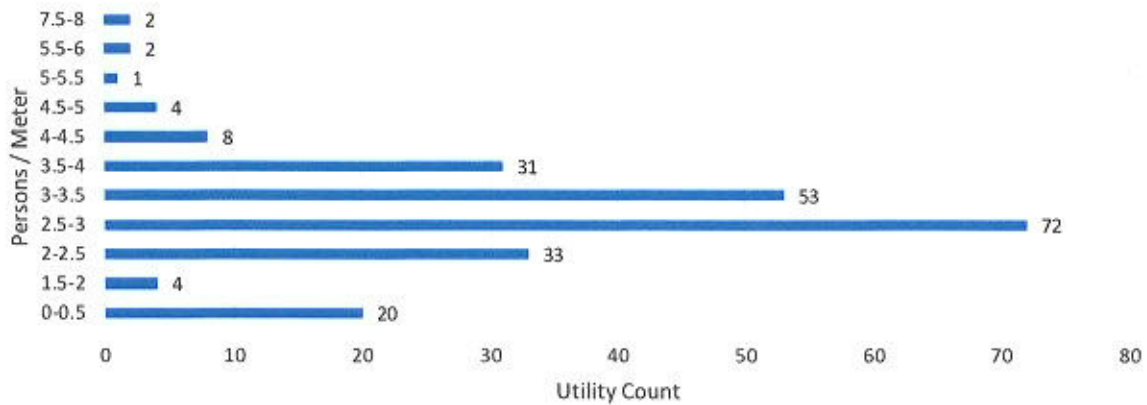


Figure 17. This table show the number of persons / meter. For example, 72 utilities have 2.5-3 persons / meter.

Objective 2: Residential Gallons Per Capita per Day (GPCD)

Residential GPCD provides a means for households and individuals to track and compare their own conservation efforts. The GPCD metric is easy to understand and it allows for meaningful comparisons between one’s own use of water with others in the country, state, county and at the community level. GPCD is also a useful tool in estimating future water demand as population increases. GPCD is calculated using the formula:

$$GPCD = \text{Residential Authorized Consumption} / \text{Population Served} / 365 \text{ days}$$

The statewide GPCD calculated from the filtered data set is:

$$65,098,125,826 \text{ gallons} / 3,424,690 \text{ people} / 365 \text{ days} = 52 \text{ GPCD}$$

OBJECTIVE 2

Achieve Less Than 75 Residential Gallons Per Capita per Day (GPCD)

The total statewide GPCD (treating the filtered utilities as one large utility) is 52 GPCD

208 utilities of the filtered set (90%) met the state GPCD goal (Figure 18).

GPCD Reporting Distribution

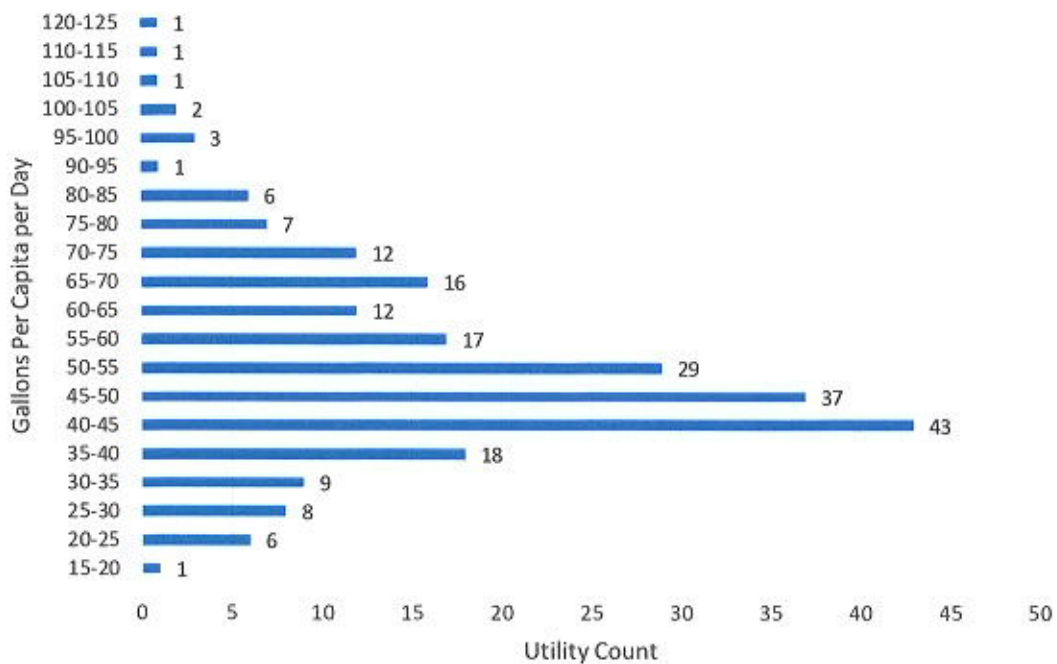


Figure 18. 208 utilities of the filtered set met the state Gallons per Capita per Day goal (90%).

Objective 3: Non-Residential Water Use

Although this objective is not reported in 2018, it is plain from Figure 22 below that promoting water conservation to non-residential water use customers should be a targeted effort for water suppliers. Statewide, approximately 38% of the water distributed by water suppliers is to non-residential water users.

Objective 3 was originally in the draft reporting system. During a feedback session, however, the pilot cities said this was too hard to do in the first year. They recommended that Objective 3 start during the second year of reporting. In the past, MPARS has not collected this data by month. The previous Water Supply Inventory worksheet in MPARS collected data on Gallons Delivered, Total number of Connections and number of Metered Connections by year.

OBJECTIVE 3

Achieve At Least 1.5% Annual Reduction in Non-residential Per Capita Water Use.

Reporting will begin next year.

Distributed Water

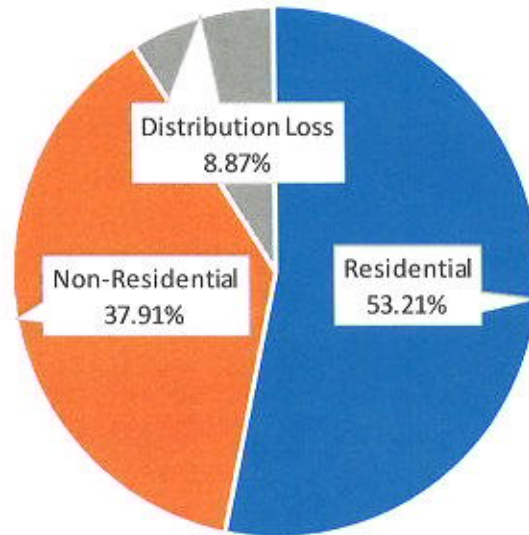


Figure 19. Of the reporting utilities, 53% of the water is distributed to residential users and nearly 38% is distributed to non-residential users. The amount of water lost in the distribution process is less than 9%.

Objective 4: Total Water Use

A minimum of two years of data is needed for trend analysis. This measure will track the total number of gallons of water pumped from water treatment facilities on a per capita per day basis for all uses (residential, commercial or industrial). Since total water consumption tends to increase as the population grows, Gallons Per Capita per Day (GPCD) numbers will allow water suppliers to better analyze and compare water use efficiency in different years.

The calculation for the total GPCD measurement is the total amount of water pumped at water treatment facilities during a fiscal year, divided by the service area population and then divided by 365 days. The Minnesota Water Supply Plan does not set a specific annual goal for this measure because the measurement will be higher where higher volumes of water are provided for commercial, industrial and institutional use. Rather than the measured data, the trends over time provide the useful information for total GPCD. Growing economic activity may be balanced by use of water efficiency technology and best practices. Therefore, even with growth a municipality could see a downward trend or at least a steady value for its total GPCD. To offset possible lower revenues from reduced consumption, municipalities will need to develop financial strategies, such as increased fixed fees and a reduced reliance on volumetric fees.

OBJECTIVE 4

Achieve a Decreasing Trend in Total Per Capita per Day.

Reporting will begin next year.

Objective 5: Daily Peak

A municipality's daily water use varies over the course of a year. Except for some highly unusual event, the highest water use will occur on a hot summer day. The ratio of this highest use to the annual use averaged over 365 days provides information about discretionary water use that water suppliers could target for reduction to meet water conservation goals.

The peak day use to average day use ratio of 2.6 was calculated in 2003 from the average peak day use of the communities in the Twin Cities metro area compared to the average daily use of these communities.

By reducing the peak day use, communities can also reduce the amount of infrastructure required to meet the peak day use. This infrastructure includes increased pipe sizing, new wells and new water towers.

OBJECTIVE 5

Reduce Ratio of Maximum Day to Average Day Demand to Less Than 2.6.

The total daily peaking factor for the filtered set of utilities is 2.37.

172 (75%) of the filtered set met the 2.6 peak day use (Figure 20).

Daily Peaking Factor Reporting Distribution

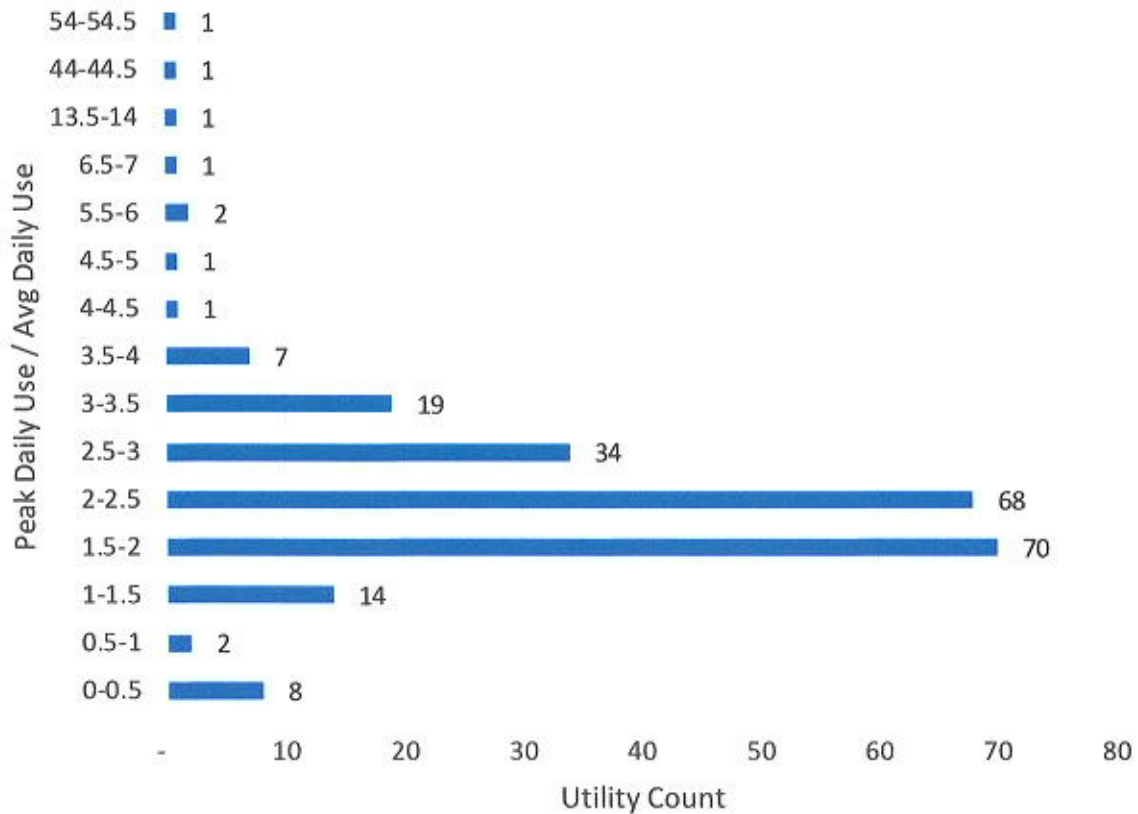


Figure 20. Daily peaking ranges as reported by utilities.

Meter Technology

The primary reason for customer meters is to determine billing charges. A secondary reason is to track water use to ensure that there is no excessive waste or leakage in the distribution system. In addition, when customers are billed for the exact amount of water used, they have an incentive to use water wisely. The following instructions are provided to water suppliers in the Water Conservation Reporting System:

“Water meter technology is changing rapidly. Unmeasured or inaccurate flow results in significant revenue loss for the Utility. Regardless of the type of meter, regular testing is needed to insure accuracy and optimize revenue.”

Utilities are asked about the technology they use to read their meters, to learn the state of meters in Minnesota.

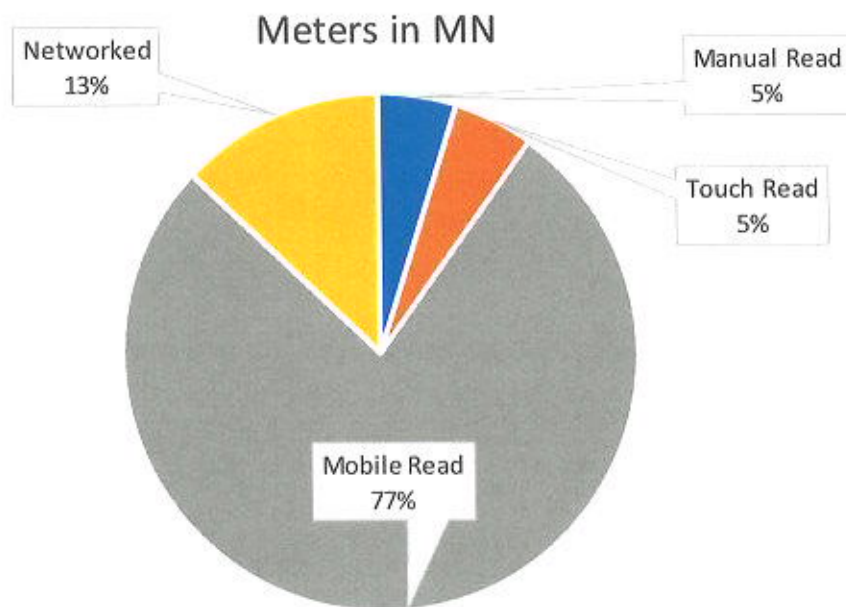


Figure 21. 77% of the water suppliers report using Mobil Read Meters (also called Automatic Meter Reading/AMR). This allows utility workers to automatically read meters from the safety of their vehicle and transfer the data to a central database for billing and analysis. 13% of water suppliers' use Networked meters (also called Advanced Metering Infrastructure/AMI).

Although there are expenses associated with changing meters, there are good reasons for a utility to upgrade to networked meters:

- Fast alerts to problems (some utilities reported reading their meters every quarter, which is a long time to be unaware of problems).
- Behavioral feedback to consumers.
- Real-time diagnostics for customer service.

Objective 6: Demand Reduction

Water Infrastructure Conservation – Direct

Data Set

The “Conservation – Direct” and “Conservation – Indirect” sections use the entire set of 348 reporting utilities.

System Conservation Efforts (Before the Customer Meter)

Instructions: “Enter savings for each system project type in gallons saved and project costs in US dollars. In future reports, you will be able to view the previous years’ data. Add any project types needed to enter your savings activities.

Leak detection and repair is a key water efficiency strategy. Age of pipes and storage facilities, the pipe materials and construction quality, the valves, meter accuracy and pumps all matter. Soil types also affect system efficiency, as corrosive soils reduce pipe life. High operational pressure and variations in hilly areas can further strain distribution system components.”

Figure 23 and the table that follows identify the reported projects, their associated water savings and costs⁹:



Figure 22. Fixing water main breaks is the most common direct conservation effort undertaken by Minnesota water suppliers.

OBJECTIVE 6

Implement Demand Reduction Measures

211 utilities (61%) reported direct conservation projects before the customer meter.

These include leak detection and repair, meter and hydrant repair and replacement.

⁹ Some utilities reported cost but not savings and vice versa.

