

Shakopee City Council and Shakopee Public Utilities Joint Meeting

Tuesday, June 18, 2024

Agenda

Community
Engagement

2023 Year in
Review – Overview

APPA Reliable
Public Power
Provider
(RP3) Award

Meter Exchange
Project (AMI)

New Federal
Standards for PFAS
“Forever
Chemicals”

Water Treatment
Plan

Gravel Pit
Development

Backflow
Prevention

Public EV Charging
Stations

SPU Financials and
PILOT

Community Engagement

2023 Chamber Community Award Winner

DT City Street and Patio Flower Baskets

Rhythm on the Rails – Headliner Sponsor

Egg Hunt and Candy Grab

Faribault Energy Park

American Red Cross Blood Drives

ECFE Big Vehicle Fair

SACS Community Services

Shakopee Chamber Shak-O-Lantern Festival

Spooky Family Fun Day

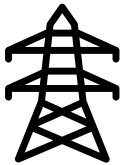
Toys for Tots and Gifts for Seniors

HolidayFest



2023 Year in Review - Overview

Electrical System



- Meter Exchange Program (AMI)
- APPA RP3 Award
- East Shakopee Substation Land Purchase
- West Substation Energized

Water System



- Meter Exchange Program (AMI)
- Water Treatment Options
- Backflow Prevention Policy
 - “Opt Outside” Water Meter Policy
- Unsewered Water Rate
- Pumphouse #23 site work

Operations



- Cyber Security Planning and IT Risk Assessment
- Clean Audit

Partnership



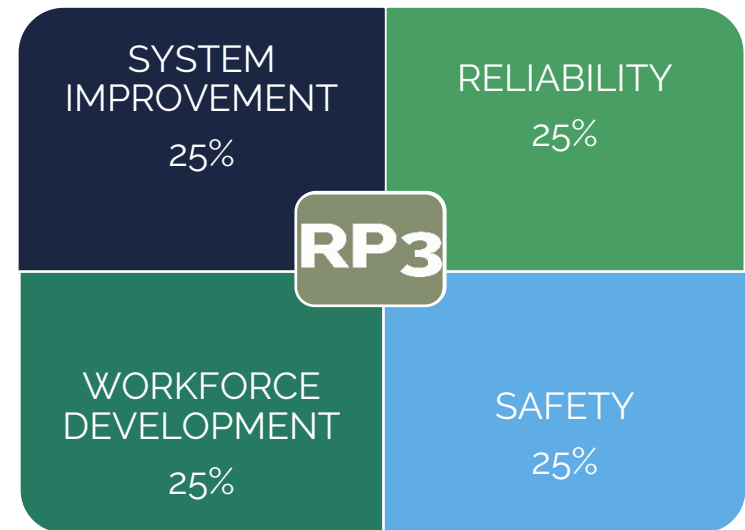
- Scott County Fiber
- County 800MHz Radio – Water Tower on Co Rd 83
- SPU-Owned Equipment – Right to Access

QUESTIONS?

APPA RP3 Award

RP3 recognizes operational excellence for public power utilities

A peer evaluation of a utility's reliability, safety, workforce development, and system improvement initiative



Designation Level	Points
Diamond	98 - 100
Platinum	90 - <98
Gold	80 - <90

NOTE: THE AMERICAN PUBLIC POWER ASSOCIATION IS THE SERVICE ORGANIZATION FOR APPROXIMATELY 2,000 US COMMUNITY-OWNED ELECTRIC UTILITIES.



Award

- The Diamond Designees have proven the **highest** degree of reliable and safe electric service to their community.
- **About 8%** of APPA utility members currently hold a diamond-level RP3 designation.
- Shakopee Public Utilities is the **only Diamond Designee from Minnesota** this year.
- Shakopee Public Utilities received the diamond designation for four consecutive cycles: 2015, 2018, 2021, and 2024.
- Shakopee Public Utilities has successfully completed a **demanding application**.
- Shakopee Public Utilities **excelled in all four areas**: Reliability, Safety, Workforce Development, and System Improvement.
- **Only 9** public power utilities in Minnesota hold the diamond-level designation.

