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# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

November 16, 2018

PROPOSE AS CONSENT

TO: John Crooks

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

FROM: Renee Schmid, Director of Finance and Administration

SUBJECT: Financial Results for October, 2018

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

Month to Date and Year to Date Financial Results – October, 2018

- 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 – October, 2018

- Total Utility Operating Revenues for the month of October totaled \$5.0 million and were unfavorable to budget by \$720k or 12.6%. Electric revenues were unfavorable to budget by \$694k or 13.6% driven by lower than plan sales volume in the residential and industrial revenue groups and lower than plan power cost adjustment revenue. Water revenues were also unfavorable to budget by \$25k or 4.2% driven by lower than plans sales volume in all revenue groups.
- Total operating expenses were \$3.6 million and were favorable to budget by \$42k or 1.1%. Total purchased power expense in October was \$2.4 million and was \$68k or 2.7% lower than budget for the month. Total Operating Expense for electric including purchased power was \$3.2 million and was favorable to budget by \$35k or 1.1% due to lower than plan purchased power costs of \$68k, lower than plan administrative and general expense of \$51k, and partially offset by higher than plan operation and maintenance expenses of \$78k for street lighting projects at Windermere and conservation expenses of \$11k. Total Operating Expense for Water was \$383k and was favorable to budget by \$7k or 1.9% due to lower than plan operation and maintenance expenses.



# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

- Total Utility Operating Income was \$1.4 million and was \$0.7 million unfavorable to budget due to lower than plan operating revenues of \$0.7 million.
- Total Utility Non-Operating Revenue was \$133k and was favorable to budget by \$88k due to higher than plan rental and miscellaneous income of \$21k, investment income of \$50k, and gains on disposition of transformers in electric and a truck in the water department \$18k.
- Capital Contributions for the month of October were a negative \$586k and were unfavorable to budget by \$752k. The negative number includes the reversal of a water connection fee that was recognized in July and will now be collected over two years under a payment plan.
- Municipal contributions to the City of Shakopee totaled \$202k and were lower than plan by \$8.3k or 3.9%.
- Change in Net Position was an increase of \$0.7 million and was unfavorable to budget by \$1.3 million due to lower than plan operating revenues of \$0.7 million and lower than plan and capital contributions of \$0.7 million, and partially offset by higher than plan non-operating income of \$0.1 million.
- Electric usage billed to customers in October was 38,495,898 kWh, a 14.7% decrease from September usage billed at 45,121,925 kWh.
- Water usage billed to customers in October was 172.3 million gallons, a 32.5% decrease from September usage billed at 255.2 million gallons.

## Year to Date Financial Results – October, 2018

- Total Utility Operating Revenue year to date October was \$47.9 million and was favorable to budget by \$1.7 million or 3.7%. Electric revenues totaled \$43.0 million and were favorable to budget by \$1.6 million or 3.8% driven by higher than plan energy sales in all revenue groups and higher power cost adjustment revenues. Water revenues totaled \$4.9 million and were favorable to budget by \$131k or 2.7% driven by higher than plan sales volumes in all revenue groups.
- Total Utility Operating Expenses year to date October were \$40.6 million and were favorable to budget by \$0.3 million or 0.7% primarily due to timing of expenditures in energy conservation of \$0.5 million, and administrative and other general expense of \$0.9 million due to timing of employee benefits and outside services expense, and were partially offset by higher than plan purchased power costs of \$1.1 million driven by higher sales and cost of purchased power per kwh, and higher than plan operation and maintenance expense of \$59k. Total Operating Expense for electric including purchased power was \$36.9 million and was favorable to budget by \$75k or 0.2%. Total Operating Expense for Water was \$3.7 million and was favorable to budget by \$204k or 5.2%.
- Total Utility Operating Income was \$7.3 million and was favorable to budget by \$2.0 million driven by higher than planned operating revenues of \$1.7 million and lower than plan operating expenses of \$0.3 million.



# SHAKOPEE PUBLIC UTILITIES

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- Total Utility Non-Operating expense was \$745k and was favorable to budget by \$387k due to higher than planned investment income of \$233k, higher than plan rental and miscellaneous income of \$103k, and a \$66k net gain on the sale of equipment, and was partially offset by higher than plan interest expense of \$14k due to an increase in interest rates paid customers for utility deposits. Year to date non-operating expense includes the write down of \$217k in amortization of debt issuance and loss on refunding costs reflecting the redemption of the final outstanding debt issue.
- YTD Capital Contributions were \$3.3 million and are favorable to budget by \$1.7 million due to higher than planned collection of water connection fees of \$1.5 million driven by new development, higher than plan capital contributions of \$0.4 million, and partially offset by lower than plan trunk water fees of \$0.2 million.
- Municipal contributions to the City of Shakopee totaled \$2.0 million year to date and are lower than plan by \$83k or 4.0%. 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 \$9.4 million and is favorable to budget by \$4.1 million reflecting higher than plan operating income of \$2.0 million, higher than plan non-operating revenues of \$0.4 million, and higher than plan capital contributions of \$1.7 million.



**SHAKOPEE PUBLIC UTILITIES**  
**MONTH TO DATE FINANCIAL RESULTS**  
**OCTOBER 2018**



**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 - October 2018			Month to Date Budget - October 2018			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>	\$ 4,421,436	580,196	5,001,632	5,115,806	605,529	5,721,335	(694,370) -13.6%	(25,333) -4.2%	(719,703) -12.6%			
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	3,043,304	253,664	3,296,968	3,074,640	261,294	3,335,933	31,336 1.0%	7,630 2.9%	38,966 1.2%			
Depreciation	196,268	129,257	325,525	199,558	128,912	328,470	3,290 1.6%	(344) -0.3%	2,945 0.9%			
Amortization of Plant Acquisition	-	-	-	-	-	-	- 0.0%	-	- 0.0%			
Total Operating Expenses	3,239,572	382,920	3,622,492	3,274,197	390,206	3,664,403	34,625 1.1%	7,286 1.9%	41,911 1.1%			
Operating Income	1,181,864	197,275	1,379,140	1,841,609	215,322	2,056,932	(659,745) -35.8%	(18,047) -8.4%	(677,792) -33.0%			
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	37,328	1,302	38,629	15,783	1,390	17,173	21,544 136.5%	(88) -6.4%	21,456 124.9%			
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	- 0.0%	-	- 0.0%			
Investment Income	51,041	21,019	72,060	16,940	5,511	22,451	34,102 201.3%	15,508 281.4%	49,609 221.0%			
Interest Expense	(3,214)	(93)	(3,307)	(1,805)	(29)	(1,834)	(1,409) -78.0%	(64) -223.5%	(1,473) -80.3%			
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	- 0.0%	-	- 0.0%			
Gain/(Loss) on the Disposition of Property	11,979	6,260	18,239	-	-	-	11,979 -	6,260 -	18,239 0.0%			
Total Non-Operating Revenue (Expense)	104,635	28,488	133,122	38,418	6,872	45,290	66,217 172.4%	21,615 314.5%	87,832 193.9%			
Income Before Contributions and Transfers	1,286,499	225,763	1,512,262	1,880,027	222,195	2,102,222	(593,528) -31.6%	3,568 1.6%	(589,960) -28.1%			
<b>CAPITAL CONTRIBUTIONS</b>	118,173	(703,949)	(585,776)	-	166,373	166,373	118,173 -	(870,323) -523.1%	(752,150) -452.1%			
<b>TRANSFER TO MUNICIPALITY</b>	(118,003)	(83,500)	(201,503)	(122,048)	(87,715)	(209,763)	4,045 3.3%	4,215 4.8%	8,260 3.9%			
<b>CHANGE IN NET POSITION</b>	\$ 1,286,669	(561,686)	724,983	1,757,979	300,853	2,058,833	(471,310) -26.8%	(862,540) -286.7%	(1,333,850) -64.8%			

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

	MTD Actual	MTD Budget	MTD Actual v. Budget	
	October 2018	October 2018	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 1,529,416	1,683,464	(154,048)	-9.2%
Commercial and Industrial	2,786,207	3,327,764	(541,556)	-16.3%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	4,315,624	5,011,228	(695,604)	-13.9%
Forfeited Discounts	27,386	20,453	6,933	33.9%
Free service to the City of Shakopee	14,003	13,853	150	1.1%
Conservation program	64,423	70,272	(5,849)	-8.3%
Total Operating Revenues	4,421,436	5,115,806	(694,370)	-13.6%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	2,441,757	2,509,391	67,633	2.7%
Distribution operation expenses	32,036	37,222	5,186	13.9%
Distribution system maintenance	156,540	69,157	(87,384)	-126.4%
Maintenance of general plant	16,984	21,340	4,356	20.4%
Total Operation and Maintenance	2,647,318	2,637,110	(10,208)	-0.4%
Customer Accounts				
Meter Reading	10,413	9,133	(1,280)	-14.0%
Customer records and collection	47,697	50,754	3,057	6.0%
Energy conservation	70,096	59,003	(11,093)	-18.8%
Total Customer Accounts	128,206	118,890	(9,316)	-7.8%
Administrative and General				
Administrative and general salaries	52,693	51,183	(1,510)	-3.0%
Office supplies and expense	7,345	15,839	8,494	53.6%
Outside services employed	24,637	26,316	1,679	6.4%
Insurance	11,324	12,164	841	6.9%
Employee Benefits	145,682	175,315	29,634	16.9%
Miscellaneous general	26,099	37,822	11,723	31.0%
Total Administrative and General	267,780	318,640	50,860	16.0%
Total Operation, Customer, & Admin Expenses	3,043,304	3,074,640	31,336	1.0%
Depreciation	196,268	199,558	3,290	1.6%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	\$ 3,239,572	3,274,197	34,625	1.1%
<b>OPERATING INCOME</b>	<b>\$ 1,181,864</b>	<b>1,841,609</b>	<b>(659,745)</b>	<b>-35.8%</b>

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

	MTD Actual	MTD Budget	MTD Actual v. Budget	
	October 2018	October 2018	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 576,400	603,664	(27,264)	-4.5%
Forfeited Discounts	3,795	1,865	1,931	103.5%
Uncollectible accounts	0	-	0	-
Total Operating Revenues	580,196	605,529	(25,333)	-4.2%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	44,993	42,942	(2,051)	-4.8%
Pumping and distribution maintenance	19,347	28,572	9,225	32.3%
Power for pumping	22,967	23,949	982	4.1%
Maintenance of general plant	1,781	5,221	3,440	65.9%
Total Operation and Maintenance	89,088	100,684	11,596	11.5%
Customer Accounts				
Meter Reading	5,452	5,160	(292)	-5.7%
Customer records and collection	12,890	13,203	313	2.4%
Energy conservation	-	-	-	-
Total Customer Accounts	18,342	18,363	21	0.1%
Administrative and General				
Administrative and general salaries	34,912	32,157	(2,755)	-8.6%
Office supplies and expense	2,991	7,174	4,183	58.3%
Outside services employed	42,708	13,483	(29,225)	-216.8%
Insurance	3,775	4,055	280	6.9%
Employee Benefits	49,741	63,870	14,129	22.1%
Miscellaneous general	12,107	21,508	9,401	43.7%
Total Administrative and General	146,234	142,247	(3,987)	-2.8%
Total Operation, Customer, & Admin Expenses	253,664	261,294	7,630	2.9%
Depreciation	129,257	128,912	(344)	-0.3%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	382,920	390,206	7,286	1.9%
<b>OPERATING INCOME</b>	<b>\$ 197,275</b>	<b>215,322</b>	<b>(18,047)</b>	<b>-8.4%</b>



**SHAKOPEE PUBLIC UTILITIES**  
**YEAR TO DATE FINANCIAL RESULTS**  
**OCTOBER 2018**



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

	Year to Date Actual - October 2018			Year to Date Budget - October 2018			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>	\$ 43,019,031	4,978,035	47,997,066	41,432,232	4,847,019	46,279,251	1,586,799	3.8%	131,016	2.7%	1,717,815	3.7%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	34,926,682	2,442,938	37,369,620	34,968,691	2,650,603	37,619,294	42,009	0.1%	207,665	7.8%	249,674	0.7%
Depreciation	1,962,682	1,292,566	3,255,247	1,995,577	1,289,124	3,284,701	32,895	1.6%	(3,441)	-0.3%	29,454	0.9%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	36,889,363	3,735,504	40,624,867	36,964,268	3,939,727	40,903,995	74,904	0.2%	204,224	5.2%	279,128	0.7%
Operating Income	6,129,668	1,242,531	7,372,199	4,467,964	907,291	5,375,256	1,661,703	37.2%	335,240	36.9%	1,996,943	37.2%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	246,102	177,405	423,507	157,834	162,861	320,694	88,268	55.9%	14,544	8.9%	102,812	32.1%
Interdepartment Rent from Water	75,000	-	75,000	75,000	-	75,000	-	0.0%	-	-	-	0.0%
Investment Income	273,195	183,890	457,085	169,397	55,111	224,507	103,798	61.3%	128,780	233.7%	232,578	103.6%
Interest Expense	(59,243)	(794)	(60,037)	(45,414)	(287)	(45,701)	(13,829)	-30.4%	(507)	-176.8%	(14,336)	-31.4%
Amortization of Debt Issuance Costs and Loss on Refunding	(216,694)	-	(216,694)	(216,694)	-	(216,694)	-	0.0%	-	0.0%	-	0.0%
Gain/(Loss) on the Disposition of Property	59,999	6,260	66,259	-	-	-	59,999	0.0%	6,260	-	66,259	-
Total Non-Operating Revenue (Expense)	378,358	366,762	745,119	140,122	217,685	357,807	238,236	170.0%	149,077	68.5%	387,313	108.2%
Income Before Contributions and Transfers	6,508,025	1,609,293	8,117,318	4,608,086	1,124,976	5,733,062	1,899,939	41.2%	484,317	43.1%	2,384,256	41.6%
<b>CAPITAL CONTRIBUTIONS</b>	368,136	2,970,063	3,338,199	-	1,663,734	1,663,734	368,136	-	1,306,330	78.5%	1,674,465	100.6%
<b>MUNICIPAL CONTRIBUTION</b>	(1,179,720)	(834,987)	(2,014,707)	(1,220,477)	(877,150)	(2,097,628)	40,757	3.3%	42,164	4.8%	82,921	4.0%
<b>CHANGE IN NET POSITION</b>	\$ 5,696,441	3,744,369	9,440,810	3,387,609	1,911,559	5,299,168	2,308,832	68.2%	1,832,810	95.9%	4,141,642	78.2%

