



JOINT MEETING COMMISSION & CITY COUNCIL

MARCH 17, 2026

CITY HALL, 458 GORMAN STREET, SHAKOPEE

1. CALL TO ORDER – 7:00 PM

2. ROLL CALL

**3. APPROVAL OF MARCH 17, 2026 AGENDA
MOTION TO APPROVE THE AGENDA**

4. GENERAL

4.a SPU year in review (Drent)

4.b City Annexation past and future planning (Kerski)

4.c Large Load Franchise Fee Agreement Amendment (Drent, Reynolds)

5. ITEMS FOR FUTURE AGENDAS

TENTATIVE DATES FOR UPCOMING MEETINGS

- April 6, 2026

- May 4, 2026

- June 1, 2026

6. ADJOURNMENT



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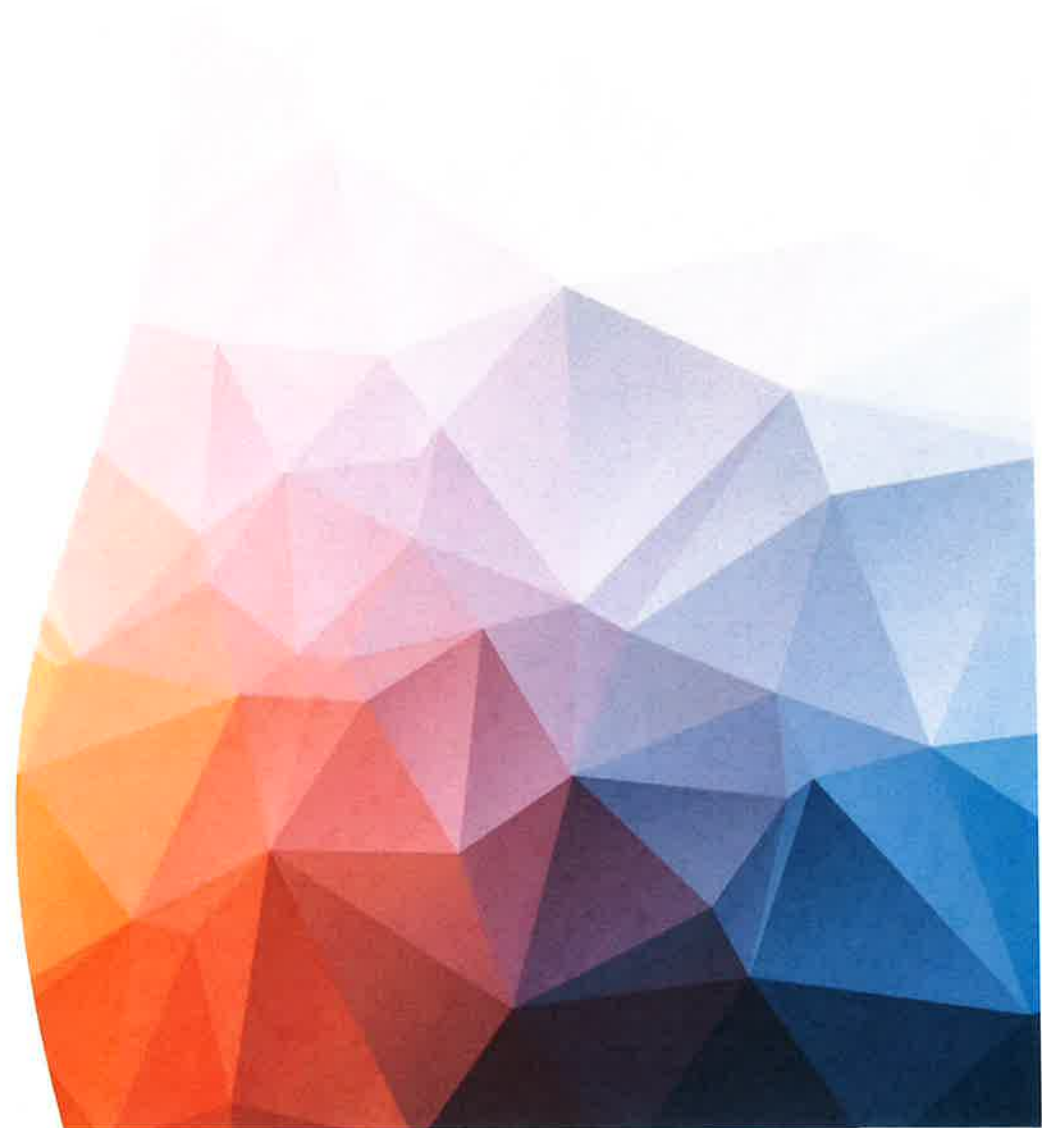
6. ADJOURNMENT