Meter Exchange Project (AMI) – Why we chose to implement now



Benefits of Meter Exchange Project

- Meeting customer expectations
 - Enhanced technology and information from their utility provider, especially when neighboring utilities are providing this
 - Usage insight - detailed data vs. monthly reading
 - Problem detection – demand spikes, water leaks, increased kWh usage
 - Faster response times - reconnects or new service connects
 - Current usage billings (shortened arrear times) – helpful in high-bill season
- Safety concerns in a changing world
 - Increasing concerns with individuals on personal property
 - Dogs/Pets
- Staffing in a tight labor market
- Financially responsible
 - Technology maturity – costs stabilizing when labor costs increasing
 - Continual growth of service territory – scalability of system
- Improved quality and service
 - Accuracy of readings
 - Proactive vs reactive
- Evolving demands on operating system – EV's, TOU, Net Metering

Meter Exchange Project (AMI)- Installation Process and Progress



QUESTIONS?

Meter installations can be followed in real-time on SPU's website.

<https://shakopeeutilities.com/meter-exchange-program-installation-progress/>



= Not exchanged



= Exchange completed



2,189 Electric Meters Installed
1,386 Water Meters Installed

As of June 10th

System requires water meters and electric meters to be installed simultaneously in a geographic area.

- Water meter is low (battery) powered and send information to electric meter
- Electric meters form mesh network to report information to SPU

Electric meters are exchanged without appointment, but exchange of water meters requires appointment with SPU (commercial) or SPU contractor (residential).



New Federal Standards for PFAS

In April 2024, EPA issued the first-ever national, legally enforceable drinking water standard to protect communities from exposure to harmful PFAS. The final rule will reduce PFAS exposure for approximately 100 million people, prevent thousands of deaths, and reduce tens of thousands of serious illnesses.



Public water systems must monitor for these PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water beginning 2027.



Public water system have five years (by 2029) to implement solutions that reduce these PFAS, if monitoring shows that drinking water levels exceed these MCLs.



Beginning in five year (2029), public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation.



New Federal Standards for PFAS

■ 2027 Standards

Compound	Final MCLG	Final MCL (enforceable levels)
PFOA Future Municipal Code	Zero	4.0 parts per trillion (ppt) (also expressed as ng/L)
PFOS	Zero	4.0 ppt
PFHxS	10 ppt	10 ppt
PFNA	10 ppt	10 ppt
HFPO-DA (commonly known as GenX Chemicals)	10 ppt	10 ppt
Mixtures containing two or more of PFHxS, PFNA, HFPO-DA, and PFBS	1 (unitless) Hazard Index	1 (unitless) Hazard Index

QUESTIONS?

