

AGENDA  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
JUNE 17, 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) Resolution #1247 – Approving of the Estimated Cost of Pipe Oversizing On the Watermain Project: Windermere South Second Addition
  - C=> 8c) Monthly Water Production Dashboard
  - 8d) Letter From City of Shakopee
  - 8e) Lion's Park Splash Pad Capacity Charges - Discussion
9. **Reports: Electric Items**
  - 9a) Electric System Operations Report – Verbal
  - C=> 9b) APPA Article – MMPA Enters Wind Energy PPA
10. **Reports: Human Resources**
11. **Reports: General**
  - C=> 11a) SPU Website Development Workshop - Recap
  - C=> 11b) May 2019 – Financial Results
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**
  - Regular Meeting -- July 1
  - Mid Month Meeting -- July 15
  - Regular Meeting -- August 5
  - Mid Month Meeting -- August 19
14. **Adjourn to 7/1/19** 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., June 3, 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 and Marketing/Customer Relations Director Walsh.

Motion by Meyer, seconded by Clay to approve the minutes of the May 20, 2019 Commission meeting. Motion carried.

There were no Communication items.

President Joos offered the agenda for approval.

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

Motion by Meyer, seconded by Mocol to approve the Consent Business agenda as presented. Motion carried.

President Joos stated that the Consent Items were: Item 8b: Windermere Booster Station – Construction Update and Item 11b: Downtown Flower Baskets – Website Posting.

The warrant listing for bills paid June 3, 2019 was presented.

Motion by Amundson, seconded by Clay to approve the warrant listing dated June 3, 2019 as presented. Motion carried.

Liaison Lehman presented his report. It was stated that the City Council members had not yet received the SPU responses to the March 25, 2019 letter from the City Administrator.

Utilities Manager Crooks provided a report of current water operations. Flushing and discolored water were discussed. Projects were updated. Water tanks and towers continue to be cleaned and inspected; inside and outside.

Item 8b: Windermere Booster Station – Construction Update was received under Consent Business.

Electric Superintendent Drent provided a report of current electric operations. Two electric outages were discussed. With the hotter weather the system peaked at 78 MW. Construction projects were updated.

The MMPA Board Meeting public summary from May 2019 was read by Mr. Crooks.

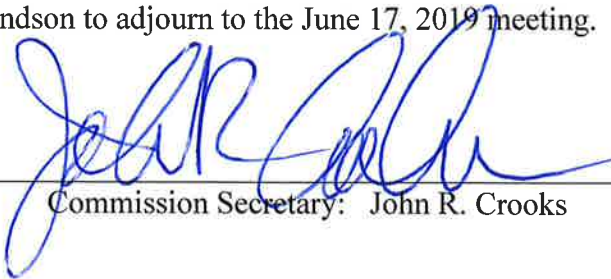
President Joos made the MMUA delegate and alternate delegate appointments. The MMUA delegate will continue to be the Utilities Manager. Alternates will be (in order) Commissioners Amundson, Meyer, Clay and Mocol.

Item 11b: Downtown Flower Baskets – Website Posting was received under Consent Business.

Director of Marketing/Customer Relations Walsh led the discussion at the Website Development Workshop. Items covered were project scope, critical functionality and scalability. Also discussed were design, branding and positioning.

The tentative commission meeting dates of June 17 and July 1 were noted.

Motion by Mocol, seconded by Amundson to adjourn to the June 17, 2019 meeting. Motion carried.



---

Commission Secretary: John R. Crooks

## RESOLUTION #1247

A RESOLUTION APPROVING OF THE ESTIMATED COST OF  
PIPE OVERSIZING ON THE WATERMAIN PROJECT:

## WINDERMERE SOUTH SECOND ADDITION

WHEREAS, the Shakopee Public Utilities Commission has been notified of a watermain project, and

WHEREAS, the pipe sizes required for that project have been approved as shown on the engineering drawing by Westwood Professional Services, Inc., and

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

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

WHEREAS, the pipes considered oversized are listed on an attachment to this Resolution,

NOW THEREFORE, BE IT RESOLVED, that the total amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$181,191,96 with the amount of oversizing attributed to trunk water main being equal to \$75,707,12 and the amount of oversizing attributed to transmission water main being equal to \$105,484.84, and

BE IT FURTHER RESOLVED, the payment of the actual amount for said oversizing will be approved by the Utilities Commission when final costs for the watermain project are known.

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

Passed in regular session of the Shakopee Public Utilities Commission, this 17th day of June, 2019.

---

Commission President: Terrance Joos

ATTEST:

---

Commission Secretary: John R. Crooks

**WINDERMERE SOUTH 2ND  
TRUNK WATER MAIN (TWF) AND  
TRANSMISSION MAIN (WCF)  
OVERSIZING**

**ATTACHMENT TO  
RESOLUTION #1247**

**16" TO 12"  
CONNECTION FUND  
12" TO 6"  
TRUNK FUND**

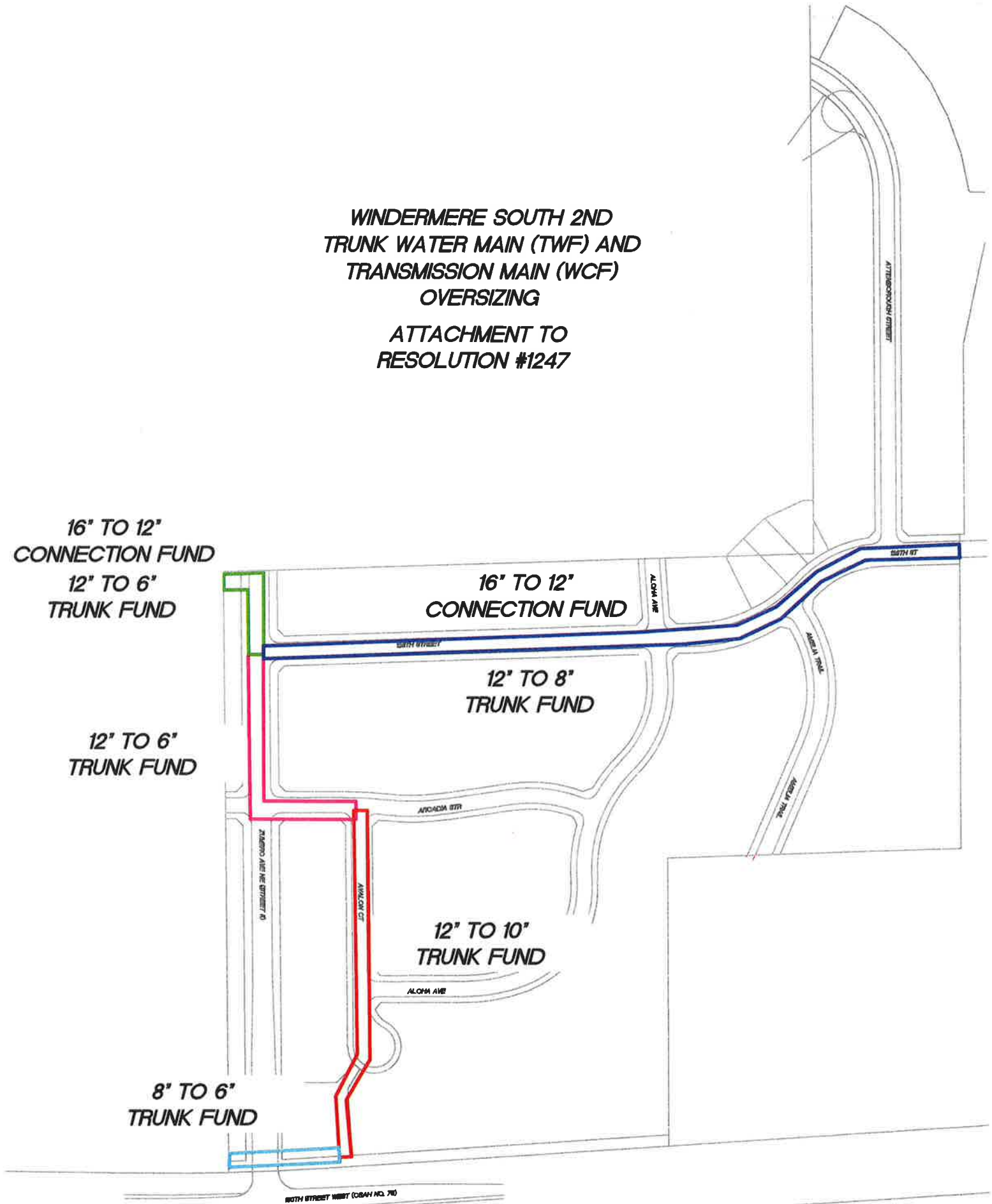
**12" TO 6"  
TRUNK FUND**

**8" TO 6"  
TRUNK FUND**

**16" TO 12"  
CONNECTION FUND**

**12" TO 8"  
TRUNK FUND**

**12" TO 10"  
TRUNK FUND**



# Monthly Water Dashboard

As of: **May 2019**

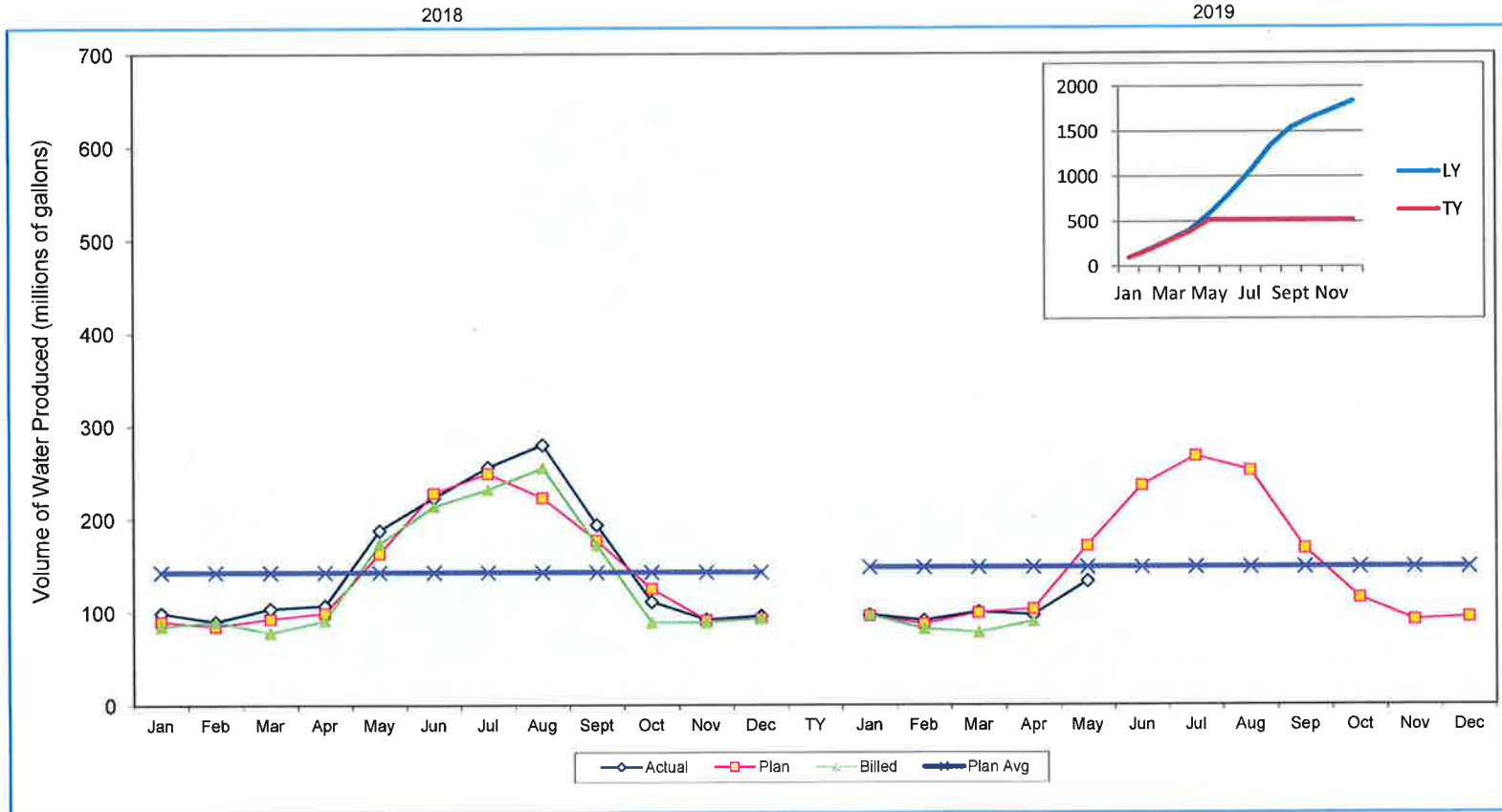
**Shakopee Public Utilities Commission**

ALL VALUES IN MILLIONS OF GALLONS

## Element/Measure Water Pumped/Metered

Averages	
2016	145
2017	147
2018	153

Last 6 months actuals	96	97	91	100	97	133
-----------------------	----	----	----	-----	----	-----



	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
Actual	99	90	104	107	188	223	256	280	194	111	92	96		97	91	100	97	133								
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%	93%							
Billed	85	90	78	91	174	214	232	255	172	89	89	93		97	82	78	90									

\* Actual gallons pumped vs. Plan

**Crooks, John**

---

**From:** Bill Reynolds <BReynolds@ShakopeeMN.gov>  
**Sent:** Friday, June 7, 2019 10:11 AM  
**To:** Mathew Meyer; Terry Joos; Mocol, Kathi; Amundson, Deb; Clay, Steve; Crooks, John  
**Cc:** CouncilMembers  
**Subject:** Letter from City of Shakopee  
**Attachments:** SPUC Ltr 7June19.pdf



Dear Commissioners and Mr. Crooks,

Please find attached a letter outlining questions and concerns which have arisen after our recent joint meeting.

Sincerely,

Bill Reynolds



**William H. Reynolds**  
City Administrator, City of Shakopee  
952-233-9311  
[www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)



June 7, 2019

Shakopee Public Utilities Commission  
c/o Mr. John Crooks  
255 Sarazin Street  
Shakopee, MN 55379

Dear Members of the Commission and Mr. Crooks,

Thank you for your presentation at the Joint City/SPUC meeting of March 12, 2019. It was an enlightening discussion. After reviewing the information provided by the Commission and staff at the meeting, some clarifying questions have arisen. Staff has prepared the following with Council review.

We would appreciate if you could review and respond to the following.

