

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
Regular Meeting
April 19, 2021

1. Call to Order. President Mocol called the April 19, 2021 meeting of the Shakopee Public Utilities Commission to order at the SPU meeting room at 5:00 P.M.
2. Roll Call. President Mocol, Vice President Fox, Commissioner Brennan, Commissioner Krieg, and Commissioner Letourneau were present.
3. Communications. President Mocol provided an update from Sharon Klump of Baker Tilly as to the General Manager hiring process. She noted that the Commission will consider which candidates to interview at the May 3, 2021 meeting. Ms. Klump suggested that each Commissioner consider proposing a range of 4-6 candidates for interviewing.
4. Approval of Consent Agenda. Vice President Fox moved to approve the consent agenda, removing items 3E and 3D. Commissioner Brennan seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried. Item 3D, April 19, 2021 Warrant List, was discussed. Commissioner Brennan asked about the Larson Data Communications payment. Mr. Schemel explained that it was the water communications company for the SCADA system. Commissioner Brennan moved approval of the April 19, 2021 Warrant List. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried. Discussion ensued on item 3E, 2019 CIP Results and 2021 Plan Approval. In response to a question from Vice-President Fox regarding optional investments, Ms. Walsh explained that in 2018 SPU converted street lights to LED, but in 2019 there were no projects of that nature. Vice President Fox moved approval of the 2019 CIP Results and 2021 Plan Approval. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.
5. Liaison Report. Commissioner Brennan noted that the City Council, at its April 6, 2021 meeting, approved the Final Plat for Summerland 1st Addition, on 17th Avenue, east of County Road 83, with townhome and single-family lots.
6. General Manager Report. Greg Drent, Interim General Manager, provided an update. He noted that the joint meeting with the City Council is set for May 25, 2021, at 6 PM. Mr. Drent reported that staff is working on the Energy Information Administration annual report, which is due at the end of the month. Mr. Drent noted several new employees: Jacki Hanson, Sydney Nagel, and Jordan Stocker. Mr. Drent asked Commissioners to let him know if they want to attend the summer conference for Minnesota Municipal Utilities Association (MMUA). Mr. Drent provided an overview of a variety of pending projects.

7. Water Report. Lon Schemel, Water Superintendent, provided the water report. He welcomed Jacki Hanson as an Apprentice Operator. Mr. Schemel noted that five flushes have been completed in the flushing program; each area encompasses 10-20 streets.

Minnesota Department of Health. Mr. Schemel introduced Jessie Kolar, District Engineer from the Minnesota Department of Health. Ms. Kolar noted that the Department will test all of Shakopee's wells this summer. She explained that the testing will include the "forever chemicals" or PFAS seen in Cottage Grove. Ms. Kolar discussed the requirements concerning nitrate levels; the standard for nitrates in infants, adults, and fetuses is 10 mg/liter. Ms. Kolar noted that the Department reviews the Well Policy if there are major changes in operations. She explained that in March 2020, the Department lowered the acceptable fluoride levels from 1.2 mg/liter to .7 mg/liter. Mr. Schemel clarified that in 2015, SPU applied for an exemption; the fluoride levels in Shakopee have been .7 mg/liter since 2015.

Hydraulic Grade Lines. Mr. Schemel delivered a presentation concerning hydraulic grade lines, including the challenges in planning water service with changes in elevation throughout the system. He explained the categories of pressure zones, as well as potential future expansion areas.

West End Water Planning. Joseph Adams, Director of Planning and Engineering, explained that the Commission approved a Comprehensive Water Plan in 2018, as well as an update in 2019, which included the west end of Shakopee. Mr. Adams noted that because the City recently prepared a feasibility study for sanitary sewer service to this area, SPU plans to review the Comprehensive Water Plan and determine any recommended changes for Commission approval.

