

MINUTES OF THE  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
May 6, 2024  
Regular Meeting

1. Call to Order. President Krieg called the May 6, 2024 meeting of the Shakopee Public Utilities Commission to order at 5:00 P.M. President Krieg, Vice President Letourneau, Commissioner DuLaney, Commissioner Fox, and Commissioner Mocol were present.
2. Communications. Commissioner Mocol asked whether the backflow prevention testing materials could be submitted and paid for electronically. Vice President Letourneau noted a customer question as to why this test is done annually. Greg Drent, General Manager, responded that the state requires an annual test. Mr. Drent also noted that staff is working to arrange a joint meeting of the Commission and the City Council.
3. Consent Agenda. Commissioner Mocol moved approval of the consent agenda as presented:
  - (a) Approval of April 1, 2024 minutes;
  - (b) Approval of May 6, 2024 agenda;
  - (c) May 6, 2024 Warrant List;
  - (d) Monthly Water Dashboard for March 2024;
  - (e) Flushing Map;
  - (f) MMPA April 2024 Meeting Update;
  - (g) Res #2024-13 Resolution Designating an Official Means of Publication;
  - (h) 2024 1<sup>st</sup> Quarter Financial Report;
  - (i) 2022 CIP Results and 2024 Plan Approval;
  - (j) Res #2024-14 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection and Authorizing Water Service to Certain Property Described as: Patch 1<sup>st</sup> Addition, Lot 1, Block 1;
  - (k) Res #2024-15 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection and Authorizing Water Service to Certain Property Described as: PID 279120223;
  - (l) Res #2024-16 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection and Authorizing Water Service to Certain Property Described as: Highview Park 2<sup>nd</sup> Addition;
  - (m) Res #2024-17 Resolution Approving of the Estimated Cost of Pipe Oversizing on the Watermain Project: Highview Park 2<sup>nd</sup> Addition.

Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol.  
Nays: None.

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

5. 2023 Audit Results. Kelley Willemsen, Director of Finance and Administration, introduced Lance Lauinger, Director, CliftonLarsonAllen LLP. Mr. Lauinger presented the unmodified audit opinion and explained one change on page 9. He also stated that no compliance, deficiencies, internal control, or legal compliance issues were identified. Commissioner Fox moved to accept the financial statements for year-end December 31, 2023 and Commissioner DuLaney seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

6. Liaison Report. Commissioner DuLaney noted that Construction Cooperation Agreement between SPU and the City is being presented at the City Council meeting on Tuesday. He also reported that SPU recently changed out his water and electric meters and that it was a fast process.

7. Water Report. Lon Schemel, Water Superintendent, reported that SPU opened bids on April 23, 2023 for a generator at the Riverview booster station, meant to replace a portable generator to allow a faster response time. SPU received one bid for \$319,000, significantly above the engineer's estimate of \$240,000 and 11% higher than the budgeted amount in the CIP. He noted that the engineer recommended rejecting the bid and rebidding. Mr. Schemel also noted that three SPU water staff will be attending the Met Council 2050 Water Policy Plan Workshop. He reported that the drought index was zero today. Mr. Drent noted a leaky water meter due to the installer and that SPU is working with the installer and insurance to address water damage.

8. PFAS/PFOS Discussion. Mr. Drent discussed the recent federal regulations, addressing new contaminants for the first time since 1996. He reported that SPU well 7 is getting close to the four parts per trillion specified in the regulations. Mr. Drent emphasized the importance of water treatment, and that SPU continues to evaluate options and test regularly. He explained the staff recommendation to blend wells 6 and 7 and to use well 7 alone only in an emergency. Commissioner DuLaney moved to approve the normal operating procedures of blending wells 6 and 7 and only using well 7 alone in emergency situations if well 6 is not available. Vice President Letourneau seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

9. Well Head Protection. Mr. Schemel explained that the Wellhead Protection Plan typically is revised every ten years and SPU's current plan went through February 23, 2022. Although SPU began the plan amendment process in 2019, due to COVID and staffing issues at the Minnesota Department of Health, the process was not completed. The Department resumed the process in March 2024 and recommended that SPU request an extension; SPU did so, and the Department granted the extension until April 3, 2028. Mr. Schemel noted that SPU will continue to comply with the current plan and proceed with the plan amendment process.