To start, it is important to briefly outline why the city is interested in the operations of SPUC at this point. The impetus for this discussion is essentially that every major developer currently at work in the City has complained to city staff regarding SPUC fees. Some have come before the City Council to complain and demand that the Council act. It is not City fees that are a concern. In fact, most developers will tell you our fees are in the range of others and that they appreciate working with our staff.

In the past when a developer would complain about SPUC – mostly regarding 1) WCC (Water Connection Charge)/TWC (Trunk Water Charge) Rates; 2) looping requirements; and 3) the general “this is our policy” customer service – city staff always gave the same answer. *“This is not a city issue. This is a SPUC issue. You should address SPUC issues with SPUC directly.”*

Often the response was that the City Council appointed SPUC commissioners, so yes it was a city issue and the city should do something about what has generally been recognized as charges and fees grossly out of line with other utilities and communities. We would like the opportunity to bring the rationale of some past SPUC decisions to light as we seek to address resident and developer concerns.

***Current Rate Formulas for the SPUC Water Connection Charge (WCC) and Water Trunk Charge (WTC)***

**Is it correct that SPUC has four different sources to fund their capital improvement plan, and are they as outlined below?**

- 1) Water Connection Charge (WCC) (also known as Water Access Charge or WAC) funds infrastructure such as wells, pump houses, storage tanks, booster stations, water treatment plants, and transmission lines;
- 2) Water Rates fund everyday operations including maintenance of the existing system (painting water towers, rehab of wells, etc.);
- 3) Trunk Water Charge (TWC) funds oversizing water mains;



- 4) Reconstruction Fee (billed on monthly statements starting in 2007) funds replacement of existing, older water mains, hydrants and valves in coordination with City of Shakopee street reconstruction projects.

**What is the cash flow policy that SPUC has for the above funds? In our analysis of your budget, we only see two funds – water and electric. What are the current fund balances for these charges and where are they located in your budget? It appears that there are separate business units under each fund. Please provide the budget for these business units or if there are not separate business units, how the charges are segregated to prevent comingling of funds.**

It is our understanding that the current rate formula was established for the WTC (Water Trunk Charge) on Jan 1, 1982 and the WCC (Water Connection Charge) on Mar 3, 1984, as part of recommendations by the engineering and surveying company Schoell & Madson, Inc. (S&M) which has been doing the financial analysis since at least 1976.

Essentially the formula was originally based off the ENR Construction Cost Index widely used by the construction industry. Initially, increases to the formula were based upon the % increase of the CCI for the previous 12 months x the original fee. This formula saw a stable level of fund growth from 1982/84 (WTC \$435 / WCC \$352) to 2002 rates (WTC \$831 / WCC \$567) over a period of approximately 18 years.

In 2003, SPUC deviated from the formula for WTC and WCC, even though a March 2003 *Water Trunk Charge and Connection Charge Analysis* Report by S&M recommended against it. That report determined that the WTC was adequate to fund future trunk watermain oversizing costs and recommended that the fee structure remain as in the past which would increase the charge from \$831 to \$854. (Attachment #1) However, SPUC did not follow the consultant's recommendation and determined that the rate should increase to \$1,213 and approved it by Resolution #714 on May 7, 2003 (backdated to January 1<sup>st</sup>, 2003). (Attachment #2). **What were the reasons for not following the advice of your consultant?**

Unlike the recommendation regarding the WTC, S&M recommended that the WCC be increased substantially from \$567 to \$2045 to fund two water treatment plants in the future. SPUC approved a \$2035 fee on July 7, 2003 by Resolution #728. (Attachment #1, Page 3) **Where are these plants in your CIP? If not present, when will they be added? Fees have been collected since 2003 for these plants with no apparent planning. Have there been any studies or other reports that outline the plan for these plants, or a timeline for their construction? It also appears that the water system is not designed and built at this point for a centralized treatment facility. Since the treatment plants have been charged for since 2003, have the system infrastructure requirements since that time facilitated one or two treatment facilities?**

Charges in both accounts were relatively stable between 2003 and 2007. However, in 2007 the fee structures were changed significantly for both the WTC and WCC rising an additional 12% over the CCI. The reason given in Resolutions #866 and #867 was SPUC, "...has observed that actual material and labor costs have escalated significantly above and beyond the amount indicated by the [CCI]... and determines an additional adjustment equal to 12% over and above the [CCI] is warranted." (Attachment #3) **What were the observations of "actual material and labor costs" based upon since the Construction Cost Index would appear to be an**

**accepted and accurate reflection of the construction costs? How was the 12% increase above and beyond the Construction Cost Index calculated? Where there any studies or other reports to support the contention that the actual increase was 12%?**

In 2008, the formula was again adjusted as fees increased 23% over the CCI for the WCC (Resolution #901) and 24% for the TWC (Resolution #902), after yet another S&M report of August of 2007 (and revised in January of 2008) – but not following its recommendations. The *Water Connection Fund and Trunk Water Main Fund Analysis and Report*, noted that in the short-term (until 2023) the “analysis of water improvement projects needed to meet the projected growth in project costs for water facilities (wells, pumps houses, storage tanks, booster stations, water treatment plants, trunk water transmission lines) and trunk water main (over sizing and SPUC trunk water main projects) will exceed the estimated revenue funds at the current rates charged for water connection charge and trunk water main fee.” (Attachment # 4, page 6 of the report).

However, the report determined that this short-term deficit would be transformed; “[I]n the longer term the trunk water main fund trends to a 1.2 million dollar surplus balance and the water connect fund trends to an estimated 21.7 million dollar surplus.” (Attachment #4, page 9 of the report).

The report noted that options to address this short-term deficit included “... bonding, inter-agency fund transfers and or raising water connection charges and trunk water main charges and “accelerating” water connection charge collection.” (Attachment #4, page 10 of the report).

The report ultimately concluded, “[d]ue to the size of the projected deficits, planning to bond is the recommended option. Inter-agency borrowing would be viable to make up for a short term deficit not covered by bonding.” It specifically noted that increasing fees had significant issues because “[t]o fund the projected short-term fund deficits the current charges and fees would have to be substantially increased. Even with increased rates the long collection period could still result in fund deficits in the short term, depend on the size of the increase and a large surplus in the long term.” (Attachment #4, page 21 of the report, underlining added).

Resolution #901 – ignoring this recommendation – states that SPUC “...determines an upward adjustment in the trunk water charge equal to 23% is warranted at this time to provide adequate funding for the planned trunk water main facilities necessary to serve developing properties with the Commission’s standard of level “A” service.” Resolution #902 used the same analysis to raise the WCC. (Attachment #5) **Why were the recommendations of your consultant not followed? There is a pattern of not following S&M’s advice, yet they are consistently used for the financial analysis of the WCC and WTC. Why continue to use them if their recommendations were not being used on a relatively consistent basis? The report specifically recommends the risks involved with increasing the fees. What basis was there to make such drastic increases in the fees when the report specifically noted that the short-term deficit would lead to a substantial surplus (WTC - \$1.2M and WCC \$21.7 M) in the long-term?**

In addition, a 2% kicker on top of the CCI was added in 2008 – making the “new” formula the CCI + 2%. **How was this increase above and beyond the CCI determined as correct? What justification was used to increase the fees above and beyond the CCI? What analysis or studies/reports supported this decision?**

The new CCI + 2% rate was followed for both the WTC and WCC from 2008 to 2019. The average increase from this formula was just over 5% a year for each charge. However, in 2018 SPUC adjusted the TWC yet again. At that time, SPUC levied a \$500 per acre fee on top of the CCI+2% formula. The justification was that SPUC "...determines an additional one-time adjustment in the trunk water charge equal to \$500 per acre is warranted at this time due to the continuing deficit in the trunk water fund." (Attachment #6) **How was this "one-time" upwards adjustment calculated and justified? What studies/reports supported this decision? Again, we only see two funds in your budget – water and electric. It appears that there are separate business units under each fund (such as the "trunk water fund" with a deficit balance noted above). Please provide the budget for these business units or if there are not separate business units, how the charges are segregated to prevent comingling of funds.**

In 2019, another "one-time" \$500 per acre was included due to yet again "... the continuing deficit in the trunk water fund." (Attachment #6) **How was this second "one-time" upwards adjustment calculated and justified? For two consecutive years this "one-time" adjustment was enacted. Did you recognize that this charge was going to be necessary in both 2018 and 2019 initially? What long-term analysis was conducted to justify two consecutive "one-time" charges? How can the second "one-time charge be justified as a "one-time" charge, as it was actually the second consecutive year of the \$500 charge. What studies/reports supported the enactment of two consecutive "one-time" charges and when were they conducted?**

Since 2007, the WTC has increased from \$1,628 to \$4,451 (an increase of 173%); and the WCC increased from \$2,846 to \$6039 (not including the added "one-time" \$500 per acre for 2018 and 2019) an increase of 112%.

It would appear that pre-2005, there was a concern regarding SPUC fees and charges compared to other cities. (see Attachment 1, page3) Being competitive is very important. As an example, Hastings lowered their WAC by 25% in 2017 "to be competitive" in the metro area. It went from \$3,075 to \$2,306. SPUC is currently \$6,039. **Do you believe it is important to have competitive fees and charges with other cities in the Metro area?**

Attachment #7 is a comparison of the SPUC WCC/WTC for our neighboring and comparable cities. Our research could find no city in the Metro Area with the WCC as high as SPUC's current charge. **Are you aware of any other utilities with a comparable WCC as currently in place with SPUC?**

### **Water Delivery Rates**

The last water rate study conducted by SPUC was done in 2009 by Progressive Consulting Engineers, Inc. The report recommended a 10% increase per year in water rates from 2009-2015 as "[t]he operating fund capital improvements are funded by the rates and it is necessary that SPUC increase their rates to generate sufficient cash balance to fund their future capital improvement plan." SPUC chose to have an increase in only 2009.

The report further notes that "[r]evenue projections for five to seven years are considered adequate to provide a reasonable forecast of anticipated future revenue needs. Beyond this period, the projections become unreliable and an update of the rate study is normally required." (Attachment #9) No further study has been conducted. **Although the study was not followed,**

**it does have a shelf life of approximately 2009-2015 – as noted by the authors. When can the residents of Shakopee expect a new rate study? Water rates should cover the cost of replacing and reconstructing existing infrastructure. Is SPUC using WCC/WTC to in any way subsidize water rates? It would appear that SPUC's Reconstruction Fund Charge which was implemented in 2007 raises about \$444,500 a year at the current \$0.25 rate. Why implement this charge as opposed to just raising the water rate?**

### ***SPUC Economic Development Efforts***

As part of the joint meeting, Mr. Crooks outlined what he believed to be SPUC's economic development efforts. These appear to be essentially SPUC's marketing efforts. **What does SPUC do for economic development besides these marketing efforts?** It appears Xcel Energy has economic development specialists that work with communities and assist new customers – including looking at Xcel Energy incentives (in an effort to encourage/develop new users/customers). **Does SPUC have any similar personnel or programs? Does SPUC offer any real incentives for new users?** On numerous occasions we have heard that SPUC electrical rates are lower than the alternatives. **Aren't SPUC residential rates actually higher than Xcel Energy rates 6 months of the year?**

### ***Overview of the SPUC City Contribution***

SPUC, as do most public utilities, provides a yearly transfer to the city's general fund from both their water and electrical utility operations. SPUC, if a private utility would have to provide 3% of sales to the city under our franchise ordinance. Attachment #10 is a review of other public utilities. SPUC has the second largest sales in water and pays the second largest water contribution to a city. However, SPUC has the largest sales in electric and is behind 5 of the top 6 in city contributions – several by millions. **Based upon this information, would SPUC be amenable to reviewing their contribution in regard to its electrical revenues?**

### ***Council Membership on SPUC***

The Shakopee City Council is responsible for appointing members on the commission. It would appear that per the 2002 statutes that changed commission membership, that the City Council actually had a seat on the expanded 5-person council – not just a liaison. (Attachment #11) **Why was the city council position changed to a liaison?**

### ***Additional Matter Regarding the Initial Assessment for the Lions Park Splash Pad***

As you may know, the City of Shakopee and the Lions Club are partnering with a private business to bring an all-inclusive splash pad to the city's Lions Park. This private/public/service group project is expected to cost approximately \$80,000 to put in place – at no expense to the city.

As part of our need to provide water to the facility, our staff reached out to your staff and received the determination that the WCC for the project would be \$211,365. (Attachment #12) I fully expect that SPUC will waive that fee at some point in the future. My point in addressing it now is that I believe it is a good example as to why SPUC's fees must be looked at. We are talking about an area the size of a small putting green that will be operational only about 2.5 months of the year and in order to have the water flowing you need to operate a button – which

will allow flowage from 30 second to 2 minutes. And this under your formula equates to \$211,365. No one but SPUC believes that is appropriate.

While the fee amount and discussion are striking, probably the more alarming part of Attachment #12 is where SPUC is suggesting that we should drill our own well within the city. We believe that to be contrary to your wellhead protection plan and is of serious concern.

Thank you for reviewing the above questions and providing timely responses.

Sincerely,

A handwritten signature in black ink, appearing to be 'W. Reynolds', written over a horizontal line.

William H. Reynolds  
City Administrator

# WATER TRUNK CHARGE AND CONNECTION CHARGE ANALYSIS MARCH 2003



Prepared for

**Public Utilities Commission**

Public Utilities Commission  
1000 North 1st Street  
Tampa, Florida 33602  
Phone: 813-241-1000  
Fax: 813-241-1001

Public Utilities Commission  
1000 North 1st Street  
Tampa, Florida 33602  
Phone: 813-241-1000  
Fax: 813-241-1001



**Schoell & Madson, Inc.**

Engineering • Surveying • Planning  
Soil Testing • Environmental Services

1000 North 1st Street, Suite 2505

Tampa, Florida 33602

www.schoellmadson.com

## I. SUMMARY AND CONCLUSIONS

This study estimated the future revenues from both the trunk water charges and water connection charges. It also identified the future trunk water system improvements and estimated the related costs. The projected revenue was compared with the estimated expenses to determine the adequacy of the current charge policies.

The current trunk water charge was found to be adequate to fund future trunk watermain oversizing costs. It is recommended to continue with the current policy and to continue to make the annual adjustments. On this basis, the 2003 charge would be \$854 per acre.