Shakopee Public Utilities and Shakopee City Council

2025 SPU Year in Review

Joint Meeting
March 17, 2026



AMI

- Installation was 99+% completed
- Only 3 electric and 3 water customers have yet to exchange meters
- Policy adjustments for manual meter reading option



Custom Water Tower

- First time ever done in Shakopee history
- Nationally recognized
- Makes a statement for our community and the entertainment destination we are!



Solar Grid Access Charge

- SGAC Implemented for Net Metering customers
- Increased grid use, reduced contribution toward expenses
- Protect other rate payers





Preparedness

- Crisis Communications Plan
- IT Risk Assessment and Security Enhancements
- 800mhz Radio System Transition
- Well Blending – PFAS
- Chemical leak ERP's
- Load Shedding Policy Review

A low-angle photograph of a utility pole with electrical equipment against a cloudy sky. The pole is dark and vertical, with various wires and components attached. The sky is filled with soft, white clouds. The overall tone is somewhat dark and moody.

Safety and Proactive Maintenance -Electric

- Tree Trimming
- Purple Streetlights
- Pole Inspections
- Large Equipment Insulation Testing
- Overhead Line Removal/ Underground (Gravel Pit and Eagle Creek Blvd)
- West Shakopee Substation Relays

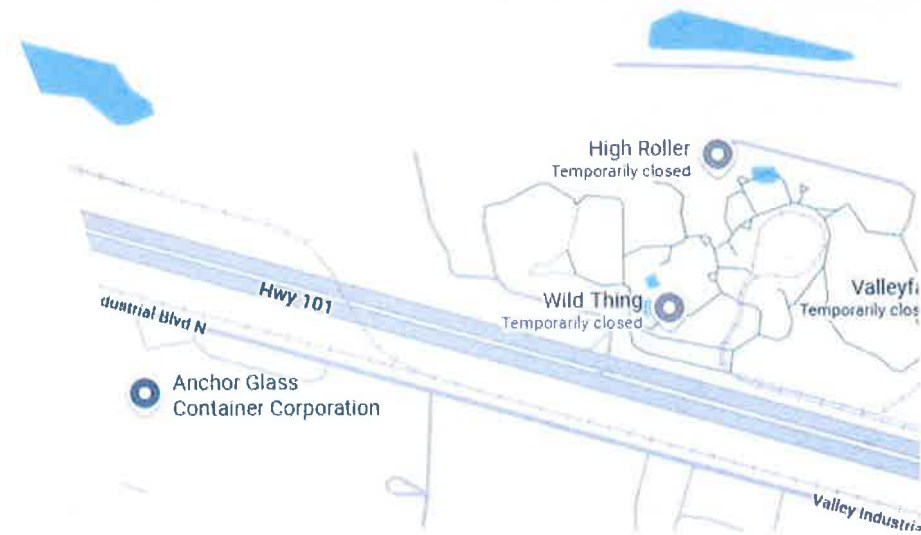
Infrastructure and Maintenance – Water

- Pumphouse and Well #23 – brought online
- Bids for Tank #9 – Wood Duck Trail
- Leak Detection completed
- SMSC Joint Powers Agreement – SMSC
- New Booster Station – between Valley View Dr & Wood Duck Trail. Blending two pressure zones.

