

AGENDA  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
SEPTEMBER 16, 2019

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Approval of Minutes**
3. **Communications**
  - 3a) Shakopee Diversity Alliance Letter
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 Storage Tower #8 – Planning Commission Meeting Review
  - 8c) Water Storage Tower #8 – Design Report
  - 8d) Rahr Looping Project – Rock Removal Costs
9. **Reports: Electric Items**
  - 9a) Electric System Operations Report – Verbal
  - 9b) MMPA Board Meeting Public Summary - August 2019
10. **Reports: Human Resources**
11. **Reports: General**
  - C=> 11a) Financial Results – August 2019
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**
  - Regular Meeting -- October 7
  - Mid Month Meeting -- October 21
  - Regular Meeting -- November 4
  - Mid Month Meeting -- November 18
14. **Adjourn to 10/7/19** 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., September 3, 2019.

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

Utilities Manager Crooks stated that there was an incorrect statement in the Commission Minutes that were in the packet. A correction will be made to the statement.

Motion by Amundson, seconded by Clay to approve the amended minutes of the August 5, 2019 Commission meeting. Motion carried.

Under Communications, President Joos provided an overview of the 2019 MMUA Summer Conference. The Conference theme was electric vehicles. Mr. Crooks stated that more detailed information will be provided at a future meeting.

President Joos offered the agenda for approval.

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

President Joos stated that the Consent Item was Item 11b: Financial Results – July 2019. Commission Clay asked that Item 11a: June 7, 2019 Letter From the City Administrator – Response also be placed as a Consent Item.

Motion by Amundson, seconded by Clay to approve the amended Consent Business agenda as presented. Motion carried.

President Joos stated that the Consent Items were: Item 11b: Financial Results – July 2019 and Item 11a: June 7, 2019 Letter From the City Administrator – Response.

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

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

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

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

Liaison Lehman presented his report. Mr. Crooks was asked to provide an overview on a watermain issue with the Triple Crown development. A detailed response was provided with timelines, emails and the eventual solution to the improper installation of watermain that was not on the signed water plan.

Water Superintendent Schemel provided a report of current water operations. The flushing of the entire water distribution system continues. Eight hydrants were rebuilt. 175 gate valves were operated. Construction updates were provided.

Mr. Schemel presented the Water Production Dashboard. Due to the extreme wet spring and summer season water production is down 10% from budgeted projections.

An update on the construction of Windermere Booster Station was provided by Mr. Schemel.

Motion by Meyer, seconded by Clay to offer Resolution #1251. A Resolution Approving Payment for the Pipe Oversizing Costs on the Watermain Project: Prairie Meadows Second Addition. Ayes: Mocol, Meyer, Clay, Amundson and Joos. Nay: none. Motion carried. Resolution passed.

Electric Superintendent Drent provided a report of current electric operations. It has been four weeks since the last Commission meeting and there were fourteen electric outages to review. Five were storm related. Three were caused by animals. Two were construction related and the rest were equipment failures. Construction updates were provided.

Finance Director Schmid presented an opportunity to donate a pole trailer to MMUA for their Training Center. The trailer was purchased in 1992 and has fully depreciated. SPU has purchased a new pole trailer to take its place.

Motion by Mocol, seconded by Meyer to donate the pole trailer to MMUA. Motion carried.

Mr. Crooks read the July 2019 MMPA Board Meeting Public Summary.

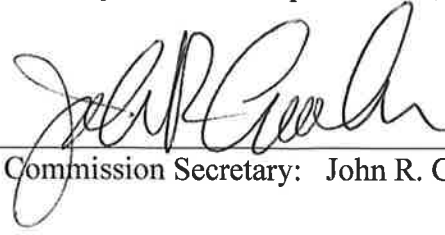
Mr. Drent reviewed a MMUA Mutual Aid Request for Hurricane Dorian. Two linemen and one truck are being provided for the anticipated restoration efforts in Kissimmee, FL.

Item 11a: June 7, 2019 Letter From the City Administrator – Response was received under Consent Business.

Item 11b: Financial Results – July 2019 was received under Consent Business.

The tentative commission meeting dates of September 16 and October 7 were noted.

Motion by Amundson, seconded by Mocol to adjourn to the September 16, 2019 meeting.  
Motion carried.