The current water connection charge was found not to be adequate to fund future water production and storage facilities. The charge would need to be increased from the 2002 rate of \$567 per unit to \$859 per unit to fund the water production and storage facilities. The current charge policy does not and was not intended to fund water treatment facilities, as these were not anticipated twenty years ago when the policy was developed. Providing for a 3.0 MGD nitrate removal plant (6.0 MGD total capacity) would require increasing the charge to \$1,338 per unit. Providing for a second treatment plan, consisting of a 6.0 MGD iron/manganese removal plant, would require increasing the charge to \$2,035 per unit.

Even with the increase to \$2,045 per unit, the combined Shakopee connection charge and trunk water charge is less than the current comparable charges in Chaska and Savage, and is only about six percent higher than Eden Prairie's charge.

We recommend increasing the connection to at least \$1,338 to provide for one water treatment plant. One plant would treat about one-fourth of the ultimate peak day water demand. Therefore, providing funding for a second plant by increasing the connection charge to \$2,045 per unit would not be overly conservative.



published 5/15/03

RESOLUTION #714

A RESOLUTION ADJUSTING FEES  
APPLIED UNDER THE TRUNK WATER POLICY RESOLUTION

WHEREAS, the fees established in Resolution #222 which Resolution established the Trunk Water Policy are intended to be adjusted on the first day of January each year,

AND WHEREAS, the adjustment in the fees was specified as the amount equal to the original fee multiplied by the percentage increase in the Construction Cost Index for the previous 12 months as reported by the Engineering News Record,

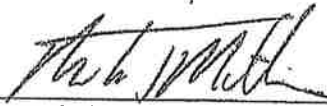
AND WHEREAS, the Construction Cost Index for the date of adoption (February 2, 1981) of Resolution #222 was 3,378.19, and the Construction Cost Index for January 2003 is 6580.54,

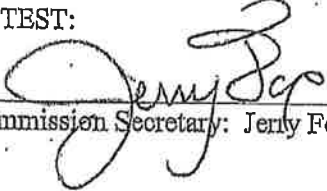
AND WHEREAS, the Shakopee Public Utilities Commission has recently received and accepted a report entitled "Water Trunk Charge and Connection Charge Analysis" dated March 28, 2003 by Schoell and Madson, Inc. that details the current status of the Trunk Water Charge fund and projects future revenue and expenses for future trunk water improvements.

NOW THEREFORE, BE IT RESOLVED, that the fee charged under Resolution #222 be increased to \$1,213.00 effective ~~May 7, 2003~~ <sup>January 1, 2003</sup>.

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

Passed in regular session of the Shakopee Public Utilities Commission, this 5<sup>th</sup> day of May, 2003.

  
Commission President: Mark Miller

ATTEST:  
  
Commission Secretary: Jenny Fox

RESOLUTION #866

A RESOLUTION ADJUSTING FEES  
APPLIED UNDER THE TRUNK WATER POLICY RESOLUTION

WHEREAS, the fees established in Resolution #222 which Resolution established the Trunk Water Policy are intended to be adjusted on the first day of January each year, and

WHEREAS, the adjustment in the fees was specified as the amount equal to the original fee multiplied by the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record, and

WHEREAS, the fees were adjusted to \$1,213.00 per acre by Resolution #714 in 2003 based on a report entitled "Water Trunk Charge and Connection Charge Analysis" dated March 28, 2003 by Schoell and Madson, Inc., and

WHEREAS, as noted in the analysis by Schoell and Madson, Inc., the "Construction Cost Index" as listed in the Engineering News Record was 6580.54, as of January 2003, and

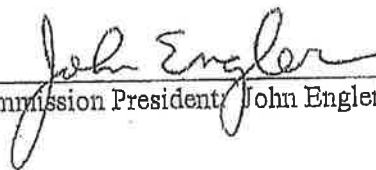
WHEREAS, this index was 7887.62 as of December 2006, and

WHEREAS, the Shakopee Public Utilities Commission has observed that actual material and labor construction costs have escalated significantly above and beyond the amount indicated by the "Construction Cost Index" as reported by the Engineering News Record and determines an additional adjustment equal to 12% over and above the "Construction Cost Index" is warranted,

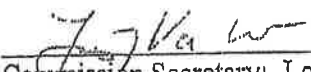
NOW THEREFORE, BE IT RESOLVED, that the fees charged under Resolution #222 be increased to \$1,628.00 per acre effective January 1, 2007.

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

Passed in regular session of the Shakopee Public Utilities Commission, this 18<sup>th</sup> day of December, 2006.

  
Commission President John Engler

ATTEST:

  
Commission Secretary: Louis Van Hout

RESOLUTION #867

A RESOLUTION ADJUSTING FEES APPLIED  
UNDER THE WATER CONNECTION CHARGE POLICY RESOLUTION

WHEREAS, the Shakopee Public Utilities Commission operates and maintains the municipal water system of the City of Shakopee, such system consisting of a complex of water production, treatment, storage, and delivery facilities interconnected across multiple service districts or pressure zones via a network of trunk and lateral watermains, and

WHEREAS, the water connection charge fees are intended to fund the construction of water production, treatment and storage facilities irrespective of their service district location within the "blended" system, and

WHEREAS, the water connection charge fees are a component of water availability charges, and

WHEREAS, the fees established in Resolution #261 which Resolution established the Water Connection Policy are intended to be adjusted on the first day of January each year, and

WHEREAS, the adjustment in the fees was specified as the amount equal to the original fee multiplied by the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record, and

WHEREAS, the water connection charge fees were adjusted to \$2,120.00 per equivalent SAC unit for all service, plus 5.0 cents per square foot for industrial use only by Resolution #735 in 2003 based on a report entitled "Water Trunk Charges and Connection Charge Analysis" dated March 28, 2003 by Schoell and Madson, Inc., and

WHEREAS, as noted in the analysis by Schoell and Madson, Inc., the "Construction Cost Index" as listed in the Engineering News Record was 6580.54, as of January, 2003, and

WHEREAS, this index was 7887.62, as of December 2006, and

WHEREAS, the Shakopee Public Utilities Commission has observed that actual material and labor construction costs have escalated significantly above and beyond the amount indicated by the "Construction Cost Index" as reported by the Engineering News Record and determines an additional adjustment equal to 12% over and above the "Construction Cost Index" is warranted,

NOW THEREFORE, BE IT RESOLVED by the Shakopee Public Utilities Commission in meeting duly assembled that the charges for connection to the City of Shakopee water system are hereby adopted effective January 1, 2007 as follows:

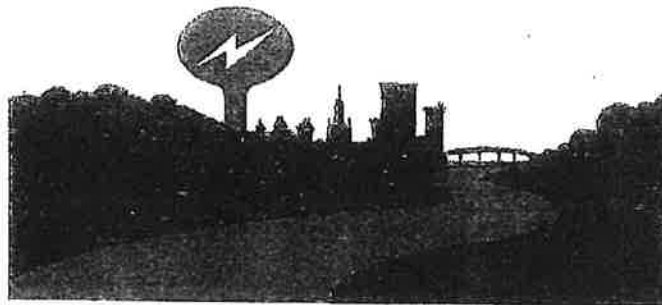
\$2,846.00 per equivalent SAC unit for all service, plus 6.7 cents per square foot for industrial use only (equivalent SAC units to be computed according to the Metropolitan Waste Control Commission Availability Charge Criteria, but applied to all municipal water usage whether discharged to sewer or not).

BE IT FURTHER RESOLVED, that the connection charges shall be applied to all water connections made to, or newly drawing water from, the City of Shakopee water system; and that

# WATER CONNECTION FUND AND TRUNK WATER MAIN FUND

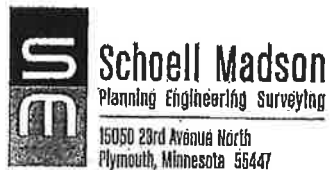
## ANALYSIS AND REPORT

### SHAKOPEE PUBLIC UTILITIES COMMISSION



Final Report  
Revised January 18, 2008 (Original August 20, 2007)  
Corrected 2007 Water Connection and Trunk Water Main Charges  
(Corrections Identified with “\*\*”)

SMI Project No. 10007-292



**WATER CONNECTION FUND AND TRUNK WATER MAIN FUND**  
**ANALYSIS AND REPORT**  
**Final Report**  
**Revised January 18, 2008**  
**Corrected 2007 Water Connection and Trunk Water Main Charges**  
**(Corrections Identified with "\*\*")**

**TABLE OF CONTENTS**

	Page
I. EXECUTIVE SUMMARY	2
II. INTRODUCTION	4
III. REPORT SUMMARY	6
IV. BACKGROUND	11
V. WATER CONNECTION FUND AND TRUNK WATER MAIN FUND ANALYSIS	13
A. BONDING	
B. RAISE WATER CONNECTION AND TRUNK WATER MAIN CHARGE RATES	
C. ACCELERATE CONNECTION CHARGE REVENUE COLLECTION	
VI. CONCLUSIONS	21
A. BONDING	
B. RAISE WATER CONNECTION AND TRUNK WATER MAIN CHARGE RATES	
C. ACCELERATE CONNECTION CHARGE REVENUE COLLECTION	

**APPENDIX A: CITY COMPREHENSIVE PLAN LANDUSE MAP**

**APPENDIX B: POPULATION GROWTH AND LANDUSE PROJECTION TABULATIONS**

**APPENDIX C: CAPITAL IMPROVEMENT PLAN 2007 TO 2030**

**APPENDIX D: COST ESTIMATES FOR WATER CONNECTION FACILITIES AND TRUNK  
WATER MAIN PROJECTS**

**APPENDIX E: ACCUMULATIVE PROJECT COSTS AND REVENUE TABULATIONS FOR WATER  
CONNECTION AND TRUNK WATER MAIN FUNDS**

### III. REPORT SUMMARY

The analysis of water improvement projects needed to meet the projected growth in Shakopee indicated the project costs for water facilities (wells, pump houses, storage tanks, booster stations, water treatment plants, trunk water main transmission lines) and trunk water main (over sizing and SPUC trunk water main projects) will exceed the estimated revenue funds at the current rates charged for water connection charge and trunk water main fee. The projection for the water connection fund indicates a deficit until 2023. Then the fund balances and accumulates a surplus through 2030. The projection for the trunk water main fund indicates a deficit through the study period and a near balance in 2030. Both funds will run deficits for the next 15 years with the larger deficits occurring from 2008 to 2020. The projected project costs in the water connection fund result in the largest deficit amounts. Trunk water main fund deficits are smaller. A 2007 to 2030 tabulation of the projected accumulated revenues at the current charge rates, accumulated project costs and the difference between the accumulated costs and revenues are presented below in Tables A for the water connection fund and Table B for the trunk water main fund. A graphical illustration of the two funds is presented in Section V. This information along with the annual project cost information can be used in the preparation of funding alternatives for the time periods where the project costs exceed revenue generation. Refer to section V for tabulated CIP costs.

**TABLE A**

**FUTURE CONNECTION CHARGE ACCUMULATING FUND BALANCE\***

YEAR	ACCUMULATIVE REVENUE	ACCUMULATIVE COSTS	ACCUMULATIVE FUND BALANCE
2007	\$1,310,362.00	906,755	\$403,607.00
2008	\$2,165,755.76	5,245,230	-\$3,079,474.24
2009	\$3,055,365.27	6,665,517	-\$3,610,151.73
2010	\$3,980,559.16	8,756,740	-\$4,776,180.84
2011	\$6,214,598.28	10,698,300	-\$4,483,701.72
2012	\$8,537,998.96	16,359,819	-\$7,821,820.04
2013	\$10,954,335.67	20,646,743	-\$9,692,407.33
2014	\$13,467,325.85	20,646,743	-\$7,179,417.15
2015	\$16,080,835.63	21,955,883	-\$5,875,047.37
2016	\$17,745,692.00	23,144,867	-\$5,399,175.00
2017	\$19,477,142.62	23,144,867	-\$3,667,724.38
2018	\$21,277,851.26	23,652,617	-\$2,374,765.74
2019	\$23,150,588.26	23,652,617	-\$502,028.74
2020	\$25,098,234.73	23,652,617	\$1,445,617.73
2021	\$26,892,154.55	23,652,617	\$3,239,537.55
2022	\$28,757,831.17	23,652,617	\$5,105,214.17
2023	\$30,698,134.86	28,777,617	\$1,920,517.86
2024	\$32,716,050.69	28,777,617	\$3,938,433.69
2025	\$34,814,683.15	28,777,617	\$6,037,066.15
2026	\$37,836,713.90	28,777,617	\$9,059,096.90
2027	\$40,979,625.88	29,412,305	\$11,567,320.88
2028	\$44,248,254.34	29,412,305	\$14,835,949.34
2029	\$47,647,627.93	29,412,305	\$18,235,322.93
2030	\$51,182,976.47	29,412,305	\$21,770,671.47

**TABLE B**

**FUTURE TRUNK WATERMAIN ACCUMULATING FUND BALANCE\***

YEAR	ACCUMULATIVE REVENUE	ACCUMULATIVE COSTS	ACCUMULATIVE FUND BALANCE
2007	\$106,349.00	\$783,407.00	-\$677,058.00
2008	\$234,416.60	\$1,728,258.00	-\$1,493,841.40
2009	\$367,606.90	\$2,782,268.00	-\$2,414,661.10
2010	\$506,124.81	\$3,513,175.00	-\$3,007,050.19
2011	\$944,052.38	\$4,858,688.00	-\$3,914,635.62
2012	\$1,399,497.05	\$5,696,624.00	-\$4,197,126.95
2013	\$1,873,159.50	\$5,633,584.00	-\$3,760,424.50
2014	\$2,365,768.46	\$5,633,584.00	-\$3,267,815.54
2015	\$2,878,081.77	\$5,932,720.00	-\$3,054,638.23
2016	\$3,307,542.66	\$5,932,720.00	-\$2,625,177.34
2017	\$3,754,181.98	\$6,020,170.00	-\$2,265,988.02
2018	\$4,218,686.87	\$6,233,450.00	-\$2,014,763.13
2019	\$4,701,771.95	\$6,358,750.00	-\$1,656,978.05
2020	\$5,204,180.44	\$6,358,750.00	-\$1,154,569.56
2021	\$5,858,002.18	\$6,513,950.00	-\$655,947.82
2022	\$6,537,976.78	\$7,286,764.00	-\$748,787.22
2023	\$7,245,150.37	\$7,616,224.00	-\$371,073.63
2024	\$7,980,610.90	\$7,972,024.00	\$8,586.90
2025	\$8,745,489.85	\$8,677,078.00	\$68,411.85
2026	\$9,541,204.06	\$9,109,618.00	\$431,586.06
2027	\$10,368,746.83	\$9,839,645.00	\$529,101.83
2028	\$11,229,391.32	\$10,262,287.00	\$967,104.32
2029	\$12,124,461.59	\$11,173,764.00	\$950,697.59
2030	\$13,055,334.66	\$11,851,445.00	\$1,203,889.66

The projected fund deficits indicated in the analysis are driven by future growth and development. The location of future developments and the timing of development dictate the required Commission projects, the project costs, and resulting fund deficits. Projecting developments and the projects required to service them is the largest single impact on the project costs and deficits in both of the water connection and trunk water main fund. The elements having the most impact on water connection fund revenue



generation are the infrastructure expenditures and the long period between development approvals and the collection of charges from all the possible water customers in the developments. Contributing to the rate of revenue collections are the following factors:

1. The pace of house building and collection of connection charges after the initial development construction is completed.
2. Construction of service water main in the rural developments and collection of water connection charges and trunk water main fees.