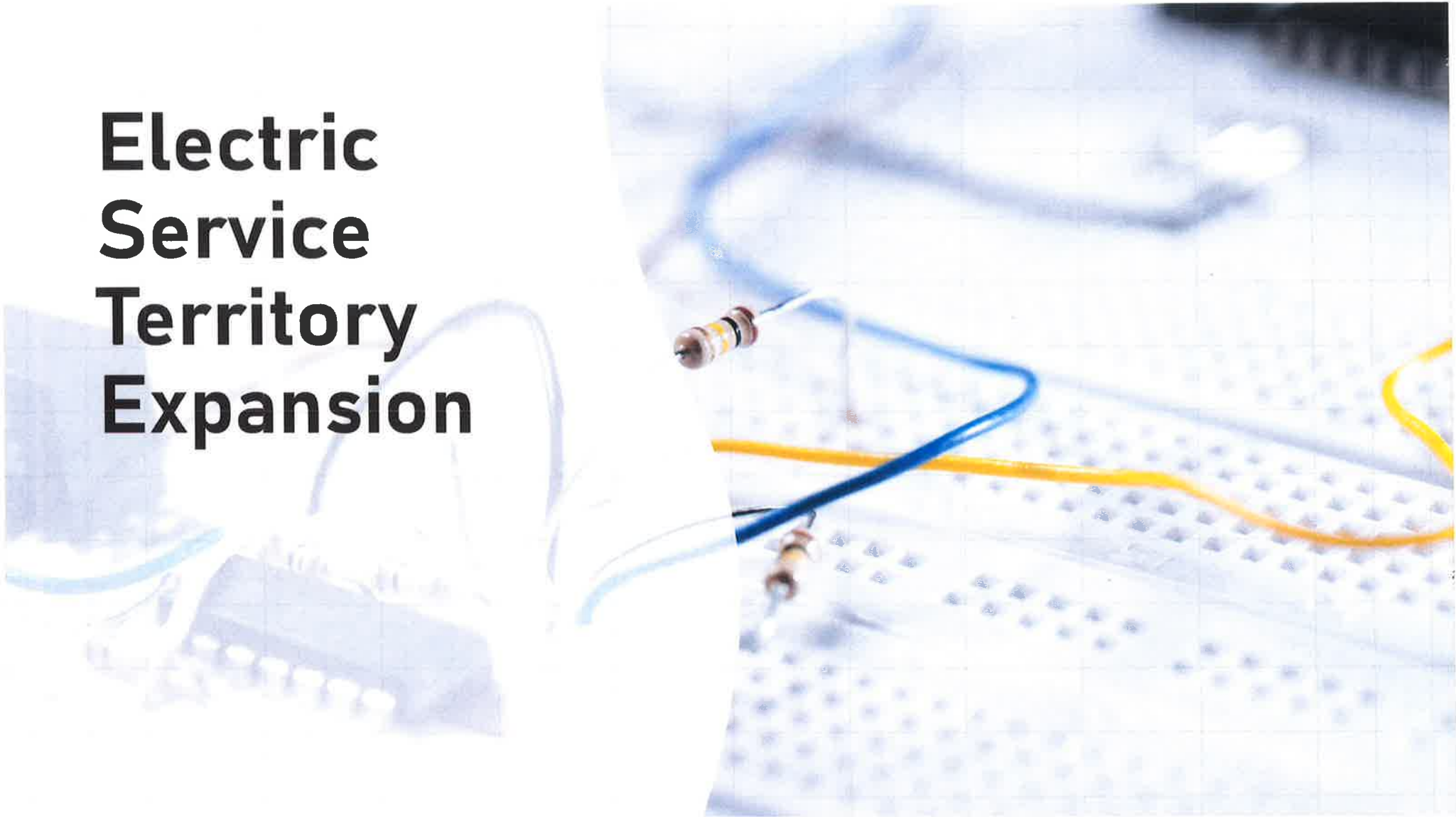


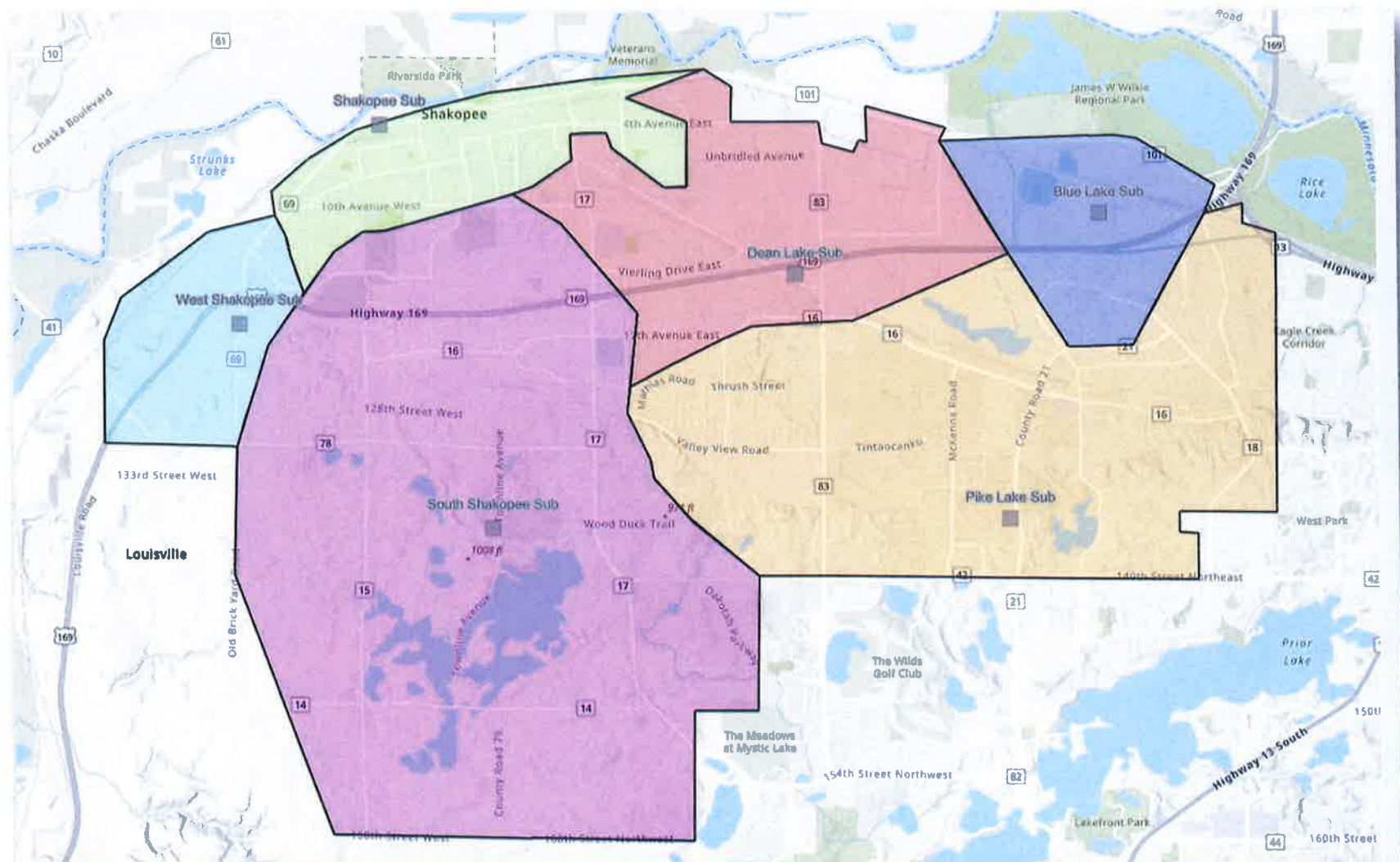
Organic and Inorganic Growth

- Development within our territory
 - Boardwalk
 - Gateway Townhomes
 - Highview Park Additions
 - Prairie Home Townhomes
 - Dockendorf
 - Bluff View
 - Palamino
 - Arbor Bluff
 - Elliana
- Annexation