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

	YTD Actual	YTD Budget	YTD Actual v. Budget	
	October 2018	October 2018	Better/(Worse)	%
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 15,463,715	14,375,305	1,088,410	7.6%
Commercial and Industrial	26,569,850	26,110,526	459,324	1.8%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	42,033,565	40,485,831	1,547,734	3.8%
Forfeited Discounts	218,367	204,529	13,838	6.8%
Free service to the City of Shakopee	140,031	138,535	1,496	1.1%
Conservation program	627,068	603,337	23,731	3.9%
Total Operating Revenues	43,019,031	41,432,232	1,586,799	3.8%
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	30,287,071	29,203,206	(1,083,865)	-3.7%
Distribution operation expenses	357,266	372,224	14,958	4.0%
Distribution system maintenance	697,935	691,566	(6,370)	-0.9%
Maintenance of general plant	213,732	213,404	(328)	-0.2%
Total Operation and Maintenance	31,556,004	30,480,399	(1,075,605)	-3.5%
Customer Accounts				
Meter Reading	98,364	91,329	(7,035)	-7.7%
Customer records and collection	455,916	507,541	51,624	10.2%
Energy conservation	116,523	590,028	473,505	80.3%
Total Customer Accounts	670,803	1,188,897	518,094	43.6%
Administrative and General				
Administrative and general salaries	518,281	511,834	(6,447)	-1.3%
Office supplies and expense	116,671	158,391	41,720	26.3%
Outside services employed	167,569	263,158	95,589	36.3%
Insurance	106,741	121,645	14,903	12.3%
Employee Benefits	1,523,925	1,866,150	342,225	18.3%
Miscellaneous general	266,688	378,218	111,529	29.5%
Total Administrative and General	2,699,875	3,299,395	599,520	18.2%
Total Operation, Customer, & Admin Expenses	34,926,682	34,968,691	42,009	0.1%
Depreciation	1,962,682	1,995,577	32,895	1.6%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	\$ 36,889,363	36,964,268	74,904	0.2%
<b>OPERATING INCOME</b>	<b>\$ 6,129,668</b>	<b>4,467,964</b>	<b>1,661,703</b>	<b>37.2%</b>

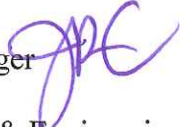



# SHAKOPEE PUBLIC UTILITIES

## WATER OPERATING REVENUE AND EXPENSE

	YTD Actual	YTD Budget	YTD Actual v. Budget	
	October 2018	October 2018	Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 4,958,586	4,828,371	130,215	2.7%
Forfeited Discounts	19,447	18,647	800	4.3%
Uncollectible accounts	1	-	1	-
Total Operating Revenues	<u>4,978,035</u>	<u>4,847,019</u>	<u>131,016</u>	<u>2.7%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	406,829	429,416	22,588	5.3%
Pumping and distribution maintenance	392,667	285,718	(106,949)	-37.4%
Power for pumping	242,770	239,490	(3,280)	-1.4%
Maintenance of general plant	31,651	52,214	20,563	39.4%
Total Operation and Maintenance	<u>1,073,916</u>	<u>1,006,838</u>	<u>(67,078)</u>	<u>-6.7%</u>
Customer Accounts				
Meter Reading	52,434	51,599	(835)	-1.6%
Customer records and collection	126,222	132,031	5,809	4.4%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>178,656</u>	<u>183,629</u>	<u>4,973</u>	<u>2.7%</u>
Administrative and General				
Administrative and general salaries	338,176	321,565	(16,611)	-5.2%
Office supplies and expense	40,453	71,742	31,289	43.6%
Outside services employed	73,675	134,832	61,157	45.4%
Insurance	35,581	40,548	4,968	12.3%
Employee Benefits	539,188	676,369	137,181	20.3%
Miscellaneous general	163,293	215,079	51,785	24.1%
Total Administrative and General	<u>1,190,366</u>	<u>1,460,135</u>	<u>269,769</u>	<u>18.5%</u>
Total Operation, Customer, & Admin Expenses	<u>2,442,938</u>	<u>2,650,603</u>	<u>207,665</u>	<u>7.8%</u>
Depreciation	1,292,566	1,289,124	(3,441)	-0.3%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>\$ 3,735,504</u>	<u>3,939,727</u>	<u>204,224</u>	<u>5.2%</u>
<b>OPERATING INCOME</b>	<u>\$ 1,242,531</u>	<u>907,291</u>	<u>335,240</u>	<u>36.9%</u>

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: 2019 ADMINISTRATIVE CAPITAL PROJECTS

DATE: November 15, 2018

Attached is the list of 2019 Administrative Capital Projects for the Commission to approve.





**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Administrative Detail**

Type	Item	Source of Request	Justification	Qty	Unit Cost	2018 Carryover	2019	
1	Gen Office Equipt	Electronic White Board/Projector/Lap Top - Conference Room B	Plan/Eng	Map Display for Engineering Meetings/Presentations		-	12,400	
2	Gen Office Equipt	File shelving/Scanning Equipment	F&A	Record retention (10 shelf units at \$500/2 scanners at \$2,000 ea)		-	9,000	
3	Gen Office Equipt	Cube Build Out	F&A	Staff Addition			7,000	
4	Gen Office Equipt	Electronic White Board/Projector/Lap Top - Training Room	Plan/Eng, Water, Electric	Map Display for Meetings/Presentations/Training/Conferences		-		
5	Gen Office Equipt	Copier & Fax Upgrades	F&A - IT	Replace Aging Equipment	3	10,000	30,000	
6	Gen Office Equipt	Commission Room Interactive Display Solution	Plan/Eng	Map Display for Meetings/Presentations/Training/Conferences		-	7,000	
7	Furn & Equipment	Standing workstation	F&A-IT/Cust Svc/Eng/Admin	Employee Health and Wellness	17	900	15,300	
8	Furn & Equipment	Office Chairs	F&A	Replace service center office chairs - aging equipment	65	800	52,000	
9	Furn & Equipment	Commission Room AV Equipment	F&A - IT	Upgrade Commission Room AV Equipment & Microphones		-	-	
10	Gen Office Equipt	General office equipment	F&A - IT	General equipment replacements		-	15,000	
11	<b>Total General Office Equipment</b>						-	<b>147,700</b>
12	Hardware	Replacement computers	F&A - IT	Replace aging Equipment & 2 staff additions in Finance & Eng	14	1,000	14,000	
13	Hardware	Miscellaneous Hardware	F&A - IT	Future planning		-	-	
14	Hardware	I series Server Replacement	F&A - IT	Replace aging equipment		-	-	
15	Hardware	Spare Equipment	F&A - IT	Spare Equipment for emergency replacement(monitors/printers/etc)		-	3,000	
16	Hardware	Server room UPS maintenance/battery replacement	F&A - IT	Uninterrupted power supply & battery back up replacement	1	2,000	2,000	
17	Hardware	Web Server	Marketing	Hosted Web Solutions - Customer Service Improvement	1		30,000	
18	Hardware	Remit Plus Scanners - Payment Processing	Cust. Service	Scanner Replacements	3	4,000	-	
19	Hardware	Tablets for Trucks	Electric	2nd phase of data maps in the field	8	600	-	
20	Hardware	Electric SCADA Disk Drives	Electric	Redundancy	2	500	1,000	
21	Hardware	Wireless System Upgrade/Replacement	F&A - IT	Replace aging equipment		-	-	
22	Hardware	Fiber Ring /INET Connectivity	F&A - IT	Connectivity/Redundancy for systems/remote sites		-	78,000	
23	Hardware	Network Switches	F&A - IT	Future Standard Replacement Cycle		-	-	
24	Hardware	ShoreTel Phones	F&A - IT	Replace aging phones - compatible with Mitel	10	400	4,000	
25	Hardware	Phone System Replacement	F&A - IT	Current system no longer supported by end of 2019		-	75,000	
26	Hardware	VMware HP DL380p Server - Add Host machine	F&A - IT	To meet capacity needs (could move to 2020 if needed)		-	75,000	
27	Hardware	AS400 iSeries DR Solution Cybernetics iGuard Replication	F&A - IT	Position for Disaster Recovery & Backup/replication appliance to CPS Data Center. DR VPN Tunnel Access		-	26,356	
28	Hardware	NAS Backup Device	F&A - IT	Replacement of existing equipment	1	6,000	6,000	
29	Hardware	Vmware/Windows Backup and Disaster Recovery - Unitrends	F&A - IT	Future maintenance contracts for Vmware system		-	-	
30	Hardware	Water Scada System Replacements	Water	Server/Workstation 6 years old/needs upgrade to Windows 10	2	4,000	8,000	
31	Hardware	Lobby - Replace IPAD Kiosk	F&A - IT	Improved Customer Service	1	2,000	2,000	
32	<b>Total Hardware</b>						-	<b>324,356</b>
33	Software	Software	F&A - IT	Misc/Future budgeting		-	15,000	

**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Administrative Detail**

	Type	Item	Source of Request	Justification	Qty	Unit Cost	2018 Carryover	2019
34	Software	Microsoft Client License - CALS	Electric	Client License needed to add email & SPAM filter at user level	50	100	-	5,000
35	Software	Microsoft Windows Server 2016 Datacenter Lic	F&A - IT	Vmware Microsoft server licenses	2	6,000	-	12,000
36	<b>Total Software</b>						-	<b>32,000</b>
37	<b>Total CIP Expenditures - Administration</b>						-	<b>504,056</b>
38	<b>Cumulative CIP Expenditures - Administration</b>						-	<b>504,056</b>

SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM

TO: John Crooks, Utilities Manager  
FROM: Joseph D. Adams, Planning & Engineering Director  
SUBJECT: 2019 ELECTRIC CAPITAL PROJECTS  
DATE: November 15, 2018



Attached is the list of 2019 Electric Capital Projects for the Commission to approve.



**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018**

**Electric Summary**

Item Description	Justification	2018 Carryover	2019
<u>Operating Fund</u>			
<u>System Projects</u>			
Miscellaneous	See Detail	-	175,000
System Material & Facilities	See Detail	-	684,500
Vehicles/Equipment	See Detail	-	480,500
<u>Local Area Projects</u>			
New UG Cables & Related Cost (Net of Contribution)	See Detail	-	350,000
Replace UG Cable Projects	See Detail	-	135,000
Rebuild OH Lines	See Detail	-	275,000
<u>Major System Projects</u>			
Feeder Extension Projects	See Detail	-	1,643,750
Convert OH to UG	See Detail	-	250,000
Territory Acquisition	See Detail	-	350,000
Shakopee Substation	See Detail	-	110,000
South Shakopee Substation	See Detail	-	46,000
Pike Lake Substation	See Detail	-	80,000
Dean Lake Substation	See Detail	-	21,000
East Shakopee Substation	See Detail	-	350,000
West Shakopee Substation	See Detail	-	650,000
Upgrade Projects	See Detail	-	320,000
ADVANCED METERING INFRASTRUCTURE (AMI)	See Detail	-	50,000
Service Center	See Detail	-	160,000
<b>Total Operating Fund</b>		-	<b>6,130,750</b>
<u>Relocation Fund</u>			
Relocation Projects	See Detail	-	112,500
<b>Total Relocation Fund</b>		-	<b>112,500</b>
<b>Total Electric</b>		-	<b>6,243,250</b>
<b>Cumulative Total Electric</b>		-	<b>6,243,250</b>