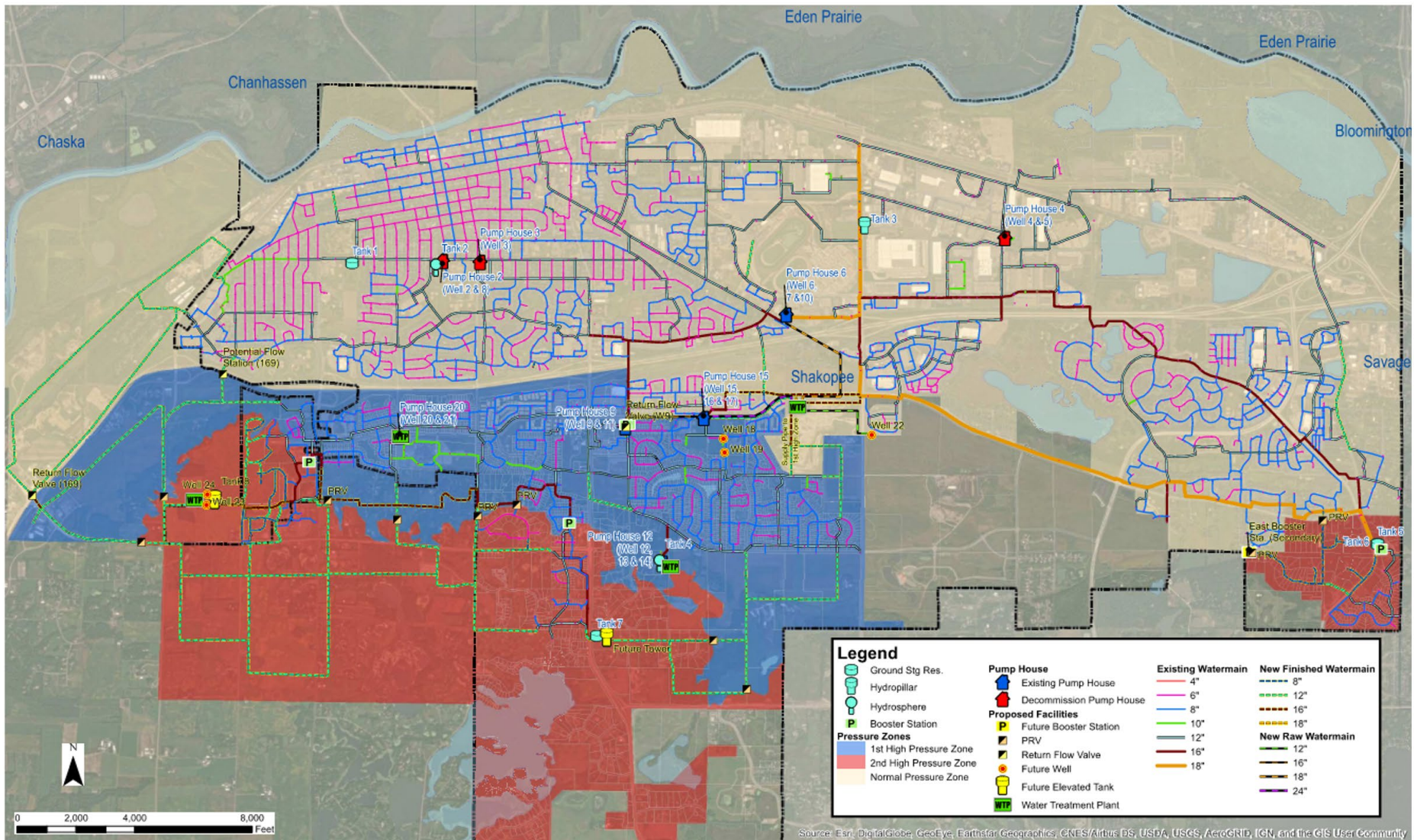
Water Treatment Plan

Hybrid
approach

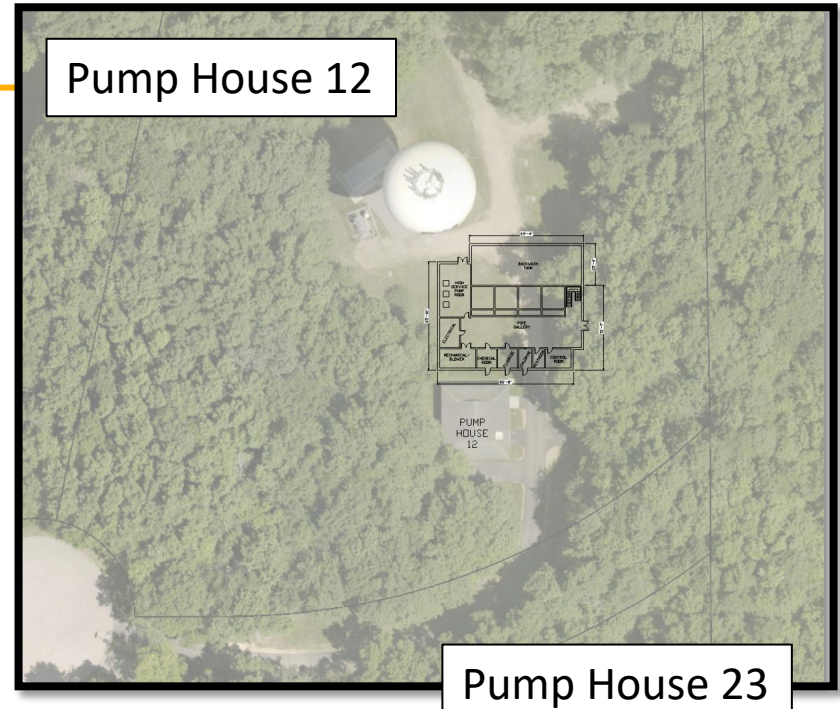
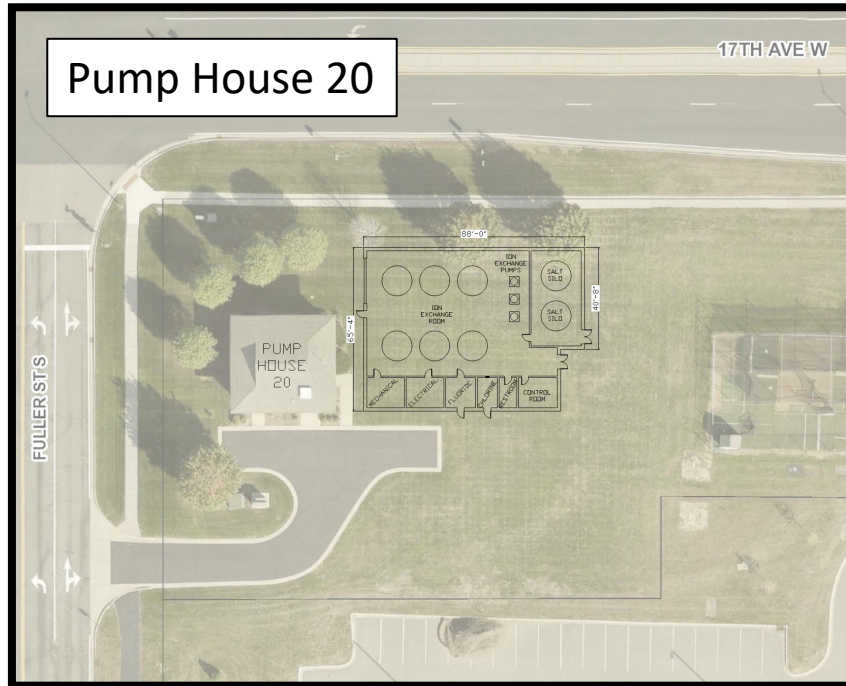
Land options –
existing and
proposed

