

**AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
NOVEMBER 16, 2020**

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as amended), the Commission is holding its regular meeting on November 16, 2020 at 5:00pm by telephone or other electronic means (WebEx) according to MN Statutes, Section 13D.021. The Commission President has concluded that an in-person meeting is not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the MN Department of Health and the CDC. The Commission President will be at the regular meeting location for the Commission. The public may monitor the meeting:

**Call-In Phone Number 1-408-418-9388
Enter Access Code 126 252 9883
When Prompted for Password, enter #**

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Communications**
3. **Consent Agenda**
 - 3a) Approval of November 2, 2020 Minutes (JA)
 - 3b) Approval of Agenda
 - 3c) November 6, 2020 Warrant List
 - 3d) November 16, 2020 Warrant List
 - 3e) Water Dashboard (LS)
4. **Liaison Report** (JB)
5. **Utilities Manager Report** (LK)
 - 5a) Overview of pending projects
 - 5b) Staffing needs
 - 5c) Finance Director and interim staffing
6. **Reports: Water Items**
 - 6a) Water System Operations Report – Verbal (LS)
 - 6b) Scott County Request for Right of Way Donation (JA)
 - 6c) CH83 Construction Cooperative Agreement (JA)
 - 6d) Ehlers Water Development Fee Study (JA)
7. **Reports: Electric Items**
 - 7a) Electric System Operations Report – Verbal (GD)
 - 7b) West Shakopee Substation Alternate Site (JA)

8. **Reports: Human Resources**
8a) Utilities Manager position (LK)

9. **Reports: General**
9a) SPU 2021 Budget and CIP (JM)
9b) Position Classification and Compensation Study Results (LD)
9c) Grant to CAP Agency agreement/discussion (SW)
9d) Advanced Metering Infrastructure Update (GD)
9e) LMCIT Collaboration Services (KB)

10. **Items for Future Agendas**

11. **Tentative Dates for Upcoming Meetings**
 - Regular Meeting -- December 7
 - Mid Month Meeting -- December 21

12. **Adjourn to 12/7/2020 at the SPUC Service Center, 255 Sarazin Street**

Proposed As Consent Item

3a

MINUTES

OF THE

SHAKOPEE PUBLIC UTILITIES COMMISSION

Regular Meeting

1. Call to Order. President Amundson called the November 2, 2020 meeting of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M.
2. Roll Call. President Amundson, Vice President Mocol, Commissioner Brennan, Commissioner Fox, and Commissioner Meyer were present.
3. Approval of Minutes. Motion by Meyer, seconded by Amundson, to approve the minutes from October 19, 2020. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried.
4. Communications. President Amundson noted that the training provided by the League of Minnesota Cities to Commission staff and Commissioners was scheduled for November 4, 2020, starting at 3:00 PM via Zoom.
5. Approval of Agenda. Motion by Mocol, seconded by Brennan to amend the agenda to items (6a) warrant list; (10a) Letter Agreement Modifying Repayment Process; and (11a) 2021-2025 Semi-Final CIP. Ayes: Mocol, Brennan. Nays: Amundson, Fox, Meyer. Motion failed. Motion by Amundson, seconded by Fox to approve the agenda as presented. Ayes: Amundson, Fox, Meyer. Nays: Mocol, Brennan. Motion carried.
6. Approval of Consent Business. Motion by Meyer, seconded by Fox to approve the consent business, namely: items (9c) MMPA Board Meeting Public Summary; and (11c) Action Items from October 29, 2020 meeting. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried.
7. Approval of Warrant List. Motion by Amundson, seconded by Meyer, to approve the warrant list as presented. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried.
8. Water Report. Lon Schemel, Water Superintendent, presented the water report. Mr. Schemel provided an update as to the Water Tank #8 project, including three change orders: landscaping costs in 2021 that will come back to the Commission for approval; a \$20,653.60 cost decrease due to the elimination of the buried valve vault structure; and a no-cost modification to working hours to reflect expanded hours permitted under City Code. Motion by Meyer, seconded by Fox to approve the change order decrease of \$20,653.60 due to the elimination of the buried valve vault and the modification to working hours to reflect expanded hours permitted under City Code. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried. Motion by Brennan, seconded by Fox, that all change orders be presented to the Commission for approval in the future. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried.

9. Electric Report. Greg Drent, Electric Superintendent, presented the electric report. He described the two outages since the last Commission meeting, as well as current projects.

10. West Shakopee Substation Update. Joseph Adams, Director of Planning and Engineering, presented an informational update as to the West Shakopee Substation. He noted that the site survey required under the Purchase Agreement has been prepared, confirming a total of 2.47 acres. Mr. Adams explained that Xcel Energy completed the 115 KV Interconnection System Impact Study and concluded that the proposed site for the distribution substation was reliable and the interconnection may proceed. Mr. Adams noted that the next step in the approval process will be a Facilities Study Agreement with Xcel Energy, which will be presented for Commission approval. Commissioner Brennan requested that staff discuss the site and a potential alternative site with City staff. Commissioner Brennan asked about the timing of expenditures for this project in the CIP.

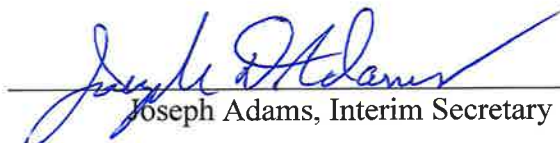
11. Human Resources: Letter Agreement. Attorney Brennan provided an informational update as to the Letter Agreement Modifying the Repayment Process under the Repayment, Release, and Separation Agreement with Mr. Crooks. She noted that the Letter Agreement directed by the Commission was prepared and signed and that final payment to Mr. Crooks deducted the amount of excess compensation determined by AEM in its audit report.

12. 2021-2025 Semi-Final CIP. Mr. Adams provided an overview of the CIP for Administration, Electric, and Water matters, and answered questions from Commissioners, including the impact of the Jackson Township annexations. Mr. Adams proposed moving design and related expenses for the West Shakopee Substation to 2022 and 2023. The CIP will be revised by staff and presented to the Commission for final approval.

13. Investment Policy Review. Mr. Adams provided the history of the Investment Policy adopted by the Commission in 2012. Commissioner Mocol asked about investment statements, management fees, broker fees, and investment parameters. Commissioner Fox asked about the security deposits in connection with the Investment Policy. Motion by Fox, seconded by Mocol, to include monthly investment statements in the meeting packets, with quarterly Commission review. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried. Motion by Fox, seconded by Mocol, to prepare a Request for Proposals for investment advisor. Ayes: Amundson, Mocol, Brennan, Fox, Meyer. Nays: None. Motion carried.

14. Potential Future Agenda Items. President Amundson noted the upcoming ballot issue, and if the measure succeeds, then the City Council will assume control. If the measure fails, then the Commission should consider the Utilities Manager position, starting at the November 16, 2020 meeting.

15. Adjourn. Motion by Meyer, seconded by Fox, to adjourn to the November 16, 2020 regular meeting. Ayes: Amundson, Mocol, Fox, Meyer. Nays: None. Abstention: Brennan. Motion carried.


Joseph Adams, Interim Secretary

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
NOVEMBER 16, 2020

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- Regular Meeting	--	December 7
- Mid Month Meeting	--	December 21
12. **Adjourn to 12/7/2020** at the SPUC Service Center, 255 Sarazin Street

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

November 6, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities

56991	A-Scape Inc.	\$	145.58
56992	Sauda Abdi Abdullahi	\$	74.33
56993	Anel Alonso Atempa	\$	34.42
56994	Arbor Landing LLC	\$	15.44
56995	Arlington Ridge Apts.	\$	19.80
56996	Archana Ashrit	\$	39.74
56997	Mark Atkinson	\$	74.38
56998	Christopher Babataun	\$	61.71
56999	Deborah Bayard	\$	27.62
57000	Denys & Liudmyla Bilenko	\$	131.65
57001	Brakemeier Properties	\$	46.07
57002	Philip Patrick Brandel	\$	147.77
57003	Anatoliy & Irina Brutskiy	\$	141.00
57004	Amy M Buria	\$	44.03
57005	Canterbury Park Holding Corp	\$	232.81
57006	Timothy Carey	\$	33.58
57007	Nathaniel Chan, Gloria Pena	\$	15.74
57008	Sumon & Sanhita Chatterjee	\$	95.21
57009	Oleg & Olga Cherkasskikh	\$	55.00
57010	Paul Collins	\$	12.01
57011	Alexis Colon, Danica Ames	\$	41.49
57012	Francis H De-Souza	\$	71.64
57013	Timothy Doe	\$	36.83
57014	Emily Essick	\$	58.97
57015	Evergreen Heights Townhomes	\$	94.33
57016	Frerichs Construction	\$	2,909.75
57017	General Nutrition Inc.	\$	620.42
57018	Martin & Paula Gerold	\$	50.00
57019	Darren L Giese	\$	33.32
57020	Sam Gilles	\$	57.88
57021	Thad & Kim Hahn	\$	59.40
57022	Huntington Park Apartments	\$	13.83
57023	ISD #720-High School	\$	79.40
57024	Lana Jevtic, Jeriel Gonzalez	\$	78.10
57025	Brian Johnson	\$	81.38
57026	KCDC Property Holdings, Kristen Diehl-Crowell	\$	10.60
57027	Kelly Keoduangsy	\$	1,314.00
57028	Kelly Lalonde	\$	2.15
57029	Shanoah R & Jeremy Lapatka	\$	2.48
57030	Amanda L Lea	\$	67.38
57031	LeLand Automotive Service	\$	179.67
57032	Robert Leudesdorf	\$	24.44
57033	Sheng Lewis, Jacob Lewis	\$	79.39
57034	Ying LI	\$	71.38
57035	Tevin Luberts, Natalie Kerr	\$	83.33
57036	Shane A Mahowald	\$	2.63
57037	Elizabeth J Markuson	\$	10.28
57038	Julian Andres Mejia Ramirez	\$	68.86
57039	Samuel Mercado, Kathleen Mercado	\$	34.13
57040	Sean D Mertes	\$	2.29
57041	Joshua Mundahl, Kipling Erickson	\$	23.45
57042	Mark A Nasby	\$	19.53
57043	Rich Nguyen	\$	1.30
57044	Gregg Palm	\$	77.58
57045	John A Podratz	\$	52.47
57046	Joleen Proulx	\$	1.11
57047	Nick Rahman	\$	30.41
57048	Angela Ramm	\$	150.00
57049	Cody Randall, Ambrosia Blake	\$	85.22
57050	Aravindhan Rangarajan	\$	13.23
57051	George Reisdorff	\$	41.67
57052	Mark Rieger	\$	59.79
57053	Lindsay Ritmeester	\$	24.69
57054	Roughrider Contracting Inc.	\$	81.72
57055	Nina Roy	\$	52.76
57056	Greg R Runyan	\$	59.61
57057	S AND A Construction Service Inc.	\$	97.41
57058	Rein Y Salas	\$	50.21
57059	Spencer Schneider	\$	57.49
57060	Staples Oil Company Inc.	\$	392.41
57061	Luis Suarez Escobar, Kelsey Escobar	\$	39.08
57062	Eduard Tabakov	\$	68.67
57063	Liliya H Tekle	\$	23.12
57064	Miriam Liany Torrejon	\$	19.66
57065	Kaitlin Travis	\$	56.39
57066	Melissa Vasquez	\$	27.97
57067	Stephen Waters	\$	70.19
57068	Michael & Felicia Watkins	\$	1.88
57069	Robert & Katy Welsch	\$	5.39
57070	WOP Addison LLC	\$	68.30
57071	WOP Addison LLC	\$	1,478.89
57072	Kristina Yablochkin	\$	63.57

TOTAL

10,982.81


Interim Utilities Manager

Commission President


Interim Director of Finance & Administration

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

November 16, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

57073	VOID	\$0.00
57074	VOID	\$0.00
57075	VOID	\$0.00
57076	VOID	\$0.00
57077	AEM Financial Solutions, LLC	\$15,135.00
57078	American Messaging	\$1,547.39
57079	American Water Works Association	\$79.00
57080	Altec Industries, Inc.	\$363.51
57081	Alternative Technologies Inc.	\$2,330.00
57082	Amaril Uniform Co.	\$275.85
57083	American Engineering Testing Inc.	\$4,820.00
57084	Ancom Technical Center Inc.	\$790.96
57085	Annette Stanek	\$3,420.00
57086	Apple Ford of Shakopee	\$160.25
57087	Arrow Ace hardware	\$61.41
57088	Arrowwood Lodge at Brainerd Lakes	\$789.18
57089	Aspen Equipment Co.	\$3,295.64
57090	Robert Berndtson	\$109.26
57091	Border States Electric Supply	\$712.92
57092	Brad Carlson	\$31.53
57093	City of Shakopee	\$457,504.39
57094	Paul Dallman	\$1,000.00
57095	DSI/LSI	\$238.16
57096	Ferguson Enterprises, LLC	\$1,028.58
57097	Frontier Energy, Inc.	\$18,000.00
57098	Further	\$192.00
57099	General Security Services Corp.	\$442.92
57100	Martin Glynn	\$50.00
57101	Gopher State One-Call	\$872.10
57102	Grainger Inc.	\$156.77
57103	Hawkins Inc.	\$15.00
57104	USA Blue Book	\$520.90
57105	Hennen's Auto Service, Inc.	\$551.48
57106	Interstate All Battery Center	\$55.62
57107	Innovative Office Solutions LLC	\$323.59
57108	Irby - Stuart C Irby Co.	\$5,522.01
57109	Link Lumber	\$345.83
57110	McGrann Shea Carnival Straughn & Lamb, Chartered	\$24,188.20
57111	Minn Valley Testing Labs Inc.	\$1,364.50
57112	MMPA	\$2,432,145.05
57113	MMUA	\$465.00
57114	MN Dept of Revenue	\$218,254.00
57115	Napa Auto Parts	\$144.53
57116	NCPERS Group Life Inc.	\$176.00
57117	Gerry Neville	\$127.08
57118	Cindy Nickolay	\$227.70
57119	Northern States Power Co.	\$4,032.07
57120	Donald Overbey	\$150.00
57121	RDO-Vermeer LLC	\$502.48
57122	Sambatek	\$8,983.00
57123	Lon Schemel	\$221.00
57124	Scott County	\$324.00
57125	Short Elliott Hendrickson Inc.	\$1,229.95
57126	Subsurface Solutions	\$9,466.18
57127	Gregory Triplett	\$180.55
57128	Verizon Wireless	\$1,469.74
57129	Vic's Crane Service Inc.	\$3,035.00
57130	Michael Vourlos	\$91.14
57131	WATERISAC	\$524.00

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

November 16, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

57132	Wells Fargo Bank MN NA	\$1,250.00
57133	WESCO Receivables Corp.	\$11,946.82

TOTAL

\$3,241,239.24


Interim Commission Secretary

Commission President


Interim Director of Finance & Administration

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

November 16, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby
authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities
Commission:

57073	VOID	\$0.00	error printing
57074	VOID	\$0.00	error printing
57075	VOID	\$0.00	error printing
57076	VOID	\$0.00	error printing
57077	AEM Financial Solutions, LLC	\$15,135.00	2021 Change Order/Budget & Cash Flow Forecasting, Cash & Invest Recon.
57078	American Messaging	\$1,547.39	Smartswitch
57079	American Water Works Association	\$79.00	Annual Membership for Dave Hagen
57080	Altec Industries, Inc.	\$363.51	Auger Adapter - Elec. Dept.
57081	Alternative Technologies Inc.	\$2,330.00	Oil Testing
57082	Amaril Uniform Co.	\$275.85	Action wear FR for R.H. & B.C. - Elec.
57083	American Engineering Testing Inc.	\$4,820.00	Water tank 8 testing & Observation - WO#2259
57084	Ancom Technical Center Inc.	\$790.96	Remove radio from old trk to new trk, install dash mount, fix antenna connector
57085	Annette Stanek	\$3,420.00	4 Page Autumn Newsletter, Cold weather rule trifold & #9 & #10 envelopes
57086	Apple Ford of Shakopee	\$160.25	Water dept. Trk #635 & Trk #634 Oil change, repair
57087	Arrow Ace hardware	\$61.41	Cable tie, drain tail, carb hamm bit, plug, screw, nipple
57088	Arrowwood Lodge at Brainerd Lakes	\$789.18	Lodging for B.G. T.H., M.K., J.V., M.G., First line Supv. training
57089	Aspen Equipment Co.	\$3,295.64	Cross Box, Cab protector WO#2350
57090	Robert Berndtson	\$109.26	Mileage reimb.
57091	Border States Electric Supply	\$712.92	Anchor Helix & Clamp
57092	Brad Carlson	\$31.53	Replenish supplies for second lunchroom
57093	City of Shakopee	\$457,504.39	Sewer (\$350,894.35) & Storm (\$106,610.04)
57094	Paul Dallman	\$1,000.00	Damages due to outage - Customer reimbursed
57095	DSI/LSI	\$238.16	Nov. Garbage service
57096	Ferguson Enterprises, LLC	\$1,028.58	Hydra finder & Rep lid - Water dept.
57097	Frontier Energy, Inc.	\$18,000.00	Task Start up fee - Conservation budget - Customer Service
57098	Further	\$192.00	Flex dep. Reimb.
57099	General Security Services Corp.	\$442.92	NVR Extended Warranty 11/1/20-1/31/2021
57100	Martin Glynn	\$50.00	MN Disinfection training & Online training source water issues - Reimbursement
57101	Gopher State One-Call	\$872.10	Locates for Oct.
57102	Grainger Inc.	\$156.77	Face masks for water dept. , Flat washers for Elec.
57103	Hawkins Inc.	\$15.00	Chlorine Cylinder
57104	USA Blue Book	\$520.90	Pipettors - WO#2373
57105	Hennen's Auto Service, Inc.	\$551.48	Water dept. trk #622, discard tire
57106	Interstate All Battery Center	\$55.62	Batteries for Elec. Dept.
57107	Innovative Office Solutions LLC	\$323.59	Office Supplies
57108	Irby - Stuart C Irby Co.	\$5,522.01	Bushing insert, connector, module point, copper wire
57109	Link Lumber	\$345.83	Backer rod & vilkem self/ limestone, backer rod
57110	McGrann Shea Carnival Straughn & Lamb, Chartered	\$24,188.20	#2377 - \$3976.25 West Sub. Purchase agreement, the remainder goes to Redemption of Series 2003 Bonds, Municipal & Regulatory Matters & Repayment Plan & Employment Separation Negotiations
57111	Minn Valley Testing Labs Inc.	\$1,364.50	Nitrate & Nitrite, Coliform, Nitrogen, Manganese, copper testing
57112	MMPA	\$2,432,145.05	Oct. power bill
57113	MMUA	\$465.00	Transformer school reg.
57114	MN Dept of Revenue	\$218,254.00	Oct. Sales & Use Tax
57115	Napa Auto Parts	\$144.53	Condux cable puller
57116	NCPERS Group Life Inc.	\$176.00	November life ins. Premiums
57117	Gerry Neville	\$127.08	Mileage reimb.
57118	Cindy Nickolay	\$227.70	Mileage reimb.
57119	Northern States Power Co.	\$4,032.07	Oct. power bill
57120	Donald Overbey	\$150.00	Safety boot reimb.
57121	RDO-Vermeer LLC	\$502.48	Hydraulic hoses
57122	Sambatek	\$8,983.00	WO#2041 - \$4813.00 -Water dept. Windermere booster - WO#2259-\$3680. - Elevated Water Tank #8, WO#2259-\$490 - Water tank #8
57123	Lon Schemel	\$221.00	Annual AWWA Membership for L.S.
57124	Scott County	\$324.00	Permits. Rd. 78 & Cr 15 & CR 16

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

November 16, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby
authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities
Commission:

57125	Short Elliott Hendrickson Inc.	\$1,229.95	Hanson Blvd. WM CIPP - WO#2356
57126	Subsurface Solutions	\$9,466.18	Transmitter, charger - Elec. Dept.
57127	Gregory Triplett	\$180.55	Mileage reimb.
57128	Verizon Wireless	\$1,469.74	Phone service for 9/24-10/23/20
57129	Vic's Crane Service Inc.	\$3,035.00	Lift & Set underground vault WO#2415
57130	Michael Vourlos	\$91.14	Mileage reimb. For mail run Annual membership for - Water
57131	WATERISAC	\$524.00	dept.
57132	Wells Fargo Bank MN NA	\$1,250.00	3rd Qtr. Adm . Fee and Fed. Reserve Transactions
57133	WESCO Receivables Corp.	\$11,946.82	Pedestal Primary enclosure & Duct hunter
TOTAL		\$3,241,239.24	

Interim Commission Secretary

Commission President

Interim Director of Finance & Administration

Monthly Water Dashboard

As of: October 2020

Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure

Water Pumped/Metered

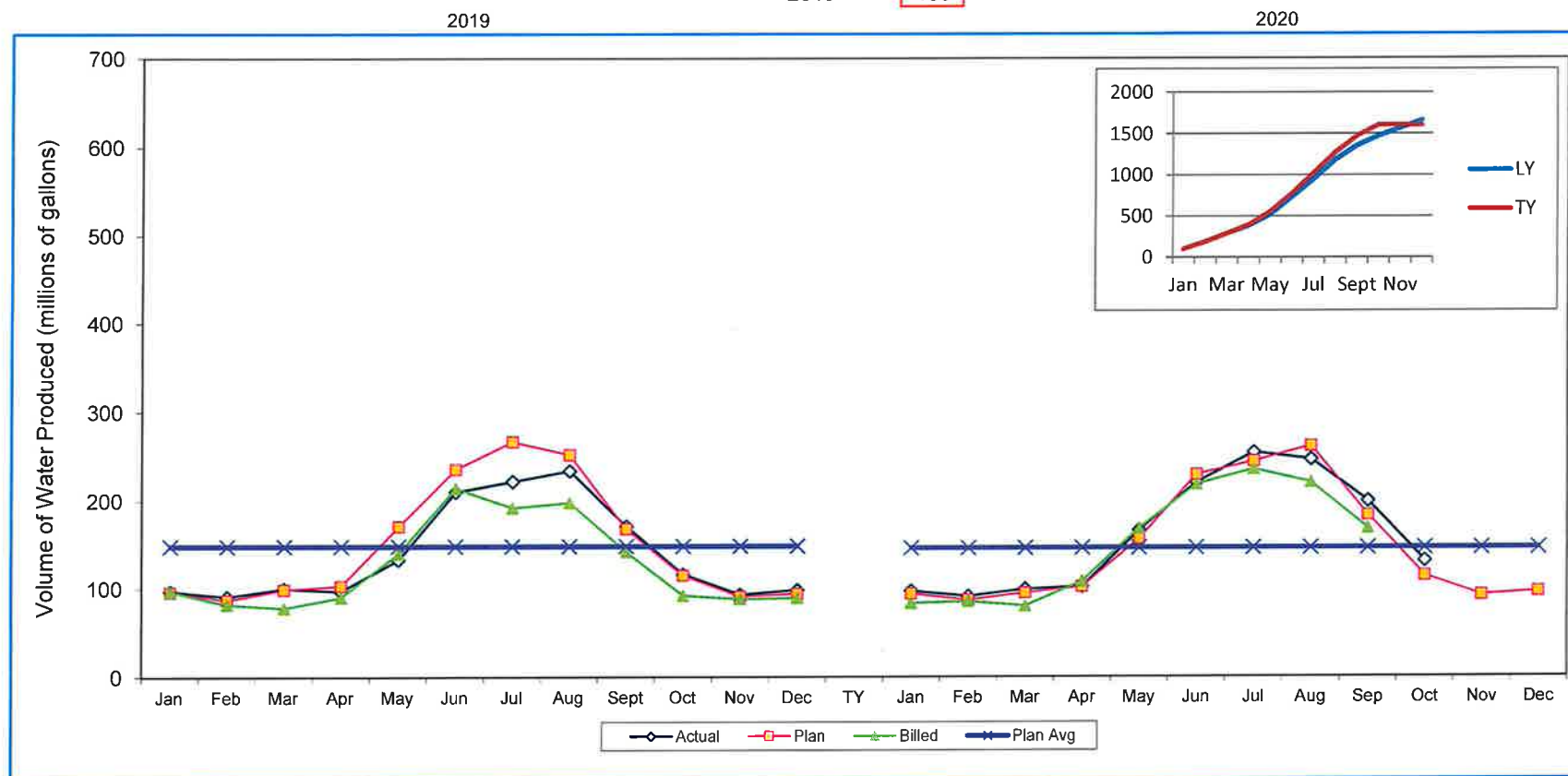
Averages

2017 147

2018 153

2019 139

Last 6 months actuals 166 220 254 246 199 131



LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Actual	97	91	100	97	133	210	222	234	171	116	93	98		97	91	99	102	166	220	254	246	199	131		
Plan	96	87	99	103	171	236	267	252	168	115	91	94		94	87	95	102	156	229	244	261	183	114	92	96
YTD % *														103%	104%	104%	103%	104%	102%	102%	101%	102%	103%		
Billed	97	82	78	90	140	214	192	198	142	92	88	89		83	85	80	108	168	218	235	220	168			

* Actual gallons pumped vs. Plan

DATE: November 13, 2020

TO: SPU Commissioners

FROM: Larry Koshire, Interim Utilities Manager *Larry Koshire*

Subject: Overview of pending projects

With the referendum now passed, SPU staff can plan forward and address ongoing projects while attending to day to day utility projects.

Staff is pleased to be able to proceed with projects that have been delayed or put on hold until the referendum was settled. This memo sets forth for the Commission a list of these projects so they may understand the going forward path staff will need to handle. These are current projects, but not all projects may be on the list:

- Review the Commission Investment Policy, including seeking a request for proposals to assist in this effort
- Review the Utility deposit policy and make recommended changes
- Re-engage the AMI project
- Complete the Governance Handbook, will return to the Commission pending attorney review
- Review the Utility data practices policy, with possible assistance from the League of Minnesota Cities
- Follow up with the Ehlers Report on water fees and meeting with the City
- Implement the recently completed Compensation Study for 2021
- Review the potential use of a management consultant to review organizational structure, identify shared services or outsourcing functions. Consider organizational changes, such as assigning the Commission Secretary role to a Commission member, and developing minutes by staff (Administrative Assistant) Agreement for such services would be scoped out and approved by the Commission.

In moving forward project prioritization would come from previous community input, Director comments, and the ability of current staff to work on the projects. In some cases

Outside assistance could be sought to supplement staff.



PO Box 470 • 255 Sarazin Street
Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

DATE: November 13, 2020
TO: SPU Commissioners
FROM: Larry Koshire, Interim Utilities Manager
Subject: Staffing Needs

A handwritten signature in blue ink, appearing to read "Larry", is written over the printed name "Larry Koshire" in the "FROM:" line of the memo.

Filling open staff positions has been put on hold pending the outcome of the referendum. These are budgeted, non-management positions. These include:

1. Senior Accountant
2. Project Engineer
3. Engineering Technician
4. Water Operator
5. Meter Technician

This information is provided to the Commission to give a picture of the overall staffing picture at SPU. Staff will move forward to fill these positions while establishing priorities as time permits. This may be an opportunity to work with City HR staff. Filling these positions will be important to help address the pending project list.



PO Box 470 • 255 Sarazin Street
Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com



DATE: November 13, 2020
TO: SPU Commissioners
FROM: Larry Koshire, Interim Utilities Manager
Subject: Finance Director and Interim Staffing

A handwritten signature in blue ink that reads "Larry Koshire".

With the departure of the Interim Finance Director, AEM was asked to expand their assistance underway in the accounting area. Jean McGann of AEM agreed to Assist in the transition to a permanent Finance Director. Other AEM staff are assisting in the day to day accounting functions as the department is down two people. We appreciate AEM and Jean stepping up to assist SPU with Commission approval to proceed with AEM an agreement will be completed.

The Finance Director position was put on hold by motion of the Commission. The Commission is requested to approve proceeding with filling this position and the use of AEM to assist SPU in the accounting area during this process.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: Larry Koshire, Interim Utilities Manager 
FROM: Joseph D. Adams, Planning & Engineering Director 
SUBJECT: Scott County Request for Right of Way Donation
DATE: November 9, 2020

ISSUE

Scott County will be reconstructing and widening CH 83 in 2021. County staff is requesting the Commission donate right of way needed to complete the project, both permanent right of way and temporary construction easements.

BACKGROUND

SPU property along CH 83 consists of the Tank #3 parcel, which is approximately 101,299 square feet in area (2.325 acres). The site used to house more outside storage prior to the construction of the current service center and is still used to store water materials inside the base of the tank. Staff understands the site and construction of the tank were a part of the original TIF district for the Canterbury Downs development.

DISCUSSION

Staff does not object to this request by the county, but wanted to first have the attached appraisal report completed so that the Commission would be aware of the value of the request. Based on the appraisal the value is \$34,200, including the permanent right of way and temporary construction easement areas.

Staff also wanted to verify that the taking would not make the water tower a non-conforming use and has determined that it will not. The tank will still meet the minimum setback under city code.

REQUESTED ACTION

Staff requests the Commission decide to grant the request or not.



SCOTT COUNTY TRANSPORTATION SERVICES DIVISION

COUNTY HIGHWAYS, MOBILITY MANAGEMENT, FLEET
600 COUNTRY TRAIL EAST • JORDAN, MN 55352-9339
(952) 496-8346 • Fax: (952) 496-8365 • www.scottcountymn.gov

LISA J. FREESE

Transportation Services Director

ANTHONY J. WINIECKI, P.E.

County Engineer

TROY BEAM

Mobility Services/Fleet Mgr.

September 16, 2020

Shakopee Public Utilities Commission
Attn: Joe Adams, Plng. & Eng. Director
255 Sarazin Street
P. O. Box 470
Shakopee, MN 55379

RE: Appraisal Report

County Highway Project SP 070-683-014 (CP 83-24)

Parcel No. 25 – Water Tower Property Along CSAH 83, Shakopee, Minnesota

Dear Mr. Adams:

Per your request, enclosed is an appraisal report entitled "Appraisal of Real Property" prepared by Integra Realty Services. The appraisal report is for the right-of-way needs for County Highway 83 on SPUC's water tower property, which is located along County Highway 83 (Canterbury Road), Shakopee, Minnesota.

We are providing this appraisal report, at SPUC's request, so that it may evaluate a pending construction cooperative agreement for the following alternatives:

- SPUC, as a public agency, provide the right-of-way needs on its public property, at no cost, for another public use, which does not significantly impact the existing public use(s) on the public property, provided that the County repair, replace or reimburse SPUC actual costs for that part of an existing perimeter chain link fence in the event that it is damaged by the highway project and to repair or replace the driveway entrance in the event of and by the highway project, both to as good or better condition as exists;
- SPUC, as a public agency, requests payment of the appraisal report's estimate of just compensation for another public use on its public property by the right-of-way needs for County Highway 83 (Canterbury Road).

If you have any questions regarding the pending construction cooperative agreement, please contact Tony Winiecki at the address on the letterhead, by email at twiniecki@co.scott.mn.us or by telephone at 952-496-8008.

If you have any questions regarding the enclosed appraisal report, please contact me by correspondence at the address on the letterhead, by email at rronning@co.scott.mn.us or by telephone at 952-496-8364.

Sincerely,

W. Randy Ronning
Right of Way Manager

Enclosure

eC: Anthony Winiecki, County Engineer, Scott County

Integra Realty Resources
Minneapolis/St. Paul

Appraisal of Real Property

Shakopee Public Utilities Land

Land Improved with Public Utility Water Tower

7xx Canterbury Rd. S.

Shakopee, Scott County, Minnesota 55379

Client Reference: SP 070-683-014 (CP 83-24); Parcel 25

Prepared For:

Scott County

Effective Date of the Appraisal:

April 25, 2020

Report Format:

Appraisal Report – Standard Format

IRR - Minneapolis/St. Paul

File Number: 124-2020-0081



Shakopee Public Utilities Land
7xx Canterbury Rd. S.
Shakopee, Minnesota



September 14, 2020

Mr. Randy Ronning
Right of Way Agent
Scott County
600 Country Trail East
Jordan, MN 55352

SUBJECT: Market Value Appraisal
 Shakopee Public Utilities Land
 7xx Canterbury Rd. S.
 Shakopee, Scott County, Minnesota 55379
 Client Reference: SP 070-683-014 (CP 83-24); Parcel 25
 IRR - Minneapolis/St. Paul File No. 124-2020-0081

Dear Mr. Ronning:

Integra Realty Resources – Minneapolis/St. Paul is pleased to submit the accompanying before and after appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value before acquisition of the fee simple interest in the property. We also estimate the market value after acquisition and report the difference. The client for the assignment is Scott County and the intended use is for assistance in determining just compensation for a partial acquisition.

The subject is a parcel of land, improved with a public water tower, with total area of 2.45 acres or 106,895 square feet. The improvements are not detrimentally influenced by the project and not appraised. The property is zoned I-2, Heavy Industry Zone. The purpose of the Heavy Industry Zone is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist. Permitted uses include administrative, executive and professional offices, medical and dental clinics, adult establishments, breweries, distilleries, contractor's supply yards, establishments supplying goods and services primarily to industrial uses, landscape services and other contractors, manufacturing fabrication, processing, research labs, assembly, storage operations, motor freight terminals, public buildings and facilities, public recreation, retail sales of heavy industrial manufacturing or construction machinery and equipment, utility service structures, commercial vehicle rentals, warehousing, wholesaling and wineries.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the Minnesota Department of Transportation Right of Way Manual.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value Before Acquisition	Fee Simple	April 25, 2020	\$645,400
Market Value After Acquisition	Fee Simple	April 25, 2020	\$611,200
Difference			\$34,200

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. It is assumed the project will be completed as depicted and described.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is hypothetically assumed the project is complete on the effective date of valuation.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Mr. Randy Ronning
Scott County
September 14, 2020
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - MINNEAPOLIS/ST. PAUL



Dan Mueller, MAI, MRICS
Certified General Real Property Appraiser
Minnesota Certificate # 4003551
Telephone: 952-905-2407
Email: dmueller@irr.com



CERTIFICATE OF APPRAISER

SP 070-683-014 (CP 83-24)

Parcel 25

I hereby certify:

That on April 25, 2020, I have personally inspected the property herein appraised. I contacted the property owner, Shakopee Public Utilities, on June 9, 2020 and left a voicemail message for John Krooks. My call was returned by Joe Adams on the same day. Mr. Adams did not believe it necessary to meet with me. I have also inspected the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal.

That to the best of my knowledge and belief the statements contained in the appraisal herein above set forth are true, and the information upon which the opinions expressed therein are based, is correct; subject to the limiting conditions herein set forth.

That I understand that such appraisal is to be used in connection with the acquisition of right of way for a transportation improvement to be constructed by the acquiring agency, and that such appraisal has been made in conformity with the appropriate State laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established State law.

That in making this appraisal, I have disregarded any increase or decrease in the before value caused by the project for which the property is being acquired.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That I will not reveal the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency until authorized by agency officials to do so, or until I am required to do so, by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my independent opinion of the fair market value of the acquisition as of April 25, 2020 is \$34,200 and that the conclusion set forth in this appraisal was reached without collaboration or direction as to value.

September 14, 2020

Date



Dan Mueller, MAI, MRICS
MN License # 4003551



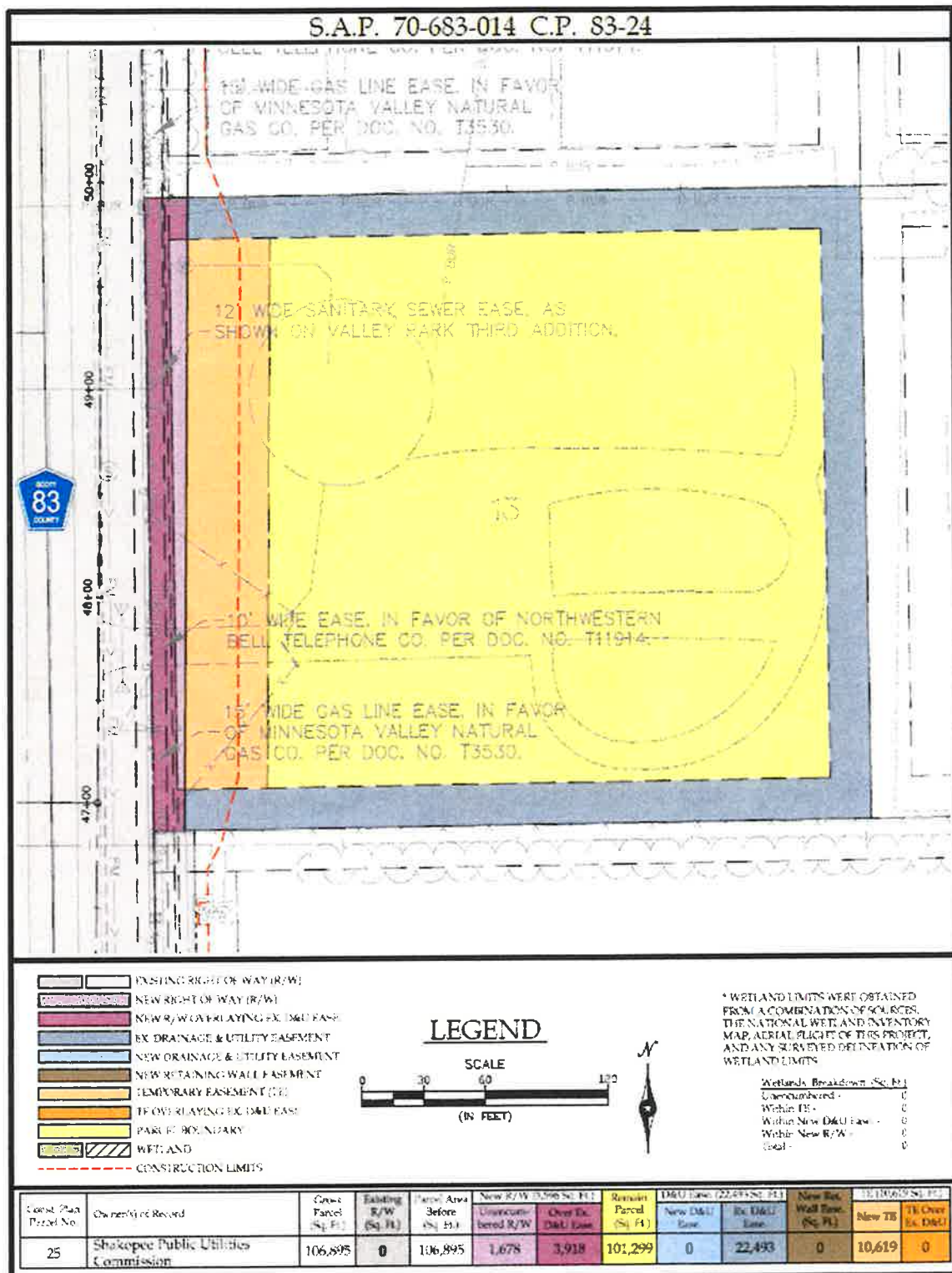
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Valuation Summary & Conclusions – Partial Acquisition

VALUATION SUMMARY AND CONCLUSIONS				PARTIAL TAKING
URBAN PROPERTY				
Project/Parcel	SP 070-683-014 (CP 83-24)/ Parcel 25	Summary of Appraisal		
County	Scott	ESTIMATE OF LAND VALUE BEFORE TAKING		
Owner	Shakopee Public Utilities Commission	Land Value	106,895 SF \$5.75	\$614,646
Property Address				
7xx Canterbury Rd. S.		Improvements		
Shakopee, MN 55379				
Valuation Date	4/25/2020	Landscaping/Site Improvement Allowance		\$30,732
Rights and interests appraised		TOTAL		\$645,379
Fee Simple	X		Rounded	\$645,400
Easement				
Tenants Interest				
Other				
Zoning	I-2, Heavy Industry Zone	ESTIMATE OF LAND VALUE AFTER TAKING		
Present Use	Land	Land Value	101,299 SF \$5.86	\$593,734
		Temp. Easement	10,619 SF -\$0.86	-\$9,079
		Perm. Easement	0 SF	\$0
		Remaining		
Highest & Best Use		Improvements		
Before	Industrial use	Landscaping/Site Improvement Allowance		\$26,532
		Severance		\$0
After	Industrial use	TOTAL		\$611,187
			Rounded	\$611,200
Lot				
Land Area	2.45 acres; 106,895 SF	INDICATED PERMANENT DAMAGE		\$25,113
Improvements		ALLOCATION OF ACQUISITION		
Building Type	Water Tower	Land Taken	5,596 SF \$3.74	\$20,913
Living Units	N/A	T.E.	10,619 SF \$0.86	\$9,079
		P.E.	0 SF	\$0
		Improvements		
		Taken		
		Landscaping/Site Improvements		\$4,200
		Severance		\$0
Appraised By	Dan Mueller, MAI, MRICS			
Date	9/14/2020			
		Total Damage (Rounded)		\$34,200

Parcel Sketch



Summary of Salient Facts and Conclusions

Property Name	Shakopee Public Utilities Land
Address	7xx Canterbury Rd. S. Shakopee, Scott County, Minnesota 55379
Property Type	Land - Commercial
Owner of Record	Shakopee Public Utilities Commission
Tax ID	270810130
Legal Description	Lot 13, Block 1, Valley Park 5th Addition
Land Area	
Before Acquisition	2.45 acres; 106,895 SF
After Acquisition	2.33 acres; 101,299 SF
Zoning Designation	I-2, Heavy Industry Zone
Highest and Best Use	Industrial use
Exposure Time; Marketing Period	12 months; 12 months
Date of the Report	September 14, 2020

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value Before Acquisition	Fee Simple	April 25, 2020	\$645,400
Market Value After Acquisition	Fee Simple	April 25, 2020	\$611,200
Difference			\$34,200

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Scott County may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. It is assumed the project will be completed as depicted and described.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is hypothetically assumed the project is complete on the effective date of valuation.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

General Information

Identification of Subject

The subject is a parcel of land, improved with a public water tower, with total area of 2.45 acres or 106,895 square feet. The improvements are not detrimentally influenced by the project and not appraised. The property is zoned I-2, Heavy Industry Zone. The purpose of the Heavy Industry Zone is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist. Permitted uses include administrative, executive and professional offices, medical and dental clinics, adult establishments, breweries, distilleries, contractor's supply yards, establishments supplying goods and services primarily to industrial uses, landscape services and other contractors, manufacturing fabrication, processing, research labs, assembly, storage operations, motor freight terminals, public buildings and facilities, public recreation, retail sales of heavy industrial manufacturing or construction machinery and equipment, utility service structures, commercial vehicle rentals, warehousing, wholesaling and wineries. A legal description of the property appears in the table below.

Property Identification	
Property Name	Shakopee Public Utilities Land
Address	7xx Canterbury Rd. S. Shakopee, Minnesota 55379
Tax ID	270810130
Owner of Record	Shakopee Public Utilities Commission
Legal Description	Lot 13, Block 1, Valley Park 5th Addition

Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value before acquisition of the fee simple interest in the property as of the effective date of the appraisal, April 25, 2020. We also estimate the market value after acquisition of the fee simple interest, as of April 25, 2020 and report the difference. The date of the report is September 14, 2020. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for assistance in determining just compensation for a partial acquisition. The client and intended user is Scott County. The appraisal is not intended for any other use or user. No party or parties other than Scott County may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations; and
- Minnesota Department of Transportation Right of Way Manual.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar land properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because contribution of existing improvements is not influenced by compensable issues from the project, and the income approach is not applicable because the subject land is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we try to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Dan Mueller, MAI, MRICS conducted an on-site inspection of the property on April 25, 2020.

Economic Analysis

The reader is reminded that the demographics presented on this and the following pages were gathered during the period that preceded the COVID-19 pandemic and imminent recession. The data provides useful information for purposes of considering the population and economy of the local area under stabilized market conditions. However, job losses, unemployment (overall and in different sectors), impaired commerce, and reduced income levels will result in demographic statistics after February 2020 that do not follow the stabilized trend that would have been expected based only on a review of data through 2019 and the first few weeks of 2020.

Minneapolis MSA Area Analysis

The subject is located in the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area, hereinafter called the Minneapolis MSA, as defined by the U.S. Office of Management and Budget. The Minneapolis MSA is 7,048 square miles in size and is the 16th most populous metropolitan area in the nation.

Population

The Minneapolis MSA has an estimated 2020 population of 3,667,224, which represents an average annual 1.0% increase over the 2010 census of 3,333,633. The Minneapolis MSA added an average of 33,359 residents per year over the 2010-2020 period, and its annual growth rate exceeded the State of Minnesota rate of 0.7%.

Looking forward, the Minneapolis MSA's population is projected to increase at a 0.9% annual rate from 2020-2025, equivalent to the addition of an average of 32,301 residents per year. The Minneapolis MSA's growth rate is expected to exceed that of Minnesota, which is projected to be 0.7%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2020 Estimate	2025 Projection	2010 - 2020	2020 - 2025
Minneapolis MSA	3,333,633	3,667,224	3,828,728	1.0%	0.9%
Minnesota	5,303,925	5,670,431	5,869,093	0.7%	0.7%

Source: Environics Analytics

Employment

Total employment in the Minneapolis MSA was estimated at 2,033,500 jobs at year-end 2019. Between year-end 2009 and 2019, employment rose by 280,200 jobs, equivalent to a 16.0% increase over the entire period. There were gains in employment in nine out of the past ten years, as the national economy expanded following the downturn of 2007-2009. The Minneapolis MSA's rate of employment growth over the last decade surpassed that of Minnesota, which experienced an increase in employment of 12.5% or 329,400 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Minneapolis MSA unemployment rate has been consistently lower than that of Minnesota, with an average unemployment rate of 4.7% in comparison to a 4.9% rate for Minnesota. A lower unemployment rate is a positive indicator.

Recent data shows that the Minneapolis MSA unemployment rate is 3.1% in comparison to a 3.6% rate for Minnesota, a positive sign that is consistent with the fact that the Minneapolis MSA has outperformed Minnesota in the rate of job growth over the past two years.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Minneapolis MSA	% Change	Minnesota	% Change	Minneapolis MSA	Minnesota
2009	1,753,300		2,643,500		7.7%	7.8%
2010	1,774,200	1.2%	2,664,500	0.8%	7.3%	7.4%
2011	1,819,900	2.6%	2,715,300	1.9%	6.4%	6.5%
2012	1,846,200	1.4%	2,760,400	1.7%	5.5%	5.6%
2013	1,888,600	2.3%	2,805,800	1.6%	4.8%	5.0%
2014	1,920,900	1.7%	2,844,200	1.4%	4.0%	4.2%
2015	1,954,100	1.7%	2,887,200	1.5%	3.4%	3.7%
2016	1,983,800	1.5%	2,918,100	1.1%	3.5%	3.9%
2017	2,011,900	1.4%	2,953,500	1.2%	3.1%	3.4%
2018	2,034,600	1.1%	2,976,900	0.8%	2.7%	2.9%
2019	2,033,500	-0.1%	2,972,900	-0.1%	3.0%	3.2%
Overall Change 2009-2019	280,200	16.0%	329,400	12.5%		
Avg Unemp. Rate 2009-2019					4.7%	4.9%
Unemployment Rate - February 2020					3.1%	3.6%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in the Minneapolis MSA are shown in the following table.

Major Employers - Minneapolis MSA

	Name	Number of Employees
1	State of Minnesota	40,906
2	United States Federal Government	35,114
3	Fairview Health Services	34,000
4	Allina Health System	29,335
5	Target Corporation	29,000
6	University of Minnesota	26,000
7	HealthPartners, Inc.	25,092
8	UnitedHealth Group, Inc.	18,500
9	Wells Fargo Minnesota	18,000
10	U.S. Bancorp	13,914

Source: Minneapolis/St. Paul Business Journal - July 12, 2019 Edition

Gross Domestic Product

The Minneapolis MSA is the 15th largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Minneapolis MSA than Minnesota overall during the past eight years. The Minneapolis MSA has grown at a 2.3% average annual rate while Minnesota has grown at a 2.0% rate.

The Minneapolis MSA has a per capita GDP of \$65,614, which is 10% greater than Minnesota's GDP of \$59,510. This means that Minneapolis MSA industries and employers are adding relatively more value to the economy than their counterparts in Minnesota.

Gross Domestic Product				
Year	(\$,000s) Minneapolis MSA	% Change	(\$,000s) Minnesota	% Change
2011	202,178,526		290,630,400	
2012	205,223,887	1.5%	294,296,600	1.3%
2013	209,637,747	2.2%	300,633,100	2.2%
2014	218,244,103	4.1%	309,239,200	2.9%
2015	222,125,886	1.8%	313,086,200	1.2%
2016	226,438,178	1.9%	319,129,900	1.9%
2017	231,078,542	2.0%	325,322,700	1.9%
2018	237,140,794	2.6%	333,919,500	2.6%
Compound % Chg (2011-2018)		2.3%		2.0%
GDP Per Capita 2018	\$65,614		\$59,510	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2019. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

Income, Education and Age

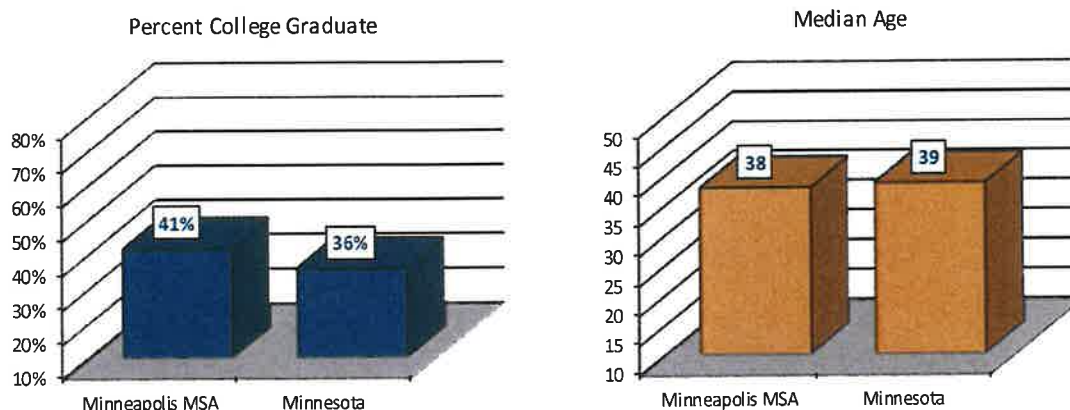
The Minneapolis MSA has a higher level of household income than Minnesota. Median household income for the Minneapolis MSA is \$83,695, which is 12.4% greater than the corresponding figure for Minnesota.

Median Household Income - 2020	
	Median
Minneapolis MSA	\$83,695
Minnesota	\$74,437
Comparison of Minneapolis MSA to Minnesota	+ 12.4%

Source: Envionics Analytics

Residents of the Minneapolis MSA have a higher level of educational attainment than those of Minnesota. An estimated 41% of Minneapolis MSA residents are college graduates with four-year degrees, versus 36% of Minnesota residents. People in the Minneapolis MSA are slightly younger than their Minnesota counterparts. The median age for the Minneapolis MSA is 38 years, while the median age for Minnesota is 39 years.

Education & Age - 2020



Source: Environics Analytics

Conclusion

The Minneapolis MSA economy will benefit from a growing population base and higher income and education levels. The Minneapolis MSA experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Minnesota over the past decade. Moreover, the Minneapolis MSA exhibits both a higher rate of GDP growth and a higher level of GDP per capita than Minnesota overall. We anticipate that the Minneapolis MSA economy will improve, and employment will grow, strengthening the demand for real estate.

As previously referenced, COVID-19 has pushed the economy at all levels into a recession which has yet to be statistically proven or definitively quantified. Therefore, the statistical summary of the region provided above must be considered in light of the fact that economic indicators available in the near future will show a substantial contraction of economic activity beginning in the first quarter of 2020. This issue is discussed more fully after the Market Analysis section of this report.

Community Description

Demographics

The subject property is located in Shakopee, Minnesota, a city located along the Minnesota River in Scott County, about 21 miles southwest of downtown Minneapolis. Although not directly served by the interstate highway system, access to Shakopee is still very good. From the north, Highway 169 connects Shakopee with the western metropolitan suburbs and with Interstate 494, about eight miles to the northwest. From the east, Highway 101 leads to Dakota County and connects with Interstate 35W in Burnsville, about 5.6 miles east of Shakopee. Additionally, two bridges over the Minnesota River have been built that make the city more accessible.

Because of its location on the fringe of the metropolitan area, population growth in Shakopee has been relatively slow up to the date of completion of the new U.S. Highway 169 bridge crossing the Minnesota River from Hennepin County to Scott County. Since 1995, with opening of the new Minnesota River crossing, population growth in the city has accelerated along with overall Scott County population growth.

Population growth in Shakopee since 1990 is compared with that of Scott County, the metropolitan area, Minnesota, and the United States in the following table:

Population						
Area	1990	2000	2010	2020	2025	Annual % Change 2020-2025
Shakopee	11,739	20,743	37,076	43,029	45,343	1.05%
Scott County	57,846	89,497	129,928	150,123	158,639	1.11%
Minneapolis MSA	2,538,834	3,016,539	3,333,633	3,667,224	3,828,728	0.87%
Minnesota	4,375,099	4,919,473	5,303,925	5,670,432	5,869,093	0.69%
United States	248,709,873	281,421,942	308,745,538	330,342,293	341,132,738	0.64%

Source: 1990, 2000 & 2010 US Census; 2020 & 2025 forecasts by Environics Analytics

Household growth in Shakopee has experienced a smaller rate of increase than that of population. Comparisons are shown in the table below.

Households						
Area	1990	2000	2010	2020	2025	Annual % Change 2020-2025
Shakopee	4,163	7,590	12,767	14,707	15,455	1.00%
Scott County	19,367	30,692	45,108	52,594	55,685	1.15%
Minneapolis MSA	960,170	1,154,867	1,293,601	1,441,077	1,510,114	0.94%
Minnesota	1,647,853	1,895,117	2,087,227	2,264,423	2,354,182	0.78%
United States	91,947,410	105,480,131	116,716,292	125,476,002	129,798,868	0.68%

Source: 1990, 2000 & 2010 US Census; 2020 & 2025 forecasts by Environics Analytics

Income

Based on the Environics Analytics data shown in the following table, Shakopee's estimated 2020 median household income is higher than levels for the metro area, the state and the United States but lower than Scott County. Approximately 62% of all households in Shakopee were projected to earn more than \$75,000 in 2020.

Income - 2020		
Area	Average Household Income	Median Household Income
Shakopee	\$119,179	\$97,046
Scott County	\$129,174	\$105,222
Minneapolis MSA	\$112,224	\$83,695
Minnesota	\$100,255	\$74,437
United States	\$93,707	\$65,228

Source: Environics Analytics

Percent Distribution of Households by Income in Shakopee - 2020

Income Group	Percentage
Less than \$15,000	3.63%
\$15,000 to \$24,999	3.89%
\$25,000 to \$34,999	5.02%
\$35,000 to \$49,999	8.42%
\$50,000 to \$74,999	17.10%
\$75,000 to \$99,999	13.48%
\$100,000 to \$124,999	13.28%
\$125,000 to \$149,999	10.58%
\$150,000 to \$199,999	12.09%
\$200,000 to \$249,000	5.89%
\$250,000 to \$499,999	4.82%
\$500,000 or more	1.81%

Source: Environics Analytics

Economic Base

Shakopee's average covered employment increased approximately 27.5% between 2015 and 2019 which is significantly greater than the growth rate for Scott County, the metro area and Minnesota. Covered employment refers to only those workers whose employers contribute to the state unemployment insurance fund. According to the Minnesota Department of Employment and Economic Development, covered employment represents 97% of all state workers. Average covered employment is compared in the following table.

Average Covered Employment

Area	2015	2016	2017	2018	2019	% Change 2015-2019	Projected 2030
Shakopee	20,880	22,962	22,615	26,700	26,621	27.5%	29,100
Scott County	45,273	48,128	53,177	54,052	54,713	20.9%	62,790
Metro-Core 7 Counties	1,675,291	1,706,025	1,739,556	1,762,315	1,773,077	5.8%	1,941,910
Metro-14 MN Counties	1,790,176	1,822,922	1,857,563	1,881,591	1,893,860	5.8%	N/A
Minnesota	2,774,426	2,814,002	2,854,004	2,881,907	2,900,290	4.5%	N/A

Source: MN Department of Employment and Economic Development; Projections by the Metropolitan Council

The following table depicts employment in Shakopee by NAICS super-sector industry classifications.