The short term fund analysis indicates the fees collected revenues at the current charge rates will not keep pace with project costs incurred by the Commission. In the longer term the trunk water main fund trends to a 1.2\* million dollar surplus balance and the water connection fund trends to an estimated 21.7\* million dollar surplus. Trending to a study period balance or a smaller surplus condition is preferred as a long range plan.

The outcome for the trunk fund is slightly higher\* than a balance. Financing adjustments may be considered by the Commission to raise current revenues to plan for a smaller surplus. The surplus outcome for the connection charge may seem excessive however there are different factors that influence the connection fund and a more conservative plan for current funding and a higher surplus may be considered by the Commission.

The factors include:

1. Two water treatment plants are included in the analysis. These have been identified for existing wells. Unexpected elevated levels of contaminants could occur in future wells, requiring water treatment facilities.
2. The water connection charge facilities have a higher construction cost than

trunk water main fund projects. Influences from increasing construction costs have a greater impact on the water connection fund.

3. The trunk water main fund receives the development fees at the onset of a project rather than the long term collection period for the water connection charge. This results in the Commission either having to plan for a current fund surplus to pay for connection charge projects and/or carrying debt while connection charges are collected.
4. Both funds will be running deficits in the short term and will require addition funding source(s). A conservative policy would be to increase fees and rates as required to achieve a surplus to short term balance the funds annually or a combination of rate increases and borrowing to spread out rate increases over a longer time period.

The fund revenue and project cost analysis indicates the water connection and trunk water main funds will require using alternate sources of funding to make up for the projected projects and deficits. Funding options include bonding, inter-agency fund transfers and or raising water connection charges and trunk water main charges and "accelerating" water connection charge collection. "Accelerating" water connection charge collection is defined as developer's paying for water connection charges when developments receive municipal approvals. This is the same method used to collect the trunk water main fees. Funding options are evaluated in the "Financial Analysis of Water Connection and Water CIP Project Costs" prepared by Bill Fahey, the Commission's Financial Advisor.

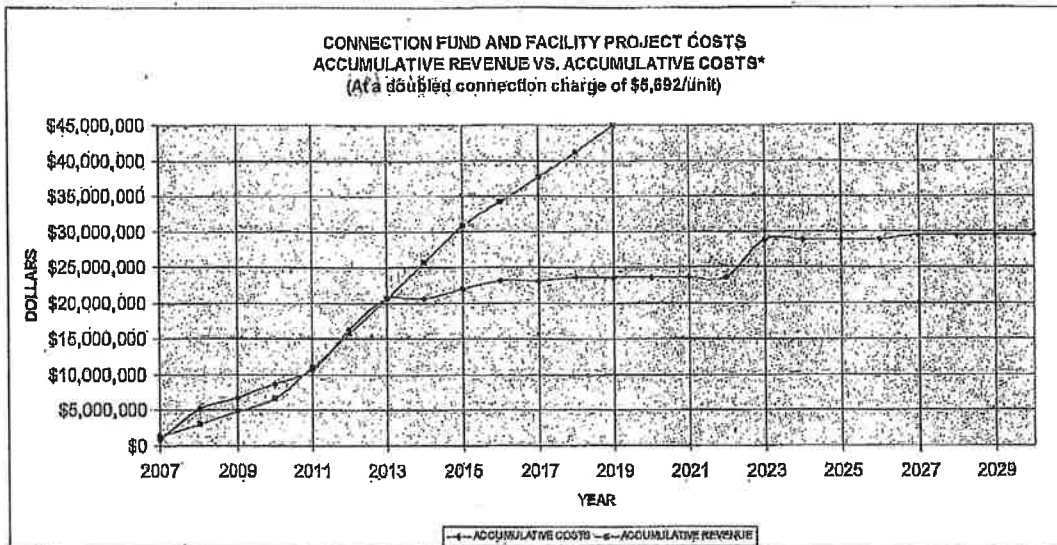
7

V. CONCLUSIONS

As the City of Shakopee continues to develop, water projects will be required to serve the new water customers. The current water connection and trunk water main funds do not have surplus capital to provide funding for these projects and the current rate structure will not pay for projects needed in the short term period of 2007 to 2019\*. The analysis indicates the water connection fund and trunk water main fund will require alternate sources of capital to keep the funds out of the projected deficits. Several options are presented below for consideration by the Commission:



1. Borrowing: Borrowing in the form of bonds or inter-agency borrowing. Due to the size of the projected deficits, planning to bond is the recommended option.  
Inter-agency borrowing would be viable to make up for a short term deficit not covered by bonding.
2. Raise rates: To fund the projected short-term fund deficits the current charges and fees would have to be substantially increased. Even with increased rates the long collection period could still result in fund deficits in the short term, depending on the size of the increase and a large surplus in the long term. As an example, the impact of doubling of the current connection charge to \$5,692/unit is shown on the following graph. The graph indicates project funding with a minimum deficit for the short term and a large surplus develops over the long term. To decrease the long term surplus adjustments to the rates would be necessary. A combination of a smaller rate increase and bonding would be a viable alternative.



3. Accelerating collection of the water connection charges: This option is considered viable because the short term future development into the 2-HES will need new Commission facilities to provide water service. The new facilities will have a high up front cost and a long collection period to fully collect all the charges. To reduce the debt the Commission would have to fund the developers would pay all connection charges after the development is approved. This would offset some of the costs for new projects, however some projects cost more than the revenue from one development and other short term funding sources would be required. Over the longer term the charges from other developments would eventually pay for the projects.
4. Financing the 2-HES Capital Improvement Costs in different geographical areas of Shakopee: The projected growth and development into the 2-HES will occur in three separate areas in Shakopee. These areas can be geographically

identified as the SE Area (The SE Area Study), Central Area and West Area.

These areas are described below: (Refer to land use map in Appendix A)

- a. SE Area: The area north of County Road 16 to the Prior Lake city limits and east of the Mdewankonton Sioux lands to the Savage city limits.
- b. Central Area: The area without water service between County Road 79 and the Mdewankonton Sioux lands and south to Spring Lake Township.
- c. West Area: The area with out water service west of County Road 79 to the Minnesota River and north of County Road 78. The includes parts of Jackson Township.

Each area was evaluated for Capital Improvement Costs and the long term revenue generation for the study period of 2007 to 2030. The results of the evaluation are summarized below:

**TABLE E**

**ESTIMATED CAPITAL IMPROVEMENT COSTS AND REVENUE GENERATION FOR THE SE AREA, CENTRAL AND WEST GEOGRAPHICAL AREAS FOR THE STUDY PERIOD OF 2007 TO 2030**

GEOGRAPHICAL AREA	WATER CONNECTION FUND		TRUNK WATER MAIN FUND	
	CIP COSTS	REVENUE	CIP COSTS	REVENUE
SE AREA	\$ 4,550,000	\$ 4,930,000	\$ 1,650,000	\$ 1,470,000
CENTRAL AREA	\$ 7,900,000	\$ 17,900,000	\$ 5,430,000	\$ 5,100,000
WEST AREA	\$ 6,500,000	\$ 13,900,000	\$ 2,650,000	\$ 3,000,000

The results of the evaluation indicate the water connection fund capital improvement costs for each area will be supported by fees collected within each geographical area. The SE Area may need some revenue support from the other two areas. The trunk water fund capital improvement costs will also be supported by the fees from each area, however, the balance between costs and revenue is much closer than in the connection fund. In the long term some trunk water main revenue sharing between the geographical areas is possible or a raise in the trunk water main charge may be necessary.

In this the first part of the water connection charge fund and trunk water fee fund analysis the future project costs and revenue collection was projected out to 2030 and then evaluated. Based on the current charges and fees being levied by the Commission alternate funding sources will be needed. For the second part of the analysis the financial alternatives will be evaluated in the "Capital Improvement Plan Financial Report" prepared by Bill Fahey, the Commission's Financial Advisor.

RESOLUTION #901

A RESOLUTION ADJUSTING FEES  
APPLIED UNDER THE TRUNK WATER POLICY RESOLUTION

WHEREAS, the Shakopee Public Utilities Commission operates and maintains the municipal water system of the City of Shakopee, such system consisting of a ("blended") complex of water production, treatment, storage, and delivery facilities interconnected across multiple service districts or pressure zones via a network of trunk and lateral water mains, and

WHEREAS, the trunk water charge fees are a component of water availability charges, and

WHEREAS, the fees established in Resolution #222 are intended to be adjusted on the first day of January each year, and

WHEREAS, the fees were adjusted in 2006 by Resolution #866 to \$1,628.00 per acre, and

WHEREAS, the Shakopee Public Utilities Commission has received a report by Schoell and Madson, Inc. titled "Water Connection Fund and Trunk Water Main Fund Analysis and Report" dated August 20, 2007 and a report by Northland Securities titled "Finance Analysis of Water Connection Fund and Water Trunk Fund CIP Projects for the Period 2007 through 2030" dated November 27, 2007, and

WHEREAS, the Shakopee Public Utilities Commission determines an upward adjustment in the trunk water charge equal to 23% is warranted at this time to provide adequate funding for the planned trunk water main facilities necessary to serve developing properties with the Commission's standard of level "A" service (i.e. a robust, redundant, looped water supply and distribution system capable of supplying water safe for human consumption at adequate pressure for domestic and fire protection uses).

NOW THEREFORE, BE IT RESOLVED, that the trunk water charge fees be increased to \$2,002.00 per acre effective January 1, 2008.

BE IT FURTHER RESOLVED, that future increases in the trunk water charge fees shall be based on the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record plus 2.0%,

BE IT FURTHER RESOLVED, that the funds collected from the trunk water charges will be set aside by the Utility and used to pay for construction of trunk water main facilities.

BE IT FURTHER RESOLVED, that water availability shall not be granted until the acceptance by the Utility of payment of all standard water fees requisite by this resolution and by compliance with all other Shakopee Public Utilities Commission resolutions applicable to new services.

BE IT FURTHER RESOLVED, that in the case of large water users, specific authorization by Shakopee Public Utilities Commission is also a prerequisite to water availability.

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

RESOLUTION #902

A RESOLUTION ADJUSTING FEES APPLIED  
UNDER THE WATER CONNECTION CHARGE POLICY RESOLUTION

WHEREAS, the Shakopee Public Utilities Commission operates and maintains the municipal water system of the City of Shakopee, such system consisting of a ("blended") complex of water production, treatment, storage, and delivery facilities interconnected across multiple service districts or pressure zones via a network of trunk and lateral watermains, and

WHEREAS, the water connection charge fees are a component of water availability charges, and

WHEREAS, the fees established in Resolution #261 are intended to be adjusted on the first day of January each year, and

WHEREAS, the water connection charge fees were adjusted in 2006 by Resolution #867 to \$2,846.00 per equivalent SAC unit for all service, plus 6.7 cents per square foot for industrial use only, and

WHEREAS, the Shakopee Public Utilities Commission has received a report by Schoell and Madson, Inc. titled "Water Connection Fund and Trunk Water Main Fund Analysis and Report" dated August 20, 2007 and a report by Northland Securities titled "Finance Analysis of Water Connection Fund and Water Trunk Fund CIP Projects for the Period 2007 through 2030" dated November 27, 2007, and

WHEREAS, the Shakopee Public Utilities Commission determines an upward adjustment in the water connection charge equal to 24% is warranted at this time to provide adequate funding for the planned water production, treatment and storage facilities necessary to serve developing properties with the Commission's standard of level "A" service (i.e. a robust, redundant, looped water supply and distribution system capable of supplying water safe for human consumption at adequate pressure for domestic and fire protection uses).

NOW THEREFORE, BE IT RESOLVED that the water connection charge fees be increased effective January 1, 2008 as follows:

\$3,529.00 per equivalent SAC unit for all service, plus 8.3 cents per square foot for industrial use only (equivalent SAC units to be computed according to the Metropolitan Waste Control Commission Availability Charge Criteria, but applied to all municipal water usage whether discharged to sewer or not).

BE IT FURTHER RESOLVED, that future increases in the water connection charge fees shall be based on the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record plus 2.0%.

BE IT FURTHER RESOLVED, that the water connection charges shall be applied to all water connections made to, or newly drawing water from, the City of Shakopee water system; and that the connection charges shall also be applied to all instances where increased water usage is indicated by an increase in SAC units or by other means.

BE IT FURTHER RESOLVED, that the funds collected from the water connection charges will be set aside by the Utility and used to pay for construction of water production,



## RESOLUTION #1179

A RESOLUTION ADJUSTING FEES  
APPLIED UNDER THE TRUNK WATER CHARGE POLICY RESOLUTION

WHEREAS, the fees established in Resolution #222, which Resolution established the Trunk Water Charge Policy, and Resolution #901, which Resolution adjusted said fees, are intended to be adjusted on the first day of January each year, and

WHEREAS, the fees were adjusted in 2015 by Resolution #1107 to \$2,911.00 per acre, and

WHEREAS, per Resolution #901 designated that future increases in the trunk water charge fees shall be based on the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record, plus 2%, multiplied by the present trunk water charge, and

WHEREAS, the "Construction Cost Index" as listed in the Engineering News Record was 10,442.61, as of November, 2016, and

WHEREAS, this index was 10,817.11 as of October, 2017, and

WHEREAS, the Shakopee Public Utilities Commission determines an upward adjustment in the trunk water charge equal to 5.8% is warranted at this time to provide adequate funding for the planned trunk water main facilities necessary to serve developing properties with the Commission's standard of level "A" service (i.e. a robust, redundant, looped water supply and distribution system capable of supplying water safe for human consumption at adequate pressure for domestic and fire protection uses), and

WHEREAS, the Shakopee Public Utilities Commission also determines an additional one time upward adjustment in the trunk water charge equal to \$500.00 per acre is warranted at this time due to the continuing deficit in the trunk water fund. 3x

NOW THEREFORE, BE IT RESOLVED, that the fees charged under Resolution #222 and #901 be increased to \$3,749.00 per acre effective January 1, 2018.