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

Commission Secretary: John R. Crooks



August 21, 2019

Dear Donor/Volunteer/Supporter of Shakopee Diversity Alliance:

The Shakopee Diversity Alliance (SDA) has conducted its 7<sup>th</sup> annual International Festival on August 2<sup>nd</sup>, and it was, according to one attendee, "the best festival yet!" Thank you for your volunteer time, hosting a booth, donating a gift card, loaning us necessary equipment, sponsoring the park's rental or was an attendee, it could not have been a success without you!

The SDA was started in 2012; initiated by the mayor in the first, "Diversity Summit" with over 144 residents attending. It has since developed into a 501c (3) non-profit corporation with all donations tax deductible. This event featured multicultural entertainment on the Huber Park stage, with such varied acts as: Nitka Folk Group, CAAM Chinese dancers, Irish and Middle Eastern performers, a multi-national flag display and a beautiful rendition of the Star-Spangled Banner that moved me to tears. It also had twenty-nine cultural/vendor booths, The Park Nicollet Mammogram bus, and Three Rivers had their bus to encourage families to enjoy the many parks and places outdoors. We also had "family priced" ethnic cuisine featuring Mexican beef tacos and Halal gyros. We had a face painter, a clown, and not one, but TWO bouncy houses for the kids. **WE COULDN'T HAVE DONE IT WITHOUT YOU!**

The SDA is led by community volunteers. It is comprised of a board of directors, volunteers and conducts quarterly community events that educate and deliver needed public information. We hope you'll learn more about the SDA at: [www.shakopeediversityalliance.org](http://www.shakopeediversityalliance.org) or visit our Facebook page for future events. Our diversity makes us stronger as a community. Although we celebrate our unique, diverse cultures, we are united by shared values and partnerships.


Sincerely,


A handwritten signature in black ink that reads "Terry Hassan". The signature is fluid and cursive, with the first name "Terry" and last name "Hassan" clearly legible.

Terry Hassan/SDA President

[thassan@capagency.org](mailto:thassan@capagency.org) 952-212-1867

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Tank #8 (2<sup>nd</sup> HESD) Update

DATE: September 11, 2019

#### ISSUE

The applications for rezoning, preliminary plat, final plat and conditional use permit (CUP) were reviewed at the September 5, 2019 Shakopee Planning Commission (PC) and Board of Adjustments and Appeals (BOAA) meetings and a public hearing was held.

#### BACKGROUND

The purchase agreement with the Latour Family Farms LLP, requires city approvals for the intended use for a 2<sup>nd</sup> HES District elevated water tower, future water supply wells and a potential water treatment plant.

Applications were submitted to the City of Shakopee for establishing R1B zoning (single family residential), a preliminary plat to separate the parcel being purchased and two out lots for the balance of the site, a final plat to combine the parcel being purchased and the adjoining out lot from Windermere South 2nd Addition into one lot with access off of Zumbro Avenue and for a conditional use permit for an over height structure.

#### DISCUSSION

The submitted plans were presented by Shakopee's Community Development Director Michael Kerski. Present on behalf of Shakopee Public Utilities were myself, Water Superintendent Lon Schemel and Samabatek's John Karwacki. No one from the public made any comments or asked any questions during the public hearing.

Staff were asked several good questions by members of the PC/BOAA relating to the need for the water tower in that area of the city, the reason for the height required, the volume of the tank, the potential of the site to host water supply wells, how the booster station interacts with the tower and



wells, the estimated cost of the water tower, etc. All their questions were answered to their satisfaction and all in all, we thought it was a very good discussion.

The PC/BOAA recommended approval of the zoning request, preliminary plat, final plat and the CUP. The City Council will have these items on their October 1<sup>st</sup> agenda. Once approved by the City Council we will be able to complete the purchase on the Latour parcel.

#### REQUESTED ACTION

No action is requested; this is an informational item.

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**



TO: John R. Crooks, Utilities Manager   
FROM: Lon R. Schemel, Water Superintendent   
SUBJECT: **Elevated Tank 8 Presentation**  
DATE: September 13, 2019

At the September 16<sup>th</sup> Commission meeting, Mr. John Karwacki of Sambatek will give a presentation for the proposed Elevated Tank 8 located southwest of the Windermere Booster Station.

Mr. Karwacki will discuss the purpose for the tank; the elements involved in the tank types and cost comparisons, and provide the Commission with renderings of the tank designs.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: Apgar Street and 2<sup>nd</sup> Avenue Water Main  
DATE: September 13, 2019

**ISSUE**

Ryan Contracting is not willing to lower their contract cost per unit for the excess rock excavated for the water main installation.