**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Electric Detail**

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Item Description	Justification	2018 Carryover	2019
<b>Operating Fund</b>			
<b>System Projects</b>			
<b>Miscellaneous</b>	As Necessary	-	175,000
<b>Total Miscellaneous</b>		-	<b>175,000</b>
<b>System Material &amp; Facilities</b>			
Lateral Circuit Reconfiguration	System Reliability	-	85,000
Portable Trench Shoring Equipment	Trench Safety	-	-
SCADA Switches for Tie Switches	System Reliability	-	80,000
Meters	New Construction	-	63,000
Padmount Switches & Related	Load/Development	-	125,000
Distribution Transformers	Restock to min.	-	200,000
System Capacitors-Additional	PF Improvements	-	25,000
SCADA-Capacitor Control	Op. Efficiencies & Voltage Control	-	40,000
UG Cable Locator	Replace Old Equipment	-	-
CT Burden/3 Phase Meter Tester	Meter Tester	-	12,000
PMI	Voltage Moniotring	-	15,000
Substation Battery Charger	Spare Charger	-	5,500
Remote Cutter	Safety	-	4,000
Pole Wrap & Cover Up	Reliability	-	30,000
Meter Tester	Replace Old Equipment	-	-
<b>Total System Material &amp; Facilities</b>		-	<b>684,500</b>
<b>Vehicles/Equipment</b>			
Construction-Related Equipment-New/Additional/Replacement	Tool Replacement	-	45,000
#611 Bucket Truck 4X4 Boom	Possible \$15-\$20 K trade in value	-	100,000
#636 One Ton w/Utility Box	Life Cycle Replacement	-	55,000
Tractor/Back Hoe #638	Life Cycle Replacement	-	200,000
Pole Trailer	Life Cycle Replacement - (25 yr)	-	17,000
Chipper	Life Cycle Replacement	-	55,000
Skid Loader Trailer	New Equipment	-	8,500
#642 One Ton Dump Truck	Life Cycle Replacement	-	-
Air Compressor	Life Cycle Replacement	-	-
Backyard Digger/Bucket Truck	New Equipment	-	-
Backyard Mini Skid Loader	New Equipment	-	-
Single Wire Reel Trailer	Life Cycle Replacement	-	-
Skid Steer Loader #624	Life Cycle Replacement	-	-
#616 Double Bucket	Life Cycle Replacement	-	-
Directional Bore Equipment	New Equip for UG Construction	-	-
Vac-Tron	Life Cycle Replacement	-	-
#637 Engineering Pick Up 4X4	Life Cycle Replacement	-	-
Mini Excavator	Life Cycle Replacement	-	-
Digger Truck	Life Cycle Replacement	-	-
#610 F550 4x4 Service Truck	Life Cycle Replacement	-	-
Forklift	Life Cycle Replacement	-	-
<b>Total Vehicles/Equipment</b>		-	<b>480,500</b>

**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Electric Detail**

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Item Description	Justification	2018 Carryover	2019
<b>Local Area Projects</b>			
New UG Cables & Related Cost (Net of Contribution)	Load/Development	-	350,000
<b>Total New UG Cables &amp; Related Cost (New of Contribution)</b>		<b>-</b>	<b>350,000</b>
<b>Replace UG Cable Projects</b>			
DL-44 UG Feeder Relocation 12th Ave Recon 0.125 mile	Street Project	-	60,000
Replace UG Cable - Projects Yet To Be Determined	As Needed	-	75,000
<b>Total Replace UG Cable Projects</b>		<b>-</b>	<b>135,000</b>
<b>Rebuild OH Lines</b>			
Rebuild OH lines - as needed RP3	Change Out	-	200,000
DL-96 thru Canterbury Commons	Street Project (Shenandoah)	-	25,000
SH-08 Levee Drive 0.25 mile	Street Project	-	25,000
SH-10 Levee Drive 0.25 mile	Street Project	-	25,000
SS-31 CR 42 from CR 17 to CR 83 1.625 miles	County Project	-	-
BL-22 Stagecoach Road and Hanson Avenue	Street Project	-	-
DL-55 CR 83 from, VIBS to Hwy 169 0.75 mile	County Project	-	-
SS-31 CR 17 South of CR 42 to CR 82 0.75 mile	Street Project	-	-
SS-32 CR 15 @ Vierling Drive & Hwy 169 Ramps 0.50 mile	Roundabout Impacts	-	-
<b>Total Rebuild OH Lines</b>		<b>-</b>	<b>275,000</b>
<b>Major System Projects</b>			
<b>Feeder Extension Projects</b>			
PL-75 SBX to Stagecoach Rd 0.25 mile	Development	-	56,250
PL-73 CR18 from CR16 to Mullenhardt 0.50 mile	Load Growth	-	112,500
DL-98 New Feeder DL Sub to 4th Ave 2.00 miles	Development (Canterbury Commons)	-	450,000
DL-96 thru Canterbury Commons 0.50 mile	Load Growth	-	112,500
SS-32 CR 16 Ext. from CR15 to CR69 1.25 mile	Street Project & Development	-	112,500
SS-83 New Feeder SS Sub to CR 69&HWY169 via Xcel Easement, CR78&CR69 3.75 miles OH/UG Mix	Load Growth	-	575,000
Dean Lake Sub Exit Circuits 1.0 mile	Load Growth	-	-
SS-84 New Feeder SS Sub to CR 17 via Stonebrooke 0.75 mile	Load Growth	-	-
West Shakopee Substation Exit Circuits	Load Growth	-	-
DL-97 New Feeder DL Sub to Barendscheer Blvd 1.0 mile	Development (Canterbury Commons)	-	-
DL-42 Feeder Extension to Data Center 0.5 mile	Load Growth (Data Center)	-	-
Projects Yet to be Determined 1.0 mile	As Necessary	-	225,000
<b>Total Feeder Extension Projects</b>		<b>-</b>	<b>1,643,750</b>
Assumed Cost per mile unless noted otherwise		-	225,000
<b>Convert OH to UG</b>			
SH-08 Levee Drive 0.25 mile x 2.3 (rock)	Street Project	-	125,000
SH-10 Levee Drive 0.25 mile x 2.3 (rock)	Street Project	-	125,000
Mullenhardt Undergrounding 0.75 mile	Reliability	-	-
<b>Total Convert OH to UG</b>		<b>-</b>	<b>250,000</b>



**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Electric Detail**

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Item Description	Justification	2018 Carryover	2019
<b>102 Territory Acquisition</b>			
103 Territory Acquisition	Purchase	-	200,000
104 Territory Acquisition	Consolidation	-	150,000
<b>106 Total Territory Acquisition</b>		-	<b>350,000</b>
<b>108 Shakopee Substation</b>			
109 Land Rights	Load Growth/Downtown Re-development	-	100,000
110 Substation to County Fiber & Fiber Equipment		-	10,000
<b>111 Total Shakopee Substation</b>		-	<b>110,000</b>
<b>113 South Shakopee Substation</b>			
114 Upgrade to RTAC C3 ilex	For SCADA	-	30,000
115 Substation to County Fiber & Fiber Equipment		-	10,000
116 Heater/AC	Add AC to control building	-	6,000
117 Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	-
<b>118 Total South Shakopee Substation</b>		-	<b>46,000</b>
<b>120 Pike Lake Substation</b>			
121 SCADA C3 ilex/Schweitzer RTAC & Blue Lake	Change out C3ilex	-	50,000
122 Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	25,000
123 Substation to County Fiber & Fiber Equipment		-	5,000
<b>124 Total Pike Lake Substation</b>		-	<b>80,000</b>
<b>126 Dean Lake Substation</b>			
127 Grating T3	Safety	-	-
128 Upgrade to Schweitzer Relays	For SCADA	-	-
129 Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	-
130 Substation to County Fiber & Fiber Equipment		-	6,000
131 Dean Lake 2 Circuit Switchgear		-	-
132 Heater/AC Building 1 & 2	Add AC to control building	-	15,000
<b>133 Total Dean Lake Substation</b>		-	<b>21,000</b>
<b>135 East Shakopee Substation</b>			
136 Land Rights	Load Growth	-	350,000
<b>137 Total East Shakopee Substation</b>		-	<b>350,000</b>
<b>139 West Shakopee Substation</b>			
140 Land Rights	Load Growth	-	650,000
141 Planning/Design/Project Management	Load Growth	-	-
142 Construction	Load Growth	-	-
<b>143 Total West Shakopee Substation</b>		-	<b>650,000</b>



**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Electric Detail**

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Item Description	Justification	2018 Carryover	2019
<b>145 Upgrade Projects</b>			
146 Downtown Alley Reconstruction add duct banks	Alley paving w/concrete	-	100,000
147 SH-08 Reconductoring 4th, Spencer, Fillmore, Somerville	Load Growth	-	40,000
148 Projects yet to be determined		-	180,000
<b>149 Total Upgrade Projects</b>		-	<b>320,000</b>
<b>151 ADVANCED METERING INFRASTRUCTURE (AMI)</b>			
152 Planning/Design/Project Management	Project Planning/Design	-	50,000
153 Construction/Implementation/Hardware/Software/Training	Customer Service	-	-
<b>154 Total ADVANCED METERING INFRASTRUCTURE (AMI)</b>		-	<b>50,000</b>
<b>156 Service Center</b>			
157 SPU Signage for South Public Entrance of Service Center	Facility Security	-	20,000
158 Replace Outside Landscape Lighting	Replace Problem Lighting and Upgrade Efficiency	-	12,000
159 Repair or Replace Exhaust Fan in Garage Area (exhaust fans not working)	Replace or Repair	-	15,000
160 Miscellaneous Building Improvements/Replacements	Maint. & Requested Changes	-	45,000
161 Upgrade Security System	Safety	-	30,000
162 Elevated Work Surface		-	7,000
163 Display Case Office		-	7,000
164 Water Seal Building	Maintenance	-	20,000
165 Card Reader by Dispatch Desk		-	4,000
166 Warehouse Expansion		-	-
167 Garage Heaters	Maintenance	-	-
168 Ice Machine		-	-
169 Building Expansion Office		-	-
<b>170 Total Service Center</b>		-	<b>160,000</b>
<b>172 Total Operating Fund</b>		-	<b>6,130,750</b>
<b>175 Relocation Fund</b>			
<b>178 Relocation Projects</b>			
180 SS-31 CR 42 from CR 17 to CR 83 1.625 miles (inc. \$73,500 for pad mount regulators)	County Project	-	-
181 BL-22 Maras Street & Hanson Ave	Street Project	-	-
182 SS-32 CR 15 @ Vierling Drive & Hwy 169 Ramps 0.50 mile	Roundabout Impacts	-	-
183 DL-55 CR83 from VIBS to HWY 169 0.75 mile	County Project	-	-
184 SS-31 CR 17 South of CR 42 to CR 82 0.75 mile	Street Project	-	-
185 Projects Yet to Be Determined 0.50 Ckt. mile	As Necessary	-	112,500
<b>186 Total Relocation Projects</b>		-	<b>112,500</b>

**Shakopee Public Utilities**  
**2019 Capital Projects**  
**Final**  
**Dated: November 19, 2018**  
**Electric Detail**

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9 Item Description	Justification	2018 Carryover	2019
187			
188 <b>Total Relocation Fund</b>		-	112,500
189			
190 <b>Total Electric</b>		-	6,243,250

SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM

TO: John Crooks, Utilities Manager  
FROM: Joseph D. Adams, Planning & Engineering Director  
SUBJECT: 2019 WATER CAPITAL PROJECTS  
DATE: November 15, 2018



Attached is the list of 2019 Water Capital Projects for the Commission to approve.

**Shakopee Public Utilities**  
**2019 Capital Projects**  
**Final**  
**Dated: November 19, 2018**  
**Water Summary**

Item Description	Justification	2018 Carryover	2019
<b><u>Operating Fund</u></b>			
Miscellaneous	See Detail	250,000	587,500
System Upgrades	See Detail	-	147,400
ADVANCED METERING INFRASTRUCTURE (AMI)	See Detail	-	20,000
Vehicles/Equipment	See Detail	-	4,300
<b>Total Operating Fund</b>		<b>250,000</b>	<b>759,200</b>
<b><u>Reconstruction Fund</u></b>			
Reconstruction Projects	See Detail	-	520,000
<b>Total Reconstruction Fund</b>		<b>-</b>	<b>520,000</b>
<b><u>Trunk Fund</u></b>			
Trunk Water Mains - SPUC Projects	See Detail	-	25,000
Over Sizing - Non-SPUC Projects	See Detail	-	463,100
<b>Total Trunk Fund</b>		<b>-</b>	<b>488,100</b>
<b><u>Connection Fund</u></b>			
Wells	See Detail	-	350,000
Water Treatment	See Detail	-	-
Pump House Additions/Expansions	See Detail	-	-
New Tanks and Transmission Water Main	See Detail	-	250,000
Booster Stations	See Detail	3,671,851	-
Auxiliary Facilities	See Detail	-	-
<b>Total Connection Fund</b>		<b>3,671,851</b>	<b>600,000</b>
<b>Total Water</b>		<b>3,921,851</b>	<b>2,367,300</b>
<b>Cumulative Total Water</b>		<b>3,921,851</b>	<b>6,289,151</b>