Shakopee Average Covered Employment by Industry

NAICS Code	Industry	2015	2016	2017	2018	2019	% Change 2015-2019
1011	Natural Resources & Mining	18	20	19	14	13	-27.8%
1012	Construction	1,263	1,450	1,651	1,713	1,775	40.5%
1013	Manufacturing	3,926	4,076	4,336	4,769	4,577	16.6%
1021	Trade, Transportation & Utilities	4,322	5,854	8,871	8,785	8,503	96.7%
1022	Information	169	176	228	231	221	30.8%
1023	Financial Activities	346	280	297	293	285	-17.6%
1024	Professional & Business Services	2,439	2,360	2,334	1,957	1,987	-18.5%
1025	Education and Health Services	3,673	3,841	3,855	3,892	3,991	8.7%
1026	Leisure and Hospitality	3,158	3,326	3,277	3,306	3,496	10.7%
1027	Other Services	458	432	553	498	508	10.9%
1028	Public Administration	1,108	1,145	1,192	1,240	1,263	14.0%
Total	All Industries	20,880	22,962	26,615	26,700	26,621	27.5%

* No data reported

Source: Minnesota Department of Employment and Economic Development

Retail Sales

From 2015 through 2018 (the latest year for which data is available), retail sales in Shakopee increased 26.0%, or 8.00% annually which is significantly higher than growth rates for the county, metro area and the state. Sales growth for the city, county, metro area, and state is compared in the following table:

Retail Sales

Area	2015	2016	2017	2018	Annual % Change 2015-2018
Shakopee	\$781,846,218	\$836,643,689	\$897,983,563	\$984,958,531	8.00%
Scott County	\$1,452,376,163	\$1,462,581,245	\$1,588,556,579	\$1,699,611,686	5.38%
Metro-Core 7 Counties	\$45,922,520,926	\$45,881,937,554	\$47,187,290,886	\$49,934,396,680	2.83%
Metro-14 MN Counties	\$49,931,005,505	\$49,879,381,174	\$51,497,072,089	\$54,590,960,185	3.02%
Minnesota	\$89,392,881,038	\$87,947,092,990	\$92,127,520,919	\$96,487,621,851	2.58%

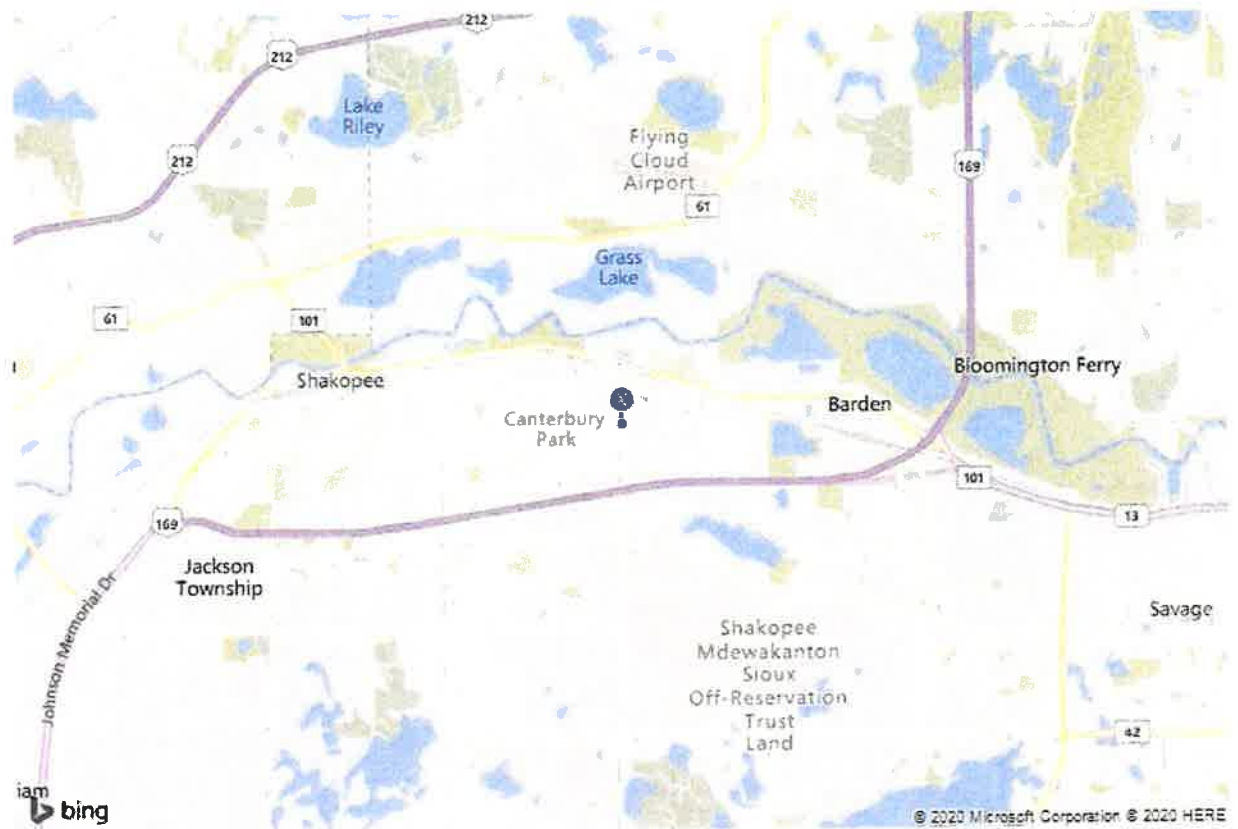
Source: Minnesota Department of Revenue

Summary and Conclusion

Shakopee's population has increased over 16% since the last census. Historically, Shakopee was relatively "inaccessible" via high-speed freeways, despite a relatively "close-in" location to the south I-494 corridor. This was due to the fact that it was served only by the narrow U.S. Highway 169 bridge on the west, the narrow, inconvenient and flood-prone Bloomington Ferry Bridge on the east, and the I-35W bridge in Burnsville several miles further to the east.

The 1995 opening of the new U.S. Highway 169 across the Minnesota River, which connects via freeway with I-494 in southern Hennepin County, is a key piece of infrastructure that connects Shakopee with the balance of the metropolitan area. The relatively high-speed access to a major employment center in the Twin Cities area has resulted in significant industrial, residential and retail development in Shakopee including an Amazon Fulfillment Center.

Area Map



Surrounding Area Analysis

Location

The subject is in the eastern area of Shakopee. This area generally is delineated as follows:

North	Minnesota State Highway 101
South	Minnesota State Highway 169
East	Canterbury Road South
West	Marschall Road

A map identifying the location of the property follows this section.

Access and Linkages

Primary access to the area is provided by U.S. Highway 169, a major arterial that crosses the metro area in a north/south direction. Access to the subject from U.S. Highway 169 is provided by Canterbury Road South and travel time from the major arterial to the subject is less than two minutes. Overall, vehicular access is good. Secondary access is from State Highway 101 that is located north of the subject and intersects with Highway 169 to the northwest.

Public transportation is provided by Shakopee Transit and provides access to the metro area. The local market perceives public transportation as fair compared to other areas in the region. However, the primary mode of transportation in this area is the automobile. The subject location is rural oriented and does not have mass transit service directly available.

The Minneapolis/St. Paul International Airport is located about 20 miles from the property; travel time is about 25 minutes, depending on traffic conditions. The Minneapolis CBD, the economic and cultural center of the region, is approximately 25 miles from the property.

Demand Generators

Major employers include Mystic Lake Casino, Amazon, Valley Fair Amusement Park, Shakopee Public Schools, Canterbury Park, St. Francis Regional Medical Center, Imagine! Print Solutions, Entrust Datacard, Seagate Technology, Scott County, Emerson and Shutterfly.

In addition to its strong employment base, the area is easily accessible to the southwest submarket, all within 20 minutes driving time. Access to employment centers in other submarkets is a major demand driver.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics						
	1-Mile Radius	3-Mile Radius	5-Mile Radius	Scott County	Minneapolis MSA	Minnesota
2020 Estimates						
Population 2010	612	34,847	103,119	129,928	3,333,633	5,303,925
Population 2020	646	40,694	117,582	150,123	3,667,224	5,670,431
Population 2025	663	43,208	124,023	158,639	3,828,728	5,869,093
Compound % Change 2010-2020	0.5%	1.6%	1.3%	1.5%	1.0%	0.7%
Compound % Change 2020-2025	0.5%	1.2%	1.1%	1.1%	0.9%	0.7%
Households 2010	250	12,112	38,616	45,108	1,293,601	2,087,227
Households 2020	278	13,847	43,490	52,594	1,441,077	2,264,423
Households 2025	290	14,611	45,730	55,685	1,510,114	2,354,182
Compound % Change 2010-2020	1.1%	1.3%	1.2%	1.5%	1.1%	0.8%
Compound % Change 2020-2025	0.8%	1.1%	1.0%	1.1%	0.9%	0.8%
Median Household Income 2020	\$75,247	\$106,839	\$109,818	\$105,222	\$83,695	\$74,437
Average Household Size	2.3	2.9	2.7	2.8	2.5	2.5
College Graduate %	30%	46%	53%	40%	41%	36%
Median Age	35	35	37	37	38	39
Owner Occupied %	59%	78%	77%	84%	71%	73%
Renter Occupied %	41%	22%	23%	16%	29%	27%
Median Owner Occupied Housing Value	\$245,906	\$330,686	\$369,534	\$332,383	\$292,083	\$254,259
Median Year Structure Built	1997	2001	1995	1998	1981	1978
Average Travel Time to Work in Minutes	23	26	26	29	28	26
Source: Envionics Analytics						

As shown above, the current population within a 3-mile radius of the subject is 40,694, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Scott County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$106,839, which is higher than the household income for Scott County. Residents within a 3-mile radius have a higher level of educational attainment than those of Scott County, while median owner-occupied home values are similar.

Land Use

The area is suburban in character. Development on and near the Canterbury Road corridor extending south from Highway 169 to Highway 101 is a mix of commercial, industrial and entertainment. The most major user is the Canterbury Park horse racing facility. Additional uses included hotels, fast food restaurants, convenience store, public facilities, dog training and boarding and industrial uses ranging from small owner-occupied buildings to moderate sized multi-tenant to large bulk distribution facilities. Valley Fair Amusement Park is found on the north side of Highway 101 a short distance from Canterbury Road. The most recent development involves a four-story hotel between 12th Avenue and Secretariat Drive, west of Canterbury Road, that opened in February 2020.

Outlook and Conclusions

The general area is in the growth stage of its life cycle. We anticipate that property values will increase going forward.

Surrounding Area Map



Property Analysis - Before

Land Description and Analysis - Before

Land Description - Before Acquisition

Land Area	2.45 acres; 106,895 SF
Source of Land Area	Public Records
Primary Street Frontage	Canterbury - 315 feet
Shape	Square
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	2704340002C
Date	September 29, 1978
Zone	C
Description	Areas of minimal flooding
Insurance Required?	No

Zoning; Other Regulations

Zoning Jurisdiction	City of Shakopee
Zoning Designation	I-2, Heavy Industry Zone
Description	The purpose of the Heavy Industry Zone is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Administrative, executive and professional offices, medical and dental clinics, adult establishments, breweries, distilleries, contractor's supply yards, establishments supplying goods and services primarily to industrial uses, landscape services and other contractors, manufacturing fabrication, processing, research labs, assembly, storage operations, motor freight terminals, public buildings and facilities, public recreation, retail sales of heavy industrial manufacturing or construction machinery and equipment, utility service structures, commercial vehicle rentals, warehousing, wholesaling and wineries
Minimum Lot Area	1 acre
Minimum Lot Width (Feet)	100 feet
Minimum Setbacks (Feet)	Front: 30 feet; Side: 15 feet; Rear: 30 feet; Minimum side or rear from residential zones: 100 feet; Minimum side or rear from railroad right-of-way: 0 feet
Maximum Building Height	45 feet without a conditional use permit
Maximum Site Coverage	0.85
Maximum Floor Area Ratio	None specified
Parking Requirement	1 space per 600 SF of floor area or employee on largest shift, whichever is greater
Other Land Use Regulations	We are not aware of any land use regulations, other than zoning, that affect the subject site.

Utilities

Service	Provider
Water	City of Shakopee
Sewer	City of Shakopee
Electricity	Xcel Energy
Natural Gas	Centerpoint Energy
Local Phone	Various

Streets, Access and Frontage - Before Acquisition

Street	Canterbury
Frontage Feet	315
Paving	Bituminous
Curbs	Concrete
Sidewalks	No
Lanes	2 way, 2 lanes each way
Direction of Traffic	North/South
Condition	Average
Traffic Levels	Moderate - 8500 AADT (2017)
Signals/Traffic Control	None
Access/Curb Cuts	Average - one
Visibility	Average

Easements, Encroachments and Restrictions

We were provided a current title report prepared by Scott County Abstract & Title Co., Inc. We note nor are we aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.



Water Tower
(Photo Taken on April 25, 2020)



East inside fence
(Photo Taken on April 25, 2020)



North inside fence
(Photo Taken on April 25, 2020)



Southern land inside fence viewed east
(Photo Taken on April 25, 2020)



West at driveway toward Canterbury Road
(Photo Taken on April 25, 2020)



North on Canterbury Road
(Photo Taken on April 25, 2020)



South on Canterbury Road
(Photo Taken on April 25, 2020)

Aerial View



Real Estate Taxes

Real estate taxes are a key determinant of value in Minnesota, because properties are taxed at rates that are higher than rates for comparable properties in neighboring states. Taxes are paid one year in arrears in Minnesota, which means that the taxes payable in 2020 relate to the January 2, 2019 assessor's estimated market values.

Real estate taxes and assessments for the current tax year are shown in the following table. The subject is publicly-owned and tax exempt

Taxes and Assessments - 2020							
Assessed Value				Taxes and Assessments			
Tax ID	Land	Improvements	Total	Tax Rate	Ad Valorem	Direct	Total
					Taxes	Assessments	
270810130	\$188,700	\$50,000	\$238,700	0.000000%	\$0	\$0	\$0

Based on the concluded market value of the subject, the assessed value of the land appears low

Special Assessments

Special assessments are charges levied by the city and/or county on a property to pay for public infrastructure that directly benefits that property. In theory, the value of a property should increase at least by the amount of the special assessment.

Special assessments are often charged to property owners for public works such as streets and roads, water lines, sanitary sewer lines, storm sewer lines, and storm water retention areas.

Per the Scott County Treasurer's Office, no special assessments are currently levied against the subject property. Our value estimate assumes all current and pending special assessments, if any, are paid in full.

Highest and Best Use - Before

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned I-2, Heavy Industry Zone. The purpose of the Heavy Industry Zone is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist. Permitted uses include administrative, executive and professional offices, medical and dental clinics, adult establishments, breweries, distilleries, contractor's supply yards, establishments supplying goods and services primarily to industrial uses, landscape services and other contractors, manufacturing fabrication, processing, research labs, assembly, storage operations, motor freight terminals, public buildings and facilities, public recreation, retail sales of heavy industrial manufacturing or construction machinery and equipment, utility service structures, commercial vehicle rentals, warehousing, wholesaling and wineries. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for industrial use in the subject's area. It appears that a newly developed industrial use on the site would have a value commensurate with its cost. Therefore, industrial use is financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than industrial use. Accordingly, it is our opinion that industrial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for industrial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

Contribution of existing improvements are not influenced by the partial acquisition and not appraised. Therefore, a highest and best analysis as improved is not applicable.

Most Probable Buyer

Considering the functional utility of the site and area development trends, the probable buyer of the land is a developer.

Valuation - Before

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Sales Comparison Approach - Before

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

- Location: Metro Counties south of the Minnesota River including Scott, Carter and Dakota. Primary emphasis was placed on Scott County near Shakopee with other locations considerations due to limited number of recent industrial land sales.
- Size: Sales considered range from less than 2 to over 10 acres. Those selected for valuation of this property are from 1.87 to 10.72 usable acres. The sales bracket the 2.45-acre subject.
- Use: Industrial development
- Transaction Date: Most sales occurred within the last three years. One additional sale from 2016 is included because of its Shakopee proximity.

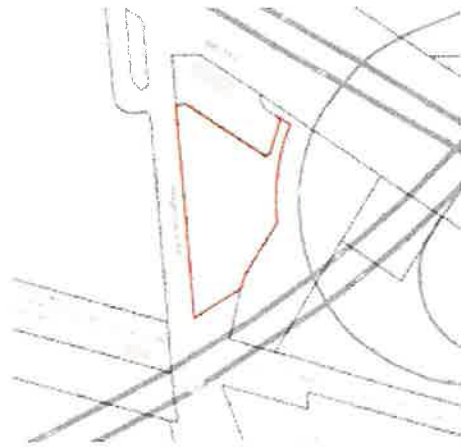
For this analysis, we use price per usable square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. Usable area is selected over total site area as at least one comparable has non usable land that did not contribute value or contributed minimally. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Before Acquisition

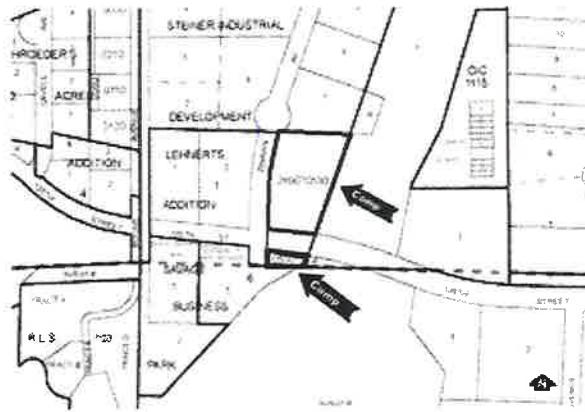
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/Usable SF
1	Dodd Business Center Site 580 Opperman Drive Eagan Dakota County MN <i>Comments: Level industrial site at the southeast corner of Dodd Road and Opperman Drive. Office warehouse of 153,296 square feet developed in 2019. Site across Dodd Road from Thomson Reuters. Price equals \$5.00 per square foot calculated on 10.72 acres.</i>	May-19 Closed	\$2,334,816	467,164 10.72	467,164 10.72	Limited Industrial	\$5.00
2	Industrial Land 931 Stagecoach Road Shakopee Scott County MN <i>Comments: Sale of industrial land in July 2018 for \$425,000.</i>	Jul-18 Closed	\$425,000	81,457 1.87	81,457 1.87	Industrial	\$5.22
3	Industrial Site 8550 126th St. W. Savage Scott County MN <i>Comments: Property is in two parcels divided by public street, with smaller portion (6,450 SF or 7.6% of total) to the south.</i>	Jun-17 Closed	\$480,000	84,760 1.95	84,760 1.95	Planned Industrial	\$5.66
4	Vacant land xxxx Sarazin St. Shakopee Scott County MN <i>Comments: Site is located on the northwest corner of Sarazin Street and 4th Avenue East in Shakopee in an industrial area located south of County Road 101. The property was owned by Kelley Fuels who owns the parcel to the north of the site. Property was vacant and for sale a long time according to the seller. City water and sewer are available to the site. Per the seller and the Scott County assessor, the land sold for market price as an arm's length sale.</i>	Mar-17 Closed	\$1,027,303	225,641 5.18	225,641 5.18	I1- Light Industry	\$4.55
5	Vacant Land xxxx County Road 101 Shakopee Scott County MN <i>Comments: Site is located south of County Road 101 just east of Valleyfair. The site was originally purchased by the seller in June 2014 which included the parcel to the west. The seller developed the western parcel and sold the adjacent site to Llyod's Properties. The site has a retaining pond on the western side of the property, which is considered unusable. The site is currently used for outdoor storage. Per the Certificate of Real Estate Value the property was not openly marketed and had an appraised value of \$1,775,000 and sold for \$1,700,000. Site has public water and sewer.</i>	Jun-16 Closed	\$1,700,000	376,097 8.63	315,113 7.23	I2 - Heavy Industry	\$5.39
Subject				106,895	106,895	I-2, Heavy	
Shakopee Public Utilities Land				2.45	2.45	Industry Zone	
Shakopee, MN							



Sale 1
Dodd Business Center Site



Sale 2
Industrial Land



Sale 3
Industrial Site



Sale 4
Vacant land



Sale 5
Vacant Land

Shakopee Public Utilities Land

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments applied.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All sales involve transfer of fee simple interest. No adjustments applied.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All transactions occurred with market terms. No adjustments applied.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	All sales are arm's length with no undue influence. No adjustments applied.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Most forms of land have been increasing in value in the local market over the last several years. An annual market conditions adjustment of 2% is applied to all the comparables.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 1 in Eagan is superior and adjusts down.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Sale 5 has Highway 101 frontage and adjusts down.
Size	Inverse relationship that often exists between parcel size and unit value.	Three properties over five acres adjust up.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Comparable 2 is irregular shaped and adjusts up.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	All sites are zoned industrial or PUD for industrial use. No adjustments applied.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Before Acquisition						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Shakopee Public Utilities Land	Dodd Business Center Site	Industrial Land	Industrial Site	Vacant land	Vacant Land
Address	7xx Canterbury Rd. S.	580 Opperman Drive	931 Stagecoach Road	8550 126th St. W.	xxxx Sarazin St.	xxxx County Road 101
City	Shakopee	Eagan	Shakopee	Savage	Shakopee	Shakopee
County	Scott	Dakota	Scott	Scott	Scott	Scott
State	Minnesota	MN	MN	MN	MN	MN
Sale Date		May-19	Jul-18	Jun-17	Mar-17	Jun-16
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,334,816	\$425,000	\$480,000	\$1,027,303	\$1,700,000
Square Feet	106,895	467,164	81,457	84,760	225,641	376,097
Acres	2.45	10.72	1.87	1.95	5.18	8.63
Usable Square Feet	106,895	467,164	81,457	84,760	225,641	315,113
Usable Acres	2.45	10.72	1.87	1.95	5.18	7.23
Price per Usable Square Foot		\$5.00	\$5.22	\$5.66	\$4.55	\$5.39
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		-	-	-	-	-
% Adjustment		-	-	-	-	-
Market Conditions	4/25/2020	May-19	Jul-18	Jun-17	Mar-17	Jun-16
Annual % Adjustment	2%	2%	4%	6%	6%	8%
Cumulative Adjusted Price		\$5.10	\$5.43	\$6.00	\$4.83	\$5.83
Location		-5%	-	-	-	-
Access/Exposure		-	-	-	-	-5%
Size		10%	-	-	5%	5%
Shape and Topography		-	5%	-	-	-
Zoning		-	-	-	-	-
Cumulative Adjustment Factor		1.05	1.05	1.00	1.05	1.00
Adjusted Price		\$5.33	\$5.70	\$6.00	\$5.07	\$5.81
Overall Adjustment Factor		1.07	1.09	1.06	1.11	1.08
Range of Adjusted Prices		\$5.07 - \$6.00				
Average		\$5.58				
Indicated Value		\$5.75				

Land Value Conclusion – Before

Prior to adjustment, the sales reflect a range of \$4.55 - \$5.66 per usable square foot. After adjustment, the range is narrowed to \$5.07 - \$6.00 per usable square foot, with an average of \$5.58 and median of \$5.70 per usable square foot. Reconciled square foot value is placed near the median on a blended basis with a minority share of land previously encumbered with drainage and utility easement and most of the site being non-encumbered.

Adjustment is applied for contribution of site improvements, applied at a rate of 5.00% of base land value. This is applied to have an amount to draw down from for landscape and site improvement elements, if any, acquired with the project. Multiplication of non-rounded value may include non-displayed area right of the decimal point.

Land Value Conclusion	
Before Acquisition	
Indicated Value per Usable Square Foot	\$5.75
Subject Usable Square Feet	<u>106,895</u>
Indicated Value	\$614,646
Adjustments	
Landscaping & Site Improvements Allowance	<u>\$30,732</u>
Total Adjustments	\$30,732
Indicated Value	\$645,379
Rounded	<u>\$645,400</u>

Reconciliation and Conclusion of Before Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable and not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value in the before project situation is:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value Before Acquisition	Fee Simple	April 25, 2020	\$645,400

After Situation

The Project

The following narrative describing the project is gathered from the Highway Department section of the Scott County website.

CH 83 Reconstruction TH 169 to 4th Avenue

- Construction Year: 2021
- Community Served: Shakopee and Prior Lake
- Corridor Served: CH 83
- Project Lead: Scott County

Background and Purpose

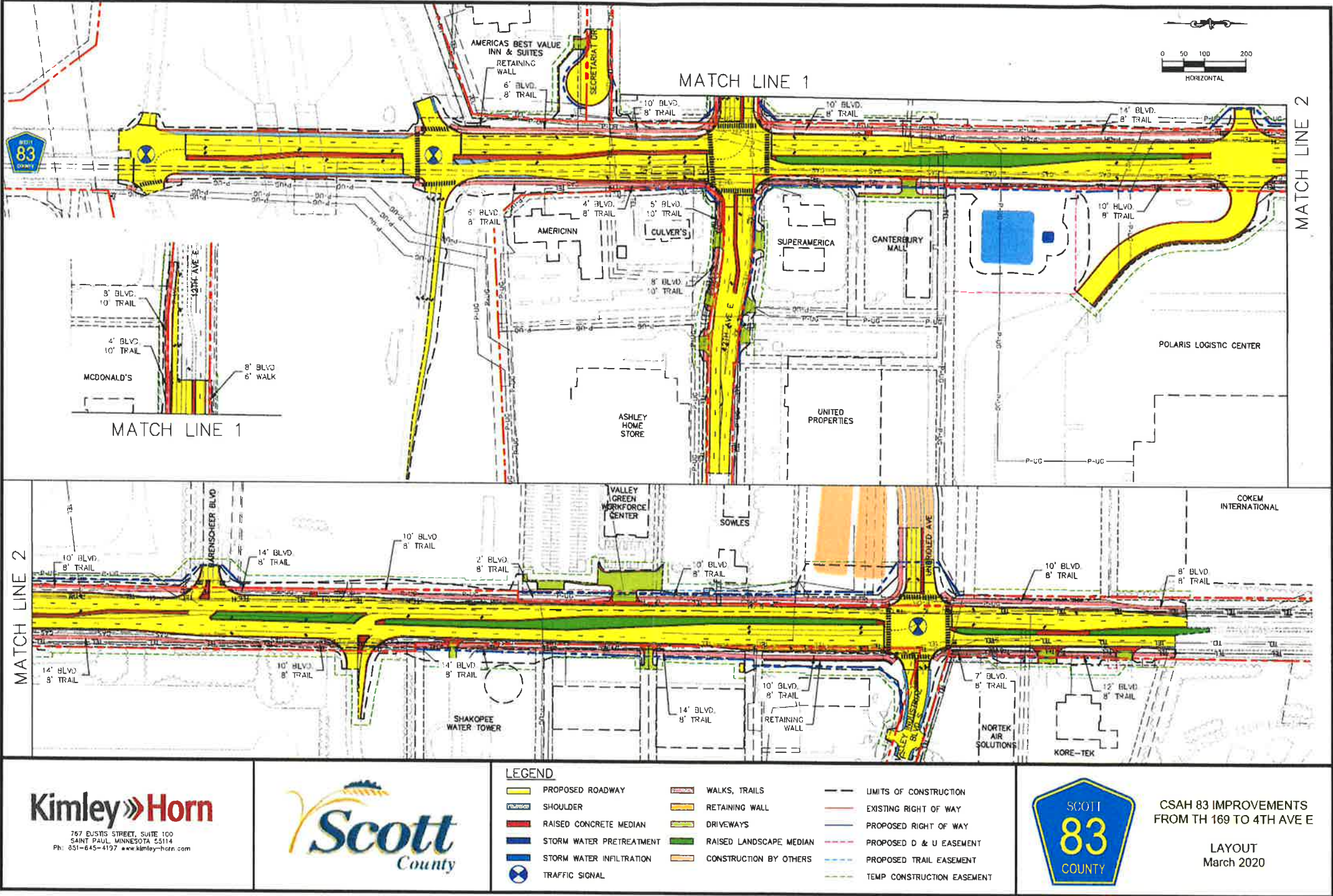
Scott County, in partnership with the City of Shakopee, is reconstructing County Highway (CH) 83 from Trunk Highway (TH) 169 to 4th Avenue. CH 83 is a commercial corridor that provides a critical connection to significant entertainment, commercial, and industrial areas in the City of Shakopee. Due to increasing traffic from recent development and future redevelopment, safety concerns, and large event traffic, the proposed improvements will transform the existing four-lane undivided highway to a four-lane divided highway with turn lanes and bicycle and pedestrian facilities.

The purpose of the CH 83 reconstruction project is to provide improvements that will better serve the adjacent commercial and industrial properties, improve traffic flow during large events, and prepare the area for the redevelopment of Canterbury Park. The project will build upon the CH 83 Corridor Readiness Study concept that was developed in 2016. The concept demonstrated the need to reduce access points along CH 83 based on Scott County guidelines and improve intersection safety. It also emphasized the need to provide a continuous route for pedestrians and bicyclists.

CH 83 is one of few minor arterial roadways providing north/south continuity through the City of Shakopee and into Prior Lake. This north/south function is important for local traffic as well as regional traffic making connections between Trunk Highway (TH) 169 and other regional facilities such as CH 101, 16, 42 and 82.

Project Location Map





Description of the Acquisition

A road project is scheduled for CH 83 (Canterbury Road) in Shakopee. The project will address operational and safety issues for existing and future development along the A-Minor corridor that provides north/south traffic flow through Shakopee and into Prior Lake and provides connection with important regional corridors including TH 169 and CH 101, 16, 42 and 82.

The subject is directly influenced by partial acquisition to serve this project as subsequently detailed.

New Permanent Roadway Easement Right-of-Way acquisition totals 1,678 square feet of land not previously encumbered by permanent easement. Additional New Right-of-Way is also acquired with 3,918 square feet of land previously encumbered by permanent drainage and utility easement. This new right-of-way extends along the entire exiting Canterbury Road frontage of the site. The widening of the Canterbury Road corridor results in loss of land, driveway paving and some chain link privacy fence.

The project encumbers a portion of the site with temporary easement. This totals 10,619 square feet in non-prior encumbered area. Temporary easement is predominantly an approximate 40-foot-wide band placed along New Right of Way for Canterbury Road and extends from near the south to north end of the site. Temporary easement does not encumber land previously encumbered by drainage and utility easement at the north and south extremities. Both New Right of Way and Temporary Easement extend across the property driveway intersecting with Canterbury Road.

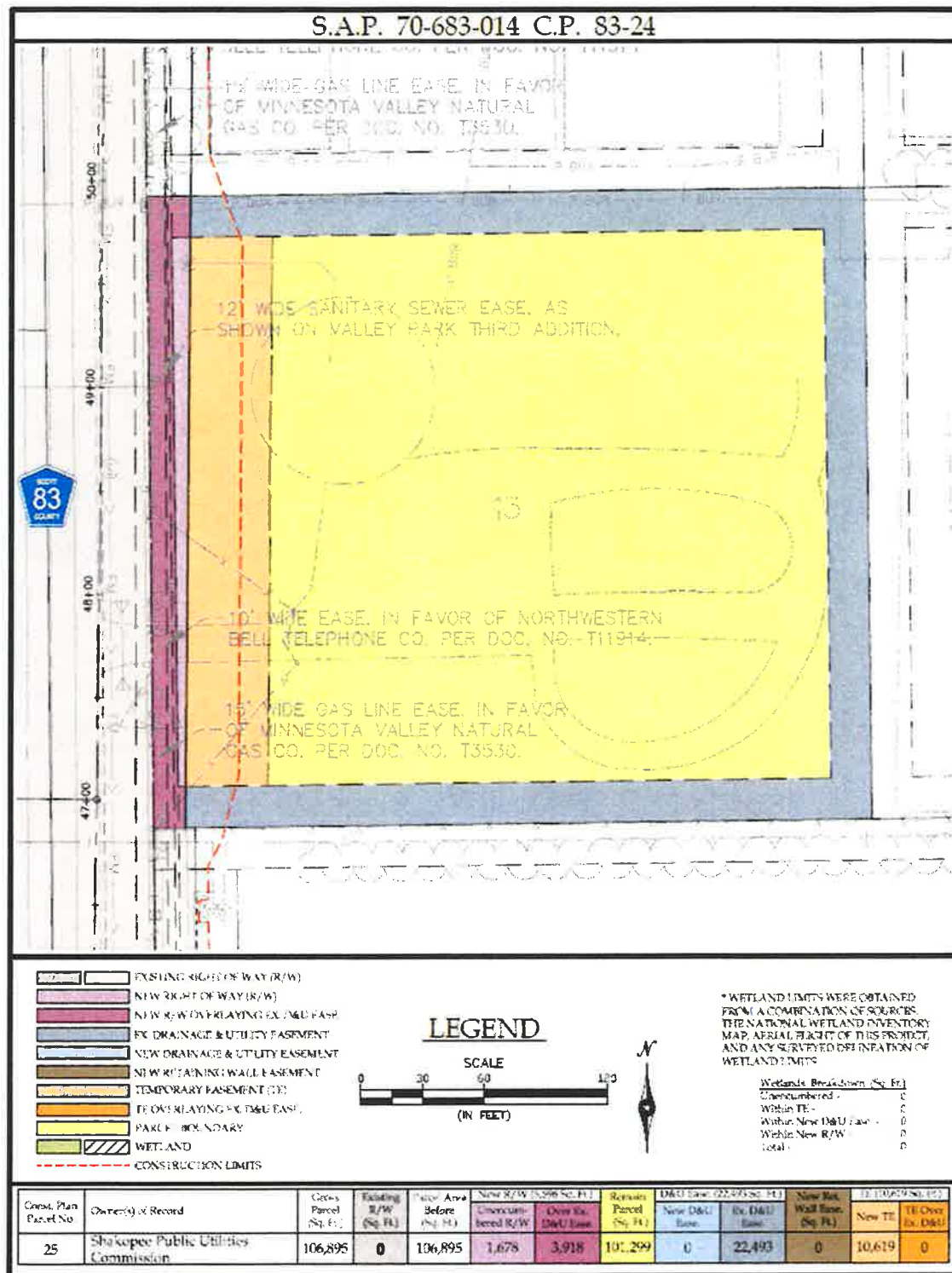
Temporary easement encumbers from April 1, 2021 to December 1, 2022 (20 months). Construction occurring within driveways with the project are being restricted to 30-day windows where only one-half of the driveway is to be under construction at a time so ingress and egress will always be available.

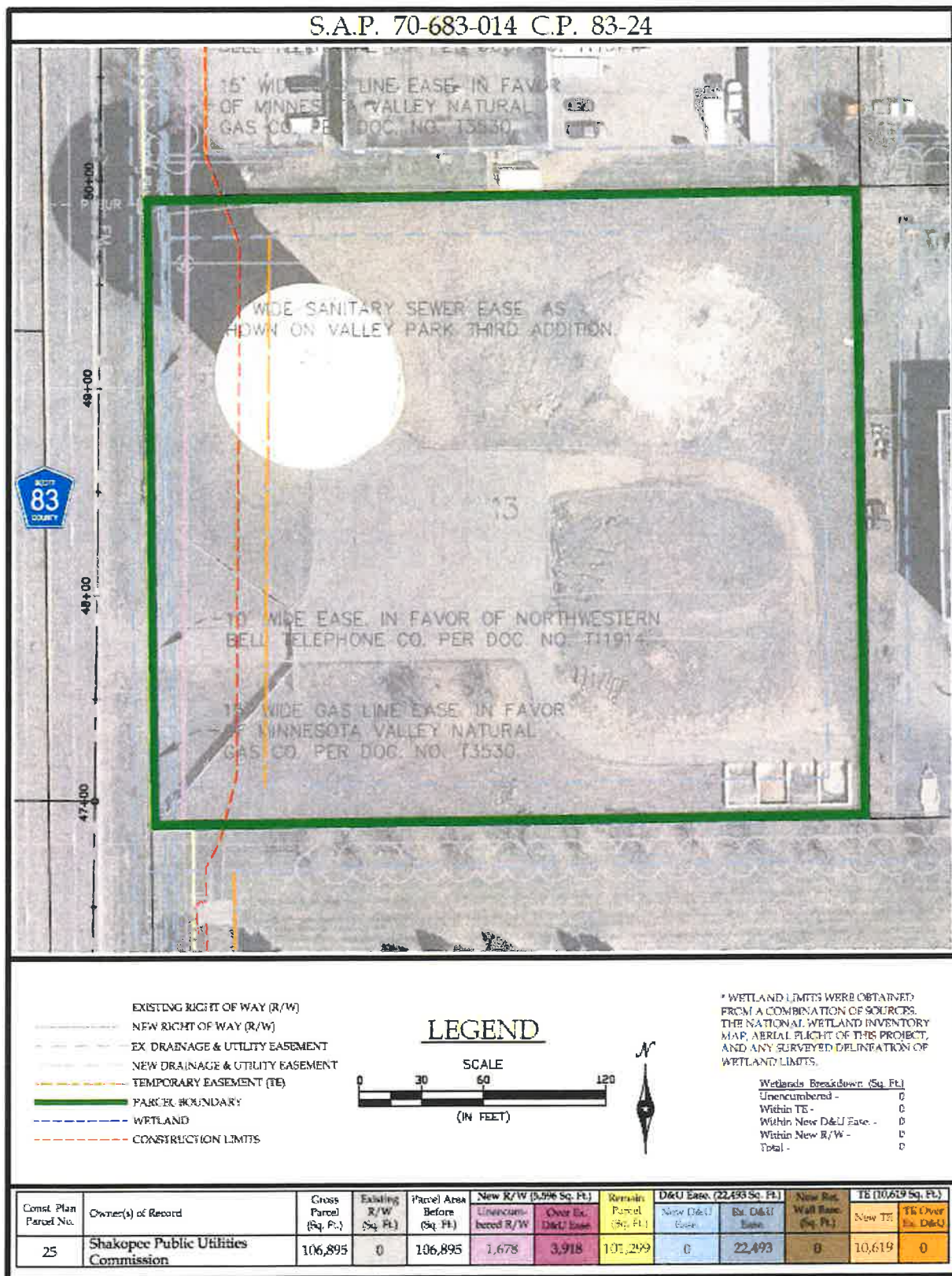
Following is a summary of the acquisitions:

Non-Prior Encumbered Acquisition Summary			
	Square Feet	Acres	
Land Area Before Acquisition	106,895	2.45	
Non-Prior Encumbered New Right of Way Acquisition	-1,678	-0.04	
Net Land Area After Non-Prior Encumbered New Right of Way Acquisition	105,217	2.42	
Temporary Construction Easement - Non-Prior Encumbered	10,619	0.24	

Prior Encumbered Acquisition Summary			
	Prior Encumbrance	Square Feet	Acres
Land Area After Non-Prior Encumbered Right of Way Acquisition		105,217	2.42
Prior Encumbered Permanent Easement Right of Way Acquisition	Drainage & Utility	-3,918	-0.01
Net Land Area After New Right of Way Acquisition		101,299	2.41

Parcel Acquisition Map





Parcel Acquisition Legal Description

EXHIBIT A

SP 070-683-014 (CP 83-24)
Parcel No. 25

PERMANENT COUNTY HIGHWAY EASEMENT:

That part of Lot 13, Block 1, VALLEY PARK FIFTH ADDITION, according to the record plat thereof, on file in the Office of the Registrar of Titles in and for Scott County, Minnesota, which is denoted and shown as Parcel 33 on Scott County Right of Way Plat No. 110, according to the record plat thereof, on file in the Office of the Registrar of Titles, Scott County, Minnesota.

TEMPORARY CONSTRUCTION EASEMENT:

That part of Lot 13, Block 1, VALLEY PARK FIFTH ADDITION, according to the record plat thereof, on file in the Office of the Registrar of Titles in and for Scott County, Minnesota, which is denoted as Temporary Easement Parcel 33 and shown by the symbol ("T.E. 33") on Scott County Right of Way Plat No. 110, according to the record plat thereof, on file in the Office of the Registrar of Titles, Scott County, Minnesota.

Said temporary easement shall commence on April 1, 2021 and shall terminate on December 1, 2022.

PID: 27-081-013-0

Impacted Site Improvements

The following site improvements that will not be replaced as part of the project are observed as being within areas of permanent or temporary easement acquisition. These items are deducted from remainder land value.

Site improvements noted as being at risk of loss include driveway pavement and about 30 feet of chain link fence in New Right of Way. Approximately 200 lineal feet of fence is in Temporary Easement. Allocated compensation for this is based upon estimated time and hourly rate to remove and reinstall the fence.

Total allocation for affected site improvements is summarized below.

Impacted Site Improvements				
Item	Quantity	Unit Measure	Unit Amount	Contribution
Pavement	360	Square Feet	\$5.00	\$1,800
7' Chain Link Fence with Privacy Screening in New ROW	30	Lineal Feet	\$25.00	\$750
Fence in TE - Remove and Reinstall	32	Labor Hours	\$50.00	\$1,600
Total (Rounded)				\$4,200

Property Analysis – After Acquisition

Description of the Property After Acquisition

A permanent acquisition is being made along most of the Canterbury Road frontage of the site for a right-of-way acquisition as well as a temporary easement located along the new western property line. After completion of the project and expiration of temporary easement the bundle of property rights remaining will continue to allow developed use for which the property is put in the before situation. Functional utility will remain for industrial development of a hypothetical vacant property; albeit with a somewhat smaller site corresponding to loss of usable land equal to the amount of New Right of Way.

A median is being placed in Canterbury Road that will limit ingress and egress to right-in and right-out only. The compensable near lane of traffic will continue to be accessible.

Conclusion of Land Analysis – After

Overall, the physical characteristics of the site and the availability of utilities continue to result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Project Depiction Photos of Subject



North at new ROW



North at TE



Fence in New ROW and TE



South with New ROW at right



South at TE

Highest and Best Use - After

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned I-2, Heavy Industry Zone. The purpose of the Heavy Industry Zone is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist. Permitted uses include administrative, executive and professional offices, medical and dental clinics, adult establishments, breweries, distilleries, contractor's supply yards, establishments supplying goods and services primarily to industrial uses, landscape services and other contractors, manufacturing fabrication, processing, research labs, assembly, storage operations, motor freight terminals, public buildings and facilities, public recreation, retail sales of heavy industrial manufacturing or construction machinery and equipment, utility service structures, commercial vehicle rentals, warehousing, wholesaling and wineries. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for industrial use in the subject's area. It appears that a newly developed industrial use on the site would have a value commensurate with its cost. Therefore, industrial use is financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than industrial use. Accordingly, it is our opinion that industrial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for industrial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

Contribution of existing improvements are not influenced by the partial acquisition and not appraised. Therefore, a highest and best analysis as improved is not applicable

Most Probable Buyer

Considering the functional utility of the site and area development trends, the probable buyer of the land is a developer.

Valuation - After

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Sales Comparison Approach - After

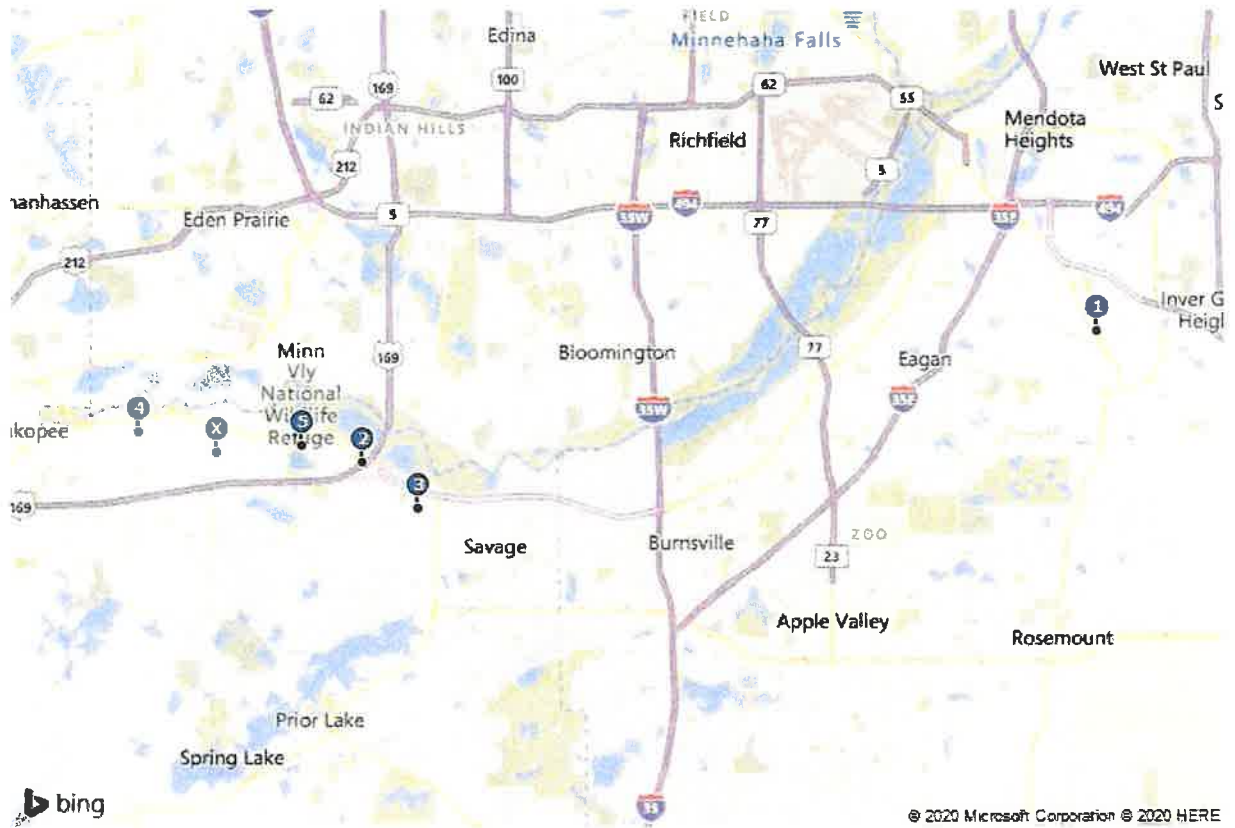
To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

For this analysis, usable square foot remains the appropriate unit of comparison. The same comparable sales applied in the before situation remain most relevant. The most relevant sales are again summarized in the following table.

Summary of Comparable Land Sales - After Acquisition

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/Usable SF
1	Dodd Business Center Site 580 Opperman Drive Eagan Dakota County MN <i>Comments: Level industrial site at the southeast corner of Dodd Road and Opperman Drive. Office warehouse of 153,296 square feet developed in 2019. Site across Dodd Road from Thomson Reuters. Price equals \$5.00 per square foot calculated on 10.72 acres.</i>	May-19 Closed	\$2,334,816	467,164 10.72	467,164 10.72	Limited Industrial	\$5.00
2	Industrial Land 931 Stagecoach Road Shakopee Scott County MN <i>Comments: Sale of industrial land in July 2018 for \$425,000.</i>	Jul-18 Closed	\$425,000	81,457 1.87	81,457 1.87	Industrial	\$5.22
3	Industrial Site 8550 126th St. W. Savage Scott County MN <i>Comments: Property is in two parcels divided by public street, with smaller portion (6,450 SF or 7.6% of total) to the south.</i>	Jun-17 Closed	\$480,000	84,760 1.95	84,760 1.95	Planned Industrial	\$5.66
4	Vacant land xxxx Sarazin St. Shakopee Scott County MN <i>Comments: Site is located on the northwest corner of Sarazin Street and 4th Avenue East in Shakopee in an industrial area located south of County Road 101. The property was owned by Kelley Fuels who owns the parcel to the north of the site. Property was vacant and for sale a long time according to the seller. City water and sewer are available to the site. Per the seller and the Scott County assessor, the land sold for market price as an arm's length sale.</i>	Mar-17 Closed	\$1,027,303	225,641 5.18	225,641 5.18	I1- Light Industry	\$4.55
5	Vacant Land xxxx County Road 101 Shakopee Scott County MN <i>Comments: Site is located south of County Road 101 just east of Valleyfair. The site was originally purchased by the seller in June 2014 which included the parcel to the west. The seller developed the western parcel and sold the adjacent site to Lyod's Properties. The site has a retaining pond on the western side of the property, which is considered unusable. The site is currently used for outdoor storage. Per the Certificate of Real Estate Value the property was not openly marketed and had an appraised value of \$1,775,000 and sold for \$1,700,000. Site has public water and sewer.</i>	Jun-16 Closed	\$1,700,000	376,097 8.63	315,113 7.23	I2 - Heavy Industry	\$5.39
Subject				101,299	101,299	I-2, Heavy	
Shakopee Public Utilities Land				2.33	2.33	Industry Zone	
Shakopee, MN							

Comparable Land Sales Map – After

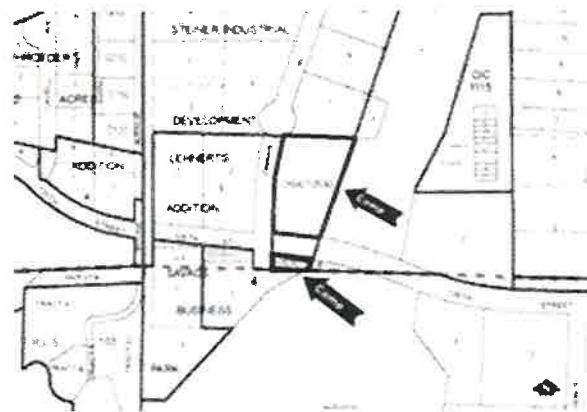




Sale 1
Dodd Business Center Site



Sale 2
Industrial Land



Sale 3
Industrial Site



Sale 4
Vacant land



Sale 5
Vacant Land

Shakopee Public Utilities Land

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments applied in the after situation are the same as those rendered in the before. Line item adjustments note the various elements of acquisition beyond the loss for new right of way.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - After Acquisition						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Shakopee Public Utilities Land	Dodd Business Center Site	Industrial Land	Industrial Site	Vacant land	Vacant Land
Address	7xx Canterbury Rd. S.	580 Opperman Drive	931 Stagecoach Road	8550 126th St. W.	xxxx Sarazin St.	xxxx County Road 101
City	Shakopee	Eagan	Shakopee	Savage	Shakopee	Shakopee
County	Scott	Dakota	Scott	Scott	Scott	Scott
State	Minnesota	MN	MN	MN	MN	MN
Sale Date		May-19	Jul-18	Jun-17	Mar-17	Jun-16
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,334,816	\$425,000	\$480,000	\$1,027,303	\$1,700,000
Square Feet	101,299	467,164	81,457	84,760	225,641	376,097
Acres	2.33	10.72	1.87	1.95	5.18	8.63
Usable Square Feet	101,299	467,164	81,457	84,760	225,641	315,113
Usable Acres	2.33	10.72	1.87	1.95	5.18	7.23
Price per Usable Square Foot		\$5.00	\$5.22	\$5.66	\$4.55	\$5.39
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	4/25/2020	May-19	Jul-18	Jun-17	Mar-17	Jun-16
Annual % Adjustment	2%	2%	4%	6%	6%	8%
Cumulative Adjusted Price		\$5.10	\$5.43	\$6.00	\$4.83	\$5.83
Location		-5%	—	—	—	—
Access/Exposure		—	—	—	—	-5%
Size		10%	—	—	5%	5%
Shape and Topography		—	5%	—	—	—
Zoning		—	—	—	—	—
Cumulative Adjustment Factor		1.05	1.05	1.00	1.05	1.00
Adjusted Price		\$5.33	\$5.70	\$6.00	\$5.07	\$5.81
Overall Adjustment Factor		1.07	1.09	1.06	1.11	1.08
Range of Adjusted Prices		\$5.07 - \$6.00				
Average		\$5.58				
Indicated Value		\$5.75				

Land Value Conclusion - After

Prior to adjustment, the sales reflect a range of \$4.55 - \$5.66 per usable square foot. After adjustment, the range is narrowed to \$5.07 - \$6.00 per usable square foot, with an average of \$5.58 per usable square foot. Reconciliation is made consistent with the before situation.

Parcel size is reduced in the after situation by acquisition of 1,678 of New Right of Way not encumbered by prior easement and 3,918 square feet of New Right of Way encumbered by existing Drainage and Utility (D&U) easement. Prior encumbered land is offset with line item adjustment at 50.00% of overall blended square foot value recognizing previous rights acquired but acknowledging such periphery property benefits development with utility access, building and parking setback standards, site coverage allowances, landscaping and so forth.

Line item adjustments are applied reflecting elements of acquisition. The temporary easement calculation appears subsequently.

Land Value Conclusion

After Acquisition

Indicated Value per Usable Square Foot	\$5.75
Subject Usable Square Feet	101,299
Indicated Value	\$582,469
Adjustments	
Landscaping & Site Improvements Allowance	\$26,532
Temporary Easement	-\$9,079
Prior Encumbered New R/W Adjustment	\$11,264
Total Adjustments	\$28,717
Indicated Value	\$611,187
Rounded	\$611,200

Temporary Construction Easement

Reconciled land value is line item adjusted for temporary easement. Temporary easement encumbers 10,619 square feet of land not previously encumbered by drainage and utility easement. As with New Right of Way, all temporary easement is treated as being an encumbrance of full fee title value, with no discount applied for prior encumbrance.

The temporary easement occurs in land adjacent to the east limits of New Right-of-Way and proceeds along most of the frontage and in the Canterbury Road driveway. Construction occurring within driveways with the project are shown by legal descriptions to be confined to 60-day windows with construction occurring in only one-half of a driveway at any one-time, thereby allowing continuance of ingress and egress throughout the term of the project.

Temporary easements are typically valued as if they are rented for the easement term and discounted to present value. Duration of the temporary easements is reported as being from April 1, 2021 to December 1, 2022, or for 20 months. Rent is determined with application of an appropriate land rate with adjustment for pro-rata real estate taxes that remain the obligation of the owner. A 9.00% rate including adjustment for taxes is applied. The implied income with this rate is discounted to present value at 1.00% per annum. Opinion(s) of value for the temporary easement appears below.

Non-Prior Encumbered Temporary Easement

Encumbered Land Area (Usable Square Feet)		10,619
Estimated Market Value per Usable SF	×	\$5.75
Estimated Value of Encumbered Land		\$61,059
Estimated Land Capitalization Rate	×	9.00%
Annual Land Rent		\$5,495
Months in a Year	÷	12
Monthly Land Rent		\$457.94
Present Value Factor (1% for 20 months)	×	19.8261
Estimated Easement Value		\$9,079.25
Estimated Easement Value (Rounded)		\$9,100

Severance Loss

The subject property retains all use utility as available for the existing improvement in the before situation. The project will include a median on Canterbury Road limiting access in the after situation of right-in and right-out. Access to the compensable near lane of traffic will remain in place. Compensable use utility of the improved and hypothetical vacant site is not diminished beyond pro-rata value of land acquired. Severance loss does not apply.

Reconciliation and Conclusion of After Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable and not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value After Acquisition	Fee Simple	April 25, 2020	\$611,200

Following is a summary of the various elements of acquisition. Square foot land value corresponding to each element blends weighted contribution within each category of value as detailed in the before section of this appraisal report.

After Acquisition Value Summary				
	Usable Square Feet	\$/Usable SF	% Allocation	Total
Reconciled Before Value				\$645,400
Less:				
New Right of Way Acquisition - Non-Prior Encumbered	1,678 ×	\$5.75 ×	100.00% =	\$9,649
New Right of Way Acquisition - Prior Encumbered	3,918 ×	\$5.75 ×	50.00% =	\$11,264
Temporary Construction Easement - Non-Prior Encumbered	10,619 ×	\$5.75 ×	14.87% =	\$9,079
Landscaping and Site Improvements				\$4,200
Net After Value				\$611,208
Net After Value (Rounded)				\$611,200

Before and After Value Summary

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value Before Acquisition	Fee Simple	April 25, 2020	\$645,400
Market Value After Acquisition	Fee Simple	April 25, 2020	\$611,200
Difference			\$34,200

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. It is assumed the project will be completed as depicted and described.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is hypothetically assumed the project is complete on the effective date of valuation.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

Summary of Damages

Summary of Damages

	Usable Square Feet		\$/Usable SF		% Allocation		Total
New Right of Way Acquisition - Non-Prior Encumbered	1,678	×	\$5.75	×	100.00%	=	\$9,649
New Right of Way Acquisition - Prior Encumbered	3,918	×	\$5.75	×	50.00%	=	\$11,264
Temporary Construction Easement - Non-Prior Encumbered	10,619	×	\$5.75	×	14.87%	=	\$9,079
Landscaping and Site Improvements							\$4,200
Total Damages							\$34,192
Total Damages (Rounded)							\$34,200

Impacted Site Improvements

Item	Quantity	Unit Measure	Unit Amount	Contribution
Pavement	360	Square Feet	\$5.00	\$1,800
7' Chain Link Fence with Privacy Screening in New ROW	30	Lineal Feet	\$25.00	\$750
Fence in TE - Remove and Reinstall	32	Labor Hours	\$50.00	\$1,600
Total (Rounded)				\$4,200

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Dan Mueller, MAI, MRICS made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Dan Mueller, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.



Dan Mueller, MAI, MRICS
Certified General Real Property Appraiser
Minnesota Certificate # 4003551

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Minneapolis/St. Paul, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. IRR - Minneapolis/St. Paul is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Minneapolis/St. Paul. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR - Minneapolis/St. Paul is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. It is assumed the project will be completed as depicted and described.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is hypothetically assumed the project is complete on the effective date of valuation.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Dan Mueller, MAI, MRICS

Experience

Director for Integra Realty Resources—Minneapolis/St. Paul of Minneapolis, Minnesota. Actively engaged in real estate valuation and consulting as an independent real estate broker since 1986 and independent real estate appraiser since 1993. Experience includes valuation and analysis of all types of real estate ranging from commercial, industrial, residential, and special purpose properties. Extensive expertise in litigation matters such as condemnation, property taxation, and partnership disputes. Clients served include private and public agencies, lenders, law firms, and investment firms. Valuations have been performed for eminent domain purposes, property taxation, estates, financing, equity participation, feasibility analysis and due diligence support. Valuations and market studies have been performed on various properties including but not limited to, neighborhood and community shopping centers, apartment complexes, single and multi-tenant industrial buildings, low to high rise office buildings, mixed use facilities, and vacant land for different uses. Specialized real estate valued includes restaurants, regional malls, hotels, industrial plants, corporate headquarters major offices, theaters, land subdivisions, outdoor advertising, aggregate and limestone mines, treatment centers, nursing homes, landfills, railroad rights of way, oil, natural gas and electrical transmission corridors, marinas, golf courses, convenience stores and truck stop/travel centers.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI)
Royal Institute of Chartered Surveyors, Member (MRICS)
Member: International Right of Way Association (IRWA)
Member: NAIOP Commercial Real Estate Development Association
Member: International Council of Shopping Centers (ICSC)
Recipient of the Appraisal Journal Outstanding Service Award, May 2016
Appraisal Institute Body of Knowledge Committee, 2016
President: North Star Chapter of the Appraisal Institute, 2007
Vice President: North Star Chapter of the Appraisal Institute, 2006
Secretary: Metro Minnesota Chapter of the Appraisal Institute, 2005
Treasurer: Metro Minnesota Chapter of the Appraisal Institute, 2004
Appraisal Institute National Comprehensive Exam Subcommittee/Panel, 1999-2019
Appraisal Institute National Comprehensive Exam Chair, Income Approach Module
Appraisal Institute National Comprehensive Exam Appointed Panel Chair, 2005-2008
Appraisal Institute National Comprehensive Exam Appointed Subcommittee Chair, 2002-2004
Appraisal Institute National Comprehensive Exam Appointed Subcommittee Vice-Chair, 2000
Appraisal Institute Appraisal Journal Review Panel, 2001-2019
Appraisal Institute Appraisal Journal Editorial Board, 2004
Appraisal Institute General Appraiser Council Admissions Committee, 2002-2004
Appraisal Institute Qualifying Education Committee, 2002-2004
Appraisal Institute Curriculum Subcommittee, 2002
Consulting task force to review Income Approach Chapters for 12th Ed. of The Appraisal of Real Estate
Instructor: Appraisal Institute Basic Income Capitalization

Integra Realty Resources
Minneapolis/St. Paul

8012 Old Cedar Avenue South
Minneapolis, MN 55425

T 612-339-7700
F 612-339-7937

irr.com

Dan Mueller, MAI, MRICS

Instructor: Highest & Best Use and Condemnation classes for Master's Degree at University of St. Thomas

Participant: Appraisal Institute Leadership Development and Advisory Counsel, Washington, DC, 2002-2004

Participant: Court Appointed Real Estate Commissioner - Ramsey County, Minnesota

Significant contributor to Appraisal Institute textbook, Real Property Valuation in Condemnation, 2018

Providing significant contribution to publication of Appraisal Institute, Appraisal of Real Estate 15th Edition, 2018-2019

Licenses

Minnesota, Certified General Real Property Appraiser, 4003551, Expires August 2021

Wisconsin, Certified General Appraiser, 1378-10, Expires December 2021

Iowa, Certified General Real Property Appraiser, CG02890, Expires June 2021

North Dakota, Certified General Appraiser, CG-21234, Expires December 2020

South Dakota, State Certified General Appraiser, 1208CG, Expires September 2020

Education

Bachelor of Science in Business Administration and Economics from Winona State University.

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, Commercial Investment Real Estate Institute, accredited universities, and others.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Qualified Before Courts & Administrative Bodies

Testifying in Federal and District Courts, Tax Court, Administrative Hearings, and at Real Estate Commissioner Hearings in numerous states plus Washington, D.C.

Integra Realty Resources
Minneapolis/St. Paul

8012 Old Cedar Avenue South
Minneapolis, MN 55425

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F 612-339-7937

irr.com

STATE OF MINNESOTA



DAN P MUELLER
INTEGRA REALTY RESOURCES
8012 OLD CEDAR AVENUE SOUTH
MPLS, MN 55425

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that
DAN P MUELLER

INTEGRA REALTY RESOURCES
8012 OLD CEDAR AVENUE SOUTH
MPLS, MN 55425

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 4003551

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2021.