Water Main Project. Mr. Adams presented on the water main project for Maras Street, 13th Avenue, Hansen Avenue, and Stagecoach Road. He explained that this area is not currently served with municipal sewer and water, except for one water customer; the remaining properties have septic systems and private wells, with some contamination issues. Mr. Adams noted that the City prepared a feasibility study for improvements in the area, including sanitary sewer, water main, and street reconstruction, with water main costs estimated at \$1,436,000. Mr. Adams noted that City staff recommended that the City Council apply a lateral connection charge according to the cost per net developable area, rather than up-front special assessments. Mr. Adams stated that the study estimated the lateral water main connection charge at \$14,802.63 per net developable acre. Mr. Adams explained the challenge of some properties in the City connecting to sanitary sewer, but remaining on private wells, despite an ordinance and SPU policy requiring water hook up when it has been available for three years.

Mr. Adams described the staff recommendations as follows: (1) advise the City that the Commission supports having the water main improvements constructed with the City project; (2) that SPU provide initial funding for the water main from its Trunk Water Fund; (3) that the Trunk Water Fund be reimbursed when the properties hook up and pay the applicable Lateral Water Main Connection Charge from the study (\$14,802.63/net developable acre), with indexing in a manner similar to the sanitary sewer fee; (4) that the Commission defer the Trunk Water Area Charge and Water Capacity Charge until water service is commenced; and (5) request that the City require water service to begin when sanitary service begins. Vice-President Fox moved approval of the

staff recommendation, directing staff to work with the City and SPU's finance department, and Commissioner Brennan seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.

2021 Street Reconstruction Project (Scott Street Water Main Replacement). Mr. Adams discussed the project, including replacing the 4-inch water main pipe with a six-inch pipe, and extending under the Union Pacific Railroad. Mr. Adams noted that the City has received project bids, including the water main cost of \$341,573.85. He noted that of the 20% of construction costs that SPU typically pays the City for engineering design, project management, and financing costs, the City agreed to waive this cost for two large cost items (setting up boring pits and casing pipe installation). Motion by Vice-President Fox to support the City awarding the 2021 Street Reconstruction contract, including the water main portion and applicable fees. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.

Hansen Avenue Water Main Lining. Mr. Schemel noted that two bids were received for the Hansen Avenue water main lining project: Michels Corporation and Fer-Pal Construction. Mr. Schemel explained that Michels presented the low bid, including SEH cost for engineering not to exceed \$50,000, of \$344,612. Dave Hutton, SEH, discussed the project. Motion by Commissioner Brennan, seconded by Commissioner Krieg, to accept the Michel's Corporation bid of \$344,612. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.

Magellan Encroachment Agreements. Mr. Adams explained that the water main extension through the Hentges Industrial Park will cross under an existing Magellan oil pipeline. To allow this crossing (and related street and other reconstruction), Magellan has prepared Encroachment Agreements involving multiple parties, including the developer, the City, and, as to the water main, once constructed, SPU. Commissioner Letourneau moved approval of the Encroachment Agreements and directed execution. Vice-President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.

8. Electric Report. Brad Carlson, Assistant Electric Superintendent, provided the electric report. He described two outages since the last Commission meeting, and noted coordinated outage for tree trimming. He reported that the circuit switch at Dean Lake Substation has been completed. Mr. Drent highlighted that the American Public Power Association (APPA) awarded SPU a Certificate of Excellence for reliability. Mr. Drent noted that this is the fourth year that SPU has received this honor, and that, nationally, only 186 utilities received this award. Commissioners commended staff. Mr. Drent then presented the 2020 Reliability and Outage Report required by Minnesota Statutes 216B.029.

9. General. Jean McGann, Consulting Finance Director, AEM, presented the first quarter 2021 financial report. Ms. McGann noted the timing difference for budget and actual comparisons, and that as the year progresses, the budget/actual numbers are expected to align.

10. Future Agenda Items. Commissioner Brennan requested further discussion on properties within the City that are not receiving municipal water service.

11. Adjourn. Motion by Vice-President Fox, seconded by Commissioner Letourneau, to adjourn to the May 3, 2021 regular meeting. Ayes: Mocol, Fox, Brennan, Krieg, Letourneau. Nays: None. Motion carried.



Greg Drent, Commission Secretary