

AGENDA  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
May 2, 2022  
at 5:00 PM

To watch this meeting live click or copy the link: <https://tinyurl.com/SPU-YouTube-Live>

1. **Call to Order** at 5:00pm in the SPU Service Center, 255 Sarazin Street
  - 1a) Roll Call
2. **Communications**
3. **Consent Agenda**
  - C=> 3a) Approval of April 18, 2022 Minutes (GD)
  - C=> 3b) Approval of May 2, 2022 Agenda (KM)
  - C=> 3c) May 2, 2022 Warrant List (KW)
  - C=> 3d) 2022 Water Conservation Report (LS)
  - C=> 3e) Magellan Encroachment Agreement (JA)
  - C=> 3f) Accounts Receivable Aging Report – Collections Update (KW)
4. **Liaison Report** (JB)
5. **Public Comment Period.** The public comment period provides an opportunity for the public to address the Commission on items that are not on the agenda. Comments should **not** exceed five minutes. The SPU President may adjust that time limit based upon the number of persons seeking to comment. This comment period may not be used to make personal attacks, to air personality grievances, or for political endorsements or campaigns. The public comments are intended for informational purposes only; Commissioners will not enter into a dialogue with commenters, and questions from Commissioners will be for clarification only.
6. **General Manager Report**
  - 6a) General Manager Report – Verbal (GD)
7. **Reports: Water Items**
  - 7a) Water System Operations Report – Verbal (LS)
  - 7b) Res#2022-11 West End Lower Bluff Equivalent Lateral Water Main (JA)
  - 7c) Res#2022-12 West End Lower Bluff Trunk Water Main Oversizing (JA)
  - 7d) Res#2022-13 Maras Street, 13<sup>th</sup> Avenue, Stagecoach Road, and Hansen Avenue Equivalent Lateral Water Main (JA)
8. **Reports: Electric Items**
  - 8a) Electric System Operations Report – Verbal (BC)

9.     **Reports: Human Resources**
  
10.    **Reports: General**
  - 10a) Marketing/Key Accounts Report – Verbal (SW)
  - 10b) 2021 Audited Financials and Presentation (KW)
  
11.    **Items for Future Agendas**
  
12.    **Tentative Dates for Upcoming Meetings\*\***
  - May 16, 2022
  - June 6, 2022
  - June 20, 2022
  
13.    **Adjournment**

MINUTES OF THE  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
April 18, 2022  
Regular Meeting

1. Call to Order. Vice President Krieg called the April 18, 2022 meeting of the Shakopee Public Utilities Commission to order at 5:00 PM. Vice President Krieg, Commissioner Brennan, Commissioner Fox, and Commissioner Letourneau were present.

2. Approval of Consent Agenda. Commissioner Brennan asked to pull item (3f) from the Consent Agenda. Commissioner Letourneau asked to pull item (3g). Commissioner Brennan moved approval of all other items on the Consent Agenda: (3a) March 29, 2022 Joint Meeting Minutes; (3b) April 4, 2022 Minutes; (3c) April 18, 2022 Agenda; (3d) April 5, 2022 Warrant List, Account Credit Request/Deposit Refunds; (3e) April 18, 2022 Warrant List. Commissioner Fox seconded the motion. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

For item (3f), Commissioner Brennan asked about pumping amounts exceeding the billing numbers. General Manager Drent explained that factors include a 4-5% line loss, the filling of Tank #8, the number of days in the month, and billing after the close of the month. Water Superintendent Schemel added that construction meters are issued at this time of year and SPU does not get them back until November or December, so they are not billed until then. Commissioner Brennan moved approval of item (3f) Water Dashboard, seconded by Commissioner Letourneau. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

For item (3g), Commissioner Letourneau asked about the exception items in the bid response concerning a potential delay. Mr. Drent explained that the project is on track and quantified the potential increase. Commissioner Letourneau moved to approve item (3g) West Shakopee Substation 115kV Circuit Breaker, seconded by Commissioner Fox. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

3. Liaison Report. Commissioner Brennan noted that City Council approved the final plat for Whispering Waters.

4. Public Comment Period. No public comments were offered.

5. General Manager Report. Mr. Drent noted the provisions in the SPU Governance Handbook concerning the appointments to MMPA. Mr. Drent also noted that the City Council voted to increase the monthly compensation for SPU Commissioners from \$400 to \$500, for Commission President from \$500 to \$600, and for MMPA Alternate to \$100 (Mr. Drent noted that he will not receive any additional compensation as MMPA Representative). He explained that SPU pays this compensation, and that the compensation was last increased in September 2013.

Mr. Drent noted that Commissioners are eligible for PERA. Mr. Drent also highlighted pending projects, including residential electric vehicle rates, long-term planning, Dean Lake Boulevard Extension, employee health care savings, and employee handbook presentation to staff. For the NISC conversion, he noted that the first data pull went well. Mr. Drent also noted an initial meeting with school district representatives concerning solar power options.

6. Water Report. Mr. Schemel reported that the Water Department has completed the valve inspections before resurfacing and special projects. He noted that as the weather improves, the flushing program will begin.

7. West End Lower Bluff Utility Improvements Bid Award. Joseph Adams, Director of Planning and Engineering, reported that the City opened bids for this project on April 5, 2022. He noted that the project includes a lift station, sanitary sewer force main, and a 12-inch trunk watermain, and that Bolt & Menke serves as the Project Manager. Mr. Adams explained that SPU's portion of this project is expected to be \$942,614.39, which is under budget. Commissioner Fox moved to concur with the bid award recommendation for the City Council to award the construction contract, including the 12-inch water main, to Northern Lines Contracting. Commissioner Letourneau seconded the motion. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

8. Electric Report. Brad Carlson, Electric Superintendent, reported that one outage occurred since the last Commission meeting. He also noted pending electric projects, including the second half of the Levee Drive duct bank, reviewing the LTC (Load Tap Changer) at Dean Lake, energizing the Canterbury distribution center, and service at River Bluff Apartments. Mr. Carlson noted that electric crews are looking at transformers in the service territory in Prior Lake to be swapped with MVEC, given the differences in voltage.

9. 2022 Reliability and Outage Report & Certificate. Mr. Carlson reported that SPU received the Certificate of Excellent in Reliability from the American Public Power Association – one of only 209 utilities nationwide. He noted that SPU has received this Certificate every year since 2017. Mr. Carlson presented the reliability information for SPU for 2021.

10. Human Resources. Mr. Drent presented the SPU Drug and Alcohol testing policy for licensed commercial driver's license (CDL) employees. Mr. Drent noted that SPU has historically participated in the MMUA testing program, and desired to formally adopt this policy. He noted that the policy provides that if a CDL licensed employee gets two driving while impaired offenses, the employee will be terminated. Commissioner Letourneau moved to approve the Drug and Alcohol Testing Policy as presented; Commissioner Fox seconded the motion. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

11. Marketing/Customer Service Report. Mr. Drent noted that Ms. Walsh has processed two large rebates of over 250,000 kwh, resulting in rebates of \$27,000. He reported that the final bid package for the AMI project was approved. He noted that SPU staff is meeting with City staff to consider potential community outreach options. Mr. Drent stated that the ribbon-cutting event for the SPU drive-up window went well. He presented a video of the drive-up window construction.

12. First Quarter 2022 Financials. Kelley Willemssen, Director of Finance and Administration, presented the First Quarter 2022 financials. She explained that GASBY requires an analysis of “book” losses, but because SPU did not sell these holdings, no loss was actually realized. Ms. Willemssen also explained the timing difference between one quarter versus an annual budget. Commissioner Letourneau moved to approve the First Quarter 2022 financials. Commissioner Fox seconded the motion. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

13. Adjourn. Motion by Commissioner Brennan, seconded by Commissioner Fox, to adjourn to the May 2, 2022 meeting. Ayes: Brennan, Fox, Krieg, and Letourneau. Nays: None. Motion carried.

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Greg Drent, Commission Secretary

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## SHAKOPEE PUBLIC UTILITIES COMMISSION

## WARRANT LISTING

May 2, 2022

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:

ADVANTAGE COLLECTION PROFESSIONALS	\$45.79
ALLSTREAM BUSINESS US, INC	\$2,476.07
AMARIL UNIFORM CO.	\$4,688.20
AMERICAN ENGINEERING TESTING INC	\$320.00
ANDREA AMANDA RAMNAUTH	\$4,051.43
APPLE FORD OF SHAKOPEE	\$78.09
ARROW ACE HARDWARE	\$51.50
BARTUSEK, RON	\$728.89
BERNDTSON, ROBERT	\$215.87
BORDER STATES ELECTRIC SUPPLY INC	\$106,564.01
BREWER, TIMOTHY	\$125.00
CALIAN CORP	\$345.82
CDW LLC	\$3,877.77
CEMSTONE PRODUCTS CO.	\$3,430.00
CENTERPOINT ENERGY	\$2,575.18
CHOICE ELECTRIC INC	\$4,790.95
CITY OF SHAKOPEE	\$249,000.00
CITY OF SHAKOPEE	\$1,031.08
COMCAST CABLE COMMUNICATIONS, INC.	\$2.25
CORE & MAIN LP	\$3,984.79
CULVER COMPANY	\$220.33
DAHLEN SIGN COMPANY	\$13,430.00
DAKOTA SUPPLY GROUP	\$671.10
DELTA DENTAL PLAN OF MN	\$5,394.21
DOYLE BRUCE	\$500.00
FASTENAL IND & CONST SUPPLIES	\$78.61
FERGUSON US HOLDINGS, INC.	\$803.15
FURTHER	\$504.40
GOLDADE, TANNER	\$350.00
GRAINGER	\$884.17
GRAYBAR ELECTRIC COMPANY INC	\$633.47
HACH COMPANY	\$423.50
HANSEN, JANE	\$50.00
HAWKINS INC	\$12,727.00
HD SUPPLY FACILITIES MAINTENANCE LTD	\$645.39
HEALTHPARTNERS	\$85,046.04
HERCULES INDUSTRIES INC	\$1,502.52
HERMAN'S LANDSCAPE SUPPLIES INC	\$1,316.00
HIGH POINT NETWORKS, LLC	\$2,662.90
INDELCO PLASTICS CORP	\$137.10
IRBY TOOL & SAFETY	\$3,819.94
JOSEPH, STEPHEN	\$75.00
KLM ENGINEERING INC	\$1,300.00
KWIK TRIP INC.	\$3,952.00
MATHESON TRI-GAS, INC	\$312.97
MCGRANN SHEA CARNIVAL	\$5,842.50
MENKE, CINDY	\$121.26
MIDWEST SAFETY COUNSELORS, INC.	\$320.59
MINN VALLEY TESTING LABS INC	\$436.00
MINNESOTA LIFE	\$1,261.20
NAPA AUTO PARTS	\$15.43



SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 2, 2022

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Commission:

NEAD, RICH	\$350.00
NEVILLE, GERRY	\$144.50
ORACLE AMERICA INC.	\$34,124.43
Principal Financial Group	\$3,894.15
PALYA, TIMOTHY	\$155.00
PAYMENTUS CORPORATION	\$31,220.50
PROJECT ENERGY SAVERS LLC	\$263.00
ROSE, WILLIAM	\$473.37
SAMBATEK	\$4,047.00
SCHANDELMEIER, SEAN & KRISTINE	\$500.00
SCHEMEL, LON	\$220.01
SCHILZ ORNAMENTAL IRON INC	\$6,006.73
SCHOSSOW, JAMIE	\$500.00
SCOTT COUNTY GOVT. CENTER WEST	\$26,180.00
SCOTT COUNTY PHYSICAL DEVELOPMENT	\$162.00
STOCKER, JORDAN	\$19.00
SWAM, STEVE	\$500.00
TRIPLETT, GREG	\$196.57
TYCO FIRE & SECURITY (US) MGMT INC.	\$256.00
UNITED SYSTEMS & SOFTWARE, INC.	\$9,900.00
VIRGINIA TRANSFORMER CORP.	\$187,242.40
WESCO DISTRIBUTION INC	\$56,612.20
WILSON, MATTHEW	\$500.00
WSB & ASSOCIATES, INC.	\$14,124.00
	\$911,410.33



Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

## SHAKOPEE PUBLIC UTILITIES COMMISSION

## WARRANT LISTING

May 2, 2022

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:

ADVANTAGE COLLECTION PROFESSIONALS	\$45.79 Collection service for Feb.
ALLSTREAM BUSINESS US, INC	\$2,476.07 Shak Sub, Pike Lake, S.Sub, and SPU
AMARIL UNIFORM CO.	\$4,688.20 Clothing for Water and Electric dept's
AMERICAN ENGINEERING TESTING INC	\$320.00 WO#2483 Rock Coring West Shak sub site
ANDREA AMANDA RAMNAUTH	\$4,051.43 May Cleaning service
APPLE FORD OF SHAKOPEE	\$78.09 Water dept. oil change
ARROW ACE HARDWARE	\$51.50 Main Breakroom sink
BARTUSEK, RON	\$728.89 Reimb. for Northeast Dist. Op school
BERNDTSON, ROBERT	\$215.87 120 Miles reimb.
BORDER STATES ELECTRIC SUPPLY INC	\$106,564.01 WO#2587 - \$5007.97-Meters, Cable, Arresters and Elbows
BREWER, TIMOTHY	\$125.00 2022 Res. Energy Star Appliance Rebate
CALIAN CORP	\$345.82 License-HPE Aruba Renewal
CDW LLC	\$3,877.77 Ergotron LX Arm
CEMSTONE PRODUCTS CO.	\$3,430.00 Concrete barriers-stackable
CENTERPOINT ENERGY	\$2,575.18 3/8-4/6/22 Gas usage at 255 Sarazin & 10th Ave.
CHOICE ELECTRIC INC	\$4,790.95 Pumphouse #6 and Pumphouse #9 replace light with LED fixture, install GFI Breakers, replace soffit lights
CITY OF SHAKOPEE	\$249,000.00 May PILOT Transfer Fee
CITY OF SHAKOPEE	\$1,031.08 May Storm drainage/SPU properties
COMCAST CABLE COMMUNICATIONS, INC.	\$2.25 Cable bill for lunchrooms
CORE & MAIN LP	\$3,984.79 WO#2576 - Sensus T2 Meters
CULVER COMPANY	\$220.33 Super Soft Stk
DAHLEN SIGN COMPANY	\$13,430.00 WO#2470 - Single sided illuminated sign cabinet
DAKOTA SUPPLY GROUP	\$671.10 LUG 336 MCM COMPRESSION
DELTA DENTAL PLAN OF MN	\$5,394.21 April Dental Premiums
DOYLE BRUCE	\$500.00 2022 Res. Cooling & Heating
FASTENAL IND & CONST SUPPLIES	\$78.61 Wide Coarse Wheel
FERGUSON US HOLDINGS, INC.	\$803.15 Comb Drill, Kitchen Faucet, Conductive Strip
FURTHER	\$504.40 April Adm. Fee & Reimb. For dental and dependent care
GOLDADE, TANNER	\$350.00 2022 Res. Cooling & Heating
GRAINGER	\$884.17 6CHV1 Frost Proof Yard Hydrant, Solar battery
GRAYBAR ELECTRIC COMPANY INC	\$633.47 6 elbows & pvc pipe
HACH COMPANY	\$423.50 Colorimeter Flat Rate Repair Fee
HANSEN, JANE	\$50.00 2022 Res. Energy Star Appliance Rebate
HAWKINS INC	\$12,727.00 100PPD hydro regulator & Chlorine Cylinder
HD SUPPLY FACILITIES MAINTENANCE LTD	\$645.39 Colorimeter Hach
HEALTHPARTNERS	\$85,046.04 May Premiums (April charge month)
HERCULES INDUSTRIES INC	\$1,502.52 LOCK series 700 with 7/8 Brass shackle
HERMAN'S LANDSCAPE SUPPLIES INC	\$1,316.00 WASHED RED ROCK
HIGH POINT NETWORKS, LLC	\$2,662.90 1 year support renewal
INDELCO PLASTICS CORP	\$137.10 COUPLING & Bushing,
IRBY TOOL & SAFETY	\$3,819.94 GLOVE TESTING, stringing block, sheave gate, bolt cutter, tool bucket
JOSEPH, STEPHEN	\$75.00 2022 Res. Energy Star Appliance Rebate
KLM ENGINEERING INC	\$1,300.00 WO#2615 - Visual Inspection Tank #6
KWIK TRIP INC.	\$3,952.00 2022 LED Interior Lightings
MATHESON TRI-GAS, INC	\$312.97 4 cylinders of Nitrogen
MCGRANN SHEA CARNIVAL	\$5,842.50 WO#2545 - Land Exchange Agreement thru 3/31/22 \$577.50, Municipal & Regulatory Matters
MENKE, CINDY	\$121.26 Handbook luncheon reimb.
MIDWEST SAFETY COUNSELORS, INC.	\$320.59 #3MH10A Peltor Optime Earmuffs
MINN VALLEY TESTING LABS INC	\$436.00 Nitrate & Nitrite, Coliform
MINNESOTA LIFE	\$1,261.20 April Life Ins. premiums
NAPA AUTO PARTS	\$15.43 Battery Cable
NEAD, RICH	\$350.00 2022 Res. Cooling & Heating

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 2, 2022

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authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities  
Commission:

NEVILLE, GERRY	\$144.50 116 Miles reimb.
ORACLE AMERICA INC.	\$34,124.43 1st Qtr Printing & mailing/cloud servic
Principal Financial Group	\$3,894.15 May L.T.D. premiums
PALYA, TIMOTHY	\$155.00 2022 Res. Appliance Recycling
PAYMENTUS CORPORATION	\$31,220.50 March Transfer Fee
PROJECT ENERGY SAVERS LLC	\$263.00 Stickers and decals
ROSE, WILLIAM	\$473.37 Reimb. for NE Water Op. School
SAMBATEK	\$4,047.00 WO#2041 - \$426.00 Windermere Booster Station/Pump Hse - #WO2259 - \$3621.00- Elevated Water Tank 8
SCHANDELMEIER, SEAN & KRISTINE	\$500.00 2022 Res. Cooling & Heating
SCHEMEL, LON	\$220.01 Reimb. for 2 way radios
SCHILZ ORNAMENTAL IRON INC	\$6,006.73 WO#2470 - Steel cover plates for garage expansion
SCHOSSOW, JAMIE	\$500.00 2022 Res. Cooling & Heating
SCOTT COUNTY GOVT. CENTER WEST	\$26,180.00 2022 LED Interior Lighting-New Addition
SCOTT COUNTY PHYSICAL DEVELOPMENT	\$162.00 Installing new pole - Corner 79 & 150th
STOCKER, JORDAN	\$19.00 License renewal difference
SWAM, STEVE	\$500.00 2022 Res. Cooling & Heating
TRIPLETT, GREG	\$196.57 217 Miles reimb.
TYCO FIRE & SECURITY (US) MGMT INC.	\$256.00 Alarm & Detection for April
UNITED SYSTEMS & SOFTWARE, INC.	\$9,900.00 Remote encoder with cable
VIRGINIA TRANSFORMER CORP.	\$187,242.40 WO#2483 - Virginia Transformer Corp. West Shak Sub
WESCO DISTRIBUTION INC	\$56,612.20 CABLE, Transconnector, Duck seal, hammer drill kit, wire, Insulated cutter, tree trimming kit, sidlestops, couplings
WILSON, MATTHEW	\$500.00 2022 Res. Cooling & Heating
WSB & ASSOCIATES, INC.	\$14,124.00 WO#2581 - Pumphse #23, Service for March
	\$911,410.33

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President



PO Box 470 • 255 Sarazin Street  
 Shakopee, Minnesota 55379  
 Main 952.445-1988 • Fax 952.445-7767  
[www.shakopeeutilities.com](http://www.shakopeeutilities.com)

TO: Greg Drent, General Manager *GD*  
 FROM: Lon R. Schemel, Water Superintendent *LS*  
 SUBJECT: 2022 Water Conservation Report  
 DATE: April 27, 2022

Since 2017, water purveyors have been required to submit Water Conservation Reports to the Minnesota Department of Natural Resources. These reports summarize a utilities conservation effort for the year and provides the MN DNR with the required metrics needed for them to manage our groundwater resource.

Due to 2021 having drought conditions, our numbers for most categories are not within the water conservation goals on page 3. Our water conservation results as compared to the 2021 report:

	2021 Report	2022 Report*
Unaccounted Water Loss	7.1%	4.8%
Residential Gallons per Capita	68	76
Annual % Reduction Nonresidential	1.36	-27.16
Trend in total per capita demand	-15.3	-11.5
Total Peaking Factor	2.05	2.57**

\*For the previous year's usage

\*\*Max day / Average day

## Shakopee Public Utilities Commission Summary of Water Conservation Report

Additional Details at [www.espwater.org](http://www.espwater.org)

2022 Report based on 2021 Water Use

<b>Water Conservation Goals</b>	
Unaccounted Water Loss	4.8 %
Residential GPCD	76
Annual % Reduction-Nonresidential	-27.16
Trend in total per capita demand	-11.51831
Total Peaking Factor	2.57
<b>Water Accounting</b>	
Total water to Treatment	2,080,182,000 gallons
Total water to Distribution	2,080,182,000 gallons
# of Residential connections	10,884
# of Non-Res. connections	1,010
Residential vs. Non-Res. Use	1,184.9 million gal. vs. 795.8 million gal.
Date of Highest Use	6/14/2021
<b>Water Conservation - Direct</b>	
Water Supply System Infrastructure Efficiency (leaks, meters, etc.)	<ul style="list-style-type: none"> <li>• Meter testing: 20,129,000 gal -- \$18,370</li> <li>• Storage Mixing: gal -- \$23,000</li> </ul>
Date of last Audit/Percent done	% audit
Direct Conservation Single Family (SF) and Multi-Family (MF) and Commercial, Industrial, Institutional (CII) Efforts	<ul style="list-style-type: none"> <li>• SF Toilet Retrofits: Quantity: 16 Gallons saved: 96,000</li> <li>• SF Clothes Washer Rebates: Quantity: 65 Gallons saved: 325,000</li> <li>• SF ET Irrigation Controllers: Quantity: 44 Gallons saved: 396,000</li> </ul>
Reuse or other Customer conservation projects	None listed
<b>Water Conservation Indirect</b>	

Ordinances	<ul style="list-style-type: none"> <li>• Critical/Emergency Water Deficiency Ordinance</li> <li>• Irrigation restrictions Regulations</li> <li>• Soil preparation requirements (x" of topsoil)</li> <li>• Tree ratio requirement</li> <li>• Allow native plants and Low water use turf/plants</li> <li>• Wellhead protection ordinance and zoning</li> </ul>
Education and Outreach	<ul style="list-style-type: none"> <li>• Consumer Confidence Reports -- 1</li> <li>• Facility tours -- 1</li> <li>• Marketing rebate programs (e.g., indoor fixtures &amp; appliances and outdoor practices) -- 2</li> <li>• Information kiosk at utility and public buildings -- 4</li> <li>• Website -- 2</li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>• Collaborated with MDH on wellhead protection project</li> <li>• Collaborate with Metcouncil on Smart Irrigation</li> </ul>
Rate structure	<ul style="list-style-type: none"> <li>• Increasing Block</li> </ul>

## General Comments and Recommendations for additional conservation efforts:

1. **WATER CONSERVATION GOALS:** Compare your water supply system results to the statewide water conservation goals that are set in the Water Supply Plans:
  - a. UNACCOUNTED FOR WATER LOSS <10%
  - b. RESIDENTIAL GALLONS PER CAPITA DEMAND (GPCD) DAILY <75
  - c. ANNUAL % REDUCTION IN NONRESIDENTIAL USE >1.5%
  - d. TREND IN TOTAL PER CAPITA DEMAND >=1.0
  - e. TOTAL PEAKING FACTOR <2.6

Each water supplier should try to achieve the statewide water conservation goals by the time their next Water Supply Plan is due (2026-2028).

2. **WATER LOSS:** For most water suppliers, working on reducing water loss should be your top conservation objective. Cities should first make their own water supply system as efficient as possible. In addition to leaks, water can be “lost” through unauthorized consumption (theft), administrative errors, data handling errors, and metering inaccuracies or failure.
3. **LEAK REPAIR:** Budgeting for and keeping on top of aging pipes and infrastructure will be important in the coming years to reduce water loss. Also check fire hydrants frequently, many cities are finding these to be part of their water loss problem.
4. **METERS:** A water meter program should include selection, installation, testing and maintenance. Over time meters lose accuracy and inaccurate meters contribute to loss of revenue. Accurate meters are also key to getting a handle on water loss. Focus first on large meter installations.
5. **AUDIT:** Water audits are the first step for controlling water loss. AWWA offers free [Water Audit Software](#). The second step is intervention and implementing solutions, and the third step is evaluation and further improvements if needed. Metering and better water accounting are key to improving the city’s water loss percentage.
6. **PEAK WATER DAY:** Generally this number indicates if the city has high summer water use. Conservation education should focus on improving landscape irrigation efficiency on public and private property. The [UMN Turfgrass Science](#) website has excellent irrigation resources. If your peak water day was for hydrant flushing, you might evaluate if this amount could be reduced without sacrificing best practices. Some cities are significantly cutting back with hydrant flushing and not impacting water quality.
7. **RESIDENTIAL & NON-RESIDENTIAL:** Compare the volume of Residential and non-residential water user. Is one significantly more than the other or are they quite close in water use? Focusing on your big water use accounts with education programs or conservation partnerships may make sense.
8. **NON-RESIDENTIAL EDUCATION AND OUTREACH IDEAS:**
  - a. Non-residential use is always an opportunity for water conservation – economically Commercial, Industrial and Institutional users *want* to be as efficient as possible. The city should look at the 2-3 largest non-residential water users and meet with them to see if there are things they can do to conserve water.
  - b. Cities often work with the CII categories that are easiest to implement: government/municipal buildings and facilities; large landscape areas; schools and/or colleges; office buildings; restaurants. Research shows that the degree of success for water conservation are: 1. Schools/colleges, 2. Commercial and apartments, 3. Large

landscape areas, 4. Lodging, 5. Public pools/water parks. Target your efforts here for optimal success.

- c. If any of the CII facilities have outdoor lawn irrigation this is an easy and quick way to reduce water use by installing smart meters, doing an irrigation audit to look for leaks and broken heads, or simply turning off the irrigation controllers and only turning them on when there has been a lack of rainfall.

**9. RESIDENTIAL EDUCATION AND OUTREACH IDEAS:**

- a. The city may want to offer free toilet leak detection tablets to customers since this is the most common leak and easy to fix. Contact the MN DNR Information Center for a free supply of toilet leak detection info cards and dye tablets.
  - b. You may want to try promoting this home water conservation app that only takes a few minutes and is fun and informative <http://nrwa.agkwa.com> (try it yourself!). In addition to adults, you can work with the schools, kids may influence their parents to conserve water.
  - c. Other new water campaigns the city may want to participate in include: the US EPA WaterSense Program. Membership is free and allows you access to great resources. Also *Value of Water*- US Water Alliance has a Value of Water Campaign <http://uswateralliance.org/initiatives/value-of-water> with a toolkit that has PDFs of ads, billboards, bill stuffers, bus shelter ads, banners, and social media. The focus is positive, emphasizing that water is essential.
- 10. ORDINANCES:** City Councils may want to strengthen their water conservation ordinances. League of MN Cities is a great source for sample ordinances.
- 11. RATE STRUCTURE:** Cities should regularly evaluate the water rate structure. MN Rural Water Association provides this service (free for a quick review; small fee for a full bookkeeping audit).
- 12. FUTURE WEATHER:** Northern cities are already experiencing changing seasons and weather patterns. Some of these will impact water supply and demand. Climate science tells us three key trends will likely continue through mid-century:
- 1. Extreme rainfall is happening more often.
  - 2. Minnesota's climate is becoming warmer and wetter.
  - 3. Winter is warming 13 times faster than summer and there are fewer days of extreme cold.

These changes will likely impact public water supplies in several ways:

- a. **Rivers & Streams:** Rivers will see altered high and low flows and an increase in contamination due to flooding. Whatever the historic flood level has been in the past, anticipate it to be higher. Are water treatment facilities, water towers, and pumps flood proof/resilient? Are there industries upstream that may contaminate drinking water supplies during a flood? Are communications in place to notify the city of possible contamination and emergency flood preparations in place? If the city is not a member of MnWARN they may want to consider this voluntary option. Warmer winters may mean more ice, which often requires more salt treatment. Chloride contamination is becoming a concern in many areas of the state and may require additional water treatment.
- b. **Lakes:** Longer thermal stratification on lakes means that seasonal mixing may be eliminated in shallow water, resulting in fish kills. This may not affect the city directly. Thin ice may pose safety hazards to citizens and staff.



- c. Possible City Infrastructure Impact: direct damage from heavy rain, increased mold/moisture damage, safety and accessibility on ice or trails, damage to culverts and bridges.
- d. Invasive species have new advantages. Are zebra mussels a threat at your water or wastewater treatment facilities? If not, they may be in the future. Forest insect pests may migrate further north killing vast forested areas and increasing fire hazards.
- e. Warmer winter temperatures: The good news is this may mean fewer frozen water lines.
- f. Forests: Boreal species will face increasing hydrothermal stress. The heat stress is more than trees can tolerate and forest communities will change across the landscape and higher temperatures means more drying of vegetation. If geographically appropriate, is the water system prepared for a possible increase in forest fires?



# Certificate of Completion

THIS ACKNOWLEDGES THAT

Shakopee Public Utilities  
Commission

**Has Completed the 2021 Water Conservation Report**

Carmelita Nelson, Program Coordinator

TO: Greg Drent, Interim General Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Magellan Encroachment Agreement

DATE: April 29, 2022

#### ISSUE

An encroachment agreement between multiple parties, including SPU, is required for the East End project.

#### BACKGROUND

City Project 2021-001 for Maras Street, 13<sup>th</sup> Avenue, (Stagecoach Road) and Hansen Avenue includes water main installation across the Magellan pipeline easement.

#### DISCUSSION

Magellan owns and operates a pipeline inside their 100-foot-wide easement across the Maras Street roadway.

Magellan requires all parties to enter into an encroachment agreement for the improvements lying within their easement. SPU will own and operate the public water main after its initial construction across the pipeline easement, and so will also be a party to the agreements.

The Commission's attorney and staff have reviewed the proposed encroachment agreement language and agree that it will be sufficient to ensure SPU's and the public's interests concerning the water main.

#### REQUESTED ACTION

Staff requests the Commission approve the encroachment agreement as submitted and authorize its execution.



(Drafted by & when filed return to: Magellan Pipeline Company, L.P., P. O. Box 22186, OTC-8 (S. Guthrie), Tulsa, Oklahoma 74121-2186, 918/574-7350.)

## **ENCROACHMENT AGREEMENT**

This Encroachment Agreement ("**Agreement**") is made and entered into by and between Magellan Pipeline Company, L.P., a Delaware limited partnership, whose address is P.O. Box 22186, Tulsa, Oklahoma, 74121-2186, (hereinafter called "**Magellan**"), and City of Shakopee, whose address is 485 Gorman Street, Shakopee, Minnesota 55379, its successors, assigns and grantees (hereinafter called "**City**") and Shakopee Public Utilities Commission, a Minnesota municipal utility, whose mailing address is 255 Sarazin Street, Shakopee, Minnesota 55379, its successors, assigns and grantees (hereinafter called "**SPUC**").

### **WITNESSETH:**

WHEREAS, **City** represents and warrants that **City** owns the right to construct an electrical conduit, sanitary sewer, waterline and street reconstruction across/on all the certain land (hereinafter "**Subject Land**"), described on attached **Exhibit "A"** and made a part hereof; and

WHEREAS, **Magellan** is the owner of certain pipelines, pipeline facilities and appurtenances (hereinafter referred to as the "**Magellan Facilities**") and easement rights therefor, (hereinafter referred to as the "**Easement**", whether or not rights were granted in one or more documents or acquired by operation of law). For purposes of this **Agreement** only, "**Magellan's Easement Tract**" shall be considered to be any area within Fifty (50) feet of any **Magellan Facilities**, unless a different right of way tract width is specifically described in the **Easement**, in which case such specified width shall define **Magellan's Easement Tract**. The land referenced in the **Easement** includes a portion of the Southeast Quarter (SE¼) of Section 12, Township 115 North, Range 22 West, Scott County, Minnesota, pursuant to those certain instruments recorded in the records of said county and state and described as follows:

- 1) A Right of Way Agreement executed by Homer I. Munson and Helen B. Munson, husband and wife, on the 19th day of June, 1954, in favor of Great Lakes Pipe Line Company (**Magellan's** predecessor in title), its successors and assigns, and filed for record in the office of the Register of Deeds of Scott County, Minnesota on the 24th day of July, 1954, in Book 130 of Deeds, Page 439; and,
- 2) A Right of Way Agreement executed by Thomas J. Horarka and Florence E. Horarka, husband and wife, and Anna Stemmer, widow, in favor of Great Lakes Pipe Line Company (**Magellan's** predecessor in title), its successors and assigns, on the 17th day of June, 1954, and filed for record in the office of the Register of Deeds of Scott County, Minnesota on the 24th day of July, 1954, in Book 130 of Deeds, Page 437; and,
- 3) Partial Release of Right of Way dated December 31, 1973 and recorded in the office of Register of Deeds, Scott County, MN as Document # 139252 and Book 130, Page 439, from Williams Brothers Pipe Line Company (**Magellan's** predecessor in title) to Vera M. Stewart, Allen V. Stewart and Farm and City Associates, Inc., releasing a portion of the rights granted in the Right of Way Agreement and Amendments listed above; and
- 4) Partial Release of Right of Way dated March 11, 1958 and recorded in the office of Register of Deeds, Scott County, MN, in Book N Page 207, from Great Lakes Pipe Line (**Magellan's** predecessor in title) to Ed and Barbara Drury, husband and wife and joint tenants, releasing a portion of the rights granted in the Right of Way Agreement and Amendments listed above; and

WHEREAS, for the purposes of this **Agreement** an **"Encroachment"** is defined as any use of the land within **Magellan's Easement Tract** by someone other than **Magellan** which could interfere with **Magellan's Easement** rights or could create safety concerns related to **Magellan's Facilities** as more fully described in **Magellan's General Encroachment Requirements** as set forth in attached **Exhibit "B"** and incorporated herein by reference. **Magellan does not permit or authorize any Encroachments unless specifically approved in a written agreement identifying all "Approved Encroachments";** and

WHEREAS, **City** desires to obtain **Magellan's** consent for one or more **Encroachments** on **Magellan's Easement Tract**;

NOW, THEREFORE, in consideration of the covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **Magellan**, subject to the following terms and provisions, hereby consents to the **Encroachments** listed below as **"Approved Encroachments"** described and limited pursuant to the following specified plan drawings, which were furnished by **City** to **Magellan ("Plan Drawings")** and attached hereto as **Exhibit "C"**:

- 1) Shakopee City Project No. 21-001, WSB Project No. 016155-000, Utility Extension-Maras Street, 13<sup>th</sup> Avenue East, & Hansen Avenue, Project Plan Sheets 20, 27, 30, 33, 34, 48, 51, 52, 61, dated 1/18/2022 and revised 3/02/2022.