**BACKGROUND**

Please see my attached memo dated August 1, 2019 for the background on this issue.

**DISCUSSION**

After meeting with Ryan Contracting personnel, WSB's John Powell reports that the contractor is unwilling to reduce their contract per unit price of \$180 per cubic yard for the excess rock excavated on this project to complete the water main loop from the Rahr Malting warehouse building on 2<sup>nd</sup> Avenue.

The amount of rock estimated by the project engineer was only 80 cubic yards. The estimate was primarily based on soil borings that were located at either end of the planned boring for a casing under the Union Pacific Railroad tracks that parallel 2<sup>nd</sup> Avenue. No other rock was included in the engineer's estimate for the open trench to connect the water main from Apgar Street to the west on Rahr's property, a distance of approximately 360 feet.

The agreed upon total rock quantity is 722 cubic yards, 642 cubic yards above the engineer's estimate, and that equates to an additional \$115,560 at the contract price. The contractor has already been paid for the contract quantity of 80 cubic yards along with a majority of the other associated contract costs with a minimal amount withheld until the contract is closed out. The additional rock quantity remains to be paid to close out the contract.

Attached is a copy of email communications from WSB's John Powell and Ryan Contracting's Mike Holasek for review.

At this point staff believes it would likely involve litigation if the contractor is not paid for the additional rock quantity at the contract price. John Powell suggests staff consult with legal counsel to determine if there is justification to pay anything less. John has suggested some reasoning for the cost to be less. The contractor however is not convinced by these factors and is holding to the contract price.

Staff recalls our reasoning at the time the additional rock was encountered that to stop the contractor at that time to re-negotiate meant the schedule established with Union Pacific and their track inspectors Rail Pros would be disrupted (since the direction of trenching was heading towards the directional boring which was to be done after) and that there were likely extra costs that would result from delays.

The contract price per unit of rock falls in between the other bidders pricing, so it was not the highest cost bid nor the lowest cost bid. Facts are Ryan Contracting overall was the low bidder and their rock cost was in between the high and the low bid pricing.

Staff believes it is unlikely that given the circumstances there would be a cost reduction without potentially lengthy litigation that risks even higher costs should a court rule in favor of the contractor.

#### RECOMMENDED ACTION

Staff recommends that the Utilities Commission agree to pay the contract price for all of the agreed upon rock quantity excavated on this project.

#### REQUESTED ACTION

Staff requests direction from the Utilities Commission on resolving the pricing for the additional rock quantity on this contract.

## Adams, Joe

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**From:** John Powell <JPowell@wsbeng.com>  
**Sent:** Friday, August 23, 2019 3:24 PM  
**To:** Adams, Joe; Fenstermacher, Christian; Hagen, Dave  
**Subject:** Rahr Malting

Good afternoon,

As you know, we asked Mike Holasek of Ryan Contracting to put his statement in writing as to what was said during the conversations he had with SPU staff on site regarding rock excavation. We asked him to include as much detail as possible in order to help the SPU understand Ryan Contracting's position and rationale on the rock excavation cost; and why no reduction in cost whatsoever is forthcoming from Ryan. Mike's response is provided below.

Comments regarding this responses:

- He has not provided copies of any written notice or documentation regarding the rock excavation to SPU when the rock excavation was occurring; he only refers to conversations.
- When I met with Mike and Beth Tatge, I agreed that 720 CY is a reasonable estimate of the rock removed, that is all, I made no commitment with regard to payment. In fact I mentioned several concerns WSB has with the process used to address this matter, including no written documentation from Ryan Contracting regarding the quantity increase and payment for same.
- Response items 3-5 all occurred after the rock excavation was completed and does not help us understand why such a significant cost change occurred without Ryan Contracting providing any written documentation.
- The response provides no actual basis for why it cost them \$180/CY.
- The response does not mention any concerns regarding the rock quantity prior to the May 6 conversation.
- The statement that "This price would haven't of changed for us regardless of the quantity." Is inconsistent with our experience on other projects; generally the unit price is lower for larger quantities as mobilization etc. costs are spread over more units.

We again recommend that SPU consult your attorney as to us it is highly unusual that a work scope of this magnitude occurred without any written approval documentation/clarification between Ryan and SPU. Unless directed otherwise by SPU, WSB will not prepare any pay estimates including rock excavation beyond the contract quantity. We remain available to assist SPU in resolving this claim and closing out the contract.

