

AGENDA  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
AUGUST 5, 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) Water Rates/Water Fees Comparatives – Ehlers Consulting
  - 8c) Resn. #1249 – Setting the Amount of the Trunk Water Charge, Approving Of Its Collection and Authorizing Water Service to Certain Property Described As: A Portion of Mount Olive Church Addition
  - 8d) Resn. #1250 – Approving of the Estimated Cost of the Pipe Oversizing On the Watermain Project: Mount Olive Church
  - 8e) Rahr Watermain Looping Issue – Bedrock Quantities
  - 8f) Water Tower #8 – Update
  - 8g) Windermere Booster Station Construction Update
9. **Reports: Electric Items**
  - 9a) Electric System Operations Report – Verbal
10. **Reports: Human Resources**
11. **Reports: General**
  - 11a) Mayor Mars – June 7, 2019 Letter From the City Administrator
  - 11b) Proposed 2020 Budget Planning Schedule
  - 11c) Financial Results – June 2019
  - 11d) SPU Website Development Update
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**

- Mid Month Meeting	--	August 19
- Regular Meeting	--	September 3 (Tuesday)
- Mid Month Meeting	--	September 19
- Regular Meeting	--	October 7
14. **Adjourn to 8/19/19** 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., July 15, 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 Water Superintendent Schemel.

Motion by Amundson, seconded by Clay to approve the minutes of the July 1, 2019 Commission meeting. Motion carried.

Under Communications, it was assured that the email system for Commissioners was working properly.

President Joos offered the agenda for approval.

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

There were no Consent items.

The warrant listing for bills paid July 15, 2019 was presented.

Motion by Amundson, seconded by Clay to approve the warrant listing dated July 15, 2019 as presented. Motion carried.

Liaison Lehman presented his report. Shakopee Mayor Mars will be present at the August 5 Commission meeting to discuss the June 7 letter from the City Administrator.

Water Superintendent Schemel provided a report of current water operations. The testing of large water meters will begin next week. Construction updates were provided. Hydrant painting continues.

Jason Aarsvold, municipal advisor with Ehlers presented analysis of development fees and utility rates for neighboring communities.

Motion by Mocol, seconded by Meyer to accept the comparative water fee analysis as presented by Ehlers. Motion carried.

Electric Superintendent Drent provided a report of current electric operations. Eight electric outages were reviewed. Only one of the outages was more than ten customers. A system demand

peak of 101MW was reached just before the Commission meeting. Construction updates were provided.

Finance Director Schmid provided a presentation on the new E-Bill system deployed June 27. This allows customers to view their bill online and several new options to pay their bill.

Ms. Schmid reviewed an information request from the Shakopee Valley News. A presentation of the SPU response was provided.

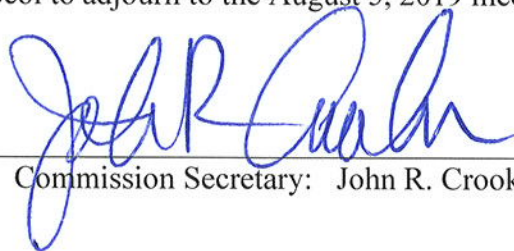
Utilities Manager Crooks reviewed three issues that were discussed at the July 2 City Council meeting. Information was provided on each of the topics from City Council Agenda item 10.A.1.

Motion by Clay, seconded by Amundson to forward to the City Council members, Mayor and City Administrator the Ehlers Report, the SPU response to the Shakopee Valley News and Attachment D from agenda Item 11c. Motion carried.

Under New Business, President Joos presented the viewing schedule for SPU Commission meeting on the public access channel.

The tentative commission meeting dates of August 5 and August 19 were noted.

Motion by Amundson, seconded by Mocol to adjourn to the August 5, 2019 meeting. Motion carried.



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Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**FROM: JOHN R. CROOKS, UTILITIES MANAGER**   
**SUBJECT: WATER RATES/WATER FEES – REGIONAL ANALYSIS**  
**DATE: AUGUST 2, 2019**

In continuing the discussion on SPU fees and charges, it is appropriate to further discuss the issue. At the July 15 SPU meeting, Jason Aarsvold, municipal advisor with Ehlers presented an analysis of cities with similarities to Shakopee.

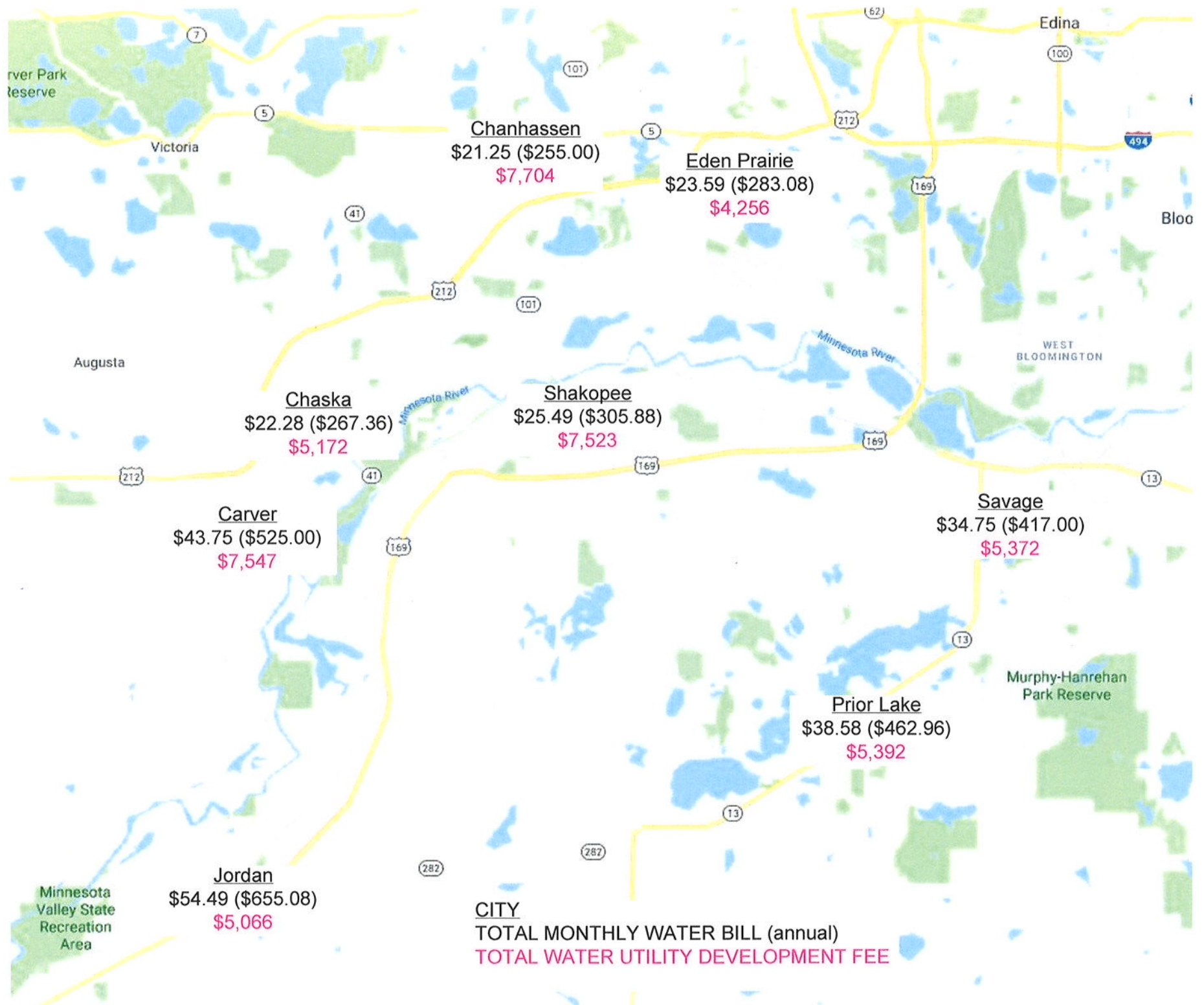
Attached is a regional map comparing the cities directly along the Minnesota River. Using the data from Ehlers, two maps were put together with different data points.