## **TERMS AND PROVISIONS**

1. **Approved Encroachments.** The **Approved Encroachments**, as further identified, described and limited in the **Plan Drawings** as set forth in **Exhibit “C”** are limited to the following:

**a) 2-Inch Electrical Conduit (Maras Street).**

Maras Street – Street Lighting Plan	Sheet 61 of 76
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The **Project** proposes to construct a 2-Inch electrical conduit that will cross the **Magellan Facilities and Magellan Easement**. The electrical conduit will be installed by open trench and will cross over the **Magellan Facility** with 2 feet of clearance.

**Magellan** finds the proposed 2-Inch electrical conduit acceptable on the condition it maintains a minimum separation of 2 feet and a **Magellan Representative** is onsite during construction activities to verify the required separation distance is achieved.

**b) Maras Street Reconstruction.**

Typical Sections	Sheet 20 of 75
Maras Street Removal Plans	Sheet 27 of 75
Maras Street – Street & Storm Sewer Plans	Sheet 51 of 76
Maras Street – Street & Storm Sewer Plans	Sheet 52 of 76

The **Project** proposes to reconstruct Maras Street as a 36- Foot- wide (face of curb to face of curb) street with curb and gutter crossing the **Magellan Facilities and Magellan Easement**. The pavement section consists of 5-inch asphalt concrete; over 10- inch aggregate base; over prepared subgrade. The curb and gutter will have 4- inch perforated drain pipe installed as needed to facilitate drainage. There will also be a 5-foot wide concrete sidewalk on the west side of the road. The sidewalk section will generally consist of 4-inches concrete; over 4-inches aggregate base; over approved subgrade. The sidewalk will be 8-inches thick where the new commercial driveway is installed in the **Magellan Easement** on the west side of the road.

An existing tree will be removed from the **Magellan Easement** in the vicinity of the new driveway. A **Magellan Representative** shall be onsite during the tree removal to ensure that the pipeline is not impacted or affected.

The existing depth of cover over the **Magellan Facilities** is approximately 3.7 feet, which will remain approximately the same after roadway reconstruction.

Any roadway signs shall be installed at least 5 feet away from the **Magellan Facilities**.

While the existing and proposed cover over the **Magellan Facilities** is less than the required 4 feet, because it is an existing road **Magellan** finds the proposed street reconstruction acceptable on the condition that the existing cover is not reduced and a **Magellan Representative** is onsite during construction activities to verify the existing depth of cover is maintained.

**c) 8-Inch Sanitary Sewer (Maras Street).**

Maras Street – Sanitary Sewer & Watermain Plans	Sheet 33 of 76
Maras Street – Sanitary Sewer & Watermain Plans	Sheet 34 of 76
Maras Street – Sanitary Sewer & Watermain Plans	SHEET A

The **Project** proposes to construct a 8-Inch SDR 26 PVC sanitary sewer that will cross under the **Magellan Facilities** with approximately 20 feet of wall-to-wall separation.

**Magellan** finds the proposed 8-Inch sanitary sewer is acceptable on the condition it maintains a minimum wall-to-wall separation of 2 feet and a **Magellan Representative** is onsite during construction activities. The proposed double trench design as shown on **Sheet A** is approved subject to the following conditions:

1. If 20 feet of pipe span is exposed, additional support mitigations may be required by **Magellan**. The on-site **Magellan Representative** should be consulted.
2. If a girth weld is exposed, it will need to be supported within 5'. The on-site **Magellan Representative** should be consulted.
3. The **Magellan Facilities** should be exposed for as short of time as possible. The day before exposing the pipeline, the Contractor should work up to the edge of the excavation location that will expose the **Magellan Facilities** so the next day they will have a full day to complete the sanitary sewer installation and backfill the **Magellan Facilities**.
4. The **Magellan Representative** will be notified and invited to attend the project preconstruction meetings.

**d) 12-Inch Waterline (Maras Street).**

Maras Street – Sanitary Sewer & Watermain Plans	Sheet 30 of 76
Maras Street – Sanitary Sewer & Watermain Plans	Sheet 33 of 76
Maras Street – Sanitary Sewer & Watermain Plans	Sheet 34 of 76

The **SPUC** proposes to construct a 12-Inch CL 52 DIP watermain that will cross under the **Magellan Facilities** with approximately 4 feet of wall-to-wall separation. The 12-Inch

watermain will be zinc coated and will have an enhanced V-Bio encasement throughout the **Magellan Easement** and extending 20 feet each side of the **Magellan Easement**

**Magellan** finds the proposed 12- Inch watermain and zinc coating acceptable on the condition it maintains a minimum wall-to-wall separation of 2 feet and a **Magellan Representative** is onsite during construction activities.

**e) 13<sup>th</sup> Avenue East Street Reconstruction.**

Typical Sections	Sheet 20 of 75
13 <sup>th</sup> Avenue East – Street & Storm Sewer Plans	Sheet 48 of 76

The **Project** proposes to reconstruct 13<sup>th</sup> Avenue East as a 44-Foot wide (face of curb to face of curb) street with curb and gutter crossing the **Magellan Facilities and Easement** at the intersection of Stagecoach Road. The pavement section consists of 5-inch asphalt concrete; over 10-inch aggregate base; over prepared subgrade. The existing curb and gutter will be utilized on the north side of the street and the curb and gutter on the south side will have 4-inch perforated drain pipe installed as needed to facilitate drainage.

The existing depth of cover over the **Magellan Facility** is not indicated in the plans; however, based on the plan profile sheet, the existing depth of cover will be maintained.

Any roadway signs shall be installed at least 5 feet away from the **Magellan Facilities**.

**Magellan** finds the proposed street reconstruction acceptable on the condition that the existing cover is not reduced and a **Magellan Representative** is onsite during construction activities to verify the existing depth of cover is maintained.

**f) Heavy Equipment Crossing Requirements:**

Although exact construction equipment is not known at this time, pipeline stress calculations have been performed based on an assumed maximum loaded vehicle weight of 80,000 lbs. The stress calculations further assumed that the gross loaded vehicle weight was evenly distributed between two (2) axles resulting in a maximum wheel load of 20,000 lbs. Based upon these assumptions, equipment meeting the aforesaid criteria may safely cross the **Magellan Facilities**; however, a **Magellan field representative will need to be present to verify the pipeline depth of cover prior to allowing equipment to cross. A minimum cover of at least 3.5 feet shall be maintained for all equipment crossings over the Magellan Facilities.**

**Tracked equipment and equipment exceeding the maximum wheel load specified above will not be allowed to cross the Magellan Facilities without further evaluation of the pipeline stresses.** If equipment exceeding the maximum wheel load specified above will need to cross the pipeline, detailed information will need to be received in order to perform pipe stress calculations. The following information will need to be received to perform a more thorough analysis of wheeled vehicles: loaded vehicle weight, number of



axles on the front and rear, and weight distribution between the front and rear axles. For equipment on tracks, the following information is needed: loaded vehicle weight, length of track in contact with the ground, and track width.

g) **Maximum Unsupported Span Length:**

Certain precautions will need to be implemented to ensure the integrity of the **Magellan Facilities**. **Magellan's** standard practice is to conduct non-destructive evaluations and/or weld on reinforcing sleeves on all girth welds that will be fully exposed when the native supporting soil under the pipeline will be removed for a length greater than or equal to the respective pipeline's safe maximum allowable unsupported span length. **The maximum unsupported active pipeline span is 40-feet.**

If digging within 2 feet of the **Magellan Facilities** hand digging is required as cited in Provision #4 herein.

The **City** and its contractor will need to pay careful attention to the unsupported pipe length of the **Magellan Facilities**. If more than the safe maximum unsupported span length for the pipeline has been exposed, **Magellan** will require non-destructive evaluations of the girth welds and will make repairs as necessary.

h) **Girth Weld Precautions:**

All exposed girth welds shall be supported (supports to be placed on either side of the girth weld not to exceed 5 feet) via sandbags or equivalent settlement resistant supports prior to backfilling.

2. **No Other Encroachments.** Except for the **Approved Encroachments** as defined in the **Agreement**, **City** shall not create, erect, place or construct any other **Encroachment** on, above or below the surface of the ground on **Magellan's Easement Tract**, or change the grade or elevation of the ground surface within **Magellan's Easement Tract** or at any time plant or allow any trees thereon or cause or permit any of these to be done by others, without the express prior written permission of **Magellan**.
3. **Magellan On-Site Representative.** Exclusive of Saturday, Sunday, and legal holidays, **City** shall notify **Magellan** a minimum of 48 hours in advance of any **Encroachment** activities on **Magellan's Easement Tract** so that **Magellan** may arrange to have a representative present. At **Magellan's** option, **Magellan's** representative may be on site during all **Encroachment** activities over or within ten feet (10') of the **Magellan Facilities** to confirm that no damage occurs to the **Magellan Facilities**. The presence of **Magellan's** representative or any verbal instructions given by such representative shall not relieve **City** of any liability under the **Easement** or this **Agreement**, and will not change the terms of the **Easement** or this **Agreement**, which may only be changed by written agreement by authorized representatives of **City** and **Magellan**. If pipeline, coating, cathodic protection and/or any other repair of **Magellan Facilities** is required by **Magellan** or if the safety of the **Magellan Facilities** is

jeopardized, in **Magellan's** sole judgment, **City** shall stop all construction activities on **Magellan's Easement Tract** until said repairs are completed or until any unsafe construction practices are resolved to the satisfaction of **Magellan's** on-site representative. Written notification of such construction activity shall be made to **MAGELLAN PIPELINE CITY, Coordinator of Operations & Maintenance, Heath Biegler, Coordinator of Operations & Maintenance, 2451 W County Road C, Saint Paul, MN 55113, Cell: (612) 723-0107**, or such other representative of **Magellan**, which **Magellan** may from time to time designate.

4. **Protection of Magellan Facilities.** **City** shall protect the **Magellan Facilities** if excavating and backfilling become necessary within **Magellan's Easement Tract**. If excavating within 2 feet of any **Magellan** pipeline or when otherwise deemed necessary by **Magellan's** on-site representative, **City** shall perform any necessary digging or excavation operations by hand digging. **City** shall reimburse **Magellan** for all costs of having a representative of **Magellan** on-site during construction activities related to the **Approved Encroachments**. **City** agrees that if it is determined or if an event arises requiring alternate current mitigation measures, it will be at **City's** expense.
5. **Breach.** If either **City** or **Magellan** breaches this **Agreement** and the non-breaching party commences litigation to enforce any provisions of this **Agreement**, the reasonable cost of attorneys' fees and expenses will be payable to the non-breaching party by the breaching party upon demand, for all claims upon which the non-breaching party prevails.
6. **Insurance.** **City** shall procure or cause its contractors and subcontractors to procure and maintain in force throughout the entire term of this **Agreement** insurance coverage described below with insurance companies acceptable to **Magellan** for work performed related to the construction of the **Approved Encroachments**. All costs and deductible amounts will be for the sole account of the **City** or its contractors and subcontractors. Prior to commencing any activities related to the construction of the **Approved Encroachments**, the **City** must deliver to **Magellan** certificate(s) of insurance naming **Magellan Midstream Partners, L.P.** and its **Affiliates** as an additional insured. Non-renewal or cancellation of policies must be effective only after **Magellan** receives written notice from the insurance company thirty (30) days in advance of such non-renewal or cancellation. The limits set forth below are minimum limits and will not be construed to limit the **City's** liability:
  - (a) Workers' Compensation insurance complying with the laws of the State or States having jurisdiction over each employee and Employer's Liability insurance with limits of \$1,000,000.
  - (b) Commercial or Comprehensive General Liability insurance on an occurrence form with a combined single limit of \$2,000,000 each occurrence and project specific annual aggregates of \$2,000,000. Coverage must include premises/operations, independent contractors, blanket contractual liability, and products/completed operations coverage, broad form property damage, personal injury, and sudden and accidental pollution; such

coverage must be maintained for two (2) years following completion of work activities related to the construction of the **Approved Encroachments**. **Magellan**, its affiliated companies, and its and their respective directors, officers, partners, members, shareholders, employees, agents and contractors shall be included as additional insureds.

The Sudden and Accidental Pollution can be a separate, stand-alone policy, but must still meet the \$2,000,000 minimum limit requirement. If the coverage is written on a claims made policy form, the coverage must be maintained for two (2) years following completion of the work activities related to the **Approved Encroachments**.

- (c) In each of the above policies, the **City** or its contractors and subcontractors agree to waive and will require its insurers to waive any rights of subrogation or recovery either may have against **Magellan** and its affiliated companies.
  - (d) Regardless of the insurance requirements above, the insolvency, bankruptcy, or failure of any such insurance company providing insurance for the **City** or its contractors and subcontractors, or the failure of any such insurance company to pay claims that occur, such requirements, insolvency, bankruptcy or failure will not be held to waive any of the provisions hereof.
  - (e) In the event of a loss or claim arising out of or in connection with the construction of the **Approved Encroachments**, the **City** agrees, upon request of **Magellan**, to submit a certified copy of its insurance policies for inspection by **Magellan**.
  - (f) The **City** shall require all of its contractors and subcontractors for work related to the construction of the **Approved Encroachments** to provide adequate insurance coverage, all to be endorsed with the Waiver of Subrogation wording referenced in Section (c) above; any deficiency in the coverage, policy limits, or endorsements of said contractors and subcontractors, shall be the sole responsibility of the **City**.
7. **Indemnification.** **City** will indemnify, save, and hold harmless **Magellan**, its affiliated companies, directors, officers, partners, employees, agents and contractors from any and all environmental and non-environmental liabilities, losses, costs, damages, expenses, fees (including reasonable attorneys' fees), fines, penalties, claims, demands, causes of action, proceedings (including administrative proceedings), judgments, decrees and orders resulting from **City's** breach of this **Agreement** or caused by or as a result of the construction, use, maintenance, existence or removal of the **Approved Encroachments** and **Other Encroachments** located on the **Magellan Easement Tract**. The presence of **Magellan's** representative or any instructions given by such representative will not relieve **City** of any liability under this **Agreement**, except to the extent that such liability results from **Magellan's** or its representative's gross negligence or willful misconduct.

8. **Damage or Loss.** City covenants that:

(a) If at any time, in the sole opinion of **Magellan**, it becomes necessary for **Magellan**, to cross, occupy, utilize, move or remove all or portions of the **Approved Encroachments** placed on **Magellan's Easement Tract** or constructed pursuant to this **Agreement**, for any purpose, including but not limited to surveying, constructing new facilities, maintaining, inspecting, operating, protecting, repairing, replacing, removing or changing the size of a pipeline(s) and appurtenances on **Magellan's Easement Tract** and such activities by **Magellan** result in damage to or destruction of the **Approved Encroachments**, then repair, replacement or restoration of such **Approved Encroachments** shall be at the sole cost and responsibility of **City**.

(b) If at any time, any encroachments belonging to or permitted by **City** which are not authorized by this or another written agreement ("**Other Encroachments**") are found to be on **Magellan's Easement Tract**, **Magellan** may at any time request **City** to remove such **Other Encroachments**, and if **City** refuses or fails to do so within a reasonable time, **Magellan** may remove them from **Magellan's Easement Tract** to a location off of **Magellan's Easement Tract** at **City's** expense, unless they are allowed to remain by a written agreement between **Magellan** and **City**. Should such removal activities by **Magellan** result in damage to or destruction of the **Other Encroachments**, then repair, replacement or restoration of such **Other Encroachments** shall be at the sole cost and responsibility of **City**, and such **Other Encroachments** may not be repaired, replaced or rebuilt on **Magellan's Easement Tract** without a written agreement between **Magellan** and **City**.

(c) **City** agrees that if it is determined or if an event arises requiring alternate current mitigation measures, it will be at **City's** expense.

(d) If during the exercise of the rights granted by the **Easement** or by this **Agreement**, the **Approved Encroachments** and **Other Encroachments**, if any, are damaged, destroyed or suffer loss of value, **City** agrees to release **Magellan**, its affiliates, and its and their respective directors, officers, members, partners, shareholders, employees, agents and contractors from and against any and all liabilities, and damages or losses which may arise as a result of the damage to or loss of use of the **Approved Encroachments** and **Other Encroachments**, if any, caused by **Magellan**, its employees, agents and contractors.

9. **Magellan Rights.** **Magellan** and **City** and **SPUC** agree that the existence of the **Approved Encroachments** or this **Agreement** does not constitute a waiver of **Magellan's** rights under the **Easement**. **Magellan** hereby reserves and **City** and **SPUC** hereby grant and confirm all of **Magellan's** rights, title and estate as set forth in the **Easement**.

10. The terms and conditions of this **Agreement** will constitute covenants running with the land and be binding upon and inure to the benefit of the parties hereto, their successors, assigns and

grantees. This **Agreement** may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. This **Agreement** shall become effective upon its complete execution by the parties hereto.

11. The parties hereto acknowledge and agree that **SPUC's** role and responsibilities under this **Agreement** are limited to the watermain described in Section 1(d) as an **Approved Encroachment** (the "Watermain"). After installation of the Watermain as an **Approved Encroachment**, **SPUC** shall be the party that owns, operates, maintains, and repairs the Watermain and **SPUC** shall then be the party responsible for the obligations under this **Agreement** with respect to the Watermain. **SPUC** shall have no obligations or responsibilities with respect to any other **Approved Encroachments**.

IN WITNESS WHEREOF, the parties have set their hands on the dates expressed below.

**MAGELLAN PIPELINE COMPANY, L.P.**

By Its General Partner, Magellan Pipeline GP, LLC

By Its Undersigned Authorized Signatory:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Signatory \_\_\_\_\_

Date: \_\_\_\_\_, 2022

**CITY OF SHAKOPEE, MN**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2022

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2022

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**A Minnesota municipal utility**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2022

STATE OF OKLAHOMA    )  
  )       SS  
COUNTY OF TULSA       )

Before me, the undersigned, a Notary Public in and for the county and state aforesaid, on this \_\_\_\_\_ day of \_\_\_\_\_, 2022 personally appeared \_\_\_\_\_, to me personally known to be the Authorized Signatory for **MAGELLAN PIPELINE GP, LLC**, a Delaware limited liability company, who being duly sworn did acknowledge to me that she executed the foregoing instrument on behalf of said limited liability company as the free and voluntary act and deed, for the uses, purposes and consideration therein set forth.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

\_\_\_\_\_

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Before me, the undersigned, a Notary Public in and for the County aforesaid, on this \_\_\_\_\_ day of \_\_\_\_\_, 2022, personally appeared \_\_\_\_\_ to me known personally to be the \_\_\_\_\_ for the CITY OF SHAKOPEE, MN who being duly sworn did acknowledge to me that he/she executed the foregoing instrument on behalf of said entity as the free and voluntary act and deed of said entity, for the uses, purposes and consideration therein set forth.

My Commission Expires:

Before me, the undersigned, a Notary Public in and for the County aforesaid, on this \_\_\_\_ day of \_\_\_\_\_, 2022, personally appeared \_\_\_\_\_ to me known personally to be the \_\_\_\_\_ for the CITY OF SHAKOPEE, MN who being duly sworn did acknowledge to me that he/she executed the foregoing instrument on behalf of said entity as the free and voluntary act and deed of said entity, for the uses, purposes and consideration therein set forth.

**My Commission Expires:**





## **EXHIBIT “A”**

### **SUBJECT LAND**

**West Half of the Southeast Quarter (W½SE¼) and the East Half of the Southeast Quarter (E½SE¼) of Section 12, Township 115 North, Range 22 West, Scott County, Minnesota (13<sup>th</sup> Avenue East and Maras Street, City of Shakopee, MN).**

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## **EXHIBIT “B”**

### **GENERAL ENCROACHMENT REQUIREMENTS**

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# EXHIBIT "B" TO ENCROACHMENT AGREEMENT, 1 of 4

## MAGELLAN PIPELINE COMPANY, L.P.

### General Encroachment Requirements

A. **GENERAL** - These requirements define the minimum standards of practice for encroachments by a landowner (including any developer, business entity, utility company or individual working for, or on behalf of, or with permission of landowner) (herein referred to collectively as "Owner") to pipeline corridors and rights of way ("Magellan's Easement Tract") owned or operated by Magellan Pipeline Company, L.P. ("Magellan"). Upon written request by Owner to Magellan, a copy of these minimum requirements shall be provided to any developer, business entity, utility company or individual working on behalf of Owner or with the permission of Owner within Magellan's Easement Tract. Specific circumstances may require additional precautions or more stringent methods in order to protect the integrity of Magellan's pipelines and facilities. Magellan's Easement Tract for purposes of these General Encroachment Requirements shall be considered to be any area within fifty (50) feet of any Magellan pipeline or other Magellan-owned or operated facility unless a different right of way width is specified by one or more recorded right of way or easement documents (herein collectively called "Easement"), whether one or more, in which case such specified width shall define Magellan's Easement Tract.

1. **Encroachment Definition.** An "encroachment" is any use of the land within Magellan's Easement Tract which could interfere with Magellan's Easement rights or which could create safety concerns for Magellan pipelines and/or facilities located on Magellan's Easement Tract. Encroachments include, but are not limited to: structures, fixtures, personal property, landscaping, foreign utilities, foreign pipelines, roadways, railroads, waterway crossings, water impoundments, walls, heavy equipment and heavy loads on Magellan's Easement Tract, and also any excavation, digging, drilling, tunneling and addition, removal or disturbance of soil or subsoil within Magellan's Easement Tract.

2. **Magellan Representative Required On-Site.** Magellan pipeline systems operate at high pressures, and for safety reasons, Magellan requires its company representatives to be on-site while Owner is excavating or performing other activities which could endanger the Magellan pipelines or other facilities on

Magellan's Easement Tract. For other activities of the Owner on the Magellan Easement Tract, the Magellan field representative shall determine whether Magellan's continuous presence or periodic monitoring of encroachment activities will be required and shall inform the Owner. A Magellan representative will be made available upon 48 hours notice (exclusive of weekends and holidays) to determine the location and approximate depth of any Magellan pipelines. No excavation shall be commenced without prior written approval from Magellan and verification by Magellan of the location and approximate depth of its pipelines.

3. **Magellan's Facilities.** Magellan's facilities include, but are not limited to, Easement, rights of way, pipelines, meter and valve sites, aboveground piping manifolds and cathodic protection systems.

4. **Land Use Change - Notification.** The landowner and tenant, if any, must notify Magellan at any and every time when the land use will be changed for land on or adjacent to Magellan's Easement Tract. Examples of such land use changes are:

- Change from pasture to cultivation
- Change in depth of tilling (e.g. plowing deeper or deep-breaking the land)
- Change in that terraces will be cut or re-cut
- Change from agricultural use to residential, commercial or industrial use
- Change from residential to commercial or from commercial to industrial.

5. **Governmental Regulations and Industry Guidelines.** Owner must comply with all applicable laws and regulations, as well as Magellan's policies as expressed herein. Owner is also hereby referred to the Common Ground Alliance Best Practices which can be found on the web site: [www.commongroundalliance.com](http://www.commongroundalliance.com). (See "Program Information" / "Best Practices") and which is available from Common Ground Alliance in booklet form for easy reference. Best Practices addresses the most common issues for damage prevention for an encroaching party, including, among others: Planning and Design; One-Call Center; Locating and Marking; Excavation; and Mapping. In the event of a conflict between laws and regulations, Magellan's policies and the Common Ground Alliance Best Practices, the following priority shall govern encroachments on Magellan's Easement Tract: 1st -- laws and regulations; 2nd -- Magellan policies; and 3rd -- Common Ground Alliance Best Practices.

## B. MAGELLAN RIGHT OF WAY PRACTICE

1. **Personal Property and Fixtures To Be Kept Off of Magellan's Easement Tract.** In order to keep Magellan rights of way clear for operations, maintenance, inspection and emergency access, personal property and fixtures shall not be placed, stored or maintained on Magellan's Easement Tract. Personal property and fixtures include, but are not limited to, storage sheds, automobiles, trailers, mobile homes, above-ground swimming pools, business equipment, product inventory, scrap metal, boulders, large rocks, debris, junk and piles of materials.

2. **Encroachments Subject to Being Cleared from Magellan's Easement Tract.** Subject to the terms of its Easement (including right of way agreement(s) and other written agreements), Magellan may keep Magellan's Easement Tract clear of items that may hinder the exercise of Magellan's rights to construct, operate, inspect, maintain, repair and access its pipelines and other facilities. Clearing of the Magellan's Easement Tract shall include, but not be limited to the following: removal of trees, brush, crops, other vegetation and non-permitted encroachments located on or overhanging all or part of any Magellan's Easement Tract. Trees or other vegetation overhanging Magellan's Easement Tract may be side-trimmed.

## C. ENCROACHMENT PLANNING

1. **Plan Review Required by Magellan.** For any encroachment, Magellan must be provided project plans to review and approve, prior to the encroachment occurring, for purposes of damage prevention.

2. **Submission of Complete Plans.** Owner must submit complete plans to Magellan for review. Incomplete plans could delay Magellan's engineering impact study and insufficient information could result in increased costs. Plans must include:

- A plan view of the project with the pipeline(s) location included.
- An illustration in profile of the existing surface elevations, the proposed surface elevations and the elevation of the Magellan pipeline(s).
- A comprehensive utility /structure /grading plan depicting the relationship to the pipeline(s).
- A proper legal description of the project location.
- Complete landscaping plans.
- Complete plans for backfilling and compaction of backfill material.

3. **Plans Must Show Magellan's Easement Tract, Pipelines and Facilities.** All construction plans (prints) showing lands where all or any part of Magellan's Easement Tract, any Magellan pipeline or facility is located must contain the

following:

- Location and depth of all Magellan pipelines and facilities
- The width of Magellan's Easement Tract
- A standard warning statement conspicuously displayed containing the following language:

### WARNING

**HIGH-PRESSURE PIPELINE(S)**  
Excavation and/or Construction Prohibited Without compliance with State One-Call AND Without Written Permission From MAGELLAN PIPELINE COMPANY, L.P.

4. **Written Encroachment Agreement Required.** A written, fully executed Encroachment Agreement must be in place between Magellan and Owner before Owner commences work on any encroachment.

5. **Costs.** Unless otherwise agreed in writing, all costs to Magellan that result from any encroachment should be paid by Owner. Such costs shall include, but not be limited to: modification, replacement, lowering, and protection of pipelines, including engineering evaluation and design, field labor and real estate research and document preparation and handling.

6. **Pipeline Integrity Inspection.** Prior to the installation of any structure, parking lot, roadway or other facility which might interfere with or hinder Magellan's inspection of any pipeline or facility, Magellan will perform an integrity review of its pipeline and any other assets which may be affected by the proposed structure, parking lot, roadway or other encroaching facility in order to determine that Magellan's assets comply with integrity requirements and to allow Magellan to make any needed changes prior to construction of any encroachments.

7. **Soil On Magellan's Easement Tract - Removing and Adding.** No soil shall be removed from or added to Magellan's Easement Tract without written authorization from Magellan. Any soil added must be clean (without contaminants, trash or debris) fill dirt and must be limited in amount so that the

resulting cover (vertical distance from the surface of the land to the top of Magellan's pipeline) is not greater than eight feet (8').

8. **Erosion Control Materials.** Erosion-control materials may be allowed on Magellan's Easement Tract for temporary periods of construction and restoration.

9. **Proof of Title to Property.** Magellan may require Owner to provide proof of current ownership of the land where the proposed encroachment is to be located. Such proof may be in the form of a Title Commitment, Title Policy, or a copy of a recorded Warranty Deed.

10. **Subdivision Plat.** Magellan requires a copy of the Subdivision Plat, if applicable. If the plat has been recorded, Magellan requires a copy indicating the book and the page of the recording.

11. **Location and Approximate Depth of Pipelines.** A Magellan representative is normally available with 48 hours notice (exclusive of weekends and holidays) to determine the location and approximate depth of the pipeline(s). Determining actual depths of pipelines may require pot-holing or hand-digging by, and at the expense of Owner in the presence of an authorized Magellan representative. No excavation on Magellan's Easement Tract shall take place without approval by Magellan.

12. **Vertical Separation Between Magellan Pipeline or Facility and an Encroaching Object or Structure.** Vertical separation is defined in this document as the vertical distance between the outermost part of a Magellan pipeline, facility or appurtenance (for example, the outside of the pipe [for uncased pipe] or the outside of the pipe casing [for cased pipe]) and the outermost part of the encroaching object (for example, the outside of the encroaching pipeline or the outside of its conduit).

13. **Construction Equipment Information.** Owner shall provide to Magellan information as to the type, size, and weight of construction equipment that will be used over or in the vicinity of the pipeline(s).

## D. ENCROACHMENT DESIGN REQUIREMENTS & STANDARDS

1. **Risk of Loss and Damage.** Owner shall bear the risk of loss, damage and/or destruction to any structure, fence, landscaping or improvement placed within the boundaries of Magellan's Easement Tract and shall hold Magellan harmless.