**Shakopee Public Utilities**  
**2019 Capital Projects**  
**Final**  
**Dated: November 19, 2018**  
**Water Detail**

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Item Description	Justification	2018 Carryover	2019
<u>Operating Fund</u>			
<b>Miscellaneous</b>			
Water Meters	PM/Development	-	145,000
Landscaping	Line of sight screening Riverview Booster	-	13,500
8" Watermain Looping Boulder Pointe	Development	-	104,000
CI2 Feed Improvements	Safety/Enhanced Accuracy	-	72,000
Chemical Feed Scales	Life Cycle Replacement	-	23,000
Reservoir Maintenance	Preventative Maintenance	-	50,000
Power Wash Towers	Preventative Maintenance	-	15,000
Hydrant Replacement	As Needed	-	40,000
CR16 Valve & Hydrant Adjustments	County Trail Project CP-16-XX	-	25,000
CR 83 Valve & Hydrant Adjustments	County Road Project	-	-
8" Watermain Looping Apgar St and 2nd Avenue		250,000	100,000
<b>Total Miscellaneous</b>		<b>250,000</b>	<b>587,500</b>
<b>System Upgrades</b>			
Reservoir Mixers	Water Quality	-	35,000
Sidewalk Repair	Safety/Maintenance	-	5,000
CI2 Leak Detection Upgrade	Safety/Lifecycle Replacement	-	13,500
SCADA Communications Upgrade	Water System Reliability	-	57,900
Sealcoat Drives/Repair	Preventative Maintenance	-	5,000
Driveway Replacement PH 6	Preventative Maintenance	-	16,000
Miscellaneous Equipment	As Needed	-	15,000
<b>Total System Upgrades</b>		<b>-</b>	<b>147,400</b>
<b>ADVANCED METERING INFRASTRUCTURE (AMI)</b>			
Planning/Design/Project Management	Project Planning/Design	-	20,000
Construction/Implementation/Hardware/Software/Training	Customer Service	-	-
<b>Total ADVANCED METERING INFRASTRUCTURE (AMI)</b>		<b>-</b>	<b>20,000</b>
<b>Vehicles/Equipment</b>			
Portable Pressure Calibrator	Water Quality	-	4,300
Replace Truck #622	Life Cycle Replacement	-	-



**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Water Detail**

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

**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Water Detail**

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Item Description	Justification	2018 Carryover	2019
12" WM West of Tank Site thru area B to CR69 0.25 mile	Development	-	-
12"WM West of CR 69 thru area B 0.50 mile 2-HES	Development	-	-
12" WM CR 69 South of HWY 169 0.50 mile 1-HES to 2-HES	Development	-	-
12" WM West of CR 69 thru area B 0.50 mile 1-HES	Development	-	-
12" WM Parallel to CR 69 South from CR 16 0.25 mile 2-HES	Development	-	-
12" WM Horizon Drive across CR 18 to Foothill Road 2-HES (1.0 mile) 2 HES to NES	Development	-	-
8" WM on Muhlenhardt Rd 0.50 mile 1-HES to 2-HES	Development	-	-
Projects to be determined		-	92,000
<b>Total Over Sizing - Non-SPUC Projects</b>		-	<b>463,100</b>
<b>Total Trunk Fund</b>		-	<b>488,100</b>
<b><u>Connection Fund</u></b>			
<b>Wells</b>			
2-HES Well/Tank Site @ South of Windermere	Development	-	350,000
1 or 2-HES Jordan Well @ South of Windermere or @Windermere Booster	Development	-	-
<b>Total Wells</b>		-	<b>350,000</b>
<b>Water Treatment</b>			
NES Jordan Well #22 Submersible (Pump House No. 3 modifications)	Radium Remediation	-	-
Water Treatment Plant	Water Quality	-	-
<b>Total Water Treatment</b>		-	-
<p><b>Note: NES Well #22 and The Water Treatment Plant are not currently needed, they are put into the budget as placeholders as contingencies in the event they become necessary.</b></p>			
<b>Pump House Additions/Expansions</b>			
2-HES Pump House @ South of Windermere	Development	-	-
<b>Total Pump House Additions/Expansions</b>		-	-
<b>New Tanks and Transmission Water Main</b>			

**Shakopee Public Utilities  
2019 Capital Projects  
Final  
Dated: November 19, 2018  
Water Detail**

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Item Description	Justification	2018 Carryover	2019
104 2-HES District Storage (0.5 MG, Elevated Tank) @ South of Windermere	Development	-	130,000
105 Transmission Watermain Equivalent (16"vs. 12") Windermere Booster Station to 2-HES Tank	Development	-	120,000
<b>106 Total New Tanks and Transmission Water Main</b>		<b>-</b>	<b>250,000</b>
<b>108 Booster Stations</b>			
109 Booster Station @ Windermere 1-HES to 2-HES	Development	3,671,851	-
<b>110 Total Booster Stations</b>		<b>3,671,851</b>	<b>-</b>
<b>112 Auxiliary Facilities</b>			
113 Inline Booster Station Site @ Foothill Road and Horizon Drive	Development	-	-
114 Inline Booster Station @ Foothill and Horizon NES to 2 HES	Development	-	-
115 Pressure Reducing Valve - 2-HES to 1-HES @ Horizon Drive and trail bend	Development	-	-
116 Pressure Reducing Valve - 2-HES to 1-HES @ Muhlenhardt Rd	Development	-	-
117 Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	Development	-	-
<b>118 Total Auxiliary Facilities</b>		<b>-</b>	<b>-</b>
<b>120 Total Connection Fund</b>		<b>3,671,851</b>	<b>600,000</b>
<b>122 Total Water</b>		<b>3,921,851</b>	<b>2,367,300</b>

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: 2019-2023 FINAL CAPITAL IMPROVEMENT PLAN  
DATE: November 15, 2018

ISSUE

Attached is the 2019-2023 Final Capital Improvement Plan for the Commission's consideration. This plan covers water, electric and administrative system improvements for the five-year period 2019-2023.

This is the same information presented to the Commission as the 2019-2023 Semi-Final CIP on November 5, 2018.

Staff requests that the Commission *ACCEPT* the Final 2019-2023 CIP.



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

Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
1 General Office Equipment	See detail	-	147,700	140,000	100,000	100,000	100,000
2 Hardware	See detail	-	324,356	155,800	260,878	197,450	230,450
3 Software	See detail	-	32,000	30,000	30,000	30,000	30,000
4							
5 <b>Total Administrative</b>		<b>\$0</b>	<b>\$504,056</b>	<b>\$325,800</b>	<b>\$390,878</b>	<b>\$327,450</b>	<b>\$360,450</b>
6							
7 <b>Cumulative Total Administrative</b>		<b>\$0</b>	<b>\$504,056</b>	<b>\$829,856</b>	<b>\$1,220,734</b>	<b>\$1,548,184</b>	<b>\$1,908,634</b>
	Electric	\$0	\$378,042	\$244,350	\$293,159	\$245,588	\$270,338
	Water	\$0	\$126,014	\$81,450	\$97,720	\$81,863	\$90,113



**Shakopee Public Utilities  
Capital Improvement Plan  
Final  
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Administrative Detail**

Type	Item	Source of Request	Justification	Qty	Unit Cost	2018 Carryover	2019	2020	2021	2022	2023	
1	Gen Office Equip	Electronic White Board/Projector/Lap Top - Conference Room B	Plan/Eng	Map Display for Engineering Meetings/Presentations		-	12,400	-	-	-	-	
2	Gen Office Equip	File shelving/Scanning Equipment	F&A	Record retention (10 shelf units at \$500/2 scanners at \$2,000 ea)		-	9,000	-	-	-	-	
3	Gen Office Equip	Cube Build Out	F&A	Staff Addition		-	7,000	-	-	-	-	
4	Gen Office Equip	Electronic White Board/Projector/Lap Top - Training Room	Plan/Eng, Water, Electric	Map Display for Meetings/Presentations/Training/Conferences		-	-	15,000	-	-	-	
5	Gen Office Equip	Copier & Fax Upgrades	F&A - IT	Replace Aging Equipment	3	10,000	-	30,000	-	-	-	
6	Gen Office Equip	Commission Room Interactive Display Solution	Plan/Eng	Map Display for Meetings/Presentations/Training/Conferences		-	7,000	-	-	-	-	
7	Furn & Equipment	Standing workstation	F&A-IT/Cust Svc/Eng/Admin	Employee Health and Wellness	17	900	-	15,300	-	-	-	
8	Furn & Equipment	Office Chairs	F&A	Replace service center office chairs - aging equipment	65	800	-	52,000	-	-	-	
9	Furn & Equipment	Commission Room AV Equipment	F&A - IT	Upgrade Commission Room AV Equipment & Microphones		-	-	100,000	-	-	-	
10	Gen Office Equip	General office equipment	F&A - IT	General equipment replacements		-	15,000	25,000	100,000	100,000	100,000	
11	<b>Total General Office Equipment</b>						-	<b>147,700</b>	<b>140,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
12	Hardware	Replacement computers	F&A - IT	Replace aging Equipment & 2 staff additions in Finance & Eng	14	1,000	-	14,000	14,000	14,000	14,000	
13	Hardware	Miscellaneous Hardware	F&A - IT	Future planning		-	-	50,000	125,000	125,000	125,000	
14	Hardware	I series Server Replacement	F&A - IT	Replace aging equipment		-	-	-	50,000	-	-	
15	Hardware	Spare Equipment	F&A - IT	Spare Equipment for emergency replacement(monitors/printers/etc)		-	3,000	3,000	3,000	3,000	3,000	
16	Hardware	Server room UPS maintenance/battery replacement	F&A - IT	Uninterrupted power supply & battery back up replacement	1	2,000	-	2,000	2,000	2,000	2,000	
17	Hardware	Web Server	Marketing	Hosted Web Solutions - Customer Service Improvement	1	-	30,000	-	-	-	-	
18	Hardware	Remit Plus Scanners - Payment Processing	Cust. Service	Scanner Replacements	3	4,000	-	-	12,000	-	-	
19	Hardware	Tablets for Trucks	Electric	2nd phase of data maps in the field	8	600	-	-	4,800	-	-	
20	Hardware	Electric SCADA Disk Drives	Electric	Redundancy	2	500	-	1,000	-	-	-	
21	Hardware	Wireless System Upgrade/Replacement	F&A - IT	Replace aging equipment		-	-	-	-	-	25,000	
22	Hardware	Fiber Ring /INET Connectivity	F&A - IT	Connectivity/Redundancy for systems/remote sites		-	78,000	50,000	50,000	50,000	50,000	
23	Hardware	Network Switches	F&A - IT	Future Standard Replacement Cycle		-	-	20,000	-	-	-	
24	Hardware	ShoreTel Phones	F&A - IT	Replace aging phones - compatible with Mitel	10	400	-	4,000	-	-	-	
25	Hardware	Phone System Replacement	F&A - IT	Current system no longer supported by end of 2019		-	75,000	-	-	-	-	
26	Hardware	VMware HP DL380p Server - Add Host machine	F&A - IT	To meet capacity needs (could move to 2020 if needed)		-	75,000	-	-	-	-	
27	Hardware	AS400 iSeries DR Solution Cybernetics iGuard Replication	F&A - IT	Position for Disaster Recovery & Backup/replication appliance to CPS Data Center. DR VPN Tunnel Access		-	26,356	-	-	-	-	
28	Hardware	NAS Backup Device	F&A - IT	Replacement of existing equipment	1	6,000	-	6,000	-	-	-	
29	Hardware	Vmware/Windows Backup and Disaster Recovery - Unitrends	F&A - IT	Future maintenance contracts for Vmware system		-	-	-	16,878	3,450	3,450	
30	Hardware	Water Scada System Replacements	Water	Server/Workstation 6 years old/needs upgrade to Windows 10	2	4,000	-	8,000	-	-	8,000	
31	Hardware	Lobby - Replace IPAD Kiosk	F&A - IT	Improved Customer Service	1	2,000	-	2,000	-	-	-	
32	<b>Total Hardware</b>						-	<b>324,356</b>	<b>155,800</b>	<b>260,878</b>	<b>197,450</b>	<b>230,450</b>
33	Software	Software	F&A - IT	Misc/Future budgeting		-	15,000	30,000	30,000	30,000	30,000	

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

	Type	Item	Source of Request	Justification	Qty	Unit Cost	2018 Carryover	2019	2020	2021	2022	2023
34	Software	Microsoft Client License - CALS	Electric	Client License needed to add email & SPAM filter at user level	50	100	-	5,000	-	-	-	-
35	Software	Microsoft Windows Server 2016 Datacenter Lic	F&A - IT	Vmware Microsoft server licenses	2	6,000	-	12,000	-	-	-	-
36	<b>Total Software</b>						-	<b>32,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
37	<b>Total CIP Expenditures - Administration</b>						-	<b>504,056</b>	<b>325,800</b>	<b>390,878</b>	<b>327,450</b>	<b>360,450</b>
38	<b>Cumulative CIP Expenditures - Administration</b>						-	<b>504,056</b>	<b>829,856</b>	<b>1,220,734</b>	<b>1,548,184</b>	<b>1,908,634</b>