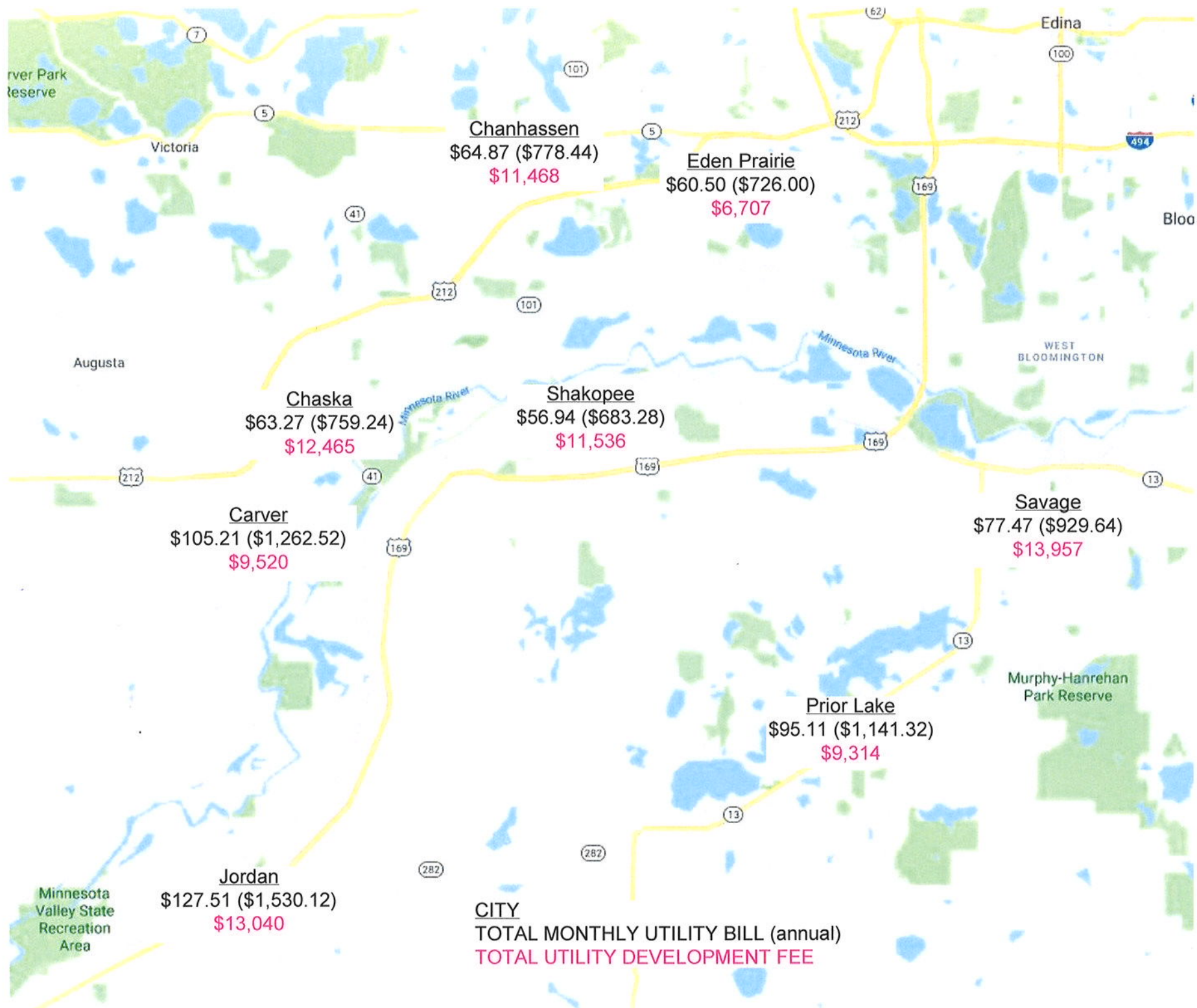
The first map shows the total water development fees for each community and also a typical monthly (and annual) water bill, as based on 7500 gallons of usage.

The second map shows the same communities, but uses total utility development fees and typical monthly (and annual) utility billing, again as based on 7500 gallons of water usage.

Also attached to this memo is the back-up data that was developed by Ehlers and used in the creation of the two maps.







## Sample 2019 Monthly Utility Bill for a Single Family Home

Assumes 7,500 gallons of water and sewer used per month

City	Billing Cycle	Water Base Fee	Water for 7,500	Water Total	Sewer Base	Sewer for 7,500	Sewer Total	Storm Water	Water and Sewer	Utilities Total
		Monthly	gallons		Fee Monthly	gallons		Monthly	Combined	
Burnsville	Monthly	\$3.20	\$23.70	<b>\$26.90</b>	\$4.00	\$29.70	<b>\$33.70</b>	<b>\$6.99</b>	\$60.60	<b>\$67.59</b>
Lakeville	Quarterly	\$2.42	\$10.88	<b>\$13.29</b>	\$3.02	\$33.60	<b>\$36.62</b>	<b>\$4.79</b>	\$49.91	<b>\$54.70</b>
Shakopee	Monthly	\$3.71	\$21.78	<b>\$25.49</b>	\$2.75	\$26.10	<b>\$28.85</b>	<b>\$2.60</b>	\$54.34	<b>\$56.94</b>
Savage	Monthly	\$8.65	\$26.10	<b>\$34.75</b>	\$4.72	\$31.58	<b>\$36.30</b>	<b>\$6.42</b>	\$71.05	<b>\$77.47</b>
Chanhassen	Quarterly	\$4.55	\$16.70	<b>\$21.25</b>	\$10.50	\$28.16	<b>\$38.66</b>	<b>\$4.96</b>	\$59.91	<b>\$64.87</b>
Rogers	Monthly	\$2.04	\$11.78	<b>\$13.82</b>	\$3.00	\$24.38	<b>\$27.38</b>	<b>\$4.19</b>	\$41.19	<b>\$45.38</b>
Inver Grove Heights	Quarterly	\$7.70	\$21.26	<b>\$28.96</b>	\$11.72	\$24.37	<b>\$36.09</b>	<b>\$3.89</b>	\$65.04	<b>\$68.93</b>
Inver Grove Heights NWA	Quarterly	\$7.70	\$21.26	<b>\$28.96</b>	\$15.72	\$35.37	<b>\$51.09</b>	<b>\$11.64</b>	\$80.04	<b>\$91.68</b>
Eagan	Quarterly	\$1.26	\$14.78	<b>\$16.04</b>	\$0.64	\$27.68	<b>\$28.32</b>	<b>\$5.78</b>	\$44.35	<b>\$50.13</b>
Chaska	Monthly	\$3.00	\$19.28	<b>\$22.28</b>	\$0.00	\$31.20	<b>\$31.20</b>	<b>\$9.79</b>	\$53.48	<b>\$63.27</b>
Carver	Monthly	\$10.00	\$33.75	<b>\$43.75</b>	\$0.00	\$52.20	<b>\$52.20</b>	<b>\$9.26</b>	\$95.95	<b>\$105.21</b>
Prior Lake	Bimonthly	\$2.50	\$36.08	<b>\$38.58</b>	\$2.50	\$46.50	<b>\$49.00</b>	<b>\$7.53</b>	\$87.58	<b>\$95.11</b>
Jordan	Monthly	\$10.71	\$43.88	<b>\$54.59</b>	\$14.28	\$52.05	<b>\$66.33</b>	<b>\$6.59</b>	\$120.92	<b>\$127.51</b>
Eden Prairie	Quarterly	\$6.00	\$17.59	<b>\$23.59</b>	\$6.00	\$25.88	<b>\$31.88</b>	<b>\$5.03</b>	\$55.46	<b>\$60.50</b>
<b>Average</b>				<b>\$28.02</b>			<b>\$39.11</b>	<b>\$6.39</b>	<b>\$67.13</b>	<b>\$73.52</b>

### Comparison of 2019 Sewer and Water Development Fees for a Single Family Home

July, 2019

Assumes one single family home on one-third of an acre. Assumes .5 gross acres.

Excludes lateral installation, permit fees and meter costs

	Water Trunk Fee*	Water Capacity Charge**	Water Fees Per Unit	Sanitary Sewer	Storm Water	Total Fees Per Unit	Comments
Burnsville	\$ -	\$ 1,731	\$ 1,731	\$ 559	\$ 3,339	\$ 5,629	
Lakeville	\$ -	\$ 4,100	\$ 4,100	\$ 1,152	\$ 2,584	\$ 7,836	
Inver Grove Hts	\$ 2,363	\$ 3,560	\$ 5,923	\$ 2,853	\$ -	\$ 8,775	Assumes a 1" water meter
Inver Grove Hts Northwest Area	\$ 833	\$ 5,000	\$ 5,833	\$ 7,243	\$ 4,623	\$ 17,699	Assumes a 1" water meter
Shakopee	\$ 1,484	\$ 6,039	\$ 7,523	\$ 994	\$ 3,020	\$ 11,536	Some areas require lateral sewer connection charges. Depending on the area this would range from \$1,375 to \$4,168 per single family unit. Additional stormwater cost of approx. \$275 if property uses regional infiltration pond.
Savage	\$ 2,301	\$ 3,071	\$ 5,372	\$ 4,404	\$ 4,181	\$ 13,957	Additional stormwater charge of \$2,018 per unit if no on-site ponding.
Chanhassen	\$ 2,311	\$ 5,393	\$ 7,704	\$ 2,377	\$ 1,387	\$ 11,468	Assumes property receives the 50% credit on stormwater fees for meeting NURP standards for on-site treatment.
Rogers	\$ 950	\$ 3,300	\$ 4,250	\$ 5,200	\$ 783	\$ 10,233	Trunk charges only pay for unassessable costs of system as a whole, such as oversizing.
Eagan	\$ 1,201	\$ 3,606	\$ 4,807	\$ 4,373	\$ 2,178	\$ 11,357	Water trunk charge assumes property is unplatted.
Chaska	\$ 858	\$ 4,314	\$ 5,172	\$ 4,690	\$ 2,603	\$ 12,465	
Carver	\$ -	\$ 7,547	\$ 7,547	\$ 834	\$ 1,139	\$ 9,520	
Prior Lake	\$ 2,702	\$ 2,690	\$ 5,392	\$ 2,561	\$ 1,362	\$ 9,314	Assumes a 15 acre plat.
Jordan		\$ 5,066	\$ 5,066	\$ 5,923	\$ 2,052	\$ 13,040	
Eden Prairie	\$ 1,159	\$ 3,100	\$ 4,259	\$ 2,448	\$ -	\$ 6,707	
Average (excluding Inver Grove Heights NWA)	\$ 1,277	\$ 4,460	\$ 5,737	\$ 3,197	\$ 2,052	\$ 10,987	

\* For purposes of comparison, fees that other cities charge at time of plat are characterized as water trunk fees.