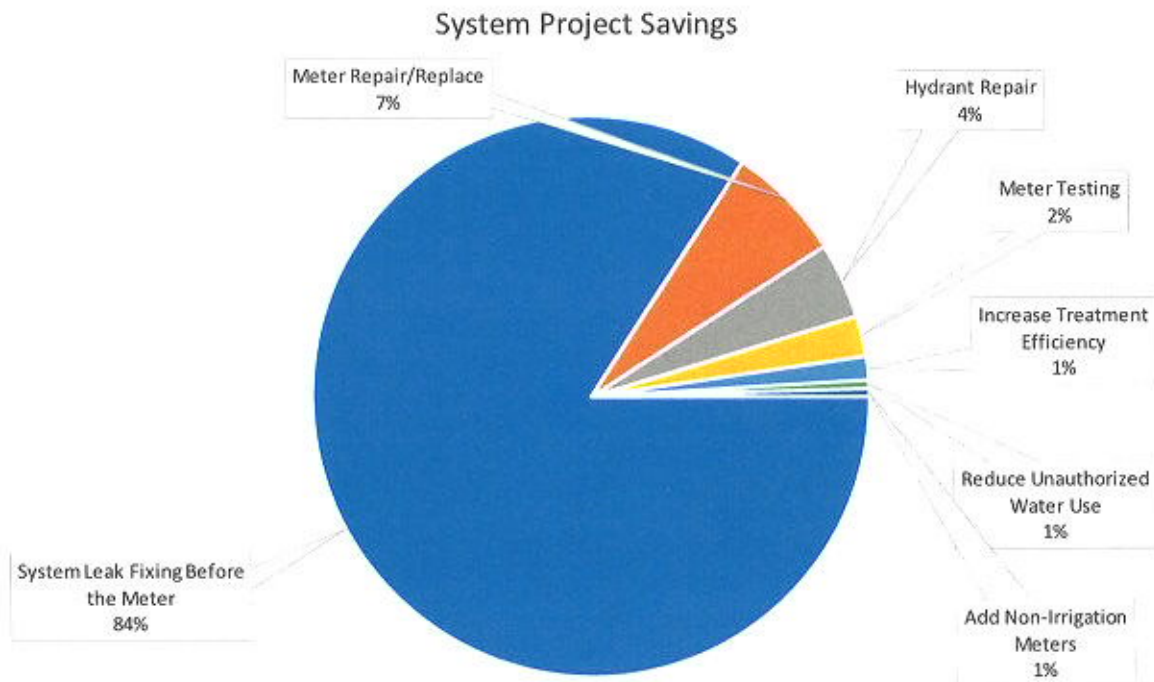


Figure 23. 211 utilities (61%) reported direct conservation projects before the customer meter. This figure demonstrates the percentage of utilities implementing a specific type of direct conservation project. For example, 84% of utilities that reported indicate they implement fixing a system leak before the meter.

| System Project | Savings (Gallons) | Cost | Cost/Gallon |
|-------------------------------------|-------------------|---------------|-------------|
| System Leak Fixing Before the Meter | 1,773,143,757 | \$ 16,001,290 | \$ 0.009 |
| Meter Repair/Replace | 140,484,676 | \$ 16,562,421 | \$ 0.118 |
| Hydrant Repair | 91,946,238 | \$ 2,107,398 | \$ 0.023 |
| Meter Testing | 49,302,282 | \$ 218,237 | \$ 0.004 |
| Increase Treatment Efficiency | 28,162,183 | \$ 7,421,688 | \$ 0.264 |
| Reduce Unauthorized Water Use | 10,355,420 | \$ 171,048 | \$ 0.017 |
| Add Non-Irrigation Meters | 9,620,002 | \$ 61,472 | \$ 0.006 |
| Pressure Control | 6,025,804 | \$ 96,067 | \$ 0.016 |
| Add Irrigation Meters | 5,475,647 | \$ 2,335,056 | \$ 0.426 |
| Storage Mixing | 4,346,001 | \$ 255,284 | \$ 0.059 |

Customer Conservation Efforts

Instructions: "In this section, list the quantity of water saving devices funded or partially funded by the city. Incentive programs and cooperative projects with energy utility companies, SWCDs or other organizations may also apply. Example: units installed in a cost-share program for 200 rain barrels.

Water suppliers willing to collaborate with their electric and/or natural gas utility can receive assistance through the Saving Watts & Drops program from the Clean Energy Resource Teams (CERTs), Saving Watts and Drops. The program guides you through selecting an item to distribute, getting bids from vendors, determining how to distribute items in the community, and creating customized educational materials to accompany items.

For many of the categories, a unit water savings in gallons is already provided. These unit savings are based on research by the AWWA, EPA WaterSense and/or the Alliance for Water Efficiency.

If no unit gallons of savings value is provided, please enter your best estimate based on the product purchased and the item that is being replaced."

190 utilities (55%) reported direct conservation efforts after the customer meter.

In the following presentations of project types,

- SF = Single-Family
- MS = Multi-Family
- CII = Commercial, Industrial and Institutional
- LF = Low Flow
- ET = Evapotranspiration
- HE = High Efficiency

Figure 24 presents the measures reported, by count and the Table that follows shows estimated water savings.

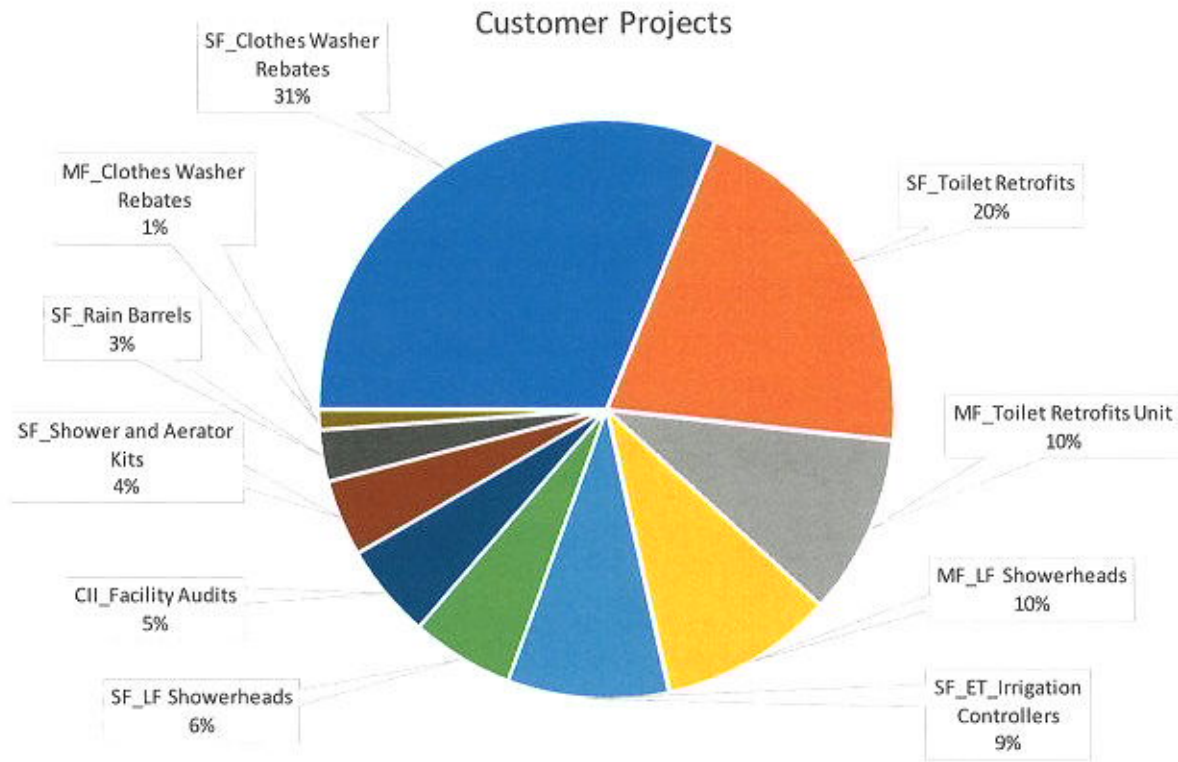


Figure 24. 190 utilities (55%) reported direct conservation efforts after the customer meter. This demonstrates the type of projects implemented by the reporting utilities and the percentage of utilities implementing a particular project. For example, 31% of reported projects were rebates for single-family washing machines.

| Customer Project | Qty. | Savings (Gallons) |
|----------------------------------|-------|-------------------|
| SF Clothes Washer Rebates | 2,703 | 5,524,932 |
| SF Toilet Retrofits | 1,765 | 16,910,465 |
| MF Toilet Retrofits Unit | 874 | 8,373,794 |
| MF Low Flow Showerheads | 851 | 1,615,198 |
| SF ET Irrigation Controllers | 781 | 19,678,100 |
| SF Low Flow Showerheads | 499 | 1,028,938 |
| CII Facility Audits | 456 | 55,200 |
| SF Shower and Aerator Kits | 369 | 1,851,642 |
| SF Rain Barrels | 249 | 208,911 |
| MF Clothes Washer Rebates | 97 | 1,062,150 |
| CII Toilet Retrofits | 29 | 275,210 |
| MF CII Large Landscape Projects | 28 | 9,455,000 |
| CII Automatic Faucets | 20 | 325 |
| MF Showerhead and Aerator Kits | 19 | 95,342 |
| CII Dishwashers | 14 | 808,598 |
| MF CII ET Irrigation Controllers | 7 | 3,000,280 |
| SF HE Water Softeners | 5 | 2,500 |
| CII Laundromats | 2 | 60,000 |

| | | |
|---------------------------------|--------------|-------------------|
| CII Spray Rinse Valves | 2 | 56,570 |
| SF Rainwater Harvesting Rebates | 2 | 15,768 |
| MF CII Rainwater Harvesting | 1 | 75,080 |
| TOTAL | 8,773 | 70,154,003 |

Of the 26 types of Customer Conservation Efforts listed in the Reporting system, all but five are being implemented by at least one community. This illustrates a great breadth of conservation activities. Considering that Minnesota has not experienced a significant drought in recent years, this is an impressive proactive approach that some cities are implementing.

Several dozen communities received water efficiency grants from the Metropolitan Council for implementing rebate programs. Unfortunately, the Metropolitan Council did not receive additional funds during the 2018 legislative session, but they intend to request funds to implement a water efficiency grant program in future years.

Rochester is one of the state leaders in offering rebate programs. In 2017, they reported:

- 1,473 Single-Family Clothes Washer Rebates
- 777 Single-Family Toilet Retrofits

Eden Prairie reported 801 Multi-Family Toilet Retrofits.

New Brighton reported 277 Single-Family Toilet Retrofits.

Water Reuse Projects

Utilities reported 13 water reuse projects that resulted in 74,925,501 gallons saved in 2017. The gallons saved are estimated, because some projects are installed for stormwater management purposes and the gallons saved are not reported. Using stormwater runoff to irrigate athletic fields or golf courses reduces the need to use drinking water for turf irrigation.

The public water suppliers that reported water reuse projects included Circle Pines, Hugo, Keewatin, Red Rock Rural Water, Waconia, Watertown and Woodbury. In 2017, Woodbury reported saving 60 million gal/yr. with reuse. Although costs are reported, they are not listed in the Table below, due to complexity of initial project costs, current costs, and comments. See [ESP Water](#)



Figure 25. The purple pipes indicate reuse water. A Plumbing Board variance is required for indoor water reuse other than non-potable rainwater catchment systems. This reuse system is located at the new Vermillion State Park sanitation building and is used for toilet flushing.



Figure 26. A great way to reuse water is irrigating large areas of turf such as at golf courses or ball fields. The small town of Watertown (pop. 4,205) constructed a water reuse soccer field irrigation project. This photo of Mystic Lake Golf Course shows reuse of treated wastewater effluent to irrigate the golf course.

| Water Supplier | Project Name | Annual Gallons Saved | Acres (if applicable) |
|----------------------|------------------------------------|----------------------|-----------------------|
| Circle Pines | Baldwin Reuse System | 1,200,000 | 3 |
| Hugo | Beaver Ponds Park & Soccer Fields | 236,000 | 6 |
| Hugo | Water's Edge Reuse | 4,360,500 | 25 |
| Keewatin | Rain Water | 10,000 | -- |
| Red Rock Rural Water | Backwash Rapid Infiltration Basins | 5,800,000 | 2 |
| Waconia | 10th Street Reuse | 1,819,000 | 12 |
| Waconia | Brook Peterson Park | Not complete | 35 |
| Watertown | Soccer field irrigation | 1,500,000 | 10 |
| Woodbury | Windwood Passage Park | stormwater | 7 |
| Woodbury | Eagle Valley Golf Course | 22,500,000 | 60 |
| Woodbury | Prestwick Golf Course | 17,500,000 | 75 |
| Woodbury | Health East Sports Center | 20,000,000 | 80 |
| Woodbury | Summit Pointe Park | stormwater | 5 |
| Total | | 74,925,500 | 320 |

Objective 7: Reduce Water Use and Support Wellhead Protection

Conservation – Indirect

For Objective 7, strategies to reduce water use and support wellhead protection planning utilities are reporting indirect conservation efforts.

Conservation Indirect includes the following sections:

- Ordinances
- Education and Outreach
- Collaboration Efforts

Water conservation can be the result of customer behavior changes due to:

- Compliance with local law
- Incentive programs
- Peer influence
- Belief in the importance of conservation

Research shows peer networks and social experiences with family, friends and neighbors have the greatest influence on human behavior.

Indirect conservation programs help change the culture of water consumption.

OBJECTIVE 7

Strategies to Reduce Water Use and Support Wellhead Protection Planning

257 utilities (74%) reported having one or more conservation-related ordinances.

203 utilities (58%) reported collaboration activities.

The agency that most water suppliers collaborate with is the Minnesota Department of Health.



Figure 27. Indirect Conservation are efforts and activities that promote water conservation but cannot be measured in gallons saved. One example of an indirect conservation project is the 'Make every drop count!' message on the side of a Lakeville vehicle.

Ordinances

257 utilities (74%) reported having one or more conservation-related ordinances (Figure 28). It is likely that almost all cities have some local law related to water conservation and efficiency, but they are not reported this first year.

% of Utilities Reporting an Ordinance Type

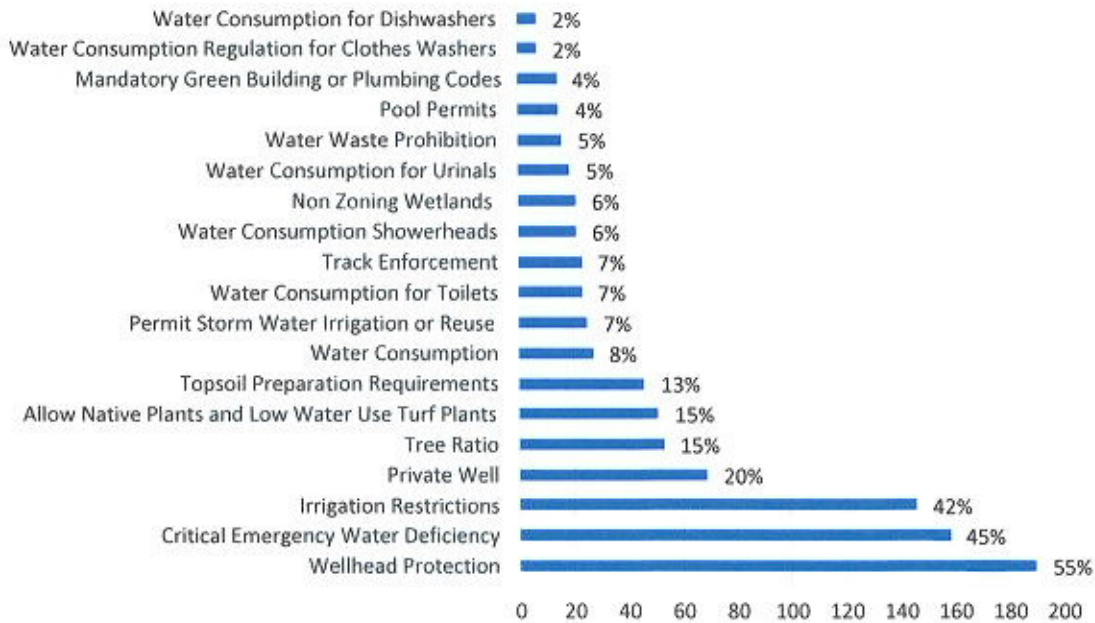


Figure 28. 257 utilities (74%) reported having one or more conservation-related ordinances.



Figure 29. Irrigation ordinances are the third most common type of conservation ordinance. UMN recommends: Water in early morning; Use rain/soil sensors and smart controllers on automated irrigation systems; Water deeply, but less often, to encourage root growth and drought tolerance. Odd-Even ordinances do not necessarily promote water conservation.

Education & Outreach

Instructions: "Only include education and outreach activities if the city funded or partially funded the program or offered other services or incentives related to the program. The key message of these programs should be efficient and wise use of water, rather than conservation."

The goal of a communications campaign is to make water conservation a social norm, so that customers will automatically use water wisely. Similar examples include the ways people automatically fasten seat belts, sort recycling from trash or conserve energy. Very few communications campaigns will use all of the communication channels below.

Because there are many factors that influence the actual number of people who may receive your water conservation education and outreach message, simply list the number of efforts, not individuals. For example, you do not need to count everyone who came to a water festival, simply list one Community Event."

Note: It is clear from the data entered that some utilities misunderstood the intent of these questions (for example, instead of entering "12" for a year of bill inserts, they entered the total number of bills). So, the number of events in the table below is sometimes artificially high.



Figure 30. Water Conservation can be fun, as illustrated in this comical display at Eden Prairie's Water Treatment facility where school groups tour the facility annually.