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:** Mike Holasek <mikeh@ryancont.com>  
**Sent:** Thursday, August 22, 2019 4:19 PM

**To:** John Powell <JPowell@wsbeng.com>

**Subject:** RE: Rahr Malting

Dear John:

In regards to the additional rock excavation below please find our facts:

1. Called Dave Hagen on May 6 to come to the site to discuss rock excavation. I told him that we were going to far exceed the quantity of rock excavation. I told him that it would exceed \$100,000. Also Christian called me and told him the same thing. Our foreman, Matt Beneke, was also present during the conversation with Dave Hagen.
2. SPUC was present every day we were performing rock excavation
3. Submitted pay estimate #1 with the rock excavation quantity of 722CY May 14, 2019.
4. Joe Adams said in an email on May 23, 2019 that John Powell is reviewing the additional rock quantity and its anticipated to be resolved on a change order with Pay Estimate #2 (meant #3). (Still no one has denied that we are due the additional rock excavation).
5. Beth Tatge, John Powell and myself meet on July 23 and reviewed the rock quantity. It was discussed at that point in time that 720CY seem reasonable for the rock excavation and that we were to review the contract price.

We have reviewed our contract price and we need to stay at \$180 per CY. We cannot reduce our per cubic yard price. As we all know rock excavation is tough and even tougher on equipment and time consuming. This price would haven't of changed for us regardless of the quantity.

Both Dave and Christian were informed of the overrun of estimated quantity.

I appreciate your time on this matter.

*Mike Holasek*

Ryan Contracting Co.

PO Box 246

26480 France Ave.

Elko New Market, MN 55020

O: 952-894-3200

F: 952-894-3207

C: 612-282-4331

[mikeh@ryancont.com](mailto:mikeh@ryancont.com)

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

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.

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**

**FROM: JOHN R. CROOKS, UTILITIES MANAGER**



**SUBJECT: MMPA BOARD MEETING PUBLIC SUMMARY  
AUGUST 2019**

**DATE: SEPTEMBER 12, 2019**

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on August 27, 2019 at Shakopee Public Utilities in Shakopee, Minnesota.

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

Participation in MMPA's residential Clean Energy Choice program increased over July, with market penetration that is now at 3.3%




11a

# SHAKOPEE PUBLIC UTILITIES


“Lighting the Way – Yesterday, Today and Beyond”

September 11, 2019

PROPOSE AS CONSENT

TO: John Crooks 

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

FROM: Renee Schmid,  Director of Finance and Administration

SUBJECT: Financial Results for August, 2019

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

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

- Total Utility Operating Revenues for the month of August totaled \$5.7 million and were unfavorable to budget by \$0.2 million or 3.5%. Electric revenues were unfavorable to budget by \$93k or 1.8% driven by lower than plan energy sales in all revenue groups. Water revenues were unfavorable to budget by \$116k or 16.0% due to lower than plan sales in the residential and commercial revenue groups. To date, 2019 has delivered one of the highest recorded annual amounts of precipitation which is impacting sales revenues.
- Total operating expenses were \$4.7 million and were favorable to budget by \$333k or 6.6%. Most of this favorable variance is in purchased power costs which totaled \$3.7 million and were \$202k or 5.2% lower than budget for the month. Total Operating Expense for electric including purchased power totaled \$4.3 million and was favorable to budget by \$309k or 6.7% due to lower than plan purchased power costs of \$202k, lower than plan operation and maintenance expenses of \$50k, lower than plan energy conservation expense of \$20k, and lower than plan administrative and general expense of \$52k due to timing of expenses. Total Operating Expense for Water totaled \$392k and was favorable to budget by \$24k or 5.8% due to lower than plan operation and maintenance expense of \$13k, and lower than plan administrative general and depreciation expenses of \$16k, which was partially offset by higher than plan customer accounts expense of \$4k.





# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Operating Income was \$1.0 million and was \$123k favorable to budget due to lower than plan operating expenses of \$333k and partially offset by lower than plan operating revenues of \$210k.
- Total Utility Non-Operating Revenue was \$188k and was favorable to budget by \$123k driven by higher than plan investment income of \$100k, higher than plan rental and miscellaneous income of \$7k, and recognition of a \$16k gain on the sale of an electric department wood chipper.
- Capital Contributions for the month of August totaled \$1.0 million and were favorable to budget by \$772k due to higher than plan paid in capital contributions of \$42k, higher than plan collection of water connection fees of \$750k, and were partially offset by lower than plan trunk water fees of \$26k.
- 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 \$2.0 million and was favorable to budget by \$1.0 million primarily due to higher than plan operating income of \$123k, higher than plan capital contributions of \$772k, and higher than plan non-operating revenues of \$123k.
- Electric usage billed to customers in August was 42,526,699 kWh, a decrease of 2.3% from July usage billed at 43,547,307 kWh.
- Water usage billed to customers in August was 192.5 million gallons, a decrease of 10.0% from July usage billed at 213.9 million gallons.