\*\* For purposes of comparison, fees that other cities collect at time of building permit are characterized as water capacity charges.



## RESOLUTION #1249

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

## MOUNT OLIVE CHURCH ADDITION

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$38,456.64 based on 8.64 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

Lots 1-5, Block 1; MOUNT OLIVE CHURCH ADDITION

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 5th day of August, 2019.

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Commission President: Terrance Joos

ATTEST:

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Commission Secretary: John R. Crooks

## RESOLUTION #1250

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

## MOUNT OLIVE CHURCH

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 amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$20,018.89 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 5th day of August, 2019.

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Commission President: Terrance Joos

ATTEST:

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Commission Secretary: John R. Crooks



***MOUNT OLIVE CHURCH ADDITION:  
TRUNK WATERMAIN  
TRUNK WATER MAIN OVERSIZING***

AMBERGLEN CIRCLE

Mount Olive Church

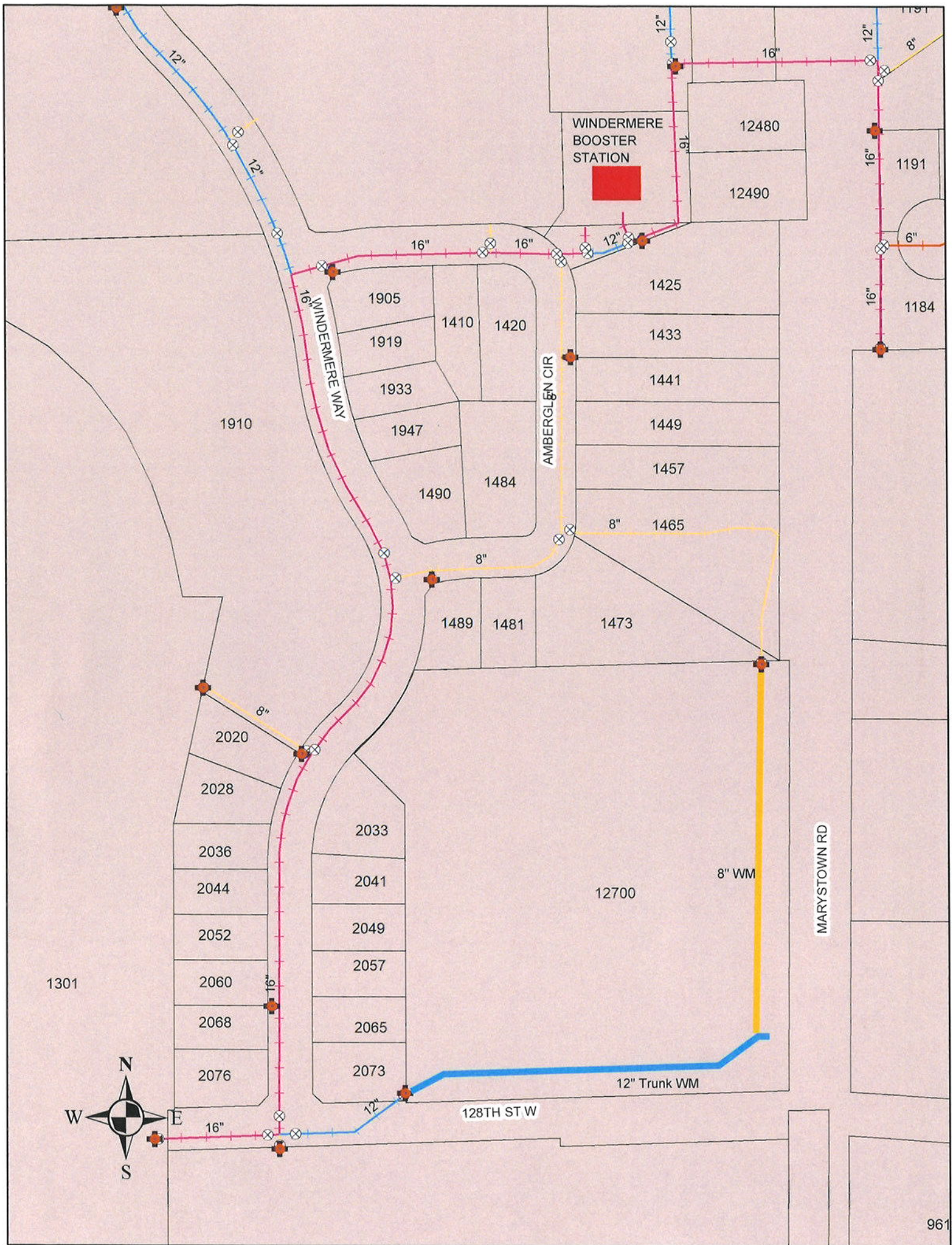
***ATTACHMENT TO  
RESOLUTION #1250***

ASTORIA DRIVE (128TH ST)

***8" TO 12"***

MAKYSTOWN ROAD (CSAH NO 55)









**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**8e**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: Apgar Street and 2<sup>nd</sup> Avenue Water Main  
DATE: August 1, 2019

**ISSUE**

The water main construction is complete and staff is working with John Powell Project Manager for WSB, Inc. and Ryan Contracting to resolve how much to pay the contractor for the additional rock quantity that was encountered.

**BACKGROUND**

The water main project was installed in 2018 after delays related to rail road permitting and scheduling with their observation service. The water main was to complete the connection from 1<sup>st</sup> Avenue at Pierce Street to 2<sup>nd</sup> Avenue at Apgar Street.

Rahr Malting constructed a new warehouse building that required water service for both domestic and fire protection. Rahr Malting installed the first phase of the water main connection from 1<sup>st</sup> Avenue that crossed under private rail spur tracks on their own property to the east end of their new warehouse. The Utilities Commission agreed to fund the cost to complete the connection out to Apgar Street and under the main UPRR rail tracks to 2<sup>nd</sup> Avenue.

**DISCUSSION**

All issues related to closing out the contract have been resolved, except there is one issue remaining - how to handle the additional rock quantity that had to be excavated in order to install the water main at the proper depth. The contract pricing is per unit and the contractor's price for a cubic yard of rock excavation is \$180. The project engineer had estimated rock quantity at 80 cubic yards based on two borings that were made at either end of the planned jacked casing to be installed under the rail road tracks parallel to 2<sup>nd</sup> Avenue. The additional rock was encountered in the trench between the point of connection approximately 1 block west of Apgar Street to Apgar Street and then along Apgar Street to the point the casing began.

Staff did record the rock quantity excavated during trenching operations, so the amount of rock is not an issue. All parties agree the excavated rock quantity is 720 cubic yards, but since it is much larger than the contract bid quantity of 80 cubic yards we are asking the contractor for a reduced price per unit for the amount in excess.

At the contract unit price, the excess quantity of rock would be valued at \$115,200. Given the amount of actual time and effort taken to remove the rock staff and our consulting engineer believe that is higher than justified. John Powell met with Ryan Contracting and discussed the issue with them and his notes are contained in his email of July 23<sup>rd</sup> that is attached.

Ryan Contracting agreed to review their costs for the rock excavation, particularly to determine if they can reduce their unit price for any rock over the bid quantity of 80 cubic yards. Once we have an agreement on any change in the pricing we will return to the Commission for approval prior to closing the contract and making final payment.

#### REQUESTED ACTION

None at this time.

## Adams, Joe

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**From:** John Powell <JPowell@wsbeng.com>  
**Sent:** Thursday, August 1, 2019 6:54 AM  
**To:** Hagen, Dave; Adams, Joe  
**Cc:** Fenstermacher, Christian; 'Beth Tatge'; Mike Holasek  
**Subject:** Rahr Malting Pay Voucher  
**Attachments:** 014077-000 PV 3 SPU Rahr Malting Watermain signed.pdf

Good morning,

Please process the attached payment such that Ryan Contracting can get paid on Monday 8/5/19. This pay voucher in the amount of \$59,920.39 includes only the contract quantity of rock excavation and reduces the retainage to 1%.

Thank you!