Figure 31. Water Education and Outreach Activities can be simple or complex. Website information, facility tours, staff training and newsletters are commonly used tools.

| Education/Outreach Activity | # Events | Utility Count |
|---|-----------------|----------------------|
| Consumer Confidence Reports | 1,188 | 257 |
| Website | 1,771 | 139 |
| Facility Tours | 556 | 122 |
| Staff Training | 309 | 110 |
| Community Newsletters | 340 | 107 |
| Billing Inserts Or Tips Printed On The Actual Bill | 56,875 | 99 |
| Social Media Distribution | 494 | 93 |
| Information Kiosk At Utility And Public Buildings | 753 | 70 |
| Press Releases To Traditional Local News Outlets | 160 | 65 |
| Displays And Exhibits | 160 | 60 |
| Presentations To Community Groups | 116 | 54 |
| K12 Education Programs, Project Wet, Drinking Water Institute Presentations | 107 | 48 |
| Community Events, Children's Water Festivals, Environmental Fairs | 66 | 46 |
| Notices Of Ordinances | 309 | 45 |
| Paid Advertisements | 844 | 39 |
| Marketing Rebate Programs | 871 | 38 |
| Water Week Promotions | 42 | 29 |
| Targeted Efforts Large Volume Users With Large Increases | 6,798 | 26 |
| Public Service Announcements | 58 | 21 |
| Cable TV Programs | 396 | 19 |
| Emergency Conservation Notices | 64 | 19 |
| Direct Mailings | 36 | 15 |
| Demonstration Projects: Landscaping Or Plumbing | 25 | 15 |
| Community Education Classes | 16 | 8 |



Figure 32. Collaboration can lead to amazing results. Two ninth grade Andover students encouraged the mayor to help promote the Wyland National Water Conservation Challenge. The city finished in first place for conservation pledges for their population category.

Collaboration Efforts

Instructions: "What collaborative efforts has your city participated in to manage groundwater or surface water withdrawals? (Check all that apply)"

Collaborating on conservation projects and water management can address common needs, better leverage resources and potentially lower costs. Efforts may include workforce development, disaster preparedness, or education and outreach.

These risks can often be avoided with collaboration and wise, sustainable use of water. Collaboration may be between:

- communities
- local partners
- regional agencies
- state agencies



Figure 33. Watershed districts are local units of government that work to solve and prevent water-related problems and manage surface and groundwater. The boundaries of the districts follow those of a natural watershed (an area in which all water drains to one point). Minnesota has 46 watershed districts. In the seven county metro area there are also mandatory Watershed Management Organizations that manage surface water issues.

Partners who work together to solve water supply problems include the Metropolitan Council, MN Rural Water Association, Minnesota Chapter of American Water Works Association, League of Minnesota Cities, Regional Development Commissions (10 planning and development organizations in greater Minnesota), University of Minnesota, Minnesota Department of Agriculture, Minnesota Department of Health, Minnesota Department of Commerce, Minnesota Board of Water and Soil Resources, the Minnesota Pollution Control Agency, municipal water utilities, and other water conservation organizations. In 2017, 208 utilities reported collaborations on water conservation. The number and percent of partners with which utilities reported collaborations are presented in the Table below and in Figure 35.



Figure 34. 203 utilities (58%) reported collaboration activities. The agency that most water suppliers collaborate with is the Minnesota Department of Health.

| Collaboration | # Utilities |
|-------------------|-------------|
| MDH | 166 |
| Watershed Groups | 97 |
| Lake Associations | 49 |
| SWCD or NRCS | 47 |
| DNR | 40 |
| Others | 34 |
| MDA | 33 |
| Neighbors | 20 |

% of Utilities Collaborating with Others

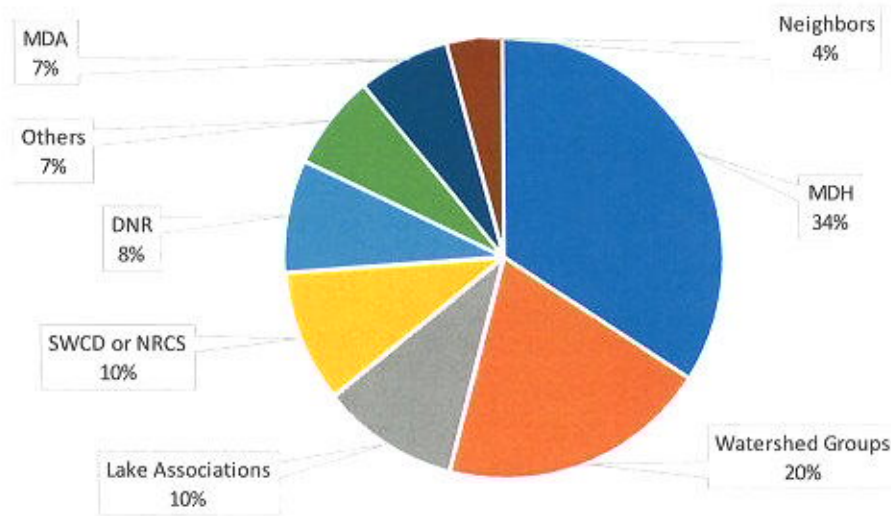


Figure 35. 203 utilities (58%) reported collaboration activities. This figure demonstrates the percentage of utilities collaborating with various organizations on water/conservation efforts. For example, 34% of utilities that reported they collaborate with MDH.

Rates

Municipal water suppliers serving more than 1,000 people are required to adopt demand reduction measures that include a conservation rate structure or a uniform rate structure with a conservation program that achieves demand reduction. ([Minn. Stat. § 103G.291, subd. 3 and 4](#)).

Utility rates must be set to collect the revenue needed to operate the utility, invest in infrastructure and protect public health. Rates can also have a significant impact on water consumption.

Utility rate information was provided by 292 (84%) of the public utilities. Use of different types of rate structures is described in Figure 36. Descriptions of the rate structures is provided below.

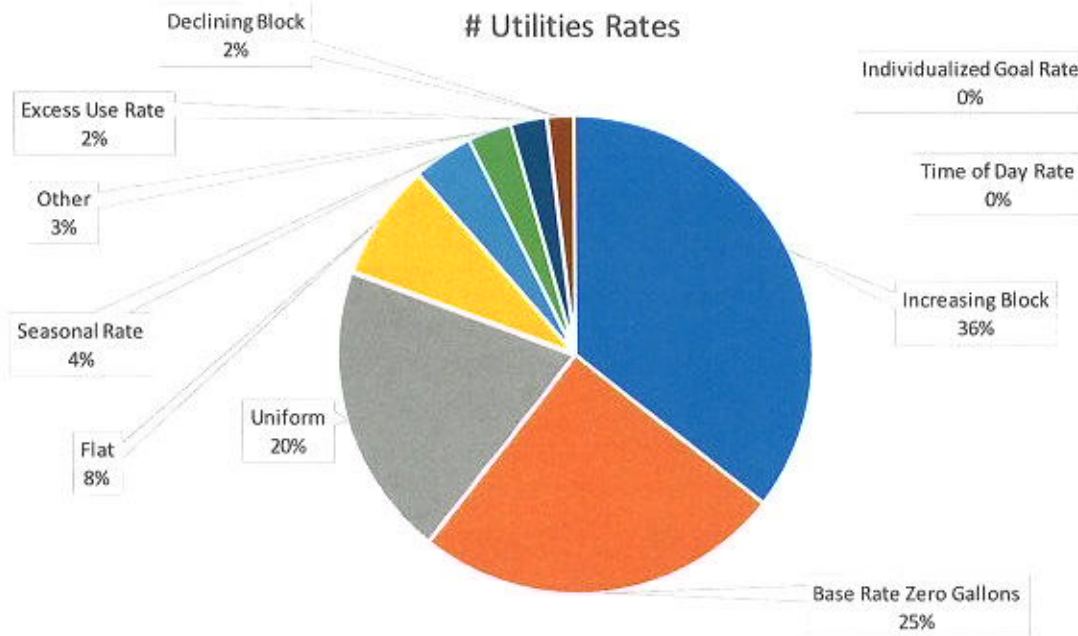


Figure 36. More than 84% of the utilities reported rate information. This figure demonstrates the percentage of utilities reporting a specific type of water rate. Note: more than one rate may be used in each community. For example, a city may have an increasing block rate and also have a base rate of zero gallons (meaning even if a customer uses no water, they still pay the base rate).

Rate Structure components that may promote water conservation:

- **Base Rate zero gallons:** a base rate or fee to cover universal city expenses that are not customer dependent and/or to provide minimal water at a lower rate.
- **Increasing block rates (also known as a tiered rate structure):** Typically, these have at least three tiers:
 - The first tier is for the winter average water use.
 - The second tier is the year-round average use, which is lower than typical summer use. This rate should be set to cover the full cost of service.
 - The third tier should be above the average annual use and should be priced high enough to encourage conservation, as should any higher tiers. For this to be effective, the difference in block rates should be significant.
- **Monthly billing:** is encouraged to help people see their water usage so they can consider changing behavior.
- **Seasonal rate:** higher rates in summer to reduce peak demands.
- **Time of Day rates:** lower rates for off-peak water use.
- **Bill water use in gallons:** this allows customers to compare their use to average rates.
- **Individualized goal rates:** typically used for industry, business or other large water users to promote water conservation if they keep within agreed upon goals.
- **Excess Use rates:** if water use goes above an agreed upon amount, this higher rate is charged.
- **Drought surcharge:** an extra fee is charged for guaranteed water use during drought.
- **Use water bill to provide comparisons:** Although not a “rate,” this strategy includes a graphic in the water bill comparing individual use over time or comparing individual use to others.

- **Emergency rates:** a community may have a separate conservation rate that only goes into effect when the community or governor declares a drought emergency. These higher rates can help protect city budgets during times of significantly less water usage.

****Conservation Neutral****

- **Uniform rate:** rate per unit used is the same regardless of the volume used.
- **Odd/even day watering:** this approach reduces peak demand on a daily basis for system operation, but it does not reduce overall water use.

***** Non-Conserving *****

- **Service charge or base fee with water volume:** an amount of water larger than the average residential per capita demand for the water supplier for the last five years.
- **Declining block rate:** the rate per unit used decreases as water use increases.
- **Flat rate:** one fee regardless of how much water is used (usually unmetered).

Objective 8: Monitor and Track Water Conservation Success

In the Local Water Supply Plan, municipalities are asked how they will track or measure success through the next ten years. Rather than waiting for a decade, the thought at the time was that the DNR Area Hydrologist would call or visit every community every few years to check on progress.

By completing the annual Water Conservation Reports municipalities and hydrologists can track their success and use the reports to guide future water conservation actions. They can quickly and easily review and note trends in total per capita water use, residential per capita water use, and business/industry use.

OBJECTIVE 8

Requires Water Suppliers to Identify How They Will Monitor and Track Success in the Next ten years.

This objective is accomplished by the utility entering annual data into ESPWater.

Discussion and Recommendations

General Observations

It became abundantly clear during this round of data collection that Minnesota utilities are strongly dedicated to providing safe drinking water to customers without interruption. Every interaction with utilities demonstrated their intent to provide accurate data to the Water Conservation Reporting system and their interest in the results.

“The report definitely has given me plenty to think about and ways to expand on what we are currently doing. Just wanted to say thanks, too, for conducting the webinar multiple times. It really did help.”
Cara Hess – Buffalo, MN

Recommendations to Utilities

Water loss due to leakage and meter error is a common problem across the United States. In aggregating the statewide data and looking through individual reports, it became clear that meter data is less reliable than anticipated. 2017 data indicate that many utilities in Minnesota have meter and water accounting issues. The first step in properly managing water use is to measure the use accurately.

Recommendations for improvement include:

- 1. Manage and maintain meters so water use is measured as accurately as possible.**
 - a. Each utility should have a meter management plan, to ensure the accuracy of the data (for example AWWA M36).
 - b. Accelerate technology adoption to build efficiency and improve water service.
- 2. Enhance water systems.**
 - a. Develop and implement a leak detection and repair plan.
 - b. Sustain adequate funding for water infrastructure.
 - c. Implement measures that increase water system productivity and efficiency.
- 3. Focus on conservation projects.**
 - a. After the meter, especially outdoor use.
 - b. Adopt conservation ordinances.
 - c. Advance local and regional collaboration on water management.

Based on these results, the most significant water savings to be achieved for Minnesota utilities will be found in repairing and enhancing water delivery systems (fixing leaks) and using best practices to maintain meters, so water delivery and use can be accurately measured.

Many water suppliers are aware of these issues and are working to correct the problems as funding becomes available.

Each city should have a leak detection plan and a meter maintenance plan. Ideally, in future reporting years, 100% of the water suppliers will have valid water accounting data. The DNR, AWWA, Metropolitan Council and MN Rural Water Association are exploring options to provide training on AWWA M36 and best practices adoption.

Conservation efforts on the customer side of the meter are light, in that not all cities have customer rebate programs or other water conservation incentives. This is expected, until utilities have implemented best practices to focus on water management and meter accuracy.

Municipal staff commonly reported that completing this report got them working together on billing, meter readings, ordinances and educational efforts. While this report does include reporting collaboration with other utilities, ideas for improving water efficiency can also be found within the utility.

Improvements to the Reporting System

In the process of rolling out the new water conservation reporting system, there were constructive suggestions for improvements for next year. Here are several:

- Provide formatted form printouts to share with city staff completing portions of the report.
- Improve dashboard with trend analysis.
- Reduce confusion by clarifying directions and information in the help tabs.
- Provide previous years' data for comparison.
- Improve the print function of the final report.
- Improve querying function to allow utilities to ask questions of the statewide data.
- Add operational recommendations to the site for each utility, based on entered data (create a report to take to the council to justify water system improvements).

We plan to implement as many of these suggestions as we are able.

Next Steps

- Encourage water suppliers to review their data and submit corrections if needed.
- Encourage peer learning.
- Make requested improvements to the Water Conservation Reporting System and improve quality control as feasible.
- This system, as well as MPARS, will require maintenance and improvements.
- Work with commercial, industrial and institutional permittees to begin reporting.
- Work with partner agencies and organizations to provide AWWA Water Audit M36 training.
- Work with MnTAP and others to provide information and education about how to improve water efficiencies and conservation for commercial, industrial and institutional water users.

Monthly Water Dashboard

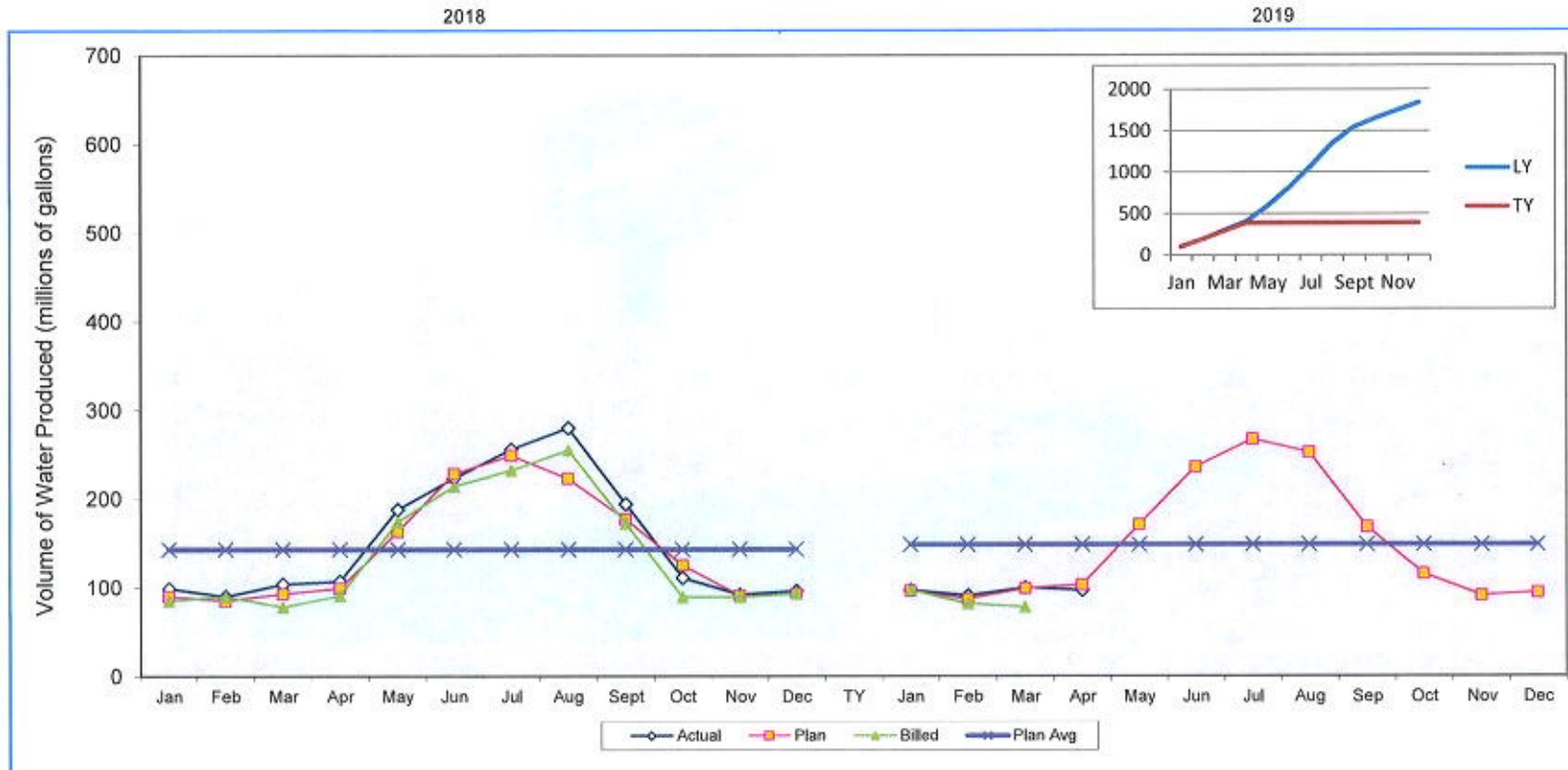
As of: **April 2019** **Shakopee Public Utilities Commission**

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure Water Pumped/Metered

| Averages | |
|----------|-----|
| 2016 | 145 |
| 2017 | 147 |
| 2018 | 153 |

| | | | | | | |
|-----------------------|----|----|----|----|-----|----|
| Last 6 months actuals | 92 | 96 | 97 | 91 | 100 | 97 |
|-----------------------|----|----|----|----|-----|----|




| | LY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | TY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---------|----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|----|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | 99 | 90 | 104 | 107 | 188 | 223 | 256 | 280 | 194 | 111 | 92 | 96 | | 97 | 91 | 100 | 97 | | | | | | | | |
| Actual | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plan | | 90 | 85 | 93 | 99 | 163 | 228 | 249 | 223 | 177 | 125 | 91 | 93 | | 96 | 87 | 99 | 103 | 171 | 236 | 267 | 252 | 168 | 115 | 91 | 94 |
| YTD % * | | | | | | | | | | | | | | | 101% | 103% | 102% | 100% | | | | | | | | |
| Billed | | 85 | 90 | 78 | 91 | 174 | 214 | 232 | 255 | 172 | 89 | 89 | 93 | | 97 | 82 | 78 | | | | | | | | | |

* Actual gallons pumped vs. Plan

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Water Tank Site - Property Purchase Agreement Update

DATE: May 17, 2019

ISSUE

Staff is in negotiations with LaTour Farms for the purchase of property suitable for a 2nd HES District Elevated Water Storage Tank and potential water supply well sites.