**Shakopee Public Utilities  
Capital Improvement Plan  
Final**

**Dated: November 19, 2018**

**Electric Summary**

Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<b><u>Operating Fund</u></b>							
<b><u>System Projects</u></b>							
Miscellaneous	See Detail	-	175,000	175,000	175,000	175,000	175,000
System Material & Facilities	See Detail	-	684,500	560,000	495,000	510,000	495,000
Vehicles/Equipment	See Detail	-	480,500	351,000	395,000	460,000	550,000
<b><u>Local Area Projects</u></b>							
New UG Cables & Related Cost (Net of Contribution)	See Detail	-	350,000	350,000	400,000	400,000	450,000
Replace UG Cable Projects	See Detail	-	135,000	75,000	75,000	75,000	75,000
Rebuild OH Lines	See Detail	-	275,000	437,500	275,000	275,000	250,000
<b><u>Major System Projects</u></b>							
Feeder Extension Projects	See Detail	-	1,643,750	585,000	303,750	542,750	1,157,750
Convert OH to UG	See Detail	-	250,000	35,000	-	-	-
Territory Acquisition	See Detail	-	350,000	100,000	100,000	100,000	100,000
Shakopee Substation	See Detail	-	110,000	-	-	-	-
South Shakopee Substation	See Detail	-	46,000	-	30,000	-	-
Pike Lake Substation	See Detail	-	80,000	-	-	-	-
Dean Lake Substation	See Detail	-	21,000	105,000	-	-	-
East Shakopee Substation	See Detail	-	350,000	-	-	-	-
West Shakopee Substation	See Detail	-	650,000	-	200,000	4,400,000	-
Upgrade Projects	See Detail	-	320,000	290,000	200,000	210,000	220,000
ADVANCED METERING INFRASTRUCTURE (AMI)	See Detail	-	50,000	1,770,000	1,820,000	1,700,000	-
Service Center	See Detail	-	160,000	125,000	3,045,000	45,000	4,052,000
<b>Total Operating Fund</b>		<b>-</b>	<b>6,130,750</b>	<b>4,958,500</b>	<b>7,513,750</b>	<b>8,892,750</b>	<b>7,524,750</b>
<b><u>Relocation Fund</u></b>							
Relocation Projects	See Detail	-	112,500	342,750	232,500	52,000	384,000
<b>Total Relocation Fund</b>		<b>-</b>	<b>112,500</b>	<b>342,750</b>	<b>232,500</b>	<b>52,000</b>	<b>384,000</b>
<b>Total Electric</b>		<b>-</b>	<b>6,243,250</b>	<b>5,301,250</b>	<b>7,746,250</b>	<b>8,944,750</b>	<b>7,908,750</b>
<b>Cumulative Total Electric</b>		<b>-</b>	<b>6,243,250</b>	<b>11,544,500</b>	<b>19,290,750</b>	<b>28,235,500</b>	<b>36,144,250</b>



**Shakopee Public Utilities  
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Dated: November 19, 2018  
Electric Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<b>Operating Fund</b>							
<b>System Projects</b>							
<b>Miscellaneous</b>	As Necessary	-	175,000	175,000	175,000	175,000	175,000
<b>Total Miscellaneous</b>		-	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>
<b>System Material &amp; Facilities</b>							
Lateral Circuit Reconfiguration	System Reliability	-	85,000	25,000	25,000	25,000	25,000
Portable Trench Shoring Equipment	Trench Safety	-	-	-	-	-	-
SCADA Switches for Tie Switches	System Reliability	-	80,000	80,000	-	-	-
Meters	New Construction	-	63,000	55,000	50,000	50,000	50,000
Padmount Switches & Related	Load/Development	-	125,000	125,000	150,000	150,000	150,000
Distribution Transformers	Restock to min.	-	200,000	200,000	205,000	205,000	205,000
System Capacitors-Additional	PF Improvements	-	25,000	25,000	25,000	25,000	25,000
SCADA-Capacitor Control	Op. Efficiencies & Voltage Control	-	40,000	40,000	40,000	40,000	40,000
UG Cable Locator	Replace Old Equipment	-	-	10,000	-	-	-
CT Burden/3 Phase Meter Tester	Meter Tester	-	12,000	-	-	-	-
PMI	Voltage Moniotring	-	15,000	-	-	-	-
Substation Battery Charger	Spare Charger	-	5,500	-	-	-	-
Remote Cutter	Safety	-	4,000	-	-	-	-
Pole Wrap & Cover Up	Reliability	-	30,000	-	-	-	-
Meter Tester	Replace Old Equipment	-	-	-	-	15,000	-
<b>Total System Material &amp; Facilities</b>		-	<b>684,500</b>	<b>560,000</b>	<b>495,000</b>	<b>510,000</b>	<b>495,000</b>
<b>Vehicles/Equipment</b>							
Construction-Related Equipment-New/Additional/Replacement	Tool Replacement	-	45,000	45,000	45,000	45,000	45,000
#611 Bucket Truck 4X4 Boom	Possible \$15-\$20 K trade in value	-	100,000	-	-	-	-
#636 One Ton w/Utility Box	Life Cycle Replacement	-	55,000	-	-	-	-
Tractor/Back Hoe #638	Life Cycle Replacement	-	200,000	-	-	-	-
Pole Trailer	Life Cycle Replacement - (25 yr)	-	17,000	-	-	-	-
Chipper	Life Cycle Replacement	-	55,000	-	-	-	-
Skid Loader Trailer	New Equipment	-	8,500	-	-	-	-
#642 One Ton Dump Truck	Life Cycle Replacement	-	-	50,000	-	-	-
Air Compressor	Life Cycle Replacement	-	-	30,000	-	-	-
Backyard Digger/Bucket Truck	New Equipment	-	-	175,000	-	-	-
Backyard Mini Skid Loader	New Equipment	-	-	40,000	-	-	-
Single Wire Reel Trailer	Life Cycle Replacement	-	-	11,000	-	-	-
Skid Steer Loader #624	Life Cycle Replacement	-	-	-	50,000	-	-
#616 Double Bucket	Life Cycle Replacement	-	-	-	300,000	-	-
Directional Bore Equipment	New Equip for UG Construction	-	-	-	-	250,000	-
Vac-Tron	Life Cycle Replacement	-	-	-	-	55,000	-
#637 Engineering Pick Up 4X4	Life Cycle Replacement	-	-	-	-	50,000	-
Mini Excavator	Life Cycle Replacement	-	-	-	-	60,000	-
Digger Truck	Life Cycle Replacement	-	-	-	-	-	300,000
#610 F550 4x4 Service Truck	Life Cycle Replacement	-	-	-	-	-	175,000
Forklift	Life Cycle Replacement	-	-	-	-	-	30,000
<b>Total Vehicles/Equipment</b>		-	<b>480,500</b>	<b>351,000</b>	<b>395,000</b>	<b>460,000</b>	<b>550,000</b>



**Shakopee Public Utilities  
Capital Improvement Plan  
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Electric Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<b>Local Area Projects</b>							
New UG Cables & Related Cost (Net of Contribution)	Load/Development	-	350,000	350,000	400,000	400,000	450,000
<b>Total New UG Cables &amp; Related Cost (New of Contribution)</b>		-	<b>350,000</b>	<b>350,000</b>	<b>400,000</b>	<b>400,000</b>	<b>450,000</b>
<b>Replace UG Cable Projects</b>							
DL-44 UG Feeder Relocation 12th Ave Recon 0.125 mile	Street Project	-	60,000	-	-	-	-
Replace UG Cable - Projects Yet To Be Determined	As Needed	-	75,000	75,000	75,000	75,000	75,000
<b>Total Replace UG Cable Projects</b>		-	<b>135,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Rebuild OH Lines</b>							
Rebuild OH lines - as needed RP3	Change Out	-	200,000	200,000	200,000	200,000	200,000
DL-96 thru Canterbury Commons	Street Project (Shenandoah)	-	25,000	-	-	-	-
SH-08 Levee Drive 0.25 mile	Street Project	-	25,000	-	-	-	-
SH-10 Levee Drive 0.25 mile	Street Project	-	25,000	-	-	-	-
SS-31 CR 42 from CR 17 to CR 83 1.625 miles	County Project	-	-	162,500	-	-	-
BL-22 Stagecoach Road and Hanson Avenue	Street Project	-	-	75,000	-	-	-
DL-55 CR 83 from, VIBS to Hwy 169 0.75 mile	County Project	-	-	-	75,000	-	-
SS-31 CR 17 South of CR 42 to CR 82 0.75 mile	Street Project	-	-	-	-	75,000	-
SS-32 CR 15 @ Vierling Drive & Hwy 169 Ramps 0.50 mile	Roundabout Impacts	-	-	-	-	-	50,000
<b>Total Rebuild OH Lines</b>		-	<b>275,000</b>	<b>437,500</b>	<b>275,000</b>	<b>275,000</b>	<b>250,000</b>
<b>Major System Projects</b>							
<b>Feeder Extension Projects</b>							
PL-75 SBX to Stagecoach Rd 0.25 mile	Development	-	56,250	-	-	-	-
PL-73 CR18 from CR16 to Mullenhardt 0.50 mile	Load Growth	-	112,500	-	-	-	-
DL-98 New Feeder DL Sub to 4th Ave 2.00 miles	Development (Canterbury Commons)	-	450,000	-	-	-	-
DL-96 thru Canterbury Commons 0.50 mile	Load Growth	-	112,500	-	-	-	-
SS-32 CR 16 Ext. from CR15 to CR69 1.25 mile	Street Project & Development	-	112,500	117,000	60,750	-	-
SS-83 New Feeder SS Sub to CR 69&HWY169 via Xcel Easement, CR78&CR69 3.75 miles OH/UG Mix	Load Growth	-	575,000	-	-	-	-
Dean Lake Sub Exit Circuits 1.0 mile	Load Growth	-	-	234,000	-	-	-
SS-84 New Feeder SS Sub to CR 17 via Stonebrooke 0.75 mile	Load Growth	-	-	-	-	189,750	-
West Shakopee Substation Exit Circuits	Load Growth	-	-	-	-	100,000	500,000
DL-97 New Feeder DL Sub to Barendscheer Blvd 1.0 mile	Development (Canterbury Commons)	-	-	-	-	-	263,100
DL-42 Feeder Extension to Data Center 0.5 mile	Load Growth (Data Center)	-	-	-	-	-	131,550
Projects Yet to be Determined 1.0 mile	As Necessary	-	225,000	234,000	243,000	253,000	263,100
<b>Total Feeder Extension Projects</b>		-	<b>1,643,750</b>	<b>585,000</b>	<b>303,750</b>	<b>542,750</b>	<b>1,157,750</b>
Assumed Cost per mile unless noted otherwise		-	225,000	234,000	243,000	253,000	-
<b>Convert OH to UG</b>							
SH-08 Levee Drive 0.25 mile x 2.3 (rock)	Street Project	-	125,000	-	-	-	-
SH-10 Levee Drive 0.25 mile x 2.3 (rock)	Street Project	-	125,000	-	-	-	-
Muhlenhardt Undergrounding 0.75 mile	Reliability	-	-	35,000	-	-	-
<b>Total Convert OH to UG</b>		-	<b>250,000</b>	<b>35,000</b>	-	-	-

**Shakopee Public Utilities  
Capital Improvement Plan  
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Electric Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<b>Territory Acquisition</b>							
Territory Acquisition	Purchase	-	200,000	-	-	-	-
Territory Acquisition	Consolidation	-	150,000	100,000	100,000	100,000	100,000
<b>Total Territory Acquisition</b>		-	<b>350,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Shakopee Substation</b>							
Land Rights	Load Growth/Downtown Re-development	-	100,000	-	-	-	-
Substation to County Fiber & Fiber Equipment		-	10,000	-	-	-	-
<b>Total Shakopee Substation</b>		-	<b>110,000</b>	-	-	-	-
<b>South Shakopee Substation</b>							
Upgrade to RTAC C3 ilex	For SCADA	-	30,000	-	-	-	-
Substation to County Fiber & Fiber Equipment		-	10,000	-	-	-	-
Heater/AC	Add AC to control building	-	6,000	-	-	-	-
Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	-	-	30,000	-	-
<b>Total South Shakopee Substation</b>		-	<b>46,000</b>	-	<b>30,000</b>	-	-
<b>Pike Lake Substation</b>							
SCADA C3 ilex/Schweitzer RTAC & Blue Lake	Change out C3ilex	-	50,000	-	-	-	-
Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	25,000	-	-	-	-
Substation to County Fiber & Fiber Equipment		-	5,000	-	-	-	-
<b>Total Pike Lake Substation</b>		-	<b>80,000</b>	-	-	-	-
<b>Dean Lake Substation</b>							
Grating T3	Safety	-	-	-	-	-	-
Upgrade to Schweitzer Relays	For SCADA	-	-	-	-	-	-
Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	-	30,000	-	-	-
Substation to County Fiber & Fiber Equipment		-	6,000	-	-	-	-
Dean Lake 2 Circuit Switchgear		-	-	75,000	-	-	-
Heater/AC Building 1 & 2	Add AC to control building	-	15,000	-	-	-	-
<b>Total Dean Lake Substation</b>		-	<b>21,000</b>	<b>105,000</b>	-	-	-
<b>East Shakopee Substation</b>							
Land Rights	Load Growth	-	350,000	-	-	-	-
<b>Total East Shakopee Substation</b>		-	<b>350,000</b>	-	-	-	-
<b>West Shakopee Substation</b>							
Land Rights	Load Growth	-	650,000	-	-	-	-
Planning/Design/Project Management	Load Growth	-	-	-	200,000	400,000	-
Construction	Load Growth	-	-	-	-	4,000,000	-
<b>Total West Shakopee Substation</b>		-	<b>650,000</b>	-	<b>200,000</b>	<b>4,400,000</b>	-