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 09, 2019.

A handwritten signature in black ink, appearing to read "Steve Kelley".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

85 7th Place East, Suite 300

St. Paul, MN 55101-3165

Telephone: (651) 539-1599

Email: licensing.commerce@state.mn.us

Website: commerce.state.mn.us

Notes:

- Individual Licensees Only - Continuing Education: 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- Appraisers: You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. Trainees do not qualify. For further details, please visit our website at commerce.state.mn.us.

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Property Information

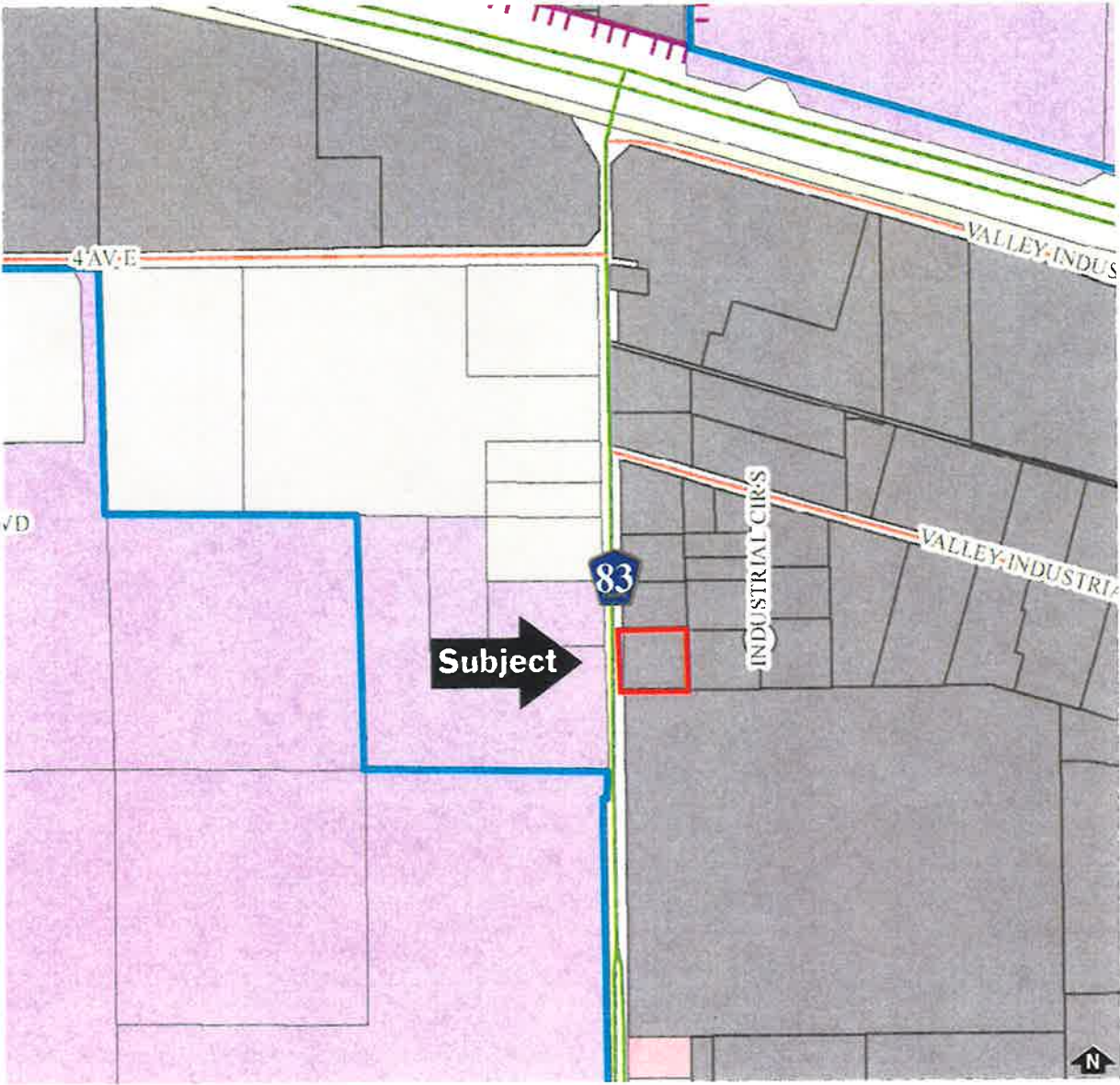
Legal Description

Lot 13, Block 1, Valley Park Fifth Addition, Scott County, MN

Plat Map



Zoning Map



Zoning Map Legend

	AG, Agricultural Preservation
	B1, Highway Business
	B2, Office
	B3, Central Business District
	BP, Business Park
	CC, Community Commercial
	I1, Light Industry
	I2, Heavy Industry
	MR, Major Recreation
	NC, Neighborhood Commercial
	NONE Established
	PRD, Planned Residential District
	R1A, Low Density Residential
	R1B, Urban Residential
	R1C, Old Shakopee Residential
	R2, Medium Density Residential
	R3, Multiple Family Residential
	R4, High Density Residential
	RR, Rural Residential
	SRR, Sewered Rural Residential

Flood Map



Addendum C

Comparable Data

Acres(Usable/Gross):	10.72/10.72
Land-SF(Usable/Gross):	467,164/467,164
Usable/Gross Ratio:	1.00
Potential Building SF:	153,296
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	970
Frontage Desc.:	Dodd Road
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
Traffic Count:	19600
Accessibility Rating:	Above average
Visibility Rating:	Good
Zoning Code:	I-1
Zoning Desc.:	Limited Industrial
Environmental Issues:	No
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Public Records

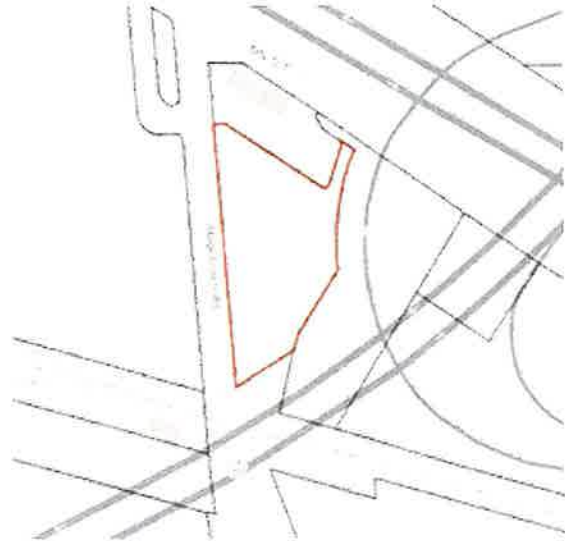
Comments

Level industrial site at the southeast corner of Dodd Road and Opperman Drive. Office warehouse of 153,296 square feet developed in 2019. Site across Dodd Road from Thomson Reuters. Price equals \$5.00 per square foot calculated on 10.72 acres.

Legal/Tax/Parcel ID: 10-87002-01-010

Location & Property Identification

Property Name: Industrial Land
 Sub-Property Type: Commercial, Industrial
 Address: 931 Stagecoach Road
 City/State/Zip: Shakopee, MN 55379
 County: Scott
 Submarket: SW/NE Scott City
 Market Orientation: Industrial Park
 IRR Event ID: 2224485



Sale Information

Sale Price: \$425,000
 Effective Sale Price: \$425,000
 Sale Date: 07/13/2018
 Sale Status: Closed
 \$/Acre(Gross): \$227,273
 \$/Land SF(Gross): \$5.22
 \$/Acre(Usable): \$227,273
 \$/Land SF(Usable): \$5.22
 Grantor/Seller: CFP Ents LLC
 Grantee/Buyer: Vital Properties LLC
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Verification Type: Secondary Verification

Zoning Code: I
 Zoning Desc.: Industrial
 Source of Land Info.: Public Records

Comments

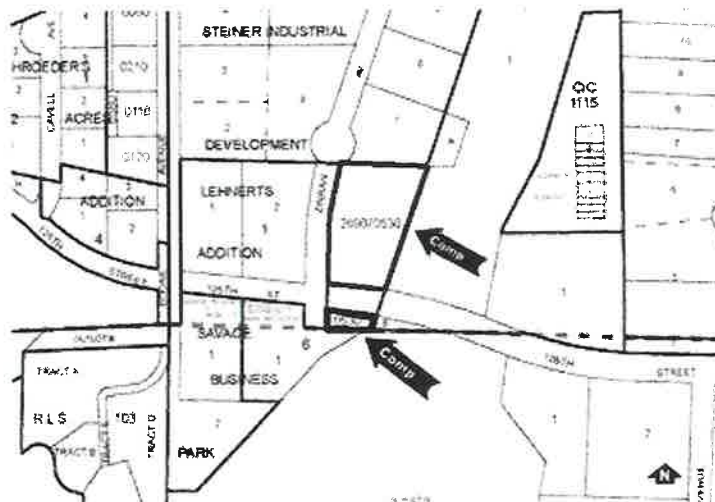
Sale of industrial land in July 2018 for \$425,000.
 Industrial land located next to Highway 169 and 101. Parcel was bought by owner of neighboring parcel.

Improvement and Site Data

MSA: Minneapolis-St. Paul
 Legal/Tax/Parcel ID: 27-351-0020
 Acres(Usable/Gross): 1.87/1.87
 Land-SF(Usable/Gross): 81,457/81,457
 Usable/Gross Ratio: 1.00
 Shape: Irregular
 Topography: Gently Sloping
 Frontage Type: 2 way, 1 lane each way
 Accessibility Rating: Average
 Visibility Rating: Average

Location & Property Identification

Property Name: Industrial Site
 Sub-Property Type: Commercial, Industrial
 Address: 8550 126th St. W.
 City/State/Zip: Savage, MN 55378
 County: Scott
 Submarket: SW/NE Scott City
 Market Orientation: Suburban
 Property Location: Part of the SW1/4 of Section 7, Township 115, Range 21
 IRR Event ID: 1928661



Sale Information

Sale Price: \$480,000
 Effective Sale Price: \$480,000
 Sale Date: 06/29/2017
 Sale Status: Closed
 \$/Acre(Gross): \$246,154
 \$/Land SF(Gross): \$5.66
 \$/Acre(Usable): \$246,154
 \$/Land SF(Usable): \$5.66
 Grantor/Seller: LHP Holdings Savage, LLC
 Grantee/Buyer: Minnesota Valley electric Cooperative
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Financing: Cash to seller - buyer obtained financing
 Verified By: James D. Gardner
 Verification Date: 03/29/2018
 Verification Type: Secondary Verification

MSA: Minneapolis-St. Paul
 Legal/Tax/Parcel ID: 26-907-053-0
 Acres(Usable/Gross): 1.95/1.95
 Land-SF(Usable/Gross): 84,760/84,760
 Usable/Gross Ratio: 1.00
 Shape: Irregular
 Topography: Level
 Corner Lot: Yes
 Zoning Code: I-1
 Zoning Desc.: Planned Industrial
 Utilities: Water Public, Sewer
 Source of Land Info.: Other

Comments

Property is in two parcels divided by public street, with smaller portion (6,450 SF or 7.6% of total) to the south.
 Property is two parcels separated by 126th Street, with smaller portion (6,450 SF, or 7.6% of total) to the south of the larger parcel.

Sale Analysis

Former Use: Outdoor storage / Contractor yard
 Proposed Use Desc.: Other / Special Use / Unspecified

Improvement and Site Data

Industrial Site



Location & Property Identification

Property Name: Vacant land
 Sub-Property Type: Commercial, Industrial
 Address: xxxx Sarazin St.
 City/State/Zip: Shakopee, MN 55379
 County: Scott
 Submarket: SW/NE Scott City
 Market Orientation: Suburban
 IRR Event ID: 1497595



Sale Information

Sale Price: \$1,027,303
 Effective Sale Price: \$1,027,303
 Sale Date: 03/20/2017
 Recording Date: 04/03/2017
 Sale Status: Closed
 \$/Acre(Gross): \$198,321
 \$/Land SF(Gross): \$4.55
 \$/Acre(Usable): \$198,321
 \$/Land SF(Usable): \$4.55
 Grantor/Seller: Kelley Family Limited Partnership
 Grantee/Buyer: Larson Development 101 , LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Confirmation Source: Vern Kelley 952-884-4100
 Verification Type: Confirmed-Seller
 Secondary Verific. Source: Terrance Chacka 952-496-8115

Usable/Gross Ratio: 1.00
 Zoning Code: I1- Light Industry
 Zoning Desc.: I1- Light Industry
 Utilities: Electricity, Water Public, Sewer, Gas
 Source of Land Info.: Public Records

Comments

Site is located on the northwest corner of Sarazin Street and 4th Avenue East in Shakopee in an industrial area located south of County Road 101. The property was owned by Kelley Fuels who owns the parcel to the north of the site. Property was vacant and for sale a long time according the seller. City water and sewer are available to the site. Per the seller and the Scott County assessor, the land sold for market price as an arm's length sale.

Improvement and Site Data

MSA: Minneapolis-St. Paul-Bloomington, MN-WI
 Legal/Tax/Parcel ID: 279060541
 Acres(Usable/Gross): 5.18/5.18
 Land-SF(Usable/Gross): 225,640/225,640

Vacant land



Location & Property Identification

Property Name: Vacant Land
 Sub-Property Type: Commercial, Industrial
 Address: xxxx County Road 101
 City/State/Zip: Shakopee, MN 55379
 County: Scott
 Submarket: SW/NE Scott City
 Market Orientation: Suburban



IRR Event ID: 1497620

Sale Information

Sale Price: \$1,700,000
 Effective Sale Price: \$1,700,000
 Sale Date: 06/01/2016
 Sale Status: Closed
 \$/Acre(Gross): \$196,896
 \$/Land SF(Gross): \$4.52
 \$/Acre(Usable): \$235,001
 \$/Land SF(Usable): \$5.39
 Grantor/Seller: CPEC 38234 LLC
 Grantee/Buyer: Lloyds Properties, LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Verification Type: Secondary Verification
 Secondary Verific. Source: Terrance Chacka
 952-496-8115

Utilities: Electricity, Water Public,
 Sewer, Gas, Rail
 Source of Land Info.: Public Records

Comments

Site is located south of County Road 101 just east of Valleyfair. The site was originally purchased by the seller in June 2014 which included the parcel to the west. The seller developed the western parcel and sold the adjacent site to Lloyd's Properties. The site has a retaining pond on the western side of the property, which is considered unusable. The site is currently used for outdoor storage. Per the Certificate of Real Estate Value, the property was not openly marketed and had an appraised value of \$1,775,000 and sold for \$1,700,000. Site has public water and sewer.

Improvement and Site Data

MSA: Minneapolis-St.
 Paul-Bloomington, MN-WI
 Legal/Tax/Parcel ID: 274370020
 Acres(Usable/Gross): 7.23/8.63
 Land-SF(Usable/Gross): 315,113/376,097
 Usable/Gross Ratio: 0.84
 Zoning Code: I2 - Heavy Industry
 Zoning Desc.: I2 - Heavy Industry

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: Larry Koshire, Interim Utilities Manager *Larry Koshire*
FROM: Joseph D. Adams, Planning & Engineering Director *J. D. Adams*
SUBJECT: CH 83 Construction Cooperative Agreement
DATE: November 12, 2020

ISSUE

Scott County is reconstructing County Highway 83 from the north ramps of MN Highway 169 to Valley Industrial Boulevard South and SPU will need to replace the 18-inch trunk water main running within the right of way a distance of approximately 4800 feet.

BACKGROUND

Staff has been working with the Scott County Highway Department and other parties planning for this project. The current location of the 18-inch trunk water main is in the west boulevard and with the road surface being widen it will be left under concrete and very expensive to have to be accessed for repairs or replacement. In the current 5 year CIP the trunk water main is budgeted to be replaced with funding from the Reconstruction Fund.

DISCUSSION

Scott County requires SPU enter into the attached Construction Cooperative Agreement to ensure SPU will reimburse Scott County for the actual cost of the water main replacement, which is currently estimated to be \$1,029,899, plus the design services fee of \$39,000, plus a portion of mobilization and traffic control equal to 4% of the total construction contract, plus a portion of the construction engineering and inspection costs equal to 2% of the total construction contract, plus contract administration costs equal to 3%. The new location of the trunk water main is planned to be in the east boulevard.

REQUESTED ACTION

Staff requests the Commission approve the Construction Cooperative Agreement for the CH 83 project and authorize its execution.

CONSTRUCTION COOPERATIVE AGREEMENT

THIS AGREEMENT, made and entered into this day of , 2020, by and between the **County of Scott**, a body politic and corporate under the laws of the State of Minnesota, hereinafter referred to as the "**County**" and the **Shakopee Public Utilities Commission**, a body politic and corporate under the laws of the State of Minnesota, hereinafter referred to as "**SPUC**".

RECITALS:

- A. The County plans to improve County Highway (CH) 83 through reconstruction to a 4-lane highway which includes improvements to grading, paving, curb and gutter, storm sewer, sidewalks, trails, traffic signal modifications, sanitary sewer and other related improvements (hereinafter referred to as the "Project").
- B. The Project lies within the corporate limits of the City.
- C. Separate and apart from the Project, SPUC plans to install an eighteen (18) inch water main in the Project area along CH 83 that will connect into the existing SPUC trunk water main system. The total length of the eighteen (18) inch trunk water main extension is approximately forty-eight hundred (4800) lineal feet. Associated additional water main, pipe casings, gate valves, and hydrants will also be installed. All work together hereinafter referred to as "SPUC's Work."
- D. The Parties desire to enter into an Agreement for the mutual benefit of each Party to benefit from the economies of scale by including the SPUC's Work plans in the Project.
- E. The County Engineer has prepared an estimate of quantities and unit prices of material and labor for the above described Project and an estimate of the total cost for SPUC's Work in the sum of one million twenty-nine thousand eight hundred ninety-nine dollars and no cents (\$1,029,899.00). A copy of said estimate, hereinafter incorporated into this agreement and referred to as **Exhibit B**.
- F. It is contemplated that said improvement work shall be carried out by the parties under the provisions of Minn .Stat. Sec. 162.17, subd. 1.

NOW, THEREFORE, IT IS HEREBY AGREED:

1. The recitals above are hereby restated and incorporated herein.

2. The County agrees to provide preliminary and final design work and services to include SPUC's Work within its Project. The plan set for the Project will be designed and prepared by the County's design consultant, Kimley-Horn and Associates, Inc., in accordance with SPUC requirements for its portion of the work as requested by SPUC, including:
 - a. All watermain, hydrant, valve, and related work being added with the Project per the construction plans. This includes final plan drawings, watermain and associated system detail sheets, and tables as directed by SPUC staff.
 - b. Special provisions for the watermain, hydrant, and valve work being included in the construction plans and specifications as directed by SPUC staff. These provisions shall include, but not be limited to, providing for per unit bidding and changes in design quantities.
3. The County shall advertise for bids for the work and construction of the aforesaid Project No. CP 83-24, receive and open bids pursuant to said advertisement and enter into a contract ("Contract") with the successful overall bidder at the unit prices specified in the bid of such bidder, according to law in such case provided for counties. The Contract will include the plans and specifications prepared by the County or its agents, which plans and specifications are by this reference made a part hereof.
4. County shall have overall authority to administer the Contract and inspect the construction of the Contract work for the Project. County shall have ultimate authority in initiating and determining change orders, supplemental agreements and final quantities.
5. SPUC shall cooperate with the County Engineer and his staff at their request to the extent necessary, but shall have no other responsibility for the supervision of the Contract work other than SPUC's Work which is included in the project.
6. SPUC agrees to provide construction inspection for all watermain, hydrant, valve and related work including daily written and photo documentation of construction activities, collection of GPS data, and quantities completed as needed.
7. The County will resolve any issues or conflicts with the construction contractor so that the installation meets the requirements of the specifications and drawings. The County will provide SPUC with written documentation of the resolution and all contract issues and conflicts within one week of resolution.
8. SPUC shall reimburse the County one hundred percent (100%) of the construction cost of the Contract work for SPUC's Work. It is further specifically agreed that the estimate referred to in this agreement is only a preliminary estimate of the construction cost for the contract work on the project and that the unit prices set forth in the Contract and the final quantities, including change orders during construction, as measured by the County

Engineer shall govern in computing the total final contract construction cost for apportioning the cost of the Project according to the provisions of this paragraph.

9. In addition to payment of SPUC's share of the contract construction cost, SPUC further agrees to pay for its design services as described here which includes all actual costs of planning, design and preparation of plans and specifications, at an agreed upon sum of thirty-nine thousand dollars and no cents (\$39,000.00).

10. SPUC further agrees to contribute to costs designated as a percentage of Contract work for SPUC's Work:

- a. mobilization and traffic control by paying four percent (4%) ,
- b. construction engineering and inspection at two percent (2%), and
- c. contract administration at three percent (3%).

11. SPUC shall, based on the Contract price, deposit with the Scott County Treasurer ninety-fivepercent (95%) of the construction and engineering costs attributable to SPUC's Work as partial payment within thirty (30) days after award of Contract or execution of this Agreement, whichever is later. The final amount of SPUC's costs shall be determined upon completion of the Project and any amount remaining due to the County shall be reflected in the County's final, itemized, statement of the Project costs submitted to SPUC. In the event the initial payment exceeds SPUC's share of these final costs, such overpayment shall be returned to SPUC by the County.

12. This agreement shall be effective upon approval by the Scott County Board of Commissioners and the Commissioners of the Shakopee Public Utilities Commission.

13. This agreement shall remain in effect until all obligations set forth in this agreement have been satisfactorily fulfilled, unless earlier terminated as provided, whichever occurs first. Either Party may terminate the agreement upon ninety (90) days' notice to the other Party. Upon termination, County shall be entitled to payment for any materials purchased and/or work reasonably completed and the value of any work not completed shall be refunded to SPUC.

14. County Engineer will prepare monthly progress reports as provided in the specifications. A copy of these reports shall be furnished to SPUC upon request.

15. In the event that a dispute arises, the County and SPUC agree that all disputes between them arising out of or relating to this agreement may be submitted, upon agreement of both parties, to mediation, with the cost being shared equally.

16. Since each party is a political subdivision of the State of Minnesota, each party shall maintain general liability and automobile liability coverage protecting itself, its officers, agents, employees and duly authorized volunteers against any usual and customary public liability claims to the limits prescribed under Minn. Stat. Sec.

466.04 and Workers' Compensation in accordance with the Minnesota statutory requirements. Said coverage shall be kept in effect during the entire term of this Agreement.

17. All data collected, created, received, maintained or disseminated for any purpose by the activities of the County or SPUC pursuant to this Agreement shall be governed by Minnesota Statutes Chapter 13, as amended, and the Minnesota Rules implementing such Act now in force or hereafter adopted.

18. County reserves the right not to issue any permits for a period of five (5) years after completion of the Project for any service cuts in the roadway surfacing of the County Highway included in the Project for any installation of underground utilities which would be considered as new work; service cuts may be allowed for the maintenance and repair of any existing underground utilities.

19. SPUC further agrees to provide any and all permanent or temporary right-of-way at no cost to the County on property owned by SPUC and needed by the County for the completion of the Project by executing and delivering contemporaneously with this Agreement, instruments entitled "Highway Easement" and "Temporary Construction Easement", which are attached as **Exhibit "C"** and **Exhibit "D"**, respectively. County agrees to replace or repair any damages caused by its project to an existing perimeter fence and driveway to as good or better condition as exists, including moving and re-installing that part to along the new right-of-way line on the property and further to repair or replace an existing driveway entrance per the County's plans and specifications.

20. Neither party, its officers, agents or employees, either in their individual or official capacity, shall be responsible or liable in any manner to the other party for any claim, demand, action or cause of action of any kind or character arising out of, allegedly arising out of or by reason of the performance, negligent performance or nonperformance of the described maintenance, restoration, repair or replacement work by the other party, or arising out of the negligence of any contractor under any contract let by the other party for the performance of said work; and each party agrees to defend, save, keep and hold harmless the other, its officers, agents and employees harmless from all claims, demands, actions or causes of action arising out of negligent performance by its officers, agents or employees.

21. It is further agreed that neither party to this Agreement shall be responsible or liable to the other or to any other person or entity for any claims, damages, actions, or causes of actions of any kind or character arising out of, allegedly arising out of or by reason of the performance, negligent performance or nonperformance of any work or part hereof by the other as provided herein; and each party further agrees to defend at its sole cost and expense and indemnify the other party for any action or proceeding commenced for the purpose of asserting any claim of whatsoever character arising in connection with or by virtue of performance of its own work as provided herein. Each party's obligation to indemnify the other under this clause shall be limited in accordance with the

statutory tort liability limitation as set forth in Minnesota Statutes Chapter 466.04 to limit each party's total liability for all claims arising from a single occurrence, include the other party's claim for indemnification, to the limits prescribed under 466.04. It is further understood and agreed that the Parties' total liability shall be limited by Minnesota Statute Section 471.59, Subdivision 1(a) as a single governmental unit.

22. It is further agreed that any and all employees of each party and all other persons engaged by a party in the performance of any work or services required or provided herein to be performed by the party shall not be considered employees, agents or independent contractors of the other party, and that any and all claims that may or might arise under the Worker's Compensation Act or the Unemployment Compensation Act of the State of Minnesota on behalf of said employees while so engaged and any and all claims made by any third parties as a consequence of any act or omission on the part of said employees while so engaged shall be the sole responsibility of the employing party and shall not be the obligation or responsibility of the other party.

23. The provisions of Minn. Stat. Sec. 181.59 and of any applicable local ordinance relating to Civil Rights and discrimination and the affirmative action policy statement of Scott County shall be considered a part of this Agreement as though fully set forth herein, including Exhibit A, which is attached and hereby incorporated.

24. Pursuant to Minn. Stat. Sec. 16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of the County and SPUC pursuant to this Agreement shall be subject to examination by the County, SPUC and the State Auditor. Complete and accurate records of the work performed pursuant to this Agreement shall be kept by the County and SPUC for a minimum of six (6) years following termination of this Agreement for such auditing purposes. The retention period shall be automatically extended during the course of any administrative or judicial action involving the County or the SPUC regarding matters to which the records are relevant. The retention period shall be automatically extended until the administrative or judicial action is finally completed or until the authorized agent of the County or SPUC notifies each party in writing that the records no longer need to be kept.

25. The laws of the State of Minnesota shall govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between the parties and performance under it. The appropriate venue and jurisdiction for any litigation hereunder shall be those courts located with the County of Scott, State of Minnesota. Litigation, however, in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

26. In the event any provision of this Agreement shall be held invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties unless such invalidity or non-enforceability would cause the Agreement to fail its purpose. One or more waivers by either party of any provision, term, condition or

covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.

27. The County's Authorized Agent for the purpose of the administration of this Agreement is Mandy Flum, Program Specialist, or her successor. Her current address and phone number are Scott County Highway Department, 600 Country Trail East, Jordan, MN 55352, (952) 496-8043.

28. The SPUC's Authorized Agent for the purpose of the administration of this Agreement is Joseph Adams, Planning and Engineering Director, or his successor. His current address and phone number are Shakopee Public Utilities, 255 Sarazin Street, Shakopee, MN 55379, (952) 233-1501. Any change in name, address, or telephone shall be noticed to the other party.

IN TESTIMONY WHEREOF, The parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
(SEAL)**

By _____
Larry Koshire, Interim Utilities Manager

Date _____

And _____
Debra Amundson, President

Date _____

By _____
Kathleen Mocol, Vice President

Date _____

COUNTY OF SCOTT

ATTEST:

By _____
David Beer, Chair of Its County Board

Date _____

By _____
Lezlie Vermillion, County Administrator

Date _____

**Upon proper execution, this agreement
will be legally valid and binding.**

By _____
Jeanne Andersen, Assistant County Attorney

Date _____

RECOMMEND FOR APPROVAL:

By _____
Anthony J. Winiecki, County Engineer

Date _____

EXHIBIT A

POLICY STATEMENT

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

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

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

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

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



Leslie A. Vermillion
Scott County Administrator

4/7/2020
Date



David Beer
Chair, Board of Commissioners

1/21/20
Date

EXHIBIT B

[illegible]

EXHIBIT B (CONTINUED)CSAH 83 IMPROVEMENTS FUNDING SPLIT
NOVEMBER 2019

Total Contract										County Cost Participation Summary										TID		CITY (12TH AVENUE) EAST OF CSAH 83		SPUC	
										Highway Segment Components				Traffic Signals & Intersection Improvements				Mark-Use Trails & Sidewalks							
										City		County		City		County		City		County					
										33%		66%		City		County		City		County					
Item No.	BLDDOT No.	Item Description	Unit	Quantity	Unit Price	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
73	2024-002	12" GATE VALVE & BOX	EACH	3	7,428.00	22,284.00																			
74	2024-002	12" GATE VALVE & BOX	EACH	3	4,500.00	13,500.00																			
75	2024-002	12" GATE VALVE & BOX	EACH	11	10,200.00	112,200.00																			
76	2024-002	12" WATERMAIN DUCTILE IRON CL 52	LN FT	4	768.00	3,072.00																			
77	2024-002	12" WATERMAIN DUCTILE IRON CL 52	LN FT	302	48.00	14,592.00																			
78	2024-002	12" WATERMAIN DUCTILE IRON CL 52	LN FT	332	68.00	22,616.00																			
79	2024-002	12" WATERMAIN DUCTILE IRON CL 52	LN FT	251	18.00	4,518.00																			
80	2024-002	12" WATERMAIN DUCTILE IRON CL 52	LN FT	1,000	75.00	75,000.00																			
81	2024-002	12" STEEL CATCHPIPER	LN FT	518	175.00	90,650.00																			
82	2024-002	12" STEEL CATCHPIPER	LN FT	218	175.00	38,150.00																			
83	2024-002	12" STEEL CATCHPIPER	LN FT	1,024	175.00	179,200.00																			
84	2024-002	12" STEEL BOX FITTING	POUND	17,000	9.00	153,000.00																			
85	2024-002	CASTING ASSEMBLY	EACH	198	718.00	142,164.00	47.2	33,765.60	151.8	109,398.00															
86	2024-002	CONSTRUCT DRAINAGE STRUCTURE DESIGN	LN FT	85	408.00	34,680.00	919.0	373,200.00	75.2	31,104.00															
87	2024-002	CONSTRUCT DRAINAGE STRUCTURE DESIGN	LN FT	328	408.00	133,824.00	145.2	59,496.00	296.2	121,459.36															
88	2024-002	CONSTRUCT DRAINAGE STRUCTURE DESIGN	LN FT	1,000	120.00	120,000.00	70	8,400.00	70	8,400.00															
89	2024-002	CONSTRUCT DRAINAGE STRUCTURE DESIGN	LN FT	40	750.00	30,000.00	5	3,750.00	30	22,500.00															
90	2024-002	CONSTRUCT DRAINAGE STRUCTURE	EACH	11	2,000.00	22,000.00	2.2	4,400.00	2.2	4,400.00															
91	2024-002	ADJUST FRAMES & RING CASTINGS	ENDH	12	100.00	1,200.00	2.4	240.00	2.4	240.00															
92	2024-002	CONSTRUCT CONTROL STRUCTURE	EACH	2	7,500.00	15,000.00	1.8	13,500.00	1.8	13,500.00															
93	2024-002	CONSTRUCT CONTROL STRUCTURE	EACH	2	7,500.00	15,000.00	34.2	256,500.00	34.2	256,500.00															
94	2024-002	RANDOM BIRCH CLASS B	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
95	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
96	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
97	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
98	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
99	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
100	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
101	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
102	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
103	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
104	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
105	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
106	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
107	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
108	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
109	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
110	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
111	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
112	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
113	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
114	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
115	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
116	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
117	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
118	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
119	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
120	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
121	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
122	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
123	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
124	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
125	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
126	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
127	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
128	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
129	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
130	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
131	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
132	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
133	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
134	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
135	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
136	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
137	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
138	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
139	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
140	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
141	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00															
142	2024-002	CONCRETE WALK	CU YD	40	180.00	7,200.00	12.0	2,160.00	12.0	2,160.00									</						

**CSAH 83 IMPROVEMENTS FUNDING SPLIT
NOVEMBER 2019**

Total Contract										County Cost Participation Policy										TIP		CITY (12TH AVENUE) EAST OF CSAH 83		SPUC	
										Highway Improvements				Traffic Signals & Intersection Improvements				Multi-Use Trails & Sidewalks							
										City		County		City		County		City		County					
										50%	50%	80%	80%	1 year	1 year	1 year	1 year	50%	50%	50%	50%	Quantity	Amount	Quantity	Amount
Item No.	BusDOT No.	Item Description	Unit	Quantity	Unit Price	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
145	2502.902	4" SOLID LIME MUL. COMP. GR. IN CONC.	LBS. FT	22899	0.75	17174.25	1777	13327.50	20796	15597.00	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	
146	2504.202	4" SOLID LIME MUL. COMP. GR. IN CONC.	LBS. FT	130	1.00	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	
147	2503.903	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	22899	0.75	17174.25	1777	13327.50	20796	15597.00	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	
148	2502.903	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	130	1.00	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	
149	2503.903	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	22899	0.75	17174.25	1777	13327.50	20796	15597.00	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	
150	2502.911	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	130	1.00	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	
151	2502.911	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	22899	0.75	17174.25	1777	13327.50	20796	15597.00	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	18	13.50	
152	2502.911	4" FIBERGLASS LIME MUL. COMP. GR. IN CONC.	LBS. FT	130	1.00	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	130	130.00	
Subtotal										11,108,627.33	11,108,627.33	1,781,811.88	1,781,811.88	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00	1,163,780.00		
8% Contingency										7,520,211.11	7,520,211.11	1,425,211.11	1,425,211.11	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50	904,607.50		
8% Escalation (2019-2021)										11,460,503.26	11,460,503.26	1,897,022.99	1,897,022.99	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50	1,258,387.50		
TOTAL PRELIMINARY CONSTRUCTION COST										12,693,772.62	12,693,772.62	2,004,645.98	2,004,645.98	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00	1,323,775.00		
Total County										8	7,543,731.79	8	7,543,731.79	8	7,543,731.79	8	7,543,731.79	8	7,543,731.79	8	7,543,731.79	8	7,543,731.79	8	7,543,731.79
Total City										8	4,969,545.68	8	4,969,545.68	8	4,969,545.68	8	4,969,545.68	8	4,969,545.68	8	4,969,545.68	8	4,969,545.68	8	4,969,545.68
Total APAC										8	1,678,396.86	8	1,678,396.86	8	1,678,396.86	8	1,678,396.86	8	1,678,396.86	8	1,678,396.86	8	1,678,396.86	8	1,678,396.86

1. INCLUDES 8% CONTINGENCY AND 8% FOR ESCALATION FROM 2019 TO 2021 CONSTRUCTION PHASES.
2. ASSUMES A CONCRETE PAVEMENT SECTION OF 7" CONCRETE, 4" AGGREGATE BASE, AND 12" SELECT GRANULAR MATERIAL FOR CSARS.
3. ASSUMES A BITUMINOUS PAVEMENT SECTION OF 1" BITUMINOUS, 4" AGGREGATE BASE, AND 12" SELECT GRANULAR FOR SIDE STRIPS AND PARKING LOTS.
4. ASSUMES A NEW TRAFFIC SIGNAL AT THE 12TH AVENUE AND BARNES/CHERRY BLVD INTERSECTIONS. AS WELL AS SIGNAL MODIFICATIONS TO BOTH TN 160 RAMP.
5. DOES NOT INCLUDE TEMPORARY TRAFFIC SIGNALS.
6. INCLUDES AN ALLOCATION FOR ROCK EXCAVATION FOR UTILITY TRENCH EXCAVATION.
7. DOES NOT INCLUDE ANY RIGHT-OF-WAY COSTS.
8. DOES NOT INCLUDE ANY COSTS FOR WETLAND MITIGATION CONSTRUCTION.
9. DOES NOT INCLUDE WETLAND CONSTRUCTION.

Exhibit C

EXHIBIT C

HIGHWAY EASEMENT

SP 070-683-014 (CP 83-24)
Parcel No. 25

FOR VALUABLE CONSIDERATION, Shakopee Public Utilities Commission, a municipal utility commission organized and existing under the laws of the State of Minnesota, ("Grantor"), hereby grants and conveys unto the County of Scott, ("Grantee"), an easement(s) for highway purposes to grade, construct, operate, maintain, use, alter, repair and remove a public highway, trails, sidewalks, bridges, structures, storm sewer, sanitary sewer, other transportation-related use(s), public facilities, utilities, boulevards and appurtenances, including for drainage and utility purposes and uses by Grantee and by other public or quasi-public utilities and appurtenances permitted under Grantee's Management of Public Right-of-Way Ordinance, including as may be amended or superseded, together with all other rights necessary and convenient for the enjoyment and unrestricted use of same over, under and across the real property situated in Scott County, State of Minnesota, as described, as follows:

That part of Lot 13, Block 1, VALLEY PARK FIFTH ADDITION, according to the record plat thereof, on file in the Office of the Registrar of Titles in and for Scott County, Minnesota, which is denoted and shown as Parcel 33 on Scott County Right of Way Plat No. 110, according to the record plat thereof, on file in the Office of the Registrar of Titles, Scott County, Minnesota.

PIN 27-081-013-0

Grantor hereby conveys to Grantee all grass, shrubs, trees, natural growth, earthen materials, landscaping, improvements and structures existing or that may planted or grown on the easement(s) described herein. Grantor hereby agrees to not damage, destroy or remove any grass, trees, shrubs or natural growth on the easement(s) described herein

Grantor hereby releases Grantee from any and all claims for damages to the premises resulting from the uses and purposes granted herein and lying within the boundaries of the easement(s) described herein. Grantee shall have the right to use and remove all grass, shrubs, trees (including overhanging branches), earthen materials, structures and improvements, which lie within the boundaries of the easement(s) described herein.

To have and hold same, together with all of the rights belonging thereto, all of which shall run with the land and be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

{Signature page follows on the next page}

EXECUTED as of this _____ day of November, 2020.

SHAKOPEE PUBLIC UTILITIES COMMISSION

By: _____
_____ {Printed Name}

Its: _____

By: _____
_____ {Printed Name}

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF SCOTT)

On this _____ day of November, 2020, before me, a Notary Public within and for said County, personally appeared _____ and _____ to me personally known, who by me duly sworn did say that they are the _____ and _____ of Shakopee Public Utilities Commission. a Minnesota municipal utility commission, named in the foregoing instrument, and that they are authorized by said municipal utilities commission to sign the foregoing instrument as the free act and deed for and on behalf of said municipal utilities commission..

Notary Public

This instrument drafted by: Scott County, 600 Country Trail East, Jordan, MN 55352

EXHIBIT D

TEMPORARY CONSTRUCTION EASEMENT

SP 070-683-014 (CP 83-24)
Parcel No. 25

FOR VALUABLE CONSIDERATION, Shakopee Public Utilities Commission, a municipal utility commission organized and existing under the laws of the State of Minnesota, (“Grantor”), hereby grants and conveys unto the County of Scott (“Grantee”), its contractors, permittees, successors and assigns, a temporary easement(s) for construction purposes for work space, construction operations and to grade and construct slopes, both cuts and fills, associated with construction or reconstruction of a public highway, together with all other rights necessary and convenient for the enjoyment and use of same, over, under and across the real property situated in Scott County, State of Minnesota as described, as follows:

That part of Lot 13, Block 1, VALLEY PARK FIFTH ADDITION, according to the record plat thereof, on file in the Office of the Registrar of Titles in and for Scott County, Minnesota, which is denoted as Temporary Easement Parcel 33 and shown by the symbol (“T.E. 33”) on Scott County Right of Way Plat No. 110, according to the record plat thereof, on file in the Office of the Registrar of Titles, Scott County, Minnesota.

PIN 27-081-013-0

Said temporary easement shall commence on April 1, 2021 and shall terminate on December 1, 2022.

Grantor hereby agrees that all earthen material, other material, trees and vegetation excavated, removed or taken by Grantee from within said temporary easement shall become the property of Grantee.

Upon turf establishment with a grass vegetative cover on disturbed areas per plans and specifications determined by Grantee, Grantor does hereby release Grantee from any claims or damages resulting from the construction of said slopes associated with the road project and all work in connection therewith.

This agreement is binding upon the heirs, successors, executors, administrators and assigns of the parties hereto.

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{Signature page follows on the next page}

EXECUTED as of this _____ day of November, 2020.

SHAKOPEE PUBLIC UTILITIES COMMISSION

By: _____
_____ {Printed Name}

Its: _____

By: _____
_____ {Printed Name}

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF SCOTT)

On this _____ day of November, 2020, before me, a Notary Public within and for said County, personally appeared _____ and _____ to me personally known, who by me duly sworn did say that they are the _____ and _____ of Shakopee Public Utilities Commission. a Minnesota municipal utility commission, named in the foregoing instrument, and that they are authorized by said municipal utilities commission to sign the foregoing instrument as the free act and deed for and on behalf of said municipal utilities commission.

Notary Public

This instrument drafted by: Scott County, 600 Country Trail East, Jordan, MN 55352

SCOTT COUNTY RIGHT OF WAY PLAT NO. 110
County Highway Project No. S.A.P. 70-683-014 C.P. 83-24

THE BOARD OF COUNTY COMMISSIONERS FOR SCOTT COUNTY, MINNESOTA, PURSUANT TO BOARD RESOLUTION NUMBER 2005-173, DATED DECEMBER 20, 2005, IS HEREBY DESIGNATING THE DEFINITE LOCATION OF THE RIGHT OF WAY OF COUNTY STATE AID HIGHWAY NUMBER 17 FROM COUNTY STATE AID HIGHWAY NO. 42 TO 1700 FEET SOUTH OF COUNTY STATE AID HIGHWAY NO. 7B IN THE CITY OF SHAKOPEE. THAT PORTION OF SAID HIGHWAY IS LOCATED IN SECTION 19, TOWNSHIP 115 NORTH, RANGE 22 WEST, SCOTT COUNTY, MINNESOTA.

That portion of said County State Aid Highway Number 17 located in Section 19, Township 115 North, Range 22 West, as shown on this plat effected by the County of Scott, Department of Highways, is hereby certified to be the official plat of that portion of said County State Aid Highway within said sections pursuant to Minnesota Statutes Chapter 160.055 and Chapter 160.14 Subdivision 1.

Date
Anthony Wniacki, Scott County Engineer
Minnesota License No. 23128

I hereby certify that this plat was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota; that the monuments indicating the boundary lines will be correctly placed in the ground as shown after completion of construction; that all measurements are correctly shown on this plat; and that the right of way boundary lines are correctly designated on this plat.

Date
Jared Kolasek, Licensed Land Surveyor
Minnesota License No. 45846

DOCUMENT NO. _____

I hereby certify that this instrument was recorded in the Office of the County Recorder for record on this _____ day of _____, 20____, at _____ o'clock ____ M.

Scott County Recorder

DOCUMENT NO. _____

I hereby certify that this instrument was filed in the Office of the County Registrar of Titles for record on this _____ day of _____, 20____, at _____ o'clock ____ M.

Scott County Registrar of Titles

NOTES:

Existing prescriptive right of way as defined by Minnesota Statute 160.05 is not shown. For information pertaining to existing right of way widths prior to recording of this plat, contact the Scott County Highway Department.

Parcel boundaries and corresponding parcel acreage have been determined by current deed evidence of record only.

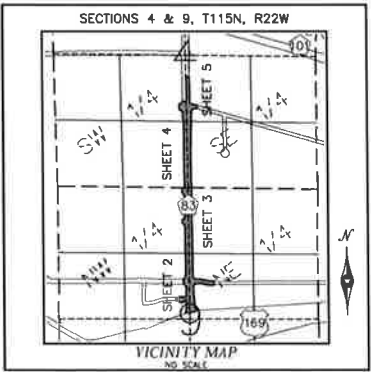
The listing of recorded owners noted in the parcel table was formed from current deeds of record available in Scott County records.

Orientation of this bearing system is based on the Scott County Coordinate System NAD 83 (96 Adjustment).

Existing centerline and proposed centerline are not the same.

Distances shown to Feet (20, 66, etc.) are exact values.

For details concerning this right of way plat, contact the Scott County Surveyor's Office.

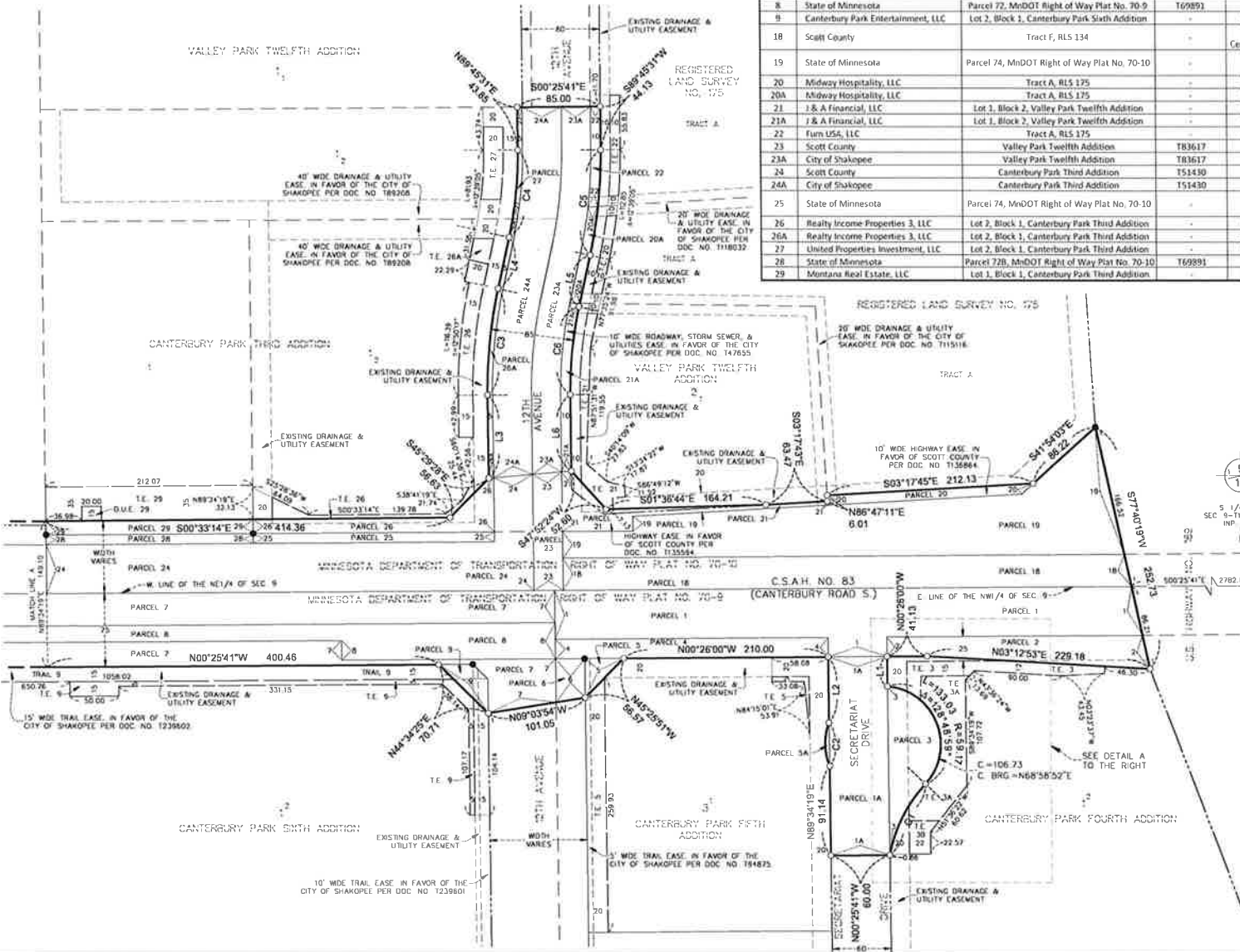


LEGEND:

- SECTION LINE
- QUARTER SECTION LINE
- SIXTEENTH/GOVT. LOT LINE
- PROPERTY LINE (M&B)
- R/W PARCEL LINE/NUMBER
- EXISTING R/W
- R/W PLAT BOUNDARY
- RAILROAD R/W
- TEMPORARY EASEMENT
- DRAINAGE & UTILITY EASEMENT
- DRAINAGE, UTILITY, & TRAIL EASEMENT
- TRAIL EASEMENT
- SIDEWALK EASEMENT
- EXISTING DRAINAGE & UTILITY EASEMENT
- ACCESS CONTROL
- ACCESS OPENING
- SCOTT COUNTY MONUMENT TYPE AS NOTED
- 1-1/2 INCH ALUMINUM CAP ON 14 INCH REBAR TO BE SET AFTER CONSTRUCTION
- FOUND MONUMENT

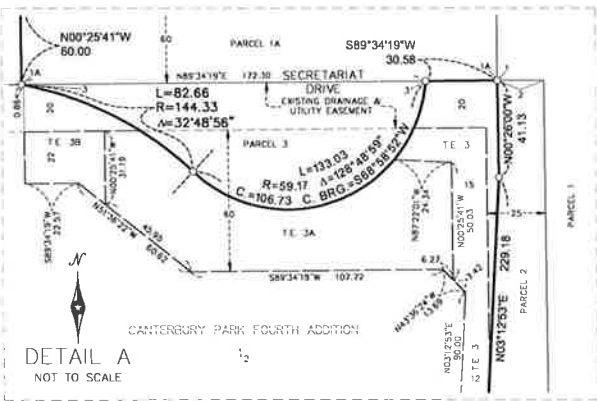
SCOTT COUNTY RIGHT OF WAY PLAT NO. 110

County Highway Project No. S.A.P. 70-683-014 C.P. 83-24



SECTION 9, TOWNSHIP 115N, RANGE 22W					HIGHWAY RIGHT OF WAY (R/W)			EASEMENTS			
Parcel	Owner(s) of Record	Location	Deed Record, Doc No., or Book/Page	Certificate of Title No.	Existing R/W (Sq. Ft.)	New R/W (Sq. Ft.)	Total R/W (Sq. Ft.)	Drainage & Utility Easement (Sq. Ft.)	Trail Easement (Sq. Ft.)	Temporary Easement (Sq. Ft.)	Temporary Easement Expires On:
1	Scott County	Canterbury Park 2nd Addition	T219048	-	31,055	-	31,055	-	-	-	-
1A	City of Shakopee	Canterbury Park 2nd Addition	T219048	-	12,172	-	12,172	-	-	-	-
2	State of Minnesota	Parcel 71, MnDOT Right of Way Plat No. 70-9	-	25001	6,882	-	6,882	-	-	-	-
3	American Group Properties, LLC	Lot 2, Block 1, Canterbury Park Fourth Addition	-	50848	-	5,484	5,484	-	-	2,772	December 1, 2022
3A	American Group Properties, LLC	Lot 2, Block 1, Canterbury Park Fourth Addition	-	50848	-	-	-	-	-	5,415	December 1, 2022
3B	American Group Properties, LLC	Lot 2, Block 1, Canterbury Park Fourth Addition	-	50848	-	-	-	-	-	801	December 1, 2022
4	State of Minnesota	Parcel 74, MnDOT Right of Way Plat No. 70-9	-	31431	5,548	-	5,548	-	-	-	-
5	Archland Property I, LLC	Lot 1, Block 3, Canterbury Park Fifth Addition	-	40675	-	800	800	-	-	5,323	December 1, 2022
5A	Archland Property I, LLC	Lot 1, Block 3, Canterbury Park Fifth Addition	-	40675	-	129	129	-	-	-	-
6	Scott County	Canterbury Park Fifth Addition	A815256	-	1,268	-	1,268	-	-	-	-
7	Scott County	Canterbury Park Sixth Addition	T239597	-	161,333	-	161,333	-	-	-	-
8	State of Minnesota	Parcel 72, MnDOT Right of Way Plat No. 70-9	T69891	-	34,085	-	34,085	-	-	-	-
9	Canterbury Park Entertainment, LLC	Lot 2, Block 1, Canterbury Park Sixth Addition	-	53448	-	12,088	12,088	-	22,541	11,004	December 1, 2022
18	Scott County	Tract F, RLS 134	-	No Certificate*	19,126	-	19,126	-	-	-	-
19	State of Minnesota	Parcel 74, MnDOT Right of Way Plat No. 70-10	-	31431	31,983	-	31,983	-	-	-	-
20	Midway Hospitality, LLC	Tract A, RLS 175	-	55424	2,059	-	2,059	-	-	814	December 1, 2022
20A	Midway Hospitality, LLC	Tract A, RLS 175	-	55424	1,004	-	1,004	-	-	-	-
21	J & A Financial, LLC	Lot 1, Block 2, Valley Park Twelfth Addition	-	46199	2,937	843	3,780	-	-	7,298	December 1, 2022
21A	J & A Financial, LLC	Lot 1, Block 2, Valley Park Twelfth Addition	-	46199	1,727	-	1,727	-	-	-	December 1, 2022
22	Fum USA, LLC	Tract A, RLS 175	-	40529	1,025	-	1,025	-	-	1,029	December 1, 2022
23	Scott County	Valley Park Twelfth Addition	T83617	-	3,508	-	3,508	-	-	-	-
23A	City of Shakopee	Valley Park Twelfth Addition	T83617	-	11,313	-	11,313	-	-	-	-
24	Scott County	Canterbury Park Third Addition	T51430	-	27,652	-	27,652	-	-	-	-
24A	City of Shakopee	Canterbury Park Third Addition	T51430	-	15,196	-	15,196	-	-	-	-
25	State of Minnesota	Parcel 74, MnDOT Right of Way Plat No. 70-10	-	31431	2,513	-	2,513	-	-	-	-
26	Realty Income Properties 3, LLC	Lot 2, Block 1, Canterbury Park Third Addition	-	47644	-	4,631	4,631	-	-	4,101	December 1, 2022
26A	Realty Income Properties 3, LLC	Lot 2, Block 1, Canterbury Park Third Addition	-	47644	-	1,337	1,337	-	-	491	December 1, 2022
27	United Properties Investment, LLC	Lot 2, Block 1, Canterbury Park Third Addition	-	47797	-	572	572	-	-	1,483	December 1, 2022
28	State of Minnesota	Parcel 72B, MnDOT Right of Way Plat No. 70-10	T69891	-	2,151	-	2,151	-	-	-	-
29	Montana Real Estate, LLC	Lot 1, Block 1, Canterbury Park Third Addition	-	29881	-	3,010	3,010	300	-	7,122	December 1, 2022

*Remainder is Road R/W

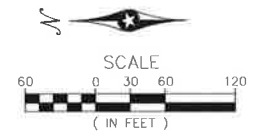


Line Table		
Line #	Length	Direction
L1	30.58	S89°34'19\"W
L2	67.30	N89°34'19\"E
L3	84.90	N89°34'19\"E
L4	53.84	S77°35'24\"E
L5	53.84	N77°35'24\"W
L6	78.07	S89°34'19\"W

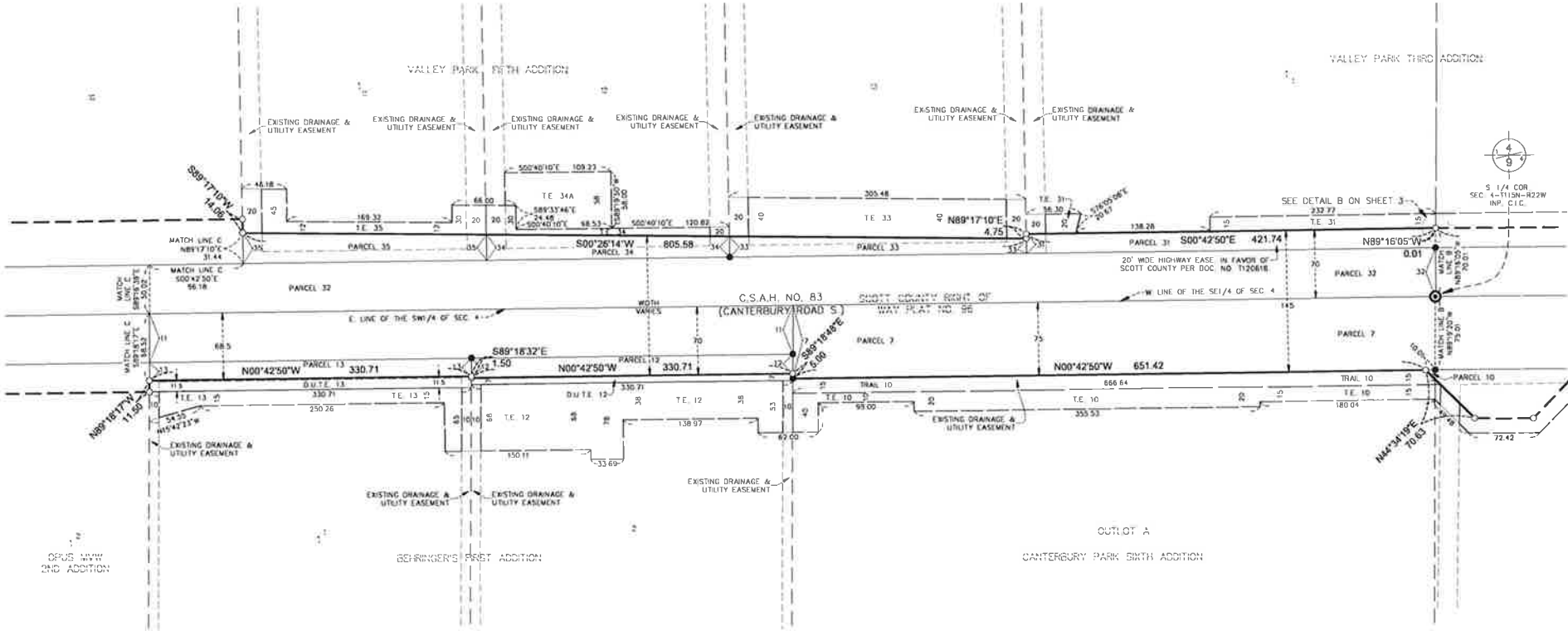
Curve Table				
Curve #	Length	Radius	Delta	Chord Bearing
C1	82.66	144.33	32°48'56\"	81.54 N63°01'07\"W
C2	45.54	59.17	44°06'03\"	44.43 N89°34'19\"E
C3	109.66	489.43	12°50'17\"	109.44 S84°00'33\"E
C4	89.66	406.06	12°39'05\"	89.48 S83°54'57\"E
C5	108.43	491.06	12°39'05\"	108.21 N83°54'57\"W
C6	90.62	404.43	12°50'17\"	90.43 N84°00'33\"W



County Highway Project No. S.A.P. 70-683-014 C.P. 83-24

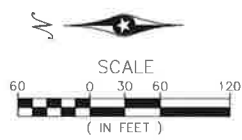
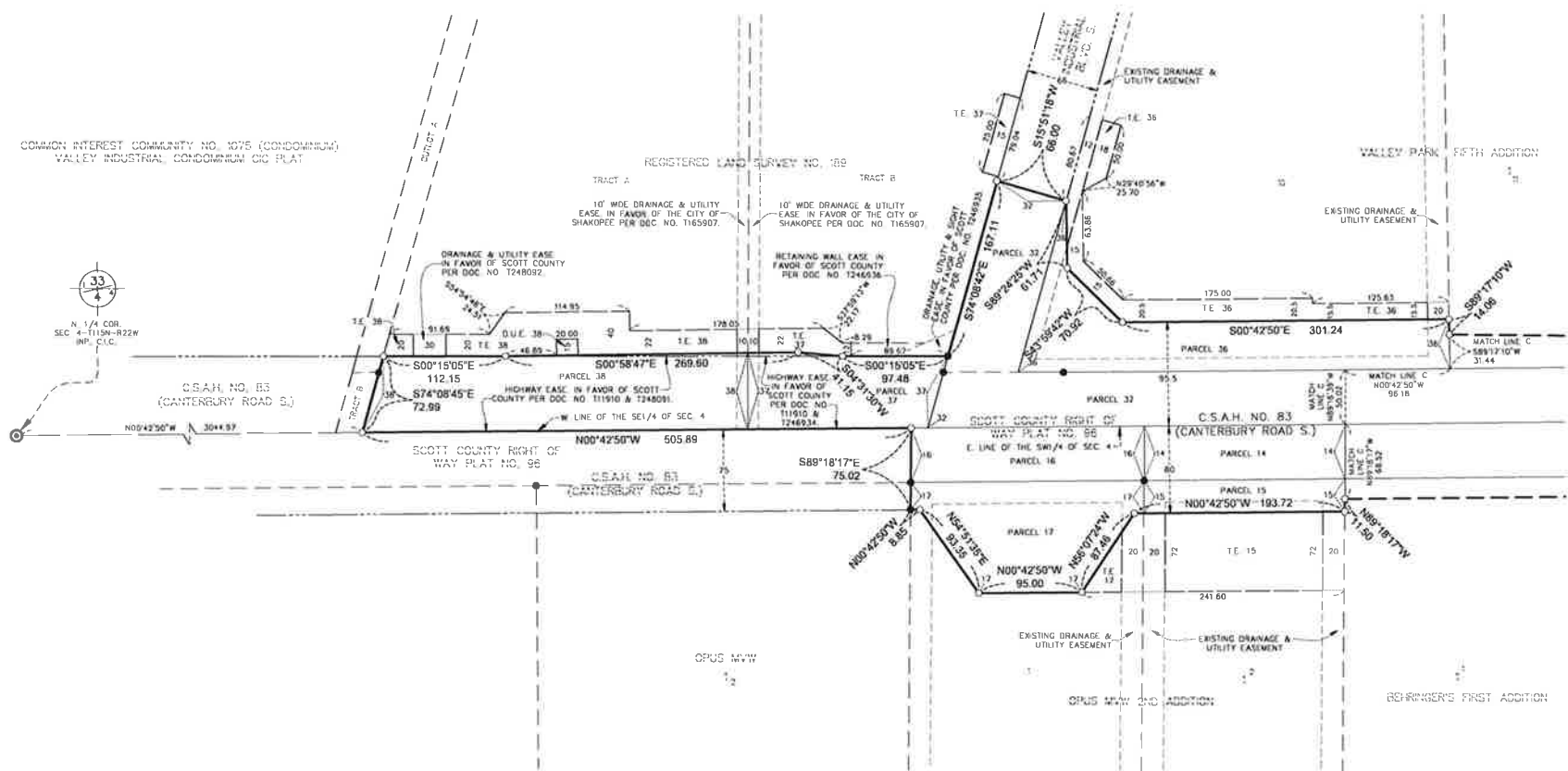


SCOTT COUNTY RIGHT OF WAY PLAT NO. 110
County Highway Project No. S.A.P. 70-683-014 C.P. 83-24



SECTION 4, TOWNSHIP 115N, RANGE 22W					HIGHWAY RIGHT OF WAY (R/W)			EASEMENTS				
Parcel	Owner(s) of Record	Location	Deed Record, Doc No., or Book/Page	Certificate of Title No.	Existing R/W (Sq. Ft.)	New R/W (Sq. Ft.)	Total R/W (Sq. Ft.)	Drainage & Utility Easement (Sq. Ft.)	Drainage, Utility, & Trail Easement (Sq. Ft.)	Trail Easement (Sq. Ft.)	Temporary Easement (Sq. Ft.)	Temporary Easement Expires On
7	Scott County	Canterbury Park Sixth Addition	T239597	-	161,333	-	161,333	-	-	-	-	-
10	Canterbury Development, LLC	Outlot A, Canterbury Park Sixth Addition	A1018470	-	-	49	49	-	-	-	-	-
11	Scott County	Behringer's First Addition	A237456	-	33,071	-	33,071	-	-	9,872	11,867	December 1, 2022
12	Scott County	Lot 2, Block 1, Behringer's First Addition	A798220	-	-	6,614	6,614	-	2,315	-	16,921	December 1, 2022
13	Canterbury Properties, LLC	Lot 1, Block 1, Behringer's First Addition	A911979	-	-	6,118	6,118	-	3,803	-	5,777	December 1, 2022
31	Shakkin, LLC	Lot 1, Block 1, Valley Park Third Addition	-	52224	36,004	2,201	38,205	70,938	-	-	13,583	December 1, 2022
32	Scott County	Valley Park First Addition	T11915	-	96,502	-	96,502	-	-	-	-	-
33	Shakopee Public Utilities Commission	Lot 13, Block 1, Valley Park Fifth Addition	-	36897	-	5,596	5,596	-	-	-	10,619	December 1, 2022
34	PVP DST	Lot 12, Block 1, Valley Park Fifth Addition	-	52596	-	5,975	5,975	-	-	-	2,410	December 1, 2022
34A	PVP DST	Lot 12, Block 1, Valley Park Fifth Addition	-	52596	-	-	-	-	-	-	6,066	December 1, 2022
35	PVP DST	Lot 11, Block 1, Valley Park Fifth Addition	-	52595	-	7,231	7,231	-	-	-	4,244	December 1, 2022

SCOTT COUNTY RIGHT OF WAY PLAT NO. 110
County Highway Project No. S.A.P. 70-683-014 C.P. 83-24




SECTION 4, TOWNSHIP 115N, RANGE 22W					HIGHWAY RIGHT OF WAY (R/W)			EASEMENTS			
Parcel	Owner(s) of Record	Location	Deed Record, Doc No., or Book/Page	Certificate of Title No.	Existing R/W (Sq. Ft.)	New R/W (Sq. Ft.)	Total R/W (Sq. Ft.)	Drainage & Utility Easement (Sq. Ft.)	Trail Easement (Sq. Ft.)	Temporary Easement (Sq. Ft.)	Temporary Easement Expires On.
14	Scott County	Koskovich Valley Park First Addition	A167315	-	9,753	-	9,753	-	-	-	-
15	Hansen & Hansen	Lot 2, Block 1, Opus MVW 2nd Addition	A755148 A362694	-	-	5,551	5,551	-	-	10,443	December 1, 2022
16	Scott County	Opus MVW 2nd Addition	A168556	-	10,753	-	10,753	-	-	-	-
17	I & J Minneapolis, LLC	Lot 1, Block 1, Opus MVW 2nd Addition	A899165	-	-	16,803	16,803	-	-	1,004	December 1, 2022
32	Scott County	Valley Park First Addition	T11915	-	96,502	-	96,502	-	-	-	-
36	Larson Development 4000, LLC	Lot 10, Block 1, Valley Park Fifth Addition	-	52461	-	20,906	20,906	-	-	7,833	December 1, 2022
37	Larson Development 4001, LLC	Tract B, RLS 189	-	52462	11,696	215	11,911	-	-	2,867	December 1, 2022
38	Neef's Farm, LLC	Tract A, RLS 189	-	48963	23,691	317	24,008	300	-	8,197	December 1, 2022



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SHAKOPEE PUBLIC UTILITIES MEMORANDUM

TO: Larry Koshire, Interim Utilities Manager

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Ehlers Public Finance Advisors Water Development Fee Study

DATE: November 13, 2020

ISSUE

The Commission is asked to review new information and re-consider the recommendations in the Ehlers Water Development Fee Study.