BACKGROUND

Per the 2018 Water Comprehensive Plan, the 2019 Capital Projects includes funding for the purchase of property for future water facilities. The first facility anticipated to be constructed would be an elevated storage tank in 2020 to support pressure in the 2nd HES District beginning with the Windermere additions and the surrounding area.

Additional future facilities on the same site may include up to two water supply wells, a pump house and a water treatment plant if necessary.

DISCUSSION

Staff is working with Mr. John LaTour as representative of the property owner, LaTour Farms. We have submitted the attached draft property purchase agreement, prepared by the Commission's legal counsel McGrann Shea's Carla Pedersen, to the seller's representative Mr. Dave Brown. The terms are reportedly acceptable to the sellers with only some minor modifications expected yet to address the seller's attorney's concerns.

Staff is working with city staff to define the required storm water management facilities that will dictate the ultimate size and dimensions of the parcel being purchased. The approximate area is between 4.0 and 5.5 acres depending on how large of a ponding area is required. A meeting with city

staff is scheduled for May 22nd, after which we should be able to determine a legal description and sketch of the parcel to be purchased and finalize the agreement with the sellers.

REQUESTED ACTION

No action is required at this time. Staff expects to bring to the Commission a final Property Purchase Agreement for approval at their next meeting on June 3rd.

PURCHASE AGREEMENT

DATE: _____, 2019

BETWEEN: **LATOUR FARMS, L.P.**,
a Minnesota limited partnership ("Seller")

AND: **SHAKOPEE PUBLIC UTILITIES COMMISSION**,
a Minnesota municipal utility commission ("Buyer")

FOR VALUABLE CONSIDERATION, Seller and Buyer agree as follows:

I. SALE AND PURCHASE

- 1.1 Sale of Property. Subject to the terms and conditions of this Purchase Agreement (this "Agreement"), Seller will sell and convey to Buyer, and Buyer will purchase and accept from Seller, the parcel of real property described in Exhibit A, together with all improvements thereon and all rights, privileges, easements, licenses, appurtenances and hereditaments relating thereto (collectively, the "Property").
- 1.2 Closing. The closing of the sale and purchase of the Property ("Closing") will occur thirty (30) days after the expiration of the Due Diligence Period under Article IV of this Agreement at 10:00 a.m. local time in the offices of McGrann Shea Carnival Straughn & Lamb, Chartered, in Minneapolis, Minnesota, or at such other time or place as Buyer and Seller may agree. Scott County Abstract and Title, Inc., a Minnesota corporation ("Scott County Abstract"), will be closing Seller's side of the transaction.

II. PURCHASE PRICE

- 2.1 Calculation of Purchase Price. The "Purchase Price" shall mean an amount calculated based on the area contained in the Property as shown on the Survey described in Section 3.2. The Purchase Price shall be calculated based on a rate of Eighty-Five Thousand and No/100 Dollars (\$85,000.00) per acre. For illustration purposes only, if the Survey shows that, following the final configuration of the Property as agreed upon by the parties, the Property contains 4.03 acres, the Purchase Price would be Three Hundred Forty-Two Thousand Five Hundred Fifty and No/100 Dollars (\$342,550.00).
- 2.2 Payment of Purchase Price. The Purchase Price for the Property will be paid in the following manner:
- (a) \$3,500.00, by Buyer depositing with the Title Company identified in Section 3.1 such amount in cash upon execution of this Agreement as earnest money; and
 - (b) the remainder, by Buyer paying such amount to Seller in cash at Closing.

- 2.3 Method of Payment. All cash payments by Buyer will be in U.S. Dollars and in the form of wire transfers, certified checks or other immediately available funds acceptable to Seller.
- 2.4 Application of Earnest Money. Any earnest money deposited by Buyer under Section 2.2 will be deposited with the Title Company identified in Section 3.1. The Title Company will be instructed to hold the earnest money in its trust account, and invest the earnest money in certificates issued by and time deposits in national banking associations or nationally chartered savings and loan associations, in securities issued or guaranteed by the United States Government, in money market funds the underlying assets of which consist of the above-described certificates or securities, or in such other investments as may from time to time be approved in writing by Buyer and Seller. All interest earned on the earnest money will be considered as additional earnest money, to be held and invested by the Title Company in the same manner as the earnest money originally deposited. If Closing does not occur pursuant to the termination of this Agreement by Buyer per the terms hereof or because of a default by Seller under this Agreement, the earnest money deposited under this Agreement and any interest earned thereon will be returned to Buyer. If Closing does not occur because of a default by Buyer under this Agreement, such earnest money will be paid to Seller as liquidated damages. If Closing occurs, such earnest money will be paid to Seller as a part of the Purchase Price. Buyer will bear any risk of loss with regard to any earnest money deposited with the Title Company or any interest earned thereon.

III. TITLE

- 3.1 Title Commitment. Within fifteen (15) days of the date of this Agreement, Buyer will obtain a commitment for an owner's policy of title insurance (ALTA Form 06/17/06) covering the Property (the "Commitment"), issued by Commercial Partners Title, LLC through Old Republic National Title Insurance Company, or such other title insurer as may be acceptable to Buyer (the "Title Company"), with standard exceptions for mechanic's liens, survey and parties in possession deleted, with searches for special assessments and with an amount of coverage equal to the Purchase Price. The Commitment will include a copy of each instrument listed as an exception to title or referred to therein. The service charge for the Commitment and the premium for any policy issued pursuant to such Commitment will be paid by Buyer.
- 3.2 Survey. Within thirty (30) days of the date of this Agreement, Buyer will obtain an "as-built" survey of the Property made by a registered land surveyor acceptable to Buyer, and certified to Buyer, the Title Company and the title insurer, showing the location of all easements, buildings, improvements, and encroachments and conforming to the current standard detail requirements established by the American Land Title Association and the National Society for Professional Surveyors (the "Survey"). The Survey shall also certify as to the actual acreage contained in the Property, as shown on the Survey (rounded to the nearest hundredth).
- 3.3 Examination of Title. Buyer will be allowed thirty (30) days after receipt of the Commitment and Survey for examination of title to the Property and making of objections. Objections will be made in writing or be deemed waived.

- 3.4 Corrections to Title. If any objections to title to the Property are made as provided in Section 3.3, Seller will be allowed sixty (60) days in which to make title marketable. Pending correction of title, Closing will be postponed; but upon correction of title or waiver of the specified defects by Buyer, Closing will be held on the date scheduled for Closing under Section 1.2 or, if later, ten (10) days after the objections are cured or waived. If title is not made marketable or the objections are not waived by Buyer within sixty (60) days after the date Buyer gives written objection to title to the Property under Section 3.3, Buyer or Seller may terminate this Agreement and the earnest money and any interest earned thereon will be returned to Buyer and neither party will have any further obligations under this Agreement.

IV. REVIEW OF THE PROPERTY

- 4.1 Documents. Within fifteen (15) days after the date of this Agreement, Seller will make available at its offices for review and copy by Buyer all Leases, Contracts, Records, environmental and engineering studies, reports and tests, and other documents and surveys relating to the condition, suitability, and desirability of the Property that are in the possession of Seller or otherwise reasonably available to Seller (collectively, the "Documents"). Seller will not be responsible for the accuracy, completeness or sufficiency of the Documents and will have no obligation to copy or incur any costs for copying the Documents.
- 4.2 Due Diligence. Buyer will be allowed one hundred twenty (120) days after the date of this Agreement (the "Due Diligence Period") to review the Documents, inspect the Property, perform such inventories, observations, tests, and investigations as Buyer may reasonably deem appropriate, and otherwise satisfy itself regarding the condition, suitability, and desirability of the Property. If Buyer in its sole discretion is not satisfied with the Property, Buyer may on or before the expiration of the Due Diligence Period terminate this Agreement by giving written notice to Seller. Upon such termination, the earnest money and any interest earned thereon will be returned to Buyer and neither party will have any further obligations under this Agreement.
- 4.3 Environmental Inspection. Buyer may provide its environmental consultant with a copy of any environmental report included in the Documents made available by Seller, and pursuant to Section 9.2 may at its cost conduct additional investigations of the environmental condition of the Property. If Buyer conducts a Phase I environmental investigation and such report contains a recommendation for a Phase II investigation, Buyer will have the option of terminating this Agreement or ordering at Buyer's cost a Phase II investigation. If a Phase II investigation is ordered, the Due Diligence Period will be extended by an additional sixty (60) days for investigation and submittal of such report. Buyer will provide Seller with a copy of its Phase I and Phase II environmental reports upon completion.
- 4.4 Cooperation. Seller will cooperate with Buyer in making all necessary filings, petitions, and submissions required by Buyer to obtain the necessary governmental approvals for Buyer's planned use of the Property. Seller will take no action, either personally or in connection with a related entity, that would be inconsistent with or in contravention of its obligations to cooperate hereunder.

V. CONDITIONS TO CLOSING

5.1 Seller Conditions. The obligation of Seller to sell the Property under this Agreement is subject to the reasonable satisfaction of Seller that:

- (a) the representations and warranties of Buyer contained in Section 8.2 are true and correct in all material respects as of Closing;
- (b) Buyer has in all material respects performed and observed all covenants, agreements and conditions of this Agreement to be performed or observed by it prior to or on Closing;
- (c) it has received a certificate or certificates dated the day of Closing and signed by a responsible officer of Buyer certifying as to the matters set forth in items (a) and (b) of this Section;
- (d) no action or proceeding has been instituted or threatened by any third party unaffiliated with Seller to enjoin or delay purchase or obtain material damages from Seller with respect to the purchase which Seller in good faith believes presents a significant risk of succeeding; and
- (e) Buyer has delivered to Seller all of the items required to be delivered to Seller pursuant to Section 6.1.

5.2 Buyer Conditions. The obligation of Buyer to purchase the Property under this Agreement is subject to the reasonable satisfaction of Buyer that:

- (a) the representations and warranties of Seller contained in Section 8.1 are true and correct in all material respects as of Closing;
- (b) Seller has in all material respects performed and observed all covenants, agreements and conditions of this Agreement to be performed or observed by it prior to or at Closing;
- (c) it has received a certificate or certificates dated the day of Closing and signed by a responsible partner of Seller certifying as to the matters set forth in items (a) and (b) of this Section;
- (d) it is satisfied with the Property in its sole judgment and has determined that it can proceed with its planned use of the Property without significant additional expense and that the same is economically feasible;
- (e) it has obtained the approval of the City of Shakopee and any other relevant governmental authorities for all required rezoning permits, licenses, variances, site plan reviews, and other approvals necessary for Buyer's planned use of the Property;

- (f) Seller has terminated all existing leases on the Property prior to closing so that Seller can deliver the Property to Buyer free of all claims for lease termination and tenant relocation expenses;
- (g) no action or proceeding has been instituted or threatened by any third party unaffiliated with Buyer to enjoin or delay purchase or obtain material damages from Buyer with respect to the purchase which Buyer in good faith believes presents a significant risk of succeeding;
- (h) as of two (2) days before and as of Closing, Seller has removed from the Property any and all containers of motor oil, paint, solvents, petroleum products, all motor vehicle tires and batteries, and all hazardous substances, pollutants, and environmental contaminants from the Property; and
- (i) Seller has delivered to Buyer all of the items required to be delivered to Buyer pursuant to Section 6.2.

5.3 Unsatisfied Conditions. If any condition set out in Section 5.1 or 5.2 is unsatisfied on the date scheduled for Closing, the party for whose benefit the condition is may at its option:

- (a) waive the condition and proceed with Closing;
- (b) delay Closing for up to thirty (30) days to allow the condition to be satisfied; or
- (c) terminate this Agreement.

If this Agreement is so terminated, the earnest money and any interest thereon will be applied as set out in Section 2.3 and neither Seller nor Buyer will have the right to specific performance or damages for default of this Agreement.

VI. CLOSING

6.1 Buyer Closing Documents. Buyer will deliver to Seller at Closing:

- (a) the portion of the Purchase Price specified in Section 2.1;
- (b) a certificate dated as of the Closing and duly executed by Buyer certifying that the representations and warranties of Buyer contained in Section 8.2 of this Agreement are true in all material respects as of the date of the Closing;
- (c) a resolution of the board of commissioners of Buyer authorizing and approving the transaction contemplated by this Agreement, certified as true and correct by the secretary of Buyer; and
- (d) any other items required by this Agreement or reasonably required by the Title Company.

- 6.2 Seller Closing Documents. Seller will deliver to Buyer at Closing:
- (a) a warranty deed duly executed by Seller conveying the Property to Buyer;
 - (b) a certificate dated as of the Closing and duly executed by Seller certifying that the representations and warranties of Seller contained in Section 8.1 of this Agreement are true in all material respects as of the date of the Closing;
 - (c) termination agreements for all existing leases on the Property;
 - (d) an affidavit satisfactory to Buyer that Seller is not a foreign person under Section 1445 of the United States Internal Revenue Code;
 - (e) a well disclosure statement as required under Minnesota Statutes section 103I.235, if appropriate disclaimer language is not contained in the deed delivered at Closing;
 - (f) an affidavit satisfactory to Buyer and the Title Company that at Closing there are no outstanding, unsatisfied judgments, tax liens, or bankruptcies against Seller, no labor, services, materials, or machinery furnished to the Property for which mechanics' liens could be filed, and no unrecorded interests in the Property which have not been fully disclosed to Buyer;
 - (g) a resolution of the partners of Seller authorizing and approving the transaction contemplated by this Agreement, certified as true and correct by a partner of Seller; and
 - (h) any other items required by this Agreement or reasonably required by the Title Company.
- 6.3 Delivery of Possession. Seller will deliver possession of the Property to Buyer at Closing.
- 6.4 Further Actions. At Buyer's request from time to time after Closing, Seller will at no cost to Seller execute and deliver such further documents of conveyance and take such other action as Buyer may reasonably require to convey the Property to Buyer.

VII. CLOSING COSTS AND PRORATIONS

- 7.1 Closing Costs. Buyer and Seller will each be responsible for its legal, accounting and other expenses associated with the transaction contemplated by this Agreement up to and including the date final adjustments are made pursuant to this Agreement. However, if Buyer or Seller defaults under this Agreement, it will be responsible for all reasonable expenses (including attorneys' fees) incurred by the other in enforcing any rights and remedies under this Agreement. Seller will be responsible for any document recording fees required for correction of title and any state deed tax required in connection with the transaction. Buyer will pay all other document recording fees, fees associated with the transfer or obtaining of licenses and permits required to operate the Property, mortgage registry taxes, and any sales or use taxes required in connection with the transaction. Seller will pay the closing fee and

any escrow fee imposed by Scott County Abstract or its closing agent in connection with this transaction. Buyer will pay the closing fee and any escrow fee imposed by the Title Company, title insurer or its closing agent in connection with this transaction.