BE IT FURTHER RESOLVED, that the funds collected from the trunk water charges will be set aside by the Utility and used to pay for construction of trunk water main facilities.

BE IT FURTHER RESOLVED, that water availability shall not be granted until the acceptance by the Utility of payment of all standard water fees requisite by this resolution and by compliance with all other Shakopee Public Utilities Commission resolutions applicable to new services.

BE IT FURTHER RESOLVED, that in the case of large water users, specific authorization by Shakopee Public Utilities Commission is also a prerequisite to water availability.

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

RESOLUTION #1219

A RESOLUTION ADJUSTING FEES  
APPLIED UNDER THE TRUNK WATER CHARGE POLICY RESOLUTION

WHEREAS, the fees established in Resolution #222, which Resolution established the Trunk Water Charge Policy, and Resolution #901, which Resolution adjusted said fees, are intended to be adjusted on the first day of January each year, and

WHEREAS, the fees were adjusted in 2015 by Resolution #1107 to \$2,911.00 per acre, and

WHEREAS, per Resolution #901 designated that future increases in the trunk water charge fees shall be based on the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record, plus 2%, multiplied by the present trunk water charge, and

WHEREAS, the "Construction Cost Index" as listed in the Engineering News Record was 10,817.11, as of October, 2017, and

WHEREAS, this index was 11,183.28.11 as of October, 2018, and

WHEREAS, the Shakopee Public Utilities Commission determines an upward adjustment in the trunk water charge equal to 5.4% is warranted at this time to provide adequate funding for the planned trunk water main facilities necessary to serve developing properties with the Commission's standard of level "A" service (i.e. a robust, redundant, looped water supply and distribution system capable of supplying water safe for human consumption at adequate pressure for domestic and fire protection uses), and

WHEREAS, the Shakopee Public Utilities Commission also determines an additional one time upward adjustment in the trunk water charge equal to \$500.00 per acre is warranted at this time due to the continuing deficit in the trunk water fund. }x

NOW THEREFORE, BE IT RESOLVED, that the fees charged under Resolution #222 and #901 be increased to \$4,451.00 per acre effective January 1, 2019.

BE IT FURTHER RESOLVED, that the funds collected from the trunk water charges will be set aside by the Utility and used to pay for construction of trunk water main facilities.

BE IT FURTHER RESOLVED, that water availability shall not be granted until the acceptance by the Utility of payment of all standard water fees requisite by this resolution and by compliance with all other Shakopee Public Utilities Commission resolutions applicable to new services.

BE IT FURTHER RESOLVED, that in the case of large water users, specific authorization by Shakopee Public Utilities Commission is also a prerequisite to water availability.

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



To: Mayor and Councilmembers  
From: Darin Nelson, Finance Director  
cc: Bill Reynolds, City Administrator  
Date: February 27, 2019  
Re: Water Rate and Connection Charge Comparisons

---

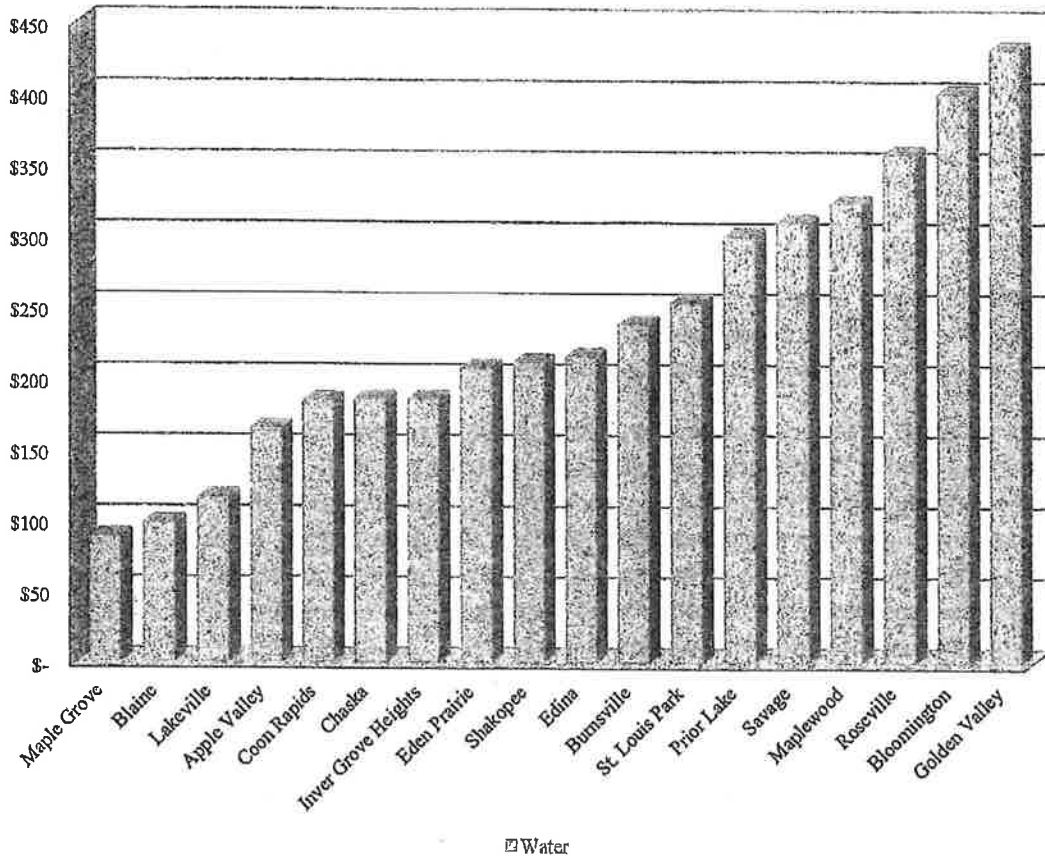
Annually the finance department gathers data on our comparable and surrounding cities. This data includes information on property taxes and utility rates. Since our comparable and surrounding cities all operate their own water utility, staff also gathers water rate information.

The Cost of Water Utility Comparison chart below compares residential annual cost of water based on an average monthly consumption of 5,000 gallons. 5,000 gallons is often considered an average monthly consumption for residential household. Annual costs include applicable variable and fixed fees associated with water usage and billing. Golden Valley, Bloomington, Roseville and Maplewood purchase their water from either Minneapolis or St. Paul, which tends to account for higher than average water costs compared to other cities. Also, Eden Prairie provides system-wide soft water eliminating the need for household water softeners.

The second chart provides a comparison of water and local sewer connection charges. The sewer connection charge (SAC) does not include the Met Council Environmental Services SAC charge. These SAC charges are strictly local charges. This chart only compares connection charges and does not include any trunk charges associated with installing necessary infrastructure to a specific area.

The information for both charges was gathered by reviewing fee schedules and/or contacting cities directly to confirm 2019 rate and connection charges.

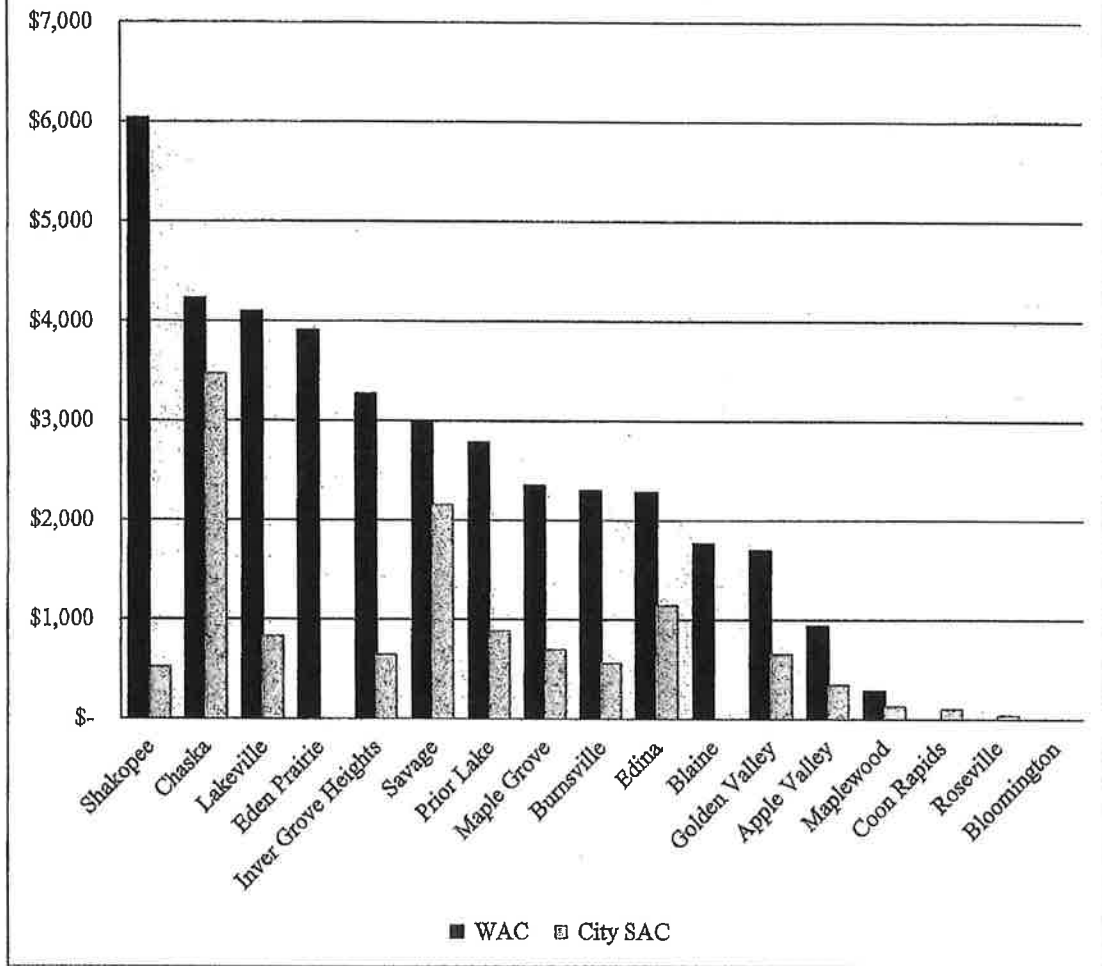
## 2019 Residential Annual Cost of Water Utility Comparison



COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St., Shakopee MN 55379 | Phone: 952-233-9300 | Fax: 952-233-3801 | [www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)

## 2019 City WAC and SAC Charges Comparison

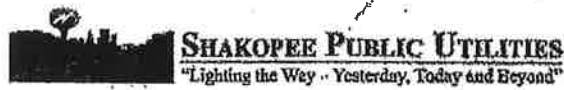


COMMUNITY PRIDE SINCE 1857

City of Shakopee | 485 Gorman St., Shakopee MN 55379 | Phone: 952-233-9300 | Fax: 952-233-3801 | [www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)

# WATER RATE STUDY SHAKOPEE PUBLIC UTILITIES

Prepared For



July 2009



**Progressive Consulting Engineers, Inc.**

**PCE Progressive Consulting Engineers Inc.**

6120 Earle Brown Drive, Suite 62B, Minneapolis, MN 55430-2581 (763) 560-9193 FAX (763) 560-0399

July 27, 2009

John Crooks  
Water Superintendent  
Shakopee Public Utilities  
255 Sarazin Street,  
P. O. Box 470  
Shakopee, MN 55379-0470

Dear Mr. Crooks:

Progressive Consulting Engineers, Inc. (PCE) is pleased to submit herein the final report for the Water Rate Study for the Shakopee Public Utilities Commission (SPUC). The report includes the development of inclining block water rates as required by the Department of Natural Resources (DNR). The rates are developed using the cost of service analysis by Base-Extra Capacity method. As per your discussion with the DNR personnel, the inclining block is used only for the residential customers whereas the flat rate with separate irrigation meter rate is used for the commercial/institutional and industrial customers.

The proposed fixed and commodity water rates for 2010 as calculated from the study are:

Fixed Charge (5/8" meter size)	\$3.06 per month
Residential	
0-5,000 gallons	\$1.86 per 1,000 gallons
Above 5,000 gallons	\$2.23 per 1,000 gallons
Commercial/Institutional	\$1.71 per 1,000 gallons
Industrial	\$1.49 per 1,000 gallons
Irrigation Meter	\$2.23 per 1,000 gallons

\* { It is recommended that the proposed calculated fixed rate and the commodity rates should be increased 10% every year until 2015 to generate the targeted cash balance of SPUC's one year of operating and maintenance costs. The reconstruction rate development was out of the scope of the study and hence not derived in this study. For the cash flow projections, it is assumed that SPUC will increase their current reconstruction rate by 10% every year.

This report is the product of a cooperative effort between SPUC and PCE staffs. The cooperation and assistance of SPUC staff is greatly appreciated, especially the assistance of Renee Schmid and yourself.

We will be available to discuss the report or any aspects of the study at your convenience.