BACKGROUND

At the October 5, 2020 Commission meeting, Jessica Cook from Ehlers Public Finance Advisors presented the Water Development Fee Study. Attached is a copy for your convenience. The Study made two key recommendations:

1. For Trunk Water Charges (TWC), a 4.75% annual fee increase. This change would increase the fee from \$4,451 per acre to \$4,662 per acre, a \$211 increase in 2021.
2. For Water Capacity Charges (WCC), if the Commission wished to vary from the current rate structure, then one multi-family unit in apartment buildings could be considered as 0.8 equivalent SAC unit. This change would reduce charges 5.5% in 2021, or \$332 reduction to \$5,707 per equivalent SAC unit. Ehlers recommended increasing rates 1% annually thereafter.

The Commission then made a motion that the Commission meet with the City Council on this issue before making any decisions. Since the meeting, developers have contacted SPU staff and city staff, seeking more immediate action on the report.

DISCUSSION

Staff recently received a request from a representative of the Pulte Group, a multi-family housing developer proposing a 105-unit town home development in the Canterbury Commons area, for consideration to have town home units' water usage evaluated for the possible benefit of having

a factor similar to apartment units for the equivalent number of SAC units applied to their WCC fees. For this purpose, a town home unit and a condo unit would be considered equivalent but a twin home with two units sharing a common wall with their own individual lawn areas would continue to be considered as 2 equivalent SAC units.

Staff conferred with Jessica Cook of Ehlers and provided her with additional historical water usage data, so that town home/condo water usage per unit could be evaluated as requested. Jessica's analysis of SPU historical usage data confirms that townhome/condo units' water usage is less than single family homes and greater than apartment units. Staff also gave Jessica the updated 2021-2025 CIP noting changes from the preliminary version she had to work earlier.

Jessica has updated her report's tables, conclusions and recommendations using the latest CIP figures and taking into account the possibility of prorating the equivalent SAC unit for town home/condo units at 0.9 and the results are attached. Jessica will be attending the Commission meeting if there are any questions about the updated calculations.

RECOMMENDATIONS

If the Commission wishes to consider the substance of the Ehlers Water Development Fee Study, then a motion to rescind the earlier motion would be in order. If the Commission wishes to adopt the recommendations of the Ehlers Study, then it would be appropriate to make a motion:

1. To adopt the recommendations in the Ehlers Water Development Fee Study, namely:
 - a. increasing TWC by 4.75% to \$4,662 per net acre and define net acres to be consistent with the city of Shakopee's definition; and
 - b. adjust for high density multi-family apartment units with one apartment unit considered as 0.8 equivalent SAC unit; and
 - c. adjust for medium density multi-family town house/condo units per equivalent SAC unit with one town home/condo unit considered as 0.9 equivalent SAC unit; and
 - d. decreasing WCC by 8.5% to \$5,526 per equivalent SAC unit.
2. Typically, the Commission makes rate determinations by resolution. The above motion could also include direction to staff to prepare WCC and TWC resolutions for the next Commission meeting. The resolutions would state the effective date of the rates (typically around 30 days after adoption). The Ehlers Study contemplated having the rates take effect in 2021.

REQUESTED ACTION

Staff requests the Commission adopt the recommended actions.



Water Development Fee Study

For Shakopee Public Utilities



Agenda

Snapshot of 2020: Existing Fees and Community Comparison

Study Approach and Assumptions

Recommendations

- Water Trunk Fees

- Water Capacity Charge Options

Discussion



Why do development fees differ?

Infrastructure Costs

- Terrain
- Aquifers and Water Quality
- Development Patterns

Philosophy

- Should growth pay for itself?

Degree of Analysis

- Has a study been completed?



2020 Water Development Fee Structure

Trunk Water Fees (paid at plat)

- \$4,451/acre
- Developers prefer paying fees with building permit
- Collecting fees at plat financially protects SPU

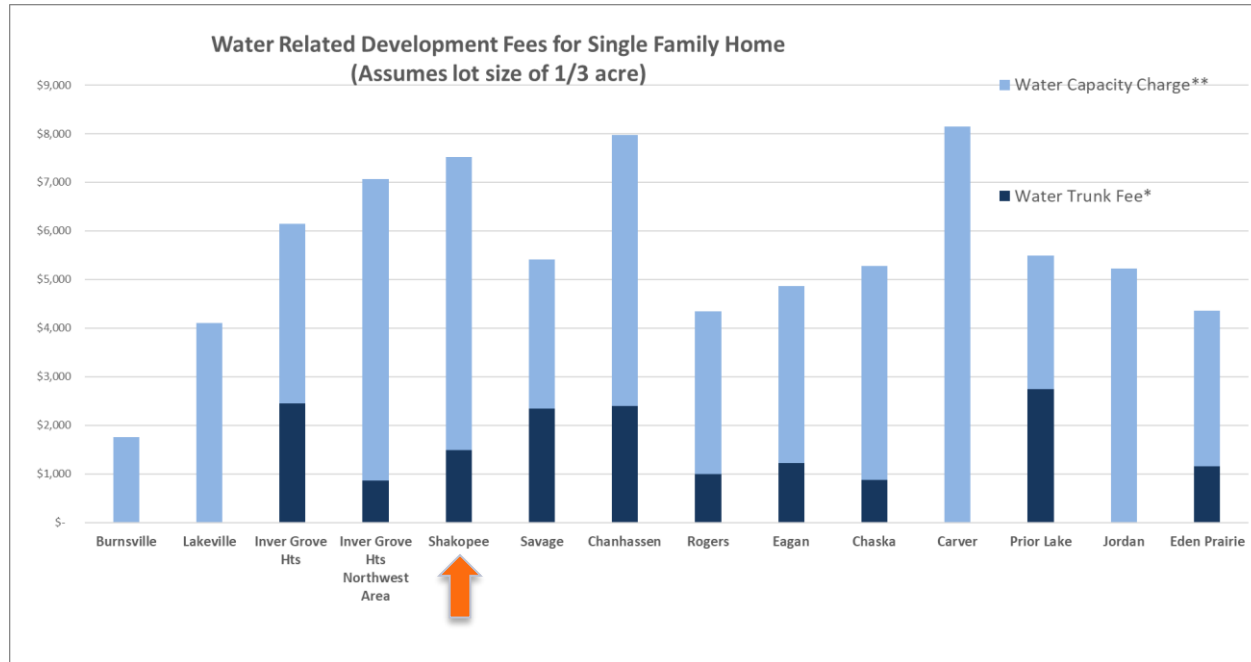
Water Capacity Charge (paid with building permit)

- \$6,039 per SAC unit + 14.2 cents/sq. ft. for industrial

No increase to fees in 2020

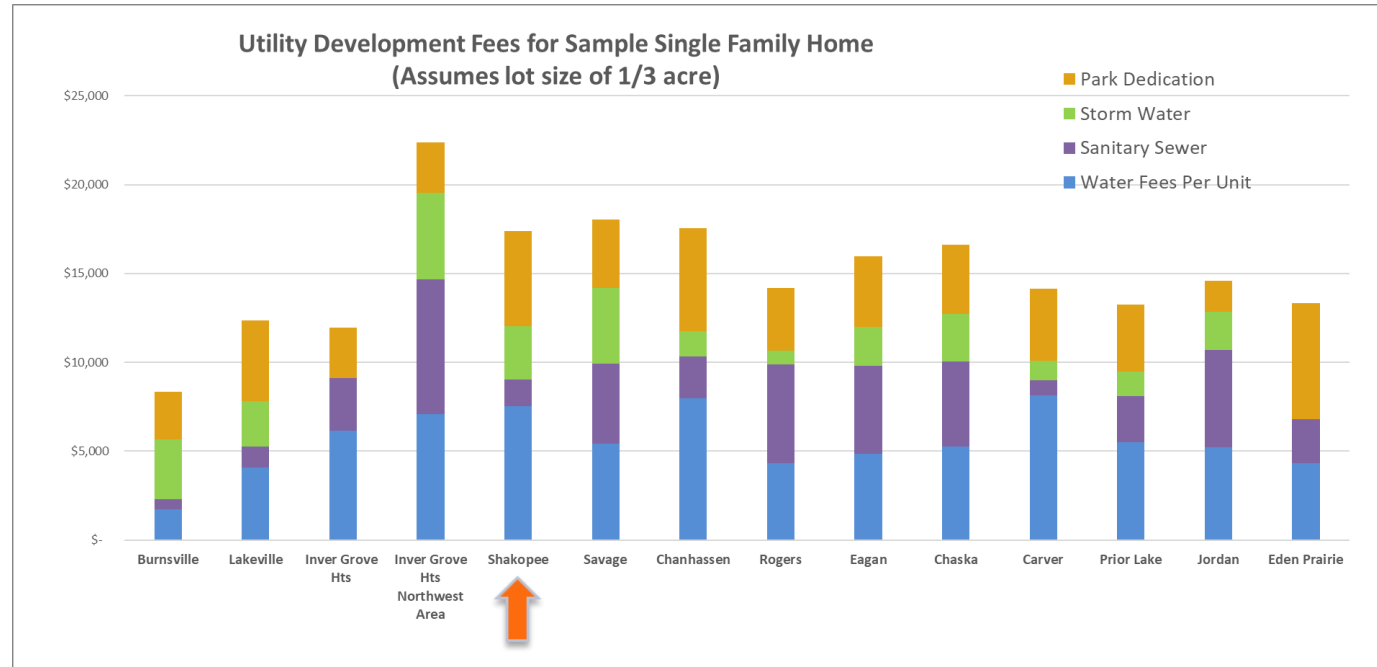


Water Dev. Fee Comparison – Single Family Home



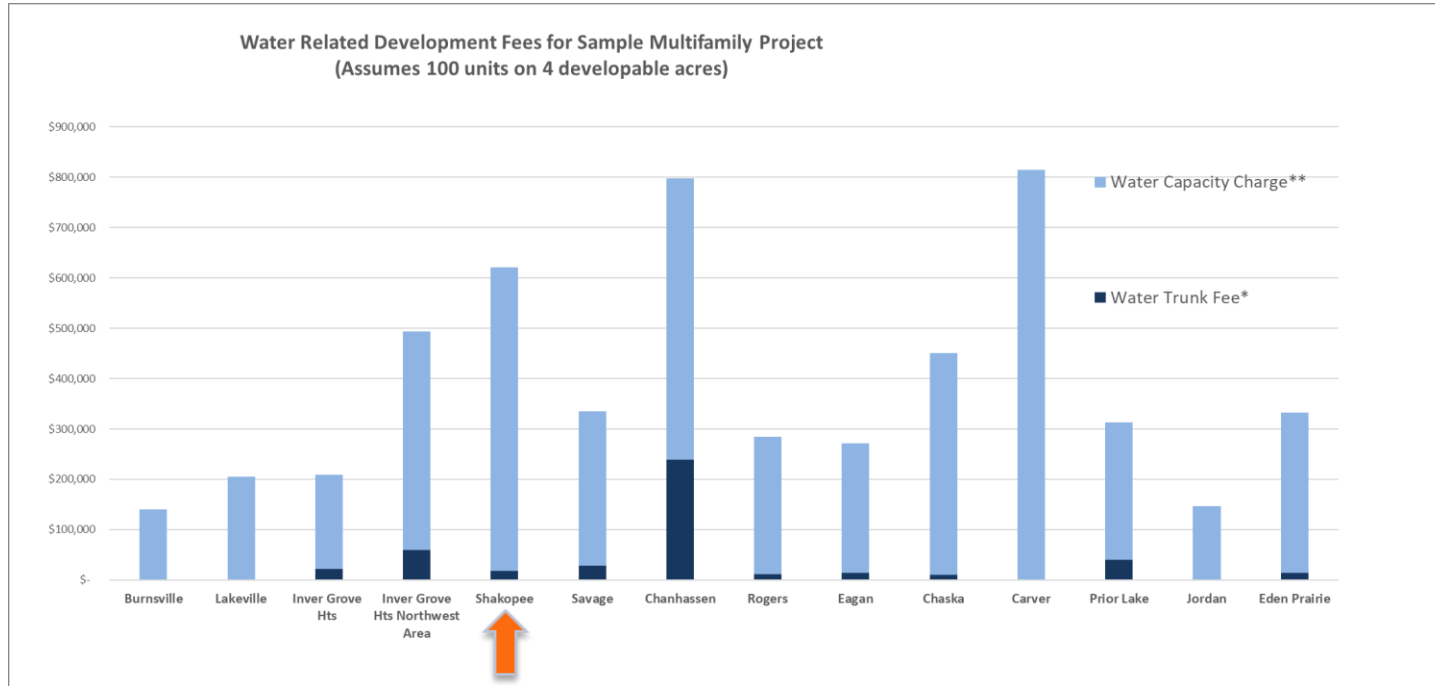


Total Dev. Fee Comparison – Single Family Home



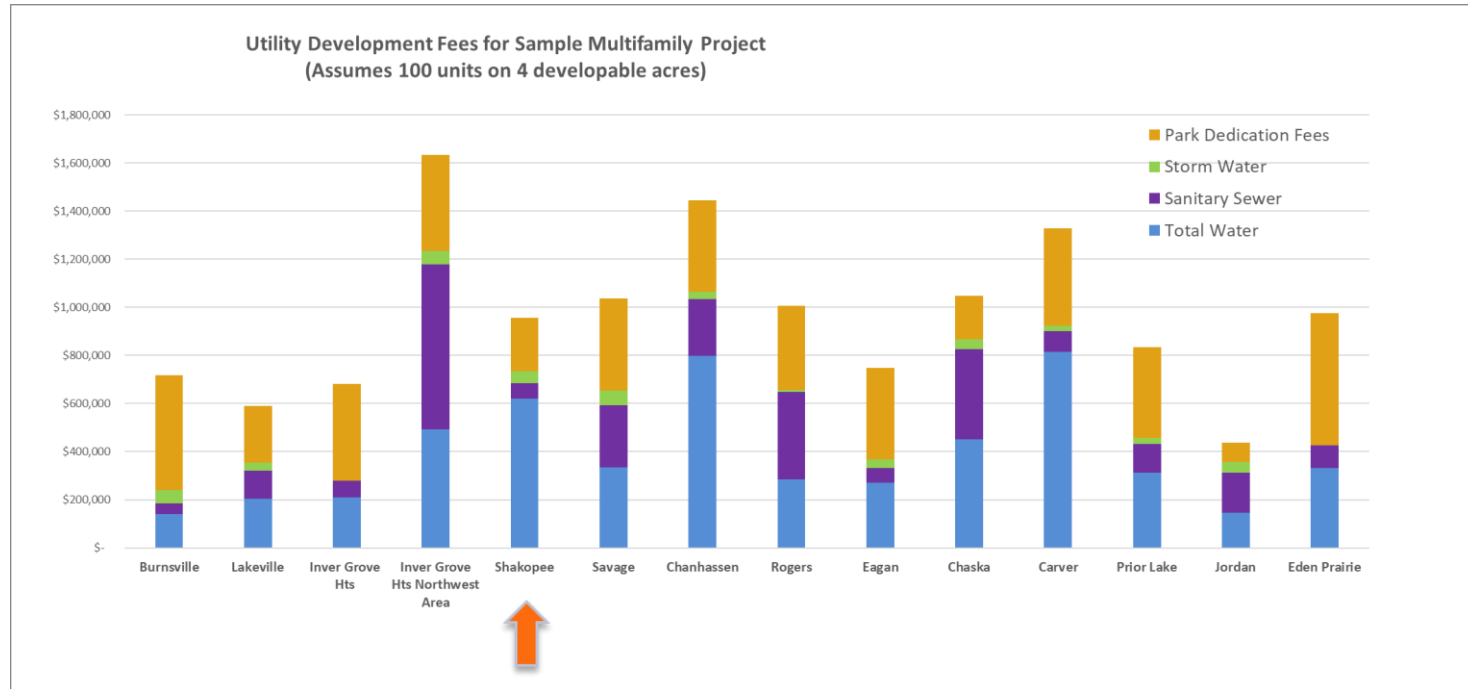


Water Dev. Fee Comparison – Multifamily Project



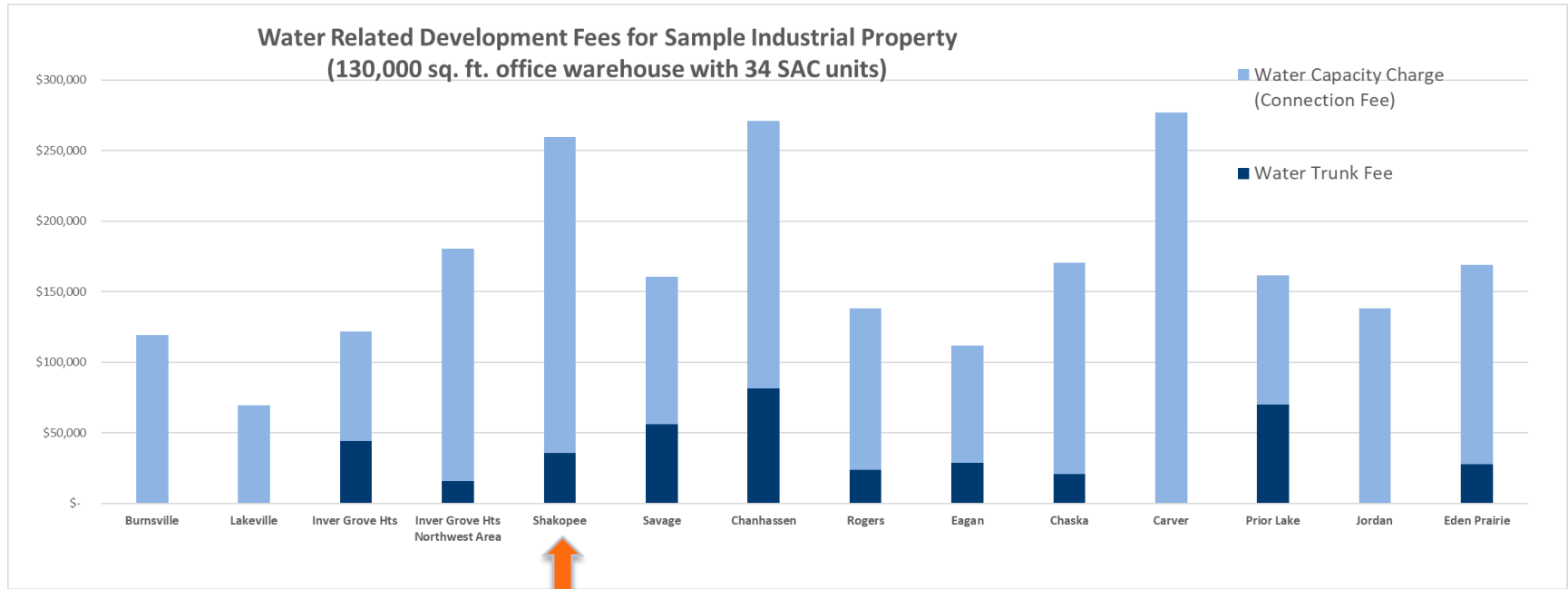


Total Dev. Fee Comparison – Multifamily Project



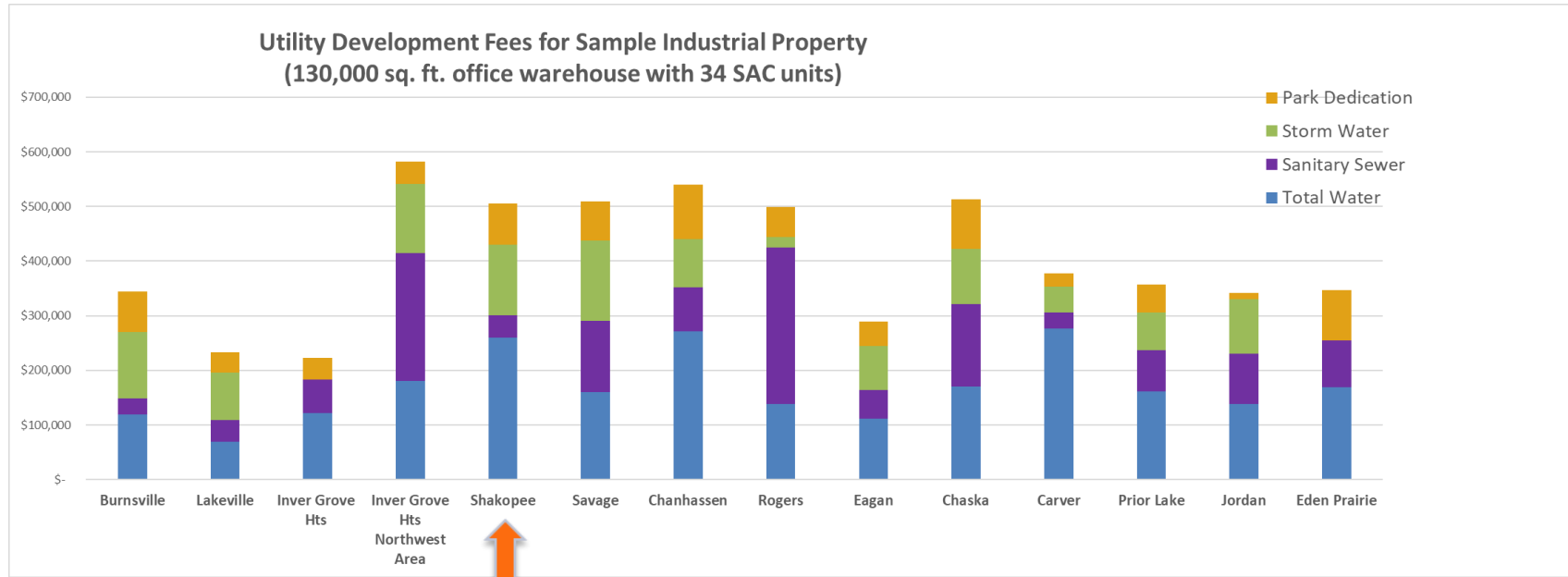


Water Dev. Fee Comparison – Mixed Use Industrial



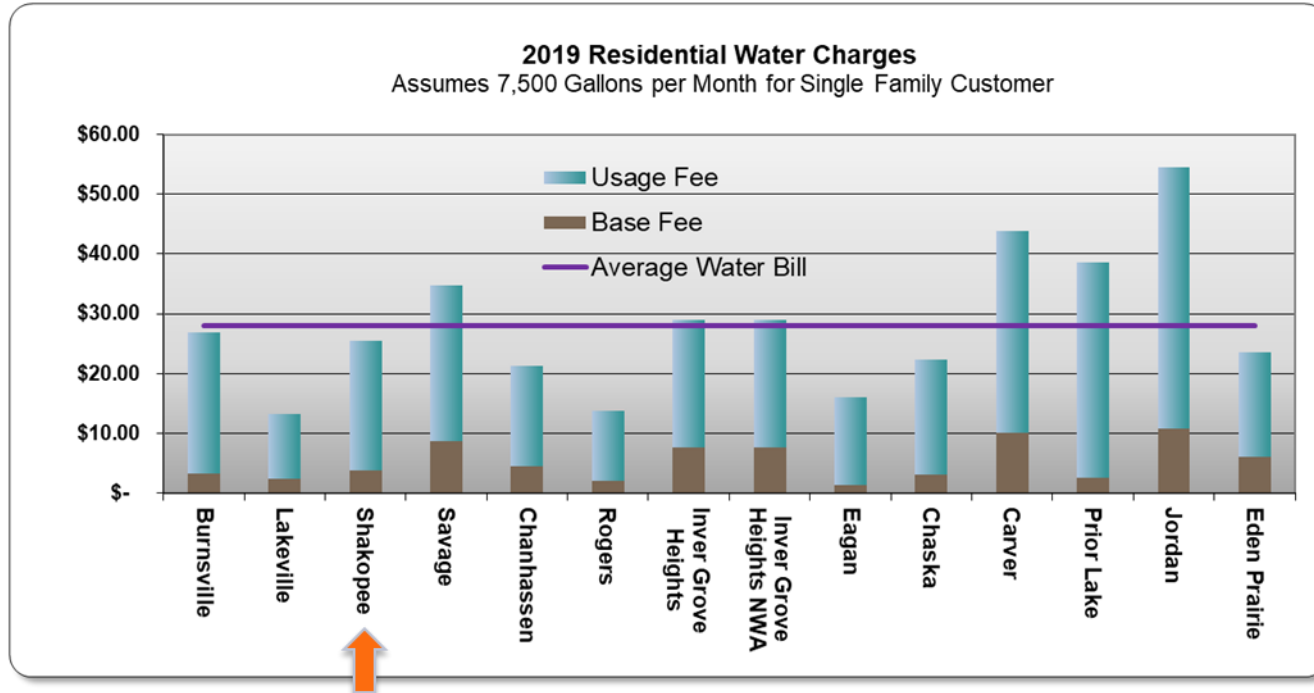


Total Dev. Fee Comparison – Mixed Use Industrial



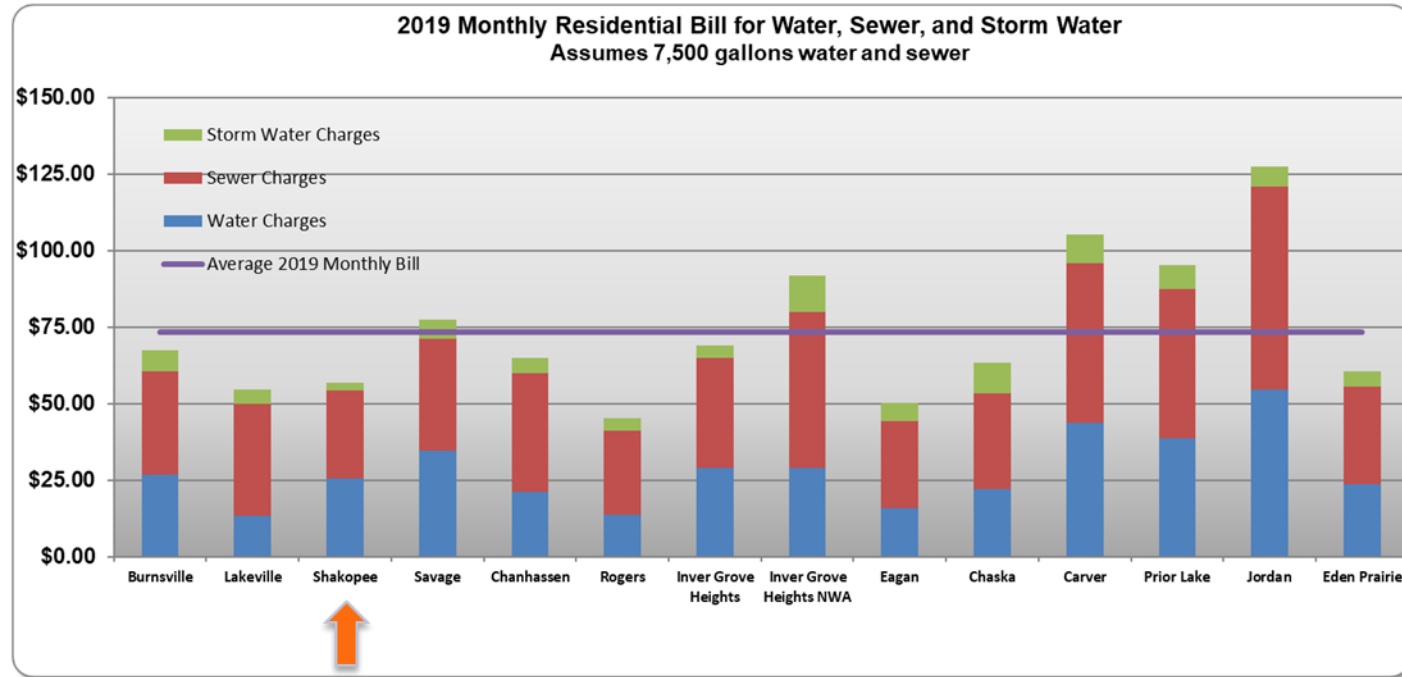


2019 Comparison of Monthly Water Bill





2019 Comparison of Monthly Utility Bill





Trends in Development Fees

Developer Push-back

Cities reducing fees for multi-family development by counting 1 multifamily unit as < 1 SAC unit



Water Development Fee Study

Last completed in 2008

Philosophy: Growth pays for itself

Historically, fees have produced cash balances sufficient to fund capital projects without bonding

Fund	2019 Year-End Cash Balance
Water Capacity Fund	\$14,781,889
Water Trunk Fund	\$79,599



Significant Changes since 2008

Per capita water use is down

More land purchased and served by Tribe

Higher density development patterns

Jackson Township annexation



2020 Study Approach

Assumes growth should pay for itself

Water Capacity Fund pays for pumping, treatment, storage

$$\text{Water Capacity Charge} = \text{Total Costs} / \text{Total SAC Units}$$

Trunk Fund pays for trunk lines and oversizing

$$\text{Trunk Fee} = \text{Total Costs} / \text{Total Acres}$$



Key Assumptions: Growth

Full development by 2040

- Growth patterns consistent with City's comp plan and AUAR
- **Assumed 75% of growth in comp plan to be conservative**
- Growth spread evenly
- 304 SAC Units per year
- 116 Acres platted per year
- Assumed existing rural residential units will NOT hook-up by 2040



Key Assumptions: Capital Costs

Full system build out by 2040

- Consistent with Comprehensive Water System Plan Update
- Construction costs inflate 4% annually
- Assumes two treatment plants
- Includes trunk costs to serve existing rural residential areas



Major Capital Projects

Improvement	Timing	Inflated Cost
Trunk Lines and Oversizing	2020-2040	\$16,600,000
.75MG Elevated Tank	2020-2021	\$3,900,000
Pump Houses Tank #8 Site	2022-2024	\$2,600,000
Pump House #2	2024	\$3,640,000
Pump House #4	2025	\$3,785,000
Water Treatment Plant	2025	\$10,580,000
Water Treatment Plant	2030	\$14,400,000
Booster Station	2032	\$4,200,000
Central Elevated Tank	2035	\$3,000,000
Well #9 Upgrades	2037	\$1,250,000



Prudent Use of Debt

Assumed two financings for Water Capacity Fund

- \$7,000,000 in 2030 for 2nd Treatment Plant
 - ✓ Assumes 15-year term
 - ✓ About 50% of project costs financed
- \$2,500,000 in 2032 for Booster Station
 - ✓ Assumes a 10-year term
 - ✓ About 60% of project costs financed

Ensures future users pay for improvements



Water Trunk Fees

Trunk fund has limited reserves

Need steady fee income to pay for planned extensions

Recommend 4.75% annual fee increases

Fee increase from \$4,451 per acre to \$4,662 per acre in 2021 (\$211 increase)



Water Capacity Charges

Option #1: Maintain Current Rate Structure

Rate Impacts: Reduce Charges 11% in 2021
 \$664 reduction per SAC Unit
 Increase rates 1% annually thereafter



Option #1: Maintain Current Rate Structure

Total Water Development Fees on a Single-Family Home

Year	Trunk Charge	Capacity Charge	Total Water Development Fees	Annual Increase/ (Decrease)	Percent Increase
2020	\$ 4,451	\$ 6,039	\$ 10,490		
2021	\$ 4,662	\$ 5,375	\$ 10,037	\$ (453)	-4.3%
2022	\$ 4,884	\$ 5,428	\$ 10,312	\$ 275	2.7%

Total Water Development Fees on a 100 Unit Apartment

1 Multifamily Unit = 1 SAC Unit

Year	Trunk Charge	Capacity Charge	Total Water Development Fees per SAC Unit	Total Fee for Project	Annual Increase/ (Decrease)	Percent Increase
2020	\$ 4,451	\$ 6,039	\$ 10,490	\$ 1,049,000		
2021	\$ 4,662	\$ 5,375	\$ 10,037	\$ 1,003,713	\$ (45,287)	-4.3%
2022	\$ 4,884	\$ 5,428	\$ 10,312	\$ 1,031,234	\$ 27,521	2.7%



Water Capacity Charges

Option #2: Modify Rate Structure

1 Multi-family Unit = 0.8 SAC Units

Rationale: Small survey of Shakopee properties indicates
apartments use less water than single family
homes

Outcome: Reduces Charges 5.5% in 2021
\$332 reduction per SAC Unit
Increase rates 1% annually thereafter



Option #2: Apartment Unit = 0.8 SAC Units

Total Water Development Fees on a Single-Family Home

Year	Trunk Charge	Capacity Charge	Total Water Development Fees	Annual Increase/ (Decrease)	Percent Increase
2020	\$ 4,451	\$ 6,039	\$ 10,490		
2021	\$ 4,662	\$ 5,707	\$ 10,369	\$ (121)	-1.2%
2022	\$ 4,884	\$ 5,764	\$ 10,648	\$ 279	2.7%

Total Water Development Fees on a 100 Unit Apartment

1 Multifamily Unit = .8 SAC Unit

Year	Trunk Charge	Capacity Charge	Total Water Development Fees per SAC Unit	Total Fee for Project	Annual Increase/ (Decrease)	Percent Increase
2020	\$ 4,451	\$ 6,039	\$ 10,490	\$ 1,049,000		
2021	\$ 4,662	\$ 5,707	\$ 10,369	\$ 829,542	\$ (219,458)	-20.9%
2022	\$ 4,884	\$ 5,764	\$ 10,648	\$ 851,825	\$ 22,283	2.7%



Policy Question

If SPU reduces charges and/or changes the rate structure, developers who recently paid fees will ask for reimbursement.

Significant recent development activity means reimbursements will result in smaller fee decreases. Quantifying amount will require more analysis.

Will the SPU provide reimbursements on fees paid in 2020?



Conclusions and Recommendations

SPU has prudently managed its resources and set adequate fees

Higher density development allows a one-time reduction in water capacity charge for 2021 and modest increases thereafter

Opportunity to restructure fees for multifamily residential

Update study every 3-5 years

Shakopee Public Utilities Commission
2020 Connection Fee Study
Estimate of SAC Units

Future Acreage to Full Buildout 2040						
	Engineer Est. REU's	Used for Plan REU's	Engineer's Est. Multifamily Units	Used for Plan Multifamily Units	Engineer's Est. Townhome Units	Used for Plan Townhome Units
Existing City Limits*	5897	3538	965	724	734	551
Jackson Township	4580	2748	444	333	320	240
Total	10477	6286	1409	1057	1054	791

* Excludes existing rural residential development

Growth Reduction Factor 75%
Developable Acreage Assumption 80%

Year	City Limits	Jackson Township	Total	All Areas	All Areas	Total
	SAC Units	SAC units	Total SAC Units	Multifamily SAC Units	Townhome SAC Units	Total Billable SAC Units **
2020	0	0	0			
2021	510	0	510	401	109	419
2022	159	145	304	35	36	293
2023	159	145	304	35	36	293
2024	159	145	304	35	36	293
2025	159	145	304	35	36	293
2026	159	145	304	35	36	293
2027	159	145	304	35	36	293
2028	159	145	304	35	36	293
2029	159	145	304	35	36	293
2030	159	145	304	35	36	293
2031	159	145	304	35	36	293
2032	159	145	304	35	36	293
2033	159	145	304	35	36	293
2034	159	145	304	35	36	293
2035	159	145	304	35	36	293
2036	159	145	304	35	36	293
2037	159	145	304	35	36	293
2038	159	145	304	35	36	293
2039	159	145	304	35	36	293
2040	166	138	304	26	34	295
Total	3538	2748	6286	1057	791	5988

** Assumes 1 Multifamily Unit = 0.8 SAC Units and 1 Townhome Unit = 0.9 SAC units

Shakopee Public Utilities Commission
2020 Connection Fee Study
Estimate of Acres Platted

Future Acreage to Full Buildout 2040		
	Engineer Est. Gross Acres	Used for Plan Net Dev. Acres
Existing City Limits*	2511	1507
Jackson Township	1365	819
Total	3876	2326

* Excludes existing rural residential development

Growth Reduction Factor	75%
Developable Acreage Assumption	80%

Year	City Limits	Jackson Township	Total
	Acres Platted	Acres Platted	Total Acres Platted
2020	0	0	0
2021	75	41	116
2022	75	41	116
2023	75	41	116
2024	75	41	116
2025	75	41	116
2026	75	41	116
2027	75	41	116
2028	75	41	116
2029	75	41	116
2030	75	41	116
2031	75	41	116
2032	75	41	116
2033	75	41	116
2034	75	41	116
2035	75	41	116
2036	75	41	116
2037	75	41	116
2038	75	41	116
2039	75	41	116
2040	82	40	122
Total	1507	819	2326

Shakopee Public Utilities Commission
Water Capacity Charge (Connection Fund)
Capital Improvement Program

Projects	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
WELLS																					
Observation Wells @ Tank 3 and TBD	125,000	130,000																			
2-HES Jordan Well @ Tank 8 Site Well #23		641,000																			
Well #24 submersible next to treatment plant																		1,248,604			
Well #9 Flow Control Valve Upgrades									239,500												
WATER TREATMENT																					
NES Jordan Well #22 Submersible		25,000	730,000																		
Water Treatment Plant						10,584,394					14,416,987										
PUMP HOUSE ADDITIONS/EXPANSIONS																					
2-HES Pump House @ Tank #8 site			200,000	2,173,000	225,000																
Pump House #2 Rehabilitation					3,640,000																
Pump House #4 Rehabilitation						3,785,000															
TANKS AND TRANSMISSION WATER MAIN																					
2-HES District Storage (.75MG Elevated Tank)	1,194,150	2,728,676																			
Central 2nd High 250 K Tank																3,061,604					
BOOSTER STATIONS																					
Booster Station @ Windmere	110,000																				
Church Addition Booster Station													4,162,684								
AUXILIARY FACILITIES																					
Inline Booster Station Site																					
Southbridge PRV Sites	10,000	110,000																			
Normal Zone Elevated Tank PRV's	60,000	60,000	60,000																		
Inline Booster Statn @ Foothill & Horizon NES to 2 HES		48,000	385,000																		
Pressure Reducing Valve @ Horizon Drive						27,040															
Pressure Reducing Valve @ Muhlenhardt Rd.						27,040															
Pressure Reducing Valve @ CR 69					27,040																
Hwy 169 Flow Control Station										498,159											
Place Holder							100,000	104,000	108,160	112,486	116,986	121,665	126,532	131,593	136,857	142,331	148,024	153,945	160,103	166,507	173,168
Actual CIP (Dollars)	1,499,150	3,742,676	1,375,000	2,173,000	3,892,040	14,423,474	100,000	104,000	347,660	610,646	14,533,973	121,665	4,289,216	131,593	136,857	3,203,935	148,024	1,402,550	160,103	166,507	173,168
Percent Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inflated Project Costs	1,499,150	3,742,676	1,375,000	2,173,000	3,892,040	14,423,474	100,000	104,000	347,660	610,646	14,533,973	121,665	4,289,216	131,593	136,857	3,203,935	148,024	1,402,550	160,103	166,507	173,168

Shakopee Public Utilities Commission
2020 Connection Fee Study
Water Trunk and Capacity Charges
Assumes 1 Multifamily Unit = .8 SAC Units

2020 Water Capacity Charge (WCC)

All Properties

\$ 6,039

per SAC Unit

Industrial Surcharge

\$ 0.142

per square foot

Capital Projects	Year	Amount*	Year	Annual Rate Increase	Capacity Charge	SAC Units*	Annual Capacity Charge Revenue	Industrial Surcharge Per Square Ft.	Industrial Building Sq. Ft.	Industrial Surcharge Revenue	Interest Income	Total Revenues	Cash Funded Projects	Bond Funded Projects	Projected Annual Debt Service	Projected Ending WCC Cash Balance
											0.5%					11,690,574
			2018				3,044,958				59,626	3,104,584	1,709,276			13,085,882
			2019				4,446,012				63,880	4,509,892	2,813,886		-	14,781,889
See CIP	2020	1,499,150	2020		\$ 6,039		2,033,481	\$ 0.142	0	0	152,521	2,186,002	1,499,150	-	-	15,468,741
See CIP	2021	3,742,676	2021	-8.50%	\$ 5,526	783	4,326,611	\$ 0.130	72,728	9,450	77,344	4,413,404	3,742,676	-	-	16,139,469
See CIP	2022	1,375,000	2022	1.00%	\$ 5,581	293	1,635,216	\$ 0.131	72,728	9,544	80,697	1,725,457	1,375,000	-	-	16,489,926
See CIP	2023	2,173,000	2023	1.00%	\$ 5,637	293	1,651,568	\$ 0.133	72,728	9,639	82,450	1,743,657	2,173,000	-	-	16,060,583
See CIP	2024	3,892,040	2024	1.00%	\$ 5,693	293	1,668,084	\$ 0.134	72,728	9,736	80,303	1,758,123	3,892,040	-	-	13,926,666
See CIP	2025	14,423,474	2025	1.00%	\$ 5,750	293	1,684,765	\$ 0.135	72,728	9,833	69,633	1,764,232	14,423,474	-	-	1,267,424
See CIP	2026	100,000	2026	1.00%	\$ 5,808	293	1,701,612	\$ 0.137	72,728	9,932	6,337	1,717,881	100,000		-	2,885,304
See CIP	2027	104,000	2027	1.00%	\$ 5,866	293	1,718,628	\$ 0.138	72,728	10,031	14,427	1,743,085	104,000	-	-	4,524,390
See CIP	2028	347,660	2028	1.00%	\$ 5,924	293	1,735,815	\$ 0.139	72,728	10,131	22,622	1,768,568	347,660	-	-	5,945,298
See CIP	2029	610,646	2029	1.00%	\$ 5,984	293	1,753,173	\$ 0.141	72,728	10,232	29,726	1,793,132	610,646	-	-	7,127,785
See CIP	2030	14,533,973	2030	1.00%	\$ 6,043	293	1,770,705	\$ 0.142	72,728	10,335	35,639	1,816,679	7,533,973	7,000,000	-	1,410,491
See CIP	2031	121,665	2031	1.00%	\$ 6,104	293	1,788,412	\$ 0.144	72,728	10,438	7,052	1,805,903	121,665	-	586,366	2,508,362
See CIP	2032	4,289,216	2032	1.00%	\$ 6,165	293	1,806,296	\$ 0.145	72,728	10,543	12,542	1,829,380	2,489,216	1,800,000	586,366	1,262,160
See CIP	2033	131,593	2033	1.00%	\$ 6,226	293	1,824,359	\$ 0.146	72,728	10,648	6,311	1,841,318	131,593	-	794,698	2,177,187
See CIP	2034	136,857	2034	1.00%	\$ 6,289	293	1,842,602	\$ 0.148	72,728	10,754	10,886	1,864,242	136,857	-	794,698	3,109,875
See CIP	2035	3,203,935	2035	1.00%	\$ 6,352	293	1,861,028	\$ 0.149	72,728	10,862	15,549	1,887,439	3,203,935	-	794,698	998,682
See CIP	2036	148,024	2036	1.00%	\$ 6,415	293	1,879,639	\$ 0.151	72,728	10,971	4,993	1,895,603	148,024	-	794,698	1,951,563
See CIP	2037	1,402,550	2037	1.00%	\$ 6,479	293	1,898,435	\$ 0.152	72,728	11,080	9,758	1,919,273	1,402,550	-	794,698	1,673,589
See CIP	2038	160,103	2038	1.00%	\$ 6,544	293	1,917,419	\$ 0.154	72,728	11,191	8,368	1,936,978	160,103	-	794,698	2,655,766
See CIP	2039	166,507	2039	1.00%	\$ 6,610	293	1,936,594	\$ 0.155	72,728	11,303	13,279	1,961,176	166,507	-	794,698	3,655,737
See CIP	2040	173,168	2040	1.00%	\$ 6,676	295	1,969,311	\$ 0.157	72,728	11,416	18,279	1,999,006	173,168	-	794,698	4,686,878
			2041												794,698	3,892,180
			2042												794,698	3,097,483
			2043										-		586,366	2,511,117
			2044												586,366	1,924,750
			2045												586,366	1,338,384
Total Projects to be Funded with WAC Charges		\$ 52,735,236	Total Projections for 2020 - 2045			6,352	\$ 40,403,753		1,454,556	\$ 208,069	\$ 758,716	\$ 41,370,538	\$ 43,935,236	\$ 8,800,000	\$ 9,706,074	

Shakopee Public Utilities Commission
Trunk Water Charge (Trunk Fund)
Capital Improvement Program

Projects	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
TRUNK WATER MAINS																					
To Be Determined	25,000	25,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	40,000	40,000	40,000	40,000	40,000	40,000
OVERSIZING																					
Interconnection w/Savage Metering		25,000																			
16" WM East from Monarch Estates	158,000	246,740	171,395	178,250																	
16" WM Krystal Addition to CR 79					88,572																
12" WM South from 169 to 17th Ave		52,675																			
To Be Determined	100,000																				
12" WM CR 16 from CR 15 to CR69		52,675	57,200	59,500																	
12" WM on Stagecoach Rd. from Eagle Creek to Hason Ave						128,750															
12" WM Vierling Drive W		52,675																			
12" WM South of Valley View Road		105,340																			
12" WM Parallel to CR 69 S from Vierling Drive			57,200	59,500																	
12" WM Thrush Street						61,900															
12" WM CR 83						128,750															
12" WM W of Tank #8 Site					61,900																
12" WM W of CR 69																					
12" WM W of CR 69 thru area B 1-HES				118,656	123,600	128,750															
12" WM W of CR 69 thru area B 2-HES						128,750															
12" WM 60 .25 miles N of CR 78					61,900																
12" WM Horizon Drive						243,360															
8" WM on Muhlenhardt Rd.						90,376															
12" WM W of Windmere		52,675	112,472																		
Future Placeholder							659,055	685,417	712,833	741,347	771,001	801,841	833,914	867,271	901,962	938,040	975,562	1,014,584	1,055,168	1,097,374	1,141,269
TOTAL	283,000	612,780	423,267	440,906	360,972	935,636	689,055	715,417	742,833	771,347	806,001	836,841	868,914	902,271	936,962	978,040	1,015,562	1,054,584	1,095,168	1,137,374	1,181,269
Percent Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inflated Project Costs	283,000	612,780	423,267	440,906	360,972	935,636	689,055	715,417	742,833	771,347	806,001	836,841	868,914	902,271	936,962	978,040	1,015,562	1,054,584	1,095,168	1,137,374	1,181,269

TOTAL CIP FROM COMPREHENSIVE WATER SYSTEM PLAN		
Upsize 6 to 8-inch Main	351,000	
Upsize 6 to 12-inch Trunk Main	6,897,000	
Upsize 6 to 16-inch Trunk Main	1,159,000	
Upsize 8 to 12-inch Trunk Main	979,000	
Upsize 8 to 16-inch Trunk Main	215,000	
Zone Boundary PRV's	595,000	
Highway Crossing/Casing	350,000	
TOTAL	10,546,000	
Less Planned 2020-2025	(2,733,094)	Note: Amount prior to inflation
Remaining	7,812,906	
Annual Amount over 15 years	520,860.37	Note: Inflated 4% annually for 4 years to determine 2026 Future Placeholder CIP estimate

Shakopee Public Utilities Commission
2020 Connection Fee Study
Water Trunk and Capacity Charges

2020 Trunk Water Charge (TWC)		
All Properties	\$	4,451 per Net Acre
Growth Reduction Factor Applied		75%

Capital Projects	Year	Amount*	Year	Annual Rate Increase	Rate	Acres	Fee Revenue	Interest Income	Cash Funded Projects	Bond Funded Projects	Projected Annual Debt Service	Projected Ending TWC Cash Balance
								0.5%				\$ (12,045)
			2018				389,497		\$ 178,295		\$ -	\$ 199,157
			2019				198,737		318,295		-	\$ 79,599
Trunk Mains and Oversizing	2020	283,000	2020		\$ 4,451	-	83,189		283,000	-	-	\$ (120,212)
Trunk Mains and Oversizing	2021	612,780	2021	4.75%	\$ 4,662	116	540,841	(601)	612,780	-	-	\$ (192,752)
Trunk Mains and Oversizing	2022	423,267	2022	4.75%	\$ 4,884	116	566,531	(964)	423,267	-	-	\$ (50,452)
Trunk Mains and Oversizing	2023	440,906	2023	4.75%	\$ 5,116	116	593,441	(252)	440,906	-	-	\$ 101,831
Trunk Mains and Oversizing	2024	360,972	2024	4.75%	\$ 5,359	116	621,630	509	360,972	-	-	\$ 362,998
Trunk Mains and Oversizing	2025	935,636	2025	4.75%	\$ 5,613	116	651,157	1,815	935,636	-	-	\$ 80,334
Trunk Mains and Oversizing	2026	689,055	2026	4.75%	\$ 5,880	116	682,087	402	689,055	-	-	\$ 73,768
Trunk Mains and Oversizing	2027	715,417	2027	4.75%	\$ 6,159	116	714,486	369	715,417	-	-	\$ 73,206
Trunk Mains and Oversizing	2028	742,833	2028	4.75%	\$ 6,452	116	748,424	366	742,833	-	-	\$ 79,163
Trunk Mains and Oversizing	2029	771,347	2029	4.75%	\$ 6,758	116	783,974	396	771,347	-	-	\$ 92,186
Trunk Mains and Oversizing	2030	806,001	2030	4.75%	\$ 7,079	116	821,213	461	806,001	-	-	\$ 107,859
Trunk Mains and Oversizing	2031	836,841	2031	4.75%	\$ 7,416	116	860,221	539	836,841	-	-	\$ 131,779
Trunk Mains and Oversizing	2032	868,914	2032	4.75%	\$ 7,768	116	901,081	659	868,914	-	-	\$ 164,605
Trunk Mains and Oversizing	2033	902,271	2033	4.75%	\$ 8,137	116	943,883	823	902,271	-		\$ 207,040
Trunk Mains and Oversizing	2034	936,962	2034	4.75%	\$ 8,523	116	988,717	1,035	936,962	-		\$ 259,831
Trunk Mains and Oversizing	2035	978,040	2035	4.75%	\$ 8,928	116	1,035,681	1,299	978,040	-		\$ 318,771
Trunk Mains and Oversizing	2036	1,015,562	2036	4.75%	\$ 9,352	116	1,084,876	1,594	1,015,562	-		\$ 389,679
Trunk Mains and Oversizing	2037	1,054,584	2037	4.75%	\$ 9,797	116	1,136,408	1,948	1,054,584	-		\$ 473,451
Trunk Mains and Oversizing	2038	1,095,168	2038	4.75%	\$ 10,262	116	1,190,387	2,367	1,095,168	-		\$ 571,038
Trunk Mains and Oversizing	2039	1,137,374	2039	4.75%	\$ 10,749	116	1,246,930	2,855	1,137,374	-		\$ 683,449
Trunk Mains and Oversizing	2040	1,181,269	2040	4.75%	\$ 11,260	122	1,373,719	3,417	1,181,269	-		\$ 879,316
									-		-	
Total Projects to be Funded with WAC Charges		\$ 16,788,197	Total Projections for 2020 - 2040			2,326	\$ 17,568,876	\$ 19,038	\$ 17,284,787	\$ -	\$ -	\$ -

Shakopee Public Utilities Commission
2020 Connection Fee Study

Total Water Development Fees on a Single Family Home

Assumes 3 Units per Acre

Year	Trunk Charge	Capacity Charge	Total Water Development Fees	Annual Increase	Percent Increase
2020	\$ 1,484	\$ 6,039	\$ 7,523		
2021	\$ 1,554	\$ 5,526	\$ 7,080	\$ (443)	-5.9%
2022	\$ 1,628	\$ 5,581	\$ 7,209	\$ 129	1.8%
2023	\$ 1,705	\$ 5,637	\$ 7,342	\$ 133	1.8%
2024	\$ 1,786	\$ 5,693	\$ 7,479	\$ 137	1.9%
2025	\$ 1,871	\$ 5,750	\$ 7,621	\$ 142	1.9%
2026	\$ 1,960	\$ 5,808	\$ 7,768	\$ 146	1.9%
2027	\$ 2,053	\$ 5,866	\$ 7,919	\$ 151	1.9%
2028	\$ 2,151	\$ 5,924	\$ 8,075	\$ 156	2.0%
2029	\$ 2,253	\$ 5,984	\$ 8,236	\$ 161	2.0%
2030	\$ 2,360	\$ 6,043	\$ 8,403	\$ 167	2.0%
2031	\$ 2,472	\$ 6,104	\$ 8,576	\$ 173	2.1%
2032	\$ 2,589	\$ 6,165	\$ 8,754	\$ 178	2.1%
2033	\$ 2,712	\$ 6,226	\$ 8,939	\$ 185	2.1%
2034	\$ 2,841	\$ 6,289	\$ 9,130	\$ 191	2.1%
2035	\$ 2,976	\$ 6,352	\$ 9,328	\$ 198	2.2%
2036	\$ 3,117	\$ 6,415	\$ 9,533	\$ 205	2.2%
2037	\$ 3,266	\$ 6,479	\$ 9,745	\$ 212	2.2%
2038	\$ 3,421	\$ 6,544	\$ 9,965	\$ 220	2.3%
2039	\$ 3,583	\$ 6,610	\$ 10,193	\$ 228	2.3%
2040	\$ 3,753	\$ 6,676	\$ 10,429	\$ 236	2.3%

Total Water Development Fees on a 100 Unit Multifamily Project

Assumes a 6 Acre Site

1 Multifamily Unit = .8 SAC Unit

Year	Trunk Charge	Capacity Charge	Total Fee for Project	Annual Increase	Percent Increase
2020	\$ 26,706	\$ 483,120	\$ 509,826		
2021	\$ 27,975	\$ 442,055	\$ 470,029	\$ (39,797)	-7.8%
2022	\$ 29,303	\$ 446,475	\$ 475,779	\$ 5,749	1.2%
2023	\$ 30,695	\$ 450,940	\$ 481,635	\$ 5,857	1.2%
2024	\$ 32,153	\$ 455,450	\$ 487,603	\$ 5,967	1.2%
2025	\$ 33,681	\$ 460,004	\$ 493,685	\$ 6,082	1.2%
2026	\$ 35,280	\$ 464,604	\$ 499,884	\$ 6,200	1.3%
2027	\$ 36,956	\$ 469,250	\$ 506,206	\$ 6,322	1.3%
2028	\$ 38,712	\$ 473,943	\$ 512,654	\$ 6,448	1.3%
2029	\$ 40,550	\$ 478,682	\$ 519,232	\$ 6,578	1.3%
2030	\$ 42,477	\$ 483,469	\$ 525,945	\$ 6,713	1.3%
2031	\$ 44,494	\$ 488,304	\$ 532,798	\$ 6,852	1.3%
2032	\$ 46,608	\$ 493,187	\$ 539,794	\$ 6,997	1.3%
2033	\$ 48,822	\$ 498,118	\$ 546,940	\$ 7,146	1.3%
2034	\$ 51,141	\$ 503,100	\$ 554,240	\$ 7,300	1.3%
2035	\$ 53,570	\$ 508,131	\$ 561,700	\$ 7,460	1.3%
2036	\$ 56,114	\$ 513,212	\$ 569,326	\$ 7,626	1.4%
2037	\$ 58,780	\$ 518,344	\$ 577,124	\$ 7,798	1.4%
2038	\$ 61,572	\$ 523,527	\$ 585,099	\$ 7,975	1.4%
2039	\$ 64,496	\$ 528,763	\$ 593,259	\$ 8,160	1.4%
2040	\$ 67,560	\$ 534,050	\$ 601,610	\$ 8,351	1.4%

Total Water Development Fees on a 100 Unit Townhome Project

Assumes a 10 Acre Site

1 Multifamily Unit = .8 SAC Unit

Year	Trunk Charge	Capacity Charge	Total Fee for Project	Annual Increase	Percent Increase
2020	\$ 44,510	\$ 543,510	\$ 588,020		
2021	\$ 46,624	\$ 497,312	\$ 543,936	\$ (44,084)	-7.5%
2022	\$ 48,839	\$ 502,285	\$ 551,124	\$ 7,188	1.3%
2023	\$ 51,159	\$ 507,308	\$ 558,466	\$ 7,343	1.3%
2024	\$ 53,589	\$ 512,381	\$ 565,969	\$ 7,503	1.3%
2025	\$ 56,134	\$ 517,504	\$ 573,639	\$ 7,669	1.4%
2026	\$ 58,801	\$ 522,680	\$ 581,480	\$ 7,841	1.4%
2027	\$ 61,594	\$ 527,906	\$ 589,500	\$ 8,020	1.4%
2028	\$ 64,519	\$ 533,185	\$ 597,705	\$ 8,205	1.4%
2029	\$ 67,584	\$ 538,517	\$ 606,101	\$ 8,397	1.4%
2030	\$ 70,794	\$ 543,902	\$ 614,697	\$ 8,595	1.4%
2031	\$ 74,157	\$ 549,341	\$ 623,498	\$ 8,802	1.4%
2032	\$ 77,679	\$ 554,835	\$ 632,514	\$ 9,016	1.4%
2033	\$ 81,369	\$ 560,383	\$ 641,752	\$ 9,238	1.5%
2034	\$ 85,234	\$ 565,987	\$ 651,221	\$ 9,469	1.5%
2035	\$ 89,283	\$ 571,647	\$ 660,930	\$ 9,708	1.5%
2036	\$ 93,524	\$ 577,363	\$ 670,887	\$ 9,957	1.5%
2037	\$ 97,966	\$ 583,137	\$ 681,103	\$ 10,216	1.5%
2038	\$ 102,620	\$ 588,968	\$ 691,588	\$ 10,485	1.5%
2039	\$ 107,494	\$ 594,858	\$ 702,352	\$ 10,764	1.6%
2040	\$ 112,600	\$ 600,807	\$ 713,407	\$ 11,055	1.6%



**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: Larry Koshire, Interim Utilities Manager *Larry Koshire*
FROM: Joseph D. Adams, Planning & Engineering Director *J.D. Adams*
SUBJECT: West Shakopee Substation Alternate Site
DATE: November 12, 2020

ISSUE

Commissioner Brennan inquired about a potential alternate site for the West Shakopee Substation at the November 2, 2020 Commission meeting.