- 7.2 Taxes and Assessments. Real estate taxes and installments of special assessments with respect to the Property due and payable in the year in which Closing occurs will be prorated as of Closing. Seller will pay all such taxes and assessments due and payable in years prior to the year in which Closing occurs. Buyer will pay all such taxes and assessments due and payable in years following the year in which Closing occurs.
- 7.3 Income and Expenses. Except as set out in Section 7.2, rents (including without limitation payments for operating costs and percentage rent) and all other income and operating expenses relating to the Property will be prorated as of the close of business of the day before Closing. Seller will be responsible for the expenses and entitled to the revenues accrued or applicable to the period prior to Closing. Buyer will be responsible for the expenses and entitled to the revenues accrued or applicable to the day of Closing and thereafter.
- 7.4 Estimates. If any amount to be apportioned under Section 7.3 cannot be calculated with precision because any item included in such calculation is not then known, such calculation will be made on the basis of reasonable estimates of Seller of the items in question. Promptly after any such item becomes known to either party, such party will so notify the other and will include in such notice the amount of any required adjustment. If such adjustment requires an additional payment by Buyer to Seller, Buyer will make such payment to Seller simultaneously with its giving or within twenty (20) days of its receipt of such notice, as the case may be. If such adjustment requires a refund by Seller to Buyer, Seller will make such refund simultaneously with its giving or within twenty (20) days after its receipt of such notice, as the case may be.

VIII. WARRANTIES AND REPRESENTATIONS

- 8.1 Seller Warranties. Seller warrants and represents to Buyer that:
- (a) no brokerage commission or other compensation is due and unpaid in connection with any lease, tenancy or occupancy of the Property or any renewal thereof;
 - (b) Seller has not received any notice of a violation of any building codes, fire codes, health codes, zoning codes, environmental laws, or other laws and regulations affecting the Property or the use thereof;
 - (c) Seller has not received any notice of a condemnation, environmental, zoning or other regulation or proceeding being instituted or planned which would detrimentally affect the use and operation of the Property for its intended purpose;
 - (d) Seller has not received any notice of hearing of a public improvement project from any governmental assessing authority, the costs of which may be assessed against the Property;

- (e) Seller does not know of any wells on the Property, except as may otherwise be disclosed in the Documents (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 103I.235);
- (f) Seller does not know of any individual sewage treatment systems on the Property or serving the Property, except as may otherwise be disclosed in the Documents (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 115.55);
- (g) Seller does not know of any underground or aboveground storage tanks currently on the Property, or any underground or aboveground storage tanks formerly on the Property that had a release for which no corrective action was taken, except as may otherwise be disclosed in the Documents or affidavit filed of record (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 116.48);
- (h) Seller has removed, or will remove prior to Closing, all personal property (except for the Personal Property), any and all containers of motor oil, paint, solvents, petroleum products, all motor vehicle tires and batteries, and all hazardous substances, pollutants, and environmental contaminants from the Property, including but not limited to any such hazardous substances, pollutants, and environmental contaminants identified in any environmental assessment of the Property;
- (i) [to the best of Seller's knowledge, no methamphetamine production has occurred on the Property;] **[or]** [to the best of Seller's knowledge, methamphetamine production has occurred on the Property and Seller makes the following disclosure in accordance with the requirements of Minnesota Statutes section 152.0275:

A county or local health department or sheriff **[has]** **[has not]** ordered that the Property or some portion of the Property is prohibited from being occupied or used until it has been assessed and remediated as provided in the Department of Health's Clandestine Drug Labs General Clean-up Guidelines.

[If such order has been issued complete the following statement: The above orders issued against the Property **[have]** **[have not]** been vacated.] [If such order has not been issued, state the status of removal and remediation on the Property. [Use additional sheets, if necessary.]];

- (j) Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite power and authority to carry out its business as conducted, to execute and deliver this Agreement and the documents entered into pursuant hereto, and to carry out its obligations under this Agreement and such documents;

- (k) this Agreement has been duly authorized, executed and delivered on behalf of Seller and constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms;
- (l) the execution, delivery and performance of this Agreement by Seller will not result in a breach or violation of Seller or constitute a default by Seller under any agreement, instrument or order to which Seller is a party or by which Seller is bound; and
- (m) Seller is not aware of any action, proceeding or investigation pending or threatened which might materially adversely affect the Property or the ability of Seller to perform its obligations under this Agreement.

8.2 Buyer Warranties. Buyer warrants and represents to Seller that:

- (a) Buyer is a municipal utility commission duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite power and authority to carry on its business as conducted, to execute and deliver this Agreement and the documents entered into pursuant hereto, and to carry out its obligations under this Agreement and such documents;
- (b) this Agreement has been duly authorized, executed and delivered on behalf of Buyer and constitutes the valid and binding agreement of Buyer, enforceable in accordance with its terms;
- (c) the execution, delivery and performance of this Agreement by Buyer will not result in a breach or violation by Buyer or constitute a default by Buyer under any agreement, instrument or order to which Buyer is a party or by which Buyer is bound; and
- (d) Buyer is not aware of any action, proceeding or investigation pending or threatened which might materially adversely affect the ability of Buyer to perform its obligations under this Agreement.

8.3 Residential Property Disclosures. If the Property is residential property, Seller shall complete the disclosures attached hereto as Exhibit B.

IX. OPERATIONS PRIOR TO CLOSING

- 9.1 Operation. During the period from the execution of this Agreement to Closing, Seller will cause the Property to be operated in the manner in which it has been operated prior to the execution of this Agreement. Seller will not without Buyer's written consent permit any new leases or contracts or any amendment, modification, termination, surrender, extension or assignment of any of the Leases or Contracts or any sublease of the Property or any waiver of Seller's rights under any of the Leases or Contracts. Seller will keep and comply with all requirements of encumbrances and will not without Buyer's written consent permit any new encumbrance or any amendment, modification or termination of any encumbrance or any waiver of Seller's rights under any encumbrance on the Property.

- 9.2 Inspection. During the period from execution of this Agreement to Closing, Buyer and its representatives may enter the Property to inspect the Property and perform such inventories, observations, tests and investigations as Buyer may reasonably deem appropriate. Buyer will at Buyer's cost repair any resulting damage to the Property and will indemnify and hold harmless Seller from any injury or damage to persons or property. Notwithstanding anything in this Agreement to the contrary, this obligation and indemnity shall survive termination of this Agreement.

X. CASUALTY AND CONDEMNATION

- 10.1 Notice of Damage or Taking. Seller will give Buyer prompt notice of any fire or other casualty occurring between the date of this Agreement and Closing which involves damage to the Property and of any actual or threatened taking in condemnation affecting the Property of which Seller has knowledge.
- 10.2 Option to Terminate. If prior to Closing:
- (a) the Property sustains damage by fire or other casualty in an amount greater than 10% of the Purchase Price under this Agreement;
 - (b) the Property is taken in condemnation or by transfer in lieu of condemnation; or
 - (c) condemnation proceedings are commenced against the Property,

Buyer may terminate its obligations under this Agreement by written notice given to Seller within fifteen (15) days after receipt of the notice referred to in Section 10.1. If so terminated, this Agreement will be void and of no effect, the earnest money and any interest earned thereon will be returned to Buyer and neither party will have any further rights or obligations under this Agreement.

- 10.3 Affect on Closing. If Buyer is not entitled to or does not timely make the election provided for in Section 10.2, this Agreement and the obligations of Seller and Buyer under this Agreement will remain in full force and effect except that:
- (a) Buyer will accept the Property with such damage or condemnation;
 - (b) there will be no abatement or reduction in the Purchase Price; and
 - (c) Seller will at Closing, pay over to Buyer any insurance proceeds and condemnation awards received prior to Closing which have not been applied to repairs and restoration, and assign to Buyer Seller's interest in all unpaid insurance proceeds and condemnation awards.

XI. GENERAL

- 11.1 Notices. All notices, requests, consents or other communications required under this Agreement shall be in writing and shall be deemed to have been properly given if served

personally or if sent by United States registered or certified mail or overnight delivery service to the parties as follows (or at such other address as a party may from time to time designate by notice given pursuant to this Section):

- (a) if to Seller: LATOUR FARMS, L.P.
1910 W 130th Str.
Shakopee, MN 55379
Attention: John LaTour
- with a copy to: DAVE BROWN REALTORS LLC
100 Fuller Street, #105
Shakopee, MN 55379
Attention: Dave Brown
- (b) if to Buyer: Shakopee Public Utilities Commission
255 Sarazin Street
Shakopee, MN 55379
Attention: Joseph D. Adams
- with copies to: Shakopee Public Utilities Commission
255 Sarazin Street
Shakopee, MN 55379
Attention: Lon Schemel
- and McGrann Shea Carnival Straughn & Lamb, Chartered
800 Nicollet Mail, Suite 2600
Minneapolis, MN 55402
Attention: Carla J. Pedersen

11.2 Broker Commissions. Buyer and Seller each represents and warrants that no salesperson, broker, agent or finder has been retained by it in connection with this transaction other than DAVE BROWN REALTORS LLC ("Seller's Broker") on behalf of Seller. Seller shall pay Seller's Broker a commission in accordance with the terms of a separate agreement between Seller's Broker and Seller. Seller shall indemnify and hold Buyer harmless, and Buyer shall indemnify and hold Seller harmless, from and against any claim or claims for brokerage or other commissions arising from or out of any breach of the foregoing representation and warranty by the respective indemnitors.

11.3 Entire Agreement. This Agreement embodies the entire agreement and understanding between Buyer and Seller relating to the transactions contemplated by this Agreement and may not be amended, waived or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver or discharge is sought. No warranties or representations have been given by either party to the other which are not fully embodied in this Agreement. If any term or provision of this Agreement is invalid or unenforceable, the remainder of this Agreement will not be affected and will remain in full force and effect.

- 11.4 Survival. Except as may otherwise be expressly provided in this Agreement, all covenants, agreements, obligations and undertakings made by Seller and Buyer in or pursuant to this Agreement will survive Closing, for a period of six (6) years after Closing, whether or not so expressed in the immediate context of any such covenant, agreement, obligation or undertaking.
- 11.5 Construction. This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota. Time is of the essence of this Agreement. Seller and Buyer and their respective counsel have reviewed and revised this Agreement. Seller and Buyer acknowledge that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.
- 11.6 Binding Agreement. This Agreement will be binding upon and inure to the benefit of Buyer and Seller and their respective heirs, representatives, successors and assigns.
- 11.7 Memorandum of Agreement. Buyer has the right to record a memorandum of this Agreement with the County Recorder, Registrar of Titles or other recording office of the County in which the Property is located and Seller consents to and agrees to join in and sign any such memorandum.
- 11.8 Execution and Delivery. This Agreement will be effective only upon execution and delivery by both parties.

[The remainder of this page is intentionally left blank]

IN WITNESS OF this Agreement, Seller and Buyer have duly executed it as of the date set out at its head.

SELLER:

LATOUR FARMS, L.P.
a Minnesota limited partnership

By: _____
Its: _____

BUYER:

SHAKOPEE PUBLIC UTILITIES COMMISSION,
a Minnesota municipal utility commission

By: _____
Its: _____

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EXHIBIT A
Legal Description

EXHIBIT B

Disclosures For Sale Of Residential Property

A. CONDITION OF PROPERTY. Pursuant to Minnesota Statutes Sections 513.52 through 513.60, Seller must provide a written disclosure [see (1) below], or Buyer must have received an inspection report [see (2) below], or Buyer and Seller may waive the written disclosure requirement [see (3) below]. *[select only one of these three:]*

- (1) **Seller's Disclosure.** Seller has provided written disclosure to Buyer. *[If this option is selected, attach a copy of Condition of the Property, M.S.B.A. Real Property Form No. 15.]* Seller shall correct in writing any inaccuracies in the disclosure as soon as reasonably possible before closing.
- (2) **Inspection Report.** Buyer certifies that Buyer has received in inspection report by a qualified third-party. If a copy of the inspection report is provided to Seller, Seller shall disclose to Buyer material facts known to Seller that contradict any information in the inspection report.
- (3) **Waiver of Disclosure.** Under Minnesota Statutes Section 513.60, the written disclosure required under Sections 513.52 through 513.60 may be waived if Seller and Buyer agree in writing. *[If this option is selected, the waiver must be completed by signing below.]*

Seller and Buyer hereby waive the written disclosures required in Minnesota Statutes, Sections 513.52 through 513.60.

SELLER: _____ BUYER: _____
SELLER: _____ BUYER: _____

Waiver of the disclosure required under Sections 513.52 through 513.60 does not waive, limit, or abridge any obligation for seller disclosure created by any other law.

Truth-in-Housing Report. In addition to the statutory disclosure under Sections 513.52 through 513.60, some local units of government require that a Truth-in-Housing Disclosure Report or a copy of the governmental inspection report be provided to Buyer. A copy of any required Truth-in-Housing Disclosure Report or governmental inspection report *[select one:]*
 is is not attached.

B. WELL DISCLOSURE. Pursuant to Minnesota Statutes Section 1031.235 *[check one of the following:]*

- Seller certifies that Seller does not know of any wells on the real property and will so certify on the Deed or Contract for Deed delivered at closing.

- Seller certifies there are one or more wells located on the real property and Seller's disclosure is continued on the attached *Well Disclosure Statement*. [If this option is selected, attach a copy of *Well Disclosure Statement, M.S.B.A. Real Property Form No. 21.*]

C. SEWAGE TREATMENT SYSTEM DISCLOSURE. Pursuant to Minnesota Statutes Section 115.55 [check only one from (1), (2 and (3):]

- (1) Seller certifies that sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency (for example, a city of municipal sewer system).
- (2) Seller certifies that sewage generated at the Property does not go to a facility permitted by the Minnesota Pollution Control Agency and Seller's disclosure of the sewage system is continued on the attached *Disclosure of Sewage Treatment System*. [If this option is selected, attach a copy of *Disclosure of Sewage Treatment System, M.S.B.A. Real Property Form No. 14.*]
- (3) Seller certifies that no sewage is generated at the Property.

[and also check either (4) or (5):]

- (4) Seller has no knowledge whether there is an abandoned subsurface sewage treatment system on the Property.
- (5) Seller knows there [select one:] are are no abandoned subsurface sewage treatment systems on the Property. [If Seller discloses the existence of an abandoned subsurface sewage treatment system on the Property, attach a copy of *Disclosure of Sewage Treatment System, M.S.B.A. Real Property Form No. 14.*]

Independent Compliance Report. In addition to the statutory disclosures under Minnesota Statutes Sections 115.55, some local units of government may require an independent sewage treatment system compliance report be provided to the Buyer and may impose obligations on Buyer or Seller for failed systems as a condition to sale of the Property. A copy of any required independent sewage treatment system compliance report [select one:] is is not attached.

D. LEAD PAINT DISCLOSURE. Pursuant to United States Code Section 4852d [check one of the following:]

- Seller knows that the dwelling was constructed on the real property in 1978 or later.
- Seller does not know when the dwelling was constructed.
- Seller knows that the dwelling was constructed on the real property before 1978 and Seller's disclosure is continued on the attached *Lead Paint Addendum for Housing*

Constructed Before 1978. [If this option is selected, attach a copy of Lead Paint Addendum for Housing Constructed Before 1978, M.S.B.A. Real Property Form No. 11.]

- E. HAZARDOUS SUBSTANCES, PETROLEUM PRODUCTS, AND UNDERGROUND STORAGE TANK DISCLOSURE.** Pursuant to Minnesota Statutes Sections 115B.16 and 116.48, Seller knows of no hazardous substances or petroleum products having been placed, stored, or released from or on the Property by any person in violation of any law, nor of any underground or aboveground storage tanks having been located on the Property at any time, except as follows:
-
-

If the presence of any hazardous substances or petroleum products or any underground or aboveground storage tanks is disclosed, then this paragraph applies: Seller certifies that all underground and aboveground storage tanks known to Seller on the Property are shown on the attached drawing or map. Seller shall provide Buyer with a copy of the affidavits required by Minnesota Statutes Sections 115B.16 and 116.48 if applicable to the Property and shall record such affidavits at Closing.

- F. FLOOD PLAIN, SHORELAND AND WETLANDS DISCLOSURE.** Minnesota law and local ordinances restrict the ability to build or to rebuild improvements (including homes, garages, outbuildings, wells or sewage treatment systems) within flood plains, shorelands, or wetlands or to excavate, fill, or drain a wetland. A “flood plain” is the area adjoining a water course which has been or hereafter might be covered by the regional flood which recurs once in 100 years, a “shoreland” is land located within 1,000 feet from the normal high watermark of a lake, pond, or flowage and land located within 300 feet of a river or stream or the landward side of a flood plain, whichever is greater, and a “wetland” is land transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. Seller knows of no flood plains, shorelands or wetlands affecting the Property, except as follows:
-
-

[If the presence of a flood plain, shoreland or wetland is disclosed, attach a copy of Addendum to Purchase Agreement: Wetlands, Shoreland and Flood Plain Disclosure, M.S.B.A. Real Property Form No. 8.]