## Year to Date Financial Results – August, 2019

- Total Utility Operating Revenue year to date August was \$36.3 million and was unfavorable to budget by \$1.0 million or 2.7%. Electric operating revenues totaled \$33.0 million and were unfavorable to budget by \$865k or 2.5% driven by lower than plan energy sales in the residential group and 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 0.7% lower than plan at 7.612 cents/kwh versus planned costs of 7.668 cents/kwh. Water operating revenues totaled \$3.2 million and were unfavorable to budget by \$137k or 4.1% driven by lower than plan sales volumes in all revenue groups. Record levels of precipitation in 2019 are resulting in lower water consumption by our customers.
- Total Utility Operating Expenses year to date August were \$32.7 million and were favorable to budget by \$2.0 million or 5.8% primarily due to lower than plan purchased power costs of \$1.2 million due to lower sales and lower costs/kwh, timing of expenditures in energy conservation of \$107k, administrative and general expense of \$531k of which \$238k is in outside services for projects and employee benefits expense of \$236k due to timing, operations and maintenance expense in electric and water of \$185k due to timing, and depreciation expense of \$6k. Total Operating Expense for electric including purchased power was \$29.5 million and was favorable to budget by \$1.8 million or 5.8%. Total Operating Expense for Water was \$3.2 million and was also favorable to budget by \$0.2 million or 6.4%.
- Total Utility Operating Income was \$3.6 million and was favorable to budget by \$1.0 million driven by lower than plan operating expenses of \$2.0 million and partially offset by lower than planned operating revenues of \$1.0 million.



# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Non-Operating Income was \$1.4 million and was favorable to budget by \$0.8 million due to higher than planned investment income of \$0.7 million, higher than plan rental and miscellaneous income of \$18k, a \$78k net gain on the sale of electric vehicles and equipment, and lower than plan interest expense on customer deposits of \$7k.
- YTD Capital Contributions were \$3.9 million and are favorable to budget by \$1.8 million due to collection of water connection fees of \$1.8 million.
- Municipal contributions to the City of Shakopee totaled \$1.7 million year to date and are lower than plan by \$3k 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 \$7.3 million and is favorable to budget by \$3.6 million reflecting higher than plan net operating income, higher than plan capital contributions, and higher than plan non-operating revenues.

**SHAKOPEE PUBLIC UTILITIES**  
**MONTH TO DATE FINANCIAL RESULTS**  
**AUGUST 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 - August 2019			Month to Date Budget - August 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>	\$ 5,117,666	612,531	5,730,197	5,211,104	728,833	5,939,937	(93,437) -1.8%	(116,302) -16.0%	(209,740) -3.5%			
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	4,116,019	255,474	4,371,492	4,428,362	275,375	4,703,737	312,343 7.1%	19,902 7.2%	332,245 7.1%			
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	<u>4,322,089</u>	<u>392,387</u>	<u>4,714,477</u>	<u>4,631,013</u>	<u>416,469</u>	<u>5,047,482</u>	<u>308,924 6.7%</u>	<u>24,082 5.8%</u>	<u>333,005 6.6%</u>			
Operating Income	<u>795,577</u>	<u>220,144</u>	<u>1,015,720</u>	<u>580,090</u>	<u>312,364</u>	<u>892,454</u>	<u>215,486 37.1%</u>	<u>(92,221) -29.5%</u>	<u>123,266 13.8%</u>			
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	24,925	735	25,660	16,968	2,105	19,073	7,957 46.9%	(1,370) -65.1%	6,587 34.5%			
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	- 0.0%	- -	- 0.0%			
Investment Income	120,105	24,810	144,915	26,983	18,126	45,109	93,122 345.1%	6,683 36.9%	99,805 221.3%			
Interest Expense	(5,508)	(219)	(5,727)	(6,327)	(162)	(6,489)	819 12.9%	(57) -35.3%	762 11.7%			
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	- #DIV/0!	- -	- #DIV/0!			
Gain/(Loss) on the Disposition of Property	16,106	-	16,106	-	-	-	16,106 -	- -	16,106 0.0%			
Total Non-Operating Revenue (Expense)	<u>163,128</u>	<u>25,326</u>	<u>188,453</u>	<u>45,124</u>	<u>20,070</u>	<u>65,193</u>	<u>118,004 261.5%</u>	<u>5,256 26.2%</u>	<u>123,260 189.1%</u>			
Income Before Contributions and Transfers	<u>958,704</u>	<u>245,469</u>	<u>1,204,173</u>	<u>625,214</u>	<u>332,434</u>	<u>957,647</u>	<u>333,490 53.3%</u>	<u>(86,964) -26.2%</u>	<u>246,526 25.7%</u>			
<b>CAPITAL CONTRIBUTIONS</b>	41,710	990,207	1,031,917	-	260,029	260,029	41,710 -	730,178 280.8%	771,888 296.8%			
<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>	<u>\$ 881,289</u>	<u>1,144,676</u>	<u>2,025,966</u>	<u>504,675</u>	<u>502,581</u>	<u>1,007,256</u>	<u>376,615 74.6%</u>	<u>642,095 127.8%</u>	<u>1,018,710 101.1%</u>			