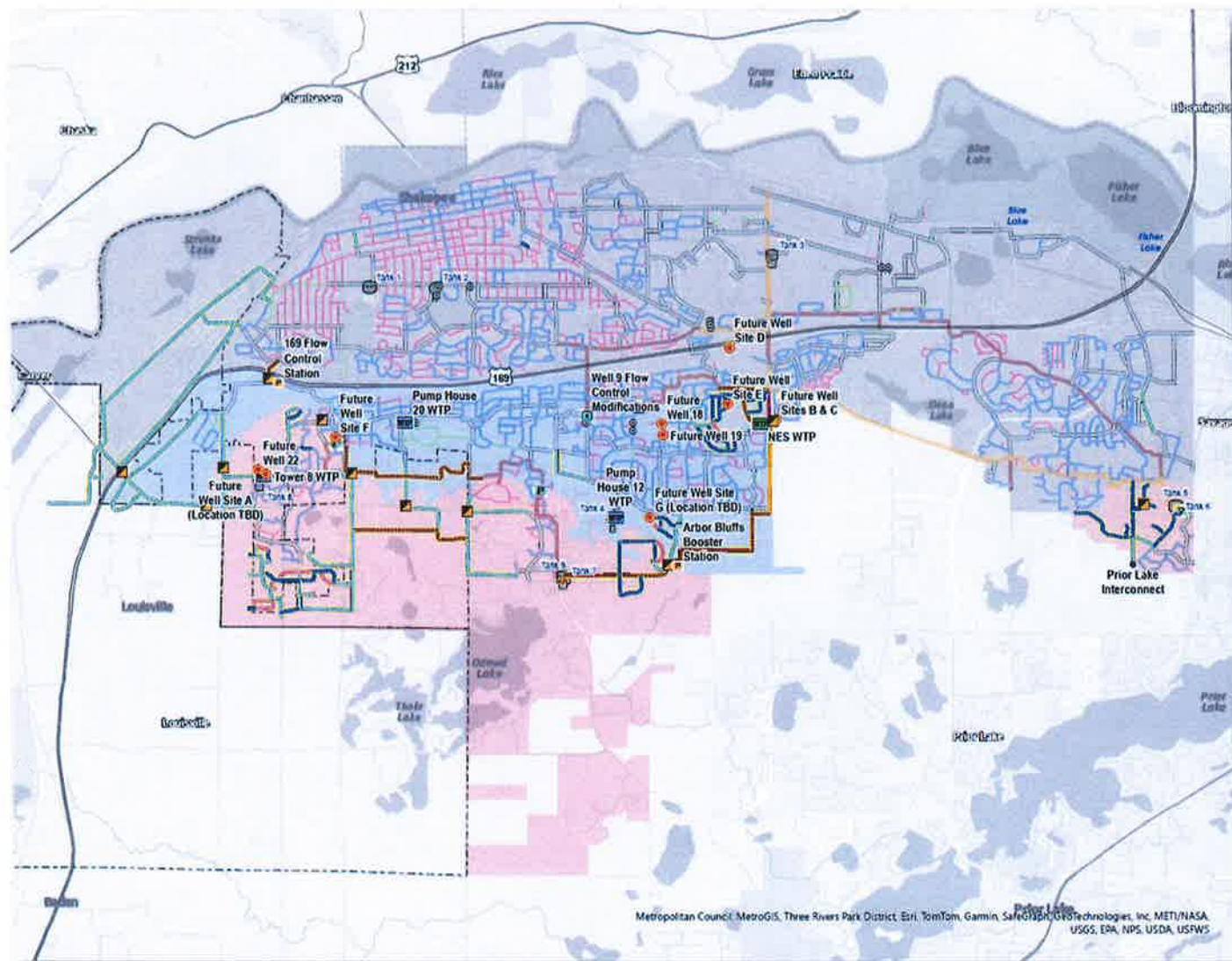
Electric Service Territory Expansion





Water Service Territory - Improvements





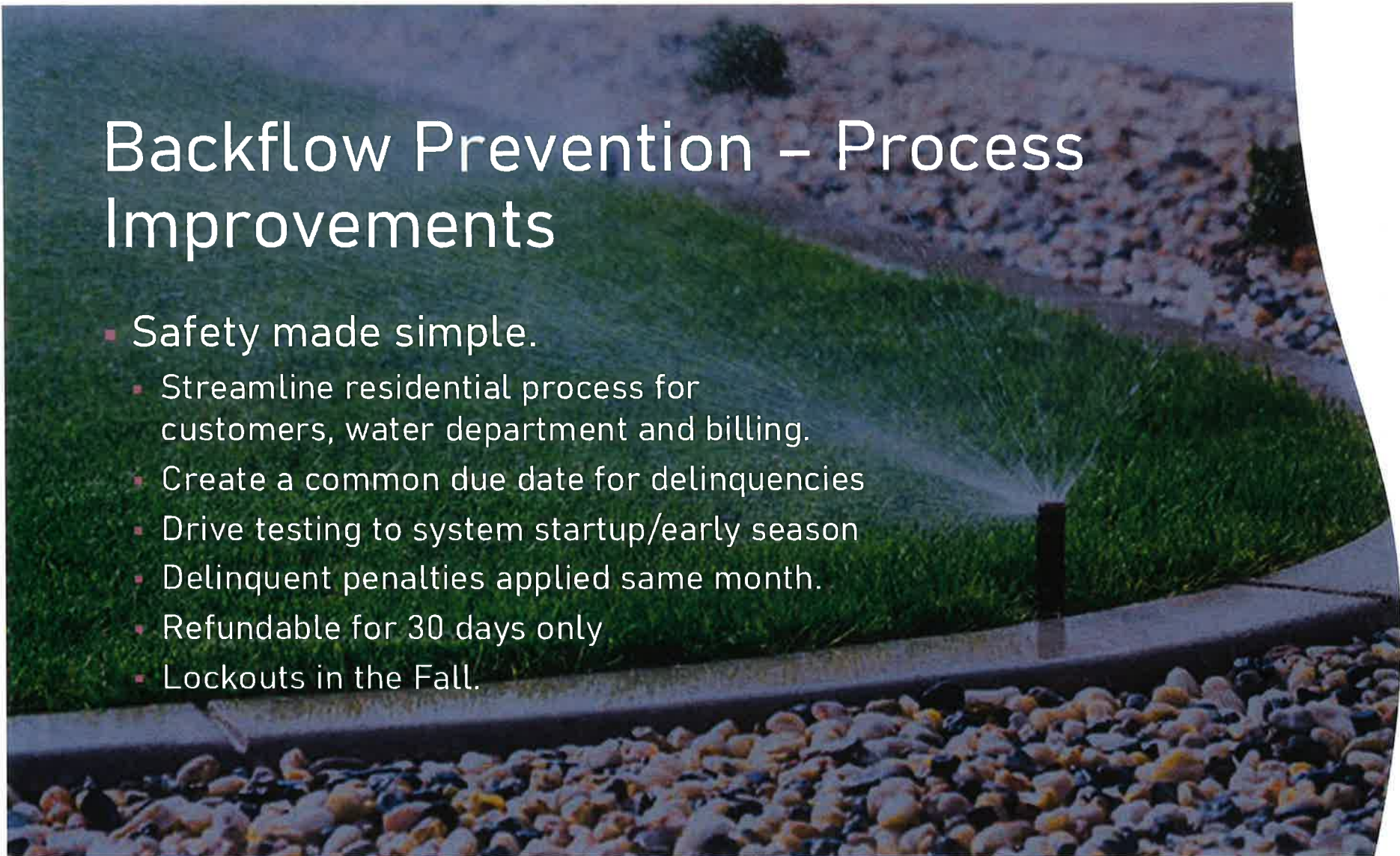


State and Federal Water Requirements

- EPA and State Mandates
 - Lead Service Line Inventory
 - Lead/Copper Water Sampling
- Plumbing Code
 - Backflow Prevention

Backflow Prevention – Process Improvements

- Safety made simple.
 - Streamline residential process for customers, water department and billing.
 - Create a common due date for delinquencies
 - Drive testing to system startup/early season
 - Delinquent penalties applied same month.
 - Refundable for 30 days only
 - Lockouts in the Fall.



Internal Improvements and Actions



ORIENTATION AND
ONBOARDING



HANDBOOK
REVISIONS – PFMLA



SUCCESSION
PLANNING – ORG
CHART



STAFFING
REQUIREMENTS
FILLED

Accolades!



■ MMUA Mutual Aid



■ APPA Reliability Performance

ASAI – Average Service Availability Index

Represents the fraction of time that a customer has received power during the year 2023.

ASAI = Customer Hours Service Availability

Number of Customers X (No. of hours/year)

SPU 2024 ASAI 99.994



Hockey Day MN 2025

- Proud to contribute in-kind services
- Water Department received accolades for staff commitment



Questions?