G. RADON DISCLOSURE. Pursuant to Minnesota Statutes Section 144.496, Seller hereby certifies that:

| <i>Seller, answer each question with a check for "yes" or "no" where indicated or "unknown".</i> | Yes | No | Unknown |
|--|--------------------------|--------------------------|--------------------------|
| Seller has knowledge of radon concentrations in the dwelling. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| One or more radon tests have been conducted in the dwelling. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Seller has records or reports pertaining to radon concentrations within the dwelling. <i>If Seller has answered "yes," then the most current records and reports pertaining to radon concentrations within the dwelling are attached.</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Has a mitigation system been installed? <i>If Seller has answered "yes," then information regarding the radon mitigation system, including system description and documentation, is attached.</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Radon concentrations at or above the U.S. Environmental Protection Agency Radon Action Level are known to be present within the dwelling. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Radon concentrations have been mitigated to below the U.S. Environmental Protection Agency Radon Action Level. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Radon Warning Statement

“The Minnesota Department of Health strongly recommends that ALL home buyers have an indoor radon test performed prior to purchase or taking occupancy, and recommends having the radon levels mitigated if elevated radon concentrations are found. Elevated radon concentrations can easily be reduced by a qualified, certified, or licensed, if applicable, radon mitigator.”

“Every buyer of any interest in residential real property is notified that the property may present exposure to dangerous levels of indoor radon gas that may place the occupants at risk of developing radon-induced lung cancer. Radon, a Class A human carcinogen, is the leading cause of lung cancer in nonsmokers and the second leading cause overall. The seller of any interest in residential real property is required to provide the buyer with any information on radon test results of the dwelling.”

A copy of the brochure entitled “Radon in Real Estate Transactions” published by the Minnesota Department of Health is attached.

H. VALUATION EXCLUSION DISCLOSURE. Pursuant to Minnesota Statutes Section 273.11, Subd. 18, Seller certifies that the Property *[select one:]* **does** **does not** have an exclusion from market value for home improvements under Minnesota Statutes Section 273.11, Subd. 16. *Seller hereby informs Buyer that if the Property has an exclusion from market value for home improvements the exclusion*

will end upon the sale of the Property and the estimated market value of the Property for property tax purposes will increase accordingly.

- I. NOTICE OF AIRPORT ZONING REGULATIONS.** If airport zoning regulations affect this real property, a copy of those airport zoning regulations as adopted can be viewed or obtained at the office of the county recorder where the zoned area is located.
- J. COMMON INTEREST COMMUNITY DISCLOSURE.** Seller certifies that the Property *[select one:]* **is** **is not** a unit in a condominium or other common interest community. If the Property is a unit in a condominium or other common interest community, the following notice is required by Minnesota Statutes: "The purchaser is entitled to receive a disclosure statement or resale disclosure certificate, as applicable. The disclosure statement or resale disclosure certificate contains important information regarding the common interest community and the purchaser's cancellation rights." *[If the Property is a unit in a condominium or other common interest community, attach a copy of Addendum to Purchase Agreement: Common Interest Community Property, M.S.B.A. Real Property Form No. 12, and provide the additional disclosure information identified therein.]*
- K. TENANTS AND PARTIES IN POSSESSION DISCLOSURE.** Seller certifies that the Property *[select one:]* **is** **is not** subject to the rights of tenants or other parties in possession. *[If the Property is subject to the rights of tenants or other parties in possession, attach a copy of Addendum to Purchase Agreement: Tenants and Parties in Possession, M.S.B.A. Real Property Form No. 20.]*
- L. CEMETERY DISCLOSURE.** Minnesota Statutes Section 307.08 prohibits any damage or illegal molestation of human remains, burials or cemeteries. Seller certifies that Seller *[select one:]* **is** **is not** aware of any human remains, burials or cemeteries on the Property.

ATTACHMENTS TO EXHIBIT B

DISCLOSURES FOR SALE OF RESIDENTIAL PROPERTY

- Condition of the Property (M.S.B.A. Real Property Form No. 15)
- Truth-in-Housing Disclosure Report or municipal property inspection report
- Well Disclosure Statement (M.S.B.A. Real Property Form No. 21)
- Disclosure of Sewage Treatment System (M.S.B.A. Real Property Form No. 14)
- Independent Sewage Treatment Compliance Report
- Lead Paint Addendum for Housing Constructed Before 1978 (M.S.B.A. Real Property Form No. 11)
- Addendum to Purchase Agreement: Wetlands, Shoreland and Flood Plain Disclosure (M.S.B.A. Real Property Form No. 8)
- Methamphetamine Disclosure Statement (M.S.B.A. Real Property Form No. 22)
- Addendum to Purchase Agreement: Common Interest Community Property (M.S.B.A. Real Property Form No. 12)
- Addendum to Purchase Agreement: Tenants and Parties in Possession (M.S.B.A. Real Property Form No. 20)
- Radon in Real Estate Transactions Brochure

Radon in Real Estate Transactions



All Minnesota homes can have dangerous levels of **radon gas** in them. Radon is a colorless, odorless and tasteless **radioactive gas** that can seep into homes from the earth. When inhaled, its radioactive particles can damage the cells that line the lungs. Long-term exposure to radon can lead to **lung cancer**. About 21,000 lung cancer deaths each year in the United States are caused by radon, making it a serious health concern for all Minnesotans.

It does not matter if the home is old or new and the only way to know how much radon gas has entered the home is to conduct a radon test. MDH estimates **2 in 5 homes built before 2010** and **1 in 5 homes built since 2010** exceed the 4.0 pCi/L action level.



In Minnesota, buyers and sellers in a real estate transaction are free to negotiate radon testing and reduction. Ultimately, it is up to the buyer to decide an acceptable level of radon risk in the home. Prospective buyers should keep in mind that it is inexpensive and easy to measure radon, and radon levels can be lowered at a reasonable cost. The MDH Radon Program website provides more detailed information on radon, including the MDH brochure "Keeping Your Home Safe from Radon."

The Minnesota Radon Awareness Act does not require radon testing or mitigation. However, many relocation companies and lending institutions, as well as home buyers, require a radon test when purchasing a house. The purpose of this publication is to educate and inform potential home buyers of the risks of radon exposure, and how to test for and reduce radon as part of real estate transactions.



Disclosure Requirements

Effective January 1, 2014, the Minnesota Radon Awareness Act requires specific disclosure and education be provided to potential home buyers during residential real estate transactions in Minnesota. This publication is being provided by the seller in order to meet a requirement of the Act. In addition, **before signing a purchase agreement to sell or transfer residential real property**, the seller shall disclose in writing to the buyer any knowledge the seller has of radon concentrations in the dwelling.

The disclosure shall include:

1. whether a radon test or tests have occurred on the property;
2. the most current records and reports pertaining to radon concentrations within the dwelling;
3. a description of any radon concentrations, mitigation, or remediation;
4. information regarding the radon mitigation system, including system description and documentation, if such system has been installed in the dwelling; and
5. a radon warning statement.

Radon Warning Statement

"The Minnesota Department of Health strongly recommends that ALL homebuyers have an indoor radon test performed prior to purchase or taking occupancy, and recommends having the radon levels mitigated if elevated radon concentrations are found. Elevated radon concentrations can easily be reduced by a qualified, certified, or licensed, if applicable, radon mitigation."

Every buyer of any interest in residential real property is notified that the property may present exposure to dangerous levels of indoor radon gas that may place the occupants at risk of developing radon-induced lung cancer. Radon, a Class A human carcinogen, is the leading cause of lung cancer in nonsmokers and the second leading cause overall. The seller of any interest in residential real property is required to provide the buyer with any information on radon test results of the dwelling.⁹

Radon Facts

How dangerous is radon?

Radon is the **number one cause of lung cancer in non-smokers** and the second leading cause of lung cancer overall, next to tobacco smoking. Thankfully, much of this risk can be prevented through testing and taking action to reduce high levels of radon gas when and where they are found. Your risk for lung cancer increases with higher levels of radon gas, prolonged exposure and whether or not you are a smoker.

Where is your greatest exposure to radon?

Radon is present everywhere, and there is no known safe level. Your greatest exposure is where it can concentrate indoors and where you spend most of your time. For most Minnesotans, this is at home. Whether a home is old or new, well-sealed or drafty, with or without a basement, **any home can have high levels of radon.**



Where does Radon come from?

Radon comes from the soil. It is produced by the natural decay of uranium and radium commonly found in nearly all soils in Minnesota. As a gas, radon moves freely through the soil and eventually into the air you breathe. Our homes tend to draw soil gases, including radon, into the structure.

I have a new home, aren't radon levels reduced already?




Homes built in Minnesota since June 2009 are required to contain construction features that may limit radon entry. These features are known as passive Radon Resistant New Construction (RRNC). While these passive RRNC features may lower the amount of radon in newer homes, it does not guarantee low levels. It is recommended all new homes be tested for radon, and if elevated levels are found, these passive RRNC features can be easily and inexpensively activated with the addition of a radon fan in the attic. If you are buying a new home, ask if the home has any RRNC features and if the home has been tested.

What is the recommended action based on my results?

If the average radon in the home is at or **above 4.0 pCi/L, the house should be fixed**. Consider fixing the home if radon levels are between 2 pCi/L and 3.9 pCi/L. While it isn't possible to reduce radon to zero, the best approach is to reduce the radon levels to as low as reasonably achievable. Any amount of radon, even below the recommended action level, carries some risk.

How are radon tests conducted in real estate transactions?

Because of the unique nature of real estate transactions, involving multiple parties and financial interests, there are special protocols for radon testing.

|  Continuous Radon Monitor (CRM) |  Simultaneous Short-term Testing |  Sequential Short-term Testing |
|--|---|--|
| <i>Fastest</i> | <i>Second fastest</i> | <i>Slowest</i> |
| Test is completed by a certified contractor with a calibrated CRM for a minimum of 48 hours. | Two short-term test kits are used at the same time, placed 6-12 inches apart, for a minimum of 48 hours. | One short-term test is performed for a minimum of 48 hours. |
| Test report is analyzed to ensure that it is a valid test. | Test kits are sent to the lab for analysis. The two test results are averaged to get the radon level. | Test kit is sent to lab for analysis. Another short-term kit is used in the same place as the first, started right after the first test is taken down. Test is performed for a minimum of 48 hours. Test kit is sent to the lab for analysis. The two test results are averaged to get the radon level. |

Radon Testing

House conditions when testing

Be aware that any test lasting less than three months requires closed-house conditions.

Closed-house Conditions: Mean keeping all windows and doors closed, except for normal entry and exit.

Before Testing: Begin closed-house conditions at least 12 hours before the start of the radon test.

During Testing: Maintain closed-house conditions during the entire duration of the short-term test. Operate home heating or cooling systems normally during the test.

Where the test should be conducted

Any radon test conducted for a real estate transaction needs to be placed in the lowest livable area of the home suitable for occupancy. In Minnesota, this is typically in the basement, whether it is finished or unfinished.

The test kit should be placed:

- two to six feet above the floor
- at least three feet from exterior walls
- four inches away from other objects
- in a location where it won't be disturbed
- not in enclosed areas
- not in areas of high heat or humidity

If the house has multiple foundation types, it is recommended that each of these be tested. For instance, if the house has one or more of the following foundation types—basement, crawl space, slab-on-grade—a test should be performed in the basements and in at least one room over the crawlspace and one room with a slab-on-grade area.

Who should conduct radon testing in real estate transactions?

All radon tests should be conducted in accordance with national radon measurement protocols, by a certified and MDH-licensed professional. This ensures the test was conducted properly, in the correct location, and under appropriate building conditions. A list of these radon measurement professionals can be found at MDH's Radon web site. A seller may have previously conducted testing in a property. If the test result is at or above the action level, the home should be mitigated.

Radon Mitigation

Lowering radon in existing homes – Radon Mitigation

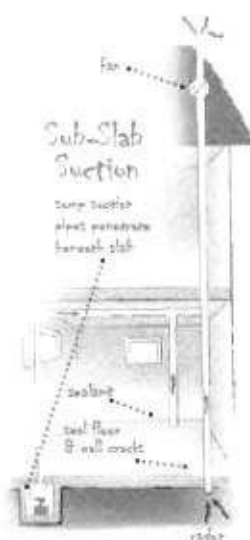
When elevated levels of radon are found, they should be mitigated. Elevated radon concentrations can be easily reduced by a nationally certified and MDH-listed radon mitigation professional. A list of these radon mitigation professionals can be found at MDH's Radon web site.

Radon mitigation is the process or system used to reduce radon concentrations in the breathing zones of occupied buildings. The goal of a radon mitigation system is to reduce the indoor radon levels to below the EPA action level of 4.0 pCi/L. A quality radon reduction (mitigation) system is often able to reduce the annual average radon level to below 2.0 pCi/L.

Active sub-slab suction (also called sub-slab depressurization, or SSD) is the most common and usually the most reliable type of system because it draws radon-filled air from beneath the house and vents it outside. There are standards of practice that need to be followed for the installation of these systems. More information on radon mitigation can be found at the MDH Radon website.

After a radon reduction system is installed

Perform an independent short-term test to ensure that the reduction system is effective. Make sure the radon system is operating during the entire test. Once a confirmatory radon test shows low levels of radon in the home, be sure to retest the house every two years to confirm continued radon reduction.



Contact the MDH Radon Program if you are uncertain about anything regarding radon testing or mitigation.

- The MDH Radon Program can provide:
- Information about radon health effects, radon testing and radon mitigation.
 - Names of trained, certified and MDH-listed radon professionals.

MDH Radon Program

625 Robert St. N.
P.O. Box 64975
St. Paul, MN 55164-0975
(651) 201-4801
1 (800) 798-9050



Email: health_indoorair@state.mn.us
Web: www.health.state.mn.us/radon



9b

SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

Proposed As Consent Item

May 16, 2019

TO: John Crooks, Utilities Manager
FROM: Sharon Walsh, Director of Marketing and Customer Relations
SUBJECT: Press Release for Certificate of Excellence in Reliability

Overview

The following press release was submitted for publication in the Shakopee Valley News:

SPU Awarded Certificate of Excellence in Reliability

SPU was honored by the American Public Power Association (APPA) for reliable performance in both 2017 and 2018. On a national level, SPU was one of 143 municipal utilities whose reliability performance was in the top 25% of the country. Based on the ASAI (Average Service Availability Index), SPU customers had power 99.997% of the time.

Mr. Greg Drent, Electric Superintendent for SPU, attributes this performance to the commitment and professionalism of his linemen, a rigorous tree trimming process, an aggressive response time to outages and consistent care of the electric system.


A photo of the electric department was included.

Action Requested

No action is required.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: SPU/Scott County Cooperative Construction Agreement

DATE: May 17, 2019

ISSUE

The attached agreement covers the terms under which we will relocate our underground electric facilities to accommodate the County's expansion project at their Government Center on 4th Avenue.

BACKGROUND

When the current County Justice Center facility was constructed the Commission agreed to relocate our then overhead electric facilities within Fuller Street underground on County property in an easement. To allow for the County project the city agreed to vacate Fuller Street right of way while retaining an easement for our overhead electric facilities. Scott County agreed to grant the Commission an easement for the new underground electric facilities at that time, although that easement was never defined and recorded.

The city recently vacated the still existing easement for our since removed overhead electric facilities, with the condition that the County work with us on providing us easements for our underground electric facilities.

DISCUSSION

At this time Scott County is again requesting we relocate our electric facilities, at their expense, to accommodate their latest expansion to add a Government Center 2 building attached to their Government Center 1 building and their Justice Center. To do so we are relocating our underground electric cables, going around the entire site this time rather than under the current building connecting link. New easement areas will be defined and an easement will be granted by the County and recorded for the final location of all of our facilities on County property.

A new underground electric service will be provided to the Government Center 2 building with terms outlined in the agreement, including payment of an underground electric charge.

REQUESTED ACTION

Staff is requesting the Commission to approve the Cooperative Construction Agreement and authorize its execution.

**COUNTY OF SCOTT
SHAKOPEE PUBLIC UTILITIES COMMISSION
CONSTRUCTION AGREEMENT**

THIS AGREEMENT, made and entered into as of this ____ day of _____, 2019, by and between the County of Scott, Minnesota, a municipal corporation, hereinafter referred to as the "County," and Shakopee Public Utilities Commission, Minnesota, a commissioned public utility corporation, hereinafter referred to as "SPUC."

RECITALS:

1. The County is proposing to expand the county offices/courthouse complex ("Project").
2. The Project is located in the City of Shakopee.
3. In order to accommodate the Project, the County has requested that SPUC relocate existing electrical facilities and provide new electrical facilities for the project.
4. The purpose of this Agreement between the parties is to establish the terms regarding cost participation for relocating existing electrical facilities and the installation of new electrical facilities.

NOW THEREFORE, in consideration of the mutual undertakings and agreements contained within this agreement, the County and SPUC hereby agree as follows:

1. Work – SPUC will provide relocation and replacement of electrical facilities and installation of new facilities as set out below and in more detail in Exhibit C, which is attached and hereby incorporated.
 - a. Relocation and Replacement of Existing Facilities. SPUC will relocate and replace: (1) the two existing main feeders; and (2) the existing underground cables that provide electricity to the existing county building via a loop feed. The current location of these facilities and the location of the replacement facilities are generally depicted on Exhibit B to this Agreement, which is attached and incorporated.
 - b. The work to be done by SPUC does not include the removal and restoration of sidewalks, curbs and gutters, pavement, trees, or landscaping. All such removal and restoration is the responsibility of the County.
 - c. The County shall grant an easement in a form acceptable to SPUC for the relocated facilities prior to the removal of the existing facilities.
 - d. New Facilities. SPUC will provide an underground electrical distribution system to serve the Project. Exhibit B to this Agreement depicts the general location of these new facilities that are needed to serve the Project. SPUC will construct and install the underground electrical distribution system to serve the Project.