Pressure zones

Hybrid Water Treatment Plan



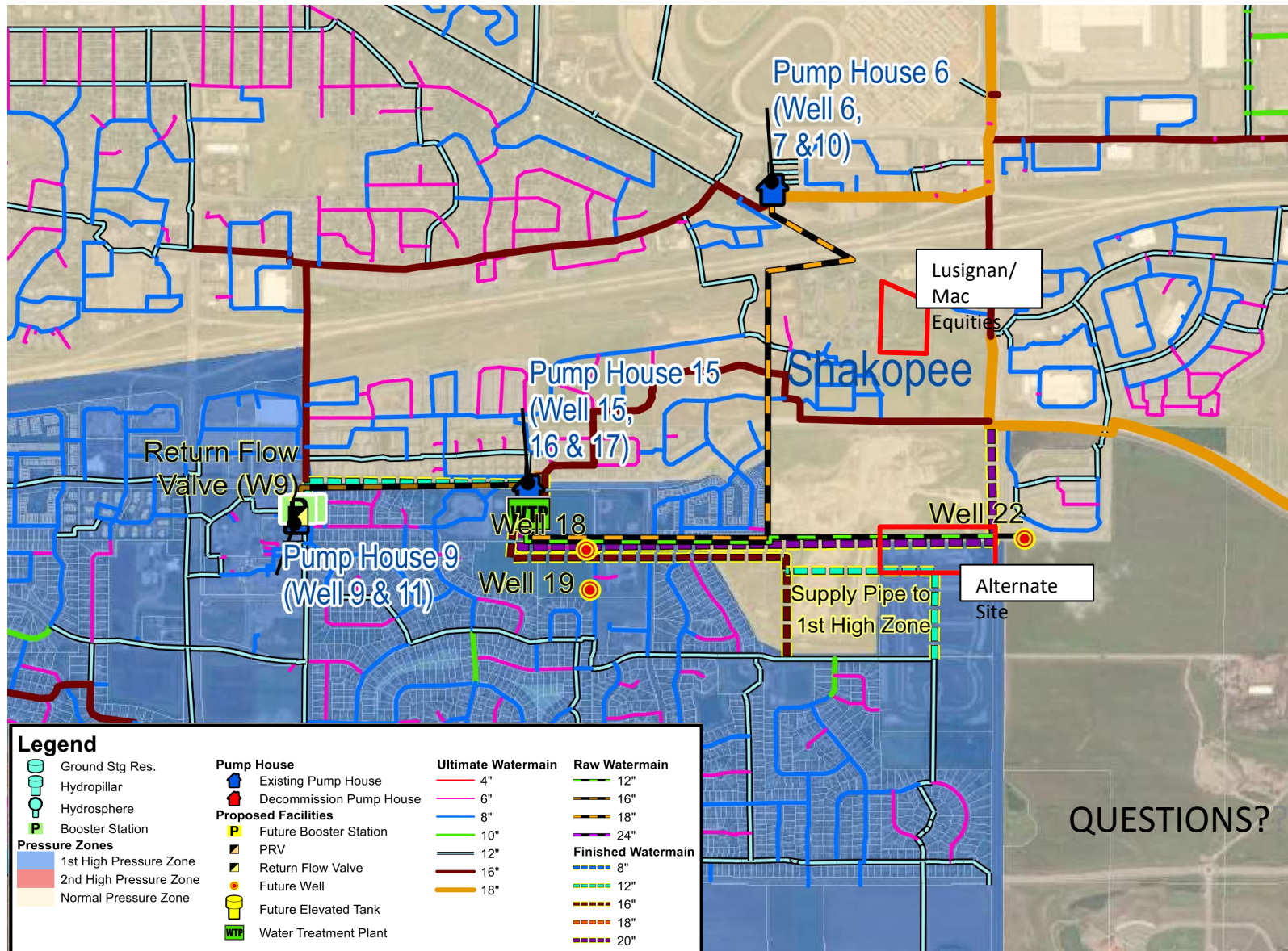
Utilizing Existing Sites for Treatment in Certain Zones