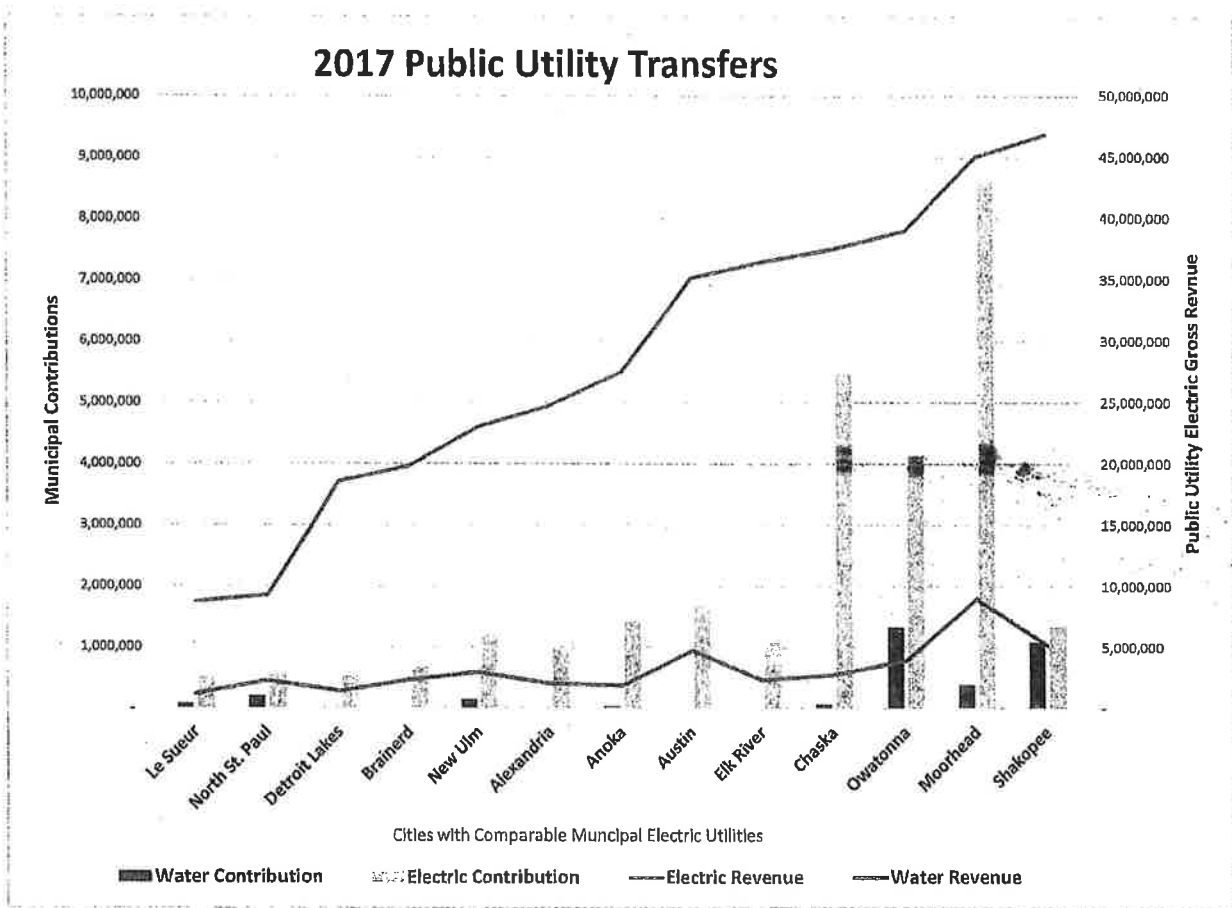
Sincerely,



Naeem Qureshi  
NQ/Js

**City of Shakopee  
2017 Public Utility Transfers to Parent City  
2/22/2019**


	Water Contribution	Electric Contribution	Electric Revenue	Water Revenue	Source	Notes
Le Sueur	81,650	504,250	8,732,046	1,166,465	2017 CAFR	
North St. Paul	205,000	556,800	9,267,958	2,266,961	2017 CAFR	
Detroit Lakes	-	525,000	18,561,949	1,393,886	2017 CAFR	
Brainerd	-	672,823	19,826,394	2,335,002	2017 CAFR	
New Ulm	150,141	1,189,277	22,995,808	2,954,116	2017 CAFR	
Alexandria	-	980,825	24,724,008	2,028,338	2017 CAFR	
Anoka	40,000	1,425,000	27,487,642	1,873,597	2017 CAFR	
Austin	-	1,690,000	35,151,081	4,738,228	2017 CAFR	
Elk River	-	1,113,264	36,458,061	2,326,245	2017 CAFR	
Chaska	77,082	5,472,000	37,542,385	2,768,225	2017 CAFR	Add'l admin charges to Ent. Funds of \$3.1 million Contributions are accounted for as admin costs
Owatonna	1,328,912	4,135,713	39,025,342	3,948,324	2017 CAFR	
Moorhead	396,000	8,618,696	45,049,837	8,981,120	2017 CAFR	
Shakopee	1,092,000	1,344,000	46,887,042	5,184,201	2017 CAFR	





## Office of the Revisor of Statutes

## Minnesota Session Laws - 2002, Regular Session

Authenticate  PDFKey: (1) ~~language to be deleted~~ (2) new language

## CHAPTER 226-H.F.No. 2624

An act relating to the city of Shakopee; increasing its public utilities commission from three to five members.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [~~SHAKOPEE UTILITIES COMMISSION INCREASED TO FIVE MEMBERS.~~]

(a) Notwithstanding Minnesota Statutes, sections 412.331 and 412.341, subdivision 1:

(1) the public utilities commission of the city of Shakopee is increased from three to five members;

(2) the additional members have three-year terms except that the first appointee to the fourth seat has an initial term expiring April 1, 2004, and the first appointee to the fifth seat has an initial term expiring April 1, 2005; and

(3) no more than one city council member may serve on the commission at any time.

(b) The provisions of sections 412.331 to 412.391 that do not conflict with paragraph (a) apply to the additional members to the same extent that they apply to the other members of the commission.

Sec. 2. [EFFECTIVE DATE; LOCAL APPROVAL.]

Section 1 is effective the day after the governing body of the city of Shakopee and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.


Presented to the governor March 6, 2002

Signed by the governor March 7, 2002, 2:26 p.m.

Copyright © 2002 by the Revisor of Statutes, State of Minnesota. All rights reserved.

Attachment #11

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**FROM: JOHN R. CROOKS, UTILITIES MANAGER**   
**SUBJECT: SPLASH PAD INSTALLATION IN LIONS PARK**  
**DATE: JUNE 14, 2019**

As I am sure you are aware of, the City of Shakopee City Council has authorized the installation of a Splash Pad Water Park in Lions Park.

**ISSUE –**

There has been a bit of controversy related to the Utility portion of the project. In initial meetings with the City, the Lions Club representative and mechanical contractors that took place the week on June 3<sup>rd</sup>, it was made known this type of water feature uses 10,000 gallons of water per day. This equates to the daily volume of water used in about 35 residential homes. Therefore an estimated WCC of \$211,000 was stated as the potential charge.

**DISCUSSION –**

In response to the initial estimate of the WCC, Planning and Engineering Director Adams proposed possible alternatives to offset the capacity required to serve the water needs of the Splash Pad. These alternatives as well as the WCC will be presented at Monday's Commission meeting.

Staff would like to discuss the costs associated with the project and answer questions that are warranted with this unique type of recreational facility.

## Adams, Joe

---

**From:** Adams, Joe  
**Sent:** Wednesday, June 5, 2019 10:53 AM  
**To:** 'Steve Lillehaug'; Michael Kerski; Jay Tobin; Micah Heckman  
**Cc:** Crooks, John; Schemel, Lon; Fenstermacher, Christian  
**Subject:** RE: SPUC coordination - Lions Park Splash Pad  
**Attachments:** T&CWATER-1-1-19.pdf

Steve –

Attached are the current SPUC Standard Terms and Conditions to Receive Water Service.

After only a brief initial discussion with John Crooks, I believe I can conclude:

1. There are no lateral water main requirements at this time. This morning at the onsite meeting, I was informed there may be a future Lions Club (10 year horizon) plan for a more extensive water park feature addition behind the Sand Venture pool. At that time additional water main may be necessary to support that use.
2. The Trunk Water Charge will not apply to the 1,500 square foot area of the splash pad, and even if it did the amount is inconsequential (around \$153) because of the relatively small area. And I now see the comparison to a mister would only help against the TWC when more carefully reading Resolution #814.
3. The Water Capacity Charge, fka Water Connection Charge, would be calculated as:  $9,720 \text{ gallons per day} \div 274 \text{ gallons per day per equivalent SAC unit} = 35.47 \text{ equivalent SAC units}$ , rounded down to 35 units X \$6,039 per unit = \$211,365.

Options to reduce or possibly eliminate the WCC that come to mind are:

1. Drill a private well, if possible, for this use.
2. Design a closed loop re-use system that lessens the daily amount of water needed.
3. Re-use the splash pad water as irrigation water and use the argument that by doing so the new use is not increasing the burden on the water supply and storage system as much as the above calculation shows, keeping in mind that is a flawed argument in some respects because due to our sprinkling restrictions of odd/even days by address and limited hours are in conflict with the supposed intended proposed use.
4. Appeal to the SPUC for some relief from the policy as stated in Resolution #814. The next SPUC meeting is Monday June 17<sup>th</sup>. A written request, stating the rationale for modifying the policy and asking to be placed on the SPUC meeting agenda can be addressed to Utilities Manager John Crooks and should be submitted by noon on Thursday June 13<sup>th</sup>.

I had hoped to confer further with John prior to sending it out this information. However, John is out of the office this morning. When he returns, I will review this information with him and notify everyone if any of the above is inaccurate

Joe

Joseph D. Adams  
SPU Planning & Engineering Director  
jadams@shakopeeutilities.com  
952-233-1501

**From:** Steve Lillehaug [mailto:SLillehaug@shakopeemn.gov]  
**Sent:** Wednesday, June 5, 2019 9:59 AM

**To:** Adams, Joe <jadams@shakopeeutilities.com>; Michael Kerski <MKerski@shakopeemn.gov>; Jay Tobin <jtobin@shakopeemn.gov>; Micah Heckman <mheckman@shakopeemn.gov>  
**Cc:** Crooks, John <jcrooks@shakopeeutilities.com>; Schemel, Lon <lschemel@shakopeeutilities.com>; Fenstermacher, Christian <cfenstermacher@shakopeeutilities.com>  
**Subject:** RE: SPUC coordination - Lions Park Splash Pad

Hello Joe,

We are trying to get things in order for this very fast paced project, not needing any surprises, your response to the estimated fees is appreciated. Thank you.



**Steve Lillehaug, PE, PTOE**

Public Works Director/City Engineer, City of Shakopee  
952-233-9361 | [slillehaug@ShakopeeMN.gov](mailto:slillehaug@ShakopeeMN.gov) | [www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)

**From:** Steve Lillehaug

**Sent:** Tuesday, June 4, 2019 9:06 AM

**To:** Adams, Joe <jadams@shakopeeutilities.com>; Michael Kerski <MKerski@ShakopeeMN.gov>; Jay Tobin <jtobin@ShakopeeMN.gov>; Micah Heckman <mheckman@shakopeemn.gov>  
**Cc:** Crooks, John <jcrooks@shakopeeutilities.com>; Schemel, Lon <lschemel@shakopeeutilities.com>; Fenstermacher, Christian <cfenstermacher@shakopeeutilities.com>  
**Subject:** SPUC coordination - Lions Park Splash Pad

Joe,

Please see the attached for the concept info provided. They are looking at a substantial amount of annual water, about 900k gallons for the season. The total system flow rate is about 54 GPM so these are not misters.

Please provide an estimate on what any fees would be. Thank you.



**Steve Lillehaug, PE, PTOE**

Public Works Director/City Engineer, City of Shakopee  
952-233-9361 | [slillehaug@ShakopeeMN.gov](mailto:slillehaug@ShakopeeMN.gov) | [www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)

**From:** Adams, Joe <jadams@shakopeeutilities.com>

**Sent:** Tuesday, June 4, 2019 8:24 AM

**To:** Michael Kerski <MKerski@shakopeemn.gov>; Jay Tobin <jtobin@shakopeemn.gov>; Steve Lillehaug <SLillehaug@shakopeemn.gov>; Micah Heckman <mheckman@shakopeemn.gov>  
**Cc:** Crooks, John <jcrooks@shakopeeutilities.com>; Schemel, Lon <lschemel@shakopeeutilities.com>; Fenstermacher, Christian <cfenstermacher@shakopeeutilities.com>  
**Subject:** Lions Park Splash Pad

Michael –

I apologize for not initially appreciating the volume of water use that this project entails during yesterday's meeting. For some reason, all along I was thinking it was similar to the "misters" that are installed in some of the other city parks. The notes I took include an estimate of 10,000 gallons of water use per day and upon reflection that is not an insignificant amount, since it equates to 36.5 equivalent SAC units at 274 gallons per day per SAC unit.

I have attached SPUC Resolution #814, "A Resolution Clarifying the Application of Existing Standard Water Charges and Policies to City Parks" that was adopted on August 1, 2005 for background.

I will confer with Utilities Manager John Crooks and relay to you afterwards what we believe to be the effect of applying the SPUC's intentions to the proposed water use of the splash pad in Lions Park. It would be helpful if we could have an idea of what amount of water usage is representative of the typical "misters" that are installed in other city parks e.g. Cloverleaf and Autumn Hill Parks, which I believe may have one each? I don't believe those water services are metered, so some sort of estimate of the amount of use associated with a "mister" would be important since they're explicitly called out as being exempt from the WCC. Gallons per minute flow for the apparatus and estimated run times would do for comparison purposes. In the end, this may be an item that will have to go to the SPUC for policy clarification.

Thanks,

Joe

Joseph D. Adams  
SPU Planning & Engineering Director  
[jadams@shakopeeutilities.com](mailto:jadams@shakopeeutilities.com)  
952-233-1501



**TURN POINTS INTO  
A REWARD FOR ALMOST  
ANY CHICAGO  
FLIGHT.**



Terms apply.

[https://www.swnewsmedia.com/shakopee\\_valley\\_news/news/business/city-administrator-lions-club-spuc-d-over-water-charge-for/article\\_6b4e0eea-ebf1-5a21-896e-b2b283e35f85.html](https://www.swnewsmedia.com/shakopee_valley_news/news/business/city-administrator-lions-club-spuc-d-over-water-charge-for/article_6b4e0eea-ebf1-5a21-896e-b2b283e35f85.html)

## City administrator: Lions Club 'SPUC'd' over \$211,000 water charge for splash pad

By Maddie DeBilzan mdebilzan@swpub.com Jun 10, 2019



The 30-by-47-foot splash pad approved by city council to be built in Lions Park has a \$211,000 water capacity charge per tag.

courtesy rendering

The Shakopee Public Utilities Commission estimated the water capacity charge for the recently approved splash pad at Lions Park would be \$211,000 — a price tag that left City Administrator Bill Reynolds scratching his head.

Reynolds couldn't believe the water capacity charge for the Lions club, which will have an area the size of a small putting green and will operate for three months out of the year, was more than \$200,000.

"Once again," Reynolds said, "someone has been SPUC'd."



The managing director for the water division of Landscape Structures, Greg Stoks, has offered his patent-pending hydraulic activator system and equipment worth \$50,000 to the Lions Club for a splash pad at Lions Park. It allows children with mental and/or physical disabilities an accessible area to play. The city would just have to cover water usage costs.

But the Lions Club would have to foot the \$211,000 water capacity charge, or WCC, which SPUC Utilities Manager John Crooks said helps cover the cost of much-needed additional water capacity in rapidly growing Shakopee: including wells, water towers, water treatment facilities, and more.