The County will enter into SPUC's standard Underground Distribution Agreement (UDA), a copy of which is attached as Exhibit D to this Agreement.

2. Payment:
 - a. The County shall reimburse SPUC for one hundred percent (100%) of the construction costs of the relocation of existing facilities.
 - b. The County shall reimburse SPUC for the engineering design and project management associated with the relocation of the existing facilities.
 - c. The County shall reimburse SPUC for the costs, as detailed in the Underground Distribution Agreement, for the extension of the new underground electric distribution facilities that will serve the building expansion.
3. SPUC shall invoice the County for the estimated project costs of one hundred forty one thousand three hundred dollars and no cents (\$141,300.00) within thirty (30) days of the execution of this Agreement. Upon receipt of the invoice, the County shall deposit with SPUC ninety-five percent (95%) of those estimated costs. Upon close-out of the work under this Agreement, County shall be invoiced for the remaining balance of the actual final project costs. In the event the initial payment exceeds the County's final share of these costs, as determined by the actual final construction contract costs, such overpayment shall be returned to the County by SPUC upon closeout of this Agreement.
4. This agreement shall be effective upon signature of both parties herein.
5. Scott County shall appoint an authorized agent for the purpose of administration of this agreement. SPUC is notified of the authorized agent of Scott County as follows:

Joe Wiita
Highway Division Program Manager
600 Country Trail East
Jordan, MN 55352
952-496-8063
jwiita@co.scott.mn.us

The County is notified the authorized agent for SPUC as follows:

Joseph Adams
Planning and Engineering Director
Shakopee Public Utilities
P.O. Box 470
255 Sarazin Street
Shakopee, MN 55379-0470
952-233-1501
jadams@shakopeeutilities.com

6. The provisions of Minn. Stat. Sec. 181.59 and of any applicable local ordinance relating to Civil Rights and discrimination and the affirmative action policy statement of Scott County shall be considered a part of this Agreement as though fully set forth herein, including Exhibit "A", attached and hereby incorporated.
7. Pursuant to Minn. Stat. Sec. 16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of both parties relative to this agreement shall be subject to examination by the County and the State Auditor. Complete and accurate records of the work performed pursuant to this agreement shall be kept by both parties for a minimum of six (6) years following termination of this agreement for such auditing purposes. The retention period shall be automatically extended during the course of any administrative or judicial action involving either party regarding matters to which the records are relevant. The retention period shall be automatically extended until the administrative or judicial action is finally completed or until the authorized agent of either party notifies in writing to the other that the records need no longer be kept.
8. The Parties agree to defend, indemnify, and hold each other, their respective employees and officials harmless from any claims, demands, actions or causes of action, including reasonable attorney's fees and expenses resulting directly or indirectly from any negligent act or omission by them, or their subcontractors, partners or independent contractors or any of their agents or employees, in the performance of or with relation to any of the work or services to be performed or furnished under the agreement. It is understood and agreed that liability of the County shall be governed by Minnesota Statute Section 466 and other applicable state and federal laws. The agreement to indemnify and hold harmless does not constitute a waiver by County of limitations on liability provided under Minnesota Statute Section 466.04.

9. Insurance

SPUC shall not commence work under this agreement until it has obtained, at a minimum and at its own cost and expense, all insurance required herein. All insurance coverage is subject to approval of the County and shall be maintained by SPUC until final completion of the work.

a. **Workers' Compensation**

- 1) State: Minnesota – Statutory
- 2) Employer's Liability with minimum limits of:
 - Bodily Injury by Accident: \$100,000 each Accident
 - Bodily Injury by Disease: \$100,000 each Employee
 - Bodily Injury by Disease: \$500,000 policy limit
- 3) Benefits required by union labor contracts: as applicable

b. **Commercial General Liability**

Including Premises, Operations, Products, Completed Operations, Advertising, and Personal Injury Liability, with the following minimum limits of liability:

\$2,000,000 Aggregate
\$2,000,000 Products & Completed Operations Aggregate
\$1,000,000 Personal Injury & Advertising Injury
\$1,000,000 Occurrence
\$ 100,000 Fire Damage Limit
\$ 5,000 Medical Expense

Policy should be written on claims made basis and include explosion, collapse and underground.

c. **Proof of Insurance**

Insurance certificates evidencing that the above insurance is in force with companies acceptable to County and in the amounts required shall be submitted to County for examination and approval prior to the execution of the agreement, after which they shall be filed with County. **The insurance certificate shall name the County as an additional insured.** Neither County's failure to require or insist upon certificates, nor other evidence of a variance from the specified coverage requirements, amends Provider's responsibility to comply with the insurance specifications.

10. County and SPUC agree that neither party shall be liable for any delay or inability to perform this agreement, directly or indirectly caused by or resulting from strikes, labor troubles, accidents, fire, flood, breakdowns, war, riot, civil commotion, lack of material, delays of transportation, acts of God or other cause beyond reasonable control of SPUC and the County.
11. Both Parties its agents, employees and any subcontractors of the Parties in providing all services hereunder, agree to abide by the provisions of the Minnesota Government Data Practices Act, Minn. Stat. Chap. 13, as amended, and Minn. Rules promulgated pursuant to Chap. 13. Both Parties agree to indemnify and hold each other, its officers, department heads and employees harmless from any claims resulting from their unlawful disclosure, failure to disclose, or use of data protected under state and federal laws.

12. Any notices to be given under this agreement shall be given by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the United States Postal Service, addressed to the authorized agent of SPUC at its address stated herein, or to the authorized agent of the County at the address stated herein.
13. The laws of the State of Minnesota shall govern all questions and interpretations concerning the validity and construction of this agreement and the legal relations between the herein Parties and performance under it. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located with the County of Scott, State of Minnesota. Litigation, however, in the federal courts involving the herein Parties will be in the appropriate federal court within the State of Minnesota.
14. The County and SPUC respectively, bind themselves, their partners, successors, assigns, and legal representatives to the other party to this agreement and to the partners, successors, assigns, and legal representatives of such other party with respect to all covenants of this agreement. Neither the County nor SPUC shall assign, sublet, or transfer any interest in this agreement without the prior written consent of the other.
15. The Parties agree that no change or modification to this agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, executed and made part of this agreement. The execution of the change shall be authorized and signed in the same manner as for this agreement.
16. In the event any provision of this agreement shall be held invalid and unenforceable, the remaining provisions shall be valid and binding upon the Parties unless such invalidity or non-enforceability would cause the agreement to fail its purpose. One or more waivers by either party of any breach of any provision, term, condition or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.
17. It is understood and agreed that the entire agreement of the Parties is contained herein and that this agreement supersedes all oral agreements and negotiations between the Parties relating to the subject matter hereof as well as any previous agreements presently in effect between the County and SPUC relating to the subject matter hereof.
18. This agreement may be executed in one or more counterparts or in multiple originals, either one of which is as valid as the other and when taken together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed intending to be bound thereby.

SCOTT COUNTY

SHAKOPEE PUBLIC UTILITIES COMMISSION

by _____
Barb Weckman Brekke, Chair
Scott County Board of Commissioners

by _____
Terrance Joos
President

Date _____

Date _____

Attest _____
Lezlie Vermillion
Scott County Administrator

by _____
Deb Amundson
Vice President

Date _____

Date _____

Approved as to form:

by _____
John Crooks
Utilities Manager

Jeanne Andersen
Assistant Scott County Attorney

Date _____

Date _____

EXHIBIT A

POLICY STATEMENT

It is the policy of Scott County Government to provide Equal Opportunity to all employees and applicants for employment in accordance with all applicable Equal Employment Opportunity laws, directives, and regulations of Federal, State, and local governing bodies or agencies thereof, including Minnesota Statutes, Chapter 363A.

Scott County will not engage in any employment practices which discriminate against or harass any employee or applicant for employment because of race, color, creed, religion, national origin, sex, disability, age, marital status, sexual orientation, or status with regard to public assistance. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, selection, layoff, disciplinary action, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

Further, Scott County fully supports incorporation of nondiscrimination rules and regulations into contracts and will commit the necessary time and resources to achieve the goals of Equal Employment Opportunity.

Any employee of the County who does not comply with the Equal Employment Opportunity Policies and Procedures set forth in this Statement and Plan will be subject to disciplinary action. Any subcontractor of the County not complying with all applicable Equal Employment Opportunity laws, directives, and regulations of Federal, State, and local governing bodies or agencies thereof, including Minnesota Statutes, Chapter 363A, will be subject to appropriate contractual sanctions.

Scott County has designated the Employee Relations Director as the manager of the Equal Opportunity Program. These responsibilities will include monitoring all Equal Employment Opportunity activities and reporting the effectiveness of this program, as required by Federal, State, and local agencies. The Scott County Administrator will receive and review reports on the progress of the program. If any employee or applicant for employment believes he or she has been discriminated against, please contact the Scott County Employee Relations Director, Scott County Employee Relations, Government Center Room 201, 200 Fourth Avenue West, Shakopee, Minnesota 55379-1220, or call (952) 496-8103.



Lezlie A. Vermillion
Scott County Administrator

1-8-19
Date



Barb Weckman Brekke
Chair, Board of Commissioners

1-8-19
Date



11c

SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

May 15, 2019

PROPOSE AS CONSENT

TO: John Crooks

CC: Joe Adams
Sherri Anderson
Greg Drent
Lon Schemel
Sharon Walsh

FROM: Renee Schmid, ^{RS} Director of Finance and Administration

SUBJECT: Financial Results for April, 2019

The following Financial Statements are attached for your review and approval.

Month to Date & Year to Date Financial Results – April, 2019

- Combined Statement of Revenue & Expense and Net Assets – Electric, Water and Total Utility
- Electric Operating Revenue & Expense Detail
- Water Operating Revenue & Expense Detail

Key items to note:

Month to Date Results – April, 2019

- Total Utility Operating Revenues for the month of April totaled \$3.8 million and were favorable to budget by \$382k or 11.2%. Electric revenues were favorable to budget by \$362k or 11.5% driven by higher than plan energy sales in all revenue groups and higher than plan power cost adjustment revenues. Water revenues were also favorable to budget by \$20k or 7.8% due to higher than plan residential and commercial sales of \$4k and higher than plan customer penalty charges of \$16k for late payments.
- Total operating expenses were \$3.4 million and were favorable to budget by \$169k or 4.7%. Total purchased power in April was \$2.4 million and was \$15k or 0.6% lower than budget for the month. Total Operating Expense for electric including purchased power totaled \$3.0 million and was favorable to budget by \$111k or 3.5% due to lower than plan purchased power costs of \$15k, lower than plan energy conservation expense of \$58k, lower than plan administrative and general expense of \$43k primarily in employee benefits and outside services. Total Operating Expense for Water totaled \$359k and was favorable to budget by \$58k or 13.8% due to timing of expenditures in operation and maintenance of \$24k, administrative and general expenses of \$31k, depreciation of \$4k, and partially offset by higher than plan expense in customer accounts of \$2k.
- Total Utility Operating Income was \$385k and was \$551k favorable to budget due to higher than plan operating revenues of \$385k and lower than plan operating expenses of \$169k.



SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Non-Operating Revenue was \$39k and was unfavorable to budget by \$26k driven by lower than plan rental and miscellaneous income of \$37k reflecting refunds developer refunds for completion of water main plan review inspection projects totaling \$44k, that was partially offset by higher than plan investment income of \$10k.
- Capital Contributions for the month of April totaled \$85k and were unfavorable to budget by \$175k due to timing of collection of trunk water fees of \$30k and water connection fees of \$148k.
- Transfers to the City of Shakopee totaled \$210k and were very slightly lower than budget for the month by 0.1%.
- Change in Net Position was \$299k and was favorable to budget by \$351k primarily due to higher than plan operating income of \$551k that was partially offset by lower than plan capital contributions of \$175k and lower than plan non-operating revenues of \$26k.
- Electric usage billed to customers in April was 30,939,647 kWh, a decrease of 9.4% from March usage billed at 34,150,222 kWh.
- Water usage billed to customers in April was 78.3 million gallons, a decrease of 4.6% from March usage billed at 82.0 million gallons.

Year to Date Financial Results – April, 2019

- Total Utility Operating Revenue year to date April was \$16.8 million and was favorable to budget by \$1.1 million or 6.8%. Electric revenues totaled \$15.6 million and were favorable to budget by \$1.0 million or 6.9% driven by higher than plan energy sales in all revenue groups. Water revenues totaled \$1.2 million and were also favorable to budget by \$60k or 5.4% driven by higher than plan sales volumes.
- Total Utility Operating Expenses year to date April were \$14.6 million and were favorable to budget by \$393k or 2.6% primarily due to timing of expenditures in energy conservation of \$187k, administrative and general expense of \$167k of which \$120k is in outside services, operations and maintenance expense in electric and water of \$86k due to timing, and depreciation expense of \$3k, that were partially offset by higher than plan purchased power costs of \$51k due to higher sales. Total Operating Expense for electric including purchased power was \$13.0 million and was favorable to budget by \$0.2 million or 1.9%. Total Operating Expense for Water was \$1.6 million and was also favorable to budget by \$0.1 million or 8.4%.
- Total Utility Operating Income was \$2.1 million and was favorable to budget by \$1.5 million driven by higher than planned operating revenues of \$1.1 million and lower than plan operating expenses of \$0.4 million.
- Total Utility Non-Operating Income was \$759k and was favorable to budget by \$368k due to higher than planned investment income of \$279k, higher than plan rental and miscellaneous income of \$60k due to timing, a \$26k net gain on the sale of electric vehicles and equipment, and lower than plan interest expense on customer deposits of \$4k.
- YTD Capital Contributions were \$1.3 million and are favorable to budget by \$303k due to timing of collection of trunk water fees of \$77k and timing of collection of water connection fees of \$223k.
- Municipal contributions to the City of Shakopee totaled \$840k year to date and are lower than plan by \$2k or 0.2%. The actual estimated payment throughout the year is based on prior year results and will be trued up at the end of the year.



SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- YTD Change in Net Position is \$3.4 million and is favorable to budget by \$2.1 million reflecting higher than plan operating revenues, lower than operating expense, higher than plan non-operating revenues, and higher than plan capital contributions.

SHAKOPEE PUBLIC UTILITIES
MONTH TO DATE FINANCIAL RESULTS
APRIL 2019



SHAKOPEE PUBLIC UTILITIES
“Lighting the Way – Yesterday, Today and Beyond”

SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

| | Month to Date Actual - April 2019 | | | Month to Date Budget - April 2019 | | | Electric | | Water | | Total Utility | |
|---|-----------------------------------|-----------|---------------|-----------------------------------|-----------|---------------|------------------------------------|------------------------------------|------------------------------------|----------|---------------|---------|
| | Electric | Water | Total Utility | Electric | Water | Total Utility | MTD Actual v. Budget B/(W) \$ % | MTD Actual v. Budget B/(W) \$ % | MTD Actual v. Budget B/(W) \$ % | | | |
| OPERATING REVENUES | \$ 3,518,804 | 274,025 | 3,792,829 | 3,156,427 | 254,258 | 3,410,684 | 362,377 | 11.5% | 19,768 | 7.6% | 382,145 | 11.2% |
| OPERATING EXPENSES | | | | | | | | | | | | |
| Operation, Customer and Administrative | 2,842,802 | 221,899 | 3,064,702 | 2,957,662 | 275,375 | 3,233,037 | 114,859 | 3.9% | 53,476 | 19.4% | 168,336 | 5.2% |
| Depreciation | 206,071 | 136,914 | 342,985 | 202,651 | 141,094 | 343,745 | (3,420) | -1.7% | 4,180 | 3.0% | 760 | 0.2% |
| Amortization of Plant Acquisition | - | - | - | - | - | - | - | 0.0% | - | - | - | 0.0% |
| Total Operating Expenses | 3,048,873 | 358,813 | 3,407,686 | 3,160,313 | 416,469 | 3,576,782 | 111,440 | 3.5% | 57,656 | 13.8% | 169,096 | 4.7% |
| Operating Income | 469,930 | (84,787) | 385,143 | (3,887) | (162,211) | (166,098) | 473,817 | 12190.4% | 77,424 | 47.7% | 551,241 | -331.9% |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | | | | | | | |
| Rental and Miscellaneous | 24,183 | (42,379) | (18,196) | 16,988 | 2,105 | 19,073 | 7,215 | 42.5% | (44,484) | -2113.4% | (37,269) | -195.4% |
| Interdepartment Rent from Water | 7,500 | - | 7,500 | 7,500 | - | 7,500 | - | 0.0% | - | - | - | 0.0% |
| Investment Income | 44,591 | 10,855 | 55,446 | 26,983 | 18,126 | 45,109 | 17,609 | 65.3% | (7,272) | -40.1% | 10,337 | 22.9% |
| Interest Expense | (5,419) | (173) | (5,592) | (6,327) | (162) | (6,489) | 908 | 14.4% | (11) | -6.7% | 897 | 13.8% |
| Amortization of Debt Issuance Costs and Loss on Refunding | - | - | - | - | - | - | - | #DIV/0! | - | - | - | #DIV/0! |
| Gain/(Loss) on the Disposition of Property | - | - | - | - | - | - | - | - | - | - | - | 0.0% |
| Total Non-Operating Revenue (Expense) | 70,855 | (31,697) | 39,158 | 45,124 | 20,070 | 65,193 | 25,732 | 57.0% | (51,767) | -257.9% | (26,035) | -39.9% |
| Income Before Contributions and Transfers | 540,785 | (116,485) | 424,301 | 41,237 | (142,142) | (100,905) | 499,549 | 1211.4% | 25,657 | 18.1% | 525,206 | 520.5% |
| CAPITAL CONTRIBUTIONS | - | 85,071 | 85,071 | - | 260,029 | 260,029 | - | - | (174,958) | -67.3% | (174,958) | -67.3% |
| TRANSFER TO MUNICIPALITY | (119,125) | (91,000) | (210,125) | (120,539) | (89,862) | (210,420) | 1,414 | 1.2% | (1,118) | -1.2% | 296 | 0.1% |
| CHANGE IN NET POSITION | \$ 421,661 | (122,413) | 299,248 | (79,302) | 28,005 | (51,297) | 500,963 | 631.7% | (150,419) | -537.1% | 350,544 | 683.4% |