John

John Powell  
Sr. Project Manager  
952.737.4661 (o) | 612.490.8734 (m)  
WSB | [wsbeng.com](http://wsbeng.com)



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## Adams, Joe

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**From:** John Powell <JPowell@wsbeng.com>  
**Sent:** Wednesday, July 31, 2019 8:13 AM  
**To:** Adams, Joe; Fenstermacher, Christian; Hagen, Dave  
**Subject:** Rahr Malting Update

Good morning,

Ryan Contracting has not yet responded to my request for a reduction in the per unit price of rock excavation. We will have another pay voucher to you by tomorrow that includes work to date, the minor extra costs, and a reduction in retainage. We understand the payment can be processed at the 8/5/19 Commission meeting per our past discussions.  
John

John Powell  
Sr. Project Manager  
952.737.4661 (o) | 612.490.8734 (m)  
WSB | [wsbeng.com](http://wsbeng.com)



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**From:** John Powell  
**Sent:** Tuesday, July 23, 2019 3:47 PM  
**To:** Adams, Joe <jadams@shakopeeutilities.com>; cfenstermacher@shakopeeutilities.com; Hagen, Dave (dhagen@shakopeeutilities.com) <dhagen@shakopeeutilities.com>  
**Subject:** Rahr Malting

Good afternoon,

I met with Mike H and Beth T at Ryan Contracting's office earlier today:



- I asked for written documentation that they had communicated the scope of the cost increase to SPU staff and were directed to proceed at unit prices (consistent with MnDOT 1402.3 for "Significant Changes To The Character Of The Work"), they will check their files but can't recall any written direction.
- I asked if other compensation options were discussed when the significant overrun was anticipated, they did not recall any discussion of alternative payment methods.
- We did agree that 720 CY is a reasonable computation of the quantity of rock removed.
- They didn't complete any pre-bid test holes or borings in preparation of their bid.
- Aside from the rock matter, I agreed to request processing of a pay voucher at the 8/5/19 Commission meeting for the undisputed work items, including a reduction in the retainage due to substantial completion. This would allow them to get their subcontractors paid.
- They agreed to review their costs for the rock excavation; particularly to determine if they can reduce their unit price for any rock over the bid quantity of 80 CY.

If you have any questions, please let me know.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**8f**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: Water Tank #8 Update  
DATE: July 30, 2019

**ISSUE**

Staff submitted the city applications for zoning, preliminary and final plat and a conditional use permit for the 2<sup>nd</sup> HES District water tower.

**BACKGROUND**

SPUC previously authorized the purchase of a 6.8-acre parcel from the Latour family farms and a purchase agreement was executed on July 9<sup>th</sup>. The site will initially support an elevated water tank and has room for future municipal water supply wells and a pump house. If more intensive water treatment is necessary, there is also room to accommodate a treatment plant.

The site is located west of Zumbro Avenue and north of CR 78. To access the site a long driveway will be constructed connecting to Zumbro Avenue through an out lot of the DR Horton Windermere South 2<sup>nd</sup> addition plat. DR Horton has committed to deeding the out lot to the SPUC, so that the combined parcel will have frontage along a public street.

Staff and John Karwacki of Sambatek, Inc. have worked with city staff to understand how to meet the city requirements for access and storm water management. The site plans reflect those discussions.

**DISCUSSION**

The Latour property consists of approximately 117 acres that has no current zoning designation. The City's comprehensive land use land plan designates the surrounding area as R1B Urban residential.

The first application is to designate all of the property as R1B zoning.

The second application is for a preliminary plat to subdivide the Latour property to break off the parcel being purchased and to create two noncontiguous out lots for the balance.

The third application is for a final plat to combine the DR Horton out lot with the parcel being purchased into a single lot.



The fourth application is for a conditional use permit for multiple utility service structures on a single lot and for an over height structure in the R1B zone.

Staff expects to have a water tank design report from Samabatek, Inc. presented at the first SPUC meeting in September prior to the September 5<sup>th</sup> BOAA/PC meeting and the October 1<sup>st</sup> City Council meeting to review the applications.

#### REQUESTED ACTION

No action is required at this time.

SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM


TO: John R. Crooks, Utilities Manager   
FROM: Lon R. Schemel, Water Superintendent   
SUBJECT: Windermere Booster Station Update 3  
DATE: July 31, 2019



The architect's concept is taking shape. The cupola on the roof will house the communications antenna for the water department's SCADA system. The cupola and all four corners of the building will have translucent panels that will provide lighting for the booster station. Below, the re-bar is in place and ready for the floor to be poured. Note the additional piping along with the re-bar for in-floor heating. All photos were taken July 25<sup>th</sup>.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**FROM: JOHN R. CROOKS, UTILITIES MANAGER**   
**SUBJECT: MAYOR BILL MARS – JUNE 7 LETTER DISCUSSION**  
**DATE: AUGUST 2, 2019**

In a June 7, 2019 letter from the Shakopee City Administrator, follow-up information was requested of the SPU Commission from the March 12 joint meeting with the Council. The letter was discussed at the June 17 SPU Commission meeting. A motion was made to accept the letter with staff directed to take no action. The June 7 letter is attached for your review.

At the July 2, 2019 City Council meeting a resolution was passed stating Shakopee Mayor Bill Mars and SPU Council Liaison address the Commission to request the information requested in the June 7 letter be provided.

Attached to this memo are two emails; the first is from the Mayor stating that he will attend the August 5 Commission meeting and the second email from the City Administrator which provided an official request from the Mayor and our Liaison to provide the information.





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 blue ink, appearing to be 'W. H. Reynolds', with a large, stylized 'H' and a long horizontal stroke.

William H. Reynolds  
City Administrator

# WATER TRUNK CHARGE AND CONNECTION CHARGE ANALYSIS MARCH 2003

Prepared for

Public Utilities Commission

Commission Members  
Barry Ford  
David Thompson  
Marty Wells  
Tom Egan  
Cathy Caperton

Utilities Director  
Linda Van Fleet  
Planning & Engineering Manager  
Joe Adams  
Water Superintendent  
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## 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,

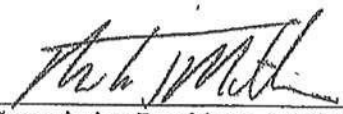
AND WHEREAS, the Construction Cost Index for the date of adoption (February 2, 1981) of Resolution #222 was 3,378.19, and the Construction Cost Index for January 2003 is 6580.54,

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.

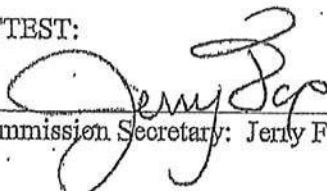
NOW THEREFORE, BE IT RESOLVED, that the fee charged under Resolution #222 be increased to \$1,213.00 effective ~~May 7, 2003~~ January 1, 2003.

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: Jerry 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

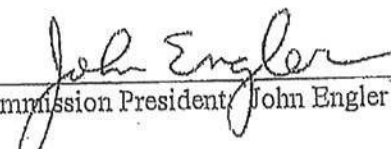
WHEREAS, this index was 7887.62 as of December 2006, and

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, 

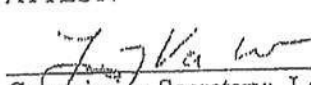
NOW THEREFORE, BE IT RESOLVED, that the fees charged under Resolution #222 be increased to \$1,628.00 per acre effective January 1, 2007.

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

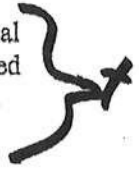
WHEREAS, the adjustment in the fees was specified as the amount equal to the original fee multiplied by the percentage increase in the Construction Cost Index for the previous period as reported by the Engineering News Record, and

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).

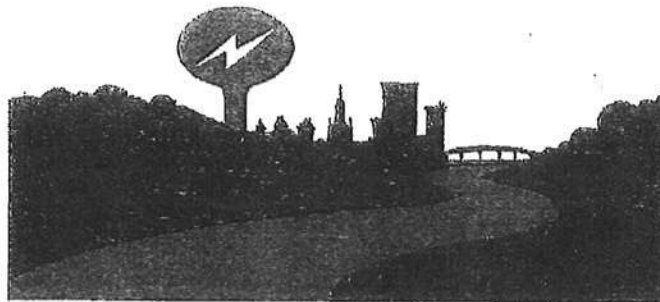
BE IT FURTHER RESOLVED, that the connection charges shall be applied to all water connections made to, or newly drawing water from, the City of Shakopee water system; and that



# **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 "X")**

**SMI Project No. 10007-292**



**Schoell Madson**  
Planning Engineering Surveying  
15050 23rd Avenue North  
Plymouth, Minnesota 55447

# **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 "\*\*")**

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### 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	\$5,596,624.00	-\$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 additional 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.