BACKGROUND

Initially there were approximately a half a dozen sites considered as potential sites that staff considered when searching for available land. Staff began this process shortly after the public meetings were held with city/township/county officials and city staff that resulted in the city preparing what became known as the West End Study. Site evaluation continued as the city's 2040 Comprehensive Land Use Plan and the Jackson Township AUAR were finalized.

Based on past projects and experiences, staff searched for land that was of the necessary minimum size and dimensions that was also located near or adjacent to a 115 kV transmission line. SPU had once purchased a site for the South Shakopee Substation along CR 78 that would have required approximately a half mile of transmission line extension and that was deemed not desirable by the adjoining landowners, city/county officials and city staff, so consequently the site was re-sold and another site was acquired where the substation is located now along CR 79 adjacent to 115 kV transmission lines.

Of the initial sites under consideration, staff briefly considered the north end of the NorCor parcel, a parcel of approximately 60 acres that is located immediately west of the Windermere development and east of the larger Breeggeemann parcel. City planner Mark Noble informed me that this is the alternate site the city is proposing for the substation. The city is in the process of having this property appraised.

The NorCor parcel consists of a cleared area slightly sloping upward to the south of approximately 8-9 acres that is at the base of the bluff plus the bluff plus farmed area south of the bluff. Most development conceptual plans staff is familiar with have shown the north end of the parcel to be suitable only for a corridor to run the trunk water main and trunk sanitary sewer main through it to serve parcels to the west plus ponding and a maintenance trail. Most of the area is encumbered by Xcel Energy's double circuit transmission line (345 kV and 115 kV).

Among the reasons staff abandoned investigating this site further included that it is located at the extreme NE corner of the planned service area of the substation and was deemed to be inefficient due to the high cost of developing the site since the city was not going to require a public street through the area, but rather just a maintenance trail for the aforementioned utility lines. The exit circuit construction would lengthen each circuit adding to the initial cost and there would be continuing costs from greater line losses due to its added distance to the load center.

Eventually staff zeroed in on two sites it believed to be the most viable. A 15-acre site along CR 78 west of CR 69 and the 2.5-acre site that is the subject of an active purchase agreement along Colburn Drive just west of CR 69 and south of Highway 169. After inquiring with both owners, who seemed to be willing to listen to offers, staff secured property appraisals of both sites and vetted the sites with city staff. City staff directed us to abandon the larger parcel along CR 78, since the 2040 Comprehensive Land Use Plan had identified it for medium density housing. City staff stated that a substation would not be approved at that site, but one would be approved at the smaller site. Then it became a question of if the 2.5-acre site was large enough to construct a substation and meet city setbacks. After it was determined to be large enough, a purchase agreement was approved by the Commission and executed with the property owners.

DISCUSSION

To date we have spent approximately \$56,000 (not counting staff time) on efforts to secure the current substation site, including a \$5,000 deposit for a Transmission Access Study performed by Xcel Energy's transmission group and a \$7,500 escrow payment for the purchase costs. Per the terms of the purchase agreement we are committed to reimbursing the sellers approximately \$4,900 for the land survey that was performed by Loucks & Associates.

Xcel Energy has submitted a draft Facilities Agreement for the next step in moving forward with the existing parcel as the substation site, which will include another deposit in the amount of \$10,000.

I have asked Carla Pederson of McGrann Shea to advise the Commission of its legal rights under the existing purchase agreement to terminate the agreement. Her email reply is attached.

I have also asked Kevin Favero of Leidos to evaluate the potential added costs to develop the alternate site for the substation and his report is also attached.



PO Box 470 • 255 Sarazin Street
Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

The disadvantages of the alternate site are numerous and significantly add to the substation's initial development and ongoing operational costs.

A Conditional Use Permit application needs to be prepared and submitted to the City of Shakopee concurrent with the seller's application for a minor subdivision to create the parcel that is the subject of the existing purchase agreement.

Staff recommends proceeding with the current site.

REQUESTED ACTION

Staff requests direction from the Commission on how it wishes to proceed.

Adams, Joe

From: Carla J. Pedersen <cjp@mcgrannshea.com>
Sent: Monday, November 9, 2020 4:13 PM
To: Adams, Joe
Cc: Cheryl E. Dudley; Kathleen M. Brennan
Subject: RE: West Shakopee Alternate Site?

Joe,

Yes, the Commission can terminate the Purchase Agreement without penalty and get the earnest money back. The Due Diligence Period (270 days after the date of the Agreement) runs until June 22, 2021. The Commission would be out its out of pocket expenses incurred to the date of termination.

We are currently in the title and survey review period and are working on our objection letter, which we need to have out to the Seller before Thanksgiving. We are also reviewing an amendment to the Purchase Agreement correcting the Seller's name. Should we continue working on those items or hold for a bit? Please advise or contact me with any questions.

Thanks.

Carla J. Pedersen
Shareholder
McGrann Shea Carnival
Straughn & Lamb, Chtd.
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402
Dir: (612) 752-1917
Tel: (612) 338-2525
Fax: (612) 339-2386
E-mail: cjp@mcgrannshea.com

From: Adams, Joe <jadams@shakopeeutilities.com>
Sent: Monday, November 9, 2020 2:51 PM
To: Carla J. Pedersen <cjp@mcgrannshea.com>
Cc: Cheryl E. Dudley <CED@mcgrannshea.com>
Subject: West Shakopee Alternate Site?

Carla –

An alternate site identified by city staff has arisen to muddle the situation. Question does the existing Purchase Agreement for the Breeggemann parcel provide for the Commission to walk away still form the deal? At what potential cost?

Thanks,

Joe
Joseph D Adams
Planning/Engineering Director

November 12, 2020



Via email to: JAdams@ShakopeeUtilities.com, JKoshire@ShakopeeUtilities.com,
GDrent@ShakopeeUtilities.com

Mr. Joe Adams
Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379

Subject: **Evaluation of NorCor Site Compared to the Breeggemann Site for SPU
West Substation**

Dear Mr. Adams:

You have requested that Leidos Engineering, LLC ("Leidos") evaluate the NorCor site for the proposed SPU West Substation compared to the Breeggemann site. The Breeggemann site is between Colburn Drive and County Road (CR) 69 just south of Highway 169. The NorCor site is approximately 0.5 miles directly east of the Breeggemann site between the Xcel Energy 345/115 kV transmission line and the bluff and east of the second Xcel Energy transmission tower east of CR 69. See **Attachment 1** for a drawing showing the location of the Breeggemann site, the NorCor site, and the additional facilities that would be required for the NorCor site as described below.

The following evaluation is a preliminary, conceptual, planning level, order-of-magnitude estimate of the cost differential between the two sites based on limited information concerning the property on which the sites would be located and reasonable assumptions based on that information. The evaluation has been based on the information available, which has mainly been property information obtained from the Scott County web site and Google Earth. More detailed information concerning the NorCor site and the adjoining properties would enable us to prepare more refined estimates.¹

The cost differential has been estimated for the following items, which are described in more detail below:

¹ Estimates of construction quantities and unit costs provided by Leidos are made on the basis of experience and the level of analysis. They represent the best judgment of Leidos as a firm of design professionals. Leidos cannot and does not guarantee that actual construction quantities or costs will not vary from estimated quantities and costs.

- Installed costs for West Substation Circuits
- Cost of energy losses associated with additional circuit length
- Substation Construction Costs
- Access Road Costs

Installed Costs for West Substation Circuits

An investigation of the West Substation circuits identified by the 2018 Long Range Plan Study indicates that there are five circuits along CR 69 that could be served from the Breeggemann site with minimal cost due to the Breeggemann site being located adjacent to CR 69. For the NorCor site option compared to the Breeggemann site option, there would be additional circuit length associated with the five circuits that would need to be installed between the NorCor site and CR 69.

The cost for the installation of these circuits has been estimated based on installing them in a concrete-encased duct bank similar to the installation for the Pike Lake circuits along CR 21 and the interconnection circuits between Dean Lake Substation and the Shakopee Energy Park ("SEP"). For this evaluation, we have used cost data for the more recent Dean Lake to SEP project, which was installed in 2016.

The area between the NorCor site and CR 69 is expected to ultimately be developed as a commercial business park. However, the circuits between the NorCor site and CR 69 are expected to be needed before the layout for roads and stormwater retention ponds has been determined. Due to this, we have assumed that the duct bank would be located along the north edge of the bluff from the NorCor site to CR 69 as shown on **Attachment 1**. The length of this duct bank is estimated to be 3,000 feet. A 10-foot wide easement would accommodate this duct bank which would comprise a total area of about 0.7 acres. The cost of such easement is not included in this evaluation. As shown on **Attachment 2** and as summarized in the table below, the estimated cost of this duct bank is \$1,959,000.

Cost of Energy Losses for Additional Circuit Length

There would be energy losses associated with the additional five circuits needed between the NorCor site and CR 69. We have used an electric system computer model to estimate the peak load losses for the five circuits being served from the Breeggemann site and from the NorCor site and have calculated the difference in peak load losses by year through 2033. For the period after 2033, we have assumed the peak load losses differential would remain the same as 2033 over the balance of a 50-year period.

We have estimated annual energy losses using an industry loss factor applied to the peak load losses. The cost of energy losses has been estimated using the SPU current average cost of

wholesale power. For this analysis, the future cost of power is assumed to escalate at a rate equal to the discount rate such that the sum of power costs over the 50-year period (using the current non-escalated average cost of wholesale power) is equal to the present value of power costs.

The cost of energy losses over a fifty-year period are estimated to be \$825,000 as shown on **Attachment 3** and as summarized in Table 1 below.

Substation Construction Costs

The layout for the NorCor site would be constrained north to south by the Xcel transmission line easement on the north and the bluff area on the south. We do not have a survey of the NorCor site showing the location of the transmission line easements and the edge of the bluff. We have used the best information available to identify the area for the substation, including maps on the Scott County web site, which show property lines, topographic elevation lines, and a satellite view, as well as Google Earth. Based on this information, there is not enough room north to south to lay out the substation equipment in the same arrangement as for the Breeggemann site in which both switchgear buildings would be in line with and close to the power transformers. The equipment layout is expected to be similar to the Dean Lake Substation (which was likewise constrained north to south) in which the switchgear buildings are located west of the power transformers.

This would require the use of vertical (candlestick) circuit switchers (as is done in Dean Lake Substation and in South Shakopee Substation due to the constrained sites) to protect the power transformers rather than breakers which require more space for the breaker footprint and the isolating switches on either side of the breaker. However, one difference would be that in Dean Lake Substation, there are 115 kV ring-bus breakers that back up the circuit switchers.

Assuming a 115 kV looping in and out arrangement similar to Pike Lake Substation with circuit switchers instead of breakers to protect the power transformers, the dimension from the north fence to the south fence would be approximately 150 feet, assuming the switchgear buildings are west of the power transformers. This indicates that it might be necessary to remove 15 feet to 25 feet of the trees in the bluff area.

Depending on the amount of buffer needed around the substation fenced equipment, the area needed for the NorCor substation site would be approximately 3.0 acres. The net land area available on the Breeggemann site is approximately 2.5 acres.

Due to the sloping area for the NorCor site (sloping up to the south bluff), additional costs would be incurred for grading and construction of an approximately 300-foot long retaining wall along the south to accommodate the substation. This is estimated to cost \$377,000 as shown on

Attachment 4 and is included as a part of the \$434,000 Substation Construction Costs as summarized in Table 1 below.

The substation arrangement described above for the NorCor site would require extra length of underground circuits between the power transformers and the switchgear buildings compared to the proposed arrangement at the Breeggemann site. The cost for this extra circuit length for both power transformers is estimated to be \$57,000 as shown on **Attachment 5** and is included as a part of the \$434,000 Substation Construction Costs as summarized in Table 1 below.

Access Road Costs

Due to the indefinite timeline for installing adequate roads in the area west of the NorCor site, initial access to the NorCor site is expected to be from the east using an existing 12-foot wide trail off Windermere Way on property owned by the City of Shakopee which would need to be upgraded, widened, and extended through the NorCor parcel to accommodate the vehicles needed for the West Substation construction and the delivery of the heavy equipment (power transformer and switchgear building) needed for the West Substation. The new culvert would need to be installed in the drainage swale at the edge of the property between the City parcel and the NorCor parcel. The estimated cost for the above upgrades and extensions is \$137,000 as shown on **Attachment 6** and as summarized in Table 1 below.

The above estimated cost differentials are summarized in the following table.

Table 1
Estimated Additional Costs Associated with the NorCor Site Compared to the Breeggemann Site

Item	Estimated Cost (\$)
Installed Circuit Costs	1,959,000
Cost of Energy Losses	825,000
Substation Construction Costs	434,000
Access Road Costs	137,000
Total	3,355,000

As shown in the above table, the estimated additional cost associated with the NorCor site compared to the Breeggemann site is \$3,355,000.

Cost of Land

The above estimates for the cost differentials between the two substation sites does not include an estimate for the cost differential associated with purchasing land for the two substation sites.

Mr. Joe Adams
November 12, 2020
Page 5

Thank you for the opportunity to assist SPU with this assignment. Let me know if you have any comments or would like us to prepare additional analysis.

Sincerely,

Leidos Engineering, LLC

A handwritten signature in black ink that reads "Kevin Favero". The signature is written in a cursive, flowing style.

Kevin Favero, P.E.
Senior Project Manager

Scott County

Attachment 1



This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the data shown and is to be used for reference purposes only. Scott County is not responsible for any inaccuracies herein contained. If discrepancies are found, please contact the Scott County Surveyor's Office.

Scott
Date: 11/10/2020

1 in = 752 ft
0 100 200 300 400 500 600 700 800 900 1,000 1,100 1,200 1,300 1,400 1,500

Estimated Duct Bank Costs for NorCor Site

	Cost (\$000) [1]	Year	Length (feet)	Number of Circuits	Cost per foot [1] (\$ per ft.)
Dean Lake - SEP Duct Bank (actual) [2]	1,368	2016			
less allowance for rock removal	-50				
less allowance for one less conduit	-23				
less allowance for one less ckt installation	-57				
less boring through Hwy 169	<u>-421</u>				
DL - SEP Duct Bank w/o above items	817	2016	2,284		357.73
Dean Lake - SEP Cable (actual) [3]		2016			17.64
NorCor - CR 69 Duct Bank	1,209	2022	3,000		402.86
NorCor - CR 69 Cable	<u>298</u>	2022	3,000	5	19.87
NorCor - CR 69 Subtotal	1,507				
Owner's Costs & Contingency	30% <u>452</u>				
NorCor - CR 69 Total	1,959				

[1] Assumed annual escalation 2%

[2] A concrete-encased duct bank. Amount shown Includes rock removal, nine 6-inch conduits, six circuits, installation of medium voltage cable, and boring under Highway 169.

[3] Cost per linear foot of cable was \$5.88. Unit cost shown is cost per 3-phase circuit foot.

**Estimated Cost of Energy Losses Associated with
Additional Circuit Length for the NorCor Site**

Year	Estimated Peak Losses Differential (kW) [1]	Estimated Annual Losses Differential (MWh) [2]	Estimated Cost of Energy Losses Differential (\$000) [3]
2024	30	80	6
2025	36	96	8
2026	42	111	9
2027	48	127	10
2028	54	142	11
2029	60	158	13
2030	66	174	14
2031	72	189	15
2032	78	205	16
2033	84	220	18
40-year total after 2033 [4]			<u>705</u>
50-year total			825

[1] Estimated difference in sum of peak electrical losses for five circuits served from the NorCor site compared to the Breeggemann site.

[2] Estimated annual energy losses based on the peak electrical losses differential and an annual losses factor of 30% using the following formula:
Annual energy losses = peak losses X 8760 X annual losses factor

[3] Estimated cost of annual energy losses based on wholesale power costs of \$80 per MWh which equals \$0.08 per kWh.

[4] Estimated sum of 40 years of power costs based on the annual cost of energy losses for 2033.

Attachment 4

**Estimated Cost of Additional Earthwork and Retaining Wall
Associated with the NorCor Site**

	Approximate Quantities	Unit Cost (\$)	Cost (\$000)
Earthwork Cut [1]	10,000 Cu. Yds.	15	150
Earthwork Fill [2]	2,000 Cu. Yds.	10	20
Retaining Wall [3]	3,700 Sq. Ft.	32	<u>120</u>
Subtotal			290
Owner's cost & Contingency	30%		<u>87</u>
Total			377

[1] Remove excess soil in area sloping up toward the northern edge of the bluff and spread on remainder of parcel. Cost does not include continued use of area on which soil is spread for farming.

[2] Fill and compact in areas.

[3] Retaining wall along bluff ranging in height from approximately 9 feet to 14 feet.

Attachment 5

**Estimated Cost for Additional Length of Power Transformer
Circuits of NorCor Site**

	Length (feet) [1]	Quantity	Cost per (\$ per ft.)	Cost (\$000)
T1 Cables [2]	0	9	26	0
T1 Conduit	0	9	5	0
T1 Installation	0	9	30	0
 T2 Cables [2]	 80	 9	 26	 19
T2 Conduit	80	9	5	4
T1 Installation	80	9	30	<u>22</u>
 Subtotal				 44
Owner's Costs				
& Contingency	30%			<u>13</u>
Total				57

[1] Additional length compared to layout at Breeggemann site using Dean Lake sub layout as a proxy for the NorCor site layout.

Length of cable from power transformer to switchgear building (ft.)

	T1	T2
Dean Lake	60	140
Breeggemann	<u>60</u>	<u>60</u>
Difference	0	80

[2] One 750 kcmil copper cable per conduit rated 616A = 4.44 MVA @ 7.2 kV
 Per page 182 of IPCEA Power Cable Ampacities for nine cables
 per duct bank, 90 degrees C operating temperature, 75% load factor,
 20 degrees C ambient earth
 Three cables per phase = 40.0 MVA total
 Total cable rating allows loading 28 MVA-rated transformer to 140%
 for outage of the other transf. until load is transferred to other subst.

Attachment 6

**Estimated Cost of Temporary Access Road
Associated with the NorCor Site**

	Approximate Quantities	Unit Cost (\$)	Cost (\$)
New gravel road in field [1]	770 Linear Ft.	43	33
Upgrade existing trail [2]	810 Linear Ft.	56	45
Repair sidewalk & curb [3]	1 Lump Sum	9,000	9
Swale crossing [4]	50 Linear Ft.	360	<u>18</u>
Subtotal			105
Owner's cost & Contingency	30%		<u>32</u>
Total			137

[1] Gravel surfaced road from substation east across NorCor parcel to parcel owned by City of Shakopee.

[2] Upgrade existing trail to accommodate heavy transport vehicles for delivery of power transformer and switchgear building.

[3] Repair of sidewalk and curb to provide for expanded access to trail off of Windermere Way.

[4] Corrugated metal pipe (36-inch diameter), compacted fill, and riprap for crossing the drainage swale at the property boundary between the NorCor parcel and the City parcel.

DATE: November 13, 2020

TO: SPU Commissioners

FROM: Larry Koshire, Interim Utilities Manager



Subject: Utilities Manager Position

Filling management level positions now that the referendum is past, will assist the Commission in developing strategic plans and executing projects moving forward. Having an executive Level team in place will be beneficial to SPU. It will also be beneficial to the SPU employees who continue to provide excellent service in these difficult times. During this transition period there is an opportunity for the Commission to communicate and support the SPU employees. The pandemic has created a difficult working environment.

In moving forward, it is recommended the Commission act to fill the position of Utility Manager. This could be accomplished by consultation with MMUA, or the use of a qualified Management Recruiter to conduct a search. In addition, discussions with the Commission Chair indicated a subcommittee could be created to drive such a search and eventually participate in interviews with final candidates.

In the transition to a permanent Utility Manager, it is recommended an Interim Utility Manager be appointed to provide necessary Manager functions. This individual would replace myself in this role. Two options are presented for discussion and possible action:

- MMUA, under the current agreement, has presented a qualified candidate and his resume is attached. Bryan Adams has extensive experience in the municipal industry and is located in the metro area. He would provide services under the MMUA Service agreement.
- A second option for the Commission to consider is appointing an internal candidate as Interim Utility Manager. In discussion with the Commission Chair, Greg Drent is proposed as this internal candidate. Greg's biography is attached. Greg is well known and qualified for this role.

Moving forward with one of these options will allow a smooth transition with my departure at the end of the month.

GREGORY LYNN DRENT
33262 333rd Avenue
LeSueur, MN 56058
612-919-3674

PERFORMANCE PROFILE/PERFORMANCE SUMMARY

Greg Drent is currently the Electric Superintendent for Shakopee Public Utilities, which includes facility maintenance. His previous employment was with the City of LeSueur, MN for 20 years. While employed with LeSueur Greg held many positions including the Public Services Director where he managed the electric, streets, water, wastewater, buildings, grounds, vehicles, equipment and airport. Prior to Public Service Director Greg was the Electric Utility Director, Line Foreman, Journeyman lineman and Apprentice lineman. Greg has a solid background in the management and daily operations for the City of LeSueur. He also served on the Board of Directors for Minnesota Municipal Power Agency (MMPA) 2007 to 2016.

EMPLOYMENT

Shakopee Public Utilities, Shakopee, MN

Position:

Electric Superintendent
Facility maintenance manager

Supervisor: Larry Koshire

Length of Experience: July 2016 to present

Electric Superintendent:

- **Overseas the operations of the electric department**
- **Prepares budgets and monitors revenue/expenses.**
- **Approves purchases for the departments**
- **Supervises 17 personnel directly and indirectly.**
- **Plans, coordinates and directs all activities for the electric department including operation, construction and maintenance.**
- **Interviews and hires consultants as needed for projects**

City of Le Sueur, MN

Positions:

Public Services Director
Electric Utility Director

**Line Foreman
Journeyman Lineman**

**Supervisor: Jenelle Teppen
Length of Experience: July 1996 to 2016**

- Public Services Director:** **Dates Employed: 1-15 –7-16**
- Overseas the operations of the electrical, streets, water/wastewater, buildings, grounds, vehicles, equipment and airport.
 - Prepares budgets and monitors revenue/expenses.
 - Purchases for the departments.
 - Supervises 21 personnel directly and indirectly.
 - Plans, coordinates and directs all activities of each department including operation, construction and maintenance.
 - Works with individuals involved in projects and studies.
 - Communicates and works with other directors, supervisors, employees and customers.
 - Attends meetings necessary to carry out the operations of public services departments.

- Electric Utility Director:** **Dates Employed: 7-07 -- 1-15**
- Manage the Electric Utility Department's operations.
 - Prepare and implement budgets.
 - Order supplies and equipment for department use.
 - Assign work schedules for linemen, maintenance operator and administrative assistant.
 - Train employees regarding safety practices and equipment operation instructions.
 - Manage and the implement conservation improvement programs.
 - Interview and hire engineers and consultants for specific projects.
 - Supervise compliance with all regulatory requirements and electric usage.
 - Obtain necessary permits and/or easements from public agencies or private parties relative to utility projects or operations.
 - Address inquiries and concerns from utility customers.
 - Attends meetings and seminars including monthly power agencies meetings.

- Line Foreman and Journey Lineman:** **Dates Employed: 7-00--7-07**
- Supervised line crew and inventory control of supplies
 - Performed underground and overhead electrical distribution system construction and maintenance work.
 - Performed substation maintenance.

Bryan C Adams P.E. Ret. MBA
23250 182 Street, P O Box 394, Big Lake MN 55309
612-670-8762 e-mail address badams175@gmail.com

- Qualifications** - 20 plus years of management experience in municipal electric, gas and water utilities
- 12 years of excellent performance in General Managers role
 - 10 years of experience and contributions in operational superintendent role
- Career includes initiating and formulating numerous construction estimates, proposals schedules and project management over a range of \$2 million to \$90 million
- Responsible for coordination and successful execution of civil and structural designs on multiple industrial and municipal construction projects
- Professional, dedicated and adaptable with proven ability to deliver results
- Strong communication skills with ability to develop cooperative relationships across all levels of management, government, regulatory agencies and customers

Achievements

Management Accomplishments

- Manage municipal electric, gas and water utilities with \$25 million annual revenue with customer base doubling and revenues tripling in the 10 year time frame
- Plan and achieve annual budgets and establish utility rates and policies
- Monitor utility growth and proactively meet additional infrastructure needs
- Plan, site, design, and construct multiple municipal utility projects such as electric substations, electric feeders, municipal wells, water towers and treatment facilities
- Conceive and implement electric load management and conservation programs
- Attract industrial base to serve area through strategic focus on design to meet customers needs, system reliability and quality of service
- Analyze, negotiate power purchase and service territory acquisition contracts
- Analyze, negotiate, implement and manage employee agreements both union & non union
- Conceive, analyze and implement utility policy, operation and safety manuals
- Initiate and formulate many competitive construction proposals for industrial and municipal projects ranging from \$2 million to \$90 million
- Participate in technical exchanges in Peoples Republic of China on water related issues and cultural exchanges to Israel & Rwanda

Operational Accomplishments

- Analyze, engineer and construct \$800K propane air plant, \$3.2 million LFG to electric power plant, 4 water production facilities and 7 substations all exceeding \$1 million each to improve system reliability and provide for system growth
- Analyze electric , water and gas distribution systems and coordinate modification
- Design & built many grain & fertilizer storage facilities with material handling equipment

Education

University of Minnesota, Minneapolis MN	B.S. Civil Engineering
University of St. Thomas Minneapolis MN	MBA
Continuing Education	
- Blandin Community Leadership Program	
- University of Wisconsin Water Distribution Analysis	
- University of Wisconsin Electric Distribution Engineering	

- Institute of Gas Technology, Chicago IL Gas Distribution Analysis
- NACE Basic Corrosion & Cathodic Protection
- APPA Numerous management and technical seminars
- MMUA Numerous management and technical seminars
- MRW & AWWA management and technical seminars
-

Experience

- Adams Consulting for Nashwauk Public Utilities 2008- 2015
Manage \$26 million utility infrastructure installation for Essar Steel Minnesota Project. Water/sewer, natural gas pipeline, 230 KV HVTL and 230 KV substations
- Elk River Municipal Utilities Elk River, MN 1996-2008
General Manager 1996-2008 Responsible for all executive, administrative and operational aspects of a rapidly growing electric and water municipal utility includes 50MW electric with 13 MW generation and 7MGD water utility
- Austin Municipal Utilities Austin, MN 1986-1996
Superintendent Responsible for all operational aspects of a electric, gas and water utility. Utility includes 7 MGD water 17,000 MCF gas 58 MW electric with 60 MW generation
- S.J.Groves & Sons Company Mpls, MN 1978-1986
Project Engineer & Field Superintendent Responsible for all aspects of preparing a construction proposal and acting as a field superintendent. Also acted as a design engineer responsible for the structural design, cost estimating, purchasing materials, and administrating contracts for grain storage facilities, cement plants and commercial high rise buildings.
- Waconia Manufacturing Company Waconia, MN
Chief Engineer Responsible for the engineering department. Main product line was metal fabrication and bulk material handling equipment.
- Setter Leach & Lindstrom Mpls, MN Architectural & Engineering Firm
Design Engineer Responsible for the civil & structural design of commercial and industrial buildings.
- Brown MPLS Tank & Fabrication Co St Paul, MN
Design Engineer Designed and produced construction drawings for various steel plate structures.
- Northern States Power Co Mpls, MN
Surveyor, design engineer, project engineer Responsible for the design of high voltage transmission lines including foundations

Professional Memberships

American Society of Civil Engineers Ret.
Registered Professional Engineer MN, IA, SD, ND, WISC All Ret.
MDH Class B Water Operator's license Ret.
American Water Works Association Ret.
Minnesota Municipal Utilities Association Past president
Minnesota Rural Water Association Past board member
American Public Power Association
Southern Minnesota Municipal Power Agency Past board of director

**Community
Memberships**

Mower Co Solid Waste Management Technical Committee	4 years
Mower & Sherburne Co Water Advisory Tech Committee	10 years
Sherburne Co Board of Adjustments	5 years
Sherburne Co Planning & Zoning Commission	6 years and ongoing
United Way Board of Directors Past president	8 years
St. Olaf Lutheran Church board of directors and past president	
Local Lion and Rotary Clubs Past rotary president	25 years
Orrock Township Board of Supervisors	6 years and ongoing

Shakopee Public Utilities

2021 Budget and CIP

Going
Beyond the
Numbers

Agenda

Budget Process and Timeline

Assumptions

2021 Electric Budget & CIP

2021 Water Budget & CIP

Comparison to Prior Year

Wages and Benefits



Budget Timeline

Task	Dates
AEMFS to create budget worksheets for departments	August 27, 2020
Budget worksheets to Department Directors	August 28, 2020
AEMFS to provide 2021 labor information	August 28, 2020
PUC to meet with Commission regarding 2021 labor	September 8, 2020
PUC to provide Revenue Assumption Data to AEMFS	September 16, 2020
AEMFS to develop cash flow for PUC	September 16, 2020
AEMFS to meet with Sub-Committee	September 21, 2020
AEMFS finalize budget changes from department discussions	September 25, 2020
10/5 meeting info due to SPUC from AEMFS	September 29, 2020
SPUC review of 10/5 meeting due to AEMFS	September 30, 2020
Commission Decision on General Wage Increases	October 5, 2020
Ehler's Rate Analysis Present to SPUC	October 5, 2020
Draft budget to SPUC	October 9, 2020
SPUC Final budget, CIP changes to AEMFS	October 20, 2020
Commission Review of Draft CIP, Cash Flow and Budget	November 16, 2020
Final Budget Approved by Commission	December 7, 2020
AEMFS to create budget books	December 11, 2020
Commission Adoption of Various Fee/Rate Resolutions	December 21, 2020

Assumptions

- ✓ Zero rate increases in 2021
 - ✓ Underground Relocation Fees
 - \$657/Single Family/Twin Unit
 - \$376/Multi-Family
 - ✓ Water Reconstruction Fund
 - ✓ \$0.42/1,000 gallon
 - ✓ Trunk Water 116 Acres at \$4,451/acre
 - ✓ Connection Fees at 304 SAC Units/year \$6,039/SAC Unit plus \$0.142/sq. ft.
- ✓ Seagate Impact for cease of business in March 2020 – impact is 4.19% decrease in Industrial Sales
- ✓ 2021 Budget was based on prior year actuals and 2020 Forecasted as of July 2020 YTD actuals

Assumptions

Salaries and Benefit Allocations

2020 and prior

- ✓ Departmental salaries were reported as “Labor” and allocated to various salaries expense codes
- ✓ All department employee benefits were reported as “Other” and paid out of Finance and Administration department’s employee benefit expense code

2021 and Future

- ✓ Salaries and Benefits will be allocated out to individual department as “Labor”

Electric Fund Highlights

REVENUES

- ✓ Decrease in sales due to decrease in purchase power based on assumption of business closure
- ✓ Decrease in Customer Penalties due to waiving late fees and penalties

EXPENSES

- ✓ All other departmental operating expenses increased while Finance and Administration decreased due to the change in allocation of salaries and benefits
- ✓ Transfer to Municipality is based on 4.40% sales revenues

2021 Electric Fund Budget Summary

ELECTRIC	2018 ACTUALS	2019 ACTUALS	2020 JULY YTD	2020 BUDGETED	2020 FORECAST	2021 PROPOSED	INCREASE/ (DECREASE)	PERCENT CHANGE
OPERATING REVENUE								
RESIDENTIAL SALES	\$ 17,891,566	\$ 17,314,821	\$ 9,825,006	\$ 17,407,243	\$ 17,887,747	\$ 17,827,425	\$ (60,322)	-0.34%
COMMERCIAL SALES	1,648,657	1,688,878	959,881	1,736,805	1,674,769	1,615,829	(58,940)	-3.52%
INDUSTRIAL SALES	29,766,177	29,572,263	14,835,959	29,449,812	28,277,668	25,390,488	(2,887,180)	-10.21%
CUSTOMER PENALTIES	180,735	243,329	64,961	196,011	147,290	92,011	(55,279)	-37.53%
FREE SERVICE TO CITY	170,988	106,913	62,366	85,494	122,082	121,132	(950)	-0.78%
CONSERVATION PROGRAM	735,365	724,610	381,933	724,888	713,656	724,888	11,232	1.57%
TOTAL OPERATING REVENUE	50,393,488	49,650,814	26,130,106	49,600,253	48,823,212	45,771,772	(3,051,440)	-6.15%
OPERATING EXPENSES								
ELECTRIC	1,863,559	1,656,772	964,688	1,952,990	1,626,614	3,141,083	1,514,469	93.1%
PLANNING AND ENGINEERING	318,613	342,005	230,087	584,646	364,078	748,064	383,986	105.47%
CUSTOMER SERVICE	608,719	703,162	424,161	748,752	711,345	1,444,805	733,460	103.11%
MARKETING & KEY ACCOUNTS	1,102,905	693,346	278,405	797,524	598,224	922,613	324,389	54.23%
FINANCE AND ADMINISTRATION	37,620,434	36,823,106	20,716,418	37,539,386	36,596,526	34,196,216	(2,400,310)	-6.56%
UTILITIES	183,199	187,460	110,942	224,410	179,228	427,957	248,729	138.78%
DEPRECIATION AND AMORTIZATION	2,237,527	2,326,070	1,487,890	2,527,459	2,412,883	2,328,126	(84,757)	-3.51%
TOTAL OPERATING EXPENSES	43,934,956	42,731,922	24,212,589	44,375,166	42,488,898	43,208,865	719,967	1.67%
OPERATING INCOME	6,458,532	6,918,892	1,917,517	5,225,087	6,334,314	2,562,908	(3,771,406)	-59.54%
TOTAL NON-OPERATING INCOME (EXPENSES)	747,115	1,404,626	645,343	951,506	1,294,917	1,063,607	(231,310)	-17.86%
TOTAL CAPITAL CONTRIBUTIONS	730,662	759,222	10,589		791,892	760,592	(31,300)	-3.95%
TOTAL TRANSFER TO MUNICIPALITY	(1,509,222)	(1,424,805)	(1,165,203)	(2,202,619)	(2,215,349)	(2,044,669)	(170,681)	-7.70%
NET INCOME OR CHANGE IN NET ASSETS	\$ 6,427,087	\$ 7,657,934	\$ 1,408,246	\$ 3,973,973	\$ 6,205,774	\$ 2,342,438	\$ (3,863,336)	-62.25%

Electric Fund CIP & Cashflows

2022 CIP Projects:

- ✓ System Projects \$1,155,000
- ✓ Local Area Projects \$455,000
- ✓ Major System Projects \$3,597,350

Total Operating Fund Cost \$5,207,350

- ✓ Relocation Projects \$102,000

Total Electric Fund CIP 2022 \$5,309,350

Prior Year Comparison

✓ Electric Fund

- Operating revenues is 6.15% less than 2020 Forecasted
- Operating expenses is 1.67% more than 2020 Forecasted
- Operating income for 2021 is \$2,562,908 or 59% less than 2020 Forecasted of \$6,334,314
 - Decrease industrial sales from Seagate business closure starting in March 2021
- Transfer to Municipality is 7.70% less than 2020 Forecasted of \$2,215,349
- Net income or change in Net Asset of \$2,342,438

Electric Summary Cash Flows

	2019 Actuals	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated
Operating Activities							
Receipts from customers and users	\$ 50,442,600	\$ 49,600,253	\$ 45,771,731	\$ 47,144,883	\$ 48,559,229	\$ 50,016,006	\$ 51,516,486
Payments to suppliers	(35,724,978)	(36,095,990)	(34,598,562)	(35,636,519)	(36,705,614)	(37,806,783)	(38,940,986)
Payments to employees	(5,176,616)	(6,391,101)	(8,610,303)	(8,868,612)	(9,134,670)	(9,408,711)	(9,690,972)
Net cash flows - operating activities	9,541,006	7,113,162	2,562,866	2,639,752	2,718,945	2,800,513	2,884,528
Noncapital Financing Activities							
Payments to City of Shakopee	(1,317,892)	(2,202,619)	(2,044,669)	(2,106,009)	(2,169,189)	(2,234,265)	(2,301,293)
Proceeds from sale of assets	124,459	-	-	-	-	-	-
Net cash flows - noncapital financing activities	(1,193,433)	(2,202,619)	(2,044,669)	(2,106,009)	(2,169,189)	(2,234,265)	(2,301,293)
Capital and Related Financing Activities							
Principal paid on debt	-	-	-	-	-	-	-
Interest paid on debt	(64,280)	(64,957)	(64,957)	(64,957)	(64,957)	(64,957)	(64,957)
Acquisition of capital assets	(1,814,481)	(1,545,000)	(8,017,700)	(5,309,350)	(5,629,950)	(13,645,000)	(1,731,000)
Capital contributions	-	-	-	-	-	-	-
Connection charges	-	-	-	-	-	-	-
Trunk charges	-	-	-	-	-	-	-
Net cash flows - capital and related financing activities	(1,878,761)	(1,609,957)	(8,082,657)	(5,374,307)	(5,694,907)	(13,709,957)	(1,795,957)
Investing Activities							
Proceeds (purchases) of investments	(529,135)	-	-	-	-	-	-
Interest and dividends received	973,578	673,387	673,387	673,387	673,387	673,387	673,387
Net cash flows - investing activities	444,443	673,387	673,387	673,387	673,387	673,387	673,387
Net change in cash and cash equivalents	6,913,255	3,973,973	(6,891,073)	(4,167,177)	(4,471,765)	(12,470,322)	(539,335)
Beginning of year	18,849,745	25,763,000	29,736,973	22,845,900	18,678,723	14,206,958	1,736,636
End of year	\$ 25,763,000	\$ 29,736,973	\$ 22,845,900	\$ 18,678,723	\$ 14,206,958	\$ 1,736,636	\$ 1,197,301

Water Fund Highlights

REVENUES

- ✓ Decrease in sales due to decrease in revenue due to business closure

EXPENSES

- ✓ All other departmental operating expenses increased while Finance and Administration decreased due to the change in allocation of salaries and benefits
- ✓ Transfer to Municipality is based on 4.40% sales revenues

2021 Water Fund Budget Summary

WATER	2018 ACTUALS	2019 ACTUALS	2020 JULY YTD	2020 BUDGETED	2020 FORECAST	2021 PROPOSED	INCREASE/ (DECREASE)	PERCENT CHANGE
OPERATING REVENUE								
RESIDENTIAL SALES	\$ 3,043,443	\$ 2,844,970	\$ 1,746,369	\$ 2,969,275	\$ 3,063,906	\$ 2,987,828	\$ (76,078)	-2.48%
COMMERCIAL SALES	1,496,789	1,322,398	610,743	1,437,996	1,407,231	1,420,289	13,058	0.93%
INDUSTRIAL SALES	306,868	268,467	124,029	290,211	270,686	269,657	(1,029)	-0.38%
OTHER WATER SALES	721,152	391,437	351,479	683,659	555,383	710,227	154,844	27.88%
CUSTOMER PENALTIES	39,876	34,098	3,730	31,309	10,184	14,309	4,125	40.51%
TOTAL OPERATING REVENUE	5,608,128	4,861,369	2,836,350	5,412,450	5,307,390	5,402,310	94,920	1.75%
OPERATING EXPENSES								
ELECTRIC	31,753	37,187	20,867	40,992	37,492	42,017	4,524	12.07%
WATER	1,231,909	1,256,804	706,545	1,431,718	1,282,872	1,905,452	622,580	48.53%
PLANNING AND ENGINEERING	95,977	125,253	75,653	195,047	124,376	234,603	110,227	88.62%
CUSTOMER SERVICE	225,735	241,602	156,597	271,878	246,084	584,303	338,219	137.44%
MARKETING & KEY ACCOUNTS	9,858	10,175	10,720	33,242	14,808	26,632	11,824	79.85%
FINANCE AND ADMINISTRATION	1,143,431	1,206,304	722,347	1,463,139	1,247,766	1,057,115	(190,651)	-15.28%
UTILITIES	107,343	114,674	67,470	136,075	115,494	401,802	286,308	247.90%
DEPRECIATION AND AMORTIZATION	1,415,037	1,584,293	1,072,889	1,868,646	1,751,059	1,582,877	(168,182)	-9.60%
TOTAL OPERATING EXPENSES	4,261,042	4,576,293	2,833,089	5,440,737	4,819,951	5,834,800	1,014,849	21.06%
OPERATING INCOME	1,347,086	285,076	3,261	(28,287)	487,439	(432,490)	(919,929)	-188.73%
TOTAL NON-OPERATING INCOME (EXPENSES)	409,267	731,225	367,194	455,449	641,844	455,939	(185,905)	-28.96%
TOTAL CAPITAL CONTRIBUTIONS	5,868,217	6,922,746	1,543,174	3,954,538	5,942,032	6,535,650	593,618	9.99%
TOTAL TRANSFER TO MUNICIPALITY	(1,091,814)	(999,320)	(246,467)	(206,187)	(208,241)	(204,572)	3,669	-1.76%
NET INCOME OR CHANGE IN NET ASSETS	\$ 6,532,756	\$ 6,939,728	\$ 1,667,161	\$ 4,175,512	\$ 6,863,074	\$ 6,354,527	\$ (508,547)	-7.41%

Water Fund CIP & Cashflows

2022 CIP Projects:

- ✓ Operating Fund Projects \$439,701
- ✓ Reconstruction Fund Projects \$260,000
- ✓ Trunk Fund Projects \$423,267
- ✓ Connection Fund Projects \$1,375,000

Total Water Fund CIP 2022 \$2,497,968

Water Cash Flows

	2019 Actuals	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated
Operating Activities							
Receipts from customers and users	\$ 5,502,074	\$ 5,412,450	\$ 5,402,310	\$ 5,564,379	\$ 5,731,311	\$ 5,903,250	\$ 6,080,347
Payments to suppliers	(333,456)	(1,458,101)	(1,527,407)	(1,573,229)	(1,620,426)	(1,669,039)	(1,719,110)
Payments to employees	(2,112,129)	(5,487,887)	(4,307,393)	(4,436,615)	(4,569,713)	(4,706,805)	(4,848,009)
Net cash flows - operating activities	3,056,489	(1,533,538)	(432,490)	(445,465)	(458,829)	(472,594)	(486,771)
Noncapital Financing Activities							
Payments to City of Shakopee	(818,878)	(206,187)	(216,737)	(223,239)	(229,936)	(236,834)	(243,939)
Proceeds from sale of assets	2,489	-	-	-	-	-	-
Net cash flows - noncapital financing activities	(816,389)	(206,187)	(216,737)	(223,239)	(229,936)	(236,834)	(243,939)
Capital and Related Financing Activities							
Principal paid on debt	-	-	-	-	-	-	-
Interest paid on debt	(2,295)	(2,192)	(2,192)	(2,192)	(2,192)	(2,192)	(2,192)
Acquisition of capital assets	(5,291,976)	(1,094,925)	(6,328,389)	(2,497,968)	(5,098,906)	(6,763,012)	(17,869,110)
Capital contributions	2,946,398	3,161,734	3,070,085	3,162,188	3,257,053	3,354,765	3,455,408
Installation fees	90,821	86,758	516,316	531,805	547,760	564,192	581,118
Connection charges	4,446,012	3,385,052	3,625,341	3,734,101	3,846,124	3,961,508	4,080,353
Trunk charges	198,737	100,380	84,500	87,035	89,646	92,335	95,105
Net cash flows - capital and related financing activities	2,387,697	5,636,807	965,662	5,014,970	2,639,486	1,207,597	(9,659,317)
Investing Activities							
Proceeds (purchases) of investments	(65,457)	-	-	-	-	-	-
Interest and dividends received	403,186	278,431	278,431	278,431	278,431	278,431	278,431
Net cash flows - investing activities	337,729	278,431	278,431	278,431	278,431	278,431	278,431
Net change in cash and cash equivalents	4,965,526	4,175,513	594,866	4,624,697	2,229,152	776,600	(10,111,597)
Beginning of year	20,494,348	25,459,874	29,635,387	30,230,253	34,854,950	37,084,101	37,860,702
End of year	\$ 25,459,874	\$ 29,635,387	\$ 30,230,253	\$ 34,854,950	\$ 37,084,101	\$ 37,860,702	\$ 27,749,105

Prior Year Comparison

✓ Water Fund

- Operating revenues are 1.75% more than 2020 Forecasted
- Operating expenses are 21.06% more than 2020 Forecasted
- Operating income for 2021 is (\$432,490) compared to the 2020 Forecasted of \$487,439
- Transfer to Municipality is 1.76% less than 2020 Forecasted of \$208,241
- Net income or change in Net Asset of \$6,354,527 or 7.4% less than 2020 Forecasted of \$6,863,074

Wages and Benefits

What we know

- ✓ Health insurance rate increase 4%
- ✓ HSA annual contribution by SPU: Single \$1,050 / Family \$2,100
- ✓ LTD renewal increase 2%
(est. \$47,000 SPU annual cost)
- ✓ Deferred Comp 4% of employee salary, max of \$2,000 annual, 100% SPU, est. \$119,700 SPU annual cost)
- ✓ Compensation study underway

Assumptions

- ✓ * COLA (cost of living increase) projected at 2.5% in effect Jan. 1
- ✓ Step increases in effect Jan. 1 (separate from COLA)
- ✓ Dental increases estimated 2% increase (est. \$56,600 SPU annual cost)
- ✓ Health/Dental ER 100% Single, 75% all others

Employee Benefits

- ✓ Medical Insurance (4% increase) – 100% Single - 75/25 split all others
- ✓ Dental Insurance – 100% Single – 50/50 all others
- ✓ Health Savings Account (HSA) Single \$1,050 / Family \$2,100
- ✓ Long-Term Disability - \$25,000
- ✓ Life Insurance – 100% covered
- ✓ Deferred Compensation – match 4% of base pay/max contribution of \$2,000 per year
- ✓ Vacation – 10 days annually, increasing based on tenure*
- ✓ Sick leave – 12 days annually

* Personnel handbook needs to be updated

SPU Health Premium

Employee Contributions					2021 Employee Impact	
Rate	2020 Manager and Above	2020 Non-Manager	2021 Manager and Above	2021 Non-Manager	Manager and Above	Non-Manager
Employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee + Spouse	\$ -	\$ 376.53	\$ 339.92	\$ 339.92	\$ 339.92	\$ (36.61)
Employee + Child(ren)	\$ -	\$ 193.65	\$ 174.82	\$ 174.82	\$ 174.82	\$ (18.83)
Family	\$ -	\$ 441.08	\$ 398.20	\$ 398.20	\$ 398.20	\$ (42.88)

Employer Contributions					2021 Employer Impact	
Rate	2020 Manager and Above	2020 Non-Manager	2021 Manager and Above	2021 Non-Manager	Manager and Above	Non-Manager
Employee	\$ 747.08	\$ 747.08	\$ 776.96	\$ 776.96	\$ 29.88	\$ 29.88
Employee + Spouse	\$ 2,054.47	\$ 1,677.94	\$ 1,796.73	\$ 1,796.73	\$ (257.74)	\$ 118.79
Employee + Child(ren)	\$ 1,419.46	\$ 1,225.81	\$ 1,301.42	\$ 1,301.42	\$ (118.04)	\$ 75.61
Family	\$ 2,278.60	\$ 1,837.52	\$ 1,971.55	\$ 1,971.55	\$ (307.05)	\$ 134.03

Notes:

2020 Employer Contribution for Managers and above: Single = 100% / Family = 100%

2020 Employer Contribution for Managers and above: Single = 100% / Family = 71.2%

2021 Employer Contribution: Single = 100% / Family = 75%

Prior Year Comparison

- ✓ 2020 Wages \$5,607,178
- ✓ 2021 Estimated Wages \$5,961,607

Increase of \$354,428.80 or 6.32%

- ✓ 2020 Benefits \$1,976,391
- ✓ 2021 Estimated Benefits \$2,085,567.55

Increase of \$109,175 or 5.52%

A blurred background image showing several people in a meeting or conference room, with a blue overlay across the center.

Questions?

Going
Beyond the
Numbers

Position Classification & Compensation Study Report

Shakopee Public Utilities

Shakopee, Minnesota
November 16, 2020



AEM Workforce Solutions™

People
+ Process.
Going
Beyond the
Numbers



November 16, 2020

AEM Workforce Solutions™

Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379

Executive Summary

Our firm was contracted by the Shakopee Public Utilities (SPU) Commission to provide a complete position classification and compensation study for the 2021 budget year. The Commission has never undergone a formal independent position classification and compensation study but ongoing growth, organizational changes, changing position responsibilities, and employee recruiting/retention challenges were viewed by Commission leadership as an opportunity for SPU to accomplish a variety of important strategic priorities. These priorities included a job description Fair Labor Standards Act (FLSA) review, a formal position classification and scoring, an analysis of the current municipal and private compensation markets, a review of current and potential Minnesota Pay Equity compliance requirements, and an evaluation of current length of service and performance based pay increase award policies.

As part of our study, AEMWS relied upon the accuracy of position descriptions provided by the Commission, however, as part of the job description analysis, we have provided a Fair Labor Standards Act (FLSA) review checklist to support the overtime exemption election for all applicable existing positions. FLSA testing checklists for each position were provided to the Commission separate from this report.

To achieve the objectives set forth in our project scope of work, we completed a scoring exercise using a model similar to the State of Minnesota Hay Study. Using this model, each position was given a score in the following categories; know-how, problem solving, accountability and special conditions. These categories are intended to measure and rank the level of knowledge, skills, and impact on Commission operations for each position.

To complete the evaluation and scoring of SPU positions, we reviewed the organizational structure, job descriptions and requested additional information and clarification from Commission leadership, as needed. Upon completing the scoring of positions to determine pay equity, our firm also completed a market wage analysis to compare the Commission's current wage scale, by position, to the overall public and, where available, private employee wage market in Minnesota.

The market analysis consisted of analyzing salary data from comparable local governments and public utilities in Minnesota by reviewing municipal salary data published by the League of Minnesota Cities (LMC) through their 2020 annual salary survey. SPU also provided the American Public Power Association (APPA) and the Minnesota Municipal Utilities Association (MMUA) salary survey information for 2020. First quarter 2020 private sector wage information, provided by the Minnesota Department of Employment and Economic Development, was also referenced for positions with comparable and/or competitive private sector positions.

The results of both the classification (position scoring) and compensation analysis follow.

Methodology

Historically, SPU has relied upon internally developed and managed pay ranges for each position and has performed its own informal compensation analysis on a regular basis in an effort to remain competitive. While some positions may have been paid higher or lower than the predicted pay scale, SPU has maintained consistent compliance with the Minnesota Pay Equity Act, submitting its most recent reporting in 2020. SPU will be required to submit their next Pay Equity Report in 2023.

In recent years, SPU has experienced growth, leadership turnover, and changing position responsibilities which have impacted both

the job duties and wage demands for many positions. In light of these ongoing organizational changes and projected growth, the Commission determined that an updated, independent, system-wide position reclassification and market wage analysis was necessary to assist SPU leadership in establishing an updated, marketable, and logical employee wage and salary framework to be able to build upon in the future.

Scoring Analysis

This section reflects the review and analysis of all SPU job descriptions. To complete this task AEM Workforce Solutions, LLC used existing job description information for current positions, based on direction from SPU. Our firm reviewed the changes and solicited necessary feedback from leadership to gain the insight needed to score the various positions. The positions were scored using a plan adapted from the Hay method. The model assigned each position a score in the following categories (adapted from the State of Minnesota 2009 Hay Manual): Know-How, Problem Solving, Accountability, and Special Conditions.

Know-How represents the knowledge, skills and abilities (KSAs) an employee needs to be successful in a particular job. The Hay evaluation method places the greatest emphasis on Know-How. Know-How is defined as an expert skill, information or body of knowledge that imparts an ability to cause a desired result. The Know-How category is the most heavily weighted category. If a position is more easily learned, the position will point toward the lower end of the scale.

Know-How category is further divided into three parts: Depth and Breadth of Job-Specific Knowledge (aka Technical and Specialized Know-How and Job-Specific Knowledge); Integrating Know-How (aka Managerial Breadth or Know-How); and Human Relation Skills (aka Human Relations Know-How). A number is assigned for total Know-How points by making several separate choices for each of the three elements described and an overall assessment.

Job-Specific Knowledge includes the position's requirements for knowledge and skills related to practices, procedures, specialized techniques and professional disciplines. It also includes basic and job-specific supervisory and managerial knowledge, skills, and abilities (KSAs), when appropriate. This aspect of Know-How does not make distinctions among differently-sized managerial jobs nor does it include human relation skills. It is important to remember that this element measures the requirements of the position, not the qualifications of an incumbent.