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

| | MTD Actual | MTD Budget | MTD Actual v. Budget | |
|---|-------------------|----------------|----------------------|-----------------|
| | April 2019 | April 2019 | Better/(Worse) | |
| | | | \$ | % |
| OPERATING REVENUES | | | | |
| Sales of Electricity | | | | |
| Residential | \$ 1,155,712 | 1,080,171 | 75,541 | 7.0% |
| Commercial and Industrial | 2,283,487 | 1,999,640 | 283,847 | 14.2% |
| Uncollectible accounts | - | - | - | - |
| Total Sales of Electricity | 3,439,199 | 3,079,811 | 359,388 | 11.7% |
| Forfeited Discounts | 21,219 | 21,498 | (279) | -1.3% |
| Free service to the City of Shakopee | 7,125 | 7,002 | 123 | 1.8% |
| Conservation program | 51,261 | 48,116 | 3,145 | 6.5% |
| Total Operating Revenues | 3,518,804 | 3,156,427 | 362,377 | 11.5% |
| OPERATING EXPENSES | | | | |
| Operations and Maintenance | | | | |
| Purchased power | 2,371,778 | 2,386,305 | 14,527 | 0.6% |
| Distribution operation expenses | 35,193 | 39,408 | 4,216 | 10.7% |
| Distribution system maintenance | 57,286 | 61,384 | 4,098 | 6.7% |
| Maintenance of general plant | 27,363 | 27,396 | 33 | 0.1% |
| Total Operation and Maintenance | 2,491,620 | 2,514,493 | 22,873 | 0.9% |
| Customer Accounts | | | | |
| Meter Reading | 10,534 | 10,979 | 445 | 4.1% |
| Customer records and collection | 53,759 | 43,775 | (9,984) | -22.8% |
| Energy conservation | 4,186 | 62,382 | 58,196 | 93.3% |
| Total Customer Accounts | 68,478 | 117,136 | 48,658 | 41.5% |
| Administrative and General | | | | |
| Administrative and general salaries | 58,028 | 57,362 | (667) | -1.2% |
| Office supplies and expense | 10,172 | 18,853 | 8,681 | 46.0% |
| Outside services employed | 26,141 | 36,989 | 10,848 | 29.3% |
| Insurance | 11,838 | 14,963 | 3,125 | 20.9% |
| Employee Benefits | 128,808 | 165,159 | 36,351 | 22.0% |
| Miscellaneous general | 47,717 | 32,708 | (15,009) | -45.9% |
| Total Administrative and General | 282,704 | 326,033 | 43,328 | 13.3% |
| Total Operation, Customer, & Admin Expenses | 2,842,802 | 2,957,662 | 114,859 | 3.9% |
| Depreciation | 206,071 | 202,651 | (3,420) | -1.7% |
| Amortization of plant acquisition | - | - | - | 0.0% |
| Total Operating Expenses | \$ 3,048,873 | 3,160,313 | 111,440 | 3.5% |
| OPERATING INCOME | \$ 469,930 | (3,887) | 473,817 | 12190.4% |

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

| | MTD Actual | MTD Budget | MTD Actual v. Budget | |
|---|--------------------|------------------|----------------------|--------------|
| | April 2019 | April 2019 | Better/(Worse) | |
| | | | \$ | % |
| OPERATING REVENUES | | | | |
| Sales of Water | \$ 256,518 | 252,353 | 4,165 | 1.7% |
| Forfeited Discounts | 17,507 | 1,905 | 15,602 | 819.2% |
| Uncollectible accounts | 1 | - | 1 | - |
| Total Operating Revenues | <u>274,025</u> | <u>254,258</u> | <u>19,768</u> | <u>7.8%</u> |
| OPERATING EXPENSES | | | | |
| Operations and Maintenance | | | | |
| Pumping and distribution operation | 36,942 | 43,902 | 6,960 | 15.9% |
| Pumping and distribution maintenance | 24,638 | 39,937 | 15,299 | 38.3% |
| Power for pumping | 23,956 | 26,001 | 2,046 | 7.9% |
| Maintenance of general plant | 4,513 | 4,683 | 169 | 3.6% |
| Total Operation and Maintenance | <u>90,049</u> | <u>114,523</u> | <u>24,474</u> | <u>21.4%</u> |
| Customer Accounts | | | | |
| Meter Reading | 5,477 | 5,784 | 307 | 5.3% |
| Customer records and collection | 14,231 | 12,148 | (2,083) | -17.1% |
| Energy conservation | - | - | - | - |
| Total Customer Accounts | <u>19,708</u> | <u>17,932</u> | <u>(1,776)</u> | <u>-9.9%</u> |
| Administrative and General | | | | |
| Administrative and general salaries | 38,599 | 37,906 | (694) | -1.8% |
| Office supplies and expense | 3,757 | 5,766 | 2,009 | 34.8% |
| Outside services employed | 6,638 | 16,411 | 9,773 | 59.6% |
| Insurance | 3,946 | 4,988 | 1,042 | 20.9% |
| Employee Benefits | 44,514 | 59,681 | 15,167 | 25.4% |
| Miscellaneous general | 14,688 | 18,170 | 3,481 | 19.2% |
| Total Administrative and General | <u>112,143</u> | <u>142,921</u> | <u>30,778</u> | <u>21.5%</u> |
| Total Operation, Customer, & Admin Expenses | <u>221,899</u> | <u>275,375</u> | <u>53,476</u> | <u>19.4%</u> |
| Depreciation | 136,914 | 141,094 | 4,180 | 3.0% |
| Amortization of plant acquisition | - | - | - | - |
| Total Operating Expenses | <u>358,813</u> | <u>416,469</u> | <u>57,656</u> | <u>13.8%</u> |
| | | | | |
| OPERATING INCOME | <u>\$ (84,787)</u> | <u>(162,211)</u> | <u>77,424</u> | <u>47.7%</u> |

SHAKOPEE PUBLIC UTILITIES
YEAR TO DATE FINANCIAL RESULTS
APRIL 2019



SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

| | Year to Date Actual - April 2019 | | | Year to Date Budget - April 2019 | | | Electric | | Water | | Total Utility | |
|---|----------------------------------|-----------|---------------|----------------------------------|-----------|---------------|------------------------------------|------------------------------------|------------------------------------|--|---------------|--|
| | Electric | Water | Total Utility | Electric | Water | Total Utility | YTD Actual v. Budget B/(W) \$ % | YTD Actual v. Budget B/(W) \$ % | YTD Actual v. Budget B/(W) \$ % | | | |
| OPERATING REVENUES | \$ 15,597,862 | 1,165,115 | 16,762,977 | 14,592,208 | 1,104,908 | 15,697,114 | 1,005,654 6.9% | 60,209 5.4% | 1,065,862 6.8% | | | |
| OPERATING EXPENSES | | | | | | | | | | | | |
| Operation, Customer and Administrative | 12,233,427 | 1,013,445 | 13,246,872 | 12,496,608 | 1,139,977 | 13,636,583 | 263,179 2.1% | 126,531 11.1% | 389,710 2.9% | | | |
| Depreciation | 824,284 | 547,655 | 1,371,939 | 810,606 | 564,374 | 1,374,980 | (13,678) -1.7% | 16,720 3.0% | 3,042 0.2% | | | |
| Amortization of Plant Acquisition | - | - | - | - | - | - | - 0.0% | - - | - 0.0% | | | |
| Total Operating Expenses | 13,057,711 | 1,561,100 | 14,618,811 | 13,307,212 | 1,704,351 | 15,011,563 | 249,501 1.9% | 143,251 8.4% | 392,752 2.6% | | | |
| Operating Income | 2,540,151 | (395,986) | 2,144,166 | 1,284,997 | (599,445) | 685,551 | 1,255,155 97.7% | 203,460 33.9% | 1,458,614 212.8% | | | |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | | | | | | | |
| Rental and Miscellaneous | 89,338 | 176,605 | 265,943 | 67,872 | 137,792 | 205,664 | 21,466 31.8% | 38,813 28.2% | 60,279 29.3% | | | |
| Interdepartment Rent from Water | 30,000 | - | 30,000 | 30,000 | - | 30,000 | - 0.0% | - - | - 0.0% | | | |
| Investment Income | 295,442 | 163,703 | 459,144 | 107,931 | 72,506 | 180,437 | 187,511 173.7% | 91,197 125.8% | 278,708 154.5% | | | |
| Interest Expense | (21,594) | (688) | (22,281) | (25,308) | (647) | (25,956) | 3,715 14.7% | (40) -6.2% | 3,675 14.2% | | | |
| Amortization of Debt Issuance Costs and Loss on Refunding | - | - | - | - | - | - | - #DIV/0! | - 0.0% | - #DIV/0! | | | |
| Gain/(Loss) on the Disposition of Property | 25,777 | - | 25,777 | - | - | - | 25,777 0.0% | - - | 25,777 - | | | |
| Total Non-Operating Revenue (Expense) | 418,963 | 339,620 | 758,583 | 180,494 | 209,651 | 390,145 | 238,469 132.1% | 129,969 62.0% | 368,438 94.4% | | | |
| Income Before Contributions and Transfers | 2,959,114 | (56,366) | 2,902,748 | 1,465,491 | (389,795) | 1,075,696 | 1,493,623 101.9% | 333,429 85.5% | 1,827,052 169.8% | | | |
| CAPITAL CONTRIBUTIONS | | | | | | | | | | | | |
| MUNICIPAL CONTRIBUTION | (475,840) | 1,343,430 | 1,343,430 | (482,156) | 1,040,116 | 1,040,116 | 6,316 1.3% | 303,314 29.2% | 303,314 29.2% | | | |
| CHANGE IN NET POSITION | \$ 2,483,275 | 923,095 | 3,406,370 | 983,335 | 290,795 | 1,274,130 | 1,499,940 152.5% | 632,300 217.4% | 2,132,240 167.3% | | | |

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

| | YTD Actual | YTD Budget | YTD Actual v. Budget | |
|---|---------------------|------------------|----------------------|--------------|
| | April 2019 | April 2019 | Better/(Worse) | |
| | | | \$ | % |
| OPERATING REVENUES | | | | |
| Sales of Electricity | | | | |
| Residential | \$ 5,503,911 | 5,187,111 | 316,800 | 6.1% |
| Commercial and Industrial | 9,738,399 | 9,069,117 | 669,282 | 7.4% |
| Uncollectible accounts | - | - | - | #DIV/0! |
| Total Sales of Electricity | 15,242,309 | 14,256,228 | 986,081 | 6.9% |
| Forfeited Discounts | 99,739 | 85,993 | 13,746 | 16.0% |
| Free service to the City of Shakopee | 28,498 | 28,006 | 492 | 1.8% |
| Conservation program | 227,316 | 221,982 | 5,334 | 2.4% |
| Total Operating Revenues | 15,597,862 | 14,592,208 | 1,005,654 | 6.9% |
| OPERATING EXPENSES | | | | |
| Operations and Maintenance | | | | |
| Purchased power | 10,146,892 | 10,095,752 | (51,140) | -0.5% |
| Distribution operation expenses | 137,238 | 157,633 | 20,396 | 12.9% |
| Distribution system maintenance | 213,397 | 245,536 | 32,140 | 13.1% |
| Maintenance of general plant | 128,025 | 109,584 | (18,441) | -16.8% |
| Total Operation and Maintenance | 10,625,551 | 10,608,506 | (17,046) | -0.2% |
| Customer Accounts | | | | |
| Meter Reading | 41,354 | 43,916 | 2,562 | 5.8% |
| Customer records and collection | 194,890 | 175,100 | (19,790) | -11.3% |
| Energy conservation | 62,542 | 249,528 | 186,987 | 74.9% |
| Total Customer Accounts | 298,786 | 468,545 | 169,759 | 36.2% |
| Administrative and General | | | | |
| Administrative and general salaries | 219,144 | 229,446 | 10,302 | 4.5% |
| Office supplies and expense | 98,102 | 75,410 | (22,692) | -30.1% |
| Outside services employed | 76,277 | 147,956 | 71,679 | 48.4% |
| Insurance | 47,352 | 59,852 | 12,500 | 20.9% |
| Employee Benefits | 686,284 | 776,060 | 89,777 | 11.6% |
| Miscellaneous general | 181,930 | 130,830 | (51,100) | -39.1% |
| Total Administrative and General | 1,309,089 | 1,419,556 | 110,466 | 7.8% |
| Total Operation, Customer, & Admin Expenses | 12,233,427 | 12,496,606 | 263,179 | 2.1% |
| Depreciation | 824,284 | 810,606 | (13,678) | -1.7% |
| Amortization of plant acquisition | - | - | - | 0.0% |
| Total Operating Expenses | \$ 13,057,711 | 13,307,212 | 249,501 | 1.9% |
| OPERATING INCOME | \$ 2,540,151 | 1,284,997 | 1,255,155 | 97.7% |

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

| | YTD Actual April 2019 | YTD Budget April 2019 | YTD Actual v. Budget Better/(Worse) | |
|---|--------------------------|--------------------------|--|--------------|
| | | | \$ | % |
| OPERATING REVENUES | | | | |
| Sales of Water | \$ 1,141,615 | 1,097,287 | 44,328 | 4.0% |
| Forfeited Discounts | 23,498 | 7,618 | 15,879 | 208.4% |
| Uncollectible accounts | 2 | - | 2 | #DIV/0! |
| Total Operating Revenues | <u>1,165,115</u> | <u>1,104,906</u> | <u>60,209</u> | <u>5.4%</u> |
| OPERATING EXPENSES | | | | |
| Operations and Maintenance | | | | |
| Pumping and distribution operation | 145,860 | 175,607 | 29,747 | 16.9% |
| Pumping and distribution maintenance | 119,458 | 159,748 | 40,290 | 25.2% |
| Power for pumping | 100,300 | 104,005 | 3,705 | 3.6% |
| Maintenance of general plant | 40,119 | 18,730 | (21,389) | -114.2% |
| Total Operation and Maintenance | <u>405,737</u> | <u>458,091</u> | <u>52,354</u> | <u>11.4%</u> |
| Customer Accounts | | | | |
| Meter Reading | 22,749 | 23,136 | 387 | 1.7% |
| Customer records and collection | 53,818 | 48,591 | (5,227) | -10.8% |
| Energy conservation | - | - | - | - |
| Total Customer Accounts | <u>76,567</u> | <u>71,727</u> | <u>(4,840)</u> | <u>-6.7%</u> |
| Administrative and General | | | | |
| Administrative and general salaries | 143,571 | 151,622 | 8,051 | 5.3% |
| Office supplies and expense | 34,657 | 23,064 | (11,593) | -50.3% |
| Outside services employed | 17,110 | 65,645 | 48,535 | 73.9% |
| Insurance | 15,784 | 19,951 | 4,167 | 20.9% |
| Employee Benefits | 233,529 | 277,199 | 43,670 | 15.8% |
| Miscellaneous general | 86,491 | 72,678 | (13,812) | -19.0% |
| Total Administrative and General | <u>531,141</u> | <u>610,159</u> | <u>79,017</u> | <u>13.0%</u> |
| Total Operation, Customer, & Admin Expenses | <u>1,013,445</u> | <u>1,139,977</u> | <u>126,531</u> | <u>11.1%</u> |
| Depreciation | 547,655 | 564,374 | 16,720 | 3.0% |
| Amortization of plant acquisition | - | - | - | - |
| Total Operating Expenses | <u>\$ 1,561,100</u> | <u>1,704,351</u> | <u>143,251</u> | <u>8.4%</u> |
| OPERATING INCOME | <u>\$ (395,986)</u> | <u>(599,445)</u> | <u>203,460</u> | <u>33.9%</u> |