**Shakopee Public Utilities  
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Electric Detail**

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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
<b>145 Upgrade Projects</b>							
146 Downtown Alley Reconstruction add duct banks	Alley paving w/concrete	-	100,000	100,000	-	-	-
147 SH-08 Reconductoring 4th, Spencer, Fillmore, Somerville	Load Growth	-	40,000	-	-	-	-
148 Projects yet to be determined		-	180,000	190,000	200,000	210,000	220,000
<b>149 Total Upgrade Projects</b>		-	<b>320,000</b>	<b>290,000</b>	<b>200,000</b>	<b>210,000</b>	<b>220,000</b>
<b>151 ADVANCED METERING INFRASTRUCTURE (AMI)</b>							
152 Planning/Design/Project Management	Project Planning/Design	-	50,000	70,000	120,000	-	-
153 Construction/Implementation/Hardware/Software/Training	Customer Service	-	-	1,700,000	1,700,000	1,700,000	-
<b>154 Total ADVANCED METERING INFRASTRUCTURE (AMI)</b>		-	<b>50,000</b>	<b>1,770,000</b>	<b>1,820,000</b>	<b>1,700,000</b>	-
<b>156 Service Center</b>							
157 SPU Signage for South Public Entrance of Service Center	Facility Security	-	20,000	-	-	-	-
158 Replace Outside Landscape Lighting	Replace Problem Lighting and Upgrade Efficiency	-	12,000	-	-	-	-
159 Repair or Replace Exhaust Fan in Garage Area (exhaust fans not working)	Replace or Repair	-	15,000	-	-	-	-
160 Miscellaneous Building Improvements/Replacements	Maint. & Requested Changes	-	45,000	45,000	45,000	45,000	45,000
161 Upgrade Security System	Safety	-	30,000	-	-	-	-
162 Elevated Work Surface		-	7,000	-	-	-	-
163 Display Case Office		-	7,000	-	-	-	-
164 Water Seal Building	Maintenance	-	20,000	-	-	-	-
165 Card Reader by Dispatch Desk		-	4,000	-	-	-	-
166 Warehouse Expansion		-	-	50,000	3,000,000	-	-
167 Garage Heaters	Maintenance	-	-	30,000	-	-	-
168 Ice Machine		-	-	-	-	-	7,000
169 Building Expansion Office		-	-	-	-	-	4,000,000
<b>170 Total Service Center</b>		-	<b>160,000</b>	<b>125,000</b>	<b>3,045,000</b>	<b>45,000</b>	<b>4,052,000</b>
<b>172 Total Operating Fund</b>		-	<b>6,130,750</b>	<b>4,958,500</b>	<b>7,513,750</b>	<b>8,892,750</b>	<b>7,524,750</b>
<b>175 Relocation Fund</b>							
<b>178 Relocation Projects</b>							
180 SS-31 CR 42 from CR 17 to CR 83 1.625 miles (inc. \$73,500 for pad mount regulators)	County Project	-	-	219,750	-	-	-
181 BL-22 Maras Street & Hanson Ave	Street Project	-	-	75,000	-	-	-
182 SS-32 CR 15 @ Vierling Drive & Hwy 169 Ramps 0.50 mile	Roundabout Impacts	-	-	-	-	-	131,600
183 DL-55 CR83 from VIBS to HWY 169 0.75 mile	County Project	-	-	-	182,500	-	-
184 SS-31 CR 17 South of CR 42 to CR 82 0.75 mile	Street Project	-	-	-	-	-	197,400
185 Projects Yet to Be Determined 0.50 Ckt. mile	As Necessary	-	112,500	48,000	50,000	52,000	55,000
<b>186 Total Relocation Projects</b>		-	<b>112,500</b>	<b>342,750</b>	<b>232,500</b>	<b>52,000</b>	<b>384,000</b>

**Shakopee Public Utilities**  
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Item Description	Justification	2018 Carryover	2019	2020	2021	2022	2023
187		-	112,500	342,750	232,500	52,000	384,000
188	<b>Total Relocation Fund</b>						
189		-	6,243,250	5,301,250	7,746,250	8,944,750	7,908,750
190	<b>Total Electric</b>						



**Shakopee Public Utilities  
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**Water Summary**

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

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



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

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




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

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November 15, 2018

TO: John Crooks, Utilities Manager 

FROM: Renee Schmid, Director of Finance and Administration 

SUBJECT: 2019 Proposed Operating Budget, Cash Flow, and Key Operating Budget Assumptions

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The following documents are presented for review, discussion and recommended approval at the next meeting of the Shakopee Public Utilities Commission scheduled for November 19, 2018:

- 2019 Key Operating Budget Assumptions
- 2019 Proposed Operating Budget for Electric, Water, and Total Utility
- Projected Cash Flows 2019-2023

2019 Key Operating Budget Assumptions:

The following key budget assumptions were used to develop the 2019 Operating Budget:

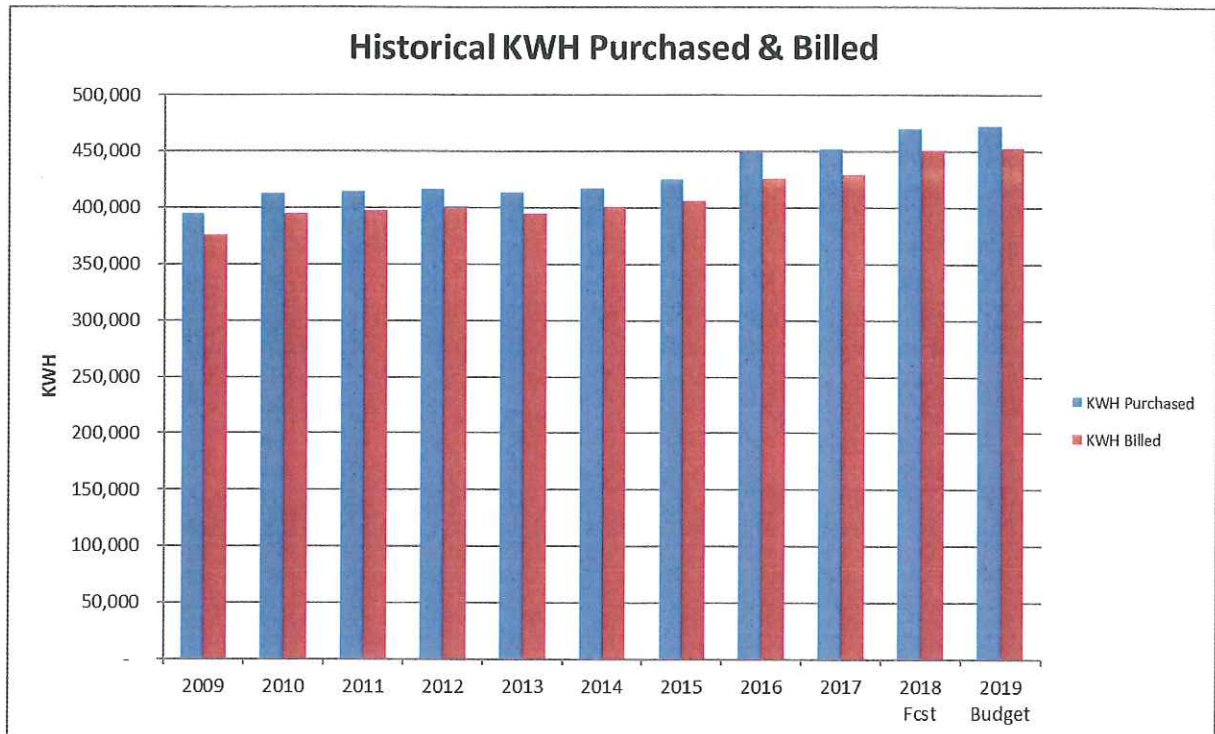
Revenue Planning Assumptions:

- Year to date revenues as of September 30, 2018 and forecasted revenues for the fourth quarter 2018 were used as the basis for developing the 2019 Operating Revenue Budget. Historical sales volumes over the last three years were also reviewed.

Electric Revenue Assumptions

- Revenue projections assume an increase in demand charges from \$9.00/KW to \$9.50/KW. No other rate increases are planned for energy or fixed charges as of January 1, 2019 in residential, commercial, and industrial rates. Rate adjustments to the service fee charges and demand charges were last made in 2016.
- Power costs are projected to increase \$0.6 million dollars or 1.7% in 2019 reflecting a projected 0.6% growth in kWh purchased of \$0.3 million dollars and an increase in the cost of purchased power of \$0.3 million dollars or 1.1% per kilowatt. Increases in the cost per kWh of purchased power are being driven by increases in demand rate charges from our power supplier. The increase in purchased power costs is projected to impact the average cost of the power cost adjustment rate from an average of 1.64 cents per kWh in 2018 to 1.71 cents per kWh in 2019.

- Total sales of kilowatt hours are projected to increase by 0.4% from 450,949,300 in 2018 to 452,893,167 in 2019 driven by residential and industrial sales growth. Industrial kilowatt sales are projected to increase by 0.2% reflecting new business sales. Residential kilowatt sales are projected to increase by 0.9% driven by account growth of 1.4% and partially offset by a reduction in sales of 0.5% due to conservation initiatives. Commercial kilowatt sales are assumed flat from 2018 to 2019.



- Electric revenue is projected to increase by \$1.1 million or 2.3% from \$50.0 million to \$51.1 million from 2018 to 2019 reflecting increased residential and industrial sales, and increased power cost adjustment revenues driven by projected increased power costs. Underground relocation revenues are projected to increase from \$110k to \$154k due to increase in kWh sales and a rate increase.
- The 2019 budget assumes the underground relocation charge will increase from the 2018 rate of \$.00025/kWh to \$.00034 in 2019. Specific project costs were reviewed and estimated over the next five years and the 2019 rate will result in sufficient fund balances to support operations over the next five years.

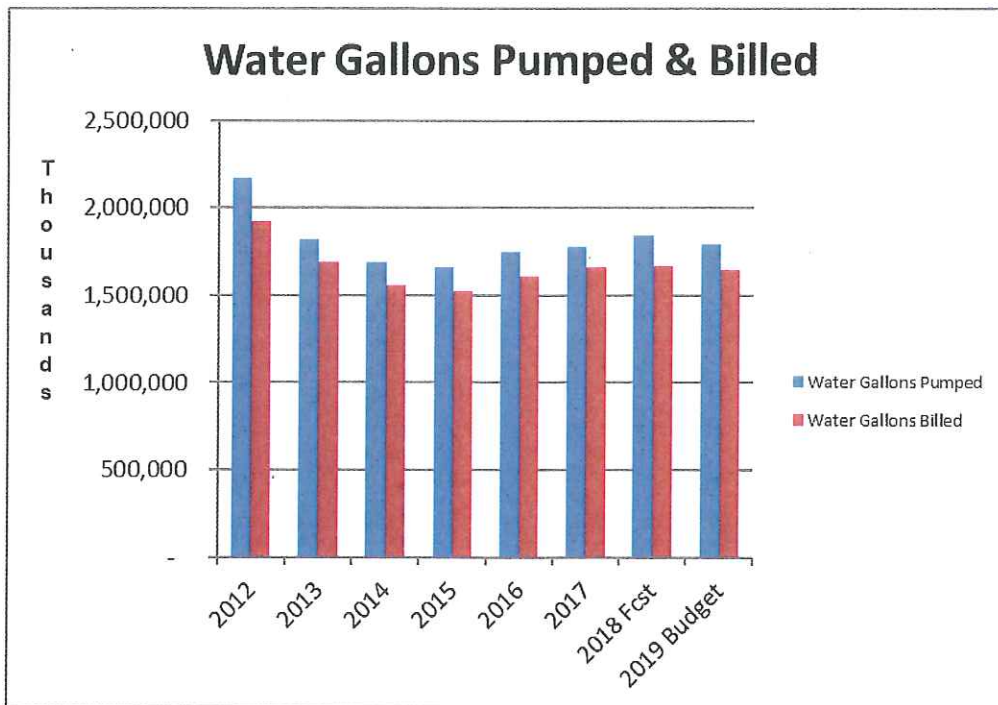


**Relocation Underground Rates/Fund Balance Projections**

Date	KWH Billed	UGRL Rate	Revenue	Expense	Ending Balance
9/30/2018		0.00025			795,703.11
10/30/2018		0.00025	9,384.97		805,088.08
11/30/2018		0.00025	7,787.42		812,875.50
12/31/2018		0.00025	8,929.79	-	821,805.29
2019	452,893,167	0.00034	153,983.68	112,500.00	863,288.97
2020	457,422,099	0.00034	155,523.51	342,750.00	676,062.48
2021	461,996,320	0.00034	157,078.75	232,500.00	600,641.23
2022	466,616,283	0.00034	158,649.54	52,000.00	707,290.76
2023	471,282,446	0.00034	160,236.03	384,000.00	483,526.80

**Water Revenue Assumptions**

- Water revenue assumptions assume no changes to fixed or commodity rates from 2018 to 2019.
- Total water operating revenue is projected to decrease from \$5.6 million to \$5.3 million, a decrease of \$351k or 6.3% from 2018 to 2019 driven by lower projected water sales volume of \$43k, and a decrease in water reconstruction revenues of \$308k driven by a reduction in the water reconstruction rate.
- Water sales are projected to decrease from 1.662 billion gallons to 1.644 billion gallons or 1.1% reflecting a more typical weather pattern based on historical sales volume data over the last three years. 2019 account growth is planned at 0.5% from 2018.