# EXHIBIT "B" TO ENCROACHMENT AGREEMENT, 2 of 4

<p>for damages, destruction of structures and for any consequential damages which may arise out of Magellan or its designees exercising Magellan's Easement rights or which may arise out of accessing Magellan's Easement Tract, pipelines or facilities.</p> <p><b>2. Buildings, Structures and Fences.</b></p> <p>a. <b>Buildings and Structures.</b> No buildings, houses, barns, garages, patios, playhouses, sheds, septic systems or drain fields, swimming pools (above-ground or below-ground), reinforced concrete slabs or other similar structures will be permitted on the Magellan's Easement Tract.</p> <p>b. <b>Septic System not permitted.</b> No septic-system, including any lateral lines will be permitted on Magellan's Easement Tract.</p> <p>c. <b>Retaining Walls.</b> Retaining walls are not permitted on Magellan's Easement Tract.</p> <p>d. <b>Fences.</b> No fence shall be constructed or maintained on Magellan's Easement Tract without a written agreement.</p> <p>e. <b>Requirements for Fences.</b> If fencing on Magellan's Easement Tract is authorized by a written agreement with Magellan, the fencing must comply with the following:</p> <ol style="list-style-type: none"> <li>1) <b>Not Parallel to Pipeline.</b> No fence shall be allowed to be constructed parallel closer than 10 feet to any Magellan pipeline, within the boundaries of Magellan's Easement Tract.</li> <li>2) <b>Fence Posts Location.</b> No fence posts will be allowed to be within five (5) feet of any Magellan pipeline or facility.</li> <li>3) <b>Gates Required.</b> Magellan may require any fence constructed within the boundaries of Magellan's Easement Tract to have gates of such size and suitability as is necessary or convenient for Magellan to access its pipelines and/or facilities for its operations, including inspections, at each point where the fence crosses a Magellan pipeline or facility boundary. Magellan shall be allowed to put a Magellan lock on such gates, which will allow access to Magellan's Easement Tract and/or facilities through such gates.</li> <li>4) <b>Angle of Fence Crossing.</b> It is preferred that fence crossings be as close to 90 degrees as possible.</li> </ol> <p><b>3. Landscaping, Elevation Changes and Water.</b></p> <p>a. <b>Landscaping Definition.</b> Landscaping shall include, but not be limited to, trees, shrubs, underground irrigation or sprinkler systems, sidewalks or other paths, retaining walls, terraces or other land grade changes, within</p>	<p>Magellan's Easement Tract.</p> <p><b>b. General Landscaping Requirements.</b> The following are the general rules for landscaping on Magellan's Easement Tract:</p> <ol style="list-style-type: none"> <li>1) <b>Written Approval.</b> Landscaping proposed to be done on Magellan's Easement Tract must be approved by Magellan in a written encroachment agreement. Among other terms, the encroachment agreement will release Magellan from any liability for damages to the landscaping from the exercise of Magellan's Easement rights.</li> <li>2) <b>Trees Not Permitted.</b> Trees are not permitted on Magellan's Easement Tract.</li> <li>3) <b>Shrubs.</b> Shrubs exceeding 3 feet in height and/or obstructing the view of any Magellan pipeline marker posts are not permitted on Magellan's Easement Tract.</li> <li>4) <b>Irrigation Systems, Field Drain Lines, and Sidewalks.</b> Irrigation systems, field drain lines and sidewalks that are to cross a Magellan pipeline must cross such pipeline at an angle as close to 90 degrees as possible, but in no event at an angle less than 45 degrees and must comply with other applicable provisions of this document.</li> </ol> <p>c. <b>No Water Bodies on Magellan's Easement Tract.</b> Retention of water, including but not limited to, Livestock ponds, lakes, retention ponds, or wetlands may not be constructed or formed on Magellan's Easement Tract.</p> <p>d. <b>Surface Grade and Elevation Changes.</b> Surface grade or elevation changes must be reviewed and approved in writing by Magellan.</p> <p><b>4. Foreign Pipeline &amp; Utility Crossings.</b> No foreign pipelines or utility lines of any type shall be allowed to be constructed parallel to any Magellan pipeline within the boundaries of Magellan's Easement Tract.</p> <p>a. <b>Minimum Angle for Pipeline/Utility Crossing.</b> Any foreign pipeline or utility that is proposed to cross a Magellan pipeline must cross the Magellan pipeline at an angle as close to 90 degrees as possible, but in no event at an angle less than 45 degrees.</p> <p>b. <b>Vertical Separation Requirements for Crossing.</b> Foreign pipeline(s), utilities (except high-voltage lines - see below) or flow lines should cross Magellan pipeline(s) with at least 24 inches of vertical separation. Special written authorization must be given in the event vertical separation is less than that specified in these General Encroachment Requirements. The preferred method for a foreign pipeline or utility to cross a Magellan pipeline is to cross below the Magellan pipeline.</p> <p>c. <b>Warning Tape Required.</b> When any foreign pipeline or utility line is proposed to cross a Magellan pipeline, Owner must place 6" wide McMaster-Carr No. 8288T12 or equal within Magellan's Easement Tract</p>	<p>in the following manner:</p> <ol style="list-style-type: none"> <li>1) The tape must be placed directly over (parallel to) and at least 15 inches above the foreign line for the entire distance that it occupies Magellan's Easement Tract. Additionally, the tape must be placed directly over (parallel to) and at least 15 inches above each Magellan pipeline that is crossed for a minimum distance which is the greater of:             <ol style="list-style-type: none"> <li>(a) a minimum distance of 20 feet on each side of the Magellan pipeline, or</li> <li>(b) across the entire width of Magellan's Easement Tract</li> </ol> </li> <li>2) The placement of warning tape on each side of Magellan pipeline(s) will not be required for utility cables that are installed using the directional drill or jacking method.</li> </ol> <p>d. <b>Crossings By Metal Pipelines or Conduits.</b> Metallic pipe crossing Magellan pipeline(s) may require Magellan to perform a cathodic protection interference survey. If interference with Magellan's cathodic protection system is detected and remediation is necessary, Owner agrees to cooperate with Magellan and to make necessary adjustments in Owner's interfering metallic pipe or other remediation to correct such interference problem insure that the Magellan cathodic protection system is operating properly.</p> <p>e. <b>Crossing Requirements.</b> Electrical, fiber optic, local service communication, long distance carrier telephone, and utility cables should cross Magellan pipeline(s) with a <b>minimum of 24-inches of vertical separation.</b> All such lines must be covered with a <b>Concrete Slab</b> for the full width of the Easement Tract, if requested by Magellan. If such lines have an exposed concentric neutral, a test point from the ground wire shall be installed by the power company.</p> <p>f. <b>Crossing Requirements For Lines Going Over a Magellan Pipeline.</b> In the event the electrical, fiber optic, local service communication, long distance carrier telephone, and utility cables cable crosses over a Magellan pipeline, such line shall be <b>encased in red concrete across the full width of Magellan's Easement Tract</b>, unless a variance is granted by Magellan, as set forth below.</p> <p>g. <b>Written Authorization for Variance.</b> Owner must have written authorization from Magellan for any variance from the vertical separation requirements listed above and/or for any variance from the requirement for</p>	<p>encasement of high-voltage electrical lines in red concrete.</p> <p>h. <b>Utility Poles and Guy Anchors.</b> Utility poles and guy anchors shall not be placed on Magellan's Easement Tract without a written agreement. With a written agreement, poles and anchors may be placed no closer than 20 feet to any Magellan pipeline. Poles shall not be allowed to run parallel to a Magellan pipeline within the Magellan Easement Tract.</p> <p>i. <b>Directional Drilling / Boring.</b></p> <ol style="list-style-type: none"> <li>1) Prior to commencing any horizontal directional drilling, Owner shall submit plans showing procedure and material descriptions for Magellan's approval. The plans and description shall include, but not be limited to the following:             <ul style="list-style-type: none"> <li>• Profile and plan showing location of entry and exit points</li> <li>• Work space required to perform the work</li> <li>• Mud containment and disposal sites</li> </ul> </li> <li>2) Owner shall positively locate and stake the location of Magellan's existing pipelines and other underground facilities, including exposing any facilities located within 10 feet of the designed drilled path. Prior to commencing drilling operations, Owner shall modify drilling practices and down-hole assemblies to prevent damage to Magellan's existing pipelines and other facilities. Owner shall be responsible for losses and repairs occasioned by damage all Magellan pipelines and other facilities resulting from drilling or boring operations.</li> <li>3) At all times, Owner shall provide and maintain instrumentation to document and accurately locate the pilot hole and the drill bit, to measure drill-string axial and torsional loads, and to measure drilling fluid discharge rate and pressure. At Magellan's request, Owner shall promptly provide Magellan with reasonable access to information and readings provided by these instruments, including copies of any written documentation.</li> <li>4) <b>Pilot Hole</b> <ul style="list-style-type: none"> <li>• The pilot hole shall be drilled along the path shown in the plan and profile drawings. No pilot hole shall be made that will result in any of the encroaching utility being installed in violation of laws and regulations or of Magellan's requirements described herein. However, safety for any adjacent utilities and/or structures is of utmost importance. Therefore, the listing of separation distances or tolerances herein does not relieve Owner from responsibility for safe operations or for damage to adjacent utilities and structures.</li> <li>• If tolerances are not specified in the plan and profile drawings, the pilot hole shall have the following tolerances:</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• Elevation of +0 feet and -15 feet</li> <li>• Alignment of +/-20 feet as long as it does not come to within 10 feet of Magellan's pipeline</li> <li>• Initial penetration of ground surface at exact location shown in the plan and profile drawings</li> <li>• Final penetration of the ground surface within +/-10 feet of the alignment and within +30 feet and -0 feet of the length shown in the plan and profile drawings</li> <li>• Curves shall be drilled at a radius equal to or greater than that specified in the plan and profile drawings. The drilled radius will be calculated over any 3 joints (range 2 type drill pipe) segment using the following formula:  <math display="block">R_{drilled} = (L_{drilled}/A_{avg}) \times 180/\pi</math>                     Where: R<sub>drilled</sub> = drilled radius over L<sub>drilled</sub>                      L<sub>drilled</sub> = length drilled; no less than 75 feet and no greater than 100 feet                      A<sub>avg</sub> = total change in angle over L<sub>drilled</sub> </li> <li>• At the completion of the pilot-hole drilling, Owner shall provide to Magellan a tabulation of horizontal and vertical coordinates, referenced to the drilled entry point, which accurately describe the location of the pilot hole.</li> </ul> <p>5) <b>Drilling Fluids</b></p> <ul style="list-style-type: none"> <li>• The composition of drilling fluids proposed for use shall comply with all applicable laws and regulations.</li> <li>• Owner is responsible for obtaining, transporting and storing any water required for drilling fluids.</li> <li>• Disposal of drilling fluids and drill cuttings shall be Owner's responsibility and shall be conducted in compliance with applicable laws and regulations. Drilling fluid shall not be disposed of by placing fluids on or under the surface of Magellan's Easement Tract.</li> <li>• Owner shall employ best efforts to maintain full annular circulation of drilling fluids. Drilling fluid returns at locations other than entry and exit points shall be minimized. If annular circulation is lost, Owner shall take steps to restore circulation. If inadvertent surface returns of drilling fluids occur, they shall be immediately contained with hand-placed barriers (e.g., hay bales, sand bags, silt fences, etc.) and collected using pumps as practical. If the amount of surface return is not great enough to allow practical collection, the affected area will be diluted with fresh water and the fluid will be allowed to dry and dissipate naturally. If</li> </ul>
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# EXHIBIT "B" TO ENCROACHMENT AGREEMENT, 3 of 4

the amount of surface return exceeds that which can be contained with hand-placed barriers, small collection sumps (less than 5 cubic yards) may be used unless permits or other regulations prohibit the use of collection sumps. If the amount of surface return exceeds that which can be contained and collected using barriers or small sumps, or if the return of drilling fluids occurs in the body of water proper, drilling operations will be suspended until surface return volumes can be controlled.

6) **As-Built Drawing.** Owner shall provide to Magellan an as-built plan and profile drawing of the drilled crossing showing the location of the new crossing as well as the location of Magellan's pipeline.

## 5. Roadway, Driveway, Railroad and Equipment Crossings.

No roadway, driveway, railroad or equipment crossings of any type shall be allowed to be constructed parallel to any Magellan pipeline within the boundaries of Magellan's Easement Tract.

a. **Pipeline Integrity Inspection.** A pipeline integrity review shall be performed by Magellan as described in provision "6" under "C. Encroachment Planning" (above).

b. **Load Bearing and Stress Limit Requirements.** Prior to any road, driveway, rail bed or equipment crossing construction, Magellan's engineer must determine whether the proposed compacted cover meets load-bearing requirements and provides adequate protection to limit stress on Magellan's pipeline or other facilities and must advise Owner of any additional requirements necessary to provide adequate protection.

c. **No Crossing Over Pipeline Bend.** Paved surfaces or rail beds shall not be allowed to cross a pipeline bend (point of inflection).

d. **Minimum Angle of Crossing.** Crossings should be as close to 90 degrees to Magellan pipeline(s) as possible, but not less than 30 degrees.

e. **Pipeline Casing Issues.** Magellan prefers that cased roadway and railroad crossings no longer be installed. If the carrier pipe under roadways and railroads requires adjustment or relocation, then instead of using casing, the carrier pipe will consist of extra strength material or heavier wall thickness to accommodate the additional longitudinal stress due to external loads. If a road or railroad crossing currently uses casing and the road or railroad is being widened and no other adjustment or relocation of the carrier pipe is required, then Magellan may elect to extend the casing pipe on the existing crossing(s) to accommodate additional road surface. If casing is used, it must not end under the roadway surface or track structure, but must extend across the entire length of the roadway or railroad right of way.

f. **Railroad Crossing Requirements.** Railroads shall be installed with a

minimum compacted cover over the carrier pipe, as measured from the base of the rail to the top of the pipe, as follows (see Figures 1 and 3):

Location of Pipeline	Minimum Compacted Cover Over Top of Pipeline
Under track structure proper (Below bottom of rail)	6.0 feet
Under all other surfaces within the right of way or from the bottom of ditches	3.0 feet

### g. Roadway and Driveway Crossings.

Roadways and driveways shall be installed with a minimum compacted cover over the carrier pipe, as measured from the top of the roadway surface to the top of the pipe, as follows (see Figures 2 and 4):

Location of Pipeline	Minimum Compacted Cover Over Top of Pipeline
Under roadway surface proper (Below surface of pavement)	4.0 feet
Under all other surfaces within the right of way or from the bottom of ditches	3.0 feet

h. **Crossing Pipelines Transporting Highly Volatile Liquids.** For Magellan pipelines transporting highly volatile liquids, minimum cover for a crossing at a drainage ditch must be 4.0 feet.

i. **When Additional Depth Required.** Depth greater than the minimum depths stated above may be required for a pipeline due to the combined stress of internal pipeline pressure and external loading pressure. Magellan will analyze each proposed crossing based on information provided by Owner to determine any additional depth that may be required for the pipeline for safe operation.

j. **Temporary Roads and Equipment Crossings.** Any such road or crossing must meet the following requirements:

- Must be located at a site approved by a Magellan field representative.
- Must provide adequate protection for Magellan's pipeline and other facilities, as determined by the appropriate Magellan engineer, so that the compacted cover meets load-bearing requirements and provides adequate protection to limit stress on the pipeline or other facilities.

• Owner shall place Six-inch wide plastic warning tape, McMaster-Carr No. 8288T12 or equal, over each pipeline for the width of the temporary road or equipment crossing, plus an additional 20 feet past each outside edge of such temporary road or equipment crossing.

k. **Owner Required to Protect Magellan Pipelines.** Magellan may require Owner to put in place additional cover and/or stabilization (timbers, steel plate, crushed rock, concrete slab, etc.) at any approved equipment crossing in order to protect Magellan pipelines, taking into account possible effects of weather, pipeline depth, and type of vehicles proposed to cross the pipelines. Magellan will analyze each proposed crossing based on information provided by Owner to determine any additional depth or protection that may be required for safe pipeline operation.

l. **Heavy Equipment - Definition and Requirements.** Heavy equipment shall be defined as vehicles having a gross weight in excess of 80,000 pounds. Heavy equipment shall be prohibited from working directly on top of the active pipeline. For vehicles having a gross weight of 80,000 pounds or less, the pipeline must have a minimum of 4 feet of cover. Magellan must analyze the additional longitudinal stress due to external loads if the vehicles have a gross weight in excess of 80,000 pounds in order to determine required pipeline depth for safe operation.

## 6. Parking Lots and Other Pavement.

a. **Parking Lot and Pavement Requirements.** All parking lots and other pavement installed on Magellan's Easement Tract shall consist of a flexible surface such as asphalt. No reinforced concrete will be allowed.

b. **Pipeline Depth Under Parking Lot.** The depth of Magellan's pipelines under a parking lot must meet or exceed compacted cover requirements listed in the previous "Roadway, Driveway, Railroad, and Equipment Crossings" section above.

## 7. Waterway Crossings.

a. **Pipeline Depth Requirements.** If Owner proposes to cross a Magellan pipeline with a waterway (river, stream, creek, irrigation canal, or drainage ditch), such crossing must result in Magellan's pipelines meeting or exceeding the minimum depth below the bottom of the waterway for compliance with then current pipeline construction standards and federal, state, and local regulations.

b. **Requirements for Waterway Crossings:**  
1) Minimum Angle or Crossing. Crossings should be as close to 90 degrees to Magellan pipeline(s) as possible, but not less than 45

degrees.

2) **Vertical Separation Requirements for Waterway Crossing.** Pipelines to be crossed must have a minimum vertical separation of five (5) feet, as measured from the bottom of the waterway to the outermost part of a Magellan pipeline, facility or appurtenance.

3) **Adding Weight to Pipeline for Negative Buoyancy.** Owner shall bear the cost of Magellan adding sufficient weight or mechanical devices to any Magellan pipeline crossed by a waterway in order to create negative buoyancy for such pipeline.

## 8. Blasting.

a. **Magellan Written Approval Required - Plan To Be Submitted.** Magellan must approve any proposed blasting operations that could affect its pipelines or facilities. Should blasting be necessary, a comprehensive plan must be submitted to Magellan for review and written approval.

b. **Safety Considerations - Damage Prevention Plan.** For safety and preservation of Magellan assets, all blasting shall be in accordance with federal, state, and local governing agencies and the Magellan's "Damage Prevention Plan for Blasting Near Company Facilities". A copy of said plan will be made available upon request.

## 9. EXCAVATION NEAR MAGELLAN PIPELINES.

1. **STATE "ONE-CALL" REQUIRED.** No excavation or activity listed in "A. GENERAL - 1. Encroachment Definition" above shall be performed by Owner in the vicinity of Magellan's facilities or within Magellan's Easement Tract until proper telephone notification has been made to the appropriate "One Call" system and a Magellan representative is on-site to monitor excavation activities. All of the states in which Magellan conducts pipeline operations have "One Call" laws, which require 48-72-hours notification prior to any excavation related activities. After making a One-Call, the state One-Call agency will notify Magellan to mark accurately, in a reasonable and timely manner, the location of the Magellan's pipeline facilities in the vicinity of the proposed encroachment.

2. **ONE-CALL NOTIFICATION.** The following list is provided for convenience, but is not warranted by Magellan to be complete or accurate (telephone numbers were copied from each state's web site on 1/5/2004). Owner is required to acquire and call the appropriate One-Call number(s) for its location of activity.

# EXHIBIT "B" TO ENCROACHMENT AGREEMENT, 4 of 4

**Current "ONE-CALL" numbers and information can be found on each state's "ONE-CALL" website:**

Arkansas - <a href="http://www.arkonecall.com/">www.arkonecall.com/</a>	- 800 482-8998
Colorado - <a href="http://www.unc2.org/">www.unc2.org/</a>	- 800 922-1987
Illinois - <a href="http://www.illinois1call.com/">www.illinois1call.com/</a>	- 800 892-0123
Iowa - <a href="http://www.iowaonecall.com/">www.iowaonecall.com/</a>	- 800 292-8989
Kansas - <a href="http://www.kansasonecall.com/">www.kansasonecall.com/</a>	- 800 344-7233
Minnesota - <a href="http://www.gopherstatonecall.org/">www.gopherstatonecall.org/</a>	- 800 252-1166
Missouri - <a href="http://www.mo1call.com/">www.mo1call.com/</a>	- 800 344-7483
Nebraska - <a href="http://www.ne-diggers.com/">www.ne-diggers.com/</a>	- 800 331-5666
North Dakota - <a href="http://www.ndonecall.com/">www.ndonecall.com/</a>	- 800 795-0555
Oklahoma - <a href="http://www.callokie.com/">www.callokie.com/</a>	- 800 522-6543
South Dakota - <a href="http://www.sdonecall.com/index.asp">www.sdonecall.com/index.asp</a>	- 800 781-7474
Texas - <a href="http://www.texasonecall.com/">www.texasonecall.com/</a>	- 800 245-4545
Wisconsin - <a href="http://www.diggershotline.com/">www.diggershotline.com/</a>	- 800 242-8511

Alternatively, the National One-Call number - (888) 258-0808 - may be used to register a proposed excavation and to subsequently notify underground utility operators with assets in the vicinity.

**3. Excavation Plan Approval.** Owner shall submit to Magellan for its approval plans for any proposed excavation on the Magellan Easement Tract. No excavation on Magellan's Easement Tract shall be commenced until Owner has secured Magellan's written approval of the plans. The excavation work shall be in compliance with all applicable laws and regulations. Owner is also referred to the Common Ground Alliance Best Practices (referenced in this document).

**4. Magellan Representative On-Site for Excavation.** A Magellan representative must be on-site when an excavation is occurring on Magellan's Easement Tract (see provision "2" under "A. General" beginning on page 1).

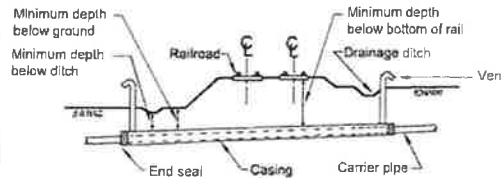
**5. Removal of Side-Cutting Teeth from Equipment.** Side-cutting teeth shall be removed from buckets of excavating equipment.

**6. Parallel Excavating Required.** When, in preparation for crossing any Magellan pipeline with any other pipeline or with electric line, communication line, roadway or any other structure or facility, Owner needs to locate a Magellan pipeline by use of mechanical means, Owner must perform such locating activity by excavating parallel to the Magellan pipeline with such mechanical means, but

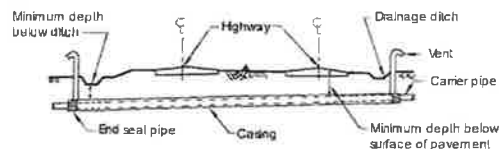
shall cease using the mechanical means when it reaches a point within two feet of the Magellan pipeline (see next provision).

**7. Exposing Pipeline by Hand.** Excavating within 2 feet of any Magellan pipeline shall be done by *hand-digging* until the pipeline is exposed and its location is accurately known. Then, Owner must position the excavation equipment so that from the point of operations the equipment will not reach within 2 feet of any Magellan pipeline.

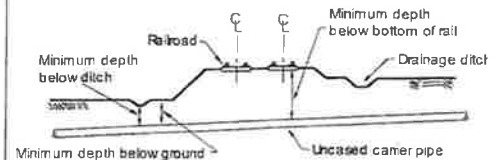
## RAILROAD AND HIGHWAY CROSSINGS



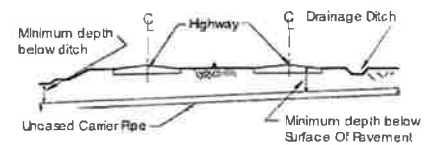
CASED RAILROAD CROSSING  
FIGURE 1



CASED HIGHWAY CROSSING  
FIGURE 2



UNCASED RAILROAD CROSSING  
FIGURE 3



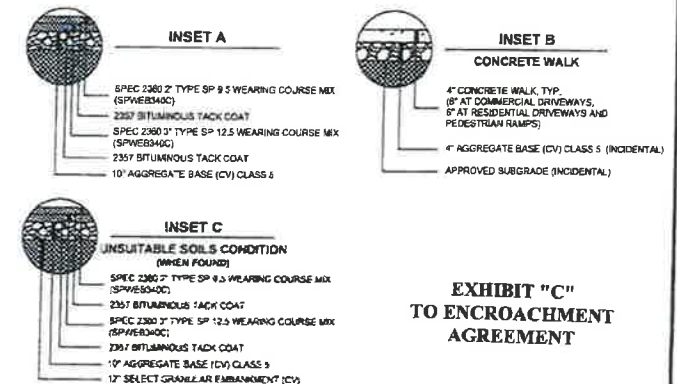
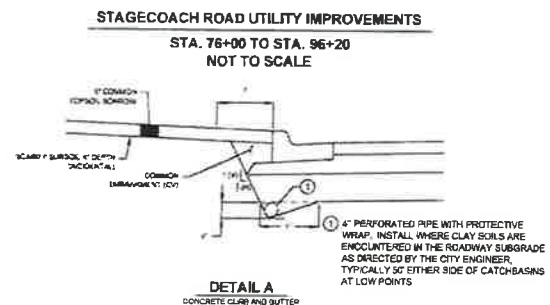
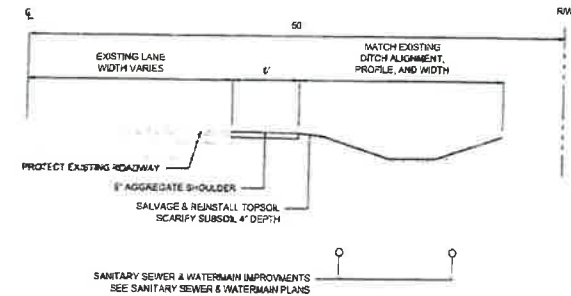
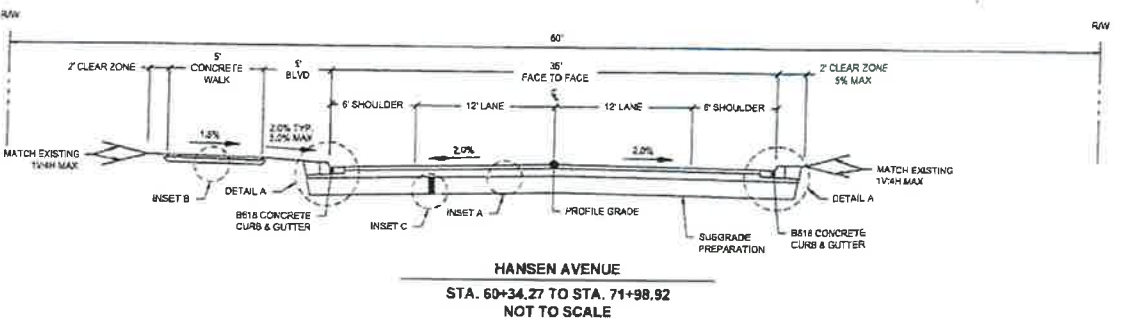
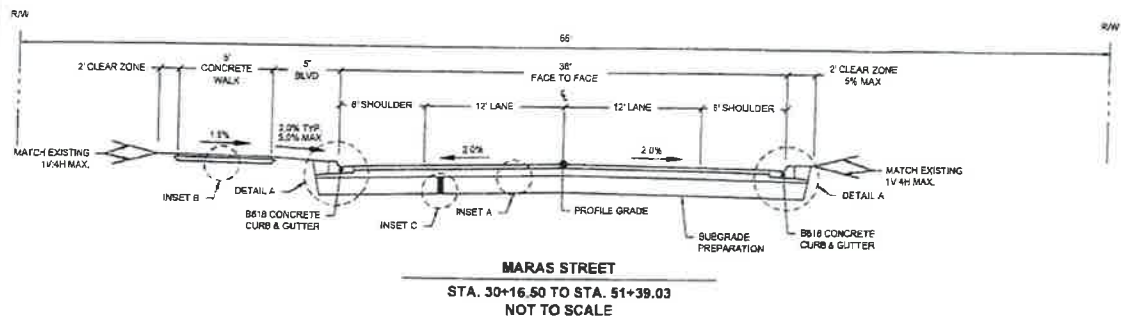
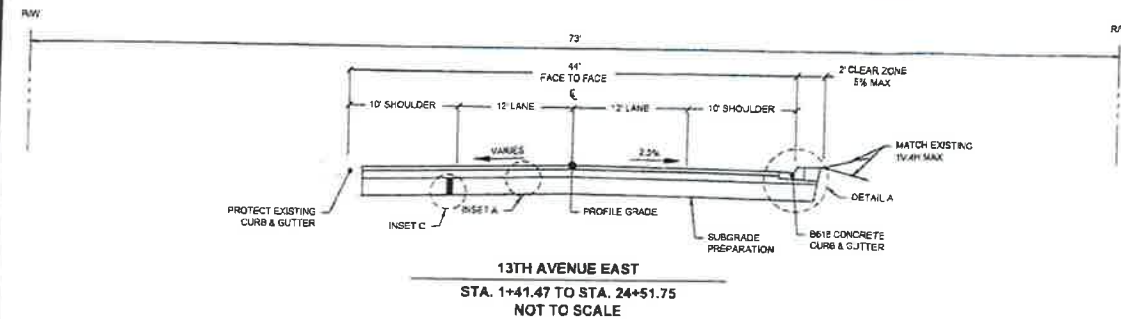
UNCASED HIGHWAY CROSSING  
FIGURE 4

**EXHIBIT “C”**

**PLAN DRAWINGS**

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# EXHIBIT "C" TO ENCROACHMENT AGREEMENT

UTILITY EXTENSION  
MARAS STREET, 13TH AVENUE EAST, AND HANSEN AVENUE  
CITY OF SHAKOPEE

TYPICAL SECTIONS

CITY PROJECT NO.  
2'-001  
WSB PROJECT NO.  
016155-000

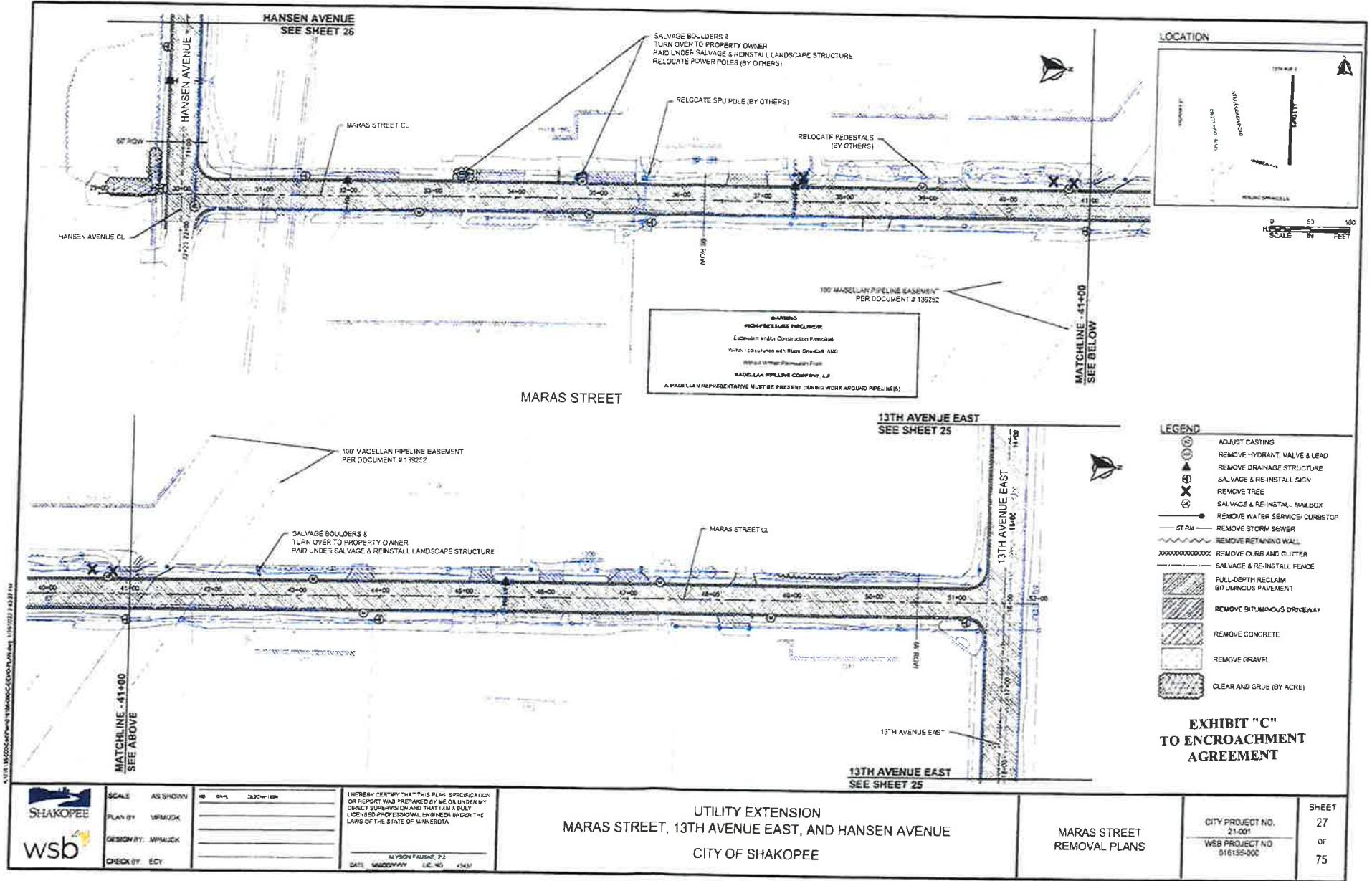
SHEET  
20  
OF  
75

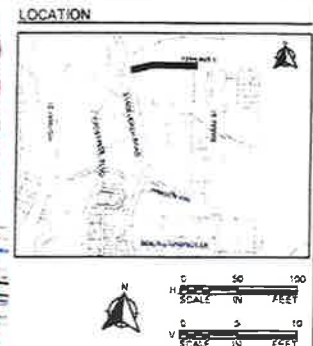
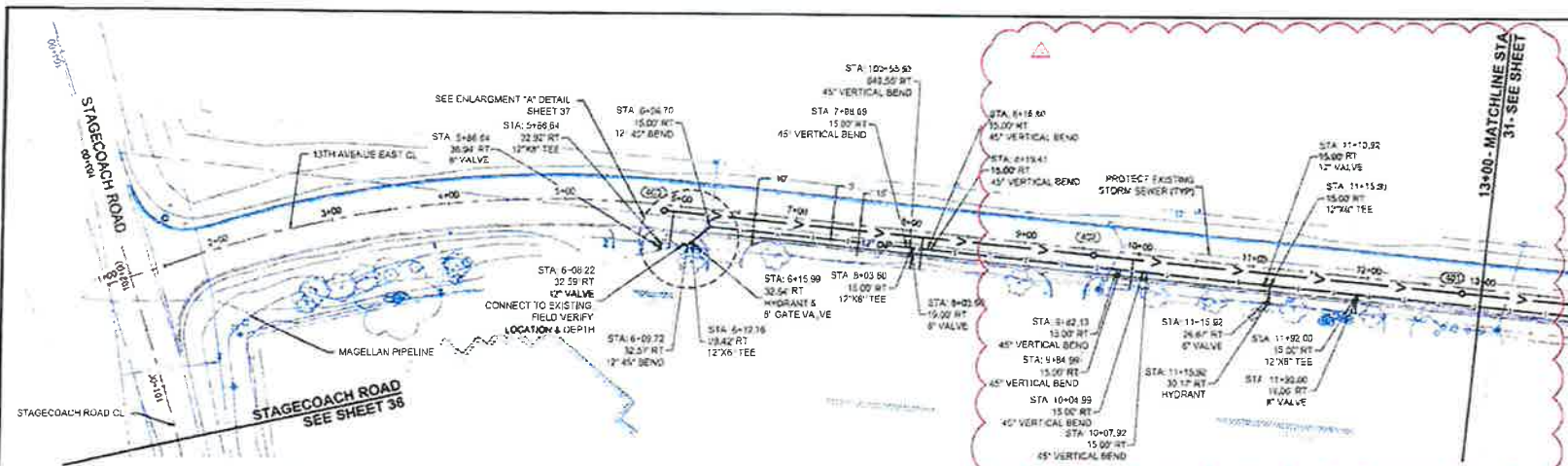


SCALE: AS SHOWN	DATE: 1/15/2020
PLAN BY: MPM/JDK	CHECKED BY: ECV
DESIGN BY: MPM/JDK	
CHECK BY: ECV	

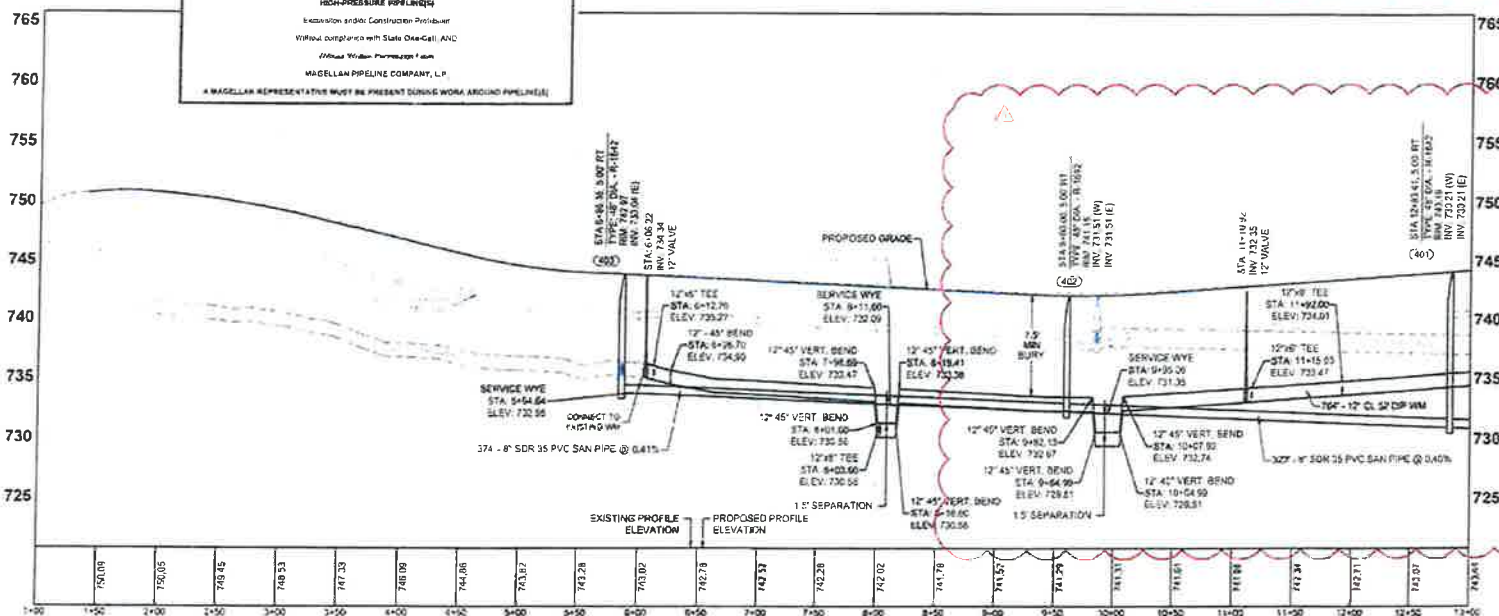
I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

ALISON FAUSKE, P.E.  
DATE: 1/15/2020 L.C. NO. 42687





13TH AVENUE EAST



# EXHIBIT "C" TO ENCROACHMENT AGREEMENT

- NOTES:**
- FOR ALL RESIDENTIAL LOTS
    - (1) 1" TYPE "K" COPPER WATER SERVICE
    - (1) 6" SANITARY SEWER SERVICE
  - FOR ALL COMMERCIAL/INDUSTRIAL LOTS
    - (1) 5" DIP WATER SERVICE
    - (1) 8" SANITARY SEWER SERVICE
    - LOTS WITH MULTIPLE ADDRESSES AND (OR) TENANTS DO NOT RECEIVE INDIVIDUAL SERVICES, ONLY THE MAIN SERVICE.