Integrating Know-How considers the need to integrate and manage progressively more diverse functions and is used to rank managerial breadth and scope, from similar to very different functions. When required, basic and job-specific supervisory and managerial knowledge, skills and abilities are included in the Job-Specific part of a Know-How rating. The overall size of an organization directly influences the number of managerial breadth categories, because the organizational size often reflects requirements for increased managerial complexity and diversity.

Human Relation Skills is the third element of a job's Know-How rating. It is the active, practicing interpersonal skills typically required for productive working relationships to work with, or through, others inside and/or outside of the organization to get work accomplished. It assumes that each job requires a foundation of basic human relations skills. To be effective, an employee must typically be proficient at the highest level of Human Relations Skill regularly required for the position.

Problem Solving is the process of working through details of a problem to reach a solution. Problem solving may include mathematical or systematic operations and can be a gauge of an individual's critical thinking skills. Problem Solving measures the intensity of the mental process that uses Know-How to: (1) identify, (2) define, and (3) resolve problems. It is a percentage of Know-How, reflecting the fact that "you think with what you know." This is true of even the most creative work. Ideas are put together from something already there. The raw material of any thinking is knowledge of facts, principles and means.

Context includes the influences or environment that limit or guide decision-making such as rules, instructions, procedures, standards, policies, principles from fields of science and academic disciplines. Positions are guided by organizational, departmental or functional goals, policies, objectives and practices circumscribed by procedures and instructions. In general, policies describe the "what" of a subject matter, procedures detail the steps needed to follow through on a policy (i.e., how, where, when, by whom) and instructions outline the specific aspects of how to perform the tasks, such as the operation of a machine or how to select the appropriate letters to use in particular situations.

Thinking Challenge includes the nature of the problems encountered and the mental processes used to resolve the problems. The scale ranges from simple problems to very complex issues, with the premise that simple issues recur regularly in the same form and after a while are resolved by rote or instinct, but very difficult issues require substantial thinking and deliberation. The types of situations encountered and the

processes involved in identifying, defining or resolving related problems are considered. Thinking Challenge reflects the degree of difficulty in finding improvements and adapting to changes.

Accountability does not mean being responsible for getting one's own work done. Rather, it reflects responsibility for actions and their consequences and the measured effect of the job on end results for the organization. Accountability includes three factors: Freedom to Act/Empowerment, Magnitude, and Job Impact.

Freedom to Act/Empowerment involves the degree of personal or procedural control or guidance exercised over the position. For example, what constraints are put on an employee in this job? How closely supervised is the position? What kinds of decisions are made higher up in the organization?

Magnitude is the portion of the total organization encompassed by the position's primary purpose. It's most typically indicated by the general dollar size of the area(s) most directly affected by the job, i.e., the resources over which the position has control or influence. A variety of factors are considered such as size of budget is employee responsible for, what degree of influence is held and is this person a decision maker.

Job Impact is considered to be indirect (indirect or contributory) or direct and measurable (shared or primary). It involves the way in which the position's actions affect end results in the agency. For example, how does the employee influence the business - directly or indirectly? Does the employee provide advisory or interpretive services for others to use in making decisions? Is the job an information-recording one? Does it provide a necessary service with a relatively small effect on the business of the agency? "Contributory" and "primary" are, by far, the most frequently used options."

Special Conditions consider the physical effort, environmental conditions, hazard exposure, and sensory attention demands that an employee is commonly subject to in the position. For example, two positions may be assigned identical points in all other areas but the position that is regularly required to work in extreme outdoor conditions (i.e. heat or extreme cold) would receive additional points for these factors.

The work associated with this scoring represents the primary work conducted for this assignment, which is to review positions and functions and provide a consistent measurement and "scoring" of functions and responsibilities within the municipality.

Findings and Recommendations

Position Points

Table 1 represents the total score assigned to each position based on the Methodology discussed.

Table 1: Position Classification and Point Assignment

Position Title	Points
Customer Service Representative	101
Billing Clerk	101
Meter Reader	103
Dispatcher	106
Storekeeper	121
Accounting Specialist I	161
Administrative Assistant	176
Inventory & Purchasing Specialist	181
Locator & Meter Specialist	189
Water Meter Technician	193
Water Operator Apprentice	195
Apprentice Lineman	207
Meter & Electronics Technician	220
Water Operator Journeyman	222
AP & HR Specialist	225
Engineering Technician	237
Journeyman Lineman	244
Customer Relations Coordinator	262
Billing & Collections Coordinator	262
Senior Water Operator	272
Network Administrator	281
Senior Accounting Specialist	296
Lead Lineman	298
Engineering Coordinator	354
IT Coordinator	404
Assistant Electric Superintendent	416
Project Engineer	416
Marketing & Customer Relations Director	456
Water Superintendent	486
Director of Finance & Administration	520
Planning & Engineering Director	530
Electric Superintendent	536
Utilities Manager	605

Market Analysis

This section documents a sample of the wages offered to the employees of comparable local governmental and public utility units in Minnesota. The comparable government entities identified for this study were communities of comparable size, complexity, geographic location, and proximity to the metro area.

The Shakopee Public Utilities is within 30 miles of many very large metro communities with populations over 50,000 as well as several large private and cooperative electric energy suppliers. As a result, the Commission is likely competing for skilled and experienced employees with these larger communities and private employers. The Commission should consider a competitive compensation scale to attract and retain qualified employees that have the knowledge, skills and abilities to provide service levels expected within the community, particularly considering the ongoing shortage of skilled tradespeople. These factors, coupled with the demand of specific technical and multi-faceted positions within the Commission, have resulted in the recommendations provided in this survey.

The wages of the comparable positions for the municipalities listed in **Table 2** were compared with those at SPU. **It should be noted that the employers and resources listed do not always have the exact type or number of positions as SPU and, in these cases, assumptions about duties and levels of responsibilities were made based on job titles and supervisory reporting information to identify comparable positions.**

Table 2 - Market Survey

The Market Survey lists government agencies that were included in standard demographics for at least one existing position in the market analysis.

<i>Andover</i>	<i>Detroit Lakes</i>	<i>Lakeville</i>	<i>Rogers</i>
<i>APPA 2020 Survey</i>	<i>Eagan</i>	<i>Mankato</i>	<i>Rosemount</i>
<i>Apple Valley</i>	<i>Eden Prairie</i>	<i>Maple Grove</i>	<i>Roseville</i>
<i>Austin</i>	<i>Edina</i>	<i>Maple Lake</i>	<i>Savage</i>
<i>Belle Plaine</i>	<i>Elk River</i>	<i>Maplewood</i>	<i>Shakopee</i>
<i>Bemidji</i>	<i>Fairmont</i>	<i>MMUA 2020 Survey</i>	<i>Shoreview</i>
<i>Brainerd</i>	<i>Farmington</i>	<i>MN Dept. of Economic Development</i>	<i>South St. Paul</i>
<i>Brooklyn Center</i>	<i>Forest Lake</i>	<i>Moorhead</i>	<i>St. Louis Park</i>
<i>Brooklyn Park</i>	<i>Fridley</i>	<i>North St. Paul</i>	<i>St. Peter</i>
<i>Buffalo</i>	<i>Glencoe</i>	<i>Oakdale</i>	<i>Virginia Public Utilities</i>
<i>Burnsville</i>	<i>Grand Rapids Public Utilities</i>	<i>Plymouth</i>	<i>White Bear Lake</i>
<i>Chanhassen</i>	<i>Hastings</i>	<i>Prior Lake</i>	<i>Willmar</i>
<i>Chaska</i>	<i>Hopkins</i>	<i>Ramsey</i>	<i>Winona</i>
<i>Cottage Grove</i>	<i>Hutchinson</i>	<i>Redwood Falls</i>	<i>Woodbury</i>
		<i>Richfield</i>	<i>Worthington</i>

The market analysis has been adjusted to reflect comparable 2020 wages for the local governments analyzed. Results, by individual position, of the market wage study is reflected in **Table 3**. Market analysis by wage data source is included in **Appendix A** of this report.

Table 3 - Market Analysis – Combined Data

2020 Market Analysis - Combined Data								
Position Title	Market Min Salary (2020 Rates)		City Over / (Under) Current Market Minimum	%	Market Max Salary (2020 Rates)		City Over / (Under) Current Market Maximum	%
Accounting Specialist I	\$ 28.77	\$ 59,831.81	\$ (4.45)	-18%	\$ 37.20	\$ 77,372.33	\$ (3.75)	-11%
Administrative Assistant	\$ 23.62	\$ 49,132.72	\$ 2.10	8%	\$ 31.38	\$ 65,275.60	\$ 3.47	10%
AP & HR Specialist	\$ 26.38	\$ 54,872.21	\$ 0.63	2%	\$ 34.03	\$ 70,780.59	\$ 12.39	27%
Apprentice Lineman	\$ 29.83	\$ 62,040.73	\$ (6.16)	-26%	\$ 39.59	\$ 82,345.31	\$ (1.70)	-4%
Assistant Electric Superintendent	\$ 38.62	\$ 80,334.63	\$ 0.65	2%	\$ 44.70	\$ 92,982.60	\$ 9.52	18%
Billing & Collections Coordinator	\$ 28.77	\$ 59,846.80	\$ 2.48	8%	\$ 41.64	\$ 86,616.03	\$ 1.62	4%
Billing Clerk	\$ 20.62	\$ 42,895.84	\$ 3.70	15%	\$ 28.92	\$ 60,149.44	\$ 3.04	10%
Customer Relations Coordinator	\$ 31.24	\$ 64,973.00	\$ 1.14	4%	\$ 43.76	\$ 91,013.24	\$ 3.24	7%
Customer Service Representative	\$ 19.76	\$ 41,100.80	\$ 4.56	19%	\$ 26.43	\$ 54,980.18	\$ 5.53	17%
Director of Finance & Administration	\$ 52.43	\$ 109,056.56	\$ (2.92)	-6%	\$ 68.67	\$ 142,824.86	\$ 15.88	19%
Dispatcher	\$ 22.14	\$ 46,059.52	\$ 0.17	1%	\$ 29.98	\$ 62,358.40	\$ 10.12	25%
Electric Superintendent	\$ 43.86	\$ 91,226.81	\$ (4.09)	-10%	\$ 57.37	\$ 119,327.61	\$ 13.65	19%
Engineering Coordinator	\$ 37.39	\$ 77,760.84	\$ (5.01)	-15%	\$ 49.94	\$ 103,874.27	\$ (2.94)	-6%
Engineering Technician	\$ 29.18	\$ 60,697.27	\$ (5.54)	-23%	\$ 38.29	\$ 79,646.07	\$ 3.92	9%
Inventory & Purchasing Specialist	\$ 24.74	\$ 51,450.88	\$ 4.93	17%	\$ 34.98	\$ 72,766.72	\$ 5.96	15%
IT Coordinator	\$ 44.80	\$ 93,188.70	\$ (6.11)	-16%	\$ 59.59	\$ 123,953.58	\$ 5.00	8%
Journeyman Lineman	\$ 32.96	\$ 68,556.80	\$ 2.20	6%	\$ 42.94	\$ 89,310.40	\$ 2.73	6%
Lead Lineman	\$ 36.78	\$ 76,494.08	\$ 2.66	7%	\$ 42.55	\$ 88,508.28	\$ 8.70	17%
Locator & Meter Specialist	\$ 23.10	\$ 48,048.00	\$ 4.74	17%	\$ 34.21	\$ 71,160.96	\$ 1.94	5%
Marketing & Customer Relations Director	\$ 42.78	\$ 88,982.66	\$ (3.01)	-8%	\$ 58.18	\$ 121,005.77	\$ 12.84	18%
Meter & Electronics Technician	\$ 24.21	\$ 50,348.48	\$ 4.98	17%	\$ 36.82	\$ 76,585.60	\$ 4.82	12%
Meter Reader	\$ 21.45	\$ 44,605.60	\$ (0.12)	-1%	\$ 30.38	\$ 63,190.40	\$ (0.78)	-3%
Network Administrator	\$ 37.10	\$ 77,162.67	\$ (12.61)	-52%	\$ 47.80	\$ 99,416.23	\$ (7.00)	-17%
Planning & Engineering Director	\$ 49.14	\$ 102,214.47	\$ 0.37	1%	\$ 64.24	\$ 133,629.29	\$ 20.30	24%
Project Engineer	\$ 41.21	\$ 85,723.68	\$ (0.09)	0%	\$ 53.89	\$ 112,092.79	\$ 14.76	22%
Senior Accounting Specialist	\$ 32.54	\$ 67,686.21	\$ 1.37	4%	\$ 43.48	\$ 90,440.18	\$ 11.39	21%
Senior Water Operator	\$ 32.59	\$ 67,791.82	\$ (1.34)	-4%	\$ 42.47	\$ 88,342.22	\$ 0.79	2%
Storekeeper	\$ 21.71	\$ 45,150.86	\$ 3.32	13%	\$ 32.84	\$ 68,308.69	\$ (0.34)	-1%
Utilities Manager	\$ 56.55	\$ 117,616.42	\$ 0.27	0%	\$ 71.56	\$ 148,843.18	\$ 14.39	17%
Water Meter Technician	\$ 20.01	\$ 41,620.80	\$ 3.66	15%	\$ 33.42	\$ 69,516.57	\$ (2.68)	-9%
Water Operator Apprentice	\$ 24.77	\$ 51,521.60	\$ 1.10	4%	\$ 32.83	\$ 68,293.33	\$ 0.83	2%
Water Operator Journeyman	\$ 27.75	\$ 57,722.31	\$ 0.22	1%	\$ 35.14	\$ 73,098.13	\$ 1.22	3%
Water Superintendent	\$ 37.70	\$ 78,417.39	\$ 2.07	5%	\$ 47.32	\$ 98,425.60	\$ 23.70	33%
		AVERAGE	\$ (0.13)	0%			\$ 5.84	12%

Key market wage analysis considerations and findings include:

- All market and Commission of SPU wage data is based on 2020 compensation scales.
- Private market wage data, collected from the Minnesota Department of Economic Development's 1st Quarter 2020 report, was used for most positions.
- A negative average market variance indicates that current SPU wages fall **BELOW** the market average.
- A positive average market variance indicates that current SPU wages fall **ABOVE** the market average.
- Current pay range MINIMUMS for each position were, on average, in line with the market minimum pay for similar positions. It is important to note, however, that this is only an average. There are several positions whose minimum pay is well below or above the market data minimums.
- Current pay range MAXIMUMS for each position were, on average, 12% above the market maximum pay for similar positions. Again, it is important to note, however, that this is only an average and there are positions whose maximum pay is below the market or greater than 12% above the market.
- Availability of highly relevant market comparables for many public electric utilities positions is limited. Market data was based on the best information available and based on position titles only.
- Current proposed scale does not have any employees eligible for a wage range that would exceed the Minnesota statutory compensation limits. If implemented, SPU will be responsible for monitoring and complying with these regulations each year as COLAs are applied.
- The significant market variance for the positions listed below seems to indicate that either the position wage range is well above or below the market or that the position within SPU is not comparable, in regard to duties, experience requirements, and responsibilities, to other positions with similar titles in comparable cities.
 - Accounting Specialist I
 - Billing Clerk
 - Customer Service Representative
 - Electric Superintendent
 - Inventory & Purchasing Specialist
 - Meter & Electronics Technician
 - Network Administrator
- Overall, a reevaluation of the existing position classification and wage scale will assist in realigning all positions in relation to SPU's internal organizational structure and to the market. Doing so will, presumably have a positive impact on future employee recruitment and current employee satisfaction and retention.
- The League of Minnesota Cities Survey and other Market Survey results are reflective of 2020 wage data. It is important to consider that many municipal employers approve annual Cost of Living Adjustments (COLA) and will plan to do so for a January 1, 2021, effective date. As a result, it should be noted that, should the Commission not elect to apply a 2021 COLA adjustment to their current compensation model or implement the proposed compensation scale updates, current market variances, as reflected in the following table, may continue to grow.
- Many of our municipal clients are budgeting 2021 cost of living adjustments between 1.5% – 3.0%. Examples of approved 2020 Cost of Living Adjustments, which we anticipate to be somewhat higher than 2021 approved adjustments due to COVID-19 related budget impacts, for several comparable cities are listed below.

<i>Blaine</i>	<i>3.0%</i>	<i>Mounds View</i>	<i>3.0%</i>
<i>Shorewood</i>	<i>3.0%</i>	<i>Becker</i>	<i>2.5%</i>
<i>Orono</i>	<i>2.5%</i>	<i>Oak Park Heights</i>	<i>3.0%</i>
<i>Arden Hills</i>	<i>2.5%</i>		

Compensation Plan

During initial discussions with SPU leadership, it was clear that the following key strategic goals and assumptions applied:

- SPU, in anticipation of continued growth over the next 5-10 years, is motivated to attract and retain qualified talent to facilitate successful public utilities operations and leadership. In order to do this effectively, wage scales must be competitive with, preferably slightly above, comparable private and municipal employee market averages.
- SPU is currently awarding pay increases based on length of service and merit/performance. Increases are not based on formalized steps within each position pay range but most employees, assuming satisfactory performance, reach the top of their respective pay range within 5 to 7 years.
- SPU wishes to maintain the open range pay scale model, rather than implementing steps within each wage range.
- Annual performance evaluations are currently and will continue to be the basis for salary adjustments above a cost of living adjustment.

The proposed compensation model reflects the following structural components:

- Compensation range model utilizes a range of pay to achieve maximum compensation within a total of 17 grade levels. Positions are grouped into grade levels based on their point classification.
- The primary range is intended to be used as the “standard” compensation scale and is to be utilized using the SPU’s current length of service and merit based increase award process. The minimum and maximum pay levels for the “Standard” compensation scale are both, on average, 3%-2% above market minimum and maximums for each position.
- The Bonus/Merit range of the scale is intended to be used as an incentive and retention tool for SPU’s highest performers. This additional range could be used to offer compensation levels slightly above the market maximums (on average, 17% above the average market maximum) for the SPU’s highest performers and most impactful employees. Consistent implementation and management of the use of this Bonus Scale, including an effective performance management program to identify and motivate high performers, is key to the success of this feature.
- The proposed scale includes a 8.50% adjustment between grades
- The range within each Standard Scale grade (Standard Minimum to Standard Maximum) is 30.00%.
- The range within each Bonus Scale grade (Standard Maximum to Merit Maximum) is 15.00%

Table 4 - Step and Grade Scale – Proposed Compensation Model

Points	Standard Range				Bonus Range	
	Grade	Minimum	Midpoint	Maximum	Merit	Maximum
0	60	1 \$ 16.00	\$ 18.40	\$ 20.80	\$	23.92
61	72	2 17.36	\$ 19.96	\$ 22.57	\$	25.96
73	86	3 18.84	\$ 21.67	\$ 24.49	\$	28.16
87	102	4 20.44	\$ 23.51	\$ 26.57	\$	30.56
103	129	5 22.18	\$ 25.51	\$ 28.83	\$	33.15
130	156	6 24.07	\$ 27.68	\$ 31.29	\$	35.98
157	196	7 26.12	\$ 30.04	\$ 33.96	\$	39.05
197	226	8 28.34	\$ 32.59	\$ 36.84	\$	42.37
227	239	9 30.75	\$ 35.36	\$ 39.98	\$	45.98
240	276	10 33.36	\$ 38.36	\$ 43.37	\$	49.88
277	318	11 36.20	\$ 41.63	\$ 47.06	\$	54.12
319	367	12 39.28	\$ 45.17	\$ 51.06	\$	58.72
368	486	13 42.62	\$ 49.01	\$ 55.41	\$	63.72
487	516	14 46.24	\$ 53.18	\$ 60.11	\$	69.13
517	568	15 50.17	\$ 57.70	\$ 65.22	\$	75.00
569	626	16 54.43	\$ 62.59	\$ 70.76	\$	81.37
627	690	17 59.06	\$ 67.92	\$ 76.78	\$	88.30

Conclusion

Table 5 – Position Point & Grade Assignment with Minimum, Midpoint, Standard Maximum and Bonus Maximum Salary

Position	Points	New Grade	Current Rate	Standard Minimum	Standard Midpoint	Standard Maximum	Bonus Merit Maximum
Customer Service Representative	101	4	\$ 28.09	\$ 20.44	\$ 23.51	\$ 26.57	\$ 30.56
Billing Clerk	101	4	\$ 27.91	\$ 20.44	\$ 23.51	\$ 26.57	\$ 30.56
Meter Reader	103	5	\$ 28.76	\$ 22.18	\$ 25.51	\$ 28.83	\$ 33.15
Dispatcher	106	5	\$ 37.18	\$ 22.18	\$ 25.51	\$ 28.83	\$ 33.15
Storekeeper	121	5	\$ 32.50	\$ 22.18	\$ 25.51	\$ 28.83	\$ 33.15
Accounting Specialist I	161	7	\$ 33.44	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Administrative Assistant	176	7	\$ 28.50	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Inventory & Purchasing Specialist	181	7	\$ 40.94	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Locator & Meter Specialist	189	7	\$ 36.15	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Water Meter Technician	193	7	Open	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Water Operator Apprentice	195	7	\$ 29.50	\$ 26.12	\$ 30.04	\$ 33.96	\$ 39.05
Apprentice Lineman	207	8	\$ 35.20	\$ 28.34	\$ 32.59	\$ 36.84	\$ 42.37
Meter & Electronics Technician	220	8	\$ 43.64	\$ 28.34	\$ 32.59	\$ 36.84	\$ 42.37
Water Operator Journeyman	222	8	\$ 34.67	\$ 28.34	\$ 32.59	\$ 36.84	\$ 42.37
AP & HR Specialist	225	8	\$ 43.28	\$ 28.34	\$ 32.59	\$ 36.84	\$ 42.37
Engineering Technician	237	9	\$ 38.73	\$ 30.75	\$ 35.36	\$ 39.98	\$ 45.98
Journeyman Lineman	244	10	\$ 46.72	\$ 33.36	\$ 38.36	\$ 43.37	\$ 49.88
Customer Relations Coordinator	262	10	\$ 38.96	\$ 33.36	\$ 38.36	\$ 43.37	\$ 49.88
Billing & Collections Coordinator	262	10	\$ 43.01	\$ 33.36	\$ 38.36	\$ 43.37	\$ 49.88
Senior Water Operator	272	10	\$ 40.71	\$ 33.36	\$ 38.36	\$ 43.37	\$ 49.88
Network Administrator	281	11	\$ 29.16	\$ 36.20	\$ 41.63	\$ 47.06	\$ 54.12
Senior Accounting Specialist	296	11	Open	\$ 36.20	\$ 41.63	\$ 47.06	\$ 54.12
Lead Lineman	298	11	\$ 51.82	\$ 36.20	\$ 41.63	\$ 47.06	\$ 54.12
Engineering Coordinator	354	12	Open	\$ 39.28	\$ 45.17	\$ 51.06	\$ 58.72
IT Coordinator	404	13	\$ 53.64	\$ 42.62	\$ 49.01	\$ 55.41	\$ 63.72
Project Engineer	416	13	Open	\$ 42.62	\$ 49.01	\$ 55.41	\$ 63.72
Assistant Electric Superintendent	416	13	\$ 53.80	\$ 42.62	\$ 49.01	\$ 55.41	\$ 63.72
Marketing & Customer Relations Director	456	13	\$ 71.02	\$ 42.62	\$ 49.01	\$ 55.41	\$ 63.72
Water Superintendent	486	13	\$ 69.64	\$ 42.62	\$ 49.01	\$ 55.41	\$ 63.72
Director of Finance & Administration	520	15	\$ 55.29	\$ 50.17	\$ 57.70	\$ 65.22	\$ 75.00
Planning & Engineering Director	530	15	\$ 81.83	\$ 50.17	\$ 57.70	\$ 65.22	\$ 75.00
Electric Superintendent	536	15	\$ 64.38	\$ 50.17	\$ 57.70	\$ 65.22	\$ 75.00
Utilities Manager	605	16	Open	\$ 54.43	\$ 62.59	\$ 70.76	\$ 81.37

* Indicates a position with at least one employee whose current rate exceeds the proposed standard and/or bonus maximum

When comparing the proposed step and grade scale to the current pay structure, the proposed scale provides a more structured and interdependent compensation framework while maintaining the open wage ranges within each grade. Currently, ranges are different for each position and vary significantly in marketability and range size and the proposed scales would address and minimize this variability. In addition, the Bonus merit based range provides more upward wage opportunity for key performers while still aligning with market and budget considerations.

When comparing the proposed scale to market, the proposed scale is, on average, 3% above market averages on the Minimum Salary, 2% above to market averages for the Standard Scale Maximum Salary, and 17% above market averages for the Bonus Scale Maximum Salary, in the top 35% of the market. If the Commission proceeds with implementing a more performance driven salary increase award program, leaving the Bonus Scale maximum pay step slightly above market averages should assist in retaining and motivating key performers and the talent necessary to guide SPU through future growth.

In light of our comprehensive study, our recommendation would be as follows:

- Adopt the proposed step and grade plan, effective January 1, 2021, moving each individual employee to within the wage grade range relevant for their position point assignment, and

- Utilize the proposed compensation scale to calculate and apply all future annual approved cost of living increases (COLA) for all positions; and
- Utilize the proposed compensation scale to calculate and consistently apply all future longevity and/or performance based increases (above cost of living amounts); and
- Evaluate job descriptions and market data for positions with significant market wage variability to ensure that the position descriptions, titles, and market comparables are relevant and reliable.
- Evaluate the current performance/merit based increase award program to ensure that the process facilitates a consistent and intentional performance management program and methodology that provides clarity and guidance to the Commission, leadership, and employees related to when and how these increases are approved and applied going forward.
- Consider implementing a formal and documented plan that meets the MN Pay Equity definition of longevity and/or exceptional service pay to accommodate these types of pay scale exceptions. This plan will be important when accounting for several positions which, if proposed scales are implemented, would currently be at wage levels exceeding the new grade range maximums.

The existing pay scale for the Commission of SPU was tested in the Minnesota Pay Equity Compliance system and was found to be in compliance. The reports generated from the test have been included in **Appendix B** of the report

The proposed scale has also been tested in the Minnesota Pay Equity Compliance system and was found to be in compliance. The reports generated from the test have been included in **Appendix C** of the report. In addition, **Appendix D** includes a publication from the State of Minnesota providing guidance on interpreting and understanding the Minnesota Pay Equity System.

Implementation

The next step in this process is to consider implementation of the Compensation System. Before moving to this step there are several questions the Council will want to consider.

- Should the Commission adopt a new compensation plan, including position point assignments for existing positions?
- What is the overall cost of implementation, assuming employees would move into their designated ranges without a reduction in their current salary?
- How will the Commission address employees whose current rate of pay exceeds their proposed position range?
- Because the proposed compensation plan is based on 2020 wage data, will the Commission adopt the plan and apply a Cost of Living Adjustment (COLA) effective January 1, 2021, to ensure that the wages remain in line with the market?
- Does the Commission's current performance management process provide clear guidance to employees and supervisors as to how and when Bonus range increases could be awarded? Is the current process what the Commission hopes to use going forward or are changes in philosophy and/or format expected?

Because all but one (1) position is currently paid a wage within or above the proposed ranges, estimated costs of adopting the proposed program for employees, resulting in wage increases to move these positions to at least the minimum pay for their designated grade range, would not exceed \$15,000.

Closing

Should the Commission decide to move to the new step and grade plan, we recommend approval at a regular meeting of the Commission Council.

AEM Workforce Solutions, LLC would like to thank the Commission of SPU for the opportunity to prepare and present this Position Classification and Compensation Analysis. We would especially like to thank the leadership team for their assistance in providing the necessary data to conduct the study.

Appendix A

Comp #1 League of Minnesota Cities 2020 Salary Survey

Position Title	Market Min Salary (2020 Rates)		City Over / (Under) Current Market Minimum	%	Market Max Salary (2020 Rates)		City Over / (Under) Current Market Maximum	%
Accounting Specialist I	\$ 29.89	\$ 62,161.81	\$ (5.57)	-23%	\$ 38.01	\$ 79,069.52	\$ (4.57)	-14%
Administrative Assistant	\$ 24.32	\$ 50,580.98	\$ 1.40	5%	\$ 31.60	\$ 65,737.24	\$ 3.25	9%
AP & HR Specialist	\$ 27.59	\$ 57,385.12	\$ (0.58)	-2%	\$ 34.79	\$ 72,366.32	\$ 11.63	25%
Apprentice Lineman	\$ 30.25	\$ 62,915.38	\$ (6.58)	-28%	\$ 38.84	\$ 80,789.51	\$ (0.95)	-3%
Assistant Electric Superintendent	\$ 36.86	\$ 76,672.96	\$ 2.41	6%	\$ 42.79	\$ 89,011.52	\$ 11.43	21%
Billing & Collections Coordinator	\$ 29.94	\$ 62,283.52	\$ 1.31	4%	\$ 40.82	\$ 84,897.28	\$ 2.44	6%
Billing Clerk	\$ 22.60	\$ 47,008.00	\$ 1.72	7%	\$ 30.53	\$ 63,496.46	\$ 1.43	4%
Customer Relations Coordinator	\$ 31.51	\$ 65,534.86	\$ 0.87	3%	\$ 42.88	\$ 89,196.34	\$ 4.12	9%
Customer Service Representative	\$ 20.14	\$ 41,900.30	\$ 4.17	17%	\$ 26.33	\$ 54,756.00	\$ 5.64	18%
Director of Finance & Administration	\$ 53.30	\$ 110,853.60	\$ (3.78)	-8%	\$ 68.25	\$ 141,968.17	\$ 16.29	19%
Dispatcher	\$ 22.78	\$ 47,390.20	\$ (0.47)	-2%	\$ 29.24	\$ 60,827.00	\$ 10.85	27%
Electric Superintendent	\$ 42.93	\$ 89,298.86	\$ (3.16)	-8%	\$ 55.35	\$ 115,136.91	\$ 15.67	22%
Engineering Coordinator	\$ 35.77	\$ 74,405.07	\$ (3.40)	-10%	\$ 45.96	\$ 95,603.73	\$ 1.04	2%
Engineering Technician	\$ 29.56	\$ 61,480.95	\$ (5.92)	-25%	\$ 38.27	\$ 79,611.61	\$ 3.93	9%
Inventory & Purchasing Specialist	\$ 27.38	\$ 56,953.37	\$ 2.28	8%	\$ 35.49	\$ 73,819.20	\$ 5.45	13%
IT Coordinator	\$ 45.63	\$ 94,902.74	\$ (6.94)	-18%	\$ 59.21	\$ 123,162.27	\$ 5.38	8%
Journeyman Lineman	\$ 32.14	\$ 66,851.20	\$ 3.02	9%	\$ 48.20	\$ 100,256.00	\$ (2.53)	-6%
Lead Lineman	\$ 37.63	\$ 78,265.20	\$ 1.81	5%	\$ 42.79	\$ 89,011.00	\$ 8.46	17%
Locator & Meter Specialist	\$ 23.68	\$ 49,244.00	\$ 4.17	15%	\$ 29.20	\$ 60,725.60	\$ 6.96	19%
Marketing & Customer Relations Director	\$ 44.12	\$ 91,775.27	\$ (4.35)	-11%	\$ 56.21	\$ 116,914.91	\$ 14.81	21%
Meter & Electronics Technician	\$ 21.46	\$ 44,636.80	\$ 7.73	26%	\$ 30.66	\$ 63,772.80	\$ 10.98	26%
Meter Reader	\$ 21.97	\$ 45,701.07	\$ (0.65)	-3%	\$ 28.78	\$ 59,852.00	\$ 0.83	3%
Network Administrator	\$ 37.60	\$ 78,206.40	\$ (13.12)	-54%	\$ 47.19	\$ 98,150.40	\$ (6.39)	-16%
Planning & Engineering Director	\$ 49.21	\$ 102,366.65	\$ 0.30	1%	\$ 64.02	\$ 133,153.94	\$ 20.53	24%
Project Engineer	\$ 41.82	\$ 86,991.67	\$ (0.70)	-2%	\$ 53.53	\$ 111,342.40	\$ 15.12	22%
Senior Accounting Specialist	\$ 32.86	\$ 68,356.89	\$ 1.04	3%	\$ 42.79	\$ 89,008.98	\$ 12.08	22%
Senior Water Operator	\$ 34.30	\$ 71,346.60	\$ (3.05)	-10%	\$ 43.38	\$ 90,235.60	\$ (0.12)	0%
Storekeeper	\$ 22.72	\$ 47,247.20	\$ 2.31	9%	\$ 28.29	\$ 58,848.40	\$ 4.20	13%
Utilities Manager	\$ 56.17	\$ 116,830.63	\$ 0.65	1%	\$ 70.87	\$ 147,417.52	\$ 15.08	18%
Water Meter Technician	\$ 21.09	\$ 43,858.88	\$ 2.58	11%	\$ 29.42	\$ 61,201.92	\$ 1.32	4%
Water Operator Apprentice	\$ 25.50	\$ 53,042.60	\$ 0.37	1%	\$ 32.54	\$ 67,680.60	\$ 1.12	3%
Water Operator Journeyman	\$ 28.86	\$ 60,018.40	\$ (0.88)	-3%	\$ 35.14	\$ 73,086.00	\$ 1.22	3%
Water Superintendent	\$ 38.89	\$ 80,880.80	\$ 0.89	2%	\$ 47.51	\$ 98,811.89	\$ 23.51	33%
		AVERAGE	\$ (0.61)	-2%			\$ 6.67	14%

Comp #2 - 2020 MMUA & APPA Salary Survey

Position Title	Market Min Salary (2020 Rates)		City Over / (Under) Current Market Minimum	%	Market Max Salary (2020 Rates)		City Over / (Under) Current Market Maximum	%
Accounting Specialist I	\$ 23.57	\$ 49,025.60	\$ 0.75	3%	\$ 30.93	\$ 64,334.40	\$ 2.51	8%
Administrative Assistant	\$ 21.80	\$ 45,344.00	\$ 3.92	15%	\$ 32.22	\$ 67,017.60	\$ 2.64	8%
AP & HR Specialist	\$ 23.00	\$ 47,840.00	\$ 4.01	15%	\$ 29.27	\$ 60,881.60	\$ 17.15	37%
Apprentice Lineman	\$ 26.52	\$ 55,161.60	\$ (2.85)	-12%	\$ 36.33	\$ 75,566.40	\$ 1.56	4%
Billing Clerk	\$ 23.00	\$ 47,840.00	\$ 1.32	5%	\$ 29.27	\$ 60,881.60	\$ 2.69	8%
Customer Relations Coordinator	\$ 43.23	\$ 89,925.00	\$ (10.86)	-34%	\$ 51.97	\$ 108,092.00	\$ (4.97)	-11%
Customer Service Representative	\$ 21.36	\$ 44,428.80	\$ 2.96	12%	\$ 28.09	\$ 58,427.20	\$ 3.87	12%
Director of Finance & Administration	\$ 45.97	\$ 95,620.00	\$ 3.54	7%	\$ 62.91	\$ 130,855.00	\$ 21.64	26%
Dispatcher	\$ 24.51	\$ 50,980.80	\$ (2.20)	-10%	\$ 34.29	\$ 71,323.20	\$ 5.81	14%
Electric Superintendent	\$ 50.35	\$ 104,722.50	\$ (10.58)	-27%	\$ 71.47	\$ 148,662.50	\$ (0.45)	-1%
Engineering Coordinator	\$ 50.08	\$ 104,167.00	\$ (17.71)	-55%	\$ 61.64	\$ 128,213.00	\$ (14.64)	-31%
Engineering Technician	\$ 31.05	\$ 64,584.00	\$ (7.41)	-31%	\$ 35.72	\$ 74,297.60	\$ 6.49	15%
IT Coordinator	\$ 34.33	\$ 71,401.00	\$ 4.36	11%	\$ 40.46	\$ 84,160.00	\$ 24.13	37%
Journeyman Lineman	\$ 37.39	\$ 77,771.20	\$ (2.23)	-6%	\$ 42.33	\$ 88,045.53	\$ 3.34	7%
Lead Lineman	\$ 37.39	\$ 77,771.20	\$ 2.05	5%	\$ 42.33	\$ 88,045.53	\$ 8.92	17%
Locator & Meter Specialist	\$ 28.05	\$ 58,344.00	\$ (0.21)	-1%	\$ 35.57	\$ 73,985.60	\$ 0.58	2%
Marketing & Customer Relations Director	\$ 17.29	\$ 35,954.50	\$ 22.49	57%	\$ 26.02	\$ 54,114.50	\$ 45.00	63%
Meter & Electronics Technician	\$ 30.49	\$ 63,408.80	\$ (1.29)	-4%	\$ 40.74	\$ 84,728.80	\$ 0.91	2%
Meter Reader	\$ 21.83	\$ 45,406.40	\$ (0.51)	-2%	\$ 30.96	\$ 64,396.80	\$ (1.36)	-5%
Planning & Engineering Director	\$ 47.75	\$ 99,323.00	\$ 1.76	4%	\$ 68.59	\$ 142,661.00	\$ 15.96	19%
Senior Accounting Specialist	\$ 34.34	\$ 71,422.00	\$ (0.43)	-1%	\$ 45.76	\$ 95,173.00	\$ 9.11	17%
Storekeeper	\$ 25.74	\$ 53,539.20	\$ (0.71)	-3%	\$ 32.44	\$ 67,475.20	\$ 0.06	0%
Utilities Manager	\$ 64.48	\$ 134,118.00	\$ (7.66)	-13%	\$ 85.95	\$ 178,782.00	\$ (0.00)	0%
		AVERAGE	\$ (0.76)	-3%			\$ 6.56	11%

Comp #3 - MN Department of Economic Development - 1st Quarter 2020 Wage Data

Position Title	Market Min Salary (2020 Rates)		City Over / (Under) Current Market Minimum	%	Market Max Salary (2020 Rates)		City Over / (Under) Current Market Maximum	%
Accounting Specialist I	\$ 14.00	\$ 29,120.00	\$ 10.32	42%	\$ 27.69	\$ 57,584.80	\$ 5.76	17%
Administrative Assistant	\$ 12.91	\$ 26,852.80	\$ 12.81	50%	\$ 26.55	\$ 55,224.00	\$ 8.31	24%
AP & HR Specialist	\$ 15.99	\$ 33,259.20	\$ 11.02	41%	\$ 28.79	\$ 59,872.80	\$ 17.64	38%
Apprentice Lineman	\$ 29.35	\$ 61,048.00	\$ (5.68)	-24%	\$ 49.58	\$ 103,126.40	\$ (11.69)	-31%
Billing & Collections Coordinator	\$ 17.35	\$ 36,088.00	\$ 13.90	44%	\$ 41.66	\$ 86,652.80	\$ 1.60	4%
Billing Clerk	\$ 12.52	\$ 26,031.20	\$ 11.80	49%	\$ 23.11	\$ 48,068.80	\$ 8.85	28%
Customer Relations Coordinator	\$ 17.35	\$ 36,088.00	\$ 15.03	46%	\$ 41.66	\$ 86,652.80	\$ 5.34	11%
Customer Service Representative	\$ 12.01	\$ 24,980.80	\$ 12.31	51%	\$ 26.50	\$ 55,120.00	\$ 5.46	17%
Director of Finance & Administration	\$ 34.70	\$ 72,176.00	\$ 14.81	30%	\$ 85.95	\$ 178,782.00	\$ (1.40)	-2%
Dispatcher	\$ 14.66	\$ 30,492.80	\$ 7.65	34%	\$ 31.56	\$ 65,644.80	\$ 8.54	21%
Engineering Coordinator	\$ 44.05	\$ 91,624.00	\$ (11.67)	-36%	\$ 85.95	\$ 178,782.00	\$ (38.95)	-83%
Engineering Technician	\$ 17.14	\$ 35,651.20	\$ 6.50	27%	\$ 41.31	\$ 85,924.80	\$ 0.90	2%
Inventory & Purchasing Specialist	\$ 16.35	\$ 33,997.60	\$ 13.32	45%	\$ 36.07	\$ 75,025.60	\$ 4.87	12%
IT Coordinator	\$ 39.62	\$ 82,409.60	\$ (0.93)	-2%	\$ 85.95	\$ 178,782.00	\$ (21.36)	-33%
Journeyman Lineman	\$ 29.35	\$ 61,048.00	\$ 5.81	17%	\$ 49.58	\$ 103,126.40	\$ (3.91)	-9%
Lead Lineman	\$ 29.35	\$ 61,048.00	\$ 10.09	26%	\$ 49.58	\$ 103,126.40	\$ 1.67	3%
Locator & Meter Specialist	\$ 20.05	\$ 41,704.00	\$ 7.79	28%	\$ 38.55	\$ 80,184.00	\$ (2.40)	-7%
Marketing & Customer Relations Director	\$ 36.22	\$ 75,337.60	\$ 3.55	9%	\$ 85.95	\$ 178,782.00	\$ (14.93)	-21%
Meter & Electronics Technician	\$ 17.14	\$ 35,651.20	\$ 12.05	41%	\$ 41.31	\$ 85,924.80	\$ 0.33	1%
Meter Reader	\$ 17.90	\$ 37,232.00	\$ 3.42	16%	\$ 39.43	\$ 82,014.40	\$ (9.83)	-33%
Network Administrator	\$ 27.06	\$ 56,284.80	\$ (2.58)	-11%	\$ 53.44	\$ 111,155.20	\$ (12.64)	-31%
Project Engineer	\$ 29.02	\$ 60,361.60	\$ 12.10	29%	\$ 67.75	\$ 140,920.00	\$ 0.90	1%
Senior Accounting Specialist	\$ 21.81	\$ 45,364.80	\$ 12.10	36%	\$ 47.59	\$ 98,987.20	\$ 7.28	13%
Senior Water Operator	\$ 18.92	\$ 39,353.60	\$ 12.33	39%	\$ 35.19	\$ 73,195.20	\$ 8.07	19%
Storekeeper	\$ 19.29	\$ 40,119.04	\$ 5.74	23%	\$ 40.20	\$ 83,611.84	\$ (7.70)	-24%
Water Meter Technician	\$ 17.32	\$ 36,025.60	\$ 6.35	27%	\$ 43.42	\$ 90,303.20	\$ (12.67)	-41%
Water Operator Apprentice	\$ 18.92	\$ 39,353.60	\$ 6.95	27%	\$ 35.19	\$ 73,195.20	\$ (1.53)	-5%
Water Operator Journeyman	\$ 18.92	\$ 39,353.60	\$ 9.05	32%	\$ 35.19	\$ 73,195.20	\$ 1.17	3%
Water Superintendent	\$ 21.12	\$ 43,929.60	\$ 18.65	47%	\$ 44.72	\$ 93,017.60	\$ 26.30	37%
		AVERAGE	\$ 8.09	22%			\$ (0.90)	-2%

Appendix B

Compliance Report

Jurisdiction: Shakopee Public Utilities Commission
PO Box 470

255 Sarazin Street
Shakopee, MN 55379

Report Year: 2023
Case: 1 - 2020 Current - SPU (Private
(Jur Only))

Contact: Kelley Willemssen

Phone: (952) 233-1516

E-Mail: kwillemssen@shakopee
utilities.com

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	18	8	1	27
# Employees	34	12	4	50
Avg. Max Monthly Pay per employee	7891.58	6656.82		7374.39

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 266.6667 *

	Male Classes	Female Classes
a. # At or above Predicted Pay	6	6
b. # Below Predicted Pay	12	2
c. TOTAL	18	8
d. % Below Predicted Pay (b divided by c = d)	66.67	25.00

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 44

Value of T = -2.401

a. Avg. diff. in pay from predicted pay for male jobs = 0

b. Avg. diff. in pay from predicted pay for female jobs = 647

III. SALARY RANGE TEST = 0.00 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 0.00

B. Avg. # of years to max salary for female jobs = 0.00

IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

A. % of male classes receiving ESP = 0.00 *

B. % of female classes receiving ESP = 0.00

*(If 20% or less, test result will be 0.00)



Job Class Data Entry Verification List

Case: 2020 Current - SPU

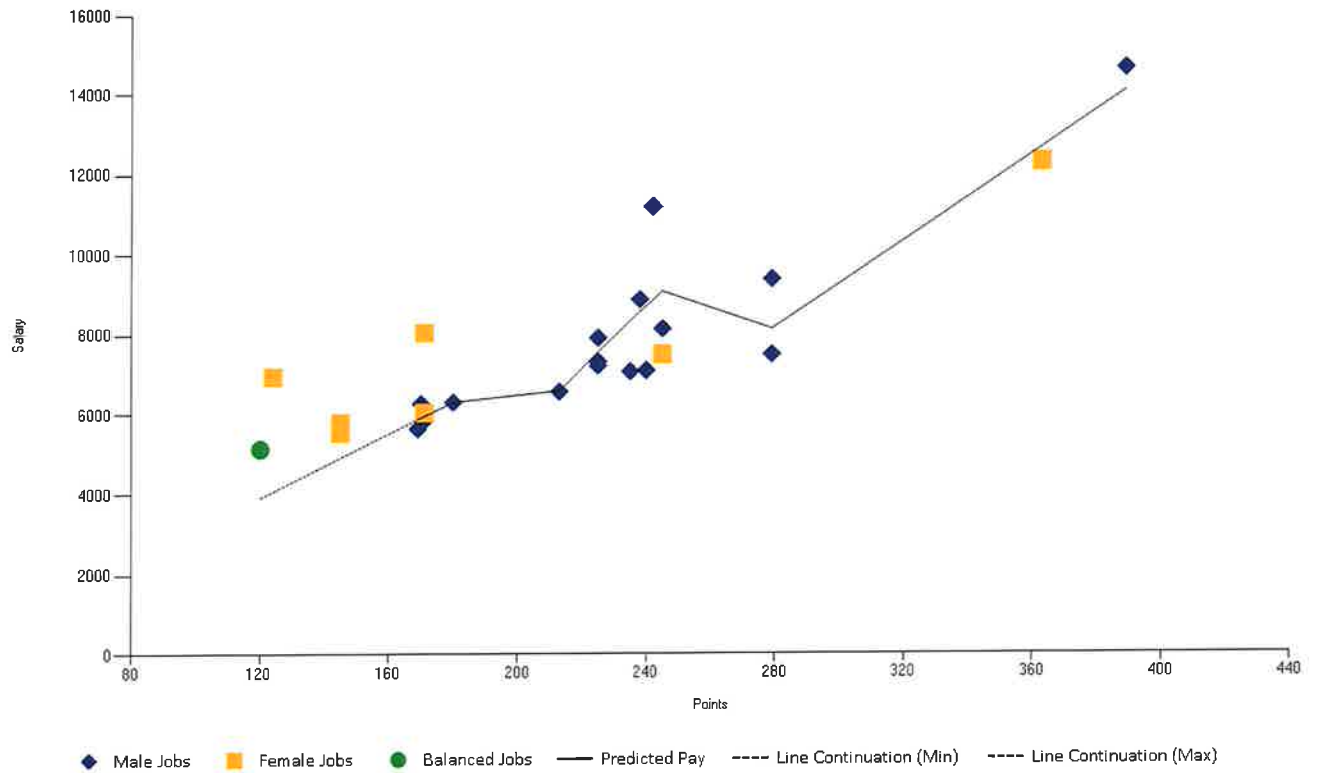
Shakopee Public Utilities Commission

LGID: 56

Job Nbr	Class Title	Nbr Males	Nbr Females	Non- Binary	Class Type	Jobs Points	Min Mo Salary	Max Mo Salary	Yrs to Max Salary	Yrs of Service	Exceptional Service Pay
20	Meter Reader	3	1	0	B	120	3695.57	5130.95	0.00	13.00	
10	Dispatcher	0	1	0	F	124	3866.96	6950.17	0.00	15.00	
1	Accounting Specialist I	0	1	0	F	145	4215.09	5796.87	0.00	10.00	
7	Billing Clerk	0	3	0	F	145	4215.09	5539.78	0.00	6.00	
9	Customer Service Representativ	0	3	0	F	145	4215.09	5539.78	0.00	8.00	
24	Storekeeper	1	0	0	M	169	4338.28	5632.62	0.00	9.00	
17	Locator & Meter Specialist	1	0	0	M	170	4825.66	6266.40	0.00	20.00	
2	Administrative Assistant	0	1	0	F	171	4457.89	6041.45	0.00	1.00	
3	AP & HR Specialist	0	1	0	F	171	4681.05	8046.34	0.00	10.00	
25	Water Operator Apprentice	1	0	0	M	171	4484.67	5834.36	0.00	3.00	
26	Water Operator Journeyman	5	0	0	M	180	4848.87	6302.11	0.00	19.00	
4	Apprentice Lineman	5	0	0	M	213	4102.62	6568.12	0.00	7.00	
15	Journeyman Lineman	4	0	0	M	225	6095.01	7916.02	0.00	19.00	
12	Engineering Technician	2	0	0	M	225	4097.26	7316.16	0.00	18.00	
19	Meter & Electronics Technician	1	0	0	M	225	5059.54	7217.96	0.00	15.00	
21	Network Administrator	1	0	0	M	235	4243.66	7071.57	0.00	3.00	
16	Lead Lineman	4	0	0	M	238	6835.91	8883.65	0.00	34.00	
13	Inventory & Purchasing Special	1	0	0	M	240	5141.66	7096.56	0.00	17.00	
14	IT Coordinator	1	0	0	M	242	6706.03	11196.25	0.00	5.00	
6	Billing & Collections Coordina	0	1	0	F	245	5416.60	7498.26	0.00	18.00	
8	Customer Relations Coordinator	1	0	0	M	245	5611.57	8146.67	0.00	1.00	
5	Assistant Electric Superintend	1	0	0	M	279	6807.35	9397.81	0.00	14.00	
23	Senior Water Operator	2	0	0	M	279	5416.60	7498.26	0.00	21.00	
27	Water Superintendent	1	0	0	M	363	6893.61	12310.02	0.00	10.00	
11	Electric Superintendent	1	0	0	M	363	6893.61	12310.02	0.00	4.00	
18	Marketing & Customer Relations	0	1	0	F	363	6893.61	12310.02	0.00	5.00	
22	Planning & Engineering Directo	1	0	0	M	389	8581.84	14654.78	0.00	28.00	

Job Number Count: 27

Predicted Pay Report for: Shakopee Public Utilities Commission
Case: 2020 Current - SPU





Predicted Pay Report for: Shakopee Public Utilities Commission

Case: 2020 Current - SPU

Job Nbr	Job Title	Nbr Males	Nbr Females	Non- Binary	Total Nbr	Job Type	Job Points	Max Mo Salary	Predicted Pay	Pay Difference
20	Meter Reader	3	1	0	4	Balanced	120	5130.9500	3918.5198	1212.4302
10	Dispatcher	0	1	0	1	Female	124	6950.1700	4077.4103	2872.7597
1	Accounting Specialist I	0	1	0	1	Female	145	5796.8700	4912.5213	884.3487
7	Billing Clerk	0	3	0	3	Female	145	5539.7800	4912.5213	627.2587
9	Customer Service Representativ	0	3	0	3	Female	145	5539.7800	4912.5213	627.2587
24	Storekeeper	1	0	0	1	Male	169	5632.6200	5867.4689	-234.8489
17	Locator & Meter Specialist	1	0	0	1	Male	170	6266.4000	5907.0578	359.3422
2	Administrative Assistant	0	1	0	1	Female	171	6041.4500	5946.6466	94.8034
3	AP & HR Specialist	0	1	0	1	Female	171	8046.3400	5946.6466	2099.6934
25	Water Operator Apprentice	1	0	0	1	Male	171	5834.3600	5946.6466	-112.2866
26	Water Operator Journeyman	5	0	0	5	Male	180	6302.1100	6304.5513	-2.4413
4	Apprentice Lineman	5	0	0	5	Male	213	6568.1200	6586.3747	-18.2547
19	Meter & Electronics Technician	1	0	0	1	Male	225	7217.9600	7556.7536	-338.7936
12	Engineering Technician	2	0	0	2	Male	225	7316.1600	7556.7536	-240.5936
15	Journeyman Lineman	4	0	0	4	Male	225	7916.0200	7556.7536	359.2664
21	Network Administrator	1	0	0	1	Male	235	7071.5700	8346.5895	-1275.0195
16	Lead Lineman	4	0	0	4	Male	238	8883.6500	8583.3279	300.3221
13	Inventory & Purchasing Special	1	0	0	1	Male	240	7096.5600	8717.6780	-1621.1180
14	IT Coordinator	1	0	0	1	Male	242	11196.2500	8865.9221	2330.3279
6	Billing & Collections Coordina	0	1	0	1	Female	245	7498.2600	9087.7907	-1589.5307
8	Customer Relations Coordinator	1	0	0	1	Male	245	8146.6700	9087.7907	-941.1207
5	Assistant Electric Superintend	1	0	0	1	Male	279	9397.8100	8146.5915	1251.2185
23	Senior Water Operator	2	0	0	2	Male	279	7498.2600	8146.5915	-648.3315
18	Marketing & Customer Relations	0	1	0	1	Female	363	12310.0200	12674.1419	-364.1219
27	Water Superintendent	1	0	0	1	Male	363	12310.0200	12674.1419	-364.1219
11	Electric Superintendent	1	0	0	1	Male	363	12310.0200	12674.1419	-364.1219
22	Planning & Engineering Directo	1	0	0	1	Male	389	14654.7800	14098.7361	556.0439

Job Number Count: 27

Appendix C

Compliance Report

Jurisdiction: Shakopee Public Utilities Commission
PO Box 470

255 Sarazin Street
Shakopee, MN 55379

Report Year: 2023

Case: 2 - 2020 - Proposed SPU (Private
(Jur Only))

Contact: Kelley Willemssen

Phone: (952) 233-1516

E-Mail: kwillemssen@shakopee
utilities.com

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	18	8	1	27
# Employees	34	12	4	50
Avg. Max Monthly Pay per employee	8509.74	6508.25		7808.27

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 111.1111 *

	Male Classes	Female Classes
a. # At or above Predicted Pay	8	4
b. # Below Predicted Pay	10	4
c. TOTAL	18	8
d. % Below Predicted Pay (b divided by c = d)	55.56	50.00

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 44

Value of T = 0.683

a. Avg. diff. in pay from predicted pay for male jobs = -6

b. Avg. diff. in pay from predicted pay for female jobs = -71

III. SALARY RANGE TEST = 0.00 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 0.00

B. Avg. # of years to max salary for female jobs = 0.00

IV. EXCEPTIONAL SERVICE PAY TEST = 135.00 (Result is B divided by A)

A. % of male classes receiving ESP = 27.78 *

B. % of female classes receiving ESP = 37.50

*(If 20% or less, test result will be 0.00)



Job Class Data Entry Verification List

Case: 2020 - Proposed SPU

Shakopee Public Utilities Commission

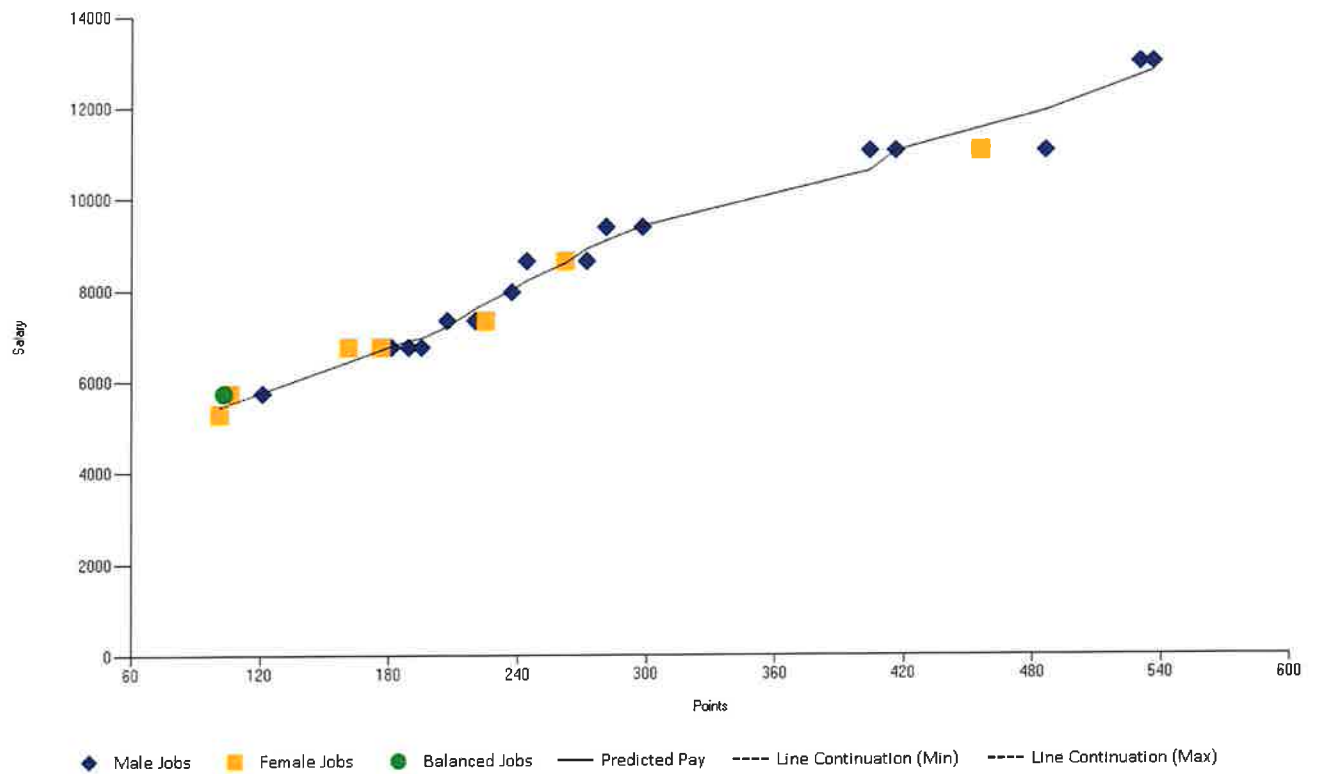
LGID: 56

Job Nbr	Class Title	Nbr Males	Nbr Females	Non- Binary	Class Type	Jobs Points	Min Mo Salary	Max Mo Salary	Yrs to Max Salary	Yrs of Service	Exceptional Service Pay
7	Billing Clerk	0	3	0	F	101	3542.87	5296.96	0.00	6.00	
9	Customer Service Representativ	0	3	0	F	101	3542.87	5296.96	0.00	8.00	
20	Meter Reader	3	1	0	B	103	3844.46	5745.89	0.00	13.00	
10	Dispatcher	0	1	0	F	106	3844.46	5745.89	0.00	15.00	PERFORMANCE
24	Storekeeper	1	0	0	M	121	3844.46	5745.89	0.00	9.00	PERFORMANCE
1	Accounting Specialist I	0	1	0	F	161	4527.38	6768.54	0.00	10.00	
2	Administrative Assistant	0	1	0	F	176	4527.38	6768.54	0.00	1.00	
13	Inventory & Purchasing Special	1	0	0	M	181	4527.38	6768.54	0.00	17.00	PERFORMANCE
17	Locator & Meter Specialist	1	0	0	M	189	4527.38	6768.54	0.00	20.00	
25	Water Operator Apprentice	1	0	0	M	195	4527.38	6768.54	0.00	3.00	
4	Apprentice Lineman	5	0	0	M	207	4912.17	7343.99	0.00	7.00	
19	Meter & Electronics Technician	1	0	0	M	220	4912.17	7343.99	0.00	15.00	PERFORMANCE
26	Water Operator Journeyman	5	0	0	M	222	4912.17	7343.99	0.00	19.00	
3	AP & HR Specialist	0	1	0	F	225	4912.17	7343.99	0.00	10.00	PERFORMANCE
12	Engineering Technician	2	0	0	M	237	5329.90	7969.71	0.00	18.00	
15	Journeyman Lineman	4	0	0	M	244	5782.29	8645.70	0.00	19.00	
6	Billing & Collections Coordina	0	1	0	F	262	5782.29	8645.70	0.00	18.00	
8	Customer Relations Coordinator	1	0	0	M	262	5782.29	8645.70	0.00	1.00	
23	Senior Water Operator	2	0	0	M	272	5782.29	8645.70	0.00	21.00	
21	Network Administrator	1	0	0	M	281	6274.55	9380.62	0.00	3.00	
16	Lead Lineman	4	0	0	M	298	6274.55	9380.62	0.00	34.00	
14	IT Coordinator	1	0	0	M	404	7387.32	11044.59	0.00	5.00	
5	Assistant Electric Superintend	1	0	0	M	416	7387.32	11044.59	0.00	14.00	
18	Marketing & Customer Relations	0	1	0	F	456	7387.32	11044.59	0.00	5.00	PERFORMANCE
27	Water Superintendent	1	0	0	M	486	7387.32	11044.59	0.00	10.00	PERFORMANCE
22	Planning & Engineering Directo	1	0	0	M	530	8695.97	12999.75	0.00	28.00	PERFORMANCE
11	Electric Superintendent	1	0	0	M	536	8695.97	12999.75	0.00	4.00	

Job Number Count: 27

Predicted Pay Report for: Shakopee Public Utilities Commission

Case: 2020 - Proposed SPU





Predicted Pay Report for: Shakopee Public Utilities Commission

Case: 2020 - Proposed SPU

Job Nbr	Job Title	Nbr Males	Nbr Females	Non- Binary	Total Nbr	Job Type	Job Points	Max Mo Salary	Predicted Pay	Pay Difference
7	Billing Clerk	0	3	0	3	Female	101	5296.9600	5447.5020	-150.5420
9	Customer Service Representativ	0	3	0	3	Female	101	5296.9600	5447.5020	-150.5420
20	Meter Reader	3	1	0	4	Balanced	103	5745.8900	5479.8778	266.0122
10	Dispatcher	0	1	0	1	Female	106	5745.8900	5528.9751	216.9149
24	Storekeeper	1	0	0	1	Male	121	5745.8900	5774.4615	-28.5715
1	Accounting Specialist I	0	1	0	1	Female	161	6768.5400	6357.8892	410.6508
2	Administrative Assistant	0	1	0	1	Female	176	6768.5400	6485.4594	283.0806
13	Inventory & Purchasing Special	1	0	0	1	Male	181	6768.5400	6788.2429	-19.7029
17	Locator & Meter Specialist	1	0	0	1	Male	189	6768.5400	6910.3029	-141.7629
25	Water Operator Apprentice	1	0	0	1	Male	195	6768.5400	6967.2455	-198.7055
4	Apprentice Lineman	5	0	0	5	Male	207	7343.9900	7219.4880	124.5020
19	Meter & Electronics Technician	1	0	0	1	Male	220	7343.9900	7601.0911	-257.1011
26	Water Operator Journeyman	5	0	0	5	Male	222	7343.9900	7659.1185	-315.1285
3	AP & HR Specialist	0	1	0	1	Female	225	7343.9900	7734.7967	-390.8067
12	Engineering Technician	2	0	0	2	Male	237	7969.7100	8014.4732	-44.7632
15	Journeyman Lineman	4	0	0	4	Male	244	8645.7000	8220.6829	425.0171
6	Billing & Collections Coordina	0	1	0	1	Female	262	8645.7000	8602.3440	43.3560
8	Customer Relations Coordinator	1	0	0	1	Male	262	8645.7000	8602.3440	43.3560
23	Senior Water Operator	2	0	0	2	Male	272	8645.7000	8912.6546	-266.9546
21	Network Administrator	1	0	0	1	Male	281	9380.6200	9090.8753	289.7447
16	Lead Lineman	4	0	0	4	Male	298	9380.6200	9405.8700	-25.2500
14	IT Coordinator	1	0	0	1	Male	404	11044.5900	10603.2165	441.3735
5	Assistant Electric Superintend	1	0	0	1	Male	416	11044.5900	11037.4820	7.1080
18	Marketing & Customer Relations	0	1	0	1	Female	456	11044.5900	11552.4551	-507.8651
27	Water Superintendent	1	0	0	1	Male	486	11044.5900	11917.5787	-872.9887
22	Planning & Engineering Directo	1	0	0	1	Male	530	12999.7500	12684.8979	314.8521
11	Electric Superintendent	1	0	0	1	Male	536	12999.7500	12789.5840	210.1660

Job Number Count: 27

Appendix D

Interpreting Results of Compliance Tests

Your jurisdiction is required to pass four tests to be in compliance.