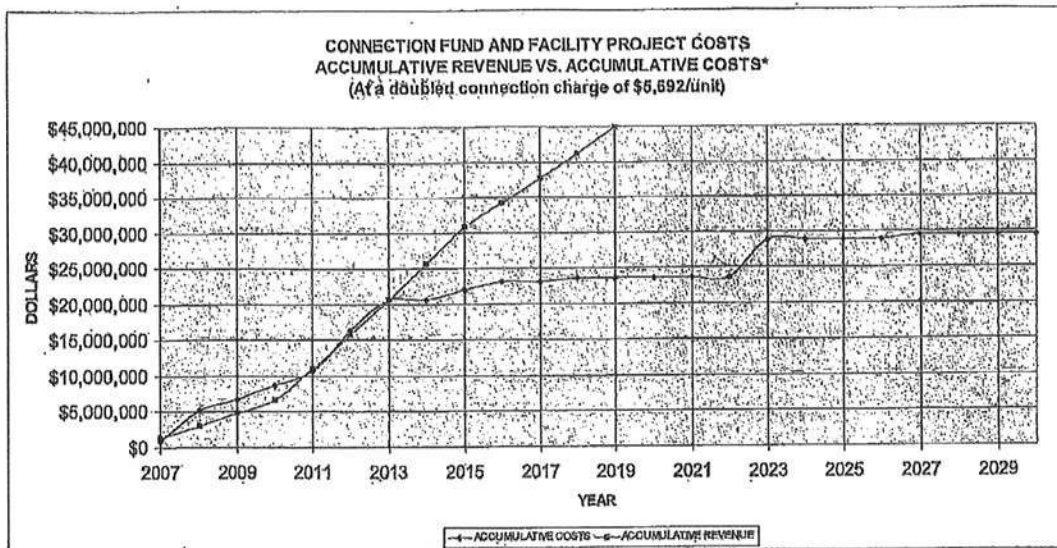
The fund revenue and project cost analysis indicates the water connection and trunk water main funds will require using alternate sources of funding to make up for the projected projects and deficits. Funding options include bonding, inter-agency fund transfers and or raising water connection charges 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.

## 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:

- 
- A handwritten asterisk (\*) is positioned to the left of the first two list items. A large curly bracket is drawn next to it, spanning the vertical distance between the first and second items.
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 watermain, 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

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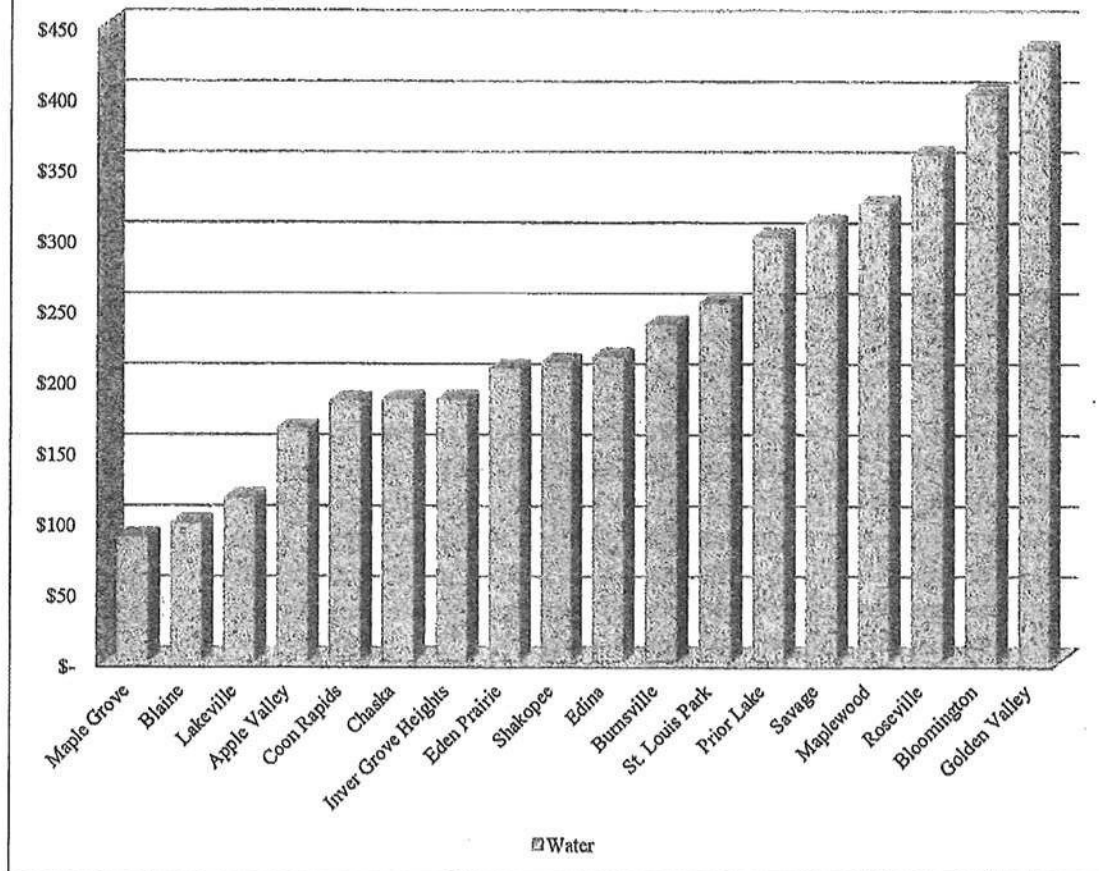
Annually the finance department gathers data on our comparable and surrounding cities. This data includes information on property taxes and utility rates. Since our comparable and surrounding cities all operate their own water utility, staff also gathers water rate information.

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.

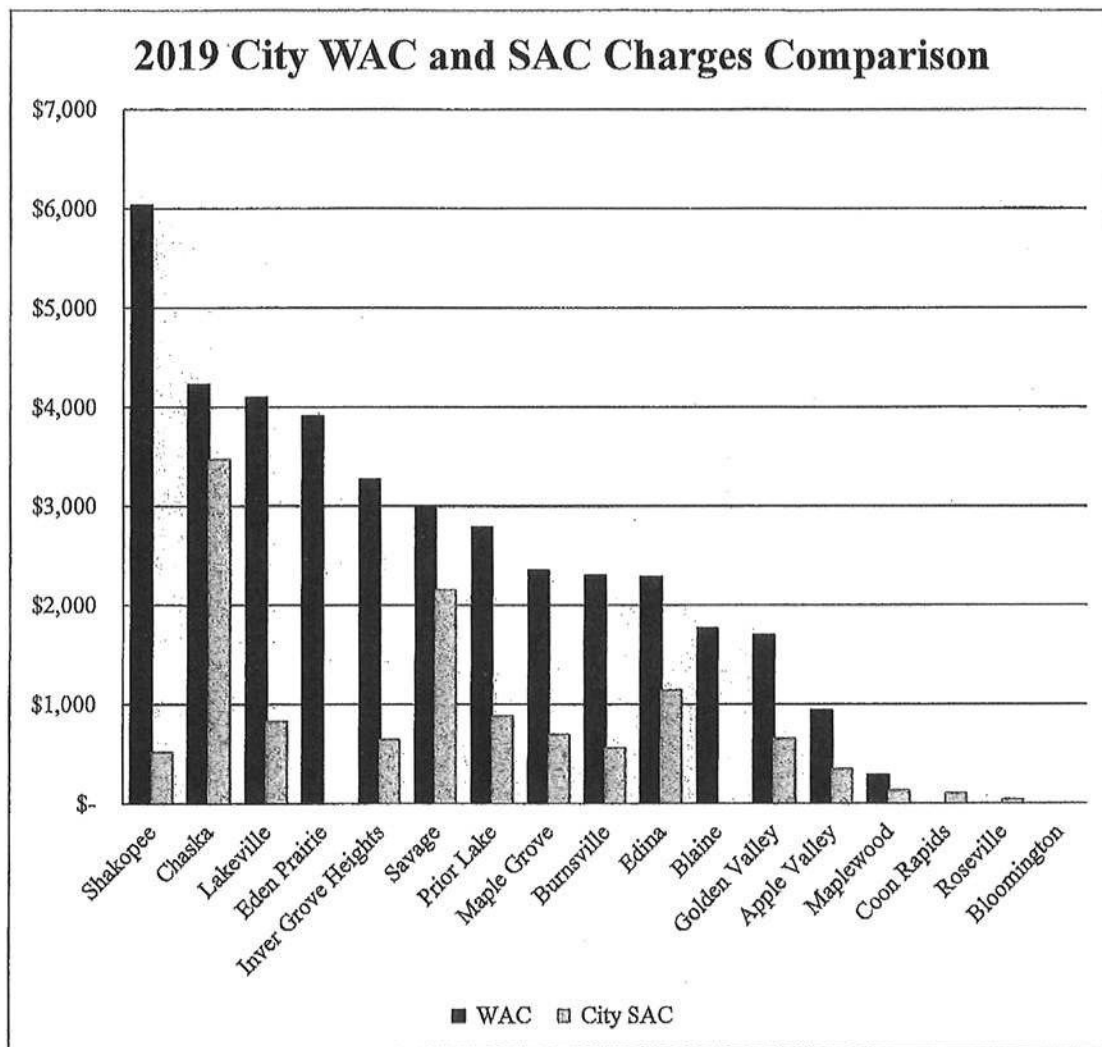
## 2019 Residential Annual Cost of Water Utility Comparison



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)



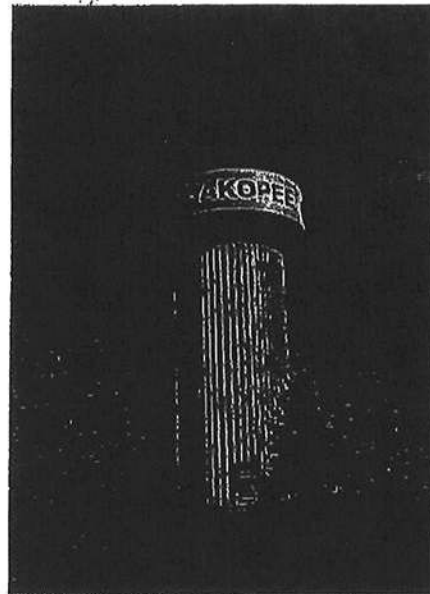


COMMUNITY PRIDE SINCE 1857

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 628, Minneapolis, MN 55430-2581 (763) 560-9133 FAX (763) 560-0393

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.