- LEGEND**
- EXISTING WATERMAIN
  - PROPOSED WATERMAIN
  - EXISTING WATER SERVICE W/ CURBSTOP
  - PROPOSED WATER SERVICE W/ CURBSTOP
  - EXISTING HYDRANT W/ VALVE
  - PROPOSED HYDRANT W/ VALVE
  - PROPOSED WATER FITTINGS
  - EXISTING SANITARY SEWER MAIN
  - PROPOSED SANITARY SEWER MAIN
  - PROPOSED SANITARY SEWER FORCE MAIN
  - EXISTING SANITARY SEWER SERVICE
  - PROPOSED SANITARY SEWER SERVICE
  - EXISTING SANITARY STRUCTURE
  - PROPOSED SANITARY STRUCTURE

 wsb	SCALE: AS SHOWN	NO. 30-31	DESCRIPTION	I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A QUALIFIED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.	UTILITY EXTENSION MARAS STREET, 13TH AVENUE EAST, AND HANSEN AVENUE CITY OF SHAKOPEE	13TH AVENUE EAST SANITARY SEWER & WATERMAIN PLANS	CITY PROJECT NO. 21-001 WSB PROJECT NO. 016155-000	SHEET 30 OF 76
	PLAN BY: MPW/JDK			 ANDREW FAULSTICH, P.E. DATE: 8/11/2023 LIC NO: 42437				
	DESIGN BY: MPW/JDK							
	CHECK BY: ECV							

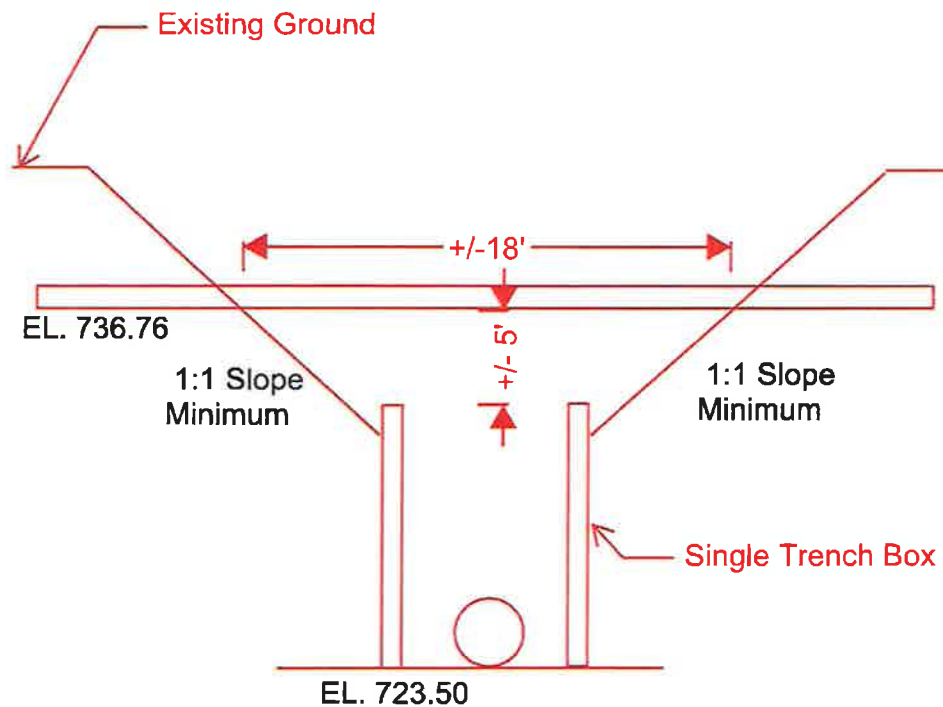




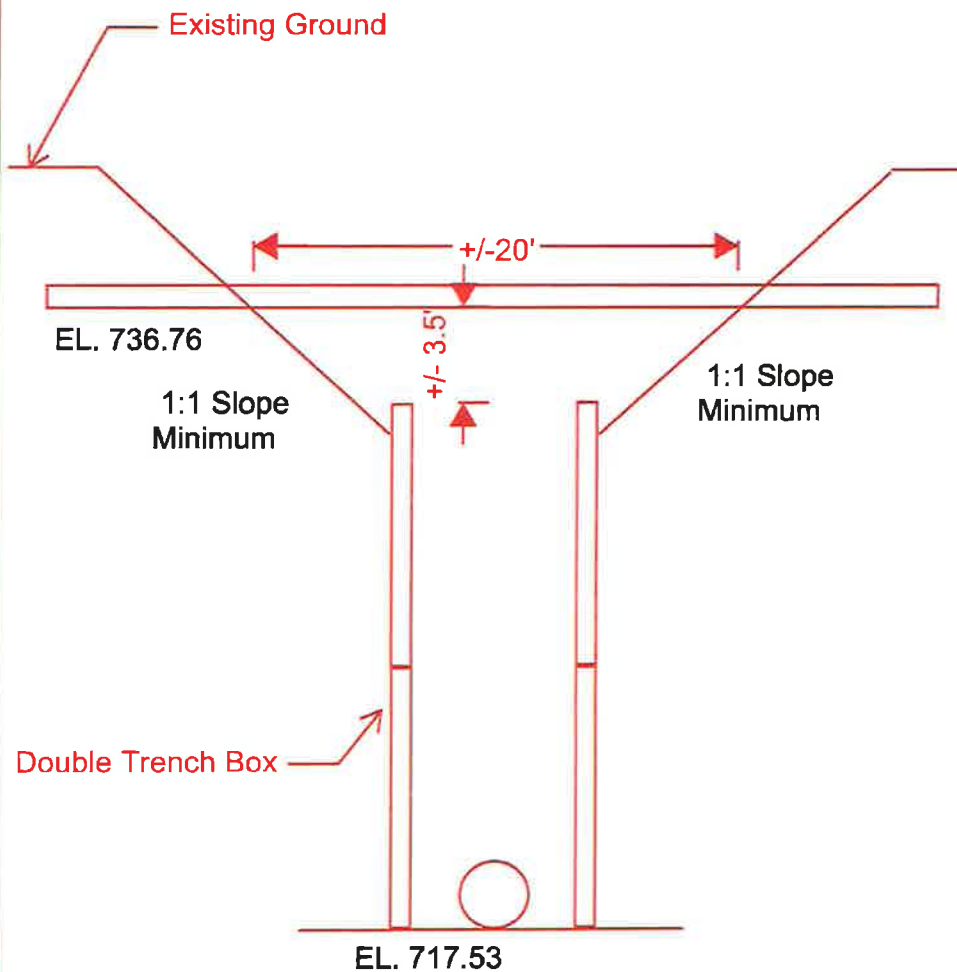


EXHIBIT "C"  
TO ENCROACHMENT  
AGREEMENT  
SHEET "A"

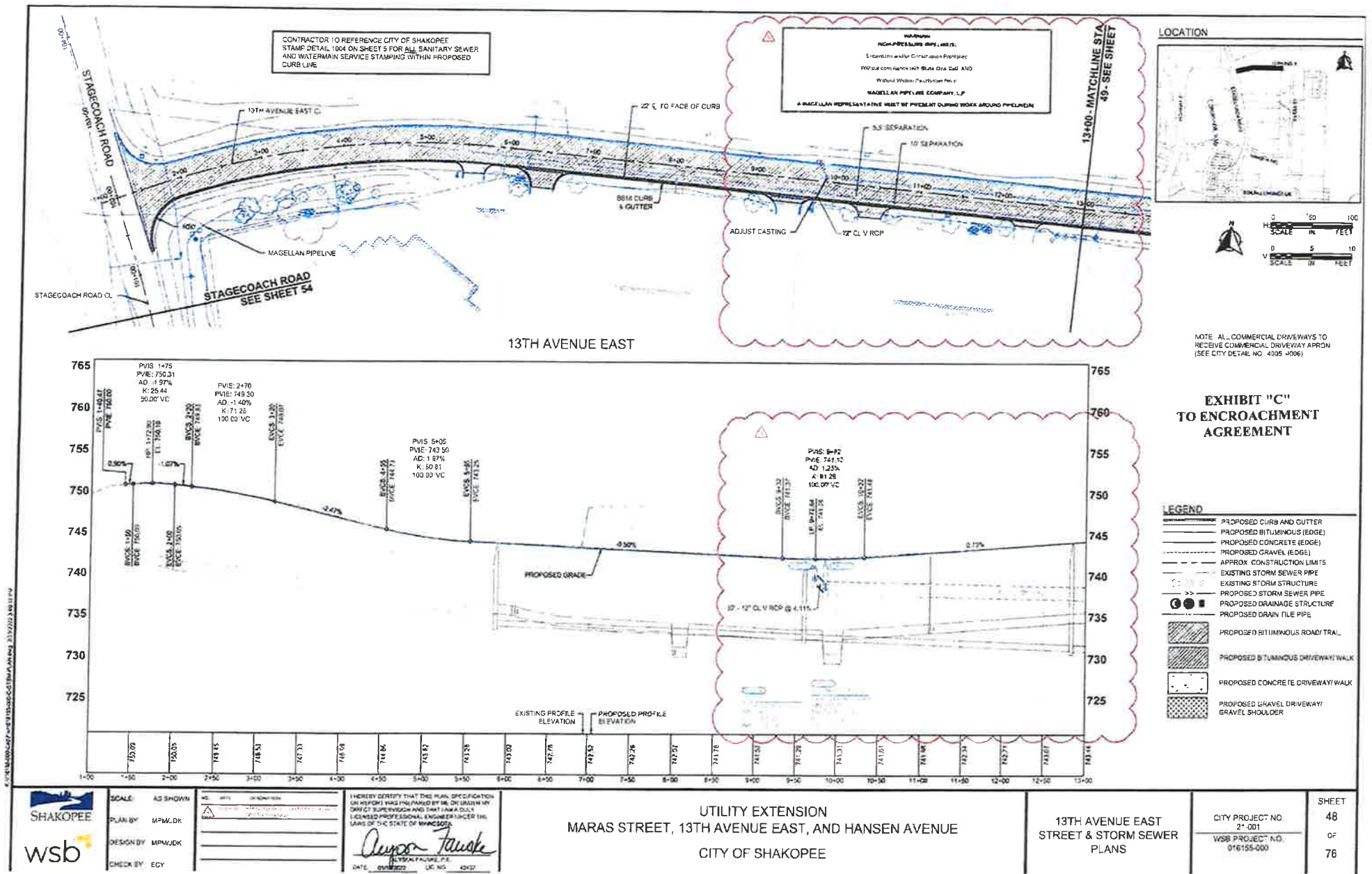
Original Sewer Depth Cross  
Section under Gas Main Crossing

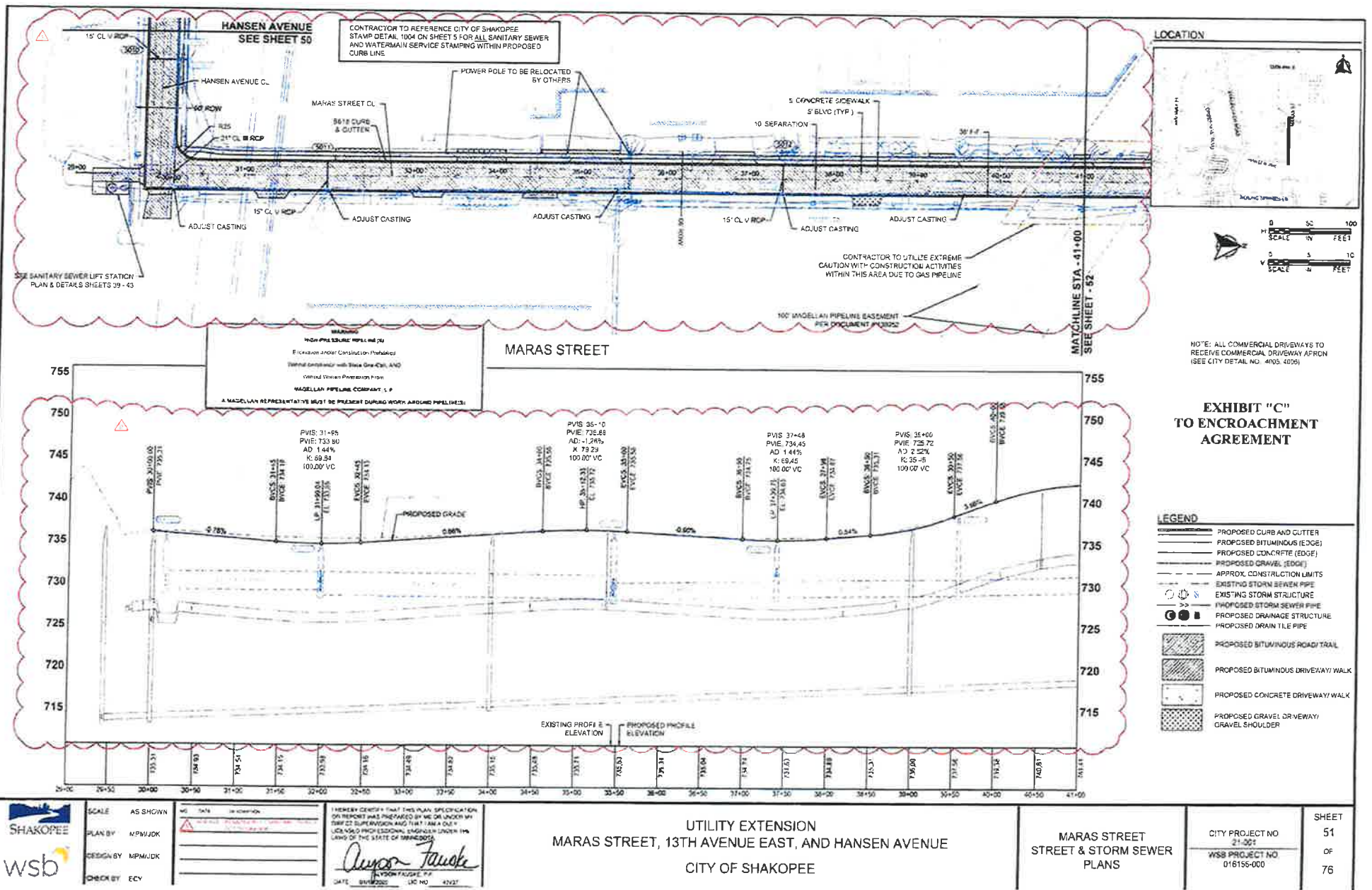


Revised Sewer Depth Cross  
Section under Gas Main Crossing



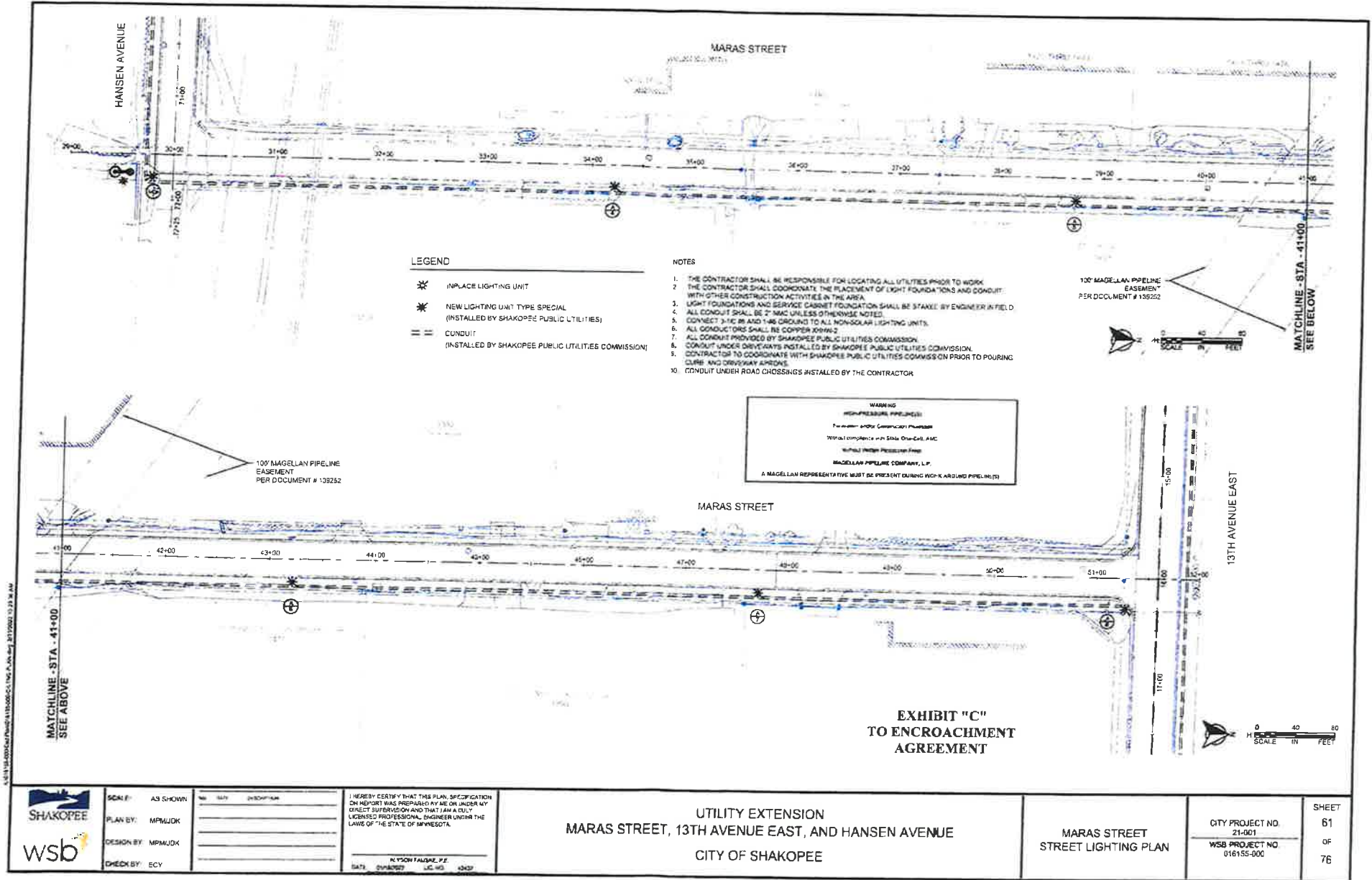












- LEGEND**
- ⊗ INPLACE LIGHTING UNIT
  - ⊗ NEW LIGHTING UNIT TYPE SPECIAL  
(INSTALLED BY SHAKOPEE PUBLIC UTILITIES)
  - == CONDUIT  
(INSTALLED BY SHAKOPEE PUBLIC UTILITIES COMMISSION)

- NOTES**
1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR LOCATING ALL UTILITIES PRIOR TO WORK.
  2. THE CONTRACTOR SHALL COORDINATE THE PLACEMENT OF LIGHT FOUNDATIONS AND CONDUIT WITH OTHER CONSTRUCTION ACTIVITIES IN THE AREA.
  3. LIGHT FOUNDATIONS AND SERVICE CABINET FOUNDATION SHALL BE STAKED BY ENGINEER IN FIELD.
  4. ALL CONDUIT SHALL BE 2" IAC UNLESS OTHERWISE NOTED.
  5. CONNECT 3/4" IN AND 1/4" GROUND TO ALL NON-SOLAR LIGHTING UNITS.
  6. ALL CONDUITS SHALL BE COPPER 209M-2.
  7. ALL CONDUIT PROVIDED BY SHAKOPEE PUBLIC UTILITIES COMMISSION.
  8. CONDUIT UNDER DRIVEWAYS INSTALLED BY SHAKOPEE PUBLIC UTILITIES COMMISSION.
  9. CONTRACTOR TO COORDINATE WITH SHAKOPEE PUBLIC UTILITIES COMMISSION PRIOR TO POURING CURB AND DRIVEWAY APPROX.
  10. CONDUIT UNDER ROAD CROSSINGS INSTALLED BY THE CONTRACTOR.

100' MAGELLAN PIPELINE EASEMENT  
PER DOCUMENT # 139252

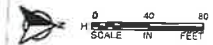


MATCHLINE - STA - 41+00  
SEE BELOW

100' MAGELLAN PIPELINE EASEMENT  
PER DOCUMENT # 139252

**WARNING**  
HIGH PRESSURE PIPELINES:  
FURNISH AND/OR CONDUCTOR PLACEMENT  
DEVELOPMENT OF SINKS, CRACKS, AND  
SINKS UNDER PRESSURE LOSS  
MAGELLAN PIPELINE COMPANY, L.P.  
A MAGELLAN REPRESENTATIVE MUST BE PRESENT DURING WORK AROUND PIPELINES

**EXHIBIT "C"  
TO ENCROACHMENT  
AGREEMENT**



13TH AVENUE EAST

**UTILITY EXTENSION  
MARAS STREET, 13TH AVENUE EAST, AND HANSEN AVENUE  
CITY OF SHAKOPEE**

**MARAS STREET  
STREET LIGHTING PLAN**

CITY PROJECT NO.  
21-001  
WSB PROJECT NO.  
016155-000

SHEET  
61  
OF  
76



SCALE: AS SHOWN  
PLAN BY: MPM/JCK  
DESIGN BY: MPM/JCK  
CHECK BY: ECV

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

ALYSON FAUSCH, P.E.  
DATE: 09/08/2021 LIC. NO. 42437





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Main 952.445-1988 • Fax 952.445-7767  
www.shakopeeutilities.com

DATE: April 26, 2022

TO: Greg Drent, General Manager *GD*

FROM: Kelley Willemssen, Director of Finance and Administration *kw*

Subject: Accounts Receivable Aging Report – Collections Update

---

**Overview:**

In addition to the monthly financial reports, we will begin reporting updates on the status of accounts receivables and collection activities. Below is a summary of each area. The graphs included reflect comparisons from March 2021 to March 2022 for receivable balances over 31 days outstanding.

**Accounts Receivable Update**

As of 3/31/2022, the outstanding receivable total for electric and water equaled \$4,722,801.82.

- 90.7% of outstanding receivables was between 1-30 days
- 5.2% of outstanding receivables was between 31-60 days
- 1.7% of outstanding receivables was between 61-120 days
- 2.4% of outstanding receivables was over 120 days

**Collection Activity Update**

1. 138 disconnects for the month of March 2022 - \$41,806.51

**Payment Plan Activity**

1. 252 accounts in repayment plans as of March 2022 - \$221,038.14
  - a. Number of accounts between \$30 - \$200 (2-month plans) – 64
  - b. Number of accounts between \$201 - \$500 (6-month plans) – 39
  - c. Number of accounts between \$501 and greater (12-month plans) – 149

**Requested Action**

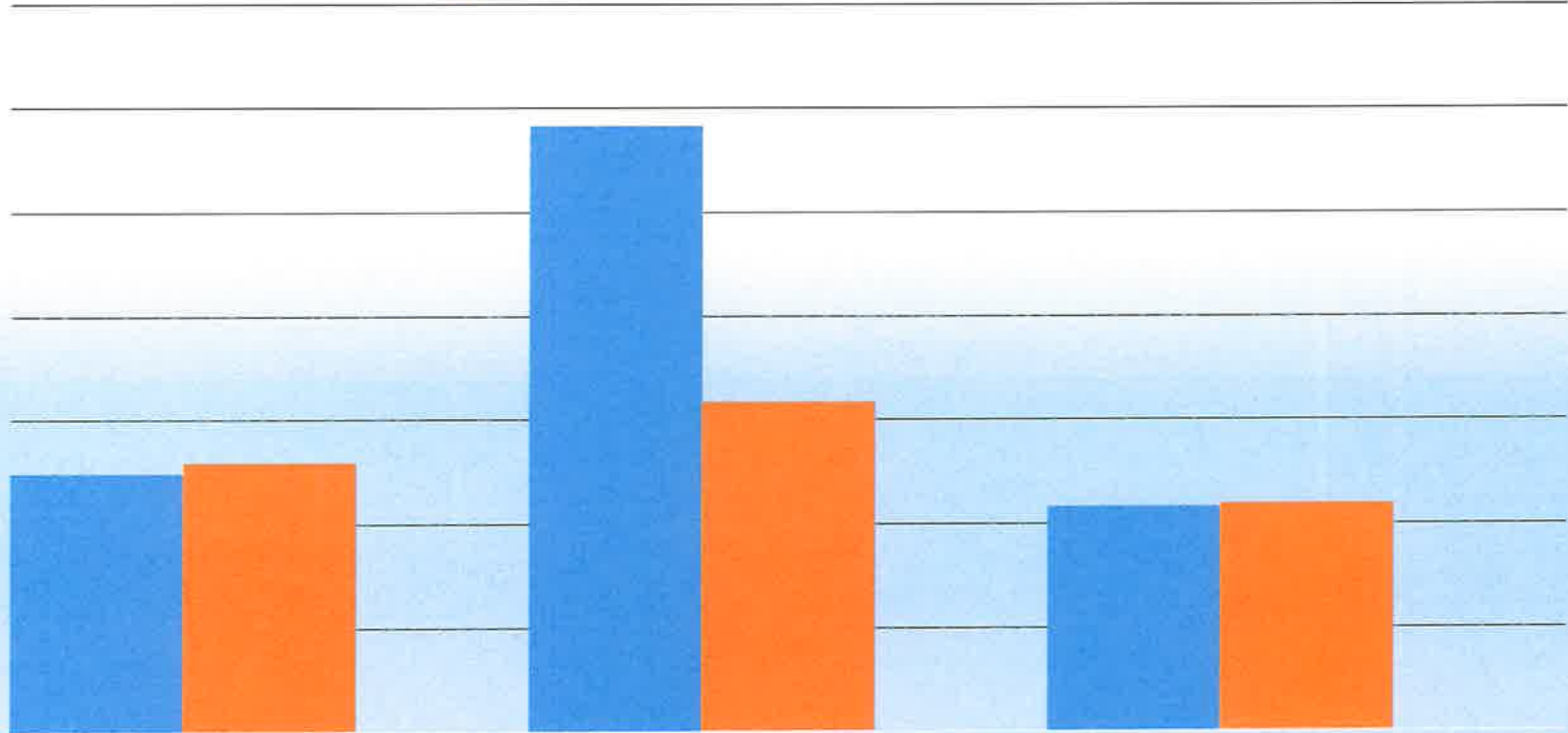
No action is required. This is an informational item.