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

	MTD Actual		MTD Budget		MTD Actual v. Budget	
	August 2019		August 2019		Better/(Worse)	
	\$		\$		\$	%
<b>OPERATING REVENUES</b>						
Sales of Electricity						
Residential	\$ 2,001,792		2,082,498		(80,706)	-3.9%
Commercial and Industrial	2,999,243		3,024,613		(25,370)	-0.8%
Uncollectible accounts	-		-		-	-
Total Sales of Electricity	5,001,035		5,107,111		(106,076)	-2.1%
Forfeited Discounts	34,926		21,498		13,428	62.5%
Free service to the City of Shakopee	7,125		7,002		123	1.8%
Conservation program	74,580		75,493		(913)	-1.2%
Total Operating Revenues	5,117,666		5,211,104		(93,437)	-1.8%
<b>OPERATING EXPENSES</b>						
Operations and Maintenance						
Purchased power	3,654,637		3,857,005		202,368	5.2%
Distribution operation expenses	3,249		39,408		36,159	91.8%
Distribution system maintenance	50,061		61,384		11,323	18.4%
Maintenance of general plant	24,903		27,396		2,493	9.1%
Total Operation and Maintenance	3,732,850		3,985,193		252,343	6.3%
Customer Accounts						
Meter Reading	12,873		10,979		(1,894)	-17.3%
Customer records and collection	53,742		43,775		(9,967)	-22.8%
Energy conservation	42,207		62,382		20,175	32.3%
Total Customer Accounts	108,823		117,136		8,313	7.1%
Administrative and General						
Administrative and general salaries	69,369		57,362		(12,007)	-20.9%
Office supplies and expense	12,535		18,853		6,318	33.5%
Outside services employed	3,353		36,989		33,637	90.9%
Insurance	11,838		14,963		3,125	20.9%
Employee Benefits	161,622		165,159		3,537	2.1%
Miscellaneous general	15,630		32,708		17,078	52.2%
Total Administrative and General	274,346		326,033		51,687	15.9%
Total Operation, Customer, & Admin Expenses	4,116,019		4,428,362		312,343	7.1%
Depreciation	206,071		202,651		(3,420)	-1.7%
Amortization of plant acquisition	-		-		-	0.0%
Total Operating Expenses	\$ 4,322,089		4,631,013		308,924	6.7%
<b>OPERATING INCOME</b>	<b>\$ 795,577</b>		<b>580,090</b>		<b>215,486</b>	<b>37.1%</b>