- As of January 1<sup>st</sup>, 2010, the DNR has required all utilities to adopt a conservation based rate structure. The utility engaged PCE to prepare a water rate study in 2009. The recommendation from this study, which has been accepted by the commission, suggested the utility will need to increase rates annually to meet operating requirements. The commission elected to review rates increases on an annual basis. The last water rate increases adopted by the commission were in 2018, 2017, 2013 and prior to that in 2010.
- The water reconstruction fee is projected to decrease from \$.43 per thousand gallons to \$.25 per thousand gallons, a 42% decrease, to support planned reconstruction projects over the next five years resulting in a decrease of \$308k in revenue in 2019 form 2018.

### Shakopee Public Utilities Water Reconstruction Fund Rates

	Projected Annual Retail Sales Gallons in Thousands	Estimated Average Charge Per 1,000 Gallons	Estimated Revenues	Reconstruction Project Costs	Projected Fund Balance
9/30/2018					694,230.96
10/30/2018			78,385.99		772,616.95
11/30/2018			40,291.00	(493,378.11)	319,529.84
12/31/2018	1,662,866	0.43	38,338.80		357,868.64
2019	1,644,585	0.25	411,146.17	(520,000.00)	249,014.81
2020	1,661,031	0.25	415,257.63	(220,000.00)	444,272.44
2021	1,677,641	0.25	419,410.20	(220,000.00)	643,682.64
2022	1,694,417	0.25	423,604.31	(210,000.00)	857,286.95
2023	1,711,361	0.25	427,840.35	(210,000.00)	1,075,127.30

Operating revenue for the Total Utility is budgeted at \$56.4 million in 2019, an increase of \$.8 million, or 1.4% from 2018.

#### Expense Planning Assumptions:

- Year to date expenses as of August 31, 2018 annualized were used as the basis for developing the 2019 Operating Expense Budget.
- The operating budget anticipates leaving two authorized positions vacant in 2019 for a savings of approximately \$66k in salary or 1.4% of total base pay.
- Operating expense is expected to increase \$1,781k or 4.0%. Purchased power costs are expected to increase by \$606k or 1.7% driven by projected increases in power costs and growth in residential and industrial sales volumes. Wage ranges are projected to increase at 3.0%. Labor expense is increasing by \$351k in direct operating expense and \$31k in capitalized non-operating labor, including a provision of \$141k to hire three authorized staff additions previously left unfilled,

one staff promotion, and one transitional retirement position. Other expense increases total \$824k and are driven by increases in direct employee benefits of \$255k, water well rehab and other maintenance costs of \$45k, lower electric distribution maintenance expense of \$54k due to completion of LED street light project, conservation expense of \$13k, office supplies of \$83k for software maintenance and disaster recovery, customer service \$16k for Ebill and meter reading technology upgrades, insurance expense of \$67k including insurance claim reserves, other expenses of \$47k for staff training and bucket truck safety harnesses, and outside services expense of \$352k to support project initiatives including \$50k Territory Acquisition, \$50k succession planning/other, \$14k other HR legal/accounting, \$63k IT disaster recovery and security assessment implementation, \$47k web redesign/other customer service projects, \$69k water SCADA and meter testing, \$49k engineering projects, and other miscellaneous of \$10k.

- Depreciation expense is projected to increase \$464k from 2018 to 2019 driven by capital expenditures in both water and electric. The increase in depreciation expense anticipates the completion of several large capital projects including the additions of the Riverview and Windermere Booster Stations, the recently completed Dean Lake Substation expansion, and new capital projects in 2019.

#### Other Non-Operating Planning Assumptions:

- Non-Operating Income is anticipated to increase from 2018 to 2019 by \$107k primarily due to lower debt amortization expense of \$217k, lower miscellaneous income of \$75k due to non-recurring income recognized in 2018, and lower investment income of \$23k, and higher customer deposit interest expense of \$12k due to higher rates. Investment income will decrease due to a decline in investment balances for planned capital expenditures.
- Trunk Water and Water Connection revenue projections were reviewed and adjusted to reflect current planned projects, expected building permit activity and related timing in the 5 Year Cash Flow projections. Capital Contributions are expected to be higher in 2019 than 2018 by \$145k primarily due to increased Water Connection and Trunk Water fees, and partially offset by decreased paid in capital contributions.
- Transfer to Municipality of Shakopee expense is expected to decrease by \$64k to \$2.5 million dollars related to completion of the street light conversion to LED project implemented in 2018 and partially offset by net revenue increases in electric and water.

#### Outstanding Debt

- As of February 1, 2018, Shakopee Public Utilities has no outstanding debt. The final outstanding bond issue was fully callable for early defeasance as of February 1, 2015 and defeasance was approved by the Commission and executed on 2/1/2018. The Commission will realize savings in interest expense of \$2.19 million dollars between 8/1/2018 – 2/1/2030 by early retirement of this bond issue.



## Projected Cash Flows and Fund Balances

- The 2019 operating budget and related capital improvements as proposed result in positive cash flow projections near term in all funds with exception to the Trunk fund which is expected to have a deficit balance for the next several years. Please refer to the attached projected cash flow statement.
- Our financial advisors and auditors recommend maintaining a cash reserve of three to six months of operating expenses. The 2019 operating budget and related capital improvements as proposed will generate and maintain adequate cash reserves in 2019 in the electric and water operating funds.

Operating Reserve Analysis	2019	2020	2021	2022	2023
Water - Op Expense	(5,094)	(5,246)	(5,404)	(5,566)	(5,733)
Electric - Op Expense	(45,796)	(47,170)	(48,585)	(50,043)	(51,544)
Total Utility - Op Expense	(50,890)	(52,417)	(53,989)	(55,609)	(57,277)
40% as reserves - Water	(2,037)	(2,099)	(2,162)	(2,226)	(2,293)
40% as reserves - Electric	(18,319)	(18,868)	(19,434)	(20,017)	(20,618)
40% as reserves - Total Utility	(20,356)	(20,967)	(21,596)	(22,244)	(22,911)
Projected Water Op Cash Balance	5,768	5,006	4,150	3,480	3,948
Projected Electric Op Cash Balance	28,780	30,397	29,479	27,297	26,529
Total Operating Cash Balance	34,548	35,404	33,628	30,777	30,476
<b>Reserve (Deficit)/Surplus - Water</b>	<b>3,730</b>	<b>2,908</b>	<b>1,988</b>	<b>1,254</b>	<b>1,655</b>
<b>Reserve (Deficit)/Surplus - Electric</b>	<b>10,462</b>	<b>11,529</b>	<b>10,044</b>	<b>7,280</b>	<b>5,911</b>
<b>Reserve (Deficit)/Surplus - Total</b>	<b>14,192</b>	<b>14,437</b>	<b>12,033</b>	<b>8,534</b>	<b>7,566</b>

### Requested Commission Action

- Approve the 2019 Operating Budget and 2019 – 2023 Projected Cash Flow Statement.

Thank you for your time and consideration of this budget proposal.

**Shakopee Public Utilities**  
**2019 Operating Budget - Electric**  
(\$ in Thousands)

	2017 Actual	2018 Projected	2018 Budget	2019 Budget	2018 Projected vs 2019 Budget	
					\$	%
Operating Revenue	\$ 46,887	\$ 50,036	\$ 48,500	\$ 51,176	\$ 1,140	2.3%
Operating Expense	(39,073)	(41,988)	(41,622)	(43,365)	(1,377)	-3.3%
Depreciation & Amortization	(2,056)	(2,214)	(2,395)	(2,432)	(217)	-9.8%
Operating Income	<u>5,758</u>	<u>5,834</u>	<u>4,483</u>	<u>5,379</u>	<u>(454)</u>	<u>-7.8%</u>
Non-Operating Income (Expense)	381	424	217	541	117	-27.6%
Net Income Before Contributions & Transfers	<u>6,139</u>	<u>6,258</u>	<u>4,700</u>	<u>5,921</u>	<u>(337)</u>	<u>-5.4%</u>
Capital Contributions	1,159	373	-	-	(373)	NA
Transfers To Municipality	(1,411)	(1,499)	(1,465)	(1,446)	53	3.5%
Net Income or Change in Net Assets	<u>\$ 5,886</u>	<u>\$ 5,133</u>	<u>\$ 3,236</u>	<u>\$ 4,475</u>	<u>\$ (658)</u>	<u>-12.8%</u>



**Shakopee Public Utilities**  
**2019 Operating Budget - Water**  
(\$ in Thousands)

	2017 Actual	2018 Projected	2018 Budget	2019 Budget	2018 Projected vs 2019 Budget	
					\$	%
Operating Revenue	\$ 5,184	\$ 5,600	\$ 5,389	\$ 5,250	\$ (351)	-6.3%
Operating Expense	(2,807)	(2,996)	(3,173)	(3,400)	(404)	-13.5%
Depreciation & Amortization	(1,319)	(1,447)	(1,547)	(1,693)	(247)	-17.0%
Operating Income	<u>1,058</u>	<u>1,158</u>	<u>669</u>	<u>156</u>	<u>(1,002)</u>	<u>-86.5%</u>
Non-Operating Income (Expense)	222	411	231	400	(10)	2.5%
Net Income Before Contributions & Transfers	<u>1,280</u>	<u>1,568</u>	<u>901</u>	<u>556</u>	<u>(1,012)</u>	<u>-64.5%</u>
Capital Contributions - Includes Capital Contributions, Trunk, Connection, and Meter Fees	4,469	2,601	1,996	3,120	519	19.9%
Transfers To Municipality	(1,002)	(1,091)	(1,053)	(1,079)	12	1.1%
Net Income or Change in Net Assets	<u>\$ 4,747</u>	<u>\$ 3,079</u>	<u>\$ 1,845</u>	<u>\$ 2,598</u>	<u>\$ (481)</u>	<u>-15.6%</u>

**Shakopee Public Utilities**  
**2019 Operating Budget - Total Utility**  
(\$ in Thousands)

	2017 Actual	2018 Projected	2018 Budget	2019 Budget	2018 Projected vs 2019 Budget	
					\$	%
Operating Revenue	\$ 52,071	\$ 55,637	\$ 53,890	\$ 56,426	\$ 789	1.4%
Operating Expense	(41,880)	(44,984)	(44,795)	(46,765)	(1,781)	-4.0%
Depreciation & Amortization	(3,375)	(3,661)	(3,942)	(4,125)	(464)	-12.7%
Operating Income	6,816	6,992	5,153	5,536	(1,456)	-20.8%
Non-Operating Income (Expense)	603	835	448	942	107	-12.8%
Net Income Before Contributions & Transfers	7,419	7,826	5,601	6,477	(1,349)	-17.2%
Capital Contributions	5,627	2,975	1,996	3,120	145	4.9%
Transfers To Municipality	(2,413)	(2,590)	(2,517)	(2,525)	65	2.5%
Net Income or Change in Net Assets	<u>\$ 10,633</u>	<u>\$ 8,212</u>	<u>\$ 5,080</u>	<u>\$ 7,073</u>	<u>\$ (1,139)</u>	<u>-13.9%</u>

**Projected Water Cash Flow  
9/30/18 - 12/31/18  
Final as of 11/19/18**

	Operating Fund Less Customer Deposits*	Connection Fund	Trunk Fund	Water Reconstruction Fund	Sub-total Available Funds	Bond Reserve	Bond Reserve 2004	Bond Reserve 2006	Total Water Funds
<b>Balance 9/30/18</b>	\$ 5,903,955.78	\$ 13,468,197.96	\$ 184,514.56	\$ 694,230.96	\$ 20,250,899.26	\$ -	\$ -	\$ -	\$ 20,250,899.26
Estimated Receipts		(1,179,884.01)	92,150.42	157,015.79	(930,717.80)	0.00	0.00	0.00	\$ (930,717.80)
Est Cash Flow - 4th Qtr/Payments**	(272,701.64)	(78,000.00)	(398,608.48)	(480,342.61)	(1,229,652.73)	0.00	0.00	0.00	\$ (1,229,652.73)
Transfers	447,068.86	(434,033.36)	0.00	(13,035.50)	0.00	0.00	0.00	0.00	\$ -
<b>Estimated 12/31/18 Balance</b>	<b>\$ 6,078,323.00</b>	<b>\$ 11,776,280.59</b>	<b>\$ (121,943.50)</b>	<b>\$ 357,868.64</b>	<b>\$ 18,090,528.72</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,090,528.72</b>

\*\* Connection Fund Cash include expenditures of \$287K Windemere Land Acq, \$150k Windemere Booster Design, \$75k Windemere Well Design/Testing. Water Reconstruction includes \$493k for 2018 Street Reconstruction Project. Trunk Fund payments include \$398.6k in oversizing for: \$44k Stagecoach, \$97 Ridge Creek, \$23k Countryside 2nd, \$164k Windemere 1st Addition, \$8k Windemere 2nd Addition, \$48k Shakoe Gateway, \$15k Windemere Way. Trunk Fund Revenue includes \$47k Stagecoach & \$46k Southbridge.