DATE: March 15, 2026

TO: Commissioners

FROM: Greg Drent, General Manager 

Subject: First Amendment to Payment in Lieu of Taxes

This memo provides a summary of the proposed First Amendment to the Agreement Regarding Payment in Lieu of Taxes (PILOT) between **City of Shakopee** and **Shakopee Public Utilities Commission (SPU)**.

Background

SPU and the City entered into a Payment in Lieu of Taxes Agreement on December 21, 2021. The agreement establishes the percentage of electric utility revenues that SPU pays annually to the City in lieu of traditional property taxes.

Since the agreement was adopted, SPU has received interest from potential **large-load customers**, including data center developments, that could require electrical service in excess of 10 megawatts. Because these projects can generate very large electric sales volumes, the existing PILOT structure could result in disproportionately high PILOT payments relative to the cost of serving these loads and could negatively impact the competitiveness of SPU's electric rates.

Purpose of the Amendment

The purpose of the First Amendment is to adjust how PILOT payments are calculated for **large electric loads exceeding 10 megawatts per parcel or project**, while maintaining the existing PILOT structure for all other customers.

Key Change

The amendment establishes a modified PILOT calculation for large-load customers as follows:

- The PILOT rate of **5.5 percent plus an additional 0.5 percent** will apply to the **first \$1,500,000 of Gross Defined Sales in a calendar year**.
- For **Gross Defined Sales exceeding \$1,500,000**, the applicable PILOT rate will decrease to **1 percent**.

This structure allows SPU to maintain the existing PILOT framework while ensuring that very large energy users do not create a PILOT obligation that would make SPU's electric rates uncompetitive for economic development projects.

Impact

The amendment is intended to:

- Maintain fairness and consistency in the PILOT structure.
- Ensure SPU remains competitive when attracting large electric loads such as data centers or other energy-intensive facilities.
- Continue to provide PILOT revenue to the City while recognizing the unique scale of large-load customers.

The existing PILOT provisions will remain unchanged for all other SPU customers.

Next Steps

If approved by the Commission and the City Council, SPU will then create a rate to pass on this savings to the large load customers.

Please let me know if the Commission would like additional information or discussion regarding this amendment

Attached is the Amendment for your review.

Recommendation: Approve the First Amendment to Payment in Lieu of Taxes

**FIRST AMENDMENT TO
AGREEMENT REGARDING PAYMENT IN LIEU OF TAXES**

This First Amendment, effective as of _____, 2026 (the “First Amendment”), is to the Agreement Regarding Payment in Lieu of Taxes by and between the City of Shakopee (the “City”) and the Shakopee Public Utilities Commission (“SPU”), each a “Party” and collectively, the “Parties.”

Recitals

- A. The Parties entered that certain Agreement Regarding Payment in Lieu of Taxes dated December 21, 2021 (the “Agreement”).
- B. The Parties desire to update certain terms, necessitating an amendment to the Agreement.
- C. The Parties desire to enter into this First Amendment.

NOW, THEREFORE, the Parties agree as follows:

I. Definitions

Unless otherwise defined herein, the capitalized terms in this First Amendment shall have the same meaning as the defined terms in the Agreement.

II. Term of Agreement

In Section 1 of the Agreement, the following sentence is added:

Provided, however, that for large load over 10 MW per parcel/project, (1) 5.5 percent (and .5 percent as specified in Section 2) is applicable to the first \$1,500,000 in Gross Defined Sales in a calendar year, and (2) the percentage shall decrease to one percent for Gross Defined Sales exceeding \$1,500,000, and Section 2 shall not apply.

III. Integration

This First Amendment, together with the Agreement, constitutes the entire Agreement among the Parties.

IV. Confirmation

Except as specifically provided in this First Amendment, the Agreement remains in full force and effect without change.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be signed by their duly authorized representative, as of the date set forth above.

CITY OF SHAKOPEE

By: _____
Matt Lehman, Mayor

By: _____
William Reynolds, City Administrator

SHAKOPEE PUBLIC UTILITIES COMMISSION

By: _____
B.J. Letourneau, President

By: _____
Greg Drent, General Manager