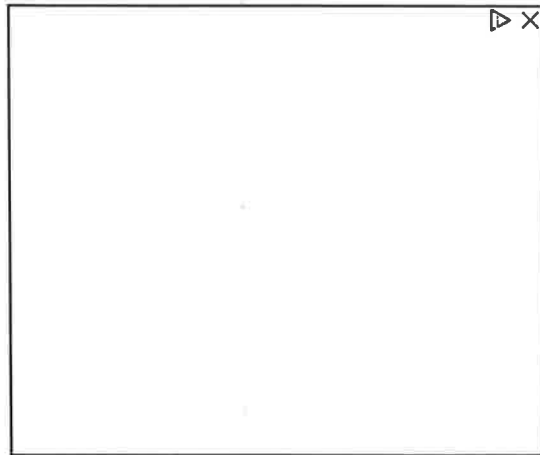
Reynolds sent a letter to Crooks on Friday, June 7 outlining his frustration with SPUC's "stunning" water capacity charges, which have also slowed movements with prospective small business owners looking to plant their locations in Shakopee, including Willy McCoy's restaurant.

The splash pad will use 10,000 gallons of water per day in the summer: the equivalent of the water usage in 35 to 40 homes.

"That's a significant water usage," Crooks said.

Reynolds said the Lions Club will look for a way to lower the \$211,000 water fee, but if they can't find one, plans for the splash pad could be scuttled.

## 'They've been SPUC'd'



Unlike other cities in Minnesota, SPUC is a separate entity from the city. A voter referendum in the 1950s moved Shakopee's water utilities outside the city's umbrella to an "external cooperation" because voters wanted to make sure electricity and water bills weren't influenced by politics. The Shakopee City Council appoints SPUC commissioners to oversee SPUC.

To determine water capacity charges, SPUC uses an outside consultant that looks at all the future charges in Shakopee, taking into account parking areas, zoning, and water usage projections, all the way to the ultimate build-out of the city.

Since 2007, the water capacity charge has risen from \$2,846 to \$6,039 per unit.

That charge is adjusted annually based on what the cost of construction will be, Crooks said. So if the cost of construction goes up 3 percent, the water capacity charge will be increased by 3 percent.

Water capacity charges are issued per unit, based on projected water usage. A house is usually charged one unit, while a restaurant — which uses much more water — could be charged for 20 units.



Reynolds said he's frustrated because SPUC seemed to ignore the advice of its consultant, and raised its rates higher than its consultant recommended. In May 2003, SPUC's consultant advised it raise its WCC rates from \$831 to \$854 per unit. SPUC raised it to \$1,213.

"What were the reasons for not following the advice of your consultant?" Reynolds asked in his letter.

A few months later, in July, SPUC approved a \$2,035 per unit WCC charge to fund additional water towers and water treatment plants.

"Where are these plants in your capital improvement plan?" Reynolds wrote. "Fees have been collected since 2003 with no apparent planning."

In 2007, fees for water trunk charges and water capacity charges were increased 12 percent higher than the construction cost index because SPUC said "actual material and labor costs have escalated significantly above and beyond the amount indicated by the CCI."



Bill Reynolds

### **Shakopee's got water problems**

Crooks said there are a number of reasons why Shakopee's water capacity charge seems high. Because of the city's proximity to the Minnesota River, SPUC is limited in where it can put its water facilities.

"We have to stay a step ahead of development knowing the pace of development in Shakopee," Crooks said, noting that SPUC doesn't want to have to make prospective developers wait to build until additional water systems have been put in place to accommodate the addition.

Councilman Matt Lehman isn't bothered by what people like Reynolds consider "simply stunning" prices.

"Shakopee's water and electrical rates are comparable or less than competitors," Lehman said. "The issue is development fees. They have to plan out the future infrastructure to serve lands. When Shakopee decides to increase its density, wells and everything else have to be supersized to supply its demands."

Crooks also said he doesn't believe Shakopee's water capacity charge is anything out of the ordinary when compared to other cities of its size.

"There are similar surrounding cities that have costs similar to us," Crooks said. "Chanhassen's prices are also high."

The water capacity charge is \$6,039 per unit in Shakopee. In Chanhassen, the fee is \$5,210, plus a \$2,233 charge for water hookup. Chaska charges \$4,230 per unit.

Other cities, such as Bloomington, don't have a water capacity charge because they buy their water from the city of Minneapolis, which also means they don't need to install water treatment facilities. In those cities, the water usage fee is typically higher, Shakopee Director of Planning and Development Michael Kerski said.

In the Minnesota River bottoms, bedrock comes right up to the ground, so drilling wells into bedrock is expensive, Crooks said.

He also said most developers he's worked with understand the issue, so SPUC hasn't received many complaints. Bloomington, for example, is very built out, so the city doesn't need to set aside funding for future water facilities.

"We're unable to drill wells in certain parts of the cities," he said. "Anything east of County Road 83, we can't drill wells. So we have to drill in other parts of the city and then move water around."

Wells also cannot be drilled on Shakopee Mdewakanton Sioux Community-owned land.

### **Who should pay for the pie?**

Kerski isn't convinced that difficult topography and a growing city should lead to \$6,000-per-unit water access fees. He's the person who has to tell business owners and developers the water capacity prices they're going to have to cough up before they can build.

"They usually just look at me and say, 'You're joking, right?'" Kerski said.

Kerski recognized Shakopee's topography isn't ideal, and that it's a growing city. But he said he's wondering where the money from major development projects goes. Kerski said Evan Doran was charged \$1.9 million in water access fees for the Doran Apartments, part of the Canterbury Commons project. And he said D.R. Horton, with Windermere Townhomes, paid between \$5 and \$8 million in access fees.

"(Developers) are paying for the entire region's facilities," Kerski said.

Building a new water tower in Shakopee will cost between \$9 and \$14 million, not including the five acres of land needed to build, Crooks said. That's because SPUC would most likely need to add a well and pump house, plus a treatment plant if there are water quality concerns. Crooks said SPUC is in the process of purchasing land for a new water tower.

Crooks said new developers, not everyone else, should pay for the city's new water towers, treatment plants and wells.

"They pay for their fair share of the water system," he said, adding that it wouldn't be fair for a restaurant like Muddy Cow to have to pay an extra water capacity cost in order to facilitate the addition of a new restaurant in the area.

Kerski disagrees. He compared water capacity fees to power lines, saying the model should be similar for water towers, wells, water storage tanks and water treatment facilities.

"When Xcel puts in a new line, everyone in the area shares the cost, because everyone benefits from the additional capacity," Kerski said.

As far as the Lions Park splash pad goes, Crooks said the \$211,000 water capacity charge is just an estimate.

"We believe it's still preliminary as far as the charge for the splash pad," Crooks said. "We're trying to offer solutions to mitigate what that cost would be. Based on our policy, (\$211,000) is the potential for the water connection charge. Then there's also a charge for water."

The Lions Club has not yet responded to a request for comment.

MORE INFORMATION



Shakopee City Council OKs splash pad at Lions Park

Shakopee inventor offers to donate splash pad to city

Maddie DeBilzan

9b

Proposed As Consent Item



[\(http://www.publicpower.org/\)](http://www.publicpower.org/)

Powering Strong  
Communities

A handwritten signature in blue ink, appearing to be "JPC" followed by a date "6/14".

(TEL: 20)

TOPICS

MEMBERS

**DISTRIBUTED ENERGY RESOURCES**

# Minnesota Municipal Power Agency enters wind energy PPA

June 13, 2019

[Paul Ciampoli \(/people/paul-ciampoli\)](/people/paul-ciampoli)

[Home \(/\)](#) / [Periodical](#) / [Article](#) / [Minnesota Municipal Power Agency enters wind energy PPA](#)

[SHARE THIS](#)

Scout Clean Energy on June 5 announced the completion of a power purchase agreement with Minnesota Municipal Power Agency (MMPA) for the purchase of 200 megawatts of energy from the Three Waters Wind Farm in Jackson County, Minn.

The project calls for the installation of up to 71, 2.82 MW/ GE wind turbines to be located across approximately 45,000 acres in Jackson County.

"We are excited to announce our agreement with Minnesota Municipal Power Agency to purchase power from the Three Waters Wind Farm," said Michael Rucker, CEO and founder of Scout Clean Energy. "MMPA has agreed to purchase the entire capacity that will be generated by the Three Waters Wind Farm. The project distinguishes MMPA as a renewable energy leader in Minnesota."

"This purchase of renewable energy contributes to MMPA's renewable portfolio and reduces MMPA's carbon footprint in a cost-effective manner," said Oncu Er, Chief Operating Officer of Avant Energy, Inc., MMPA's management partner.

The project is expected to begin construction in 2021 with an anticipated in-service date of late 2021. Three Waters is being developed and will be owned and operated by Scout Clean Energy.

Scout is a portfolio company of Quinbrook Infrastructure Partners a leading private equity infrastructure fund.

**Tags** [Wind \(/Tags/Wind\)](#) | [Members \(/Tags/Members\)](#)

**Topics** [Distributed Energy Resources \(/Topic/Distributed-Energy-Resources\)](#)

**0 Comments**    **publicpower**

 **Login** ▼

 **Recommend**     **Tweet**     **Share**

**Sort by Best** ↕



Start the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS 

Name

Be the first to comment.

ALSO ON PUBLICPOWER




# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

June 6, 2019

11a

TO: John Crooks, Utilities Manager 

FROM: Sharon Walsh, Director of Marketing and Customer Relations

SUBJECT: Website Development Workshop –Recap

---

## Overview

During the June 3, 2019 Commission Meeting a website development workshop was held with the Commission, the City Council Liaison, Mr. Crooks and Sharon Walsh, Director of Marketing and Customer Relations. The purpose of the workshop was to solicit Commission input during the initial discovery phase of the website project to ensure staff and commission goals align.

Topics of discussion included:

1. **Review of project scope, including critical functionality.** Commission reviewed the list of website inclusions and rankings as determined by staff input, and agreed with recommendations. Additional functionality noted by the Commission included a phone app tied to our website for outages; enhanced customer information, including online customer account information and feedback portal; and video streaming of our commission meetings.
2. **Scalability.** We discussed the critical, near term needs of a better-designed, more robust website that can grow with us. It is important we select a long-term partner that has the vision to build this website in phases/stages coordinated with technological advancements within SPU, such as AMR/AMI, GIS or a new billing system. The website and our operational system technologies interconnect, affecting the functionality and enhancements of the website.
3. **Design/Branding/Positioning.** A major element of the website is its design; the look and feel that generates an impression of SPU with our site viewers/customers. The Commission supported a strong focus on this. It was determined the new SPU logo would be incorporated into the new website. Initial logo designs were shared with no formal selection made during the meeting. **Deliverables/expectations.** Discussions included timelines, budgets and functionality as defined by resources and current systems, and security.

## **Next Steps:**

1. Staff to continue work on vendor selection. Presentations from top two vendors made to Commission.
2. Staff to continue work on logo development, creating a logo that is uniquely different from the City of Shakopee logo
3. Staff to provide quarterly updates on website progression.




11b

# SHAKOPEE PUBLIC UTILITIES


“Lighting the Way – Yesterday, Today and Beyond”

June 14, 2019

PROPOSE AS CONSENT

TO: John Crooks 

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

FROM: Renee Schmid,  Director of Finance and Administration

SUBJECT: Financial Results for May, 2019

---

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

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

- Total Utility Operating Revenues for the month of May totaled \$3.7 million and were unfavorable to budget by \$94k or 2.5%. Electric revenues were unfavorable to budget by \$99k or 2.8% driven by lower than plan energy sales in the residential and commercial revenue groups and lower than plan power cost adjustment revenues. Water revenues were favorable to budget by \$4k or 1.4% due to higher than plan residential and commercial sales.
- Total operating expenses were \$3.7 million and were favorable to budget by \$746k or 16.8%. Total purchased power in May was \$2.6 million and was \$644k or 19.8% lower than budget for the month. Total Operating Expense for electric including purchased power totaled \$3.3 million and was favorable to budget by \$747k or 18.5% due to lower than plan purchased power costs of \$644k, lower than plan operation and maintenance expense of \$17k, lower than plan energy conservation expense of \$10k, and lower than plan administrative and general expense of \$82k due to timing of expenses. Total Operating Expense for Water totaled \$417k and was very slightly unfavorable to budget by \$0.5k or 0.1%. Water operation and maintenance expense exceeded planned budget amounts by \$38k and were offset by lower than plan administrative general and depreciation expenses of \$39k.
- Total Utility Operating Income was a loss of \$30k and was \$652k favorable to budget due to lower than plan operating expenses of \$746k and partially offset by lower than plan operating revenues of \$94k.





# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Non-Operating Revenue was \$252k and was favorable to budget by \$157k driven by higher than plan investment income of \$164k, and partially offset by lower than plan rental and miscellaneous income of \$8k.
- Capital Contributions for the month of May totaled \$647k and were favorable to budget by \$387k due to timing of collection of water connection fees of \$416k and partially offset by lower than plan trunk water fees of \$31k.
- 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 \$659k and was favorable to budget by \$1.2 million primarily due to higher than plan operating income of \$652k, higher than plan capital contributions of \$387k, and higher than plan non-operating revenues of \$157k.
- Electric usage billed to customers in May was 30,611,971 kWh, a decrease of 1.0% from April usage billed at 30,939,647 kWh.
- Water usage billed to customers in May was 90.1 million gallons, an increase of 15.2% from April usage billed at 78.3 million gallons.