1. Completeness and Accuracy Test

Report is submitted on time

Data is correct

Required information has been provided

For more information, refer to the [Guide to Understanding Pay Equity Compliance](#)

2. Statistical or Alternative Test

Compares salary data to determine if female classes are paid consistently below male classes of comparable work value (job points). The Minnesota Pay Equity Management System will generate results applying the Statistical Analysis Test. Underpayment ratio results of 80 and above are passing. In some cases, the Alternative Analysis is required and consists of a manual review of the data. Refer to the following page to determine which test applies to your report. For more information, refer to the [Guide to Understanding Pay Equity Compliance](#).

3. Salary Range Test

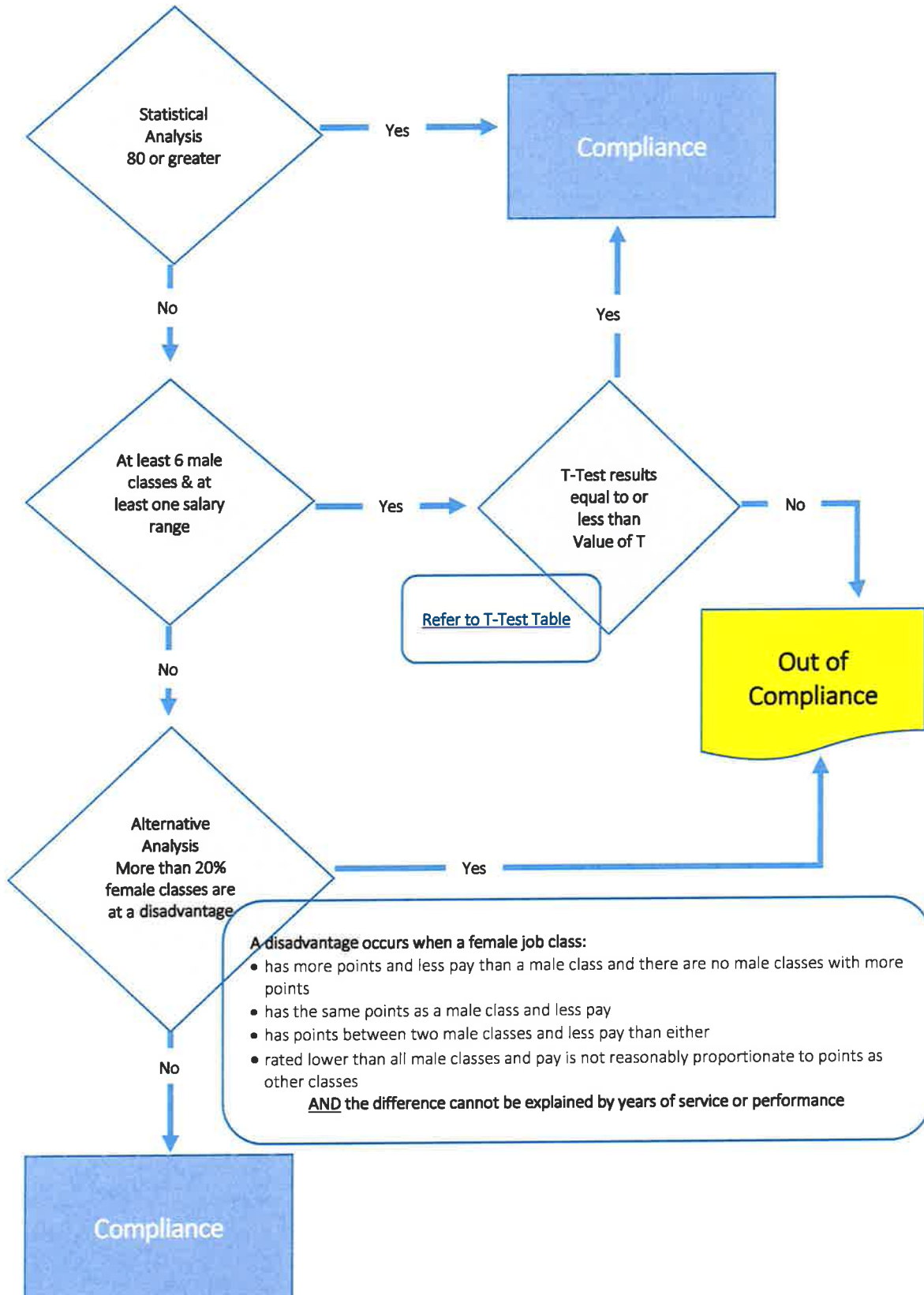
Compares the average number of years required for female classes to move through a salary range consisting of a time-phased step progression to the average number of years required for male classes. Results of 0 or 80 and above are passing scores. (Test does not apply if years to achieve maximum salary are not defined or if salary ranges are not defined). For more information, refer to the [Guide to Understanding Pay Equity Compliance](#).

4. Exceptional Service Pay Test

Compares the percentage of female classes receiving longevity or performance pay to the percentage of male classes receiving longevity or performance pay. In noting exceptional service pay, recipients must exceed the maximum salary reported. Results of 0 or 80 and above are passing scores. (Test does not apply if exceptional service pay is not available in your jurisdiction). For more information, refer to the [Guide to Understanding Pay Equity Compliance](#).

Interpreting Results of Compliance Tests

When to use Statistical and Alternative Analysis Tests



Guide to Understanding Pay Equity Compliance

Pay Equity Office
Minnesota Management & Budget
400 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155

[Local Government Pay Equity Webpage](#)

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Guide to Understanding Pay Equity Compliance

This booklet gives a general overview of how data from the local government reports is analyzed and how the tests for compliance are conducted. Complete details of compliance requirements are in Minnesota Rules Chapter 3920.

This booklet also describes the computer software developed by MMB. This software calculates several of the tests for compliance and the reports produced by the software are explained on pages three through five.

Tests for Compliance

1. **Completeness and Accuracy Test** - determines whether jurisdictions have filed reports on time, included correct data and supplied all required information.
2. **Statistical Analysis Test** - described on pages three through five, compares salary data to determine if female classes are paid consistently below male classes of comparable work value (job points). MMB has developed software that calculates the results for this test. This test is generally applied to larger jurisdictions. For smaller jurisdictions, the alternative analysis is used.
3. **Alternative Analysis Test** - described on pages 14 through 17, compares salary data to determine if female classes are paid below male classes even though the female classes have similar or greater work value (job points). The software is not used for this test.
4. **Salary Range Test** - described on page 18, compares the average number of years it takes for individuals to move through salary ranges established for female classes compared to male classes. This test only applies to jurisdictions that have a system where there is an established number of years to move through salary ranges.
5. **Exceptional Service Pay Test** - described on page 19, compares how often individuals in male classes receive longevity or performance pay above the normal salary range compared to how often individuals in female classes receive this type of pay. This test applies only to jurisdictions that have a system that includes exceptional service pay.

Determining Whether the Alternative or Statistical Analysis Will Be Used

1. Alternative analysis - jurisdiction has:

- Three or fewer male classes.

NOTE: Jurisdictions with three or fewer male classes may want to skip over the information on pages two through seven describing the statistical analysis and computer reports.

2. Statistical analysis - jurisdiction has:

- Six or more male classes and at least one class with an established salary range, or
- Four or five male classes and an underpayment ratio of 80% or more. May or may not have classes with an established salary range.

3. Start in statistical analysis but go to alternative analysis - jurisdiction has:

- Four or five male classes and an underpayment ratio below 80%, or
- An underpayment ratio below 80%, six or more male classes, but no classes with a salary range.

Explanation of Computer Reports

Information contained in the next few pages is intended to explain the three reports produced by the Pay Equity Management System Software. Look at the sample reports as you read the following explanations. Each numbered explanation corresponds to a shaded number on the examples on pages three, five and six. For informational purposes, a sample of a graph produced with the Pay Equity Analysis software is shown on page seven.

Compliance Report

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from the

Pay Equity Implementation Report data. Parts II, III and IV of the Compliance Report give test results. For more detail on each test, refer to Minnesota Rules Chapter 3920.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	1	Female Classes	2	Balanced Classes	All Job Classes
# Job Classes	8		4		2	14
# Employees	14		4		24	42
Avg. Max Monthly Pay Per Employee	1,537.22		1,796.87			1,656.86
						3

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 150.0* 4

	Male Classes	Female Classes
a. # At or above Predicted Pay	5	3
b. # Below Predicted Pay	3	1
c. TOTAL	8	4
d. % Below Predicted Pay (b divided by c = d)	37.50 5	25.00 6

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 16 Value of T = -3.732 7

a. Avg. diff. in pay from predicted pay for male jobs = \$2 8

b. Avg. diff. in pay from predicted pay for female jobs = \$75 9

III. SALARY RANGE TEST = 105.71% (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 5.29

B. Avg. # of years to max salary for female jobs = 5.00

IV. EXCEPTIONAL SERVICE PAY TEST = 50.00% (Result is B divided by A)

A. % of male classes receiving ESP 50.00*

B. % of female classes receiving ESP 25.00

*(If 20% or less, test result will be 0.00.)

Compliance Report

Explanations below correspond to shaded numbers on page three.

1. **Average Maximum Monthly Salary for Employees in Male Classes**
2. **Average Maximum Monthly Salary for Employees in Female Classes**
3. **Overall Average Maximum Monthly Salary for an Employee**
4. **Underpayment Ratio**

The minimum requirement to pass the statistical analysis test is an underpayment ratio of 80%. The underpayment ratio is calculated by dividing the percentage of male classes below predicted pay (item five) by the percentage of female classes below predicted pay (item six). In the example on page three, $37.5 \div 25 = 150\%$. Jurisdictions with an underpayment ratio below 80% can improve their score by increasing salaries for female classes to at or above predicted pay. More details regarding predicted pay are on pages six through 13.

If the underpayment ratio is less than 80%, a jurisdiction may still pass the statistical analysis test if the t-test results (explained in item 7) are not statistically significant. The t-test measures the average dollar difference from predicted pay for male and female classes.

5. **Percentage of Male Classes Below Predicted Pay**

This percentage is calculated by dividing the number of male classes below predicted pay by the overall total of male classes. In the example on page three, the total of male classes is eight, and three fall below predicted pay. Therefore, $3 \div 8 = 37.50\%$.

6. **Percentage of Female Classes Below Predicted Pay**

This percentage is calculated by dividing the number of female classes below predicted pay by the overall total of female classes. In the example on page three, the total of female classes is four and one of those falls below predicted pay. Therefore, $1 \div 4 = 25\%$.

7. **T-Test & Degrees of Freedom**

These numbers are used only for jurisdictions with an underpayment ratio below 80%, at least six male classes and at least one class with a salary range. If the underpayment ratio is 80% or more, these numbers are not used nor are they used for jurisdictions in the alternative analysis.

These numbers show the average dollar amount that males and females are from predicted pay and answer the question: Are females paid less than males on average and, is the underpayment of females statistically significant?

To determine if these numbers show statistical significance, they must be checked against the table on page five. Find the DF number in the "Degrees of Freedom" column and then look across for the "Value of T." If the "value of t" on the compliance report is less than the "value of t" on the table, it means that either there is no underpayment of female classes or that the underpayment is not statistically significant. If the t-test number is the same or more than the "value of t" on the table, the underpayment for female classes is statistically significant and the jurisdiction would not pass the test.

Salary increases for female classes sufficient to eliminate statistical significance would allow a jurisdiction to pass the statistical analysis test even with an underpayment ratio below 80%.

In the example on page three, t-test results would not be used because the underpayment ratio is above 80%, but let's assume we needed to check these results. First, we would find 16 in the DF column

and then look across to find the value of t at 1.746. Since our t-test number is -3.732, well below the value of t on the table, these results would show that on average, females are not underpaid compared to males.

T-Test Table (5% Significance)					
<u>DF</u>	<u>Value of t</u>	<u>DF</u>	<u>Value of t</u>	<u>DF</u>	<u>Value of t</u>
1	6.314	12	1.782	23	1.714
2	2.920	13	1.771	24	1.711
3	2.353	14	1.761	25	1.708
4	2.132	15	1.753	26	1.706
5	2.015	16	1.746	27	1.703
6	1.943	17	1.740	28	1.701
7	1.895	18	1.734	29	1.699
8	1.860	19	1.729	30	1.697
9	1.833	20	1.725	40	1.684
10	1.812	21	1.721	60	1.671
11	1.796	22	1.717	120	1.658
				Infinity	1.645

While the entire method for calculating t-test results cannot be explained here, it is a commonly accepted mathematical technique for measuring statistical significance. The formula is fairly complex, but basically it factors in predicted pay, the dollar difference from predicted pay and the number of employees. The DF number is the total number of employees in male or female dominated classes only, minus two.

8. Average Dollar Amount Male Classes are Above or Below Predicted Pay

In the example on page three, the maximum monthly salary for male classes, on average, is \$2 above predicted pay.

9. Average Dollar Amount Female Classes are Above or Below Predicted Pay

In the example on page three, the maximum monthly salary for female classes, on average, is \$75 above predicted pay.

10. Salary Range Test

This number must be either 0% or 80% or more to pass this test. In the example on page three, 105.71% is passing. Jurisdictions not passing this test can pass it

by reducing the number of years it takes for female classes to reach maximum salaries, increasing the number of years for males to reach maximum salaries, or some combination of both. A result of 0% would mean that either there are no male classes with an established number of years to move through a salary range, no female classes with an established number of years to move through a salary range, or both. A description of how the salary range test is calculated is on page 18.

11. Exceptional Service Pay Test

This number must be either 0% or 80% or more to pass this test. In the example on page three, 50% is not passing. Jurisdictions not passing this test can pass it by either increasing the number of female classes that receive exceptional service pay, decreasing the number of male classes that receive exceptional service pay, or some combination of both. A result of 0% could mean that fewer than 20% of male classes receive exceptional service pay or that no female classes receive exceptional service pay. A description of how the exceptional service pay test is calculated is on page 19.

Statistical Analysis

Explanations correspond to shaded numbers below.

This report can be printed after the results are computed. The predicted pay and pay difference columns are helpful in analyzing the cost of adjusting the salary for any given class.

1. Predicted Pay

The most simplistic definition of predicted pay is that it is the average pay of male classes at any given point value. Predicted pay is calculated by averaging the maximum monthly salaries for male classes in the jurisdiction. It is the standard for comparing how males and females are compensated. Predicted pay is a mirror, or reflection, of the current compensation practice within a jurisdiction for male classes, but is not necessarily the salary that "should" be paid at any particular point level. Specific details of the method used to calculate predicted pay is explained in pages eight through 13. The graph on page seven shows a "predicted pay line" and how male and female classes scatter around that line. Predicted pay amounts are determined only from the jurisdiction itself, not from any external factors or salaries.

2. Pay Difference

Shows the dollar amount that maximum monthly salaries fall above or below predicted pay. If a jurisdiction does not pass the statistical test and needs to increase salaries for female classes, either to reach an underpayment ratio of 80% or eliminate the statistical significance of the t-test, this information is useful in calculating the cost. For example, the cost to increase the female class of "stage manager" to predicted pay would be \$6.20 per month.

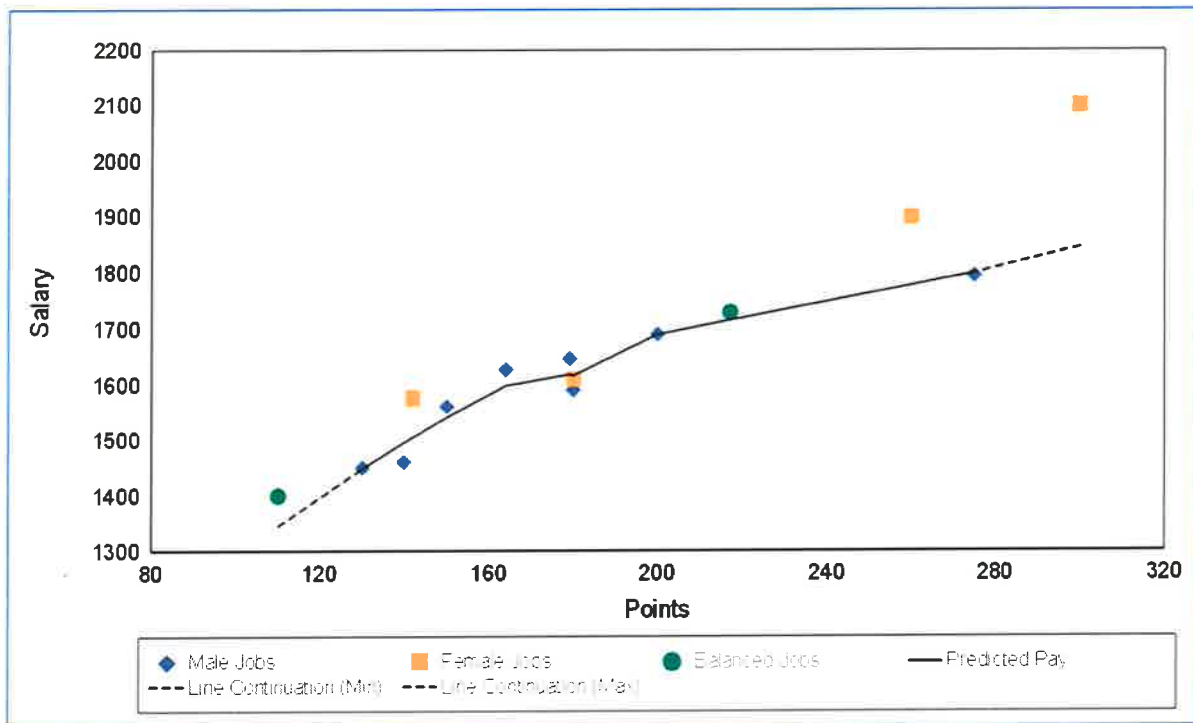
1
2

Predicted Pay Report for Stagenville Theater First Step To Broadway!
Case : 2011

Job Nbr	Job Title	Nbr Males	Nbr Females	Total Nbr	Job Type	Job Points	Max Mo Salary	Predicted Pay	Pay Difference
1	Box Office	1	1	2	Balanced	110	\$1,400.41	\$1,344.82	\$55.59
2	Stage Crew	6	1	7	Male	130	\$1,460.26	\$1,447.15	\$3.11
3	Props Chief	1	0	1	Male	140	\$1,460.94	\$1,495.59	(\$34.65)
4	Costume Designer	0	1	1	Female	142	\$1,575.89	\$1,505.17	\$70.72
5	Set Tech.	1	0	1	Male	150	\$1,580.75	\$1,540.12	\$20.63
6	Lighting Tech.	1	0	1	Male	164	\$1,625.50	\$1,598.54	\$26.96
7	Effects Eng.	1	0	1	Male	170	\$1,645.22	\$1,617.17	\$28.05
8	Stage Manager	0	1	1	Female	180	\$1,610.30	\$1,616.50	(\$6.20)
9	Writer	1	0	1	Male	180	\$1,590.19	\$1,616.50	(\$26.31)
10	Marketing Director	1	0	1	Male	200	\$1,690.85	\$1,689.43	\$1.42
11	Actor/Actress	10	12	22	Balanced	217	\$1,730.85	\$1,746.34	(\$17.49)
13	Producer	0	1	1	Female	260	\$1,900.00	\$1,773.81	\$126.19
12	Director	1	0	1	Male	275	\$1,705.76	\$1,900.00	(\$194.24)
14	General Manager	0	1	1	Female	300	\$2,100.87	\$1,848.29	\$252.58

Job Number Count: 14

Predicted Pay Graph



Job Class Data Entry List Report

Shows the data that has been entered for computation. This report should be carefully reviewed before computing the results. If any errors are found, they must be corrected before computing results.

Job Class Data Entry Verification List

Stageville Theater First Step To Broadway!
LGID 1

Case: 2011

Job Nbr	Class Title	Nbr Males	Nbr Females	Class Type	Jobs Points	Min Mo Salary	Max Mo Salary	Yrs to Max Salary	Yrs of Service	Exceptional Service Pay
1	Box Office	1	1	B	110	\$1,200.00	\$1,400.41	4.00	0.00	
2	Stage Crew	6	1	M	130	\$1,250.00	\$1,450.26	5.00	0.00	Longevity
3	Props Chief	1	0	M	140	\$1,260.00	\$1,460.94	5.00	0.00	Longevity
4	Costume Designer	0	1	F	142	\$1,375.00	\$1,575.89	5.00	0.00	
5	Set Tech.	1	0	M	150	\$1,360.00	\$1,560.75	5.00	0.00	Longevity
6	Lighting Tech.	1	0	M	164	\$1,400.00	\$1,625.50	6.00	0.00	Longevity
7	Effects Eng.	1	0	M	179	\$1,425.00	\$1,645.22	6.00	0.00	
8	Stage Manager	0	1	F	180	\$1,425.00	\$1,610.30	5.00	0.00	Longevity
9	Writer	1	0	M	180	\$1,400.00	\$1,590.19	6.00	0.00	
10	Marketing Director	1	0	M	200	\$1,490.00	\$1,690.85	4.00	0.00	
11	Actor/Actress	10	12	B	217	\$1,500.00	\$1,730.85	4.00	0.00	Performance
13	Producer	0	1	F	260	\$1,700.00	\$1,900.00	0.00	1.00	
12	Director	1	0	M	275	\$1,600.00	\$1,795.76	0.00	3.00	
14	General Manager	0	1	F	300	\$1,800.00	\$2,100.67	0.00	5.00	

Job Number Count: 14

Method Used for Predicted Pay Calculation in the Statistical Analysis

The following explanation is a general description of how predicted pay is calculated but does not include all details of the formula in [Minnesota Rules Chapter 3920](#).

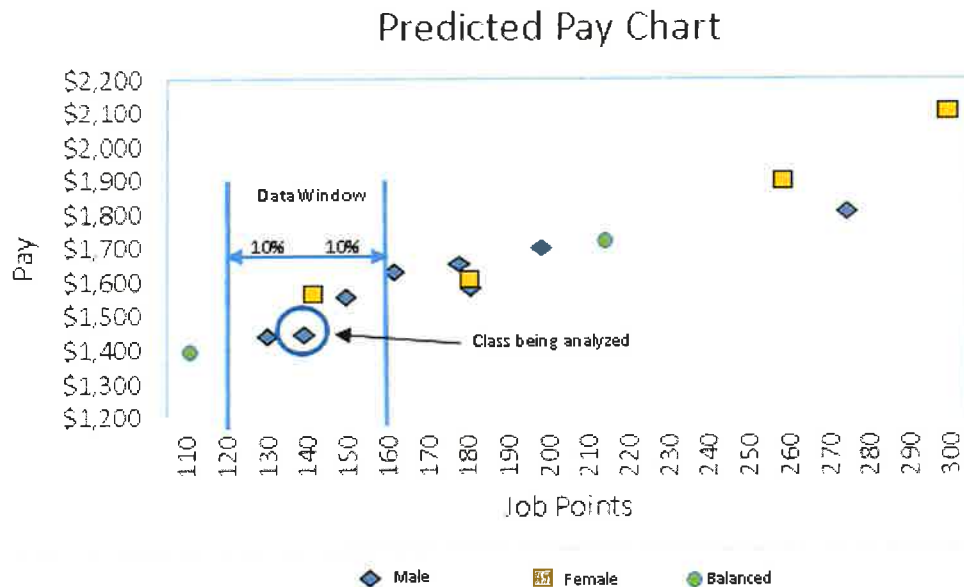
Basis of the Statistical Analysis

The definition in the Local Government Pay Equity Act for equitable compensation relationship says “...compensation for female-dominated classes is not consistently below the compensation for male-dominated classes of comparable value...”

The formula for the statistical analysis is based on three concepts found in the above definition: comparable value, male compensation and consistently below.

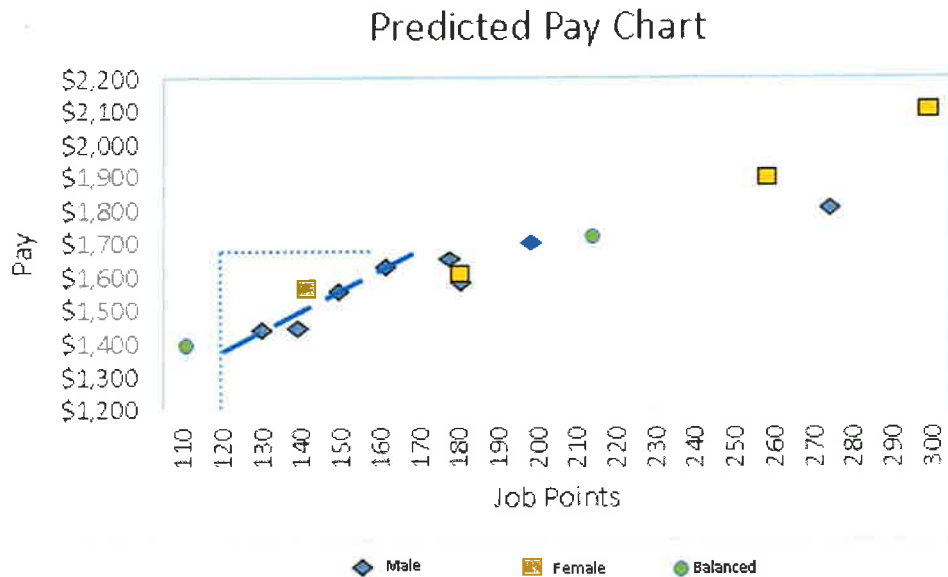
I. Defining “Comparable Value”

Except for classes in the lower and upper 10% of the point range, comparable value is defined by drawing a 20% window around the job class being analyzed. Each window extends 10% of the range of points on each side of the class. In the example, there is a range of 200 points from lowest to highest, so 10% would be 20 points. Each window must have at least three male classes (two of which have different points) and must include at least 20% of all male classes in the jurisdiction. If this criteria is not met, the window will expand at 5% increments on either side until the required number of male classes are included. The drawing below shows one window for one class.

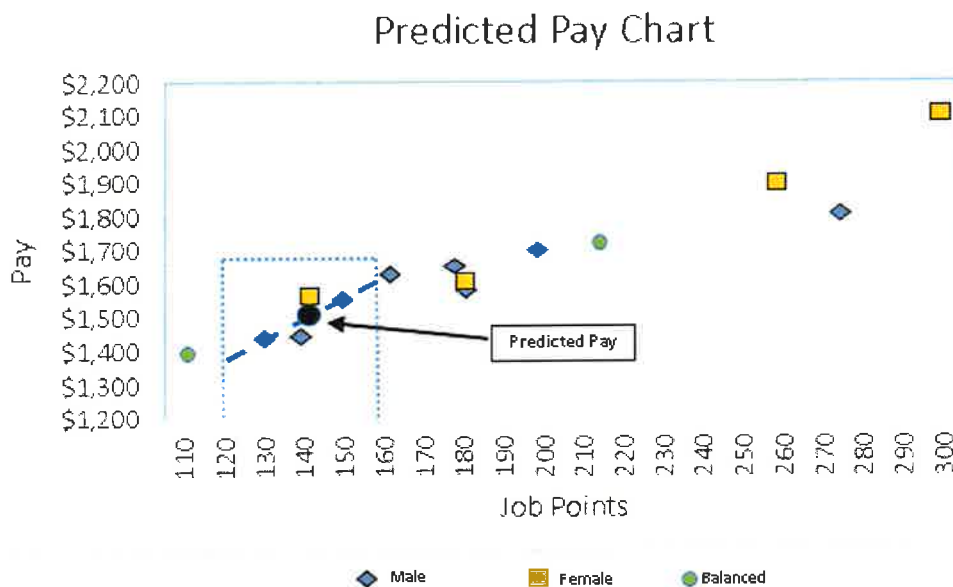


II. Defining “Male Compensation” or “Predicted Pay”

- A. The first step in defining male compensation is to draw a "mini" regression line through the male classes in the window.

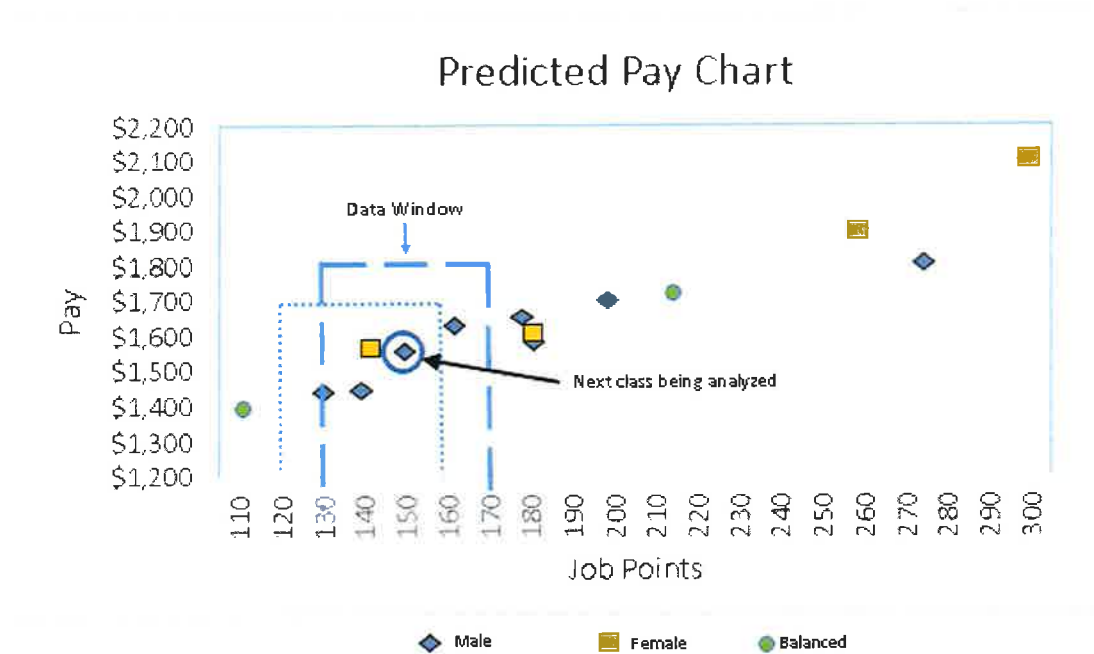


- B. The second step in defining male compensation is to look at the class being analyzed and the same point on the mini regression line. This point is called predicted pay.

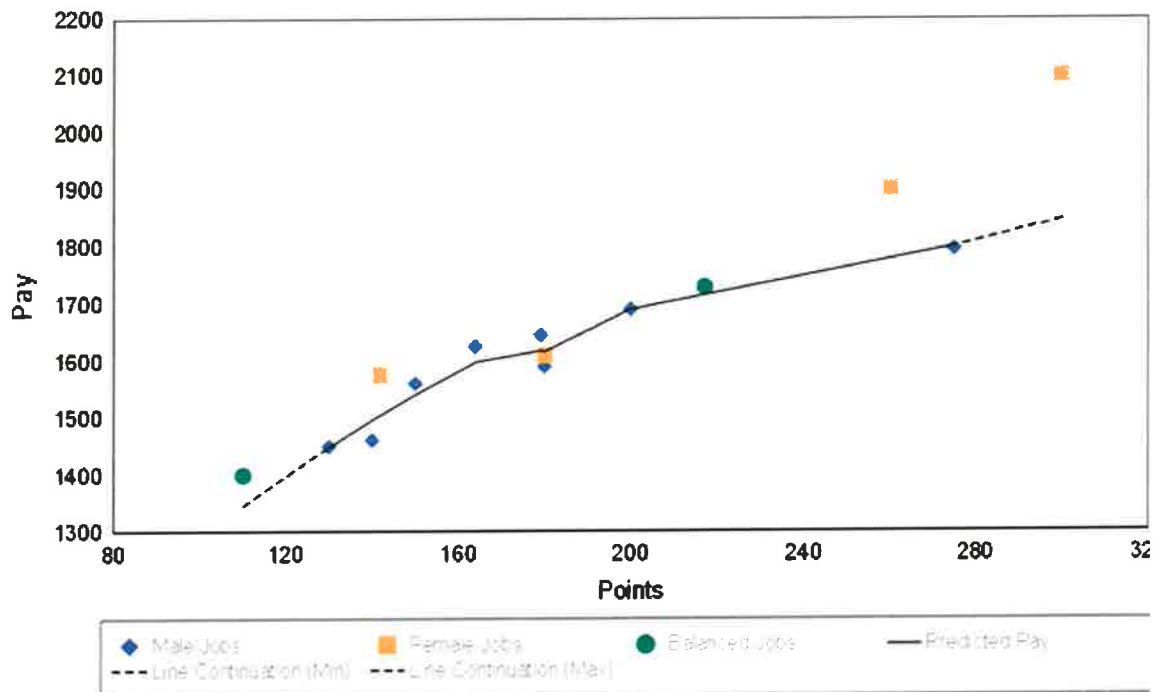


III. Defining “Consistently Below”

- A. A determination is made as to whether the class being analyzed falls above or below predicted pay. In the example, the female class being analyzed is above predicted pay.
- B. A new window is drawn when the next class is analyzed. This continues until all classes have been analyzed.



C. When all the classes have been analyzed, a predicted pay line is drawn.



D. The tabulation of the number of male and female classes above and below the predicted pay line is made.

For example:

F above	=	3	M above	=	5
F below	=	1	M below	=	3
Total	=	4	Total	=	8

E. The percentage of male and female classes below predicted pay is calculated by dividing the number of classes below by the total number of classes in each group.

Female classes:	$1 \div 4$	=	25.00%
Male classes:	$3 \div 8$	=	37.50%

F. The percentage of male classes below predicted pay is divided by the percentage of female classes below predicted pay. This produces the “underpayment ratio.”

$$37.50\% \div 25.00\% = 150.00\%$$

G. An underpayment ratio below 80% shows that female classes are compensated “consistently below” male classes of comparable value. If the underpayment ratio is below 80%, further analysis is done to determine if the underpayment of females is statistically significant. Using the t-test, a determination is made whether or not the dollar difference is statistically significant. Details of the t-test can be found on page four.

Alternative Analysis Test

The minimum requirement to pass this test is that:

- a. there is no compensation disadvantage for at least 80% of female classes compared to male classes; or,
- b. compensation differences can be accounted for by years of service or performance.

On the next few pages the four possibilities that exist for inequities or a compensation disadvantage are described.

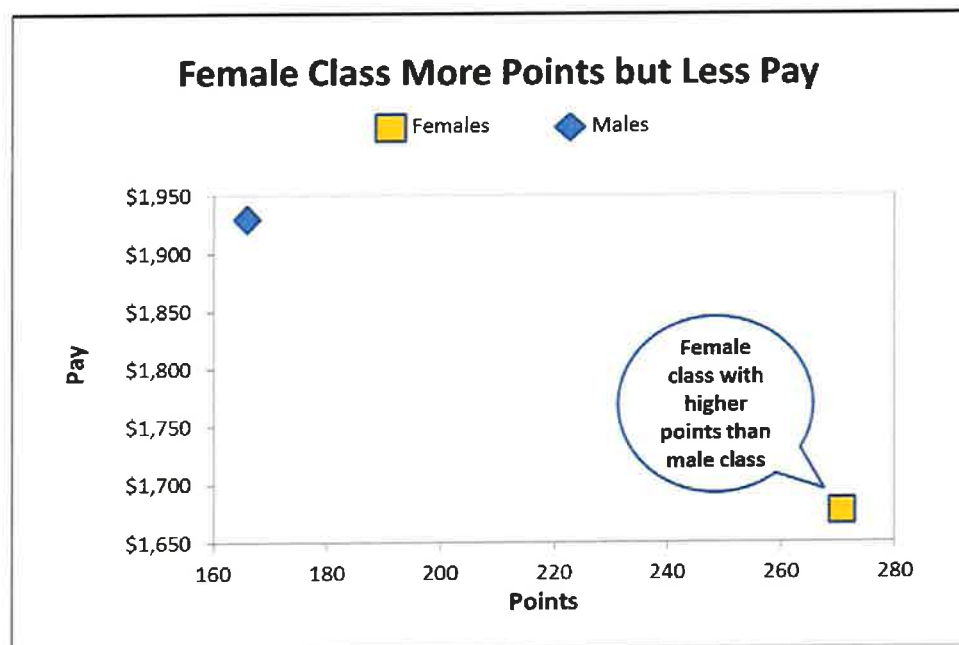
1. A female class with higher points has less compensation than a male class with lower points.

Example: In this case, the female job class of city clerk has more points but less pay than the male job class of maintenance supervisor.

<u>Job Title</u>	<u>Type</u>	<u>Class Points</u>	<u>Max. Monthly Salary</u>
City Clerk	F	275	\$1665
Maint. Sup.	M	171	\$1925

The minimum requirement to correct this inequity is that the female class must have a salary at least equal to that of the male class.

Graph illustrating inequity for female job class.



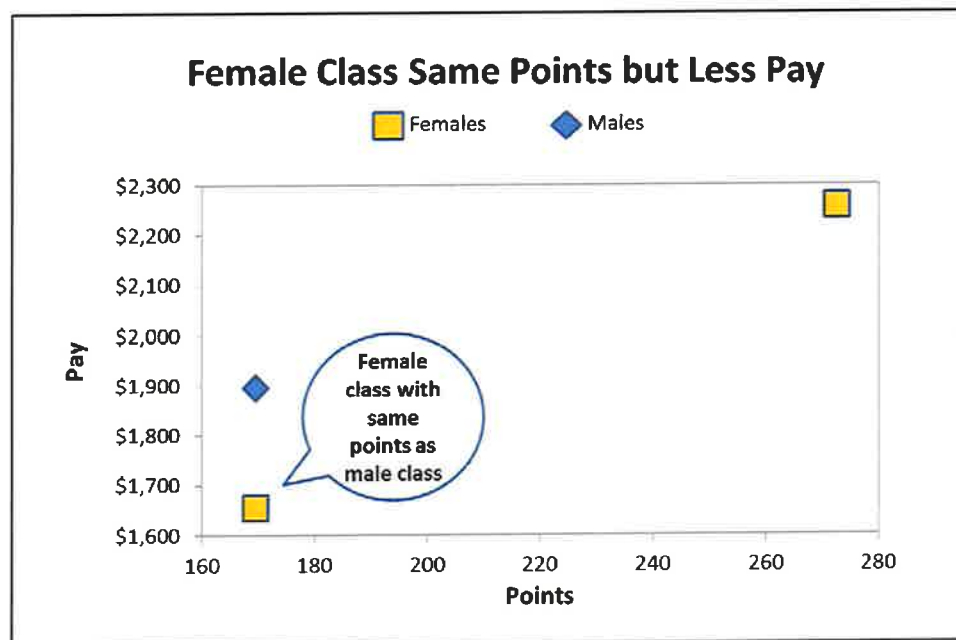
2. A female class has the same points as a male class but less compensation.

Example: In this case, the female job class of secretary and the male job class of maintenance have the same points but the secretary receives less pay.

<u>Job Title</u>	<u>Type</u>	<u>Class Points</u>	<u>Max. Monthly Salary</u>
City Clerk	F	275	\$2265
Maintenance	M	171	\$1900
Secretary	F	171	\$1630

The minimum requirement to correct this inequity is that the female class must have a salary at least equal to the male class.

Graph illustrating inequity for female job class.



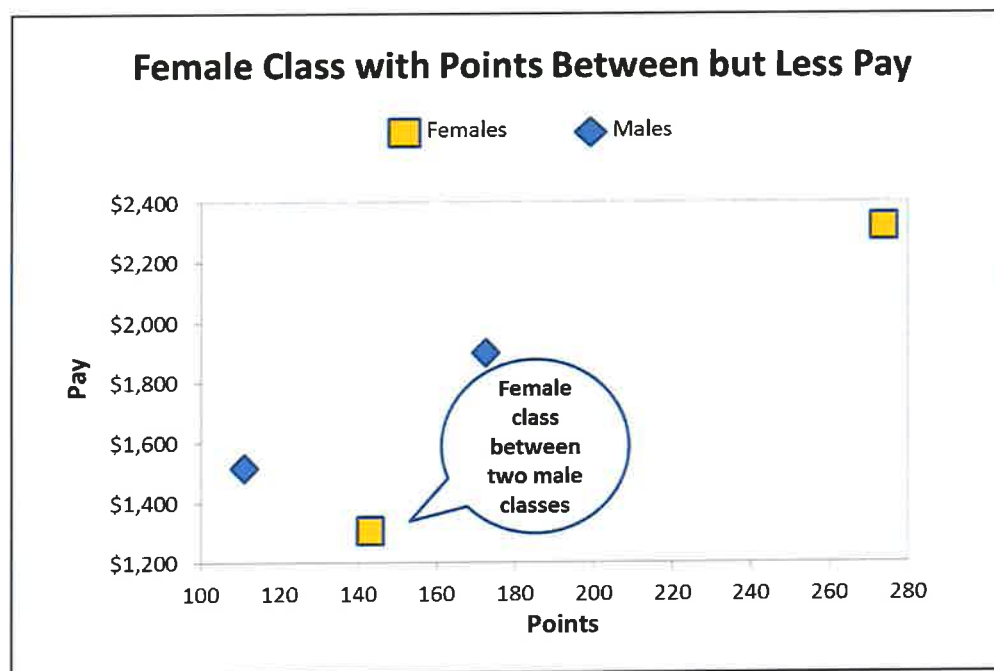
3. A female class has points between two male classes but compensation is not between or above the two male classes.

Example: In this case, the female job class of receptionist has points between two male classes but receives less pay than either of them.

<u>Job Title</u>	<u>Type</u>	<u>Class Points</u>	<u>Max. Monthly Salary</u>
City Clerk	F	275	\$2370
Maintenance	M	171	\$1900
Receptionist	F	141	\$1250
Custodian	M	111	\$1500

The minimum requirement to correct this inequity is that the female class must have a salary somewhere between the two male classes.

Graph illustrating inequity for female job class.



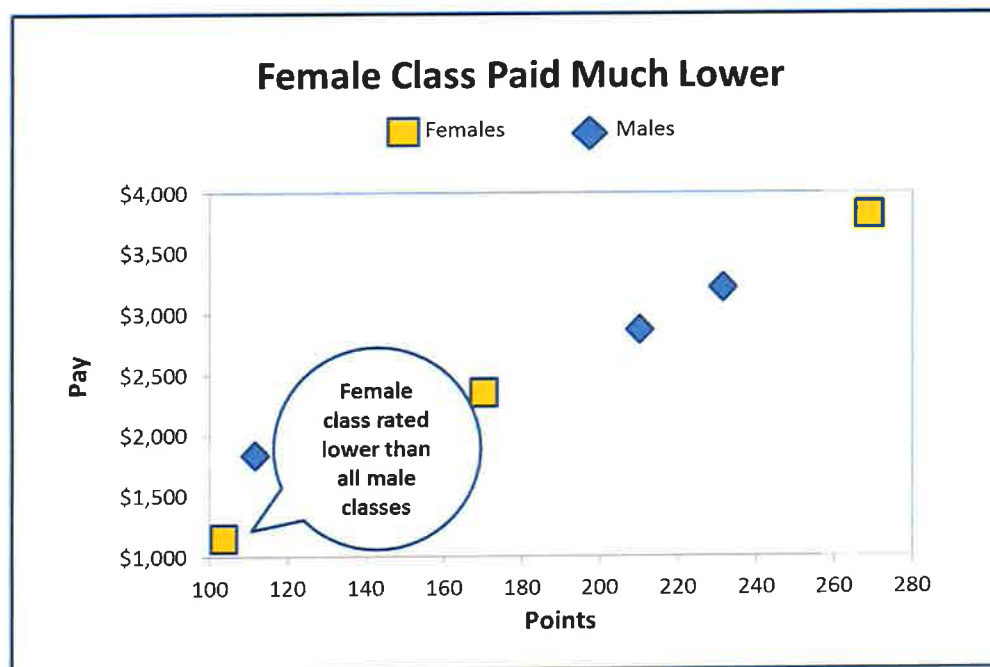
4. **A female class, rated lower than all male classes, is not compensated as reasonably proportionate to points as other classes.**

Example: In this case, the retail clerk has a salary of \$700 per month below the custodian but only six fewer points. For all other job classes where there is a salary difference, there is a larger difference in points. For example, the maintenance supervisor's salary is \$300/month less than the police officer and there is a difference of 23 points.

<u>Job Title</u>	<u>Type</u>	<u>Class Points</u>	<u>Max. Monthly Salary</u>
City Clerk/Admin	F	275	\$3800
Police Officer	M	236	\$3200
Maintenance Sup	M	213	\$2900
Admin. Sec.	F	173	\$2400
Custodian	M	111	\$1800
Retail Clerk	F	105	\$1100

While some difference in salary is acceptable due to the point difference, the salary for the retail clerk with 105 points must be much closer to the salary for the custodian with 111 points. When there is a question regarding the salary for female class or classes rated lower than all male classes, the judgment is made on a case-by-case basis, and the main considerations are the relationship of points and pay between other classes in the jurisdiction and past history of pay relationships that were previously in compliance. In this case, the minimum requirement to correct this inequity would be that the salary for the retail clerk would be approximately \$1,650/month.

Graph illustrating inequity for female class.



Salary Range Test

This is an example to show how the salary range test is calculated. It is not necessary to calculate this test manually if the software is being used. If the software is not being used, the following steps will produce a result for this test. Information is recorded for male or female classes only, not balanced classes. The information for this example is taken from the Data Entry List Report on page seven.

JURISDICTION: Stageville Theatre

Step 1

Look at the “years to max” column and identify male classes with an established number of years to move through a salary range.

Title	Years to Max
Stage Crew	5
Props Chief	5
Set Tech	5
Lighting Tech	6
Effects Tech	6
Writer	6
Marketing Director	4
<u>7</u> total classes	<u>37</u> total years

Step 2

Calculate the average years to reach maximum salary for male classes:

A. Total years from Step 1	37	
B. Total classes from Step 1	<u>7</u>	
C. Divide 2A by 2B	$37 \div 7 =$	<u>5.28</u> average years to max

Step 3

Look at the “years to max” column and identify female classes with an established number of years to move through a salary range.

Title	Years to Max
Costume Designer	5
Stage Manager	5
<u>2</u> total classes	<u>10</u> total years

Step 4

Calculate the average years to reach maximum salary for female classes:

A. Total years from Step 3	10	
B. Total classes from Step 3	<u>2</u>	
C. Divide 4A by 4B	$10 \div 2 =$	<u>5</u> average years to max

Step 5

Divide 2C by 4C and multiply by 100. $5.28 \div 5 = 1.05 \times 100 = 105\%$

Enter this result in Part C of the Pay Equity Implementation Report.

Exceptional Service Pay Test

This is an example to show how the exceptional service pay test is calculated. It is not necessary to calculate this test manually if the software is being used. If the software is not being used, the following steps will produce a result for this test. The information for this example is taken from the Data Entry List Report on page seven. Information is recorded for male or female classes only, not balanced classes.

Step 1

Look at the “exceptional service pay” column and calculate the percentage of male classes receiving exceptional service pay.

- A. Total number of male classes where an employee receives exceptional service pay. 4
- B. Total number of male classes in the jurisdiction. 8
- C. Divide 1A by 1B and multiply by 100. $4 \div 8 = .50 \times 100 = 50\%$

If result of 1C is 20% or less, stop here and check appropriate box in Part D of report form.

If result is more than 20%, go on to Step 2.

Step 2

Look at the “exceptional service pay” column and calculate the percentage of female classes receiving exceptional service pay.

- A. Total number of female classes where an employee receives exceptional service pay. 1
- B. Total number of female classes. 4
- C. Divide 2A by 2B and multiply by 100. $1 \div 4 = .25 \times 100 = 25\%$

Step 3

Calculate the ratio of female/male classes receiving exceptional service pay.

Divide 2C by 1C and multiply by 100. $.25 \div .50 = .50 \times 100 = 50\%$



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November 9, 2020

TO: Larry Koshire, Interim Utilities Manager *Larry Koshire*
 FROM: Sharon Walsh, Director of Customer Relations/Marketing *SNW*
 SUBJECT: COVID Relief - Grant Procedures

Overview

The following provides an overview of the proposed guidelines for distribution of grant funding to SPU customers, as well as the contractual agreement between SPU and the CAP Agency for said grant. This is in response to direction received from the Commission at the October 19th regular meeting. The intent of the grant is to provide aid to SPU customers who have been negatively affected financially from COVID. At that meeting it was decided an initial grant of \$25,000 would be established and a third party (CAP Agency) would be utilized for the administration of the grant monies.

Guidelines for Grant Money

1. Delinquency must have occurred between April 15, 2020 and December 31, 2020.
 - a. Because we bill in arrears, the March billing due April 15th would be the first billing that was affected by COVID.
2. Delinquent amounts owed before April 15, 2000 are not eligible.
3. Grant payment limited to residential customers only.
4. Residential customers must have incurred financial hardship –
 - a. Furloughed
 - b. Job loss
 - c. Resignation due to COVID (i.e., stay home to care/educate children)
 - d. Medical expenses related to COVID
5. Households requesting assistance must complete an application form and sufficiently document that assistance is financially necessary, due to a COVID-19 related financial impact.
 Documentation/proof of hardship may include:
 - a. Communications from employer (furloughed or terminated)
 - b. Unemployment documentation
6. Maximum grant payment is \$200 per service address.
 - a. This can be applied to multiple past due statements, but cannot exceed \$200 in total.
7. Grant payment limited to one payment per customer and residential service address.
8. Grant limited to electric or water service debt during the qualifying period.



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9. Assistance payments will be made directly to the account owed, unless determined to be administratively infeasible by SPU.
10. Funds are limited and are not guaranteed; they will be distributed on a first come, first serve basis for eligible applicants to be applied to delinquent water or electric accounts.
11. No income thresholds are required. The Grant is intended to assist those that have experienced financial hardship, but who may not qualify for low-income guidelines.
12. All applicants must complete and sign the grant application. The applicant must provide all required information verifying eligibility. Applicants must provide documentation requested to confirm eligibility and compliance with guidelines. Each applicant must confirm that no funds have been received from another source to cover these expenses.
13. SPU reserves any and all rights to deny any application that is not in compliance with program guidelines or these stated policies. SPU may modify these guidelines at any time.

Establishing the Grant with the CAP Agency

The attached document will serve as the contract between the CAP Agency and SPU. In conversations with the CAP Agency, a 10% administration fee is requested. Based on a \$25,000 grant, this would mean \$2,500 to CAP and \$22,500 in customer relief funding.

Under this arrangement, SPU would be able to provide assistance to more than 100 customers, at a minimum.

Action Required

Staff requests permission to proceed with contractual agreement with CAP Agency under these, or amended guidelines, and announce program to SPU customers.

**AGREEMENT TO ADMINISTER
SPU COVID-19 RELIEF FUND**

This Agreement (“Agreement”) is made this ____ day of November, 2020, by and between the Shakopee Public Utilities Commission (“SPU”) and CAP Agency (the “Agency”) a Minnesota nonprofit corporation, 712 Canterbury Road South, Shakopee, MN 55379.

RECITALS

A. By Emergency Executive Order 20-01, Governor Walz declared a peacetime emergency as to the infectious disease known as COVID-19 (the “COVID-19 Pandemic”), noting that the U.S. Department of Health and Human Services Secretary had declared a public health emergency for the United States and that the World Health Organization characterized the outbreak as a pandemic. The COVID-19 Pandemic has resulted in significant economic losses nationally and locally.

B. SPU has authority to fix electric and water rates, including the power to adjust and credit rates. In response to the COVID-19 Pandemic, SPU has determined that it serves a public purpose to commit up to \$25,000 for the COVID-19 Relief Fund (the “Fund”) to be used to assist SPU residential ratepayers with delinquent electric or water accounts as a result of the COVID-19 Pandemic.

C. SPU also finds that it is in the public interest and serves a public purpose, and that it is cost-effective, to partner with an experienced third party to administer and monitor the Fund in accordance with this Agreement and SPU requirements.

D. The Agency is a Minnesota nonprofit organization based in the Twin Cities that serves local communities and has the expertise and resources to perform all duties needed by SPU to efficiently administer the Fund and comply with all state and local requirements.

NOW, THEREFORE, in consideration for the promises of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

- 1. Purpose of Agreement.** SPU has dedicated up to Twenty-Five-Thousand Dollars (\$25,000) to be used to assist SPU residential ratepayers with delinquent electric or water accounts as a result of the COVID-19 Pandemic.
- 2. Term.** The Agency shall administer the Fund, commencing on the effective date of this Agreement and expiring on April 30, 2021, unless cancelled or terminated earlier in accordance with the provisions herein.
- 3. Responsibilities of Agency.** The Agency shall perform the following duties in full compliance with all federal, state, and local requirements, including, but not limited to, the SPU COVID-19 Relief Fund Guidelines (the “Guidelines”) set forth in **Exhibit A**:

A. Grant Administration. The Agency shall serve as fund administrator for the Fund, and will administer all aspects of the Fund in accordance with the Guidelines. The Agency's services include, but are not limited to, the following:

- (1) Promotion of the Fund to prospective SPU residential ratepayers in coordination with SPU;
- (2) Timely response to questions and providing technical assistance upon receipt of inquiries;
- (3) Technical assistance to prospective applicants in completing application form;
- (4) Intake of application forms via email and/or other submission methods mutually agreed upon;
- (5) Sending of email or other forms of notice to applicants to confirm receipt of applications;
- (6) Proper handling and security of private information submitted;
- (7) Record-keeping of applications received;
- (8) Determination of eligibility of applicants, and arranging applicable disbursements;
- (9) Coordination of requests for required documentation from applicants;
- (10) Review and evaluation of required documentation submitted by applicants;
- (11) Managing all aspects of grant administration;
- (12) Monthly reporting to SPU as set forth herein; and
- (13) Additional programmatic and financial information required for effective monitoring of services, upon request from SPU;
- (14) Proper handling and disbursement of funds for approved applications as a fiduciary to SPU; and
- (15) Upon request of SPU, performing a spot audit on five percent of grant recipients to ensure compliance with requirements.

B. Return of Unused Funds. The Agency shall disburse all moneys in the Fund no later than April 30, 2021 and complete reporting requirements no later than May 31, 2021. In the event that the Fund is not fully disbursed to eligible applicants before the deadline, the Agency shall return all unspent or unencumbered funds to SPU. This section shall survive the expiration, cancellation, or termination of this Agreement.