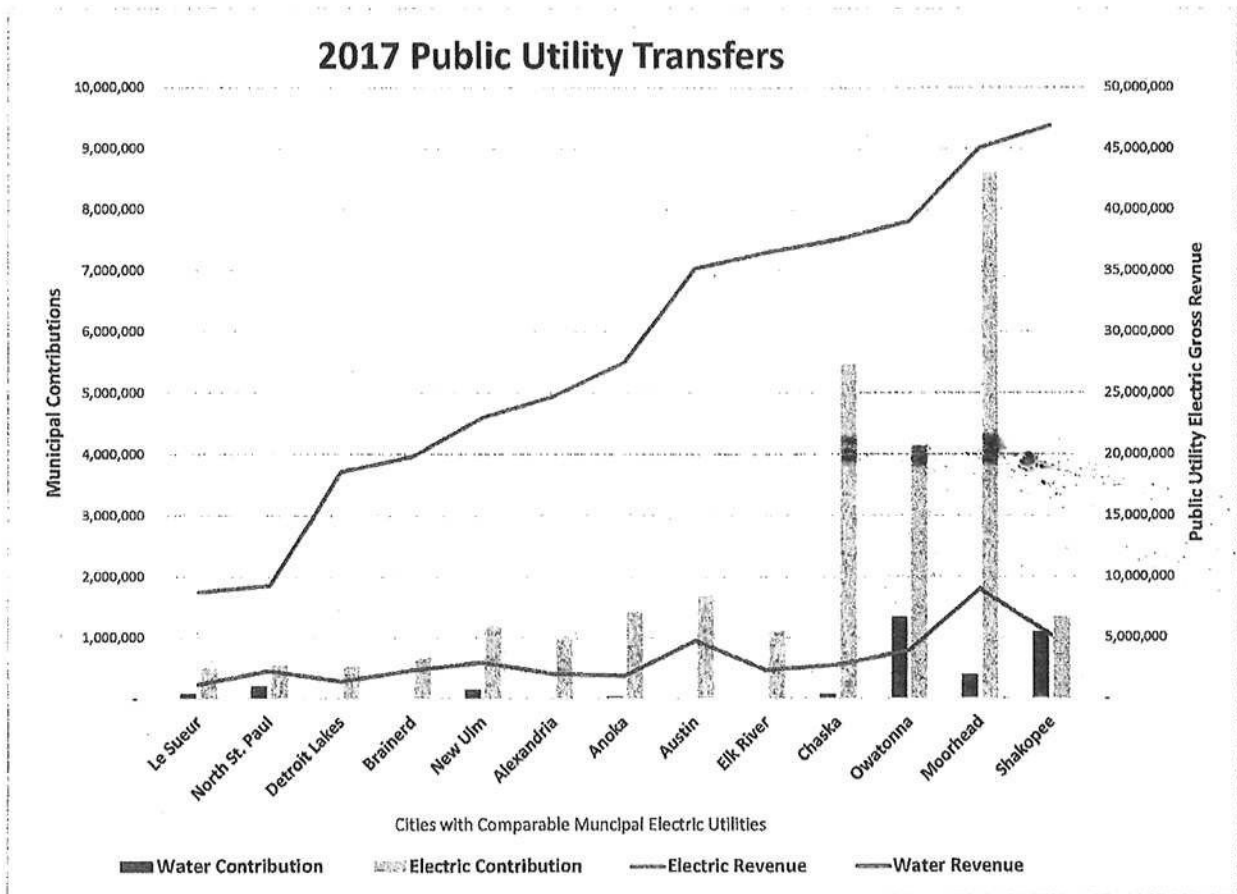
We will be available to discuss the report or any aspects of the study at your convenience.

Sincerely,

*Naeem Qureshi*  
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
Owatonna	1,328,912	4,135,713	39,025,342	3,948,324	2017 CAFR	Contributions are accounted for as admin costs
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.

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Attachment #11



**Crooks, John**

---

**From:** William.Mars <William.Mars@target.com>  
**Sent:** Thursday, July 11, 2019 11:55 AM  
**To:** Crooks, John  
**Subject:** City Letter update

John

Hello – We are going to send letter to request reconsideration of the previous letter from Bill R that your board took no action on.

We will be at your Aug 5<sup>th</sup> meeting. Thank you.

Bill

**William Mars – Target Card Services. Lead Specialist CLP**  
**7000 Target Parkway North, Brooklyn Park, MN 55445**

**Crooks, John**

---

**From:** Bill Reynolds <BReynolds@ShakopeeMN.gov>  
**Sent:** Friday, July 12, 2019 9:14 AM  
**To:** Crooks, John  
**Subject:** Letter from the City  
**Attachments:** SPUC Post Meeting Ltr #2.docx

Dear Mr. Crooks,

Please see the attached communication from both Mayor Mars and Councilor Lehman. It has been approved, but in order to be timely, signatures have not been attached. Since there appears to be a problem with your commissioner's ability to receive emails from the city, I would request that you forward to them.

Sincerely,



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



July 12, 2019

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

Dear Members of the Commission and Mr. Crooks,

On June 7, 2019, the City of Shakopee sent a letter requesting public information regarding the setting of your rates and other matters. It appears that on July 1, 2019, the commission decided to take no action on the letter.

On behalf of the City Council, we would request that the letter's concerns be addressed without further delay.

Sincerely,

William P Mars  
Mayor

Matt Lehman  
SPUC Liaison



# 11b SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

July 25, 2019

TO: John Crooks, Utilities Manager *JRC*  
FROM: Renee Schmid, Director of Finance and Administration *RS*  
SUBJECT: Proposed 2020 Budget Planning Schedule

---

Attached is a proposed 2020 Budget Planning Schedule. The items highlighted in yellow indicate the dates that commission participation/action is required.

#### Overview of Key Dates for Commission

- 8/05/19 Request Commission direction on wage planning
- 10/07/19 Commission Decision on General Wage Range Increases
- 11/04/19 Commission Review of Draft CIP, Cash flow, and budget
- 11/18/19 Final Budget Approval by Commission
- 12/02/19 Commission adoption of various fee/rate resolutions as needed

#### Requested Action for 8/05/19 Commission Meeting

In prior years, the commission has designated a sub-committee to address wage planning. Staff is looking for direction on the approach the commission would like to take for 2019 wage planning.











11c

# SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

July 17, 2019

TO: John Crooks 

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

FROM: Renee Schmid, Director of Finance and Administration

SUBJECT: Financial Results for June, 2019

---

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

## Month to Date & Year to Date Financial Results – June, 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 – June, 2019

- Total Utility Operating Revenues for the month of June totaled \$4.4 million and were unfavorable to budget by \$1.1 million or 19.4%. Electric revenues were unfavorable to budget by \$953k or 19.6% driven by lower than plan energy sales in all revenue groups and lower than plan power cost adjustment revenues. Water revenues were also unfavorable to budget by \$98k or 18.1% due to lower than plan sales in all revenue groups. Cooler than normal weather patterns as well as higher than normal precipitation is impacting customer usage resulting in lower sales.
- Total operating expenses were \$4.4 million and were favorable to budget by \$627k or 12.5%. Total purchased power in June was \$3.4 million and was \$439k or 11.5% lower than budget for the month driven by lower than plan sales. Total Operating Expense for electric including purchased power totaled \$4.0 million and was favorable to budget by \$572k or 12.4% due to lower than plan purchased power costs of \$439k, lower than plan operation and maintenance expense of \$54k, lower than plan energy conservation expense of \$3k, and lower than plan administrative and general expense of \$67k due to timing of expenses in outside services and employee benefits expense. Total Operating Expense for Water totaled \$362k and was favorable to budget by \$55k or 13.1%. due to lower than plan operation and maintenance



# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- expense of \$5k, and lower than plan administrative general and depreciation expenses of \$48k due to timing of expenses in outside services and employee benefits expense.
- Total Utility Operating Income was a loss of \$30k and was \$425k unfavorable to budget due to lower than plan operating revenues of \$1.1 million and partially offset by lower than plan operating expense of \$627k.
  - Total Utility Non-Operating Revenue was \$156k and was favorable to budget by \$91k driven by higher than plan investment income of \$51k, and a gain on disposition of the sale of an electric backhoe tractor for \$38k.
  - Capital Contributions for the month of June totaled \$701k and were favorable to budget by \$441k due to timing of collection of water connection fees of \$469k and partially offset by lower than plan trunk water fees of \$30k. June included the collection of water capacity charges for one new large development project and 20 single family homes.
  - 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 \$618k and was favorable to budget by \$108k primarily due to higher than plan capital contributions of \$441k, higher than plan non-operating revenues of \$91k, and partially offset by lower than plan operating income of \$425k.
  - Electric usage billed to customers in June was 35,126,953 kWh, an increase of 14.7% from May usage billed at 30,611,971 kWh. June usage billed was slightly above usage billed in the month of March at 34,150,222 kWh.
  - Water usage billed to customers in June was 140.2 million gallons, an increase of 55.5% from May usage billed at 90.1 million gallons.