## Year to Date Financial Results – May, 2019

- Total Utility Operating Revenue year to date May was \$20.4 million and was favorable to budget by \$1.0 million or 5.0%. Electric revenues totaled \$18.9 million and were favorable to budget by \$0.9 million or 5.0% driven by higher than plan energy sales in all revenue groups and partially offset by lower than plan power cost adjustment revenues. Water revenues totaled \$1.5 million and were also favorable to budget by \$0.1 million or 4.6% driven by higher than plan residential sales volumes.
- Total Utility Operating Expenses year to date May were \$18.3 million and were favorable to budget by \$1.1 million or 5.9% primarily due to lower than plan purchased power costs of \$593k, timing of expenditures in energy conservation of \$198k, administrative and general expense of \$278k of which \$162k is in outside services for projects, operations and maintenance expense in electric and water of \$64k due to timing, and depreciation expense of \$4k. Total Operating Expense for electric including purchased power was \$16.3 million and was favorable to budget by \$1.0 million or 5.7%. Total Operating Expense for Water was \$2.0 million and was also favorable to budget by \$0.1 million or 6.7%.
- Total Utility Operating Income was \$2.1 million and was favorable to budget by \$2.1 million driven by higher than planned operating revenues of \$1.0 million and lower than plan operating expenses of \$1.1 million.
- Total Utility Non-Operating Income was \$1.0 million and was favorable to budget by \$0.5 million due to higher than planned investment income of \$0.4 million, higher than plan rental and miscellaneous income of \$52k 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 \$5k.
- YTD Capital Contributions were \$2.0 million and are favorable to budget by \$690k due to timing of collection of trunk water fees of \$47k and timing of collection of water connection fees of \$638k.
- Municipal contributions to the City of Shakopee totaled \$1.0 million 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 \$4.1 million and is favorable to budget by \$3.3 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**  
**MAY 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 - May 2019			Month to Date Budget - May 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) \$ %			
<b>OPERATING REVENUES</b>	\$ 3,378,349	295,389	3,673,738	3,476,880	291,190	3,768,071	(98,531) -2.8%	4,199 1.4%	(94,333) -2.5%			
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	3,080,202	280,084	3,360,286	3,830,455	275,375	4,105,831	750,253 19.6%	(4,709) -1.7%	745,544 18.2%			
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	3,286,273	416,998	3,703,271	4,033,107	416,469	4,449,576	746,834 18.5%	(529) -0.1%	746,305 16.8%			
Operating Income	92,076	(121,609)	(29,533)	(556,226)	(125,279)	(681,505)	648,302 116.6%	3,670 2.9%	651,972 95.7%			
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	18,203	22,927	41,130	16,968	32,246	49,214	1,235 7.3%	(9,319) -28.9%	(8,084) -16.4%			
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	- 0.0%	- -	- 0.0%			
Investment Income	155,895	53,445	209,340	26,983	18,126	45,109	128,912 477.8%	35,319 194.8%	164,231 364.1%			
Interest Expense	(5,460)	(179)	(5,639)	(6,327)	(162)	(6,489)	867 13.7%	(17) -10.6%	850 13.1%			
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)	176,138	76,193	252,331	45,124	50,211	95,334	131,014 290.3%	25,983 51.7%	156,997 164.7%			
Income Before Contributions and Transfers	268,214	(45,416)	222,798	(511,103)	(75,068)	(586,171)	779,316 152.5%	29,652 39.5%	808,969 138.0%			
<b>CAPITAL CONTRIBUTIONS</b>	-	646,730	646,730	-	260,029	260,029	- -	386,701 148.7%	386,701 148.7%			
<b>TRANSFER TO MUNICIPALITY</b>	(119,125)	(91,000)	(210,125)	(120,539)	(89,882)	(210,420)	1,414 1.2%	(1,118) -1.2%	296 0.1%			
<b>CHANGE IN NET POSITION</b>	\$ 149,089	510,314	659,403	(631,642)	95,079	(536,562)	780,731 123.6%	415,235 436.7%	1,195,966 222.9%			

**SHAKOPEE PUBLIC UTILITIES  
ELECTRIC OPERATING REVENUE AND EXPENSE**

	MTD Actual	MTD Budget	MTD Actual v. Budget	
	April 2019	April 2019	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 1,050,788	1,135,894	(85,106)	-7.5%
Commercial and Industrial	2,239,893	2,260,588	(20,695)	-0.9%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	<u>3,290,680</u>	<u>3,396,481</u>	<u>(105,801)</u>	<u>-3.1%</u>
Forfeited Discounts	31,516	21,498	10,018	46.6%
Free service to the City of Shakopee	7,125	7,002	123	1.8%
Conservation program	49,028	51,899	(2,871)	-5.5%
Total Operating Revenues	<u>3,378,349</u>	<u>3,476,880</u>	<u>(98,531)</u>	<u>-2.8%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	2,614,757	3,259,098	644,341	19.8%
Distribution operation expenses	36,950	39,408	2,459	6.2%
Distribution system maintenance	50,910	61,384	10,474	17.1%
Maintenance of general plant	22,802	27,396	4,594	16.8%
Total Operation and Maintenance	<u>2,725,419</u>	<u>3,387,286</u>	<u>661,867</u>	<u>19.5%</u>
Customer Accounts				
Meter Reading	10,560	10,979	419	3.8%
Customer records and collection	48,453	43,775	(4,677)	-10.7%
Energy conservation	51,806	62,382	10,576	17.0%
Total Customer Accounts	<u>110,819</u>	<u>117,136</u>	<u>6,317</u>	<u>5.4%</u>
Administrative and General				
Administrative and general salaries	53,283	57,362	4,079	7.1%
Office supplies and expense	8,102	18,853	10,751	57.0%
Outside services employed	10,748	36,989	26,242	70.9%
Insurance	11,838	14,963	3,125	20.9%
Employee Benefits	148,555	165,159	16,604	10.1%
Miscellaneous general	11,439	32,708	21,268	65.0%
Total Administrative and General	<u>243,964</u>	<u>326,033</u>	<u>82,069</u>	<u>25.2%</u>
Total Operation, Customer, & Admin Expenses	<u>3,080,202</u>	<u>3,830,455</u>	<u>750,253</u>	<u>19.6%</u>
Depreciation	206,071	202,651	(3,420)	-1.7%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 3,286,273</u>	<u>4,033,107</u>	<u>746,834</u>	<u>18.5%</u>
<b>OPERATING INCOME</b>	<u>\$ 92,076</u>	<u>(556,226)</u>	<u>648,302</u>	<u>116.6%</u>

**SHAKOPEE PUBLIC UTILITIES  
WATER OPERATING REVENUE AND EXPENSE**

	MTD Actual	MTD Budget	MTD Actual v. Budget	
	April 2019	April 2019	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 293,727	289,286	4,441	1.5%
Forfeited Discounts	1,662	1,905	(242)	-12.7%
Uncollectible accounts	-	-	-	-
Total Operating Revenues	<u>295,389</u>	<u>291,190</u>	<u>4,199</u>	<u>1.4%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	40,934	43,902	2,967	6.8%
Pumping and distribution maintenance	83,496	39,937	(43,558)	-109.1%
Power for pumping	24,120	26,001	1,882	7.2%
Maintenance of general plant	4,312	4,683	371	7.9%
Total Operation and Maintenance	<u>152,861</u>	<u>114,523</u>	<u>(38,339)</u>	<u>-33.5%</u>
Customer Accounts				
Meter Reading	5,619	5,784	165	2.8%
Customer records and collection	14,059	12,148	(1,911)	-15.7%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>19,679</u>	<u>17,932</u>	<u>(1,747)</u>	<u>-9.7%</u>
Administrative and General				
Administrative and general salaries	34,731	37,906	3,175	8.4%
Office supplies and expense	3,237	5,766	2,529	43.9%
Outside services employed	533	16,411	15,879	96.8%
Insurance	3,946	4,988	1,042	20.9%
Employee Benefits	52,045	59,681	7,636	12.8%
Miscellaneous general	13,053	18,170	5,117	28.2%
Total Administrative and General	<u>107,544</u>	<u>142,921</u>	<u>35,377</u>	<u>24.8%</u>
Total Operation, Customer, & Admin Expenses	<u>280,084</u>	<u>275,375</u>	<u>(4,709)</u>	<u>-1.7%</u>
Depreciation	136,914	141,094	4,180	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>416,998</u>	<u>416,469</u>	<u>(529)</u>	<u>-0.1%</u>
<b>OPERATING INCOME</b>	<u>\$ (121,609)</u>	<u>(125,279)</u>	<u>3,670</u>	<u>2.9%</u>

**SHAKOPEE PUBLIC UTILITIES**  
**YEAR TO DATE FINANCIAL RESULTS**  
**MAY 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**

	Year to Date Actual - May 2019			Year to Date Budget - May 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) \$ %			
<b>OPERATING REVENUES</b>	\$ 18,976,211	1,460,504	20,436,714	18,069,089	1,396,096	19,465,185	907,122	5.0%	64,407	4.6%	971,529	5.0%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	15,313,629	1,293,530	16,607,159	16,327,062	1,415,352	17,742,414	1,013,433	6.2%	121,822	8.6%	1,135,255	6.4%
Depreciation	1,030,355	684,568	1,714,923	1,013,257	705,468	1,718,725	(17,098)	-1.7%	20,900	3.0%	3,802	0.2%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	16,343,984	1,978,098	18,322,082	17,340,319	2,120,820	19,461,139	996,335	5.7%	142,722	6.7%	1,139,057	5.9%
Operating Income	2,632,227	(517,595)	2,114,632	728,770	(724,724)	4,046	1,903,457	261.2%	207,129	28.6%	2,110,586	52161.5%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	107,542	199,532	307,073	84,840	170,038	254,878	22,701	26.8%	29,494	17.3%	52,195	20.5%
Interdepartment Rent from Water	37,500	-	37,500	37,500	-	37,500	-	0.0%	-	-	-	0.0%
Investment Income	451,336	217,148	668,484	134,913	90,632	225,546	316,423	234.5%	126,515	139.6%	442,938	196.4%
Interest Expense	(27,054)	(867)	(27,920)	(31,636)	(809)	(32,445)	4,582	14.5%	(58)	-7.1%	4,524	13.9%
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)	595,101	415,813	1,010,914	225,618	259,861	485,479	369,483	163.8%	155,952	60.0%	525,434	108.2%
Income Before Contributions and Transfers	3,227,328	(101,782)	3,125,546	954,388	(464,863)	489,526	2,272,940	238.2%	363,081	78.1%	2,636,021	538.5%
<b>CAPITAL CONTRIBUTIONS</b>												
MUNICIPAL CONTRIBUTION	(594,964)	1,990,160	1,990,160	(602,695)	1,300,145	1,300,145	7,731	1.3%	690,015	53.1%	690,015	53.1%
		(454,969)	(1,049,933)		(449,408)	(1,052,102)			(5,561)	-1.2%	2,169	0.2%
<b>CHANGE IN NET POSITION</b>	\$ 2,632,364	1,433,410	4,065,773	351,693	385,875	737,568	2,280,670	648.5%	1,047,535	271.5%	3,328,205	451.2%



**SHAKOPEE PUBLIC UTILITIES  
ELECTRIC OPERATING REVENUE AND EXPENSE**

	YTD Actual May 2019	YTD Budget May 2019	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 6,554,698	6,323,005	231,694	3.7%
Commercial and Industrial	11,978,291	11,329,705	648,587	5.7%
Uncollectible accounts	-	-	-	#DIV/0!
Total Sales of Electricity	18,532,990	17,652,709	880,280	5.0%
Forfeited Discounts	131,255	107,491	23,764	22.1%
Free service to the City of Shakopee	35,623	35,008	615	1.8%
Conservation program	276,344	273,881	2,463	0.9%
Total Operating Revenues	18,976,211	18,069,089	907,122	5.0%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	12,761,650	13,354,850	593,201	4.4%
Distribution operation expenses	174,187	197,042	22,855	11.6%
Distribution system maintenance	264,306	306,920	42,614	13.9%
Maintenance of general plant	150,827	136,980	(13,847)	-10.1%
Total Operation and Maintenance	13,350,970	13,995,792	644,822	4.6%
Customer Accounts				
Meter Reading	51,914	54,895	2,981	5.4%
Customer records and collection	243,343	218,875	(24,468)	-11.2%
Energy conservation	114,348	311,910	197,563	63.3%
Total Customer Accounts	409,605	585,681	176,076	30.1%
Administrative and General				
Administrative and general salaries	272,427	286,808	14,381	5.0%
Office supplies and expense	106,204	94,263	(11,941)	-12.7%
Outside services employed	87,025	184,946	97,921	52.9%
Insurance	59,190	74,815	15,625	20.9%
Employee Benefits	834,839	941,219	106,381	11.3%
Miscellaneous general	193,369	163,538	(29,831)	-18.2%
Total Administrative and General	1,553,054	1,745,589	192,535	11.0%
Total Operation, Customer, & Admin Expenses	15,313,629	16,327,062	1,013,433	6.2%
Depreciation	1,030,355	1,013,257	(17,098)	-1.7%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	\$ 16,343,984	17,340,319	996,335	5.7%
<b>OPERATING INCOME</b>	<b>\$ 2,632,227</b>	<b>728,770</b>	<b>1,903,457</b>	<b>261.2%</b>

**SHAKOPEE PUBLIC UTILITIES**  
**WATER OPERATING REVENUE AND EXPENSE**

	YTD Actual	YTD Budget	YTD Actual v. Budget	
	May 2019	May 2019	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 1,435,342	1,386,573	48,769	3.5%
Forfeited Discounts	25,160	9,523	15,637	164.2%
Uncollectible accounts	2	-	2	#DIV/0!
Total Operating Revenues	<u>1,460,504</u>	<u>1,396,096</u>	<u>64,407</u>	<u>4.6%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	186,795	219,509	32,714	14.9%
Pumping and distribution maintenance	202,954	199,685	(3,268)	-1.6%
Power for pumping	124,420	130,007	5,587	4.3%
Maintenance of general plant	44,430	23,413	(21,018)	-89.8%
Total Operation and Maintenance	<u>558,598</u>	<u>572,613</u>	<u>14,015</u>	<u>2.4%</u>
Customer Accounts				
Meter Reading	28,369	28,920	551	1.9%
Customer records and collection	67,877	60,739	(7,138)	-11.8%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>96,246</u>	<u>89,659</u>	<u>(6,587)</u>	<u>-7.3%</u>
Administrative and General				
Administrative and general salaries	178,302	189,528	11,226	5.9%
Office supplies and expense	37,894	28,830	(9,064)	-31.4%
Outside services employed	17,642	82,056	64,413	78.5%
Insurance	19,730	24,938	5,208	20.9%
Employee Benefits	285,574	336,880	51,306	15.2%
Miscellaneous general	99,543	90,848	(8,695)	-9.6%
Total Administrative and General	<u>638,686</u>	<u>753,080</u>	<u>114,394</u>	<u>15.2%</u>
Total Operation, Customer, & Admin Expenses	<u>1,293,530</u>	<u>1,415,352</u>	<u>121,822</u>	<u>8.6%</u>
Depreciation	684,568	705,468	20,900	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>\$ 1,978,098</u>	<u>2,120,820</u>	<u>142,722</u>	<u>6.7%</u>
<b>OPERATING INCOME</b>	<u>\$ (517,595)</u>	<u>(724,724)</u>	<u>207,129</u>	<u>28.6%</u>