10. Backflow Testing and Penalty Schedule. Mr. Schemel highlighted the importance of SPU's backflow prevention and testing – to prevent potential contaminants from entering the public water system. He explained the proposed penalty schedule, which includes fees and potential disconnection of water service. Mr. Schemel noted that for commercial customers, SPU may disconnect the water, and for residential customers, SPU may lock out the irrigation system and continue water to the house itself. Vice President Letourneau noted that the appeal process may be used if there are disputes. Commissioner Mocol moved to approve the Backflow Penalty Schedule as presented. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

11. Cooperative Agreement with the City for Watermain Construction Observation. Joseph Adams, Planning and Engineering Director, explained that historically, SPU or its consultant would oversee the installation of public water on both public and private improvements projects. He noted that City Engineer, Alex Jordan, proposed that one consultant perform all construction observation/inspection services for a public infrastructure project, including water main installation as well as City sanitary sewers, storm sewers, and street construction. Mr. Adams provided an overview of the proposed agreement, noting that SPU would revise its fee schedule, charging less for plan review and coordination. Commissioner Fox moved to approve the Construction Cooperation Agreement with the City. Commissioner Mocol seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

12. Electric Report. Brad Carlson, Engineering Superintendent, reported on construction projects, including undergrounding, relocating overhead line, removing a service, and installing new underground lines. He noted that at the South Shakopee Substation, staff performed maintenance on transformer 1 and 2, as well as breakers and switches. Mr. Carlson noted staff training for the AMI system. He reported four outages since the last Commission meeting, including a car hitting a pole with 28 customers out for 100 minutes; the other outages were not significant.

13. Reliability and Outage Report & Certificate. Mr. Carlson presented the Reliability and Outages Report for 2023. He noted that SPU has received the Certificate of Excellence from APPA for reliability since 2017.

14. APPA RP3 Award – Diamond Designation from 2024 – 2026. Mr. Drent discussed the APPA RP3 Diamond Designation, the highest designation of operational excellence for municipal utilities. He noted that SPU is the only diamond designee from Minnesota this year, and that, nationally, only about 8% of APPA utility members currently hold this designation. The award considers four areas: reliability, safety, workforce development and system improvement.

15. 15 kV Pad Mount Switchgear Bid Award. Mr. Adams noted that bids were opened on April 30, 2024 for twenty-one 15 kV pad mount switchgears. He noted that Border States Electric was the low bid at \$1,179,501.17. Commissioner Fox moved to award the 15 kV pad mount

switch gear contract to Boarder States Electric for East/Cooper manufactured oil insulated switches in the amount of \$1,179,501.17 for twenty-one pad mount switches. Commissioner DuLaney seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

16. Underground Cable Purchase. Mr. Adams explained that on April 1, 2024, the Commission approved the bid for Wesco, the apparent low bidder, for 500 MCM and 750 MCM underground EPR insulated cable. Mr. Adams reported that although Wesco's bid response specified "filled strand" for both types of cable, Wesco has responded that this was a mistake, and that a 7% cost increase was required to provide filled strand for both components. Mr. Adams explained that the SPU specifications stated "filled strand" for the 500 MCM cable, but the 750 MCM cable incorrectly stated "strand" without specifying filled strand. Mr. Adams noted that SPU seeks filled strand for both types of cable. After discussion with counsel, staff recommends that due to these multiple errors, the Commission reject all bids and begin a new bid process. Commissioner Mocol moved to reject all bids and to direct staff to prepare a new request for proposals. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

17. Marketing/Key Accounts Report. Sharon Walsh, Director of Key Accounts/Marketing/Special Projects, reported that phase II AMI letters were mailed. She noted a 40% response rate for phase I. Ms. Walsh reported that last week a four-day in-person training on the Itron system occurred, focused on electric personnel. She also noted that mPower programming was completed and will be coming to SPU's website. She reported that the Itron production issue has been resolved and resulted in a four-week delay. For marketing, Ms. Walsh noted that SPU will promote its reliability and RP3 Diamond designation. She also noted that the website includes information on the new PFAS/PFOS regulations.

18. General Manager Report. Mr. Drent provided an update, including audit completion, staff changes at PFM, AMI training, water tower attachment discussions with Scott County, assisting Arlington with line loss issues, and a recent meeting with MVEC representatives.

19. NES WTP Site Search Update. Vice President Letourneau moved to go into closed session under Minnesota 13D.05, subdivision 3(c) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase of property located at 3690 Eagle Creek Boulevard and 1776 Mystic Lake Drive. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None. In open session, the Commission directed staff to prepare a response that the 3690 Eagle Creek Boulevard site is not the preferred site, but SPU will be looking for an easement.

20. Union Contract. Vice President Letourneau moved to go into closed session under Minnesota Statutes, Section 13D.03, subd. 1 to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, at

the SPU Service Center at 7:13 P.M. Commission DuLaney seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None. In open session, Commissioner Mocol moved to approve the collective bargaining agreement between Shakopee Public Utilities and the International Union of Operating Engineers, Local No. 49 for January 1, 2024 to December 31, 2025, as presented. Commissioner DuLaney seconded the Motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None. President Krieg emphasized that, in the future, he would prefer a three-year agreement.

21. Adjourn. Motion by Commissioner Fox, seconded by Vice President Letourneau, to adjourn. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.



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Greg Drent, Commission Secretary