# SPU ELECTRIC AGED RECEIVABLES \$ 31 - 60 DAYS

2021 Electric AR \$ 31-60 days

2022 Electric AR \$ 31-60 days

DOLLARS



2021 Electric AR \$ 31-60 days  
 2022 Electric AR \$ 31-60 days  
 % Better/(Worse)

Jan  
 \$248,413  
 \$259,013  
 -4.3%

Feb  
 \$582,771  
 \$317,615  
 45.5%

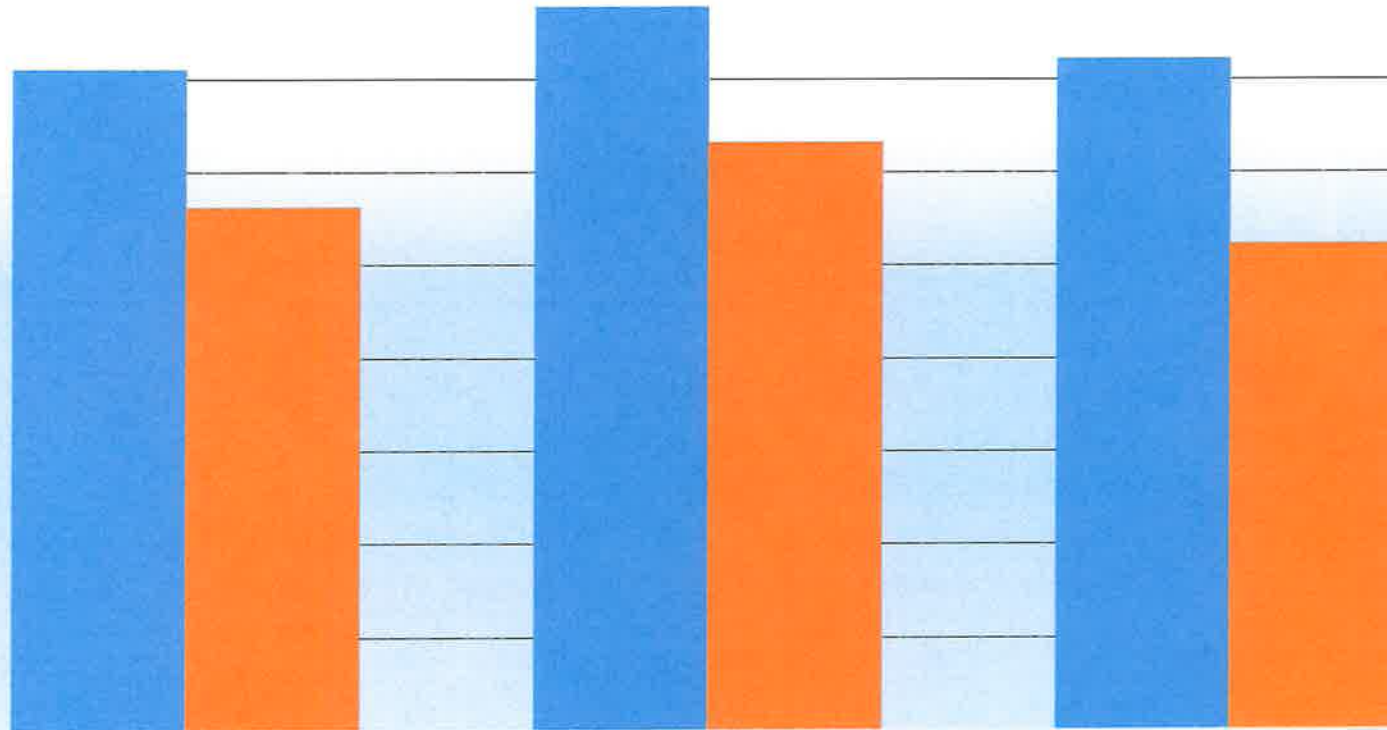
Mar  
 \$216,346  
 \$219,866  
 -1.6%

### SPU WATER AGED RECEIVABLES \$ 31 - 60 DAYS

■ 2021 Water AR \$ 31-60 days

■ 2022 Water AR \$ 31-60 days

DOLLARS



■ 2021 Water AR \$ 31-60 days  
■ 2022 Water AR \$ 31-60 days  
■ % Better/(Worse)

Jan  
\$35,560  
\$28,146  
20.8%

Feb  
\$38,920  
\$31,629  
18.7%

Mar  
\$36,130  
\$26,151  
27.6%

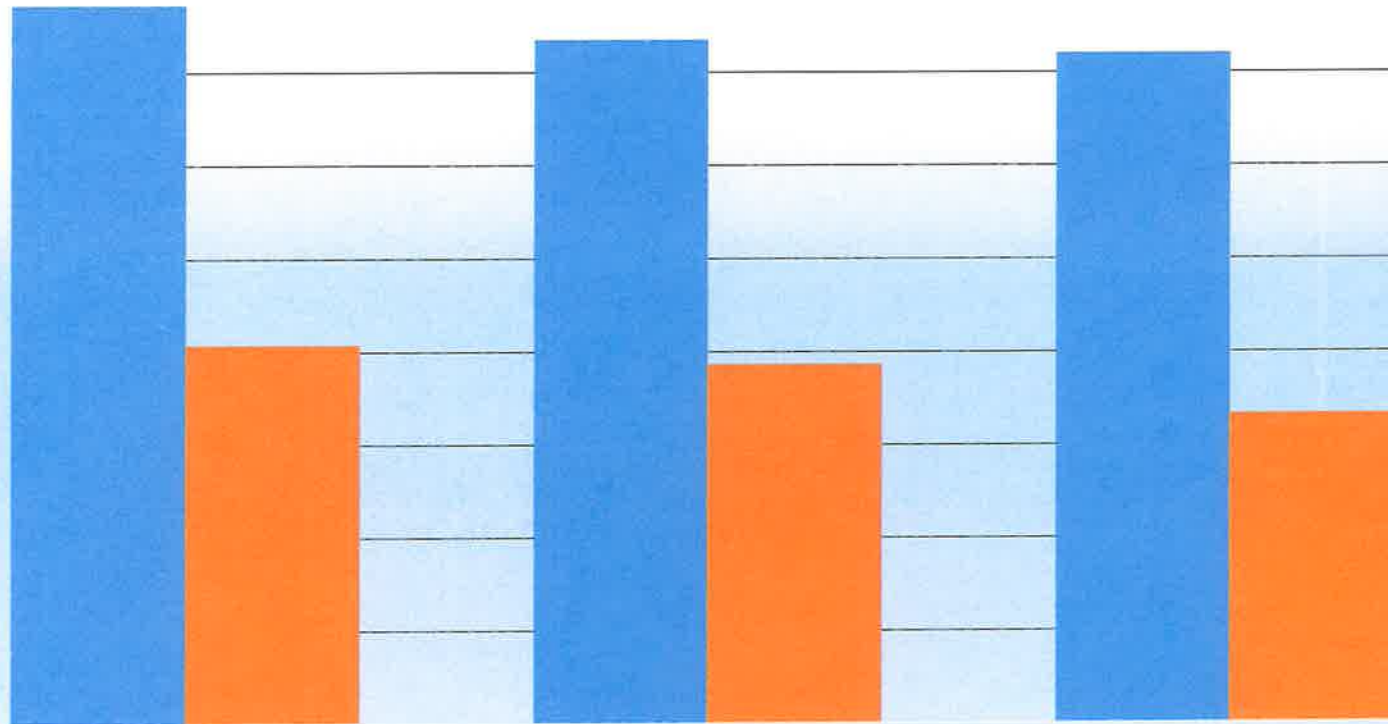


### SPU ELECTRIC AGED RECEIVABLES \$ 61-120 DAYS

■ 2021 Electric AR \$ 61 - 120 days

■ 2022 Electric AR \$ 61 - 120 days

DOLLARS



■ 2021 Electric AR \$ 61 - 120 days  
■ 2022 Electric AR \$ 61 - 120 days  
■ % Better/(Worse)

Jan  
\$154,708  
\$81,611  
47.2%

Feb  
\$147,217  
\$77,409  
47.4%

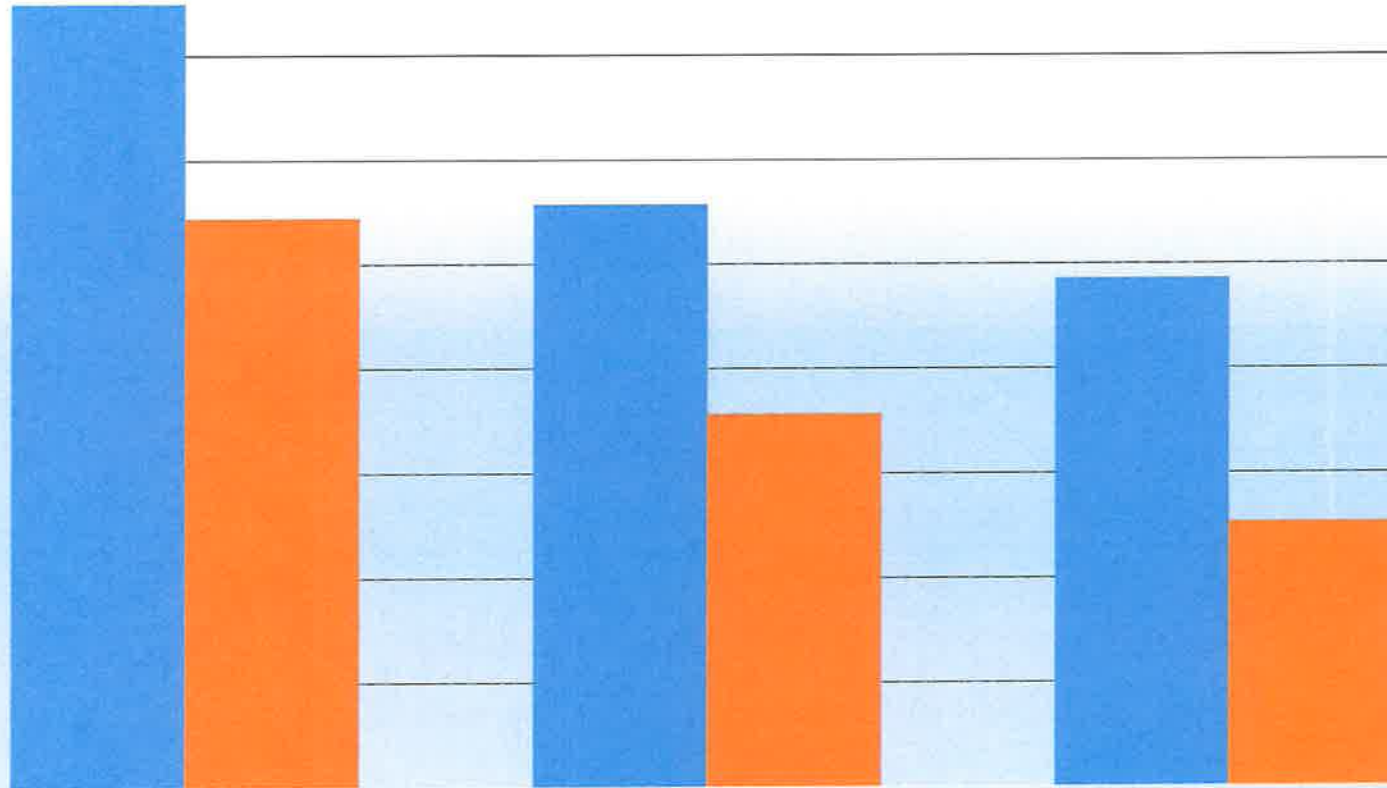
Mar  
\$144,263  
\$66,605  
53.8%

### SPU WATER AGED RECEIVABLES \$ 61-120 DAYS

■ 2021 Water AR \$ 61 - 120 days

■ 2022 Water AR \$ 61 - 120 days

DOLLARS



■ 2021 Water AR \$ 61 - 120 days  
■ 2022 Water AR \$ 61 - 120 days  
■ % Better/(Worse)

Jan  
\$37,454  
\$27,244  
27.3%

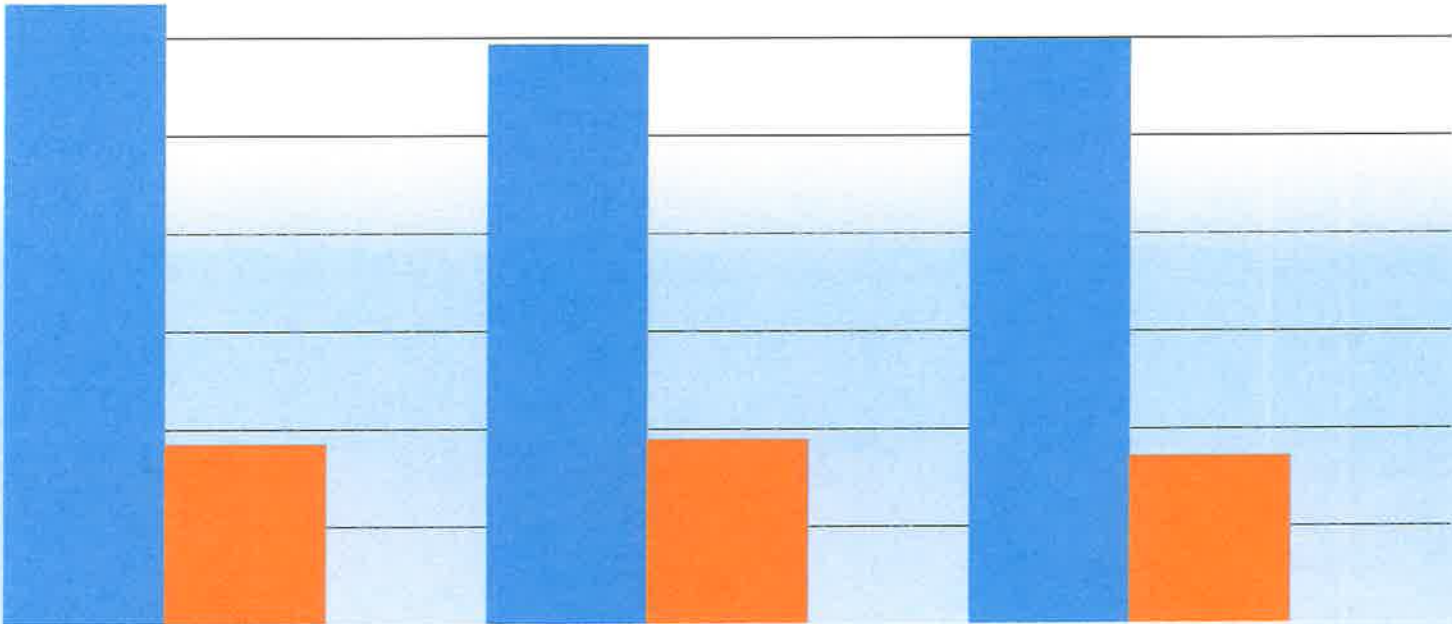
Feb  
\$27,890  
\$17,850  
36.0%

Mar  
\$24,315  
\$12,675  
47.9%

SPU ELECTRIC AGED RECEIVABLES \$ OVER 120 DAYS

■ 2021 Electric AR \$ Over 120 Days ■ 2022 Electric AR \$ Over 120 Days

DOLLARS



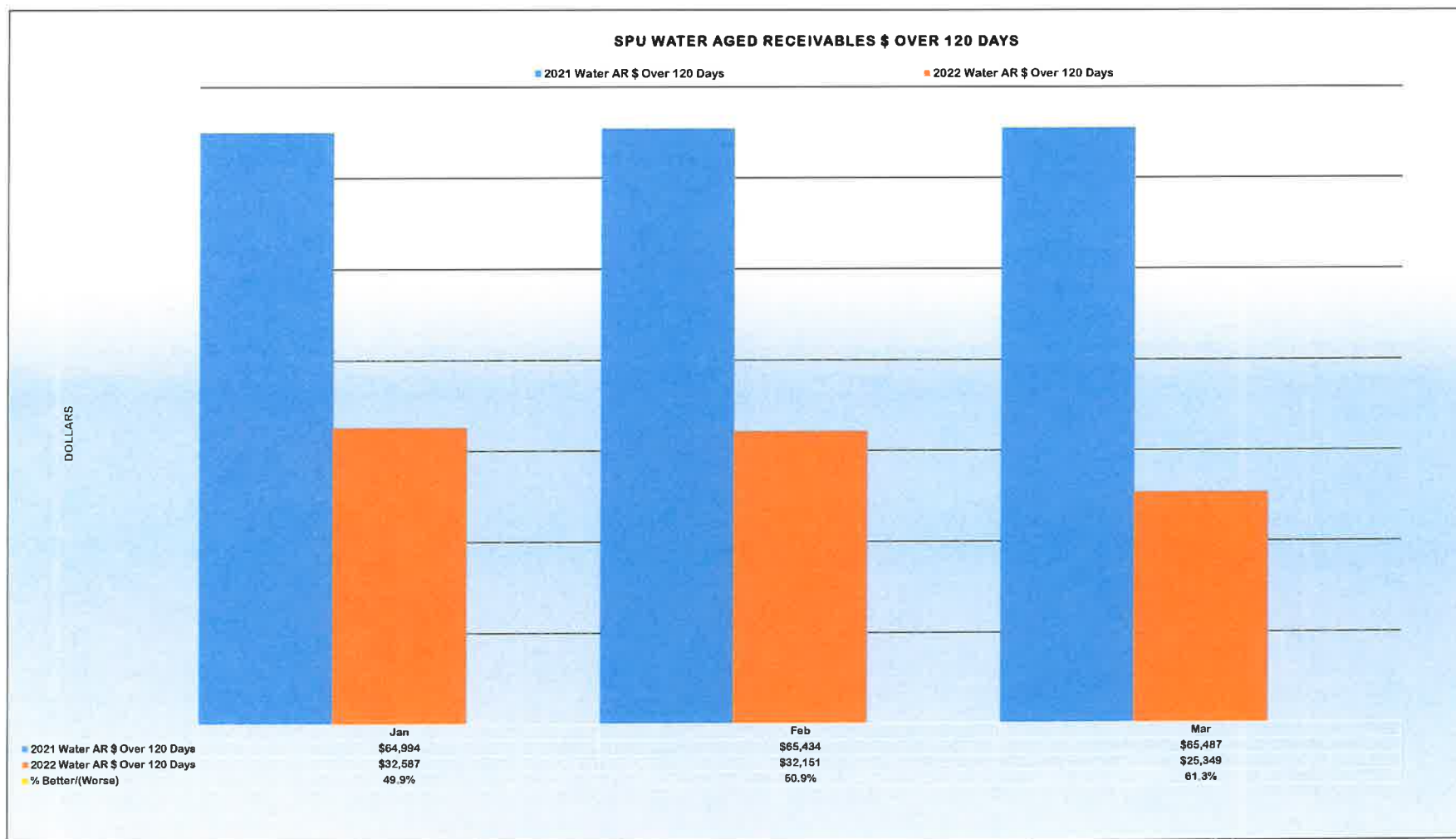
■ 2021 Electric AR \$ Over 120 Days  
■ 2022 Electric AR \$ Over 120 Days  
■ % Better/(Worse)



Jan  
\$317,574  
\$92,845  
70.8%

Feb  
\$297,057  
\$94,977  
68.0%

Mar  
\$299,580  
\$95,462  
71.1%





TO: Greg Drent, General Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: West End Lower Bluff Trunk Water Main Extension  
DATE: April 29, 2022

## ISSUE

The City of Shakopee requested, and the Utilities Commission agreed to initially fund extending a municipal trunk water main west from Windermere Addition south of Highway 169 to serve the newly annexed and developing areas on the west end of Shakopee.

## BACKGROUND

It was previously decided by the Utilities Commission to extend a 12-inch trunk water main in collaboration with the city's own project to install a sanitary sewer force main and lift station to serve the west end of Shakopee. The city plans to establish a Lateral Sanitary Sewer Connection Charge that along with their Trunk Sanitary Sewer Charge and Sanitary Sewer Connection fees will fully reimburse the city for the cost of the sanitary sewer improvements. Per established Utilities Commission policies, the trunk water main over sizing will be funded out of the Trunk Water Fund and the equivalent lateral water main cost will also be initially funded out of the Trunk Water Fund with the plan to recover the lateral water main equivalency costs when the properties being crossed connect to the water main for service when they are developed. The Commission has in place a policy for this situation as described in the attached *Resolution #815 A Resolution Authorizing and Establishing a Fee for the Equivalent Lateral Water Main Portion of a Trunk Water Main Project*.

A contract for the utility project was recently awarded and based on the unit pricing in the contract the construction cost of the 12-inch trunk water main is \$905,364.39. Lateral water main equivalent construction costs for an 8-inch water main are estimated to be \$650,600.79 and trunk water main over sizing construction costs are estimated to be \$254,763.60. There will be additional costs for the engineering design services and inspection. SPU contracted with the city's consulting engineer Bolton and Menk for engineering design services for the 12-inch trunk

water main. This project is currently listed in the 2022 Capital Projects budget in the amount of \$1,700,000.

The water main will be installed parallel to the city's sanitary sewer force main within the Highway 169 right of way immediately adjacent to two undeveloped parcels allowing for ease of future connection. One parcel is currently owned by the R and J Breeggemann Partnership and the other is now owned by the city of Shakopee. Those parcels do not have current plans to connect to municipal services. The Breeggemann parcel is most likely to develop in the near future, while the city parcel is planned for passive park purposes.

## DISCUSSION

Based on the policy resolution, staff has prepared Resolution #2022-11 A Resolution Approving a Water Main Construction Project and Determining its Lateral Water Main Equivalency Described as: West End Lower Bluff Trunk Water Main Extension.

In preparing the above resolution staff proposes to spread the lateral water main equivalency cost over both parcels being crossed by the water main following the practice of including all of the area within those parcels to the next anticipated parallel water main. To do that staff took into account that there would be no parallel water main expected on the city parcel so its entire area was included while on the Breeggemann parcel future development will undoubtedly include addition water mains for service and fire protection, however we cannot know exactly where the future water mains will be located.

So, staff decided to take the following approach in determining the benefitted area on the Breeggemann parcel. Given the city's planned zoning for the parcel, the minimum pipe diameter required will be 8-inch and the coverage area of an 8-inch water main from the design criteria in the SPU Water Policy Manual is to a dimension of 800 feet parallel to the water main. Since the parcels are located within the 1<sup>st</sup> High Elevation Service District and the established boundary of that district is the Highway 169 right of way, we included 800 feet (N-S) of area on the Breeggemann parcel south of the Highway 169 right of way for the east west portion of the watermain and 800 feet (W-E) east of the County Road 69 (old Brickyard Road) right of way for the north south portion of the water main. Obviously, there will be some overlap, but we only count any overlap area once.

As proposed the total area that the lateral water main equivalent connection charge would be applied against is 72.01 acres with the split being 48.41 acres and 23.60 acres for the Breeggemann and city parcels respectively. We then calculated the per acres fee by dividing the estimated lateral water main equivalency cost of \$650,600.79 by the total area of 72.01 acres which equals \$9,034.87 per acre.



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[www.shakopeeutilities.com](http://www.shakopeeutilities.com)

It is important to note that when the project is complete and final costs are known, a new resolution will be presented, and the figures above adjusted. The resolutions will be recorded on the deeds to the parcels so the present and any future prospective owner will be aware of the fee.

#### REQUESTED ACTION

Staff requests the Commission adopt Resolution #2022-11 as presented.

RESOLUTION #815

A RESOLUTION AUTHORIZING AND ESTABLISHING A FEE  
FOR THE EQUIVALENT LATERAL WATER MAIN PORTION  
OF A TRUNK WATER MAIN PROJECT

WHEREAS, Minn. Stat. Chapter 444 gives the Shakopee Public Utilities Commission discretion in determining and calculating appropriate charges and fees to be collected for providing water service to its customers;

WHEREAS, Minn. Stat. § 444.075, subd. 3 states that fees and charges may be imposed to pay for the construction, reconstruction, repair, enlargement, maintenance, operation, and use of water service facilities; and

WHEREAS, Minn. Stat. § 444.075, subd. 3 states that charges imposed for providing water service must be just and equitable and must relate to the use of and the availability of water service facilities and for connections with them; and

WHEREAS, the Shakopee Public Utilities Commission has established a trunk water policy establishing a trunk water main area assessment charge for the construction of municipal trunk water mains that are (over)sized in excess of the lateral water mains required to serve nearby property; and

WHEREAS, the Shakopee Public Utilities Commission has established a lateral water main design criteria policy establishing requirements for minimum size and number of lateral water mains required to serve nearby property based on zoning, flow requirements and size of the area being served; and

WHEREAS, the cost of installing and constructing lateral water mains are oftentimes paid by developers or other parties requesting such service or through the Chapter 429 special assessment process; and

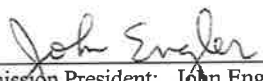
WHEREAS, the Shakopee Public Utilities Commission has concluded that in certain cases, the process established in Minn. Stat. Chapter 444 should be utilized to pay for the equivalent lateral water main construction costs associated with specific water main installations; and

WHEREAS, the Shakopee Public Utilities Commission desires to establish a policy to ensure that the fees for providing such lateral water main are just and equitable.

NOW, THEREFORE, BE IT RESOLVED by the Shakopee Public Utilities Commission as follows:

1. Pursuant to Minn. Stat. Chapter 444, there is hereby established a fee for the equivalent lateral water main portion of a trunk water main project.
2. The fee authorized by this Resolution shall be applicable in situations where the equivalent lateral water main portion of the trunk water main costs is not being paid by a developer or other person requesting the construction and installation of lateral water main for the purpose of receiving water service or in situations where the Commission concludes that collecting the costs through the Chapter 429 special assessment procedure project should not be utilized.
3. The lateral water main fee established by this Resolution shall be calculated at the time that the Commission approves the water main project based on the actual costs for constructing the water main, with consideration of the equivalent lateral water main portion of any oversized trunk water main. The fee shall be indexed on an annual basis and be calculated on an area basis based on the amount of property that will ultimately be served by the lateral water main. The fee shall be paid at the time of connection to the water system, and is in addition to any and all other applicable standard requirements to receive water service.

Passed in regular session of the Shakopee Public Utilities Commission, this 1<sup>st</sup> day of August, 2005.

  
Commission President: John Engler

ATTEST:  
  
Commission Secretary: Kent Archard



# WEST END LOWER BLUFF TRUNK WATERMAIN EXTENSION

SHAKOPEE PUBLIC UTILITIES COMMISSION

BMI # 0C1.125796

DATE: 4/26/2022

ITEM NO.	MN/DOT SPEC NO.	ITEM DESCRIPTION	UNIT	TOTAL QUANTITY	UNIT COST	TOTAL COST	SHAKOPEE PUBLIC UTILITIES			
							TRUNK WATERMAIN FUND		LATERAL WATERMAIN EQUIVALENT	
							QUANTITY	AMOUNT	QUANTITY	AMOUNT
1	2021.501	MOBILIZATION	LUMP SUM	1	\$32,000.00	\$32,000.00			1	\$32,000.00
2	2104.502	REMOVE MANHOLE (SAN)	EACH		\$850.00					
3	2104.502	SALVAGE HYDRANT & VALVE	EACH	1	\$615.00	\$615.00	1	\$615.00		
4	2104.503	REMOVE SEWER PIPE (SANITARY)	LIN FT		\$50.00					
5	2104.518	REMOVE BITUMINOUS WALK	SQ FT	65	\$10.00	\$650.00			65	\$650.00
6	2106.507	EXCAVATION - COMMON (P)	CU YD		\$25.00					
7	2211.509	AGGREGATE BASE CLASS 5	TON	792	\$32.00	\$25,344.00			792	\$25,344.00
8	2360.509	TYPE SP 9.5 WEARING COURSE MIX (2.C)	TON		\$305.00					
9	2360.604	TYPE SP 9.5 WEARING COURSE MIX (2.C) 1.5" THICK (2 LIFTS)	SQ YD	14	\$80.00	\$1,120.00			14	\$1,120.00
10	2451.607	ROCK EXCAVATION IN TRENCH	CU YD	19	\$125.00	\$2,375.00			19	\$2,375.00
11	2503.602	CONNECT TO EXISTING SANITARY SEWER	EACH		\$40,000.00					
12	2503.603	12" FORCEMAIN HDPE PIPE SEWER	LIN FT		\$95.00					
13	2503.603	21" PVC PS115 PIPE SEWER	LIN FT		\$300.00					
14	2503.603	21" PVC PS115 PIPE SEWER JACK & BORE (W/ STEEL CASING)	LIN FT		\$1,260.00					
15	2503.603	12" WATERMAIN DUCTILE IRON CL 52 JACK & BORE (W/ STEEL CASING)	LIN FT	130	\$900.00	\$117,000.00	130	\$117,000.00		
16	2504.602	CONNECT TO EXISTING WATERMAIN	EACH	1	\$18,000.00	\$18,000.00			1	\$18,000.00
17	2504.602	INSTALL HYDRANT AND VALVE	EACH	1	\$1,500.00	\$1,500.00			1	\$1,500.00
18	2504.602	6" GATE VALVE & BOX	EACH	5	\$2,500.00	\$12,500.00	5	\$12,500.00		
	2504.602	8" GATE VALVE AND BOX	EACH	9	\$4,750.00	\$42,750.00			9	\$42,750.00
19	2504.602	12" GATE VALVE & BOX (OVERSIZED)	EACH	9	\$350.00	\$3,150.00	9	\$3,150.00		
20		HYDRANT	EACH	4	\$6,000.00	\$24,000.00	4	\$24,000.00		
21	2504.603	6" WATERMAIN DUCTILE IRON CL 52	LIN FT	47	\$65.00	\$3,055.00	47	\$3,055.00		
22	2504.603	12" WATERMAIN DUCTILE IRON CL 52	LIN FT	5,199	\$11.00	\$57,189.00	5199	\$57,189.00		
	2505.603	12" WATERMAIN DUCTILE IRON CL 53	LIN FT	61	\$91.00	\$5,551.00	61	\$5,551.00		
	2504.603	8" WATERMAIN DUCTILE IRON CL 52	LIN FT	5,199	\$80.00	\$415,920.00			5199	\$415,920.00
23	2504.603	12" WATERMAIN DUCTILE IRON CL 52 (ZINC COATED)	LIN FT	85	\$60.00	\$5,100.00	85	\$5,100.00		
	2504.603	8" WATERMAIN DUCTILE IRON CL 52	LIN FT	85	\$80.00	\$6,800.00			85	\$6,800.00
24	2504.608	DUCTILE IRON FITTINGS (SANITARY)	POUND		\$25.00					
25	2504.608	DUCTILE IRON FITTINGS (WATERMAIN)	POUND	996	\$18.00	\$17,928.00			996	\$17,928.00
		DUCTILE IRON FITTINGS (WATERMAIN) (OVERSIZED)	POUND	804	\$18.00	\$14,472.00	804	\$14,472.00		
26	2506.601	LIFT STATION	LUMP SUM		\$475,000.00					
27	2506.601	LIFT STATION CONTROLS	LUMP SUM		\$160,000.00					
28	2506.602	CONSTRUCT 96" DIA AIR RELEASE MANHOLE	EACH		\$80,000.00					
29	2506.602	CONSTRUCT 96" DIA MAINTAINENCE MANHOLE	EACH		\$85,000.00					
30	2506.603	CONSTRUCT 48" DIA SAN MANHOLE	LIN FT		\$550.00					
31	2506.603	CONSTRUCT 84" DIA SAN MANHOLE	LIN FT		\$1,900.00					
32	2521.518	6" CONCRETE WALK	SQ FT		\$21.00					
33	2563.601	TRAFFIC CONTROL	LUMP SUM	1	\$4,800.00	\$4,800.00			1	\$4,800.00
34	2564.602	STRUCTURE MARKER SIGN	EACH	5	\$125.00	\$625.00			5	\$625.00
35	2571.524	DECIDUOUS TREE 1.5" CAL B&B	TREE	19	\$725.00	\$13,775.00			19	\$13,775.00
36	2573.501	STABILIZED CONSTRUCTION EXIT	LUMP SUM	1	\$1,900.00	\$950.00			1	\$950.00
37	2573.502	STORM DRAIN INLET PROTECTION	EACH	5	\$355.00	\$1,775.00			5	\$1,775.00
38	2573.503	SILT FENCE, TYPE MS	LIN FT	3,415	\$1.80	\$6,147.00			3415	\$6,147.00
39	2573.503	SEDIMENT CONTROL LOG TYPE WOOD FIBER	LIN FT	130	\$4.00	\$520.00			130	\$520.00
40	2574.507	COMMON TOPSOIL BORROW (LV)	CU YD	50	\$36.00	\$1,800.00			50	\$1,800.00
41	2574.508	FERTILIZER TYPE 3	POUND	411	\$1.00	\$411.00			411	\$411.00
42	2575.504	ROLLED EROSION PREVENTION PRODUCT CAT 20	SQ YD	6,505	\$1.50	\$9,757.50			6505	\$9,757.50
43	2575.505	SEEDING	ACRE	2	\$160.00	\$328.80			2	\$328.80
44	2575.508	SEED MIXTURE 25-141	POUND	122	\$7.00	\$854.00			122	\$854.00
45	2575.508	HYDRAULIC BONDED FIBER MATRIX	POUND	7,193	\$1.50	\$10,789.50			7193	\$10,789.50
46	2575.523	WATER	MGAL	60	\$45.00	\$2,700.00			60	\$2,700.00
SUBTOTAL CONSTRUCTION						\$862,251.80		\$242,632.00		\$619,619.80
TOTAL ESTIMATED CONSTRUCTION COST:						\$862,251.80		\$242,632.00		\$619,619.80
SOFT COSTS:						\$43,112.59		\$12,131.60		\$30,980.99
TOTAL ESTIMATED PROJECT COST:						\$905,364.39		\$254,763.60		\$650,600.79

NOTE:

ASSUMED QUANTITY AT 50% SPLIT WITH CITY OF SHAKOPEE



**Shakopee City Council**  
**April 19, 2022**

**FROM:** Darin Manning, Engineering Project Coordinator

**TO:** Mayor and Council Members

**Subject:**

West End Lower Bluff Utility Improvements Project

**Policy/Action Requested:**

Adopt Resolution R2022-060 accepting bids and awarding a contract in the amount of \$2,695,452.60 to Northern Lines Contracting for the West End Lower Bluff Utility Improvements Project Sewer-24-001.

**Recommendation:**

Adopt Resolution R2022-060.

**Discussion:**

The 2022 Capital Improvement Plan (CIP) contains the West End Lower Bluff Utility Improvements Project Sewer-24-001. On March 1, 2022, the City Council approved the plans and specifications and authorized bidding of the project.

In accordance with Minnesota Statute Section 471.345 Uniform Municipal Contracting Law, bids were solicited and opened on April 5, 2022. Seven bids were received and Northern Lines Contracting, from Bloomington, Minnesota, is the lowest bidder in the amount of \$2,695,452.60 (see the attached resolution for the bid tabulation summary). The most recent engineers estimate for construction cost is \$2,817,000. Northern Lines Contracting, has the capacity and experience for the project and is deemed a responsible bidder.

**Budget Impact:**

Based on the low bid amount, the total estimated project cost for the project is \$3,421,452.60. It is important to note that the total project budget shown in the 2022 CIP (see attached CIP summary sheet) did not include costs for the watermain improvements (\$1,300,000) but has been added to the over budget. The below table summarizes the cost and funding sources for the project with an updated CIP budget estimate that includes SPU's watermain portion.

	<b>CIP Budget</b>	<b>Estimate Based</b>
	<b>Estimate</b>	<b>On Bid Award</b>
<b>COSTS</b>		
Construction Cost	\$ 2,180,000.00	\$ 2,695,452.60
Contingency	\$ 320,000.00	\$ 136,000.00
<b>Subtotal</b>	\$ 2,500,000.00	\$ 2,831,452.60
Eng/Admin/Legal	\$ 590,000.00	\$ 590,000.00
<b>Total Estimated Project Cost</b>	\$ 3,090,000.00	\$ 3,421,452.60
<b>FUNDING</b>		
Sanitary Sewer Fund	\$ 1,790,000.00	\$ 2,305,200.80
Shakopee Public Utilities	\$ 1,300,000.00	\$ 1,116,251.80
<b>Total Funding</b>	\$ 3,090,000.00	\$ 3,421,452.60

The amended total project budget of \$3,421,452.60 includes a \$136,000 contingency amount that would cover any unexpected change orders, quantity adjustments and other miscellaneous expenses encountered as part of the project. The increased project cost is a result of adding a County Road 69 sanitary sewer and casing crossing, the installation of a dual sanitary sewer force main, and current material shortages and inflationary conditions. The County Road 69 sanitary sewer crossing was added to the project to include that work under a city led project (vs. future developer

project), which will ease the readiness for future connections and extension of the sewer. The dual sanitary sewer force main was added to the project to allow for redundancy and flexibility during operations and maintenance.