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

	MTD Actual	MTD Budget	MTD Actual v. Budget	
	August 2019	August 2019	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 608,593	726,929	(118,335)	-16.3%
Forfeited Discounts	3,938	1,905	2,033	106.8%
Uncollectible accounts	-	-	-	-
Total Operating Revenues	<u>612,531</u>	<u>728,833</u>	<u>(116,302)</u>	<u>-16.0%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	34,363	43,902	9,539	21.7%
Pumping and distribution maintenance	35,458	39,937	4,479	11.2%
Power for pumping	26,521	26,001	(520)	-2.0%
Maintenance of general plant	5,031	4,683	(348)	-7.4%
Total Operation and Maintenance	<u>101,373</u>	<u>114,523</u>	<u>13,150</u>	<u>11.5%</u>
Customer Accounts				
Meter Reading	6,775	5,784	(991)	-17.1%
Customer records and collection	15,940	12,148	(3,792)	-31.2%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>22,715</u>	<u>17,932</u>	<u>(4,784)</u>	<u>-26.7%</u>
Administrative and General				
Administrative and general salaries	44,393	37,906	(6,488)	-17.1%
Office supplies and expense	5,404	5,766	362	6.3%
Outside services employed	5,419	16,411	10,992	67.0%
Insurance	3,946	4,988	1,042	20.9%
Employee Benefits	60,213	59,681	(532)	-0.9%
Miscellaneous general	12,010	18,170	6,159	33.9%
Total Administrative and General	<u>131,386</u>	<u>142,921</u>	<u>11,535</u>	<u>8.1%</u>
Total Operation, Customer, & Admin Expenses	<u>255,474</u>	<u>275,375</u>	<u>19,902</u>	<u>7.2%</u>
Depreciation	136,914	141,094	4,180	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>392,387</u>	<u>416,469</u>	<u>24,082</u>	<u>5.8%</u>
<b>OPERATING INCOME</b>	<u>\$ 220,144</u>	<u>312,364</u>	<u>(92,221)</u>	<u>-29.5%</u>

**SHAKOPEE PUBLIC UTILITIES**  
**YEAR TO DATE FINANCIAL RESULTS**  
**AUGUST 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 - August 2019			Year to Date Budget - August 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>	\$ 33,091,544	3,193,326	36,284,869	33,956,895	3,330,221	37,287,116	(865,351) -2.5%	(136,895) -4.1%	(1,002,246) -2.7%			
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	27,881,641	2,059,290	29,940,931	29,718,081	2,241,478	31,959,559	1,836,440 6.2%	182,188 8.1%	2,018,628 6.3%			
Depreciation	1,648,568	1,095,309	2,743,877	1,621,211	1,128,749	2,749,960	(27,356) -1.7%	33,439 3.0%	6,083 0.2%			
Amortization of Plant Acquisition	-	-	-	-	-	-	- 0.0%	-	- 0.0%			
Total Operating Expenses	29,530,209	3,154,600	32,684,808	31,339,292	3,370,227	34,709,519	1,809,083 5.8%	215,628 6.4%	2,024,711 5.8%			
Operating Income	3,561,335	38,726	3,600,061	2,617,603	(40,007)	2,577,597	943,732 36.1%	78,733 196.8%	1,022,465 39.7%			
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	128,459	201,589	330,048	135,744	176,352	312,097	(7,286) -5.4%	25,237 14.3%	17,951 5.8%			
Interdepartment Rent from Water	60,000	-	60,000	60,000	-	60,000	- 0.0%	-	- 0.0%			
Investment Income	722,203	302,942	1,025,145	215,861	145,012	360,873	506,342 234.6%	157,930 108.9%	664,272 184.1%			
Interest Expense	(43,305)	(1,461)	(44,766)	(50,617)	(1,294)	(51,911)	7,312 14.4%	(167) -12.9%	7,145 13.8%			
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	- #DIV/0!	- 0.0%	- #DIV/0!			
Gain/(Loss) on the Disposition of Property	78,093	-	78,093	-	-	-	78,093 0.0%	-	78,093 -			
Total Non-Operating Revenue (Expense)	945,450	503,070	1,448,521	360,989	320,070	681,059	584,462 161.9%	183,000 57.2%	767,462 112.7%			
Income Before Contributions and Transfers	4,506,786	541,796	5,048,582	2,978,592	280,063	3,258,655	1,528,194 51.3%	261,733 93.5%	1,789,927 54.9%			
<b>CAPITAL CONTRIBUTIONS</b>	54,615	3,853,157	3,907,772	-	2,080,232	2,080,232	54,615 -	1,772,925 85.2%	1,827,540 87.9%			
<b>MUNICIPAL CONTRIBUTION</b>	(952,338)	(727,969)	(1,680,306)	(964,312)	(719,052)	(1,683,364)	11,974 1.2%	(8,917) -1.2%	3,057 0.2%			
<b>CHANGE IN NET POSITION</b>	\$ 3,609,063	3,666,984	7,276,047	2,014,280	1,641,243	3,655,523	1,594,783 79.2%	2,025,741 123.4%	3,620,524 99.0%			