## Year to Date Financial Results – June, 2019

- Total Utility Operating Revenue year to date June was \$24.8 million and was slightly unfavorable to budget by \$80k or 0.3%. Electric operating revenues totaled \$22.9 million and were slightly unfavorable to budget by \$46k or 0.2% driven by higher than plan energy sales in the industrial group and offset by lower than plan power cost adjustment revenues in all revenue groups due to lower than plan purchased power costs per kWh. Average cost of purchased power per kWh year to date is 2.3% lower than plan at 7.353 cents/kwh versus planned costs of 7.527 cents/kwh. Water operating revenues totaled \$1.9 million and were unfavorable to budget by \$34k or 1.8% driven by lower than plan commercial and industrial sales volumes.
- Total Utility Operating Expenses year to date June were \$22.7 million and were favorable to budget by \$1.8 million or 7.2% primarily due to lower than plan purchased power costs of \$1.0 million, timing of expenditures in energy conservation of \$201k, administrative and general expense of \$393k of which \$206k is in outside services for projects and employee benefits expense of \$209k due to timing, operations and maintenance expense in electric and water of \$136k due to timing, and depreciation expense of \$5k. Total Operating Expense for electric including purchased power was \$20.4 million and was favorable to budget by \$1.6 million or 7.1%. Total Operating Expense for Water was \$2.3 million and was also favorable to budget by \$0.2 million or 7.8%.
- Total Utility Operating Income was \$2.1 million and was favorable to budget by \$1.7 million driven by lower than plan operating expenses of \$1.8 million and partially offset by lower than planned operating revenues of \$0.1 million.





# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Non-Operating Income was \$1.2 million and was favorable to budget by \$0.6 million due to higher than planned investment income of \$0.5 million, higher than plan rental and miscellaneous income of \$53k due to timing, a \$64k net gain on the sale of electric vehicles and equipment, and lower than plan interest expense on customer deposits of \$6k.
- YTD Capital Contributions were \$2.7 million and are favorable to budget by \$1.1 million due to timing of collection of trunk water fees of \$17k and timing of collection of water connection fees of \$1.1 million.
- Municipal contributions to the City of Shakopee totaled \$1.3 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.
- YTD Change in Net Position is \$4.7 million and is favorable to budget by \$3.4 million reflecting lower than operating expenses, higher than plan non-operating revenues, and higher than plan capital contributions.

**SHAKOPEE PUBLIC UTILITIES**  
**MONTH TO DATE FINANCIAL RESULTS**  
**JUNE 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 - June 2019			Month to Date Budget - June 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>	3,908,766	445,009	4,353,775	4,861,596	543,392	5,404,988	(952,830)	-19.6%	(98,383)	-18.1%	(1,051,213)	-19.4%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	3,815,945	224,807	4,040,752	4,391,253	275,375	4,666,628	575,308	13.1%	50,568	18.4%	625,876	13.4%
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	4,022,016	361,721	4,383,737	4,593,904	416,469	5,010,373	571,888	12.4%	54,748	13.1%	626,637	12.5%
Operating Income	(113,250)	83,288	(29,961)	267,692	126,923	394,615	(380,941)	-142.3%	(43,635)	-34.4%	(424,576)	-107.6%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	19,174	851	20,025	16,968	2,105	19,073	2,206	13.0%	(1,254)	-59.6%	952	5.0%
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	-	0.0%	-	-	-	0.0%
Investment Income	80,304	15,860	96,164	26,983	18,126	45,109	53,321	197.6%	(2,267)	-12.5%	51,055	113.2%
Interest Expense	(5,306)	(183)	(5,489)	(6,327)	(162)	(6,489)	1,021	16.1%	(21)	-13.2%	1,000	15.4%
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Gain/(Loss) on the Disposition of Property	38,000	-	38,000	-	-	-	38,000	-	-	-	38,000	0.0%
Total Non-Operating Revenue (Expense)	139,672	16,528	156,200	45,124	20,070	65,193	94,548	209.5%	(3,542)	-17.6%	91,006	139.6%
Income Before Contributions and Transfers	26,422	99,816	126,238	312,815	146,993	459,808	(286,393)	-91.6%	(47,177)	-32.1%	(333,570)	-72.5%
<b>CAPITAL CONTRIBUTIONS</b>	-	701,484	701,484	-	260,029	260,029	-	-	441,455	169.8%	441,455	169.8%
<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>	\$ (92,703)	710,300	617,598	192,276	317,140	509,416	(284,979)	-148.2%	393,160	124.0%	108,181	21.2%



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

	MTD Actual June 2019	MTD Budget June 2019	MTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 1,255,254	1,614,837	(359,583)	-22.3%
Commercial and Industrial	2,572,232	3,149,891	(577,659)	-18.3%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	3,827,485	4,764,728	(937,243)	-19.7%
Forfeited Discounts	17,188	21,498	(4,310)	-20.0%
Free service to the City of Shakopee	7,125	7,002	123	1.8%
Conservation program	56,968	68,368	(11,400)	-16.7%
Total Operating Revenues	3,908,766	4,861,596	(952,830)	-19.6%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	3,381,353	3,819,896	438,542	11.5%
Distribution operation expenses	30,101	39,408	9,307	23.6%
Distribution system maintenance	13,214	61,384	48,170	78.5%
Maintenance of general plant	20,667	27,396	6,729	24.6%
Total Operation and Maintenance	3,445,335	3,948,084	502,749	12.7%
Customer Accounts				
Meter Reading	9,508	10,979	1,471	13.4%
Customer records and collection	43,100	43,775	675	1.5%
Energy conservation	58,940	62,382	3,442	5.5%
Total Customer Accounts	111,548	117,136	5,588	4.8%
Administrative and General				
Administrative and general salaries	59,019	57,362	(1,657)	-2.9%
Office supplies and expense	7,995	18,853	10,857	57.6%
Outside services employed	10,114	36,989	26,875	72.7%
Insurance	11,838	14,963	3,125	20.9%
Employee Benefits	128,969	165,159	36,190	21.9%
Miscellaneous general	41,126	32,708	(8,418)	-25.7%
Total Administrative and General	259,062	326,033	66,971	20.5%
Total Operation, Customer, & Admin Expenses	3,815,945	4,391,253	575,308	13.1%
Depreciation	206,071	202,651	(3,420)	-1.7%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	\$ 4,022,016	4,593,904	571,888	12.4%
<b>OPERATING INCOME</b>	<b>\$ (113,250)</b>	<b>267,692</b>	<b>(380,941)</b>	<b>-142.3%</b>

# SHAKOPEE PUBLIC UTILITIES

## WATER OPERATING REVENUE AND EXPENSE

	MTD Actual June 2019	MTD Budget June 2019	MTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 443,825	541,488	(97,663)	-18.0%
Forfeited Discounts	1,185	1,905	(720)	-37.8%
Uncollectible accounts	-	-	-	-
Total Operating Revenues	<u>445,009</u>	<u>543,392</u>	<u>(98,383)</u>	<u>-18.1%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	49,252	43,902	(5,351)	-12.2%
Pumping and distribution maintenance	32,088	39,937	7,849	19.7%
Power for pumping	25,715	26,001	286	1.1%
Maintenance of general plant	2,296	4,683	2,386	51.0%
Total Operation and Maintenance	<u>109,351</u>	<u>114,523</u>	<u>5,171</u>	<u>4.5%</u>
Customer Accounts				
Meter Reading	5,328	5,784	456	7.9%
Customer records and collection	11,465	12,148	683	5.6%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>16,793</u>	<u>17,932</u>	<u>1,139</u>	<u>6.3%</u>
Administrative and General				
Administrative and general salaries	37,310	37,906	595	1.6%
Office supplies and expense	1,969	5,766	3,797	65.9%
Outside services employed	(70)	16,411	16,481	100.4%
Insurance	3,946	4,988	1,042	20.9%
Employee Benefits	44,573	59,681	15,108	25.3%
Miscellaneous general	10,934	18,170	7,236	39.8%
Total Administrative and General	<u>98,663</u>	<u>142,921</u>	<u>44,258</u>	<u>31.0%</u>
Total Operation, Customer, & Admin Expenses	<u>224,807</u>	<u>275,375</u>	<u>50,568</u>	<u>18.4%</u>
Depreciation	136,914	141,094	4,180	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>361,721</u>	<u>416,469</u>	<u>54,748</u>	<u>13.1%</u>
<b>OPERATING INCOME</b>	<u>\$ 83,288</u>	<u>126,923</u>	<u>(43,635)</u>	<u>-34.4%</u>