The project is to be funded out of the Sanitary Sewer Fund and SPU Water Trunk Fund in the short term. The long term sanitary sewer funding will be fully generated and paid by property owners/developers within the service area through the Trunk Sanitary Sewer Charge, Lateral Sanitary Sewer Connection Charge and Sanitary Sewer Connection fees once the land is developed and/or connected to the sewer. The sanitary sewer costs are 100 percent recoverable from the area it will serve (e.g. future development area) and no costs are absorbed by other property owners.

ATTACHMENTS:

- ▣ [Resolution R2022-060](#)
- ▣ [CIP Sheet](#)



RESOLUTION #2022-11

A RESOLUTION APPROVING A WATER MAIN CONSTRUCTION PROJECT, AND  
DETERMINING ITS LATERAL WATER MAIN EQUIVALENCY,  
DESCRIBED AS:

WEST END LOWER BLUFF TRUNK WATER MAIN EXTENSION

WHEREAS, the Shakopee City Council and the Shakopee Public Utilities Commission have agreed to construct certain public improvements in the Highway 169 and Country Road 69 right of way, and

WHEREAS, the Shakopee Public Utilities Commission desires to install a 12-inch water main concurrent with the city improvements to further coordination of all of the improvements and to avoid the inevitable complications that would result from installing the water main at a future date, and

WHEREAS, there are cost savings to have the water main construction be a part of the improvements, and

WHEREAS, the Shakopee Public Utilities Commission has previously adopted policies to ensure the eventual recovery of lateral water main equivalent costs of trunk water mains and the funding of trunk water main over sizing costs, and

WHEREAS, the estimated cost of the 12-inch water main construction is \$905,364.39, and

WHEREAS, the estimated cost of a lateral water main equivalent to an 8-inch water main, the minimum size required to serve the east to west and north to south flow requirement of the adjoining properties per the Shakopee Public Utilities Commission's adopted water main design criteria, is \$650,600.79, and

WHEREAS, the area of the land being traversed by the extension of the 12-inch water main, which is identified on Attachment A to this resolution, and that is determined to be receiving the benefit of the lateral water main equivalent is 72.01 acres, and

WHEREAS, the estimated cost of the trunk water main over sizing from the 8-inch lateral water main to the 12-inch trunk water main is \$254,763.60.

NOW THEREFORE, BE IT RESOLVED, that the West End Lower Bluff Trunk Water Main Extension project is hereby approved.

BE IT FURTHER RESOLVED, that the lateral water main equivalent cost shall be recovered under the provisions of Resolution #815 with the fee described charged to the properties fronting the 12-inch water main extension when those properties request water service and meet all other standard requirements to receive water service, and the fee estimated to be \$9,034.87 per acre shall be set after project completion when final costs are known.

BE IT FURTHER RESOLVED, that the trunk water main over sizing cost shall be funded per the trunk water policy.

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 2nd day of May, 2022.

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Commission President: Kathi Mocol

ATTEST:

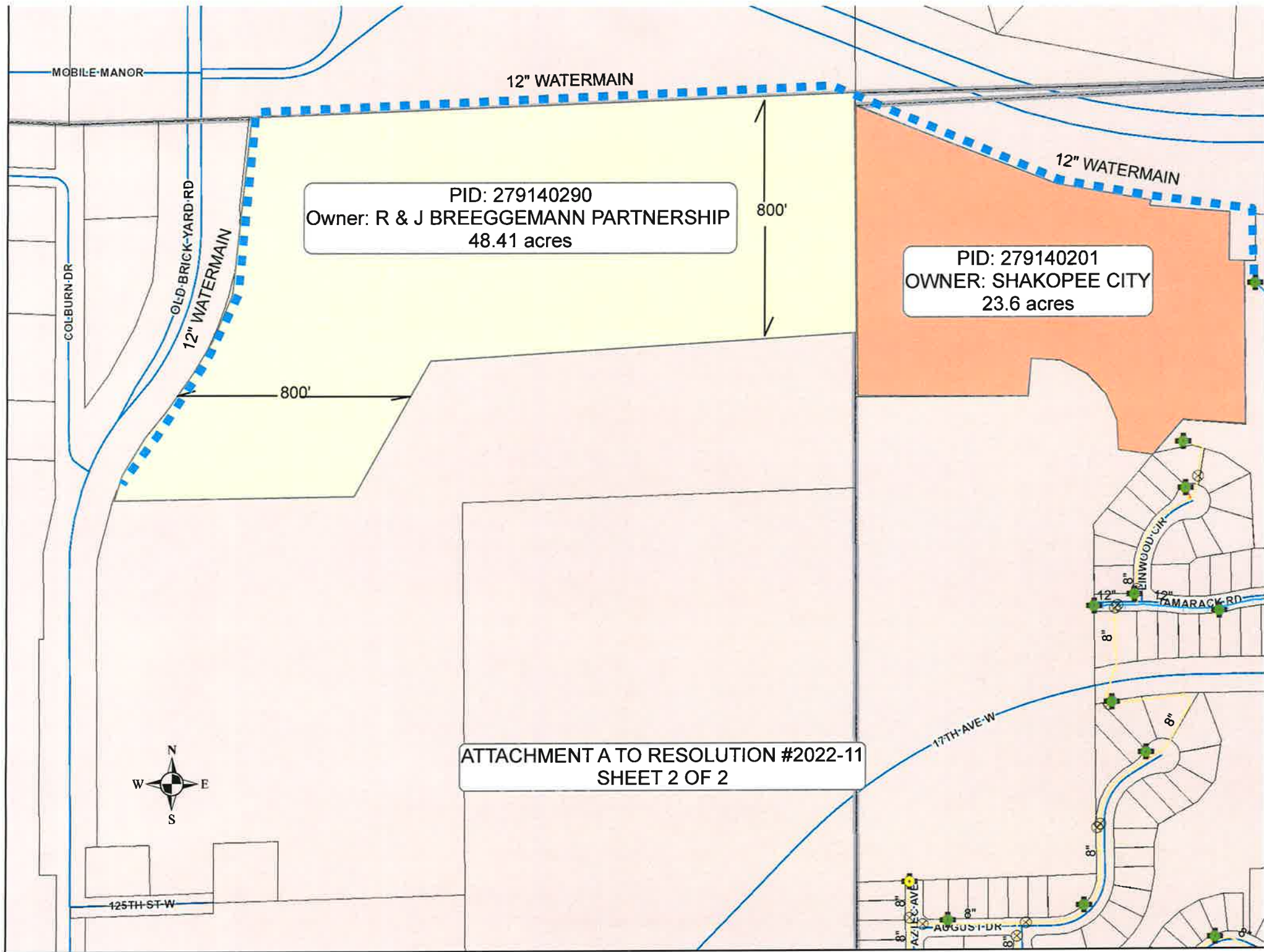
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Commission Secretary: Greg Drent

**Attachment A to Resolution #2022-11**  
**Sheet 1 of 2**

**Preliminary Lateral Water Main Equivalent Charge for West End Lower Bluff Water Main Extension**

<b>P.I.D</b>	<b>Owner</b>	<b>Acreage</b>	<b>Proposed Lateral Water Main Charges</b>
279140201	City of Shakopee	23.60	\$213,222.87
279140290	R & J Breeggemann Partnership	48.41	\$437,377.92
	<b>Total Acres</b>	<b>72.01</b>	<b>\$650,600.79</b>
	<b>\$650,600.79 Total Later Water Main</b>		
	<b>\$9,0347.87 per acre</b>		



MOBILE MANOR

12" WATERMAIN

12" WATERMAIN

PID: 279140290  
Owner: R & J BREEGGEMANN PARTNERSHIP  
48.41 acres

PID: 279140201  
OWNER: SHAKOPEE CITY  
23.6 acres

ATTACHMENT A TO RESOLUTION #2022-11  
SHEET 2 OF 2



125TH ST W

COLBURN DR

OLD BRICK-YARD RD  
12" WATERMAIN

800'

800'

17TH AVE W

LINWOOD CIR

TAMARACK RD

AZILE CAVE

AUGUST DR

## RESOLUTION #2022-12

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

## WEST END LOWER BLUFF TRUNK WATER MAIN EXTENSION

WHEREAS, the Shakopee Public Utilities Commission has been notified of a City utility improvements project including water main, and

WHEREAS, the pipe sizes required for that project have been approved as shown on the engineering drawing by Bolton and Menk, Inc. and

WHEREAS, a part, or all, of the project contains pipe sizes larger than would be required under the current Standard Water Main Design Criteria as adopted by the Shakopee Public Utilities Commission, and

WHEREAS, the policy of the Shakopee Public Utilities Commission calls for the payment of those costs to install oversize pipe above the standard size, and

WHEREAS, the pipes considered oversized are listed on an attachment to this Resolution.

NOW THEREFORE, BE IT RESOLVED, that the amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$254,763.60, and

BE IT FURTHER RESOLVED, the payment of the actual amount for said oversizing will be approved by the Utilities Commission when final costs for the water main project are known.

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 2nd day of May, 2022.

---

Commission President: Kathi Mocol

ATTEST:

---



Commission Secretary: Greg Drent



## Shakopee Public Utilities Commission

April 2022



TO: Greg Drent, General Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: City Project No. 2021-001 Maras Street, 13<sup>th</sup> Avenue, Stagecoach Road and Hansen Avenue  
DATE: March 17, 2022

## ISSUE

The Utilities Commission previously was advised that the City Council awarded the contract, including water main extension, for the subject project at their March 15, 2022, Council meeting.

## BACKGROUND

Attached is *Resolution #815 A Resolution Authorizing and Establishing a Fee for the Equivalent Lateral Water Main Portion of a Trunk Water Main Project*.

The subject project will include the installation of a 12-inch diameter water main that will serve the industrial zoned area east of Stagecoach Road and south of 13<sup>th</sup> Avenue.

## DISCUSSION

Attached is a map of the project area, the city's March 15, 2022, staff memo to the City Council with a summary of costs breakdown by funding source and the updated draft Lateral Connection Fees for the project.

SPU costs will total \$1,710,812.7 under the contract including city fees for engineering and contract administration. SPU will also have internal costs to absorb for inspecting the water main construction. The 2022 Capital Projects budget for this project is \$1,700,000 plus \$25,000 for the interconnection with Savage and there is another \$25,000 in the 2022 Capital Projects budget for projects to be determined if needed.

Given the city's zoning for the project area is primarily industrial combined with the dimensions of the entire benefitted area, the lateral water main pipe diameter required is 12-inch per the water main design criteria established in the SPU Water Policy Manual. Thus, there is no trunk



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Shakopee, Minnesota 55379  
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www.shakopeeutilities.com

water main oversizing in this project. 100% of the 12-inch water main cost is recoverable from the Lateral Water Main Equivalent Connection Charge.

The updated Lateral Water Main Connection fee based on the construction contract costs is proposed at \$16,551.97 per acre.

Based on the policy resolution, staff has prepared Resolution #2022-13 A Resolution Approving a Water Main Construction Project and Determining its Lateral Water Main Equivalency Described as: Maras Street, 13<sup>th</sup> Avenue, Stagecoach Road and Hansen Avenue Water Main Extension.

When the project is complete and final costs are known this figure will be updated and another resolution presented.

#### REQUESTED ACTION

Staff requests the Commission adopt Resolution #2022-13 as presented.



RESOLUTION #815

A RESOLUTION AUTHORIZING AND ESTABLISHING A FEE  
FOR THE EQUIVALENT LATERAL WATER MAIN PORTION  
OF A TRUNK WATER MAIN PROJECT

WHEREAS, Minn. Stat. Chapter 444 gives the Shakopee Public Utilities Commission discretion in determining and calculating appropriate charges and fees to be collected for providing water service to its customers;

WHEREAS, Minn. Stat. § 444.075, subd. 3 states that fees and charges may be imposed to pay for the construction, reconstruction, repair, enlargement, maintenance, operation, and use of water service facilities; and

WHEREAS, Minn. Stat. § 444.075, subd. 3 states that charges imposed for providing water service must be just and equitable and must relate to the use of and the availability of water service facilities and for connections with them; and

WHEREAS, the Shakopee Public Utilities Commission has established a trunk water policy establishing a trunk water main area assessment charge for the construction of municipal trunk water mains that are (over)sized in excess of the lateral water mains required to serve nearby property; and

WHEREAS, the Shakopee Public Utilities Commission has established a lateral water main design criteria policy establishing requirements for minimum size and number of lateral water mains required to serve nearby property based on zoning, flow requirements and size of the area being served; and

WHEREAS, the cost of installing and constructing lateral water mains are oftentimes paid by developers or other parties requesting such service or through the Chapter 429 special assessment process; and

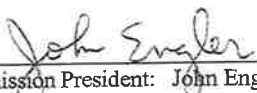
WHEREAS, the Shakopee Public Utilities Commission has concluded that in certain cases, the process established in Minn. Stat. Chapter 444 should be utilized to pay for the equivalent lateral water main construction costs associated with specific water main installations; and

WHEREAS, the Shakopee Public Utilities Commission desires to establish a policy to ensure that the fees for providing such lateral water main are just and equitable.

NOW, THEREFORE, BE IT RESOLVED by the Shakopee Public Utilities Commission as follows:



1. Pursuant to Minn. Stat. Chapter 444, there is hereby established a fee for the equivalent lateral water main portion of a trunk water main project.
2. The fee authorized by this Resolution shall be applicable in situations where the equivalent lateral water main portion of the trunk water main costs is not being paid by a developer or other person requesting the construction and installation of lateral water main for the purpose of receiving water service or in situations where the Commission concludes that collecting the costs through the Chapter 429 special assessment procedure project should not be utilized.
3. The lateral water main fee established by this Resolution shall be calculated at the time that the Commission approves the water main project based on the actual costs for constructing the water main, with consideration of the equivalent lateral water main portion of any oversized trunk water main. The fee shall be indexed on an annual basis and be calculated on an area basis based on the amount of property that will ultimately be served by the lateral water main. The fee shall be paid at the time of connection to the water system, and is in addition to any and all other applicable standard requirements to receive water service.

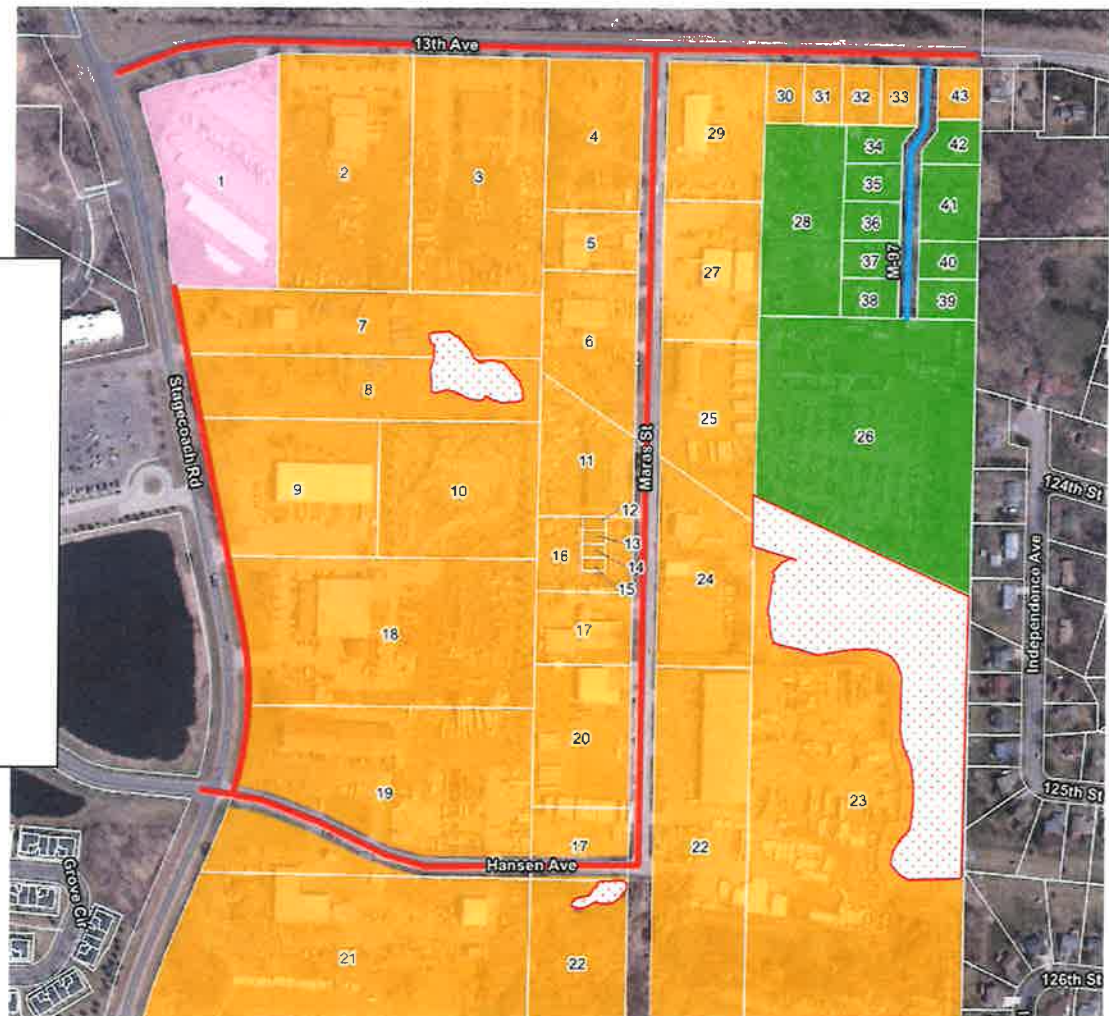
Passed in regular session of the Shakopee Public Utilities Commission, this 1<sup>st</sup> day of August, 2005.

  
Commission President: John Engler

ATTEST:  
  
Commission Secretary: Kent Archard

# Sanitary Sewer and Water Fee Map

-  Project location
-  Future Sewer & Water
-  Excluded Wetland/Right of Way
- ## Parcel Number
-  Sewer Fee Area
-  Sewer and Water Fee Area
-  Deferred Sanitary Sewer and Water Fee Area



**SHAKOPEE** MN  
COMMUNITY PRIDE SINCE 1857  
City of Shakopee 1400 Highway 55, Shakopee, MN 55075 | 952.469.6000 | www.shakopee.org



**Shakopee City Council  
March 15, 2022**

**FROM:** Darin Manning, Project Coordinator

**TO:** Mayor and Council Members

**Subject:**

Maras Street, 13th Avenue and Hansen Avenue Utility Extension Project Bid Award.

**Policy/Action Requested:**

Adopt Resolution R2022-037 accepting bids and awarding a contract in the amount of \$4,617,231.96 to Northwest Asphalt, Inc., for the Maras Street, 13th Avenue and Hansen Avenue Utility Extension Project, Sewer-21-001.

**Recommendation:**

Adopt Resolution R2022-037.

**Discussion:**

The city's Capital Improvement Plan (CIP) contains the Maras Street, 13th Avenue and Hansen Avenue Utility Extension Project Sewer-21-001. On January 18, 2022, the City Council approved the plans and specifications and authorized bidding of the project.

In accordance with Minnesota Statute Section 471.345 Uniform Municipal Contracting Law, bids were solicited and opened on March 4, 2022. Six bids were received and Northwest Asphalt, from Shakopee, Minnesota, is the lowest bidder in the amount of \$4,828,161.36 (see the attached resolution for the bid tabulation summary). Northwest Asphalt has the capacity and experience for the project and is deemed a responsible bidder. The engineer's estimate amounted to \$5,012,000.

Also of note, the quantity of the bid proposal item number 79, Construct 84" Diameter Sanitary Sewer Manhole, has been adjusted from 17.0 linear feet to 10.3 linear feet. The adjusted quantity results in a revised contract amount of \$4,617,231.96. Northwest Asphalt has acknowledged this discrepancy and has indicated their upfront agreement with this change to be included as part of the official contract.

**Budget Impact:**

Based on the low bid amount, the total estimated project cost for the Maras Street, 13th Avenue and Hansen Avenue Utility Extension Project is \$5,749,231.96. This total project amount includes streetlighting improvements that will be coordinated directly with Shakopee Public Utilities. The below table summarizes the costs and funding sources for the project.

	2022 CIP Budget Estimate	Estimate Based On Bid Award
<b>COSTS</b>		
Construction Cost	\$4,113,000.00	\$4,617,231.96
Street Lighting	\$64,000.00	\$64,000.00
Contingency	\$370,000.00	\$144,000.00
Subtotal	\$4,547,000.00	\$4,825,231.96
Eng/Admin/Legal	\$924,000.00	\$924,000.00
<b>Total Estimated Project Cost</b>	<b>\$5,471,000.00</b>	<b>\$5,749,231.96</b>
<b>FUNDING</b>		
Special Assessments	\$896,100.00	\$778,885.43
Capital Improvement Fund	\$2,090,900.00	\$1,817,399.35

Sanitary Sewer Fund	\$754,000.00	\$1,193,229.97
Storm Drainage Fund	\$71,000.00	\$248,904.50
Shakopee Public Utilities	\$1,659,000.00	\$1,710,812.71
<b>Total Funding</b>	<b>\$5,471,000.00</b>	<b>\$5,749,231.96</b>

The amended total project budget of \$5,749,231.96 is over the CIP budget by 5.1% and includes a \$144,000 contingency amount that would cover any unexpected change orders, quantity adjustments and other miscellaneous expenses encountered as part of the project. The project is to be funded by the Capital Improvement Fund, Special Assessments, Sanitary Sewer Fund, Storm Drainage Fund, and by the Shakopee Public Utilities Commission.

Construction costs related to storm sewer and sanitary sewer improvements came in over the originally estimated amounts as a result of having to lower the depth of the proposed sanitary sewer system during final design to ensure it will provide adequate depth for the entire sewer service area. This increase results in an increase of the proposed estimated Lateral Connection Fee amounts that will be required to be paid by property owners at the time of connection. The updated Lateral Connection Fees based on bid award are attached. Also note that the final fee amounts will be up updated and finalized upon project completion and will be based on final actual project amounts.

Also of note, the proposed special assessment amount for street improvements that was included with the feasibility study was \$10,329.90 per developable acreage; however, it is now estimated to be reduced to \$9,738.33 based on the updated bid award amounts (this amount will also be finalized at the completion of the project and will be based on final actual project amounts).

Included in the resolution is funding language that would allow the city to reimburse project costs from future bond proceeds. This language allows for greater flexibility in funding current and future projects, should the city desire or need this in the future. The additional language allows the city a period of up to three years to issue and reimburse itself with bond proceeds. The language does not change the requirements or administrative process for issuing debt. All debt issuance will still require separate approval by the City Council.

#### ATTACHMENTS:

- ▢ [Resolution R2022-037](#)
- ▢ [CIP Sheet](#)
- ▢ [Updated Lateral Connection Fees](#)





**TO:** Mayor & City Council  
Bill Reynolds, City Administrator

**FROM:** Darin Manning, Project Coordinator

**SUBJECT:** Financing and Connection Timing Options for the  
Maras Street, 13<sup>th</sup> Avenue, and Hansen Avenue Utility Extension Project

**DATE:** January 18, 2022 Updated March 9, 2022 based on the bid award amounts.

This memorandum summarizes proposed funding and connection timing options for the Maras Street, 13<sup>th</sup> Avenue and Hansen Avenue Utility Extension Project. While City Code 52.08 establishes the standard conditions for hook-up pertaining to routine utility extension projects (e.g. within three years), the extensive cost to hook-up, the variability of property types, and the varying age and investment of some properties in their existing septic systems and wells have prompted optional considerations for this project. The below options have been coordinated with and approved by Shakopee Public Utilities Commission.

A “Lateral Sanitary Sewer Connection Charge” and a similar water fee will be established for this project, consistent with past practice and other similar fees that exist in the city’s fee schedule for project specific areas. These fees are used for projects that provide sanitary sewer and water service to an area that is not currently developed or a developed area where the properties will not be required to connect immediately to the utility.

**Funding Options:**

Property owners may pay the full fees at the time of connection or request the city to specially assess the fees over a ten-year period. Typically, an annual cost escalation is included in the connection fees; however, a three-year grace period would apply to the fees for this project to aid and promote volunteer connections. The typical annual cost escalation will be applied thereafter. See attachment A for the draft language that will be included in the city’s fee schedule for this project.

**Connection Timing Options:**

Property owners will be required to connect to the utilities if one of the following occur:

1. Property is redeveloped (lateral fee’s must be paid when final plat is recorded)
2. Sale of property
3. Failure of system
4. Voluntary connection

Property owners may connect to the sewer and water systems concurrently or non-concurrently. If a property owner experiences failure of one of their systems, they may decide to connect to both utilities concurrently due to economy of scale. If they chose this option, the connection fee for the system that didn’t fail could be deferred for a period of three years. No annual cost escalation would be applied to the system that didn’t fail for that three-year period.

Property owners may also decide to connect non-concurrently. This option allows for property owners with newer systems to obtain the maximum return on their investment. If property owners choose this option, the non-failing system would be required to be connected within 15-years. If sanitary sewer is connected without water, a flat rate will be developed and used to charge for sewer service.

## ATTACHMENT A

### **Draft Lateral Connection Fee Language in the City Fee Schedule (Sanitary Sewer):**

- A. Maras Street, Hansen Avenue, and 13<sup>th</sup> Avenue Sanitary Sewer Lateral Connection Charge.....~~\$5,077~~/Developable Acre

**\$6,088.36**

This charge applies to all properties and developments connecting to the sanitary sewer extending along Maras Street between 13<sup>th</sup> Avenue and Hansen Avenue, Hansen Avenue between Maras Street and Stagecoach Road and 13<sup>th</sup> Avenue between Stagecoach Road and the City of Savage boundary.

The charge is to be collected at the time of connection to the public sanitary sewer, sale of the property, or the recording of a final plat for a future development utilizing the sanitary sewer, whichever is earlier.

- B. Stagecoach Road Sanitary Sewer Lateral Connection Charge....~~\$4,625~~/Developable/Acre

**\$5,835.18**

This charge applies to all properties and developments connecting to the sanitary sewer extending along the east side of Stagecoach Road between 13<sup>th</sup> Avenue and Hansen Avenue.

The charge is to be collected at the time of connection to the public sanitary sewer, sale of the property, or the recording of a final plat for a future development utilizing the sanitary sewer, whichever is earlier.

### **2. Draft Lateral Connection Fee Language in the SPUC Fee Schedule (Water):**

- A. Maras Street, Hansen Avenue, Stagecoach Road, and 13<sup>th</sup> Avenue Watermain Lateral Connection Charge.....~~\$14,083~~/Developable Acre

**\$16,551.98**

This charge applies to all properties and developments connecting to the watermain extending along Maras Street between 13<sup>th</sup> Avenue and Hansen Avenue, Hansen Avenue between Maras Street and Stagecoach Road, east side of Stagecoach Road between 13<sup>th</sup> Avenue and Hansen Avenue and 13<sup>th</sup> Avenue between Stagecoach Road and the City of Savage boundary.

The charge is to be collected at the time of connection to the public watermain, sale of the property, or the recording of a final plat for a future development utilizing the watermain, whichever is earlier.

RESOLUTION #2022-13

A RESOLUTION APPROVING A WATER MAIN CONSTRUCTION PROJECT, AND  
DETERMINING ITS LATERAL WATER MAIN EQUIVALENCY,  
DESCRIBED AS:

MARAS STREET, 13<sup>TH</sup> AVENUE, STAGECOACH ROAD, AND HANSEN AVENUE  
WATER MAIN EXTENSION

WHEREAS, the Shakopee City Council and the Shakopee Public Utilities Commission have agreed to construct certain public improvements to Maras Street, 13<sup>th</sup> Avenue, Stagecoach Road and Hansen Avenue rights of way, and

WHEREAS, the Shakopee Public Utilities Commission desires to install a 12-inch water main concurrent with the other improvements to further coordination of all of the improvements and to avoid the inevitable complications that would result from installing the water main at a future date, and

WHEREAS, there are cost savings to have the water main construction be a part of the improvements, and

WHEREAS, the Shakopee Public Utilities Commission has previously adopted policies to ensure the eventual recovery of lateral water main equivalent costs of trunk water mains and the funding of trunk water main over sizing costs, and

WHEREAS, the estimated cost of the 12-inch water main construction is \$1,710,812.71, and

WHEREAS, the minimum size required to serve the east to west and north to south flow requirement of the adjoining properties per the Shakopee Public Utilities Commission's adopted water main design criteria, is a 12-inch water main.

NOW THEREFORE, BE IT RESOLVED, that the Maras Street, 13<sup>th</sup> Avenue, Stagecoach Road, and Hansen Avenue water main project is hereby approved.

BE IT FURTHER RESOLVED, that the lateral water main equivalent cost shall be recovered under the provisions of Resolution #815 and special conditions adopted by the City of Shakopee for their improvements with the fee described charged to the properties fronting the 12-inch water main extension when those properties request water service and meet all other standard requirements to receive water service, and the fee estimated to be \$16,551.98 per acre shall be set after project completion when final costs are known.

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 2nd day of May, 2022.

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Commission President: Kathi Mocol

ATTEST:

---

Commission Secretary: Greg Drent





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

**DATE:** April 29, 2022  
**TO:** Greg Drent, General Manager *GD*  
**FROM:** Kelley Willemssen, Director of Finance & Administration *kw*  
**SUBJECT:** 2021 Audited Financials and Presentation

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**Background:**

Audit work kicked off with Clifton Larsen Allen, LLP (CLA) at the end of January. Preliminary audit details were collected by SPU staff and forwarded to CLA throughout February for their review. Auditors were onsite for fieldwork during the week of February 21st.

Their time onsite was spent assessing internal controls, compliance, transaction testing, reviewing records, and performing other procedures necessary to accomplish the objectives of the audit. There were no issues or concerns throughout this process, and the fieldwork went smoothly.

The fieldwork exit meeting was completed on March 18th, where CLA staff reviewed the audit process and communicated to SPU that there weren't any findings or issues to report.

Attached are the 2021-year-end Financial Statements for review. Chris Knopik and Lance Lauinger from CLA will be presenting results at the commission meeting.

**Requested Action**

The commission is requested to accept the Financial Statements for year-ended December 31, 2021



Board of Commissioners  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

We have audited the financial statements of each major fund of a Shakopee Public Utilities Commission (the Commission) as of and for the year ended December 31, 2021, and have issued our report thereon dated April 27, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated December 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on the estimated of useful lives of the underlying Commission plant assets.
- The collectability of accounts receivable is based on historical experience and management's knowledge of current trends.
- Management's estimate of the liability for compensated absences is based on amounts earned by employees and past data.
- Management's estimate of the Commission's proportionate share of PERA's net pension liability and related deferred inflows and outflows is based on guidance from GASB Statement No. 68, and the plan's allocation table. The plan's allocation table allocates a portion of the plan's net pension liability based on the Commission's contributions during the plan's fiscal year as a percentage of total contributions received for the related fiscal year by the plan.

**Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated April 27, 2022.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Supplementary information in relation to the financial statements as a whole**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the individual fund statements and schedules accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated April 27, 2022.

The other information accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

\* \* \*

This communication is intended solely for the information and use of the board of commissioners and management of Shakopee Public Utilities Commission and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 27, 2022



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, of Shakopee Public Utilities Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated April 27, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that Shakopee Public Utilities Commission failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 27, 2022



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners and Management  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Shakopee Public Utilities Commission, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements, and have issued our report thereon dated April 27, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Shakopee Public Utilities Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Shakopee Public Utilities Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 27, 2022



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SEPARATE ENTERPRISE FUNDS OF THE  
CITY OF SHAKOPEE, MINNESOTA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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## INTRODUCTORY SECTION

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
BOARD OF COMMISSIONERS AND ADMINISTRATION  
DECEMBER 31, 2021**

Officials	Position	Term Expires
Kathi Mocol	President/MMPA Alternate Rep	March 31, 2022
Kayden Fox	Vice President	March 31, 2023
Jody Brennan	Commissioner	March 31, 2023
Justin Krieg	Commissioner	March 31, 2024
Benedict Letourneau	Commissioner	March 31, 2024

Administration		
Greg Drent	General Manager/MMPA Rep	
Jean McGann	Contracted Director of Finance	
Kelley Willemssen	Director of Finance and Administration	

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Shakopee Public Utilities Commission, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shakopee Public Utilities Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Report on Summarized Comparative Information***

The Shakopee Public Utilities Commission's 2020 financial statements were previously audited by other auditors and they expressed an unmodified audit opinion on those audited financial statements in their report dated June 1, 2021. The summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shakopee Public Utilities Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shakopee Public Utilities Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general employees fund schedule of commission's proportionate share of net pension liability, and general employees fund schedule of commission contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shakopee Public Utilities Commission's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022, on our consideration of the Shakopee Public Utilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shakopee Public Utilities Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shakopee Public Utilities Commission's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 27, 2022

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ended December 31, 2021. You are invited to read this narrative in conjunction with the Utilities' financial statements.