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

	YTD Actual August2019	YTD Budget August2019	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 11,614,912	12,131,549	(516,637)	-4.3%
Commercial and Industrial	20,737,702	21,098,632	(360,930)	-1.7%
Uncollectible accounts	-	-	-	#DIV/0!
Total Sales of Electricity	<u>32,352,614</u>	<u>33,230,182</u>	<u>(877,567)</u>	<u>-2.6%</u>
Forfeited Discounts	199,613	171,985	27,627	16.1%
Free service to the City of Shakopee	56,996	56,013	983	1.8%
Conservation program	482,321	498,715	(16,395)	-3.3%
Total Operating Revenues	<u>33,091,544</u>	<u>33,956,895</u>	<u>(865,351)</u>	<u>-2.5%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	23,837,682	25,031,797	1,194,115	4.8%
Distribution operation expenses	276,078	315,267	39,188	12.4%
Distribution system maintenance	369,258	491,072	121,814	24.8%
Maintenance of general plant	213,999	219,168	5,169	2.4%
Total Operation and Maintenance	<u>24,697,018</u>	<u>26,057,304</u>	<u>1,360,287</u>	<u>5.2%</u>
Customer Accounts				
Meter Reading	84,125	87,832	3,708	4.2%
Customer records and collection	381,314	350,200	(31,114)	-8.9%
Energy conservation	391,209	499,057	107,847	21.6%
Total Customer Accounts	<u>856,648</u>	<u>937,090</u>	<u>80,441</u>	<u>8.6%</u>
Administrative and General				
Administrative and general salaries	451,516	458,892	7,376	1.6%
Office supplies and expense	134,303	150,821	16,518	11.0%
Outside services employed	109,312	295,913	186,601	63.1%
Insurance	94,705	119,705	25,000	20.9%
Employee Benefits	1,269,974	1,436,696	166,721	11.6%
Miscellaneous general	268,165	261,661	(6,505)	-2.5%
Total Administrative and General	<u>2,327,975</u>	<u>2,723,687</u>	<u>395,712</u>	<u>14.5%</u>
Total Operation, Customer, & Admin Expenses	<u>27,881,641</u>	<u>29,718,081</u>	<u>1,836,440</u>	<u>6.2%</u>
Depreciation	1,648,568	1,621,211	(27,356)	-1.7%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 29,530,209</u>	<u>31,339,292</u>	<u>1,809,083</u>	<u>5.8%</u>
OPERATING INCOME	<u>\$ 3,561,335</u>	<u>2,617,603</u>	<u>943,732</u>	<u>36.1%</u>

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

	YTD Actual August2019	YTD Budget August2019	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 3,161,247	3,314,984	(153,737)	-4.6%
Forfeited Discounts	32,077	15,237	16,840	110.5%
Uncollectible accounts	1	-	1	#DIV/0!
Total Operating Revenues	<u>3,193,326</u>	<u>3,330,221</u>	<u>(136,895)</u>	<u>-4.1%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	334,869	351,214	16,345	4.7%
Pumping and distribution maintenance	302,942	319,497	16,555	5.2%
Power for pumping	202,480	208,010	5,530	2.7%
Maintenance of general plant	56,875	37,460	(19,414)	-51.8%
Total Operation and Maintenance	<u>897,166</u>	<u>916,181</u>	<u>19,015</u>	<u>2.1%</u>
Customer Accounts				
Meter Reading	45,764	46,272	508	1.1%
Customer records and collection	106,826	97,182	(9,643)	-9.9%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>152,590</u>	<u>143,454</u>	<u>(9,135)</u>	<u>-6.4%</u>
Administrative and General				
Administrative and general salaries	288,463	303,245	14,782	4.9%
Office supplies and expense	47,980	46,127	(1,852)	-4.0%
Outside services employed	59,453	131,289	71,836	54.7%
Insurance	31,568	39,902	8,333	20.9%
Employee Benefits	447,034	515,923	68,889	13.4%
Miscellaneous general	135,035	145,357	10,321	7.1%
Total Administrative and General	<u>1,009,534</u>	<u>1,181,843</u>	<u>172,309</u>	<u>14.6%</u>
Total Operation, Customer, & Admin Expenses	<u>2,059,290</u>	<u>2,241,478</u>	<u>182,188</u>	<u>8.1%</u>
Depreciation	1,095,309	1,128,749	33,439	3.0%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>\$ 3,154,600</u>	<u>3,370,227</u>	<u>215,628</u>	<u>6.4%</u>
<b>OPERATING INCOME</b>	<u>\$ 38,726</u>	<u>(40,007)</u>	<u>78,733</u>	<u>196.8%</u>