**Projected Electric Cash Flow  
9/30/18 - 12/31/18**

	Operating Fund Less Customer Deposits*	Emergency Fund	Underground Relocation Fund	Sub-total Available Funds	Bond Reserve	Bond Reserve 2004	Bond Reserve 2006	Total Electric Funds
<b>Balance 9/30/18</b>	\$ 28,127,290.28	\$ 100,000.00	\$ 795,703.11	\$ 29,022,993.39	\$ -	\$ -	\$ -	\$ 29,022,993.39
Estimated Receipts	0.00	0.00	26,102.18	26,102.18				\$ 26,102.18
Est Cash Flow - Oct - Dec**	409,609.72	0.00		409,609.72	0.00	0.00	0.00	\$ 409,609.72
Transfers	0.00	0.00	0.00	-	0.00	0.00	0.00	\$ -
<b>Estimated 12/31/18 Balance</b>	<b>\$ 28,536,900.00</b>	<b>\$ 100,000.00</b>	<b>\$ 821,805.29</b>	<b>\$ 29,458,705.29</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,458,705.29</b>

\*\*Operating cash flows include \$618k in 4th quarter CIP project expenditures of \$300k for Dean Lake Relays/SCADA & \$318K in Underground & Feeder projects underway

**Projected Cash Flow - Combined Water & Electric  
9/30/18 - 12/31/18**

	Operating Fund	Connection & Emergency Fund	Trunk & UGRL Funds	Water Reconstruction Fund	Sub-total Available Funds	Bond Reserve	Bond Reserve 2004	Bond Reserve 2006	Total Funds
<b>Balance 9/30/18</b>	\$ 34,031,246.06	\$ 13,568,197.96	\$ 980,217.67	\$ 694,230.96	\$ 49,273,892.65	\$ -	\$ -	\$ -	\$ 49,273,892.65
Est Receipts	-	(1,179,884.01)	118,252.60	157,015.79	(904,615.62)	0.00	0.00	0.00	\$ (904,615.62)
Est Cash Flow - Oct - Dec	136,908.08	(78,000.00)	(398,608.48)	(480,342.61)	(820,043.01)	0.00	0.00	0.00	\$ (820,043.01)
Transfers	447,068.86	(434,033.36)	-	(13,035.50)	0.00	0.00	0.00	0.00	\$ -
<b>Estimated 12/31/18 Balance</b>	<b>\$ 34,615,223.00</b>	<b>\$ 11,876,280.59</b>	<b>\$ 699,861.79</b>	<b>\$ 357,868.64</b>	<b>\$ 47,549,234.01</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,549,234.01</b>

**Projected Cash Flows 2019 - 2023**  
**Final as of 11/19/18**

**Water Cash Flow**  
**2019-2023**

	Operating Fund	Connection Fund	Trunk Fund	Reconstruction Fund	Sub-total Available Funds	Bond Reserve 2006	Total Bond Reserves	Total Water Funds
<b>Estimated Balance 12/31/18</b>	<b>\$ 6,078,323</b>	<b>\$11,776,281</b>	<b>(\$121,944)</b>	<b>\$357,869</b>	<b>\$18,090,529</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,090,529</b>
2019								
CIP Costs	(1,009,200)	(4,271,851)	(488,100)	(520,000)	(6,289,151)		\$0	(\$6,289,151)
CIP Costs - Administration	(126,014)				(126,014)		\$0	(\$126,014)
Receipts		2,699,497	356,116	411,146	3,466,759		\$0	\$3,466,759
Bond Payments - P&I	0				0		\$0	\$0
Operations-Net	824,530				824,530		\$0	\$824,530
<b>Balance 12/31/19</b>	<b>\$5,767,639</b>	<b>\$10,203,927</b>	<b>(\$253,928)</b>	<b>\$249,015</b>	<b>\$15,966,653</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,966,653</b>
2020								
CIP Costs	(1,512,641)	(2,745,840)	(581,506)	(220,000)	(5,059,987)		\$0	(\$5,059,987)
CIP Costs - Administration	(81,450)				(81,450)		\$0	(\$81,450)
Receipts		1,493,958	959,478	415,258	2,868,694		\$0	\$2,868,694
Bond P&I Payments	0				0		\$0	\$0
Operations-Net	832,775				832,775		\$0	\$832,775
<b>Balance 12/31/20</b>	<b>\$ 5,006,323</b>	<b>\$ 8,952,045</b>	<b>\$ 124,044</b>	<b>\$ 444,272</b>	<b>\$ 14,526,685</b>	<b>\$ -</b>	<b>\$0</b>	<b>\$ 14,526,685</b>
2021								
CIP Costs	(1,599,979)	(700,800)	(660,200)	(220,000)	(3,180,979)		\$0	(\$3,180,979)
CIP Costs - Administration	(97,720)				(97,720)		\$0	(\$97,720)
Receipts		1,985,949	1,043,434	419,410	3,448,793		\$0	\$3,448,793
Bond P&I Payments	0				0		\$0	\$0
Operations-Net	841,103				841,103		\$0	\$841,103
<b>Balance 12/31/21</b>	<b>\$ 4,149,728</b>	<b>\$ 10,237,194</b>	<b>\$ 507,278</b>	<b>\$ 643,683</b>	<b>\$ 15,537,883</b>	<b>\$ -</b>	<b>\$0</b>	<b>\$ 15,537,883</b>
2022								
CIP Costs	(1,437,504)	(2,055,500)	(588,000)	(210,000)	(4,291,004)		\$0	(\$4,291,004)
CIP Costs - Administration	(81,863)				(81,863)		\$0	(\$81,863)
Receipts		2,340,696	1,063,293	423,604	3,827,594		\$0	\$3,827,594
Bond P&I Payments	0				0		\$0	\$0
Operations-Net	849,514				849,514		\$0	\$849,514
<b>Balance 12/31/22</b>	<b>\$ 3,479,875</b>	<b>\$ 10,522,390</b>	<b>\$ 982,571</b>	<b>\$ 857,287</b>	<b>\$ 15,842,124</b>	<b>\$ -</b>	<b>\$0</b>	<b>\$ 15,842,124</b>
2023								
CIP Costs	(300,000)	(5,853,800)	(393,020)	(210,000)	(6,756,820)		\$0	(\$6,756,820)
CIP Costs - Administration	(90,113)				(90,113)		\$0	(\$90,113)
Receipts		2,310,571	510,912	427,840	3,249,324		\$0	\$3,249,324
Bond P&I Payments	0				0		\$0	\$0
Operations-Net	858,009				858,009		\$0	\$858,009
<b>Balance 12/31/23</b>	<b>\$ 3,947,772</b>	<b>\$ 6,979,162</b>	<b>\$ 1,100,464</b>	<b>\$ 1,075,127</b>	<b>\$ 13,102,525</b>	<b>\$ -</b>	<b>\$0</b>	<b>\$ 13,102,525</b>

\*Note: Reconstruction Projects will be funded from operating account in the event funds are not sufficient in the Reconstruction Fund.



**Projected Cash Flows 2019 - 2023**  
**Final as of 11/19/18**

**Electric Cash Flow**  
**2019-2023**

	Operating Fund	Emergency Fund	Underground Relocation Fund	Sub-total Available Funds	Bond Reserve 2006	Total Bond Reserves	Total Electric Funds
<b>Estimated Balance 12/31/18</b>	\$ 28,536,900	\$ 100,000	\$ 821,805	\$ 29,458,705	\$ -	\$ -	\$ 29,458,705
2019							
CIP Costs	(6,130,750)		(112,500)	(6,243,250)	\$ -	\$ -	\$ (6,243,250)
CIP Costs - Administration	(378,042)			(378,042)	\$ -	\$ -	\$ (378,042)
Receipts			153,984	153,984	\$ -	\$ -	\$ 153,984
Bond P&I Payments	0			0	\$ -	\$ -	\$ -
Operations-Net	6,752,344			6,752,344	\$ -	\$ -	\$ 6,752,344
<b>Balance 12/31/19</b>	\$ 28,780,452	\$ 100,000	\$ 863,289	\$ 29,743,741	\$ -	\$ -	\$ 29,743,741
2020							
CIP Costs	(4,958,500)		(342,750)	(5,301,250)	\$ -	\$ -	\$ (5,301,250)
CIP Costs - Administration	(244,350)			(244,350)	\$ -	\$ -	\$ (244,350)
Receipts			155,524	155,524	\$ -	\$ -	\$ 155,524
Bond P&I Payments	0			0	\$ -	\$ -	\$ -
Operations-Net	6,819,867			6,819,867	\$ -	\$ -	\$ 6,819,867
<b>Balance 12/31/20</b>	\$ 30,397,469	\$ 100,000	\$ 676,062	\$ 31,173,532	\$ -	\$ -	\$ 31,173,532
2021							
CIP Costs	(7,513,750)		(232,500)	(7,746,250)	\$ -	\$ -	\$ (7,746,250)
CIP Costs - Administration	(293,159)			(293,159)	\$ -	\$ -	\$ (293,159)
Receipts			157,079	157,079	\$ -	\$ -	\$ 157,079
Bond P&I Payments	0			0	\$ -	\$ -	\$ -
Operations-Net	6,888,066			6,888,066	\$ -	\$ -	\$ 6,888,066
<b>Balance 12/31/21</b>	\$ 29,478,627	\$ 100,000	\$ 600,641	\$ 30,179,268	\$ -	\$ -	\$ 30,179,268
2022							
CIP Costs	(8,892,750)		(52,000)	(8,944,750)	\$ -	\$ -	\$ (8,944,750)
CIP Costs - Administration	(245,588)			(245,588)	\$ -	\$ -	\$ (245,588)
Receipts			158,650	158,650	\$ -	\$ -	\$ 158,650
Bond P&I Payments	0			0	\$ -	\$ -	\$ -
Operations-Net	6,956,947			6,956,947	\$ -	\$ -	\$ 6,956,947
<b>Balance 12/31/22</b>	\$ 27,297,236	\$ 100,000	\$ 707,291	\$ 28,104,526	\$ -	\$ -	\$ 28,104,526
2023							
CIP Costs	(7,524,750)		(384,000)	(7,908,750)	\$ -	\$ -	\$ (7,908,750)
CIP Costs - Administration	(270,338)			(270,338)	\$ -	\$ -	\$ (270,338)
Receipts			160,236	160,236	\$ -	\$ -	\$ 160,236
Bond P&I Payments	0			0	\$ -	\$ -	\$ -
Operations-Net	7,026,516			7,026,516	\$ -	\$ -	\$ 7,026,516
<b>Balance 12/31/23</b>	\$ 26,528,664	\$ 100,000	\$ 483,527	\$ 27,112,191	\$ -	\$ -	\$ 27,112,191

**Projected Cash Flows 2019 - 2023**  
**Combined Water and Electric**  
Final as of 11/19/18

	Water Funds	Electric Funds	Total Funds	
<b>Estimated Balance 12/31/18</b>	\$ 18,090,529	\$ 29,458,705	\$ 47,549,234	46,629,814
2019				652,817.39
CIP Costs	(6,289,151)	(6,243,250)	\$ (12,532,401)	
CIP Costs - Administration	(126,014)	(378,042)	\$ (504,056)	
Debt Retirement	-	-	\$ -	
Bond Payments - P&I	-	-	\$ -	
Receipts/Operations-Net	4,291,289	6,906,327	\$ 11,197,617	
<b>Balance 12/31/19</b>	\$ 15,966,653	\$ 29,743,741	\$ 45,710,394	
2020				
CIP Costs	\$ (5,059,987)	\$ (5,301,250)	\$ (10,361,237)	
CIP Costs - Administration	\$ (81,450)	\$ (244,350)	\$ (325,800)	
Bond Payments - P&I	-	-	\$ -	
Receipts/Operations-Net	3,701,469	6,975,391	\$ 10,676,860	
<b>Balance 12/31/20</b>	\$ 14,526,685	\$ 31,173,532	\$ 45,700,216	
2021				
CIP Costs	(3,180,979)	(7,746,250)	\$ (10,927,229)	
CIP Costs - Administration	(97,720)	(293,159)	\$ (390,878)	
Bond Payments - P&I	-	-	\$ -	
Receipts/Operations-Net	4,289,896	7,045,145	\$ 11,335,041	
<b>Balance 12/31/21</b>	\$ 15,537,883	\$ 30,179,268	\$ 45,717,150	
2022				
CIP Costs	(4,291,004)	(8,944,750)	\$ (13,235,754)	
CIP Costs - Administration	(81,863)	(245,588)	\$ (327,450)	
Bond Payments - P&I	-	-	\$ -	
Receipts/Operations-Net	4,677,108	7,115,596	\$ 11,792,704	
<b>Balance 12/31/22</b>	\$ 15,842,124	\$ 28,104,526	\$ 43,946,650	
2023				
CIP Costs	(6,756,820)	(7,908,750)	\$ (14,665,570)	
CIP Costs - Administration	(90,113)	(270,338)	\$ (360,450)	
Bond Payments - P&I	-	-	\$ -	
Receipts/Operations-Net	4,107,333	7,186,752	\$ 11,294,085	
<b>Balance 12/31/23</b>	\$ 13,102,525	\$ 27,112,191	\$ 40,214,716	
Cumulative 5 Year CIP Costs	(25,577,941)	(36,144,250)	(61,722,191)	
Cumulative 5 Year CIP Costs - Admin	(477,159)	(1,431,476)	(1,908,634)	
<b>Total Cumulative 5 Year CIP Costs</b>	\$ (26,055,100)	\$ (37,575,726)	\$ (63,630,825)	