**FINANCIAL HIGHLIGHTS**

- The electric utility's net position increased \$4,091,909 to \$93,531,708 in 2021, an increase of 4.6%. Total assets increased by \$4,680,626 due to increases in net capital assets of \$2,329,776, increases in accounts receivable of \$2,778,354 and other assets of \$287,949. Deferred outflows of resources increased \$1,009,319 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities decreased by \$136,501 due to a decrease in net pension liability of \$1,200,520, customer deposits of \$715,453, partially offset by an increase in accounts payable of \$1,356,293 and customer advances of \$609,235 driven by development projects. Deferred inflows of resources decreased \$1,734,537 (see Table 1).
- The electric utility's operating revenues, generated mostly by user fees, increased by \$5,654,724 or 12.0%, driven by increased kWh sales and an increase in power cost adjustment revenue, driven by higher sales and higher purchased power costs per kilowatt hour. Total kWh sales volume increased 2.9%. The electric utility added 275 new customers in 2021, an increase of 1.48% (see Table 3).
- The electric utility's operating expenses in 2021 increased \$5,179,367 or 12.5%, due to increases in purchased power costs of \$5,235,544 driven by higher sales and an increase in purchased power costs per kWh and an increase in depreciation expense of \$61,982.
- The water utility's net position increased \$7,723,868 to \$86,647,273 in 2021, an increase of 9.8%. Total assets increased by \$8,661,072 due to an increase in net capital assets of \$5,470,268, increase of \$1,875,965 in cash and investments, increase of \$1,064,786 in the connection account, and an increase in the water reconstruction account of \$821,736, slightly offset by a decrease in accounts receivable of \$762,269 and customer deposits of \$5,413. Deferred outflows of resources increased \$498,593 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$641,680 due to increase in current liabilities of accounts payable \$487,275, increase in customer advances of \$316,754 and decrease in net pension liability of \$156,936. Deferred inflows of resources increased \$794,117 due to GASB 68 pension reporting activity (see Table 2).
- The water utility's 2021 operating revenues, generated mostly by sales of water, increased \$1,078,259, or 19.5% due to an increase in water gallons sold. The water utility added 112 new customers in 2021, an increase of 1.0% (see Table 4).
- The water utility's operating expenses in 2021 increased \$668,688 or 13.9% reflecting an increase in operating expenses of \$624,125, driven by higher water gallon sales and an increase in pumping expenses. Total gallons pumped increased 15.7%.
- Nonoperating revenues for the utilities decreased from 2020 to 2021 by \$348,799 due to lower investment income and a decrease in rental and miscellaneous income.
- Capital contributions for the utilities increased from 2020 to 2021 by \$3,836,893 due to increases in water connection fee activity and trunk fees, offset by decreases in developer capital contributions in electric and water.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The electric and water utilities are self-supporting entities and separate enterprise funds of the City of Shakopee. The utilities provide electric and water service to properties within the City of Shakopee and some areas outside the municipality. Water service is provided within the corporate limits of the City of Shakopee. The electric utility service territory is a matter of state law, which became effective in 1975 and is supported by official maps. The areas generally served are the City of Shakopee, Townships of Jackson and Louisville, and part of the City of Prior Lake lying north of Prior Lake and abutting the City of Shakopee.

The electric and water utility is managed by a utilities commission and operates under *Minnesota Statutes* 453. The Commission has, and continues to establish, rates and charges without approval, review, or veto authority of the City Council. The Commission also establishes the policies and service rules that guide the administration and management of the Shakopee Public Utilities. The City Council created the utility commission in the mid- 1950s.

The current utility commission is made up of five members having authority under the Power Agency Law, *Minnesota Statutes* 453, adopted by the State Legislature in 1976. The Power Agency Law replaces the original empowerment authority and provides the legal platform for the Commission to operate as the governing body of the "electric utility" and join other utilities to solve the issues of generation and transmission.

This annual report consists of two parts: Management's Discussion and Analysis and the financial statements as well as the Independent Auditors' Report.

An analysis of the utilities' financial position begins with a review of the statement of net position and the statement of revenues, expenses, and changes in net fund position. These two statements report the Utilities' Net Position and changes therein. The Utilities' Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, are important in measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions, and new regulations.

**UTILITY FINANCIAL ANALYSIS**

The Statement of Net Position includes all of the Utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amount of investments in resources and the obligations to creditors. This Statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utilities.

A summary of the Utilities' Statement of Net Position is presented in Tables 1 and 2.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 1  
CONDENSED STATEMENT OF NET POSITION – ELECTRIC UTILITY**

	2021	2020	Change
<b>ASSETS</b>			
Current and Other Assets	\$ 54,059,243	\$ 51,708,393	\$ 2,350,850
Net Capital Assets	49,358,575	47,028,799	2,329,776
Total Assets	103,417,818	98,737,192	4,680,626
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,359,667	350,348	1,009,319
Total Assets and Deferred Outflows of Resources	<u>\$ 104,777,485</u>	<u>\$ 99,087,540</u>	<u>\$ 5,689,945</u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 1,866,526	\$ 3,067,046	\$ (1,200,520)
Other Liabilities	7,337,384	6,273,365	1,064,019
Total Liabilities	9,203,910	9,340,411	(136,501)
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,041,867	307,330	1,734,537
<b>NET POSITION</b>			
Net Investment in Capital Assets	49,358,575	47,028,799	2,329,776
Unrestricted	44,173,133	42,411,000	1,762,133
Total Net Position	93,531,708	89,439,799	4,091,909
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 104,777,485</u>	<u>\$ 99,087,540</u>	<u>\$ 5,689,945</u>

As can be seen from the table above, the electric utility net position increased \$4,091,909 to \$93,531,708 in 2021, an increase of 4.6%. Total assets increased by \$4,680,626 due to increases in net capital assets of \$2,329,776, increases in accounts receivable of \$2,778,354 and other assets of \$287,949, offset by a decrease in customer deposits of \$715,453. Deferred outflows of resources increased \$1,009,319 reflecting an increase in GASB 68 pension reporting activity.

Total liabilities decreased by \$136,501 due to a decrease in net pension liability of \$1,200,520, customer deposits of \$715,453, partially offset by an increase in accounts payable of \$1,356,293 and customer advances of \$609,235 driven by development projects. Deferred inflows of resources decreased \$1,734,537 reflecting changes in GASB 68 pension reporting activity.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 2  
CONDENSED STATEMENT OF NET POSITION – WATER UTILITY**

	2021	2020	Change
<b>ASSETS</b>			
Current and Other Assets	\$ 30,103,489	\$ 26,912,685	\$ 3,190,804
Net Capital Assets	59,237,730	53,767,462	5,470,268
Total Assets	89,341,219	80,680,147	8,661,072
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	612,580	113,987	498,593
Total Assets and Deferred Outflows of Resources	<u>\$ 89,953,799</u>	<u>\$ 80,794,134</u>	<u>\$ 9,159,665</u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 840,938	\$ 997,874	\$ (156,936)
Other Liabilities	1,627,722	829,106	798,616
Total Liabilities	2,468,660	1,826,980	641,680
<b>DEFERRED INFLOWS OF RESOURCES</b>	837,866	43,749	794,117
<b>NET POSITION</b>			
Net Investment in Capital Assets	59,237,730	53,767,462	5,470,268
Restricted	17,775,005	15,792,234	1,982,771
Unrestricted	9,634,538	9,363,709	270,829
Total Net Position	<u>86,647,273</u>	<u>78,923,405</u>	<u>7,723,868</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 89,953,799</u>	<u>\$ 80,794,134</u>	<u>\$ 9,159,665</u>

As can be seen from the table above, the water utility net position increased by \$7,723,868 to \$86,647,273 in 2021, an increase of 9.8%. Total assets increased by \$8,661,072 due to an increase in net capital assets of \$5,470,268, increase of \$1,875,965 in cash and investments, increase of \$1,064,786 in the connection account, and an increase in the water reconstruction account of \$821,736, slightly offset by a decrease in accounts receivable of \$762,269 and customer deposits of \$5,413. Deferred outflows of resources increased \$498,593 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$641,680 due to increase in current liabilities of accounts payable \$487,275, increase in customer advances of \$316,754 and decrease in net pension liability of \$156,936. Deferred inflows of resources increased \$794,117 due to GASB 68 pension reporting activity.

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

*Customer Deposit Account* - Restricted resources from customers required to deposit monies before the utility will begin service. These deposits are subject to repayment when the customer leaves the utility's service area.

*Connection and Trunk Water Accts* - Restricted resources, per enabling legislation, to be used for future water production and trunk distribution facility acquisitions.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The specific nature or source of these changes becomes more evident in the statement of revenues, expenses, and changes in fund net position as shown in Tables 3 and 4.

The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

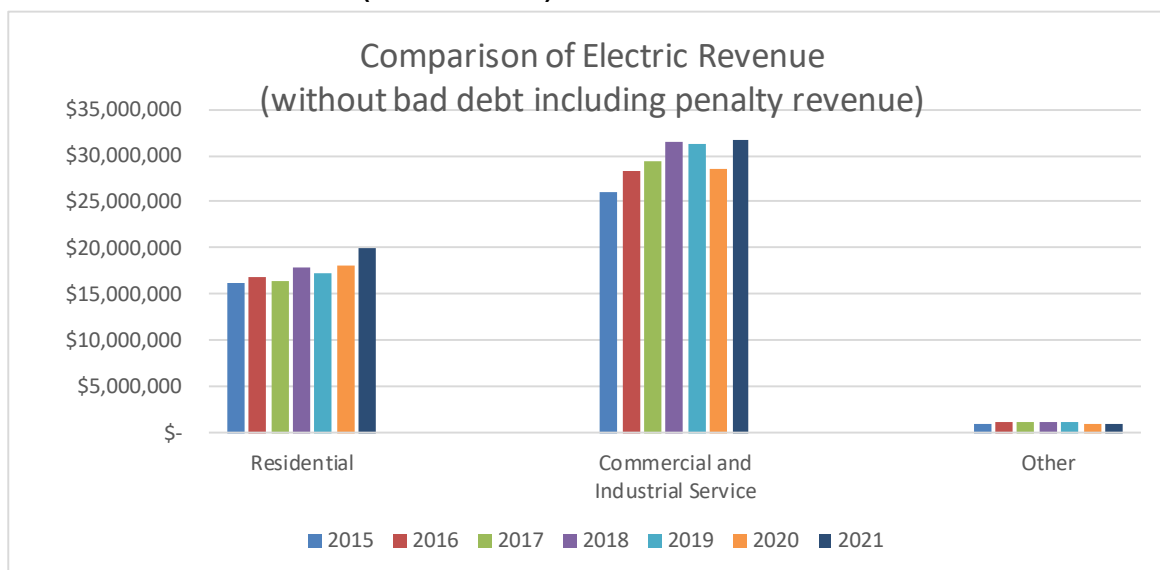
**TABLE 3  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - ELECTRIC UTILITY**

	2021	2020	Change
<b>OPERATING REVENUES</b>	\$ 52,853,012	\$ 47,198,288	\$ 5,654,724
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	44,127,945	39,010,560	5,117,385
Depreciation Expense	2,482,092	2,420,110	61,982
Total Operating Expenses	<u>46,610,037</u>	<u>41,430,670</u>	<u>5,179,367</u>
<b>OPERATING INCOME</b>	6,242,975	5,767,618	475,357
Nonoperating Revenues (Expenses)	120,106	736,617	(616,511)
Capital Contributions	98,931	527,653	(428,722)
Transfers to Municipality	<u>(2,370,103)</u>	<u>(2,167,882)</u>	<u>(202,221)</u>
<b>CHANGE IN NET POSITION</b>	4,091,909	4,864,006	(772,097)
Net Position - Beginning of Year	<u>89,439,799</u>	<u>84,575,793</u>	<u>4,864,006</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 93,531,708</u></u>	<u><u>\$ 89,439,799</u></u>	<u><u>\$ 4,091,909</u></u>

As can be seen in Table 3, the electric utility's operating revenues increased in 2021 by \$5,654,724 or 12.0% from 2020, driven by an increase in total kWh sales volume of 2.9% and an increase in power cost adjustment revenue driven by higher purchased power costs and higher sales. Operating expenses increased \$5,179,367 or 12.5%, primarily due to an increase in purchased power costs of \$5,235,544 driven by higher kWh sales. Purchased power costs totaled \$37,965,029 in 2021, an increase of 16.0% from 2020. Purchased power is the single largest expense item in the electric system operating budget. Nonoperating income decreased \$616,511 due to lower investment income of \$764,120, partially offset by an increase in rentals and miscellaneous income of \$94,654 and gains on disposition of property \$21,983. Capital contributions decreased \$428,722 due to decreases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased \$202,221 from \$2,167,882 to \$2,370,103 driven by higher electric sales revenue.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**



Year		Residential	Commercial and Industrial Service		Other
2015	\$	16,120,599	\$	25,957,296	\$ 1,029,814
2016		16,889,535		28,283,314	1,094,571
2017		16,496,838		29,341,945	1,100,006
2018		17,891,566		31,414,834	1,158,891
2019		17,314,820		31,261,142	1,135,968
2020		18,032,655		28,553,793	870,373
2021		19,996,991		31,752,298	1,022,634

Residential, Commercial, Industrial, and other sales of electricity increased in 2021 by \$5,315,102 or 11.2%. Warmer than average temperatures contributed to dry conditions which impacted customer usage and sales both in electric and water utilities. Power cost adjustment revenue increased because of increased kWh sales.

Total kWh purchased in 2021 was 463,906,473 as compared to 449,885,399 in 2020, reflecting an increase of 3.1% year over year. Total kWh sold in 2021 was 443,409,817 as compared to 430,760,233 in 2020, reflecting an increase of 2.9% for the year 2021. Electric operating revenues totaled \$52,853,012 in 2021 compared to \$47,198,288 in 2020, an increase of \$5,654,724 or 12.0% driven by higher kWh sales, and higher power cost adjustment revenue due to increased sales and increased costs of power per kWh.

The utility purchases power from MMP A and joined MMP A as a full member in 2004, with a long-term Purchase Power Agreement extending to 2050.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The following is the total cost of kilowatt-hours purchased, total kilowatt-hours purchased, system peak demand, and total kilowatt-hours delivered for the past ten years.

Historical Power and Energy Requirements				
Energy (kWh)				
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2021	463,906,473	\$ 37,956,344	108,103	443,409,817
2020	449,885,399	32,729,485	100,447	431,784,931
2019	459,120,703	34,198,101	104,661	446,158,441
2018	469,262,264	35,555,031	102,853	454,234,398
2017	452,309,391	33,180,393	99,725	429,261,118
2016	449,534,290	32,282,815	100,501	426,048,194
2015	425,268,243	29,939,985	92,605	406,459,331
2014	417,376,994	29,426,606	93,549	401,272,664
2013	413,119,096	28,499,899	95,148	394,596,477
2012	416,558,417	27,338,777	96,369	399,828,851

Kilowatt (kWh) Hours

**METERED ELECTRIC CUSTOMERS**

The following are the number of metered connections for the past ten years.

Year	Meters
2021	18,837
2020	18,562
2019	17,960
2018	17,575
2017	17,126
2016	17,084
2015	16,885
2014	16,700
2013	16,508
2012	16,398

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

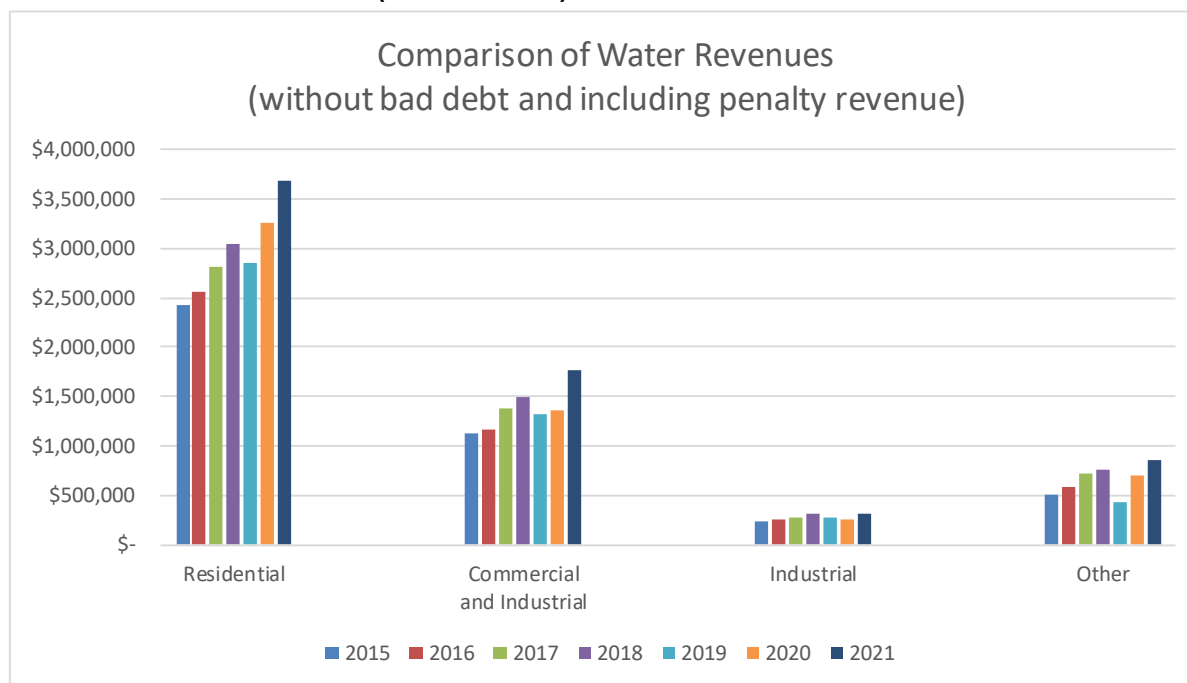
**TABLE 4  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - WATER UTILITY**

	2021	2020	Change
<b>OPERATING REVENUES</b>	\$ 6,610,535	\$ 5,532,276	\$ 1,078,259
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	3,686,439	3,062,314	624,125
Depreciation Expense	1,777,894	1,733,331	44,563
Total Operating Expenses	<u>5,464,333</u>	<u>4,795,645</u>	<u>668,688</u>
<b>OPERATING INCOME</b>	1,146,202	736,631	409,571
Nonoperating Revenues (Expenses)	144,827	493,626	(348,799)
Capital Contributions	6,685,954	2,849,061	3,836,893
Transfers to Municipality	<u>(253,115)</u>	<u>(216,722)</u>	<u>(36,393)</u>
<b>CHANGE IN NET POSITION</b>	7,723,868	3,862,596	3,861,272
Net Position - Beginning of Year	<u>78,923,405</u>	<u>75,060,809</u>	<u>3,862,596</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 86,647,273</u></u>	<u><u>\$ 78,923,405</u></u>	<u><u>\$ 7,723,868</u></u>

In 2021 the water utility's operating revenues increased by \$1,078,259 or 19.5% from \$5,532,276 in 2020 to \$6,610,535. The increase in operating revenues is the result of an increase in water gallons sold of 19.0%, and an increase of water reconstruction funds of \$131,178. Operating expenses increased \$668,688 or 13.9%. The increase in expenses is the result of an increase in operation, customer, and administrative expenses of \$624,125 and an increase in depreciation expense of \$44,563. Nonoperating income decreased \$348,799 from \$493,626 to \$144,827 reflecting a decrease in investment income of \$311,501, a decrease in miscellaneous income of \$38,610. Capital contributions increased \$3,836,893 primarily due to increases in developer constructed water main of \$3,230,615, water connection fees of \$160,185 and trunk water fees of \$444,748. Municipal contributions expenses to the City of Shakopee increased \$36,393 from \$216,722 to \$253,115 driven by higher water sales revenue from year to year.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**



Year	Residential	Commercial and Industrial	Industrial	Other
2015	\$ 2,420,817	\$ 1,124,593	\$ 227,314	\$ 516,124
2016	2,560,074	1,173,447	248,672	591,120
2017	2,804,902	1,380,349	281,240	718,998
2018	3,043,443	1,496,789	306,868	759,531
2019	2,844,970	1,322,398	268,467	433,911
2020	3,257,458	1,358,234	259,951	706,486
2021	3,684,101	1,769,298	304,968	846,419

Sales of water (without bad debt) increased in 2021 by \$1,022,656 or 18.3%. The increase in operating revenues is the result of an increase in water gallons sold of 19.0%. The water utility added 112 new customers in 2021, an increase of 1.0%.

Water gallons pumped in 2021 totaled 2,080,182 thousand gallons as compared to 1,798,367 thousand gallons in 2020, reflecting an increase of 15.7% for the year 2021 from 2020. Water gallons sold including hydrant sales in 2021 totaled 1,961,462 thousand gallons as compared to 1,643,045 thousand gallons in 2020, reflecting an increase of 19.4% for the year 2021 from 2020. Water operating revenues excluding reconstruction fees totaled \$5,788,799 in 2021 as compared to \$4,482,318 in 2020, an increase of 19.5%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**WATER DEMAND**

The following is the average daily demand and peak daily demand for the past ten years.

Year	Demand (MGD)	Peak Daily Demand (MGD)
2021	5.699	14.655
2020	4.927	12.810
2019	4.559	11.149
2018	5.054	11.122
2017	4.873	13.234
2016	4.792	11.582
2015	4.556	9.936
2014	4.631	10.878
2013	4.987	13.379
2012	5.948	16.257

**WATER METERS/PRODUCTION**

The following shows the number of meters and production for the water utility for the past ten years.

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2021	5,699,129	39,592	11,853	61	39
2020	4,927,033	38,506	11,741	64	34
2019	4,559,496	38,506	11,567	60	40
2018	5,053,767	38,519	11,438	59	41
2017	4,873,381	37,643	11,299	59	41
2016	4,792,447	37,254	11,277	60	40
2015	4,555,603	37,254	11,170	60	40
2014	4,631,167	35,300	11,085	62	38
2013	4,987,855	35,120	10,956	62	38
2012	5,948,063	34,652	10,872	60	40

\*Total City Population per Metropolitan Council estimates less population served by private and community wells.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

**TABLE 5  
CONDENSED STATEMENT OF CASH FLOWS – ELECTRIC UTILITY**

	2021	2020
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 6,866,651	\$ 8,334,359
Noncapital Financing Activities	(2,138,358)	(1,215,137)
Capital and Related Financing Activities	(4,714,315.00)	(3,088,317)
Investing Activities	<u>(1,451,237)</u>	<u>536,098</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,437,259)	4,567,003
Cash and Cash Equivalents - Beginning of Year	<u>1,683,342</u>	<u>(2,883,661)</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 246,083</u></u>	<u><u>\$ 1,683,342</u></u>

**TABLE 6  
CONDENSED STATEMENT OF CASH FLOWS – WATER UTILITY**

	2021	2020
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 4,787,465	\$ 795,551
Noncapital Financing Activities	(200,000)	(144,522)
Capital and Related Financing Activities	(815,324)	(284,207)
Investing Activities	<u>(748,840)</u>	<u>403,520</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,023,301	770,342
Cash and Cash Equivalents - Beginning of Year	<u>1,303,491</u>	<u>533,149</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,326,792</u></u>	<u><u>\$ 1,303,491</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 7  
CAPITAL ASSETS – ELECTRIC UTILITY**

	2021	2020
<b>CAPITAL ASSETS</b>		
Distribution	\$ 59,836,793	\$ 57,706,211
General	18,826,212	18,370,989
Total Capital Assets	<u>78,663,005</u>	<u>76,077,200</u>
Less: Accumulated Depreciation	(33,113,187)	(30,703,485)
Construction in Progress	<u>3,808,757</u>	<u>1,655,084</u>
Net Capital Assets	<u><u>\$ 49,358,575</u></u>	<u><u>\$ 47,028,799</u></u>

The electric utility's net capital assets increased \$2,329,776 or 5.0% from 2020. Capital assets increased \$2,130,582 due to investment in new underground construction and transformation driven by new development, substation improvements, and other infrastructure and equipment. These increases were offset by increases in accumulated depreciation of \$2,409,702 and increases in construction in progress of \$2,153,673.

**TABLE 8  
CAPITAL ASSETS – WATER UTILITY**

	2021	2020
<b>CAPITAL ASSETS</b>		
Distribution	\$ 77,079,402	\$ 72,470,596
General	1,910,454	1,851,079
Total Capital Assets	<u>78,989,856</u>	<u>74,321,675</u>
Less: Accumulated Depreciation	(24,703,991)	(22,926,096)
Construction in Progress	<u>4,951,865</u>	<u>2,371,883</u>
Net Capital Assets	<u><u>\$ 59,237,730</u></u>	<u><u>\$ 53,767,462</u></u>

During 2021, the water utility's net capital assets increased by \$5,470,268 or 10.2% from 2020. Distribution and other assets increased by \$4,668,181. In addition, construction in progress increased \$2,579,982. These increases in the value of assets were offset by accumulated depreciation of \$1,777,895.

Please refer to the notes to the financial statements for further detail of the utilities' capital assets.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**LONG-TERM DEBT**

The electric and water utilities have no bonds outstanding as of December 31, 2021. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of \$7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

If the commission were to issue bonds, they would be payable from and secured by a pledge of income and revenue to be derived from the operation of the electric and water utilities and are primarily issued for various infrastructure projects. Expansion of the water and electric utilities is dependent on (1) cash flow from operations (after expenses) for the electric utilities, (2) special water connection and trunk charges for the water utilities, and (3) the ability to access the capital markets to borrow funds. Bonds are issued only on an as needed basis and for projects described within the capital improvement program approved annually by the Commission.

Issued Bonds are limited obligations of the Shakopee Public Utilities Commission, payable solely from net revenues of the Commission. The Bonds are not general obligations of the Commission, and neither the full faith and credit nor the taxing powers of the City of Shakopee, the County.

**CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

The City of Shakopee is located approximately 25 miles southwest of downtown Minneapolis. Shakopee is the county seat of Scott County. The City was organized in 1870 and became a statutory city, Plan A, in April 1975. It is organized under a mayor/council form of government as outlined in Minnesota Statutes 412. A Mayor is elected for a four-year term and four City Council Members are elected to staggered four-year terms. The community is served by US No. 169 and Scott County Highway No. 101; US No. 169 connects Scott County with Hennepin County and the Metro Center of Minneapolis-Saint Paul.

The City Council has the obligation to appoint the members to the Shakopee Public Utilities Commission.

**CONTACTING UTILITY MANAGEMENT**

This financial report is designed to provide our customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact the Director of Finance and Administration, Post Office Box 470, 255 Sarazin Street, Shakopee, Minnesota 55379.

General information relating to the Shakopee Public Utilities can be found at the Utility web site: <https://www.spucweb.com>.

## **FINANCIAL STATEMENTS**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	2021			2020
	Electric	Water	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 44,204,443	\$ 11,334,850	\$ 55,539,293	\$ 53,777,043
Emergency Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	35,322	14,655	49,977	95,672
Customer Accounts Receivable	4,234,201	392,448	4,626,649	4,350,964
Allowance for Uncollectible Amounts	(80,663)	(32,540)	(113,203)	(314,837)
Other Accounts Receivable	2,385,045	340,576	2,725,621	1,186,855
Due from City of Shakopee	81,577	27,192	108,769	112,674
Due from Other Fund	-	200,000	200,000	-
Inventory	1,440,219	31,753	1,471,972	1,035,945
Prepaid Expenses	56,629	19,550	76,179	64,943
Total Current Assets	<u>52,456,773</u>	<u>12,328,484</u>	<u>64,785,257</u>	<u>60,409,259</u>
<b>NONCURRENT ASSETS</b>				
Restricted Assets:				
Customer Deposit Accounts	1,602,470	96,249	1,698,719	2,419,585
Connection Account	-	15,774,600	15,774,600	14,709,814
Water Reconstruction Account	-	1,904,156	1,904,156	1,082,420
Capital Assets:				
Plant in Service	78,663,005	78,989,856	157,652,861	150,398,875
Accumulated Depreciation	(33,113,187)	(24,703,991)	(57,817,178)	(53,629,581)
Construction in Progress	3,808,757	4,951,865	8,760,622	4,026,967
Total Noncurrent Assets	<u>50,961,045</u>	<u>77,012,735</u>	<u>127,973,780</u>	<u>119,008,080</u>
Total Assets	<u>103,417,818</u>	<u>89,341,219</u>	<u>192,759,037</u>	<u>179,417,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	<u>1,359,667</u>	<u>612,580</u>	<u>1,972,247</u>	<u>464,335</u>
Total Assets and Deferred Outflows Resources	<u>\$ 104,777,485</u>	<u>\$ 89,953,799</u>	<u>\$ 194,731,284</u>	<u>\$ 179,881,674</u>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	2021			2020
	Electric	Water	Total	Total
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 4,152,391	\$ 972,528	\$ 5,124,919	\$ 3,272,040
Due to City of Shakopee	220,448	52,309	272,757	531,745
Due to Other Fund	200,000	-	200,000	-
Other Current Liabilities	266,986	131,471	398,457	533,011
Total Current Liabilities	<u>4,839,825</u>	<u>1,156,308</u>	<u>5,996,133</u>	<u>4,336,796</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>	<u>1,602,470</u>	<u>96,249</u>	<u>1,698,719</u>	<u>2,419,585</u>
<b>NONCURRENT LIABILITIES</b>				
Unearned Revenues	-	-	-	1,825
Customer Advances	895,089	375,165	1,270,254	344,265
Net Pension Liability	1,866,526	840,938	2,707,464	4,064,920
Total Noncurrent Liabilities	<u>2,761,615</u>	<u>1,216,103</u>	<u>3,977,718</u>	<u>4,411,010</u>
Total Liabilities	<u>9,203,910</u>	<u>2,468,660</u>	<u>11,672,570</u>	<u>11,167,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Regulatory Collections to Cover Future Costs	182,161	-	182,161	172,863
Pension Related Amounts	1,859,706	837,866	2,697,572	178,216
Total Deferred Inflows of Resources	<u>2,041,867</u>	<u>837,866</u>	<u>2,879,733</u>	<u>351,079</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	49,358,575	59,237,730	108,596,305	100,796,261
Restricted	-	17,775,005	17,775,005	15,792,234
Unrestricted	44,173,133	9,634,538	53,807,671	51,774,709
Total Net Position	<u>93,531,708</u>	<u>86,647,273</u>	<u>180,178,981</u>	<u>168,363,204</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 104,777,485</u>	<u>\$ 89,953,799</u>	<u>\$ 194,731,284</u>	<u>\$ 179,881,674</u>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	2021			2020
	Electric	Water	Total	Total
<b>OPERATING REVENUES</b>				
Sales	\$ 52,853,012	\$ 6,610,535	\$ 59,463,547	\$ 52,730,564
<b>OPERATING EXPENSES</b>				
Operation, Customer and Administrative	44,127,945	3,686,439	47,814,384	42,072,874
Depreciation of Capital Assets	2,482,092	1,777,894	4,259,986	4,153,441
Total Operating Expenses	46,610,037	5,464,333	52,074,370	46,226,315
<b>OPERATING INCOME</b>	6,242,975	1,146,202	7,389,177	6,504,249
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Rentals and Miscellaneous	171,815	164,655	336,470	280,426
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	(168,812)	(19,643)	(188,455)	887,166
Interest Expense	(3,954)	(185)	(4,139)	(36,423)
Gain (Loss) on Disposition of Property	31,057	-	31,057	9,074
Total Nonoperating Revenues (Expenses)	120,106	144,827	264,933	1,230,243
Income Before Contributions and Transfers	6,363,081	1,291,029	7,654,110	7,734,492
Capital Contributions	98,931	6,685,954	6,784,885	3,376,714
Municipal Contributions	(2,370,103)	(253,115)	(2,623,218)	(2,384,604)
<b>CHANGE IN NET POSITION</b>	4,091,909	7,723,868	11,815,777	8,726,602
Net Position - Beginning of Year	89,439,799	78,923,405	168,363,204	159,636,602
<b>NET POSTION - END OF YEAR</b>	<u>\$ 93,531,708</u>	<u>\$ 86,647,273</u>	<u>\$ 180,178,981</u>	<u>\$ 168,363,204</u>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	2021			2020
	Electric	Water	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 50,952,596	\$ 7,854,564	\$ 58,807,160	\$ 51,711,069
Payments to Employees	(4,039,994)	(1,451,518)	(5,491,512)	(7,091,142)
Payments to Suppliers	(40,045,951)	(1,615,581)	(41,661,532)	(35,490,017)
Net Cash Provided by Operating Activities	6,866,651	4,787,465	11,654,116	9,129,910
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments to City of Shakopee	(2,370,103)	-	(2,370,103)	(2,242,120)
Proceeds from Sale of Assets	31,745	-	31,745	882,461
Transfers Between Funds	200,000	(200,000)	-	
Net Cash Used by Noncapital Financing Activities	(2,138,358)	(200,000)	(2,338,358)	(1,359,659)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Debt	-	-	-	(36,423)
Acquisition of Capital Assets	(4,714,315)	(4,027,468)	(8,741,783)	(5,941,967)
Installation Fees	-	83,098	83,098	81,753
Connection Charges	-	2,517,163	2,517,163	2,356,978
Trunk Charges	-	611,883	611,883	167,135
Net Cash Used by Capital and Related Financing Activities	(4,714,315)	(815,324)	(5,529,639)	(3,372,524)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of Investments	(1,323,544)	(733,773)	(2,057,317)	(53,462)
Interest and Dividends Received	(127,693)	(15,067)	(142,760)	993,080
Net Cash Provided (Used) by Investing Activities	(1,451,237)	(748,840)	(2,200,077)	939,618
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,437,259)	3,023,301	1,586,042	5,337,345
Cash and Cash Equivalents - Beginning of Year	1,683,342	1,303,491	2,986,833	(2,350,512)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 246,083</u>	<u>\$ 4,326,792</u>	<u>\$ 4,572,875</u>	<u>\$ 2,986,833</u>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	2021			2020
	Electric	Water	Total	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS OPERATING ACTIVITIES</b>				
Operating Income	\$ 6,359,288	\$ 1,146,202	\$ 7,505,490	\$ 6,504,249
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	(116,313)	-	(116,313.00)	(114,758)
Nonoperating Revenues	257,861	164,470	422,331.00	370,426
Depreciation Expense	2,482,782	1,777,895	4,260,677.00	4,153,441
Pension Related Activity	(484,600)	138,588	(346,012.00)	(103,591)
Allowance for Uncollectible Accounts	-	(21,375)	(21,375.00)	264,205
Change in Assets and Liabilities				
Customer Accounts Receivable	(451,453)	(4,491)	(455,944.00)	(307,759)
Other Accounts Receivable	(2,326,901)	788,135	(1,538,766.00)	(996,010)
Due from City of Shakopee	3,369	536	3,905.00	99,183
Inventory	(437,922)	1,895	(436,027.00)	371,656
Prepaid Items	(8,230)	(3,006)	(11,236.00)	(3,114)
Accounts Payable	1,356,293	496,586	1,852,879.00	(751,197)
Customer Deposits	715,453	(5,413.00)	710,040.00	55,293
Unearned Revenue	(1,825)	-	(1,825.00)	(3,385)
Customer Advances	(106,218)	316,754.0	210,536.00	(386,690)
Due to City of Shakopee	(283,571)	24,583.0	(258,988.00)	(74,847)
Other Liabilities	(100,660)	(33,894)	(134,554.00)	52,808
Total Adjustments	498,065	3,641,263	4,139,328	2,625,661
Net Cash Provided by Operating Activities	<u>\$ 6,857,353</u>	<u>\$ 4,787,465</u>	<u>\$ 11,644,818</u>	<u>\$ 9,129,910</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION**

Customer Deposits Account	\$ 1,602,470	\$ 96,249	\$ 1,698,719	\$ 2,419,585
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	15,774,600	15,774,600	14,709,814
Water Reconstruction Account	-	1,904,156	1,904,156	1,082,420
Cash and Investments	44,204,443	11,334,850	55,539,293	53,777,043
Total	45,906,913	29,109,855	75,016,768	72,088,862
Less: Long-Term Investments	(45,660,830)	(24,783,063)	(70,443,893)	(69,102,029)
Total Cash and Cash Equivalents	<u>\$ 246,083</u>	<u>\$ 4,326,792</u>	<u>\$ 4,572,875</u>	<u>\$ 2,986,833</u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Contributions of Capital Assets from the Municipality and Developers	\$ 98,931	\$ -	\$ 98,931	\$ 527,653
Free Electric Service to City of Shakopee	116,313	-	116,313	114,758

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The electric and water utilities of the Shakopee Public Utilities Commission (the "Commission") are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the "City"). The Commission provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The Commission accounts for the costs of electric and water operations on a continuing basis and is managed by the Commission. The Commission consists of five members who serve three-year terms.