**SHAKOPEE PUBLIC UTILITIES**  
**YEAR TO DATE FINANCIAL RESULTS**  
**JUNE 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 - June 2019			Year to Date Budget - June 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>	22,884,977	1,905,513	24,790,490	22,930,685	1,939,488	24,870,173	(45,708)	-0.2%	(33,976)	-1.8%	(79,684)	-0.3%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	19,129,574	1,518,337	20,647,911	20,718,314	1,690,727	22,409,042	1,588,741	7.7%	172,390	10.2%	1,761,131	7.9%
Depreciation	1,236,426	821,482	2,057,908	1,215,909	846,562	2,062,470	(20,517)	-1.7%	25,080	3.0%	4,562	0.2%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	20,366,000	2,339,819	22,705,819	21,934,223	2,537,289	24,471,512	1,568,223	7.1%	197,470	7.8%	1,765,693	7.2%
Operating Income	2,518,977	(434,306)	2,084,671	996,462	(597,801)	398,661	1,522,515	152.8%	163,494	27.3%	1,686,010	422.9%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	126,716	200,383	327,098	101,808	172,143	273,951	24,907	24.5%	28,240	16.4%	53,147	19.4%
Interdepartment Rent from Water	45,000	-	45,000	45,000	-	45,000	-	0.0%	-	-	-	0.0%
Investment Income	531,640	233,008	764,648	161,896	108,759	270,655	369,744	228.4%	124,249	114.2%	493,993	182.5%
Interest Expense	(32,360)	(1,050)	(33,410)	(37,963)	(971)	(38,934)	5,603	14.8%	(79)	-8.1%	5,524	14.2%
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	-	#DIV/0!	-	0.0%	-	#DIV/0!
Gain/(Loss) on the Disposition of Property	63,777	-	63,777	-	-	-	63,777	0.0%	-	-	63,777	-
Total Non-Operating Revenue (Expense)	734,773	432,341	1,167,113	270,742	279,931	550,672	464,031	171.4%	152,410	54.4%	616,441	111.9%
Income Before Contributions and Transfers	3,253,750	(1,965)	3,251,784	1,267,203	(317,870)	949,333	1,986,546	156.8%	315,904	99.4%	2,302,451	242.5%
<b>CAPITAL CONTRIBUTIONS</b>	-	2,691,644	2,691,644	-	1,560,174	1,560,174	-	-	1,131,470	72.5%	1,131,470	72.5%
<b>MUNICIPAL CONTRIBUTION</b>	(714,089)	(545,969)	(1,260,057)	(723,234)	(539,289)	(1,262,523)	9,145	1.3%	(6,680)	-1.2%	2,465	0.2%
<b>CHANGE IN NET POSITION</b>	\$ 2,539,661	2,143,710	4,683,371	543,970	703,015	1,246,984	1,995,692	366.9%	1,440,695	204.9%	3,436,386	275.6%

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

	YTD Actual June 2019	YTD Budget June 2019	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 7,809,952	7,937,842	(127,890)	-1.6%
Commercial and Industrial	14,550,523	14,479,596	70,927	0.5%
Uncollectible accounts	-	-	-	#DIV/0!
Total Sales of Electricity	22,360,475	22,417,438	(56,962)	-0.3%
Forfeited Discounts	148,443	128,989	19,454	15.1%
Free service to the City of Shakopee	42,747	42,009	738	1.8%
Conservation program	333,312	342,249	(8,937)	-2.6%
Total Operating Revenues	22,884,977	22,930,685	(45,708)	-0.2%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	16,143,003	17,174,746	1,031,743	6.0%
Distribution operation expenses	204,289	236,450	32,161	13.6%
Distribution system maintenance	277,520	368,304	90,784	24.6%
Maintenance of general plant	171,494	164,376	(7,118)	-4.3%
Total Operation and Maintenance	16,796,305	17,943,876	1,147,571	6.4%
Customer Accounts				
Meter Reading	61,422	65,874	4,452	6.8%
Customer records and collection	286,443	262,650	(23,793)	-9.1%
Energy conservation	173,288	374,292	201,005	53.7%
Total Customer Accounts	521,153	702,817	181,664	25.8%
Administrative and General				
Administrative and general salaries	331,446	344,169	12,724	3.7%
Office supplies and expense	114,199	113,115	(1,084)	-1.0%
Outside services employed	97,139	221,935	124,796	56.2%
Insurance	71,029	89,779	18,750	20.9%
Employee Benefits	963,808	1,106,378	142,570	12.9%
Miscellaneous general	234,495	196,246	(38,250)	-19.5%
Total Administrative and General	1,812,115	2,071,621	259,506	12.5%
Total Operation, Customer, & Admin Expenses	19,129,574	20,718,314	1,588,741	7.7%
Depreciation	1,236,426	1,215,909	(20,517)	-1.7%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	\$ 20,366,000	21,934,223	1,568,223	7.1%
<b>OPERATING INCOME</b>	<b>\$ 2,518,977</b>	<b>996,462</b>	<b>1,522,515</b>	<b>152.8%</b>



# SHAKOPEE PUBLIC UTILITIES

## WATER OPERATING REVENUE AND EXPENSE

	YTD Actual June 2019	YTD Budget June 2019	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 1,879,166	1,928,061	(48,894)	-2.5%
Forfeited Discounts	26,345	11,428	14,917	130.5%
Uncollectible accounts	2	-	2	#DIV/0!
Total Operating Revenues	1,905,513	1,939,488	(33,976)	-1.8%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	236,047	263,410	27,363	10.4%
Pumping and distribution maintenance	235,042	239,622	4,581	1.9%
Power for pumping	150,134	156,008	5,873	3.8%
Maintenance of general plant	46,726	28,095	(18,631)	-66.3%
Total Operation and Maintenance	667,950	687,136	19,186	2.8%
Customer Accounts				
Meter Reading	33,697	34,704	1,007	2.9%
Customer records and collection	79,342	72,887	(6,456)	-8.9%
Energy conservation	-	-	-	-
Total Customer Accounts	113,039	107,591	(5,448)	-5.1%
Administrative and General				
Administrative and general salaries	215,613	227,433	11,821	5.2%
Office supplies and expense	39,863	34,596	(5,267)	-15.2%
Outside services employed	17,572	98,467	80,895	82.2%
Insurance	23,676	29,926	6,250	20.9%
Employee Benefits	330,147	396,561	66,414	16.7%
Miscellaneous general	110,477	109,018	(1,460)	-1.3%
Total Administrative and General	737,348	896,001	158,652	17.7%
Total Operation, Customer, & Admin Expenses	1,518,337	1,690,727	172,390	10.2%
Depreciation	821,482	846,562	25,080	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	\$ 2,339,819	2,537,289	197,470	7.8%
<b>OPERATING INCOME</b>	\$ (434,306)	(597,801)	163,494	27.3%



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# SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

July 31, 2019

TO: John Crooks, Utilities Manager   
FROM: Sharon Walsh, Director of Marketing and Customer Relations   
SUBJECT: Website Development - Update

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## Overview

As directed following the Website Workshop on June 3<sup>rd</sup>, I have the following project status update –

### **Vendor Selection**

Four (4) web development companies have been contacted:

- Vivid Image
- Signalfire
- Bluespire Marketing
- fjorge

I have held discovery meetings with both Vivid Image (in person) and Bluespire Marketing (webinar). At the time of this communication, a request has been submitted to fjorge, but no discussions have taken place. A strategic planning session with SPU staff and Vivid Image is scheduled for August 6<sup>th</sup>. A formal proposal will follow this meeting with an anticipated delivery date of mid-August. Bluespire Marketing is preparing a proposal based on our initial discovery meeting and this is also due by mid-August. Signfire has already submitted a proposal.

After review of the proposals, including pricing, inclusions and timelines, a recommendation of the top two companies will be made and presentations from these two companies will be scheduled with the Commission.

Security, hosting, ongoing support, design and development are key components of the website and thus far all companies have addressed each of these. The proposals will provide detailed information regarding the level of capabilities in these areas and pricing for said services.

### **SPU Logo Development**

Design of a new SPU logo continues, incorporating feedback from the Commission at June's meeting.

## Action

No action is required at this time.