C. Reporting. The Agency agrees to submit reports monthly to SPU, providing the following information:

- (1) Number of applicants;
- (2) Number of grants approved; and
- (3) Total funds granted to ratepayers.

4. Release and Repayment of Grant Funds. Upon execution of this Agreement, SPU shall remit the Fund to the Agency to be held in a separate account or with sufficient documentation and record-keeping under this Agreement. The Agency shall be responsible to determine eligibility for grants, and grant repayment, in accordance with the Guidelines. The Agency shall retain any and all grant repayments for further grants under this Agreement, and shall provide a full

accounting to SPU. Once the Agency has determined eligibility, the Agency shall remit payment to SPU to apply to the appropriate account, with sufficient documentation as to the account and amount. SPU is not responsible for remedying fraudulent or unauthorized payments requested in the Agency's name.

5. Administration Fee. In consideration of its performance under this Agreement, the Agency shall be paid an administrative fee of no more than \$2,500.00, to be deducted from the Fund. The Agency shall prepare detail concerning its administrative fee to SPU as part of its reporting under this Agreement.

6. SPU Responsibilities. SPU shall support communications efforts to promote awareness of the Fund during the application period, and will, as needed, respond to requests from the Agency to facilitate the timely review of grant applications and the disbursement of funds.

7. Accounting Principles. All Agency accounting, procurement, and other services will comply with generally accepted accounting principles (GAAP) and applicable Agency policies.

8. Independent Contractor. The Agency is and shall remain an independent contractor throughout the term of this Agreement and nothing herein is intended to create, or shall be construed as creating, the relationship of partners or joint ventures between the parties, or as constituting the Agency as an employee of SPU.

9. Successors, Assigns, and Subcontracting. The Agency binds itself, its partners, successors, assigns, and legal representatives to SPU in respect to all covenants and obligations contained in this Agreement. The Agency shall not assign or transfer any interest in this Agreement without prior written approval of SPU, and subject to such conditions and provisions as SPU may deem necessary. The Agency shall not enter into any subcontract for performance of any services under this Agreement without the prior written approval of SPU. The Agency shall be responsible for the performance of all subcontractors.

10. Compliance with Legal Requirements; Non-Debarment Certification. The Agency shall comply with all applicable federal, state and local laws, as well as the rules and regulations of any regulatory body acting thereunder and all licenses, certifications, and other requirements necessary for the execution and completion of this Agreement. Unless otherwise provided herein, the Agency, at its own expense, shall secure and pay for all permits, fees, charges, duties, licenses, certifications, inspections, and other requirements and approvals necessary for the execution and completion of the contract, including registration to do business in Minnesota with the Secretary of State's Office. The Agency certifies that it is not prohibited from doing business with either the federal government or the State of Minnesota as a result of debarment or suspension proceedings.

11. Data Practices.

- A. All data collected, created, received, maintained or disseminated for any purpose in the course of the Agency's performance under this Agreement is subject to the provisions of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13 ("MGDPA"), any other applicable state statutes, any state rules adopted to implement the Act and statutes, as well as federal statutes and regulations on data privacy.

- B. The Agency designates _____ as its Responsible Authority Designee, pursuant to Minnesota Statutes § 13.02, subd. 6, as the individual responsible for any set of data collected to be maintained by the Agency in the execution of this Agreement.
- C. The Agency shall take all reasonable measures to secure the computers or any other storage devices in which data under this Agreement is contained or which are used to access Agency or SPU data in the course of providing services under this Agreement. Access to SPU data shall be limited to those persons with a need to know for the provision of services by the Agency.
- D. All SPU data and intellectual property stored in the Agency's system are the exclusive property of SPU.

12. Security. The Agency shall report to SPU any privacy or security incident regarding the information of which it becomes aware. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with System operations in an information system. "Privacy incident" means a violation of the MGDPA and/or the HIPAA Privacy Rule (45 C.F.R. Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached. This report must be in writing and sent to SPU not more than seven (7) days after learning of such non-permitted use or disclosure. Such a report will at least:

- (1) Identify the nature of the non-permitted use or disclosure;
- (2) Identify the data used or disclosed;
- (3) Identify who made the non-permitted use or disclosure and who received the non-permitted or violating disclosure;
- (4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures;
- (5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure;
- (6) Provide such other information, including any written documentation, as SPU may reasonably request. the Agency, at its sole cost and expense, is responsible for notifying all affected individuals whose sensitive data may have been compromised as a result of the Security or Privacy incident.

13. Insurance.

- A. The Agency shall purchase and maintain such insurance as will protect SPU from claims which may arise out of, or result from, the Agency's operations under this Agreement, or by anyone directly employed by the Agency, or by anyone for whose acts or omissions anyone of them may be liable.
- B. Throughout the term of this Agreement, the Agency shall secure the following coverages and comply with all provisions noted. Certificates of Insurance shall be issued to SPU evidencing such coverage throughout the term of this Agreement.

C. Commercial general liability of no less than \$500,000 per claim, \$1,500,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations total limit, \$1,000,000 personal injury and advertising liability.

- (1) All policies shall be written on an occurrence basis using ISO form CG 00 01 or its equivalent. The Agency will be required to provide proof of completed operations coverage for 3 years after substantial completion.
- (2) The Agency is required to add SPU, its respective officials, employees, and agents as Additional Insured to the Agency's Commercial General Liability, Auto Liability, Professional Liability, Pollution and Umbrella policies with respect to liabilities caused in whole or part by the Agency's acts or omissions, or the acts or omissions of those acting on the Agency's behalf in the performance of the ongoing operations, services and completed operations of the Agency under this Agreement. The coverage shall be primary and non-contributory.
- (3) Professional liability of no less than \$1,000,000 per claim and \$2,000,000 aggregate limit.
- (4) Workers' Compensation as required by Minnesota Law. Employer's liability with limits of \$500,000/\$500,000/\$500,000.
- (5) An umbrella or excess liability policy over primary liability insurance coverages is an acceptable method to provide the required commercial general liability and employer's liability insurance amounts. If provided to meet coverage requirements, the umbrella or excess liability policy must follow form of underlying coverages and be so noted on the required Certificate(s) of Insurance.
- (6) If the Agency is driving on behalf of SPU as part of the Agency's performance under the Agreement, a minimum of \$1,000,000 combined single limit auto liability, including hired, owned, and non-owned.
- (7) The Agency waives all rights against SPU, and its respective officials, employees, or agents for recovery of damages to the extent these damages are covered by the general liability, worker's compensation, and employers liability, automobile liability, and umbrella liability insurance required of the Agency under this Agreement.
- (8) These are minimum insurance requirements. It is the sole responsibility of the Agency to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Copies of policies shall be submitted to SPU upon written request.

- (9) Certificates shall specifically indicate if the policy is written with an admitted or non- admitted carrier. Best's Rating for the insurer shall be noted on the Certificate, and shall not be less than an A-.
- (10) The Agency shall not commence work until it has obtained the required insurance and if required by this Agreement, provided an acceptable Certificate of Insurance to SPU.
- (11) All Certificates of Insurance shall provide that the insurer give SPU prior written notice of cancellation or non-renewal of the policy as required by the policy provisions of Minnesota Statutes, Chapter 60A, as applicable. Further, all Certificates of Insurance to evidence that insurer will provide at least ten (10) days written notice to SPU for cancellation due to non-payment of premium.
- (12) Nothing in this Agreement shall constitute a waiver by SPU of any statutory or common law immunities, defenses, limits, or exceptions on liability.

14. Indemnification. The Agency shall indemnify, hold harmless, and defend SPU, and its respective officials, agents, and employees (the "Indemnified Parties") against any and all liability, losses, costs, damages, expenses, claims, or actions, including reasonable attorney's fees, which the Indemnified Parties may hereafter sustain, incur, or be required to pay, arising out of, or by reason of, any act or omission of the Agency and its officers, agents, or employees, in the execution, performance, or failure to adequately perform, the Agency's obligations pursuant to this Agreement.

15. Infringement. Complementary to other "hold harmless" provisions included in this Agreement, the Agency shall, without cost to SPU, defend, indemnify, and hold the Indemnified Parties harmless against any and all claims, suits, liability, losses, judgments, and other expenses arising out of or related to any claim that the Indemnified Parties' use or possession of the software, licenses, materials, reports, documents, data, or documentation obtained under the terms of this Agreement, violates or infringes upon any patents, copyrights, trademarks, trade secrets, or other proprietary rights or information, provided that the Agency is promptly notified in writing of such claim. the Agency will have the right to control the defense of any such claim, lawsuit, or other proceeding. The Indemnified Parties will in no instance settle any such claim, lawsuit, or proceeding without the Agency's prior written approval.

16. Audit. Until the expiration of six (6) years after the expiration of this Agreement, the Agency, upon request, shall make available to SPU, a copy of the Agreement, and the books, documents, records, and accounting procedures and practices of the Agency relating to this Agreement.

17. Notices. All notices under this Agreement, and any amendments to this Agreement, shall be in writing and shall be deemed given when delivered by certified mail, return receipt requested, postage prepaid, when delivered via personal service or when received if sent by overnight courier. All notices shall be directed to the Parties at the respective addresses set forth below. If the name

and/or address of the respective representative changes, notice of such change shall be given to the other Party in accordance with the provisions of this section.

If to SPU:

Shakopee Public Utilities
Attn: President
PO Box 470
255 Sarazin Street
Shakopee, Minnesota 55379

If to the Agency:

CAP Agency
Attn: _____
712 Canterbury Road South
Shakopee, MN 55379

18. Conflict of Interest. The Agency shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. The Agency warrants that it is not now aware of any facts that create a conflict of interest. If the Agency hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to SPU.

19. Setoff. Notwithstanding any provision of this Agreement to the contrary, the Agency shall not be relieved of liability to SPU for damages sustained by SPU by virtue of any breach of the contract by the Agency. SPU may withhold any payment to the Agency for the purpose of setoff until such time as the exact amount of damages due SPU from the Agency is determined.

20. Non-Conforming Services; Strict Performance. The acceptance by SPU of any non-conforming goods/services or strict performance of any terms of this Agreement or the foregoing by SPU of any of the rights or remedies arising under the terms of this Agreement shall not constitute a waiver of SPU's right to conforming services or any rights and/or remedies in respect to any subsequent breach or default of the terms of this Agreement. The rights and remedies of SPU provided or referred to under the terms of this Agreement are cumulative and not mutually exclusive.

21. Unavailability of Funding – Termination. Continuation of the Fund is subject to the availability and provision of funding from SPU. SPU may immediately terminate this Agreement if the funding for the Agreement is no longer available or is not appropriated by SPU. Upon receipt of SPU's notice of termination of this Agreement, the Agency shall take all actions necessary to discontinue further commitments of funds to this Agreement. Termination shall be treated as termination without cause and will not result in any penalty or expense to SPU.

22. Termination.

- A. This Agreement may be canceled/terminated with or without cause by SPU upon thirty (30) days' written notice.
- B. SPU may immediately terminate this Agreement if any proceeding or other action is filed by or against the Agency seeking reorganization, liquidation, dissolution, or insolvency of the Agency under any law relating to bankruptcy, insolvency or relief of debtors. The Agency shall notify SPU upon the commencement of such proceedings or other action.

- C. If the Agency violates any material terms or conditions of this Agreement, SPU may, without prejudice to any right or remedy, give the Agency seven (7) calendar days written notice of its intent to terminate this Agreement, specifying the asserted breach. If the Agency fails to cure the deficiency within the seven (7) day cure period, this Agreement shall terminate upon expiration of the cure period.
- D. SPU may terminate this Agreement without cause upon giving at least thirty (30) calendar days written notice thereof to the Agency. In such event, the Agency shall be entitled to receive compensation for services provided in compliance with the provisions of this Agreement, up to and including the effective date of termination.
- E. The Agency has an affirmative obligation, upon written notice by SPU, that this Agreement may be suspended or cancelled/terminated, to follow reasonable directions by SPU, or absent directions by SPU, to exercise a fiduciary obligation to SPU, before incurring or making further costs, expenses, obligations or encumbrances arising out of or related to this Agreement.

23. General Provisions.

- A. Time is of the Essence. Time is of the essence with respect to the performance of all obligations to be performed and observed by the parties to this Agreement.
- B. Amendments. All amendments to this Agreement shall be in writing and signed by an authorized representative of each party.
- C. Non-Discrimination. During the performance of this Agreement, the Agency agrees to the following: No person shall, on the grounds of race, color, religion, age, sex, sexual preference or orientation, disability, marital status, public assistance status, criminal record, creed or national origin, be excluded from full employment rights in, participation in, be denied the benefits of, or be otherwise subjected to discrimination under any and all applicable federal and state laws against discrimination.
- D. Force Majeure. Neither party shall be liable for any loss or damage incurred by the other party as a result of events outside the control of the party ("Force Majeure Events") including, but not limited to: war, storms, flooding, fires, strikes, legal acts of public authorities, or acts of government in time of war, or national emergency.
- E. Warranty. The Agency warrants that it has the legal right to provide the goods and services identified in this Agreement and further warrants that the work performed and the services provided shall be in compliance with the provisions of this Agreement.
- F. Severability. If any provision or term of this Agreement for any reason is declared invalid, illegal or unenforceable, such decision shall not affect the validity of any remaining provisions. The remaining provisions shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated and it is hereby declared the intention of the parties that they would have executed the

remaining portions of this Agreement without including any such part or portion which may be hereafter declared invalid.

- G. Interpretation of Agreement: Venue. The Agreement shall be interpreted and construed according to the laws of the State of Minnesota. All litigation regarding this Agreement shall be venued in Minnesota District Court in Scott County, Minnesota.
- H. Alteration. Any alteration, variation, modification, or waiver of the provisions of this Agreement shall be valid only after it has been reduced to writing and signed by both parties.
- I. Jointly Drafted. The parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either party.
- J. Entire Agreement. The written Agreement, including all attachments, represent the entire and integrated agreement between the parties hereto and supersede all prior negotiations, representations or contracts, either written or oral. No subsequent agreement between SPU and the Agency to waive or alter any of the provisions of this Agreement shall be valid unless made in the form of a written amendment to this Agreement signed by authorized representatives of the parties. Headings are provided for convenience and do not form part of the Agreement.
- K. Counterparts. This Agreement may be executed in any number of counterparts, and each such executed counterpart shall be deemed to be an original instrument, but all such executed counterparts together shall constitute one and the same agreement. Facsimile or PDF counterpart signatures to this Agreement shall be acceptable and binding.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below by a duly authorized representative of the party.

CAP AGENCY

**SHAKOPEE PUBLIC UTILITIES
COMMISSION**

Name:
Its:

Debra Amundson
Its: President

Date:

Date:

EXHIBIT A: SPU COVID-19 Relief Fund Guidelines

1. Delinquency must have occurred between April 15, 2020 and December 31, 2020.
2. Delinquent amounts owed before April 15, 2000 are not eligible.
3. Grant payment limited to residential customers only.
4. Residential customers must have incurred financial hardship –
 - a. Furloughed
 - b. Job loss
 - c. Resignation due to COVID (i.e., stay home to care/educate children)
 - d. Medical expenses related to COVID.
5. Households requesting assistance must complete an application form and sufficiently document that assistance is financially necessary, due to a COVID-19 related financial impact. Documentation/proof of hardship may include:
 - a. Communications from employer (furloughed or terminated)
 - b. Unemployment documentation
6. Maximum grant payment is \$200 per service address.
 - a. This can be applied to multiple past due statements, but cannot exceed \$200 in total.
7. Grant payment limited to one payment per customer and residential service address.
8. Grant limited to electric or water service debt during the qualifying period.
9. Assistance payments will be made directly to the account owed, unless determined to be administratively infeasible by SPU.
10. Funds are limited and are not guaranteed; they will be distributed on a first come, first serve basis for eligible applicants to be applied to delinquent water or electric accounts.
11. No income thresholds are required. The Grant is intended to assist those that have experienced financial hardship, but who may not qualify for low-income guidelines.
12. All applicants must complete and sign the grant application. The applicant must provide all required information verifying eligibility. Applicants must provide documentation requested to confirm eligibility and compliance with guidelines.
13. SPU reserves any and all rights to deny any application that is not in compliance with program guidelines or these stated policies. SPU may modify these guidelines at any time.



PO Box 470 • 255 Sarazin Street
 Shakopee, Minnesota 55379
 Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

DATE: November 10, 2020
 TO: Larry Koshire, Interim Utilities Manager *Larry Koshire*
 FROM: Greg Drent, Electric Superintendent *GD*
 Subject: Advanced Metering Infrastructure (AMI) Discussion

Background:

SPU has looked at AMI for many years. In 2011, West Monroe did a study for SPU on a smart grid technology roadmap. The total cost at that time was going to be about \$21.1 million dollars. The Commission decided in 2011 that the total cost outweighed the benefits of an AMI project.

Since 2011, we have continued to keep a close eye on AMI costs and benefits. We feel that it is time for SPU to revisit an AMI project and get direction from SPU commissioners.

1. SPU have done some small-scale projects and added over 1200 meters, which we can drive by and read.
2. SPU have installed 24 meters that are remote disconnects so we can read and disconnect from the office.
3. SPU staff has recently interviewed some of the major meter manufacturers to understand who can read water and electric meters.
4. SPU staff went to Marshall, MN to look at their AMI project and get some insight on the process of deploying an AMI project.
5. We interviewed two consultants who have deployed many AMI projects.

In 2020 and 2021, we have CIP dollars allocated to hire a consultant to help staff plan, design, bid documents, Pilot/Demonstration phase and construction phase of an AMI project.

Greg Johnson from Katama Technologies will be on the Webex to answer any question and go over a time line of an AMI project.

Recommendation:

Hire Katama Technologies for professional services for planning, Design, Bid Period, Pilot/Demonstration and Construction period for SPU AMI system.

Katama Technologies proposal is as follows:



**Proposal for Consulting Services
Advanced Metering Infrastructure**

**Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379
Attn: Greg Drent, Electric Superintendent**

KTI Contacts:

Greg Johnson
Katama Technologies
NRECA KTI Business Associate
Phone: 704-225-7864
E-mail: gjohnson@katamatech.com

Pat Corrigan
Katama Technologies
NRECA KTI Business Associate
Phone: 919-523-9597
E-mail: pcorrigan@katamatech.com



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OVERVIEW

Katama Technologies, Inc. (KTI) is responding to Shakopee Public Utilities' (SPU) RFP for Consulting Services – Advanced Metering Infrastructure with no exceptions to the scope of work. KTI is the handpicked partner for both Public Power's Hometown Connections and NRECA's National Consulting Group. KTI has been serving public power and member owned utilities since 2003. Since the very beginning our strategy has remained simple and clear headed:

1. To enable consumer owned utility companies to achieve their business strategies
2. Where these strategies involve an investment in technology, to ensure that the utilities get the best value for their technology dollar.

KTI does this by not only helping but also doing. We **help** with the key elements of any strategic project that involves technology including planning, acquisition, implementation, and support. We **do** the work required to ensure that SPU gets attractive solutions, justifiable decisions, well run projects, prepared/trained employees, and prices that are competitive and fair. Over the years, KTI has developed tools and methods that have proven successful at achieving these objectives. Throughout this proposal we provide specific examples of these tools and methods; meanwhile, we provide a summary of some of our methods/approaches below.

Though it may seem obvious to say that technology should help people, it is important to state it and make it a part of the project's overarching vision. When "helping people" is put at the top of the agenda, the resulting work effort centers around using technology as a tool rather than as an achievement in itself. This is an important distinction. For example, work processes and process improvement become as important as the technology since "work processes" is how people do their jobs. Thus understanding business processes is important to properly on-boarding the technology – from both a configuration and training perspective. Often the vendor training is only technology based and does not consider the underlying processes. This can lead to holes in the knowledge of the employees that are tasked with using the new technology or, even worse, alienating the employees from the initiative.

Requirements planning lays the groundwork for what will come. KTI's requirements planning method ensures that a team approach is used to gather the requirements. The cross-functional team approach helps us to discover important requirements, but it also helps to build a sense of ownership and enthusiasm among the SPU employees. Employee interest and commitment are important components throughout the execution of the AMI initiative, but especially during project execution and post go-live. Our requirements planning method uses both large team meetings and smaller workshop type meetings to optimize everyone's time and input. The results of the requirements planning process contribute to the key deliverables needed for the RFP including a *functional specification document* and a *use case document*. The functional specifications include technical, performance, and feature requirements. The use cases include descriptions of the specific ways that SPU wants to utilize the technology within their business processes. This approach helps to avert misunderstandings or miscommunications with the vendors and positions SPU with a more defensible position should a dispute arise.

Another important method is our proposal analysis method. We analyze each proposal for completeness and compliance. The compliance tool measures both quantitative and qualitative results. For example, the tool makes it easy for SPU to see within one display how each vendor compares numerically relative to compliance. Percent partial compliance and percent no compliance are both provided. The tool also allows you to drill down to see more detail if needed – for example if you wanted to see more clearly what is meant by partial compliance.

For business case development, we can gather the costs and expected benefits data while we are gathering requirements data. This makes more productive use of your time. Our AMI business case tool provides a disciplined means for managing the detailed cost gathering as well as gathering the latest market pricing data. KTI's steady involvement with AMI projects and vendors allows us to provide an accurate forecast of pricing resulting in better estimates for budgeting and ROI. These data can easily be updated after final proposals are received. The tool also provides convenient exhibits for use in reports or presentations.

KTI has other methods and tools to help with other key aspects of the AMI initiative including support with communications, contract negotiations, process improvement, project management, training, and post implementation support.

SOCIAL DISTANCING

KTI respects governmental and company regulations related to reducing the spread of COVID19. In preparation for social distancing and its impact on our ability to meet face to face, KTI has developed remote working practices and methods. Underlying these practices are web-based conference tools like Zoom, MS Teams, and GoToMeeting. These tools not only facilitate video-based meetings, but they allow collaborative work sessions where a small group of people may be working on a single document together through live document sharing. We also use checklists and post meeting follow-up items to help ensure completeness of work. KTI has been pleased with how well the remote working processes have worked with other clients in 2020. The most challenging aspect of remote work is in achieving the full measure of teaming since effective teaming involves the careful building of relationships. Relationship building is much harder to do using



Katama Technologies has public power and cooperative clients throughout the USA including Alaska and Hawaii.

remote meeting tools, but we try to compensate for this by making sure we are very responsive and helpful to the SPU team members in other ways.

WORK REQUESTED BY SPU

To help provide uniform communications, KTI will follow the outline of 5 phases as provided in SPU's RFP as we describe our services and offering. The scope of work shall include the tasks associated with each of the five phases.

- A. PHASE 1 – Planning
 - 1. Discovery/review – strategic vision of SPU
 - 2. Inventory of current applications
 - 3. High-level review of expected functionality
 - 4. Review of AMI vendors and associated functionality
 - 5. Estimate system implementation and ownership costs
 - 6. Determine expected solution benefits
- B. PHASE 2 – Design
 - 7. Define system functionality
 - 8. Determine interoperability requirements and use-cases
 - 9. Review of implementation plans
 - 10. Prepare technical documents
 - 11. Prepare commercial / contract documents
- C. PHASE 3 – Bid Period
 - 12. Release bid documents
 - 13. Manage questions from vendors
 - 14. Review and assess the vendors/proposals
 - 15. Collaboratively select the optimal AMI partner
 - 16. Support contract negotiations
- D. PHASE 3 – Pilot
 - 17. Proof of Concept (POC) Project Management
 - 18. System Integration/Testing
- E. PHASE 3 – Construction
 - 19. Construction (POC) Project Management
 - 20. Final Acceptance support

SCOPE OF WORK PROPOSED BY KTI

FIVE PHASES

To align with the SPU RFP, KTI proposes five distinct phases for the AMI initiative as shown in the diagram below. The phases are interrelated and support each other both forwards and backwards. For example, during subsequent phases, KTI proposes that lessons learned are recycled back to the planning phase to test assumptions and update financial and technology plans going forward. Any or all the services can be provided to SPU on a single contract basis or on an ad hoc basis – whichever is more convenient for SPU.

KTI's Phased Approach to AMI Life Cycle of Services

PHASE 1 – PLANNING

- Strategic Alignment
- Review of Existing Capabilities and Needs Including IT and Organization
- Business Case – Cost Benefit Analysis
- Budget and Timelines
- Technology Plan Fit
- Industry, Vendor and Technology Review
- Likely Technology Best Fit
- Formulate Planned Course of Action

PHASE 2 – DESIGN

- Specifications Writing
 - Functional Requirements
 - Technical Requirements
 - Specific Use Cases
- RFP Writing
 - Terms and Conditions
 - Rules and Processes
 - Governance

PHASE 3 – BID PERIOD

- Commercial Solicitation
- Proposal Evaluation
 - Content Screening
 - Scoring System
 - Decision Making Analysis
- Select Short List Candidates
 - Interview Presentations
 - Refine Decision Making Analysis
 - Visit Reference Sites
- Final Selection and Justification
- Contract Negotiations

PHASES 4 & 5 – IMPLEMENTATION

- Project Planning
 - Installation Approach
 - Tracking Tools
 - Acceptance Planning and Testing
 - Reporting Tools
 - Processes and Quality Hints (Learn from Others)
 - Precedent References (Learn from Others)
- Project Execution
 - Organization
 - System(s) Acceptance
 - Resource Identification
 - Process Definitions
 - Training
- Performance Monitoring
 - Define Metrics
 - Update Key Metrics Schedule (Daily, Weekly?)
 - Reporting Schedule
 - Escalation Logic

OPTIONAL SUPPORT

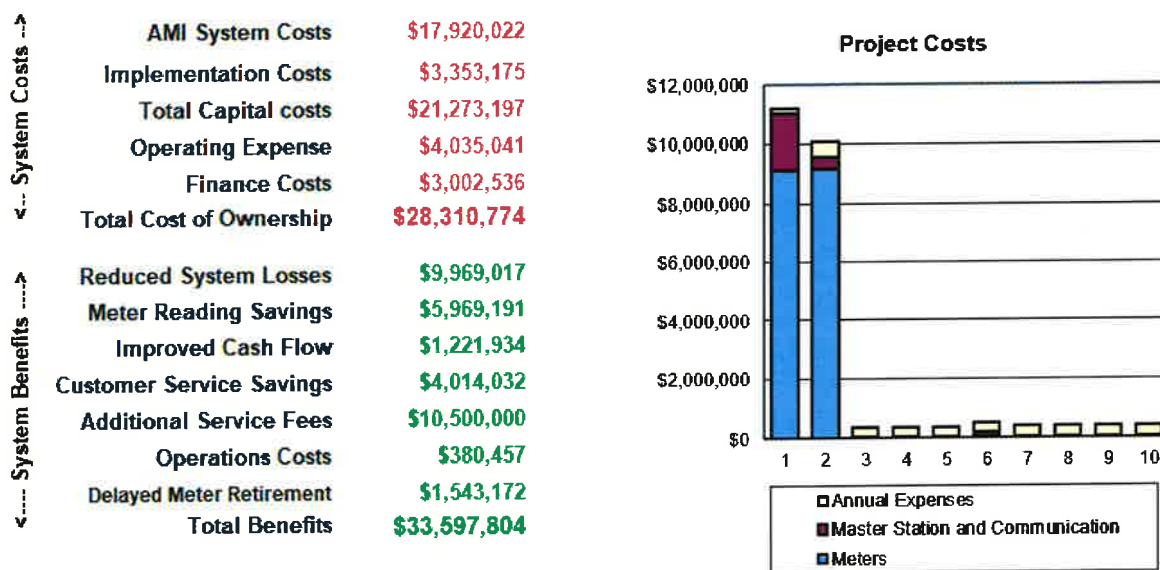
- Business Process Improvement and Alignment with New Technology
- Employee Training on Both Technology and New Business Processes
- Support and Maintenance Agreement Considerations
- Overall Project Assessment
- Review/Update the Technology Plan Relative to Lessons Learned or Changes in Value Expectation

PLANNING PROCESS

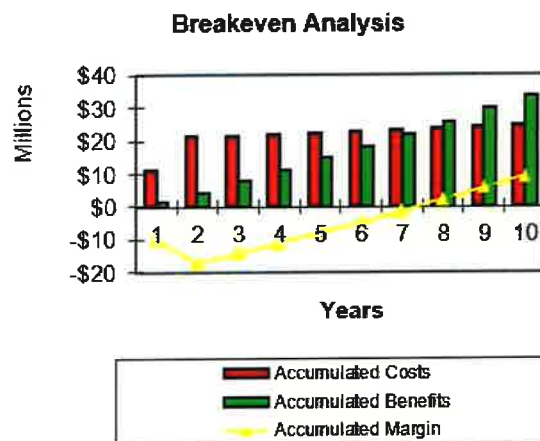
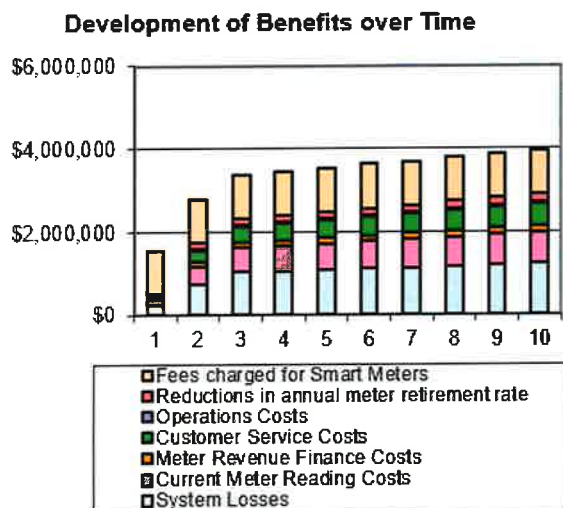
Our first step in the project, before developing an RFP or assembling a business case, will be to gather information from affected departments and from the Utility leadership to understand the collective short, mid and long term goals to identify where the AMI project can impact those goals. During our interviews, we expect to identify goals related to the normal areas of operational efficiencies that can be realized through implementation of AMI and will hear about the desire to provide customers data about their energy and water usage. In addition, we will also explore how the AMI can support other goals of the City/Utility including faster response time to customers, more options to reduce their cost of energy by offering additional rate or payment options, reduced exposure and liability for employees that avoid going onto private property frequently, and better management of the distribution system through discovery of line loss, or potential over/underload on equipment.

KTI will then conduct remote workshops with key personnel to gather requirements and financial data. The remote workshops will include questions targeted at getting the data needed to produce the business case, assumptions, and recommendations. Broad topics may include business needs, finances/costs identification, customer/market assessment, existing application assessment, application extension, existing technology assessment, delivery/operation/support assessment, and risk analysis. Document results of workshops and business case in presentation format for use with leaderships.

KTI has experience in presenting to utility executives, utility boards, city managers, and city councils. We understand how to communicate at a technical level, business level and political level. Our communications are carefully calibrated and vetted to ensure the utility business process and city political process is respected and followed. Examples of exhibits used for the business case presentation are provided below.



Est. 10 yr impact for AMI system: **\$5,287,029**



DESIGN PROCESS

KTI often leads the effort to develop a detailed Request for Proposal (RFP) including overall system specifications for the AMI functionality with associated terms & conditions. This means that we will write these documents and manage the process for developing them in line with SPU's needs. Typically, the RFP is created in a "contract-ready" format that considers SPU's legal and commercial requirements. We also include a system acceptance test (SAT) for the verification of the complete solution to enable the confident transition to full-scale deployment.

WORKSHOPS

Our approach to the development of an RFP with SPU is collaborative. We will use remote sessions to gather important feedback from functional groups. While much of the technical requirements information has already been gathered as a part of the RFI process, there will be additional questions to further define the use cases so that the final RFP is fully responsive to SPU's needs. Example discussions and questions include:

- What are the strengths and weaknesses of the key business processes?
- How can/will the solution assist with improved processes?
- Who (or what department) will own and operate the master station component of the system?
- Who will perform installation of the devices? If needed, KTI can support SPU with the evaluation and selection of qualified contractors capable of replacing existing meters with AMI meters and performing visual inspection of meter installations.
- Who will maintain the communication network? KTI can help SPU identify a plan for maintaining the communications network including recommendations for service level agreement support from the vendors.

- What scenarios are desirable for each department?

With SPU approval, KTI will release the Request for Proposals (RFP) and manage the subsequent effort to evaluate and select the final vendor.

- Development of all RFP documents including system specifications, use cases, invitation letters, coordination of T&C, and data forms.
- Develop methodology for considering, evaluating, and listing vendors prior to issuance of bids;
- Issue the bids and manage the bid process;
- Coordinate with vendors on Q&A and due dates;
- Analyze the proposals and present compliance and strengths/weaknesses to SPU;
- Facilitate the development of decision-making tools;
- Re-evaluate the cost-benefit analysis based upon vendor bid submissions and changes to the original assumptions and SPU's needs.
- Coordinating finalist vendor presentations and product demonstrations
- Support SPU with reference evaluations including developing key questions and observation checklists; as well as, identifying, scheduling, and traveling with the AMI team to up to three targeted reference sites
- Facilitate decision making process for final vendor selection and assist with utility and city presentations as directed by SPU management.

BID PERIOD / VENDOR SELECTION

KTI is committed to providing a structured process to generate a vendor recommendation that best meets the needs of SPU. Evaluation of bids is collaborative. Decision criteria are defined before evaluation of the bids. Decision making will include measured allowances for:

- Compliance with technical requirements;
- Compliance with terms and conditions;
- Reference checks;
- "Evaluated" ownership costs of each vendor's system
- Vendor presentation, service, and support;
- Customer satisfaction/system benefits (as perceived by SPU and KTI);
- Other requirements to meet SPU' needs.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
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Sample Compliance Matrix - One of the proposal analysis tools is the compliance matrix. This tool uses pivot tables to provide both quantitative and qualitative assessments of the vendor's proposals in a way that makes it easy to compare the offerings and each vendor's compliance with the specifications and use cases. The pivot tables make it easy to drill down to find supporting details.

In short, KTI will ensure that the vendor evaluation process is thorough, justifiable, and compliant with SPU's requirements. We will cooperate with your team and appointed outside resources as necessary to achieve this goal.

CONTACT DEVELOPMENT AND NEGOTIATION

KTI has broad experience with developing and negotiating contacts to improve SPU's commercial and legal position with the vendor(s). KTI knows when vendors are not being competitive with terms, prices, and policies. We will work with SPU and SPU's appointed attorney to ensure SPU gets a contact that is fair and competitive in marketplace. We will pay special attention to those areas of the contract that can shield SPU from undue business risk including warranty, indemnity, liability, and delay.

PILOT

The systems verification and acceptance are normally considered a part of Implementation (Phase 3). In any case, a system acceptance process is needed to ensure that system functionality and performance metrics promised by the selected AMI vendor are measured and verified before the system is accepted by SPU. To fully protect SPU and member's investment, KTI recommends that this requirement be included in the RFP for the AMI vendors.

KTI has experience with the system and performance testing and we will generate an appropriate SAT plan for use by SPU. Once the project has commenced final details associated with the plan will be determined and KTI will support SPU to ensure that the tests are performed properly and to the satisfaction of SPU.

System Acceptance Test Plan

Section	Description	Page
1	Background	2
2	System Specification	3
3	Test Strategy	4
4	Testing Process	6
5	Test Plan	8

Sample System Acceptance Test Plan Contents

IMPLEMENTATION SERVICES

To support implementation per the Project and SAT Plans, KTI offers project management services (on-site and off-site) including the provision of periodic management progress reports. Services provided to SPU for this portion of project implementation support are based upon time and expenses incurred during the implementation timeframe.

To assist with project management, the KTI consultant will work on-site at SPU eight days per month and four days off-site from the time of vendor selection to the time of SAT completion. Once the SAT is completed on-site time will drop to 4-6 days per month. Further alterations in support levels may be desired by SPU in later stages of the project. Per mutual agreement and with advance notice project management support may be reduced or increased as deemed appropriate.

During implementation, the consultant will be responsible and accountable for coordinating resources required to implement the AMI. The utility will make appropriate office space and IT resources available to the consultant. The consultant will provide monthly management level reports available to SPU that may be used to track the implementation progress (see Figures 2 and 3). SPU or utility will ensure that a Project Coordinator is made available that can troubleshoot local issues, track availability and status of local materials.

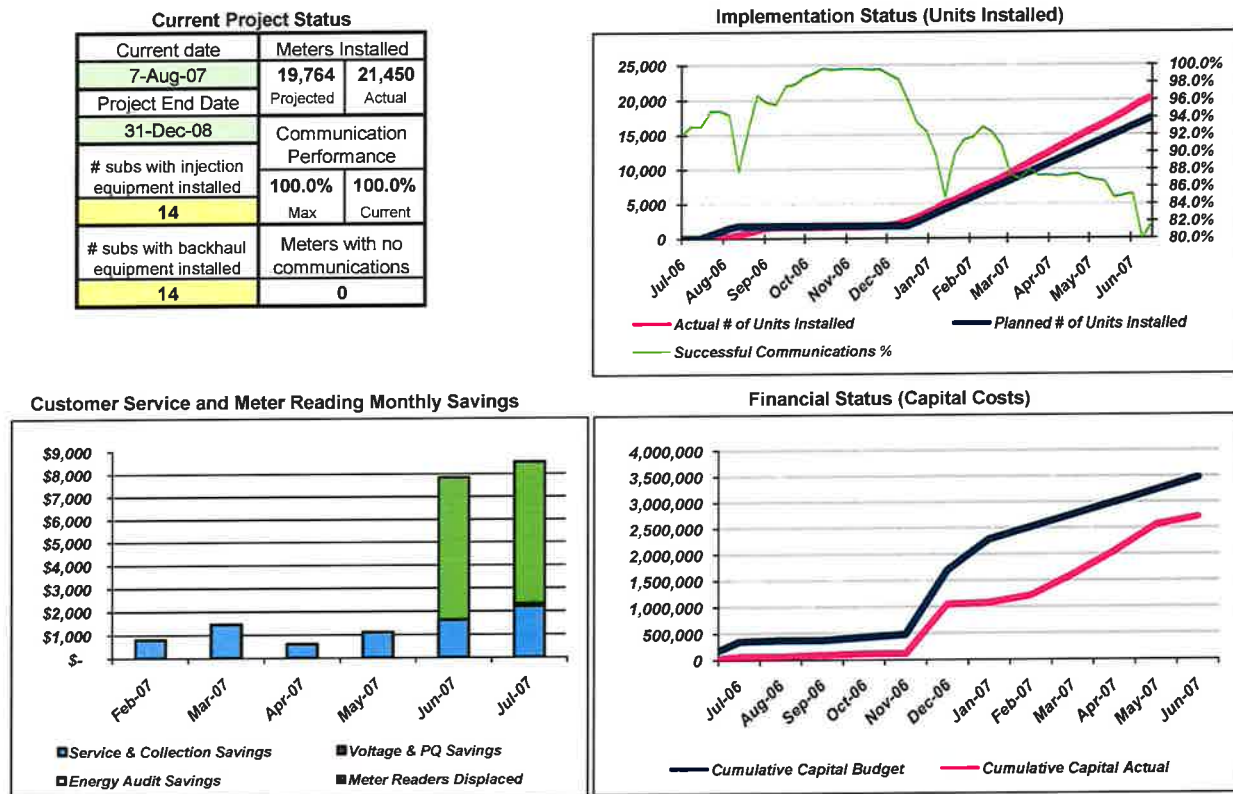


Figure 2 - Sample Project Dashboard #1

Item	Total Budget	Projected "to-Date"	Actual "to-Date"	"to-Remaining Budget"	(Over) / Under "to-Date" Projection
AMI HARDWARE NETWORK INFRASTRUCTURE	\$ 2,783,934	\$ -	\$ 2,696,225	\$ 87,708	\$ (2,696,225)
AMI SOFTWARE	\$ 82,116	\$ -	\$ 82,116	\$ 0	\$ (82,116)
AMI PROJECT DELIVERY SERVICES	\$ 351,450	\$ -	\$ 335,026	\$ 16,424	\$ (335,026)
TROPOS MID-TIER BACKHAUL NETWORK	\$ 283,738	\$ -	\$ 263,090	\$ 20,649	\$ (263,090)
WORK ORDER MANAGEMENT SYSTEM	\$ 328,924	\$ -	\$ 338,739	\$ (9,815)	\$ (338,739)
WATER INSTALLATION SERVICES	\$ 767,054	\$ -	\$ 518,608	\$ 248,445	\$ (518,608)
ELECTRIC METER EXCHANGE	\$ 368,575	\$ -	\$ 343,350	\$ 25,225	\$ (343,350)
TOTAL CAPITAL COSTS (ELSTER)	\$ 4,965,791	\$ -	\$ 4,577,154	\$ 388,637	\$ (4,577,154)
BADGER	\$ 1,062,852		\$ 1,062,852	\$ -	
ELECTSOLVE	\$ 238,666		\$ 187,110	\$ 51,556	
OTHER (BAY CITY, CONSULTING, MISCELLANEOUS, ETC)	\$ 414,335		\$ 494,387	\$ (80,052)	
TOTAL	\$ 6,681,644		\$ 6,321,503	\$ 360,141	

Figure 3 - Sample Project Dashboard #2

In addition to the above services, KTI offers support to SPU as described below. This support is included with the Project Management Support Services (item 3) or may be offered as stand-alone support services in lieu of or at the conclusion of Project Management Support Services. The following services are offered on a monthly retainer basis:

- Trouble shooting and support of communications anomalies.
- Development of integration specifications and roadmaps for systems such as OMS, SCADA, CIS, and others.
- Serve as an advocate to assist SPU with resolving vendor issues as needed.
- Surveillance and identification of appropriate 3rd party software (Prepayment Metering, etc.), hardware (Demand Side Management, PLC-friendly instrument transformers, Distribution Management, etc.) or services (installation, trouble shooting).

QUALIFICATIONS AND PEOPLE

Katama Technologies, Inc. (KTI) is an independent management and technology consulting firm that was founded in 2003. With nearly 100 consumer owned utility clients spread across the USA, KTI knows how to operate effectively and efficiently within city utility, management, and political organizations.

FOCUSED ON PUBLIC UTILITIES

With a focus on technology planning and implementation, KTI's purpose is to enable consumer owned utility companies to achieve their business strategies. Where these strategies involve an investment in technology, KTI helps ensure that public utilities get the best value for their technology dollar. Our large client base is comprised of many municipal, utility, and other public entities whose number of connected customers range from 2,000 – 250,000 and whose services include some or all electric, water and gas distribution. KTI offers no software or hardware products nor do we have any affiliation with any smart grid, MDM, or related technology vendors. KTI is the handpicked technology and management consulting partner for public power's **Hometown Connections** and for the **NRECA's National Consulting Group**.

EXPERIENCED STAFF

Our staff has significant knowledge and experience in assisting utilities in applying emerging technology and business process redesign to better serve its consumers. We have worked with electric, water and gas utilities to address complex technology issues including technology planning, strategic fit, business case modeling, specifications writing, RFP development, technology/vendor evaluation, decision making support, technology implementation, system integration, project management, application extensions, enterprise system evaluation, business process improvement and training. We are also very familiar with the smart grid and MDM vendors and their technologies including strengths and weaknesses. We invest many hours with vendors ensuring that we are up to date on their latest technologies, plans and changes. We would bring this experience to the City of Florence, AL to help you get the best value for your technology investment dollar.

KTI is led by Greg Johnson and draws upon a large network of specialized technology and strategic experts to provide the exact skills and expertise needed to successfully complete all client contracts.



Greg Johnson

<https://www.linkedin.com/in/greg-johnson-3b1b042>

For over 14 years, Greg Johnson has served as KTI's authorized Technology Business Associate. His role involves guiding utilities on emerging and operating technologies including distribution automation, smart grid, meter data management, SCADA, Outage Management, GIS, and communication technology. Mr. Johnson is a seasoned consultant who is an expert in implementing technology strategies and processes that enable clients to maximize their investment in technologies. His career includes 30 years' experience in system management, engineering, sales, marketing and executive management experiences with Westinghouse's Process Systems and Siemens' Energy Management and Information System. At Siemens' he led the effort to create an Application Service Provider (ASP) model to deliver energy market applications using enterprise integration technologies. Mr. Johnson was also responsible for founding the Siemens Meter Systems Business Unit, which utilized wireless communication technology to support the smart grid needs of utilities such as Los Angeles Department of Water and Power (LADWP). In 2003, Mr. Johnson founded Katama Technologies, Inc. Through industry experience and technical/management skills, KTI enables municipal utilities to implement systems and information technologies to reduce capital costs and improve operational efficiencies. Mr. Johnson's knowledge of smart grid reaches back 25 years with his experiences of wireless and power-line-carrier based load-management and metering systems. Mr. Johnson has served as a technology planning instructor for NRECA Management Internship Program (MIP) in Madison, WI. He is a certified Navigator for Smart Grid Maturity Model by Carnegie Mellon - Software Engineering Institute. Mr. Johnson holds a BS in Engineering and he earned an MBA from Duke University.

Greg Johnson will serve as the project manager and lead consultant for this project.

Pat Corrigan

<https://www.linkedin.com/in/pmcorrigan>

With over 35 years of experience in the utility industry and 10 of those years focused on public and member owned utilities, Pat Corrigan has held many technical and commercial positions within technology immersed businesses including smart grid, MDM, PLC, OMS, T&D Equipment, DA, DSM, Energy Management, Electricity Metering, Water Metering, and Gas Metering. He is also experienced as a business process lead for major corporations' implementations of ERP (SAP), CRM, Web Services, and other commercial IT systems. He is very familiar with business case development and monitoring, especially as it relates to new technology investments. Pat Corrigan is a Principal Consultant with Katama Technologies and NRECA-KTI Business Associate.

Before his time with Katama Technologies, Pat Corrigan was the Vice President in charge of Elster's consumer owned utility business. In this role, he led Elster's business channels and value package development for helping public owned and member owned utilities with their smart grid/MDM needs. He also has extensive experience in commercial operations having led commercial operations for ABB



and Elster. In the operations role, he was the business process leader for both companies' implementations of various IT based systems including two different ERP systems, two different CRM systems and several BI systems. He also led green field development of new business processes from scratch including customer service, technical support, commercial order engineering, order entry/tracking, proposal development, and business forecasting. Mr. Corrigan holds a BS in Industrial and Management Systems Engineering and six certificates in Advanced Executive Education from prominent business schools.

Pat Corrigan will provide consulting services primarily for the first three phases of the project.

Kimberly Clarke

<https://www.linkedin.com/in/kimberly-clarke-3220812a>

During her 29-year career in the electrical and utility industries Ms. Clarke established herself as a multifaceted talent. Ms. Clarke began her career as an electrician in 1987 during which time she became Total Quality Management (TQM) certified. Utilizing this as a base Ms. Clarke has built a career on her technical, back office, and systematic knowledge to identify and improve operational efficiency for both the Naval Weapons Station Charleston and the JEA in Jacksonville, FL. Ms. Clarke also holds FEMA certifications in Incident Command Systems (ICS) and National Incident Management Systems (NIMS) as required by many utilities in addition to a State of Florida Certification recognizing her as a Certified Meter Technician.

Beginning in 1997 Ms. Clarke created multiple databases for the Electric Meter Shop at JEA in Jacksonville, FL. These included such functions as Meter Asset Management, Statistical Sample Testing, Preventative Maintenance Testing of IT services, and the company's first Remote Dispatch System for meter services. For the remainder of her career at JEA Ms. Clarke held the responsibility of Business Process Owner for both Electric and Water Metering during the implementation of a multitude of utility related software to include FMS, CIS, OMS, MDM, and Oracle. Additionally, Ms. Clarke acted in the position of Project Manager for the implementation of AMI meters and related systems while in the position of Electric Meter Foreman.

Ms. Clarke has been an active board member, officer, and instructor for the Southeastern Electricity Metering Association (SEMA) for 21 years where she proudly holds the position of Honorary Member and the sole female President during its 92-year history.

Ms. Clarke is available to assist with Phase 4 (Pilot) and Phase 5 (Implementation).

PRICING

KTI proposes the following fees for the scope of work outlined in this proposal. These fees are inclusive of the 5% HCI discount to which SPU is entitled.

	Phase	Description	Fee to SPU	Comments
Fixed Fee	1	Planning	\$19,850	Release is expected in approximately 2 months after consulting contract is signed.
	2	Design	\$26,950	This effort is expected to take 2 – 3 months.
	3	Bid Period	\$33,300	AMI vendors typically require 8 weeks to create their responses. Proposal evaluations, reference reviews and preferred vendor selection is estimated to take 2 – 3 months after proposals are received.
Variable Fee (Hourly Rate)	3a	Contract Development & Negotiations	\$187.50/hour	KTI can assist with contract negotiations that help reduce risk as we work closely with SPU's attorney.
	4 & 5	Project Management for Pilot and Construction	\$187.50/hour	KTI provides project management using experienced AMI project manager. We expect that this will require an average of 6 days per month of support services. This number will vary during the implementation period, e.g., during the beginning months, the number will be higher than during the later months.
	Optional	Process Improvement	\$200.00/hour	Alignment of SPU business practices/processes with the new systems is an important element of the implementation process; KTI has strong experience to offer.

NOTES:

- 1) Invoices will be submitted monthly for work during the previous period.
- 2) *Since the scope of work is so variable for Phases 3a, 4 & 5, it is difficult to estimate an accurate fixed price fee. Therefore, we have provided a variable fee. If needed, we can work with SPU to convert these to fixed fees.*
- 3) While we expect that most of the project will be managed remotely/virtually, if travel is required/allowed, the authorized KTI consultants request reimbursement of authorized travel expenses. To decrease travel costs, Katama will pursue the lowest cost air fares with reasonable schedules and we will patronize moderately priced hotels like Hampton Inns. We will also use remote work tools (webinars, conference calls) to reduce travel costs.

MCGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

MEMORANDUM

To: Shakopee Public Utilities Commissioners

From: Kaela Brennan

Date: November 12, 2020

Re: League of Minnesota Cities Insurance Trust - Collaboration Services

I write to make the Commissioners aware of a program provided by the League of Minnesota Cities Insurance Trust for governing bodies entitled Collaboration Services. These services are designed to assist public bodies with improving communication, conflict management, developing trust, best practices for working collaboratively, and addressing complex issues – all with the goal of good governance.

This program was developed about three years ago by Pamela Whitmore, who provided the recent Open Meeting Law training. The program offers onsite, customized workshops for member organizations. The LMCIT does not charge insured members for these services. Ms. Whitmore noted the requirement that a majority of the members of a governing board must agree to participate.

Ms. Whitmore customizes the services for the needs of a particular body. I enclose some general information about the program, including an agenda prepared for a collaboration between a city and a public utilities commission.

The Commission may wish to consider whether to request this resource from the LMCIT.

From League of Minnesota Cities Website: <https://www.lmc.org/resources/collaboration-services/>

Collaboration Services

Published: July 1, 2020

The League of Minnesota Cities Insurance Trust (LMCIT) Collaboration Services will work with you to get your city council the help it needs to work together, understand roles, be transparent, and avoid conflict. Pam Whitmore, a qualified neutral and experienced facilitator, offers personalized workshops and facilitated discussions to help get, and keep, your city on track. There is no charge for this service for LMCIT members.

If your city has a conflict.

LMCIT's Collaboration Services will help your city officials learn how to work together better, engage more respectfully, and get the tools needed to govern more effectively. Cities reach out for assistance for a variety of issues, including:

- When your city is having issues with communication and trust
- If your city officials have problems understanding roles and responsibilities
- If your city struggles with complex topics like the Open Meeting Law or data practices
- When your city council could benefit from learning how to work within conflict or collaborate together after conflict

If your city wants to prevent conflict from happening.

LMCIT's Collaboration Services offers tools to help everyone work toward an integrative solution. Workshops can cover a wide range of topics to help keep your city running effectively, including:

- Learning communication skills to better engage in discussions
- Developing an understanding on how to work collaboratively
- Understanding how to respectfully have difficult conversations
- Fine tuning good governance of your council
- Helping address meeting management, including if when council meetings run too long or are unproductive

If your city needs assistance with specific issues.

LMCIT's Collaboration Services can get you the assistance you need. Cities sometimes experience conflict when a lack of understanding of new and difficult issues cause distrust. LMCIT's Collaboration Resources can connect you to additional resources, including:

- Finding a mentor for your city

- Getting referrals for topics with which your city needs help
- Sharing written resources from other cities
- Providing mediation services
- Learning about codes of conduct or censure

For assistance with any of these challenges, contact Pam Whitmore, LMCIT Collaboration and Mediation Manager, at (651) 281-1224 or pwhitmore@lmc.org. Pam is a qualified neutral—this means she is trained in alternative dispute-resolution processes—and provides experienced facilitation services. Pam will work with cities to create custom workshops and presentations to help resolve your issues. The most common workshops include:

- Good Governance
- Roles/Responsibilities
- Meeting Management
- Open Meeting Law
- Working Within or After Conflict
- Collaborative Decision Making
- Best Practices Public Comment

COLLABORATION SERVICES



For more information, contact:

Pam Whitmore
League of Minnesota Cities
Insurance Trust Collaboration
& Mediation Manager
 (651) 281-1224 (office)
 (612) 816-7386 (cell)
 (800) 925-1122 (toll free)
 pwhitmore@lmc.org



Working collaboratively helps bridge divides.

Get the help you need to work together, understand roles, be transparent, and avoid conflict in your city.

Strong opinions can lead to lively discussions and promote the exchange of new ideas and creative solutions. However, when those discussions start to lead to conflict, where can your city turn for help? You can receive guidance from a qualified neutral and experienced facilitator who will meet with your city to provide personalized workshops and facilitated discussions as a part of LMCIT's Collaboration Services.

When should your city call LMCIT Collaboration Services?

- **If your city has a conflict.** When your city is having issues with communication and trust, problems understanding roles and responsibilities, or struggling with complex topics like the Open Meeting Law or data practices, you can work with LMCIT's Collaboration Services to learn how to work together, engage more respectfully, and get the tools you need to govern more effectively.
- **If your city wants to prevent conflicts from forming.** When your city needs some extra help understanding tricky topics, wants to proactively learn communication skills to better engage in discussions, needs to get a leg-up on good governance, or wants to avoid conflict before it starts, LMCIT's Collaboration Services offers tools to help everyone work toward an integrative solution. Workshops can cover a wide range of topics that will keep your city running effectively.
- **If your city needs assistance with specific issues.** Cities sometimes experience conflict when a lack of understanding of new and difficult issues causes distrust. LMCIT's Collaboration Services can provide your city with needed assistance, such as finding a mentor, getting referrals, sharing written resources, and mediation.

For more information visit www.lmc.org/collabservicesinfo

LMCIT is a self-insured membership cooperative that was formed by Minnesota's cities, with the assistance of the League of Minnesota Cities. In addition to providing workers' compensation and property/casualty coverage, LMCIT provides a comprehensive loss control program to reduce the risk of employee injuries and the volume of costly claims.

Brainerd Dispatch

Written By: Nancy Vogt | May 7th 2018 - 5am

Nisswa: Communication, roles addressed at council workshop

Appearing relaxed and at times joking around, Nisswa City Council members along with the city administrator sat around a table at city hall to discuss their roles, communication, teamwork and relationships.

The workshop Wednesday, April 25, with two people from the League of Minnesota Cities, was aimed at improving communication through collaborative decision-making. Three city staff members - Deputy Clerk Maggi Wentler, Public Works Director Tom Blomer and Police Chief Craig Taylor - were in the audience but did not participate.

Participants agreed afterward that the workshop was worthwhile, and some said it was more beneficial than they anticipated.

"I think it's really important that councils do that sort of thing," Mayor Fred Heidmann said. "I think it's important because we can get so tied into our personal feelings and beliefs that we do forget that we're there for the good of the city, and really, we all have that in mind."

The idea for such a workshop arose after tension and an issue arose between Heidmann and council member Ross Krautkremer.

Krautkremer indicated early skepticism about the workshop but said he did learn a bit about meeting protocol and that micromanaging is taking up staff time. He said the workshop will lead him to concentrate on some of his actions.

"If everybody - myself included - if we all take to heart our actions and what we're doing, then it will be a good thing. At the end of the day I can only deal with myself," he said. "If everyone listened and took it to heart, then it's going to help."

Council member Gary Johnson admitted he went into the workshop with not a great attitude but was pleasantly surprised. Whether on a city council or in day-to-day employment, people can always be better at communicating, he said, adding that those present were reminded of why they serve on the city council.

"We're not doing it because it's a lot of fun or we're making money. We're doing it because we care about the city," Johnson said.

"If we can all take the tidbit - sit back and say maybe we have different opinions, viewpoints, but we're all here for the same reason. If we can just all take a deep breath and think about that - it will be healthy," he said.

It's not easy to deal with five personalities on a council, and not all issues will be solved in one meeting, said council member John Ryan.

"It was worthwhile," he said of the workshop. "I think it's a good thing if you're experiencing communication or lack of it or miscommunication. I think it was really helpful to point out to take a step back, take a breath. Be respectful of each other; hear each other out."

The most important lesson he took away is that when elected to a position, it's important to get educated.

"Don't just assume you know how to do it. Get educated and come at it with real expectations and not visions of grandeur like, 'I'm going to solve the world's problems,'" Ryan said.

Council member Don Jacobson said it's always good to have a review of what the council should and shouldn't be doing and how it handles things.

Part of the workshop focused on meeting protocol and the council liaison-department head relationship. City hall staff and the council have undergone changes since Jenny Max joined the city as its first administrator eight months ago.

"I definitely found it worthwhile. I think it was a great first step," Max said of the workshop. "I didn't come into it thinking it would solve all of our problems. It's just not realistic to expect that."

Max said the League of Minnesota Cities representatives did a good job laying foundations for running meetings and being effective in meetings.

She also cited the first exercise that showed all council members and Max were there for similar reasons.

"That set it off in a positive tone," Max said.

Heidmann said getting council members together in such a workshop "can give perspectives of the other people we make decisions with," which is important. He'd like to have similar workshops a couple times a year to build relationships.

Pam Whitmore, with the League of Minnesota Cities, visited Nisswa a few months ago and spoke with council members individually and Max.

Whitmore said she heard there is some conflict in Nisswa, and while it wasn't stopping work from getting done, at times it's miserable for council and staff. She said conflict isn't necessarily bad, but it's important to have conflict in a respectful manner.

The council and Max agreed to work on a set of procedures regarding Max's role as administrator.

Sample Agenda in City – Public Utilities Commission Collaboration

Process Recommendations.

Based on the brief assessment, LMCIT recommends the following collaborative problem-solving process:

1. Session one: Roles.
 - a. Insight from another city. XXX, General Manager of the XXX PUC, and XXX, City Administrator, will provide insight on best practices for working together.
 - b. Questions & Answers
 - c. Overview of & short activity related to City Council & Leadership Roles by Facilitator Whitmore
 - d. Questions & Answers.
2. Session 2:
 - a. Discussion of underlying interests and identification of improvable.
 - b. Discussion of traits of functional councils.
 - c. Identification of barriers for councils & dialogue about communication best practices.
3. Session 3:
 - a. Overview of common trip ups under Open Meeting Law with questions & answers.