Customer and service rates are established by the Commission.

**FUND FINANCIAL STATEMENTS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**DESCRIPTION OF FUNDS**

Proprietary Funds:

- Electric Fund - This fund accounts for the operations of the Commission's electric utility.
- Water Fund - This fund accounts for the operations of the Commission's water utility.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric and Water Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY**

**1. DEPOSITS AND INVESTMENTS**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorizes the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the Commission are reported at fair value as disclosed in Note 2. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**2. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2021. Bad debts are expensed annually when deemed uncollectible.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**3. INVENTORY, PREPAID ITEMS, AND OTHER ASSETS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Inventory is valued at average cost and using the first-in, first-out (FIFO) method.

Other assets include the Emergency Repairs Account, and the asset and related amortization relating to the Electric Plant Acquisition.

**4. RESTRICTED ASSETS**

Customer Deposit Account - Restricted resources from customers required to deposit monies before the Commission will begin electric or water service. These deposits are subject to repayment when the customer leaves the Commission's service area.

Connection Account - Restricted resources, per enabling legislation, to be used for future expansion of the water system.

Water Reconstruction Account - Restricted resources to be used for future water reconstruction projects.

**5. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of capital assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the Commission are depreciated using a half year convention the first year with the straight-line method over the remaining estimated useful lives.

	<u>Years</u>
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions

**7. ELECTRIC PLANT ACQUISITION**

The Commission acquired a plant from Minnesota Valley Electric Cooperative, including legal, engineering, and plant costs, which was amortized over 25 years using the straight-line method and is shown net of the accumulated amortization and depreciation on the Statement of Net Position. The electric plant became fully amortized in 2015.

**8. CUSTOMER ADVANCES FOR CONSTRUCTION**

This account represents customer advances for construction which may be refundable in part or in whole.

**9. CUSTOMER DEPOSITS**

This account represents required deposits to be used to guaranty electric and water utility billings.

**10. COMPENSATED ABSENCES**

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. A liability has been recorded in the Statement of Net Position for accrued vacation and compensatory pay. Employees also earn sick leave; however, this is not paid out upon separation, so no liability exists for this benefit.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**11. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**12. LONG-TERM OBLIGATIONS**

Long-term debt and other obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

**13. CAPITAL CONTRIBUTIONS**

Cash and capital assets are contributed to the Commission from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenues on the statement of revenues, expenses, and changes in fund net position.

**14. MUNICIPAL CONTRIBUTIONS**

Municipal contributions include the contribution in lieu of taxes to the municipality and free service to the municipality for streetlights.

**15. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**16. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**17. COMPARATIVE DATA**

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

**NOTE 2 CASH AND INVESTMENTS**

Cash balances of the Commission's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

In accordance with applicable *Minnesota Statutes*, the Commission maintains deposits at depository banks authorized by the Commission Board.

**A. Deposits**

**Custodial Credit Risk - Deposits:** This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2021, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

The Commission's deposits had a book balance as follows:

	<u>2021</u>
Checking	\$ 4,571,174
CDARS	5,634,143
Money Market	<u>237,944</u>
Total Deposits	<u><u>\$ 10,443,261</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2021, the Commission had the following investments:

	Rating	Total Value	Years to Maturity			
			Less than 1 Year	1-5 Years	Over 5 Years	No Maturity
U.S. Agencies	AAA	\$ 3,620,565	\$ 783,660	\$ 2,836,905	\$ -	\$ -
U.S. Treasuries	N/A	37,223,204	3,924,656	33,298,548	-	-
Commercial Paper	N/A	12,973,818	12,973,818	-	-	-
4M Fund	NR	359,878	-	-	-	359,878
4M Plus Fund	NR	8,008,785	-	-	-	8,008,785
Money Market	NR	2,385,557	-	-	-	2,385,557
Total		<u>\$ 64,571,807</u>	<u>\$ 17,682,134</u>	<u>\$ 36,135,453</u>	<u>\$ -</u>	<u>\$ 10,754,220</u>

The Commission has the following recurring fair value measurements as of December 31, 2021:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
U.S. Agencies	\$ 3,620,565	\$ -	\$ 3,620,565	\$ -
U.S. Treasuries	37,223,204	37,223,204	-	-
Commercial Paper	12,973,818	-	12,973,818	-
Total	<u>53,817,587</u>	<u>\$ 37,223,204</u>	<u>\$ 16,594,383</u>	<u>\$ -</u>
Investments Measured at Amortized Cost	<u>10,754,220</u>			
Total Investments	<u>\$ 64,571,807</u>			

The Commission has a formal investment policy in place as of December 31, 2021, to address the following risks:

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

**Concentration of Credit Risk – Investments** - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

New York, or a broker dealer having its principal executive office in Minnesota, and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

As of December 31, 2021, the Commission was not exposed to concentration of credit risk. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

*Interest Rate Risk* - This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The Commission's policy states it will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

*Custodial Credit Risk- Investments* - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

**Deposits and Investments**

Summary of cash, deposits, and investments as of December 31, 2021:

Deposit (Note 2.A)	\$ 10,443,261
Investments (Note 2.B.)	64,571,807
Petty Cash	<u>1,700</u>
Total Deposits	<u><u>\$ 75,016,768</u></u>

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position

Current Assets	
Cash and Investments	\$ 55,539,293
Noncurrent Assets	
Restricted Assets	
Customer Deposit Account	1,698,719
Connection Account	15,774,600
Water Reconstruction Account	1,904,156
Other Assets	
Emergency Repairs Account	100,000
Total	<u><u>\$ 75,016,768</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 CAPITAL ASSETS**

Electric capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and Land Rights	\$ 4,381,196	\$ -	\$ -	\$ 4,381,196
Construction in Progress	1,655,084	3,622,563	(1,468,890)	3,808,757
Total Capital Assets Not Being Depreciated	6,036,280	3,622,563	(1,468,890)	8,189,953
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Distribution	56,876,344	2,142,764	(12,182)	59,006,926
General	14,819,660	518,614	(63,391)	15,274,883
Total Capital Assets Being Depreciated	71,696,004	2,661,378	(75,573)	74,281,809
Less: Accumulated Depreciation	(30,703,485)	(2,482,782)	73,080	(33,113,187)
Total Capital Assets Being Depreciated, Net	40,992,519	178,596	(2,493)	41,168,622
Capital Assets, Net	\$ 47,028,799	\$ 3,801,159	\$ (1,471,383)	\$ 49,358,575

Water capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and Land Rights	\$ 1,948,506	\$ -	\$ -	\$ 1,948,506
Construction in Progress	2,371,883	3,310,530	(730,548)	4,951,865
Total Capital Assets Not Being Depreciated	4,320,389	3,310,530	(730,548)	6,900,371
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Distribution	70,522,090	4,608,806	-	75,130,896
General	1,851,079	59,375	-	1,910,454
Total Capital Assets Being Depreciated	72,373,169	4,668,181	-	77,041,350
Less: Accumulated Depreciation	(22,926,096)	(1,777,895)	-	(24,703,991)
Total Capital Assets Being Depreciated, Net	49,447,073	2,890,286	-	52,337,359
Capital Assets, Net	\$ 53,767,462	\$ 6,200,816	\$ (730,548)	\$ 59,237,730

Depreciation expense for 2021 for Electric and Water totaled \$2,482,782 and \$1,777,895, respectively.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS**

Amounts receivable from and payable to the City of Shakopee as of December 31, 2021, are as follows:

Receivable Fund/Municipality	Payable Fund/Municipality	Amount
Electric Fund	City of Shakopee	\$ 81,577
City of Shakopee	Electric Fund	220,448
Water Fund	City of Shakopee	27,192
City of Shakopee	Water Fund	52,309

The receivables and payables generally represent billing expenses, general operating expenses, and capital projects.

The composition of municipal contributions as of December 31, 2021, was as follows:

Contributions To	Contributions From	Amount
City of Shakopee	Electric Fund	\$ 2,370,103
City of Shakopee	Water Fund	253,115
Total		<u>\$ 2,623,218</u>

Contributions were made from the Water and Electric Funds to the City for contributions in lieu of taxes and for free service to the City.

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE**

**A. Plan Description**

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Fund**

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5    DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

**B.    Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**1.    General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**C.    Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**1.    General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2021, were \$359,999. The Commission's contributions were equal to the required contributions as set by state statute.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5    DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

D. Pension Costs

**1. General Employees Fund Pension Costs**

At December 31, 2021, the Commission reported a liability of \$2,707,464 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$82,761.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0634% at the end of the measurement period and .0678% for the beginning of the period.

Commission's Proportionate Share of the Net Pension Liability	\$    2,707,464
State of Minnesota's Proportionate Chare of the Net Pension Liability Associated with the Commission	<u>82,761</u>
Total	<u>\$    2,790,225</u>

For the year ended December 31, 2021, the Commission recognized pension expense of (\$587) for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2021, the Commission reported its proportionate share of the General Employees Plans' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$    16,635	\$    82,857
Changes in Actuarial Assumptions	1,653,121	59,891
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,344,778
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	124,225	210,046
Commission Contributions Subsequent to the Measurement Date	178,266	-
Total	<u>\$   1,972,247</u>	<u>\$   2,697,572</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5    DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

D. Pension Costs (Continued)

\$178,266 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2022	\$ (130,604)
2023	(45,449)
2024	(87,994)
2025	(639,544)

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation

The following changes in actuarial assumptions occurred in 2021 for the General Employees Fund:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5    DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

**F. Long-Term Expected Return on Investments**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	5.50 %	6.50 %	7.50 %
Commission's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 5,521,845	\$ 2,707,464	\$ 398,093

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5    DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

I.    Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6    RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2020 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 7    COMMITMENTS**

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2021, outstanding commitments for these multi-year projects total approximately \$1,165,263.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8    NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

The following are accounting standards which have been issued by the Governmental Accounting Standards Board but have not been implemented and may have a significant impact on the Commission.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government and users (governments). The standards included in GASB Statement No. 96 are based on the standards established in GASB Statement No. 87 noted above. The requirements of this statement are effective for fiscal year 2023 for the Commission.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED DECEMBER 31, 2021**

	Measurement Date June 30,						
	2021	2020	2019	2018	2017	2016	2015
Commission's Proportion of the Net Pension Liability	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %	0.0608 %
Commission's Proportionate Share of the Net Pension Liability	\$ 2,707,464	\$ 4,064,920	\$ 3,532,888	\$ 3,578,196	\$ 4,111,253	\$ 5,042,212	\$ 3,150,972
State's Proportionate Share of the Net Pension Liability Associated with the Commission	82,761	125,364	109,829	117,344	51,656	65,842	-
Total	<u>\$ 2,790,225</u>	<u>\$ 4,190,284</u>	<u>\$ 3,642,717</u>	<u>\$ 3,695,540</u>	<u>\$ 4,162,909</u>	<u>\$ 5,108,054</u>	<u>\$ 3,150,972</u>
Commission's Covered Payroll	\$ 4,553,229	\$ 3,516,627	\$ 3,854,427	\$ 4,145,653	\$ 4,333,280	\$ 3,854,427	\$ 3,516,627
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %	89.60 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %	78.19 %

The Amounts Presented for Each Fiscal Year were determined as of 6/30.

Ten years of data is not yet available, but years will be added going forward until ten years are present.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS  
YEAR ENDED DECEMBER 31, 2021**

	Fiscal Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 359,999	\$ 360,080	\$ 350,018	\$ 339,188	\$ 315,791	\$ 299,473	\$ 277,221
Contributions in Relation to the Statutorily Required Contribution	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)	(277,221)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's Covered Payroll	\$ 4,799,987	\$ 4,801,067	\$ 4,666,907	\$ 4,522,507	\$ 4,210,547	\$ 3,992,973	\$ 3,696,280
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

Ten years of data is not yet available, but years will be added going forward until ten years is present.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

**General Employees Fund**

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

**General Employees Fund (Continued)**

2019 Changes:

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

**General Employees Fund (Continued)**

2017 Changes (Continued):

Changes in Actuarial Assumptions (Continued):

- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**SUPPLEMENTARY INFORMATION**  
**ELECTRIC UTILITY FUND**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – ELECTRIC UTILITY**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 44,204,443	\$ 44,318,158
Emergency Repairs	100,000	100,000
Accrued Interest Receivable	35,322	76,441
Customer Accounts Receivable	4,234,201	3,963,007
Allowance for Uncollectible Amounts	(80,663)	(260,922)
Other Accounts Receivable	2,385,045	58,144
Due from City of Shakopee	81,577	84,946
Inventory	1,440,219	1,002,297
Prepaid Expenses	56,629	48,399
Total Current Assets	<u>52,456,773</u>	<u>49,390,470</u>
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	1,602,470	2,317,923
Capital Assets:		
Plant in Service	78,663,005	76,077,200
Accumulated Depreciation	(33,113,187)	(30,703,485)
Construction in Progress	3,808,757	1,655,084
Total Noncurrent Assets	<u>50,961,045</u>	<u>49,346,722</u>
Total Assets	<u>103,417,818</u>	<u>98,737,192</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	<u>1,359,667</u>	<u>350,348</u>
 Total Assets and Deferred Outflows Resources	 <u><u>\$ 104,777,485</u></u>	 <u><u>\$ 99,087,540</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – ELECTRIC UTILITY (CONTINUED)**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

<b>LIABILITIES</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 4,152,391	\$ 2,796,098
Due to City of Shakopee	220,448	504,019
Due to Other Fund	200,000	-
Other Current Liabilities	266,986	367,646
Total Current Liabilities	<u>4,839,825</u>	<u>3,667,763</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>	<u>1,602,470</u>	<u>2,317,923</u>
<b>NONCURRENT LIABILITIES</b>		
Unearned Revenues	-	1,825
Customer Advances	895,089	285,854
Net Pension Liability	1,866,526	3,067,046
Total Noncurrent Liabilities	<u>2,761,615</u>	<u>3,354,725</u>
Total Liabilities	<u>9,203,910</u>	<u>9,340,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Regulatory Collections to Cover Future Costs	182,161	172,863
Pension Related Amounts	1,859,706	134,467
Total Deferred Inflows of Resources	<u>2,041,867</u>	<u>307,330</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	49,358,575	47,028,799
Unrestricted	44,173,133	42,411,000
Total Net Position	<u>93,531,708</u>	<u>89,439,799</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 104,777,485</u>	<u>\$ 99,087,540</u>



**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Sales	\$ 52,853,012	\$ 47,198,288
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	44,127,945	39,010,560
Depreciation of Capital Assets	<u>2,482,092</u>	<u>2,420,110</u>
Total Operating Expenses	<u>46,610,037</u>	<u>41,430,670</u>
<b>OPERATING INCOME</b>	6,242,975	5,767,618
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	171,815	77,161
Interdepartmental Rent from Water	90,000	90,000
Investment Income	(168,812)	595,308
Interest Expense	(3,954)	(34,926)
Gain (Loss) on Disposition of Property	<u>31,057</u>	<u>9,074</u>
Total Nonoperating Revenues (Expenses)	<u>120,106</u>	<u>736,617</u>
Income Before Contributions and Transfers	6,363,081	6,504,235
Capital Contributions	98,931	527,653
Municipal Contributions	<u>(2,370,103)</u>	<u>(2,167,882)</u>
<b>CHANGE IN NET POSITION</b>	4,091,909	4,864,006
Net Position - Beginning of Year	<u>89,439,799</u>	<u>84,575,793</u>
<b>NET POSTION - END OF YEAR</b>	<u><u>\$ 93,531,708</u></u>	<u><u>\$ 89,439,799</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 50,952,596	\$ 46,946,832
Payments to Suppliers	(4,039,994)	(5,274,011)
Payments to Employees	(40,045,951)	(33,338,462)
Net Cash Flows Provided by Operating Activities	<u>6,866,651</u>	<u>8,334,359</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to City of Shakopee	(2,370,103)	(2,053,124)
Proceeds from Sale of Assets	31,745	837,987
Transfers Between Funds	200,000	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>(2,138,358)</u>	<u>(1,215,137)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest Paid on Debt	-	(34,926)
Acquisition of Capital Assets	(4,714,315)	(3,053,391)
Net Cash Flows Used by Capital and Related Financing Activities	<u>(4,714,315)</u>	<u>(3,088,317)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,323,544)	(48,396)
Interest and Dividends Received	(127,693)	584,494
Net Cash Provided by Investing Activities	<u>(1,451,237)</u>	<u>536,098</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,437,259)	4,567,003
Cash and Cash Equivalents - Beginning of Year	<u>1,683,342</u>	<u>(2,883,661)</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 246,083</u></u>	<u><u>\$ 1,683,342</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – ELECTRIC UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 6,359,288	\$ 5,767,618
Adjustments to Reconcile Operating Income to Cash		
Provided by Operating Activities:		
Free Electric Service to City of Shakopee	(116,313)	(114,758)
Nonoperating Revenues	257,861	167,161
Depreciation Expense	2,482,782	2,420,110
Pension Related Activity	(484,600)	(60,629)
Allowance for Uncollectible Accounts	-	220,089
Change in Assets and Liabilities:		
Customer Accounts Receivable	(451,453)	(225,324)
Other Accounts Receivable	(2,326,901)	45,875
Due from City of Shakopee	3,369	10,062
Inventory	(437,922)	373,865
Prepaid Items	(8,230)	(2,028)
Accounts Payable	1,356,293	(55,101)
Customer Deposits	715,453	49,801
Unearned Revenue	(1,825)	(3,385)
Customer Advances	(106,218)	(400,977)
Due to City of Shakopee	(283,571)	105,595
Other Liabilities	(100,660)	36,385
Total Adjustments	498,065	2,566,741
Net Cash Provided by Operating Activities	<u>\$ 6,857,353</u>	<u>\$ 8,334,359</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 1,602,470	\$ 2,317,923
Emergency Repairs Account	100,000	100,000
Cash and Investments	44,204,443	44,318,158
Total	45,906,913	46,736,081
Less: Investments	(45,660,830)	(45,052,739)
Total Cash and Cash Equivalents	<u>\$ 246,083</u>	<u>\$ 1,683,342</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of Capital Assets from the Municipality and Developers	\$ 98,931	\$ 527,653
Free Electric Service to City of Shakopee	116,313	114,758

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Sales of Electricity:		
Residential	\$ 19,996,991	\$ 18,032,655
Commercial	31,752,298	28,553,792
Uncollectible Accounts	81,089	(258,532)
Total Sales of Electricity	<u>51,830,378</u>	<u>46,327,915</u>
Forfeited Discounts	134,686	60,835
Free Service to City of Shakopee	116,313	114,758
Conservation Program	771,635	694,780
Total Operating Revenues	<u>52,853,012</u>	<u>47,198,288</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Purchased Power	37,965,029	32,729,485
Distribution Operation Expenses	437,040	553,702
Distribution System Maintenance	779,450	653,225
Maintenance of General Plant	261,657	274,843
Total Operation and Maintenance	<u>39,443,176</u>	<u>34,211,255</u>
Customer Accounts:		
Meter Reading	133,206	127,450
Customer Records and Collection	635,858	575,336
Energy Conservation	771,634	693,297
Total Customer Accounts	<u>1,540,698</u>	<u>1,396,083</u>
Administrative and General:		
Administrative and General Salaries	571,493	644,190
Office Supplies and Expense	152,169	136,544
Outside Services Employed	621,638	428,140
Insurance	141,380	129,545
Employee Benefits	1,351,876	1,773,389
Miscellaneous General	305,515	291,414
Total Administrative and General	<u>3,144,071</u>	<u>3,403,222</u>
Total Operation, Customer, and Administrative Expenses	44,127,945	39,010,560
Depreciation of Capital Assets	2,482,092	2,420,110
Total Operating Expenses	<u>46,610,037</u>	<u>41,430,670</u>
Total Operating Income	<u>\$ 6,242,975</u>	<u>\$ 5,767,618</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 829,867	\$ -	\$ -	\$ 829,867
Structures and Improvements	460,701	-	-	460,701
Station Equipment	23,037,208	-	-	23,037,208
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	527,824	-	-	527,824
Overhead Conductors and Devices	3,048,389	12,579	-	3,060,968
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	21,479,888	1,405,719	12,182	22,873,425
Line Transformers	5,811,014	624,723	-	6,435,737
Services	50,643	-	-	50,643
Meters	1,552,539	99,743	-	1,652,282
Total Distribution	<u>57,706,211</u>	<u>2,142,764</u>	<u>12,182</u>	<u>59,836,793</u>
General:				
Land and Land Rights	3,551,329	-	-	3,551,329
Structures and Improvements	9,248,411	206,583	-	9,454,994
Office Furniture and Equipment	1,200,247	16,277	-	1,216,524
Computer Equipment	786,650	198,443	-	985,093
Transporation Equipment	2,433,139	93,162	63,391	2,462,910
Tools, Shop, and Garage Equipment	194,999	4,149	-	199,148
Laboratory Equipment	20,041	-	-	20,041
Power Operated Equipment	579,052	-	-	579,052
Communication Equipment	357,121	-	-	357,121
Total General	<u>18,370,989</u>	<u>518,614</u>	<u>63,391</u>	<u>18,826,212</u>
 Total Plant in Service	 <u>\$ 76,077,200</u>	 <u>\$ 2,661,378</u>	 <u>\$ 75,573</u>	 <u>\$ 78,663,005</u>

**SUPPLEMENTARY INFORMATION**  
**WATER UTILITY FUND**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 11,334,850	\$ 9,458,885
Accrued Interest Receivable	14,655	19,231
Customer Accounts Receivable	392,448	387,957
Allowance for Uncollectible Amounts	(32,540)	(53,915)
Other Accounts Receivable	340,576	1,128,711
Due from City of Shakopee	27,192	27,728
Due From Electric Fund	200,000	-
Inventory	31,753	33,648
Prepaid Expenses	19,550	16,544
Total Current Assets	<u>12,328,484</u>	<u>11,018,789</u>
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	96,249	101,662
Connection Account	15,774,600	14,709,814
Water Reconstruction Account	1,904,156	1,082,420
Capital Assets:		
Plant in Service	78,989,856	74,321,675
Accumulated Depreciation	(24,703,991)	(22,926,096)
Construction in Progress	4,951,865	2,371,883
Total Noncurrent Assets	<u>77,012,735</u>	<u>69,661,358</u>
Total Assets	<u>89,341,219</u>	<u>80,680,147</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	<u>612,580</u>	<u>113,987</u>
Total Assets and Deferred Outflows Resources	<u>\$ 89,953,799</u>	<u>\$ 80,794,134</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY (CONTINUED)**  
**DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 972,528	\$ 475,942
Due to City of Shakopee	52,309	27,726
Other Current Liabilities	131,471	165,365
Total Current Liabilities	<u>1,156,308</u>	<u>669,033</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
CUSTOMER DEPOSITS	<u>96,249</u>	<u>101,662</u>
<b>NONCURRENT LIABILITIES</b>		
Customer Advances	375,165	58,411
Net Pension Liability	840,938	997,874
Total Noncurrent Liabilities	<u>1,216,103</u>	<u>1,056,285</u>
Total Liabilities	<u>2,468,660</u>	<u>1,826,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Amounts	837,866	43,749
<b>NET POSITION</b>		
Net Investment in Capital Assets	59,237,730	53,767,462
Restricted	17,775,005	15,792,234
Unrestricted	9,634,538	9,363,709
Total Net Position	<u>86,647,273</u>	<u>78,923,405</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 89,953,799</u>	 <u>\$ 80,794,134</u>



**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
<b>OPERATING REVENUES</b>	\$ 6,610,535	\$ 5,532,276
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	3,686,439	3,062,314
Depreciation of Capital Assets	1,777,894	1,733,331
Total Operating Expenses	<u>5,464,333</u>	<u>4,795,645</u>
<b>OPERATING INCOME</b>	1,146,202	736,631
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	164,655	203,265
Investment Income	(19,643)	291,858
Interest Expense	(185)	(1,497)
Total Nonoperating Revenues (Expenses)	<u>144,827</u>	<u>493,626</u>
Income Before Contributions and Transfers	1,291,029	1,230,257
Capital Contributions	6,685,954	2,849,061
Municipal Contributions	<u>(253,115)</u>	<u>(216,722)</u>
<b>CHANGE IN NET POSITION</b>	7,723,868	3,862,596
Net Position - Beginning of Year	<u>78,923,405</u>	<u>75,060,809</u>
<b>NET POSTION - END OF YEAR</b>	<u><u>\$ 86,647,273</u></u>	<u><u>\$ 78,923,405</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 7,854,564	\$ 4,764,237
Payments to Suppliers	(1,451,518)	(1,817,131)
Payments to Employees	(1,615,581)	(2,151,555)
Net Cash Flows Provided by Operating Activities	<u>4,787,465</u>	<u>795,551</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to City of Shakopee	-	(188,996)
Proceeds from Sale of Assets	-	44,474
Transfers Between Funds	(200,000)	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>(200,000)</u>	<u>(144,522)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest Paid on Debt	-	(1,497)
Acquisition of Capital Assets	(4,027,468)	(2,888,576)
Installation Fees	83,098	81,753
Connection Charges	2,517,163	2,356,978
Trunk Charges	611,883	167,135
Net Cash Flows Used by Capital and Related Financing Activities	<u>(815,324)</u>	<u>(284,207)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(733,773)	(5,066)
Interest and Dividends Received	(15,067)	408,586
Net Cash Provided by Investing Activities	<u>(748,840)</u>	<u>403,520</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,023,301	770,342
Cash and Cash Equivalents - Beginning of Year	<u>1,303,491</u>	<u>533,149</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,326,792</u></u>	<u><u>\$ 1,303,491</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – WATER UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 1,146,202	\$ 736,631
Adjustments to Reconcile Operating		
Income to Cash Provided by Operating		
Nonoperating Revenues	164,470	203,265
Depreciation Expense	1,777,895	1,733,331
Pension Related Activity	138,588	(42,962)
Allowance for Uncollectible Accounts	(21,375)	44,116
Change in Assets and Liabilities		
Customer Accounts Receivable	(4,491)	(82,435)
Other Accounts Receivable	788,135	(1,041,885)
Due from City of Shakopee	536	89,121
Inventory	1,895	(2,209)
Prepaid Items	(3,006)	(1,086)
Accounts Payable	496,586	(696,096)
Customer Deposits	(5,413)	5,492
Customer Advances	316,754	14,287
Due to City of Shakopee	24,583	(180,442)
Other Liabilities	(33,894)	16,423
Total Adjustments	<u>3,641,263</u>	<u>58,920</u>
Net Cash Provided by		
Operating Activities	<u>\$ 4,787,465</u>	<u>\$ 795,551</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE</b>		
<b>STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 96,249	\$ 101,662
Connection Account	15,774,600	14,709,814
Water Reconstruction Account	1,904,156	1,082,420
Cash and Investments	11,334,850	9,458,885
Total	<u>29,109,855</u>	<u>25,352,781</u>
Less Investments	<u>(24,783,063)</u>	<u>(24,049,290)</u>
Total Cash and Cash Equivalents	<u>\$ 4,326,792</u>	<u>\$ 1,303,491</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Sales of Water	\$ 6,592,104	\$ 5,578,527
Forfeited Discounts	12,682	3,602
Uncollectible Accounts	5,749	(49,853)
Total Operating Revenues	<u>6,610,535</u>	<u>5,532,276</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Pumping and Distribution Operation	608,725	612,055
Pumping and Distribution Maintenance	578,202	396,702
Power for Pumping	328,995	284,744
Maintenance of General Plant	47,251	53,307
Total Operating and Maintenance	<u>1,563,173</u>	<u>1,346,808</u>
Customer Accounts:		
Meter Reading	73,395	69,539
Customer Records and Collection	196,524	166,593
Energy Conservation	4,155	1,481
Total Customer Accounts	<u>274,074</u>	<u>237,613</u>
Administrative and General:		
Administrative and General Salaries	379,982	421,797
Office Supplies and Expense	45,631	45,321
Outside Services Employed	320,973	183,196
Insurance	47,127	43,182
Employee Benefits	874,443	615,013
Miscellaneous General	181,036	169,384
Total Administrative and General	<u>1,849,192</u>	<u>1,477,893</u>
Total Operation, Customer, and Administrative Expenses	3,686,439	3,062,314
Depreciation of Capital Assets	1,777,894	1,733,331
Total Operating Expenses	<u>5,464,333</u>	<u>4,795,645</u>
Total Operating Income	<u>\$ 1,146,202</u>	<u>\$ 736,631</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**SCHEDULE OF PLANT IN SERVICE – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2021**

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 1,948,506	\$ -	\$ -	\$ 1,948,506
Wells	4,405,137	170,118	-	4,575,255
Electric Pumping Equipment	8,502,094	166,209	-	8,668,303
Towers and Pump Houses	7,631,469	41,773	-	7,673,242
Distribution system	46,978,718	4,112,046	-	51,090,764
Meters	3,004,672	118,660	-	3,123,332
Total Distribution	<u>72,470,596</u>	<u>4,608,806</u>	<u>-</u>	<u>77,079,402</u>
General:				
Office Furniture and Equipment	149,647	1,530	-	151,177
Computer Equipment	215,910	12,030	-	227,940
Transporation Equipment	459,278	-	-	459,278
Tools, Shop, and Garage Equipment	22,396	-	-	22,396
Laboratory Equipment	64,427	-	-	64,427
Power Operated Equipment	10,268	-	-	10,268
Communication Equipment	22,480	-	-	22,480
Scada Equipment	555,342	45,815	-	601,157
Building Improvements	351,331	-	-	351,331
Total General	<u>1,851,079</u>	<u>59,375</u>	<u>-</u>	<u>1,910,454</u>
 Total Plant in Service	 <u><u>\$ 74,321,675</u></u>	 <u><u>\$ 4,668,181</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 78,989,856</u></u>