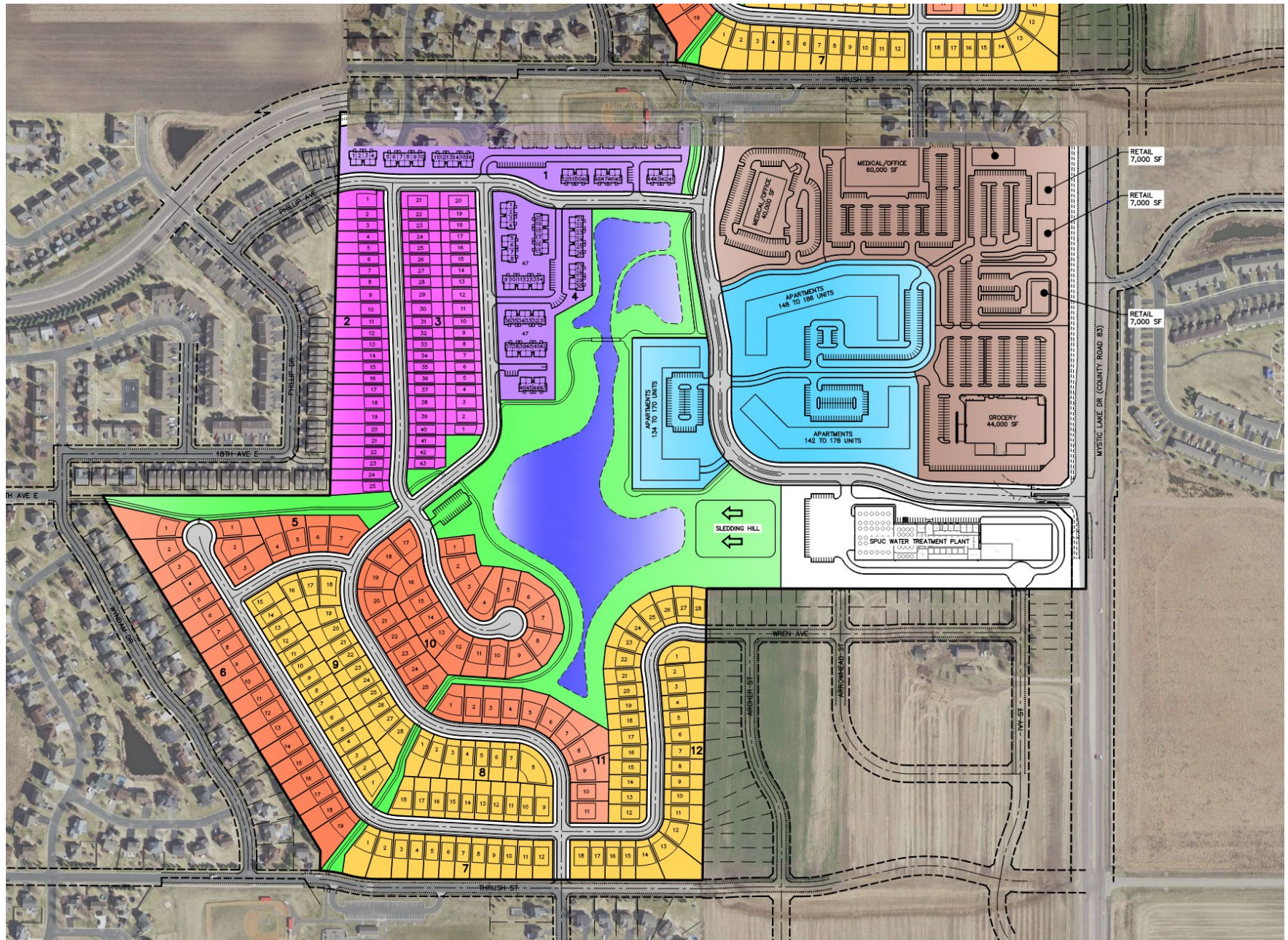
Raw Water Mains For Normal Pressure Zone WTP Site



Proposed Sites for Treatment in Normal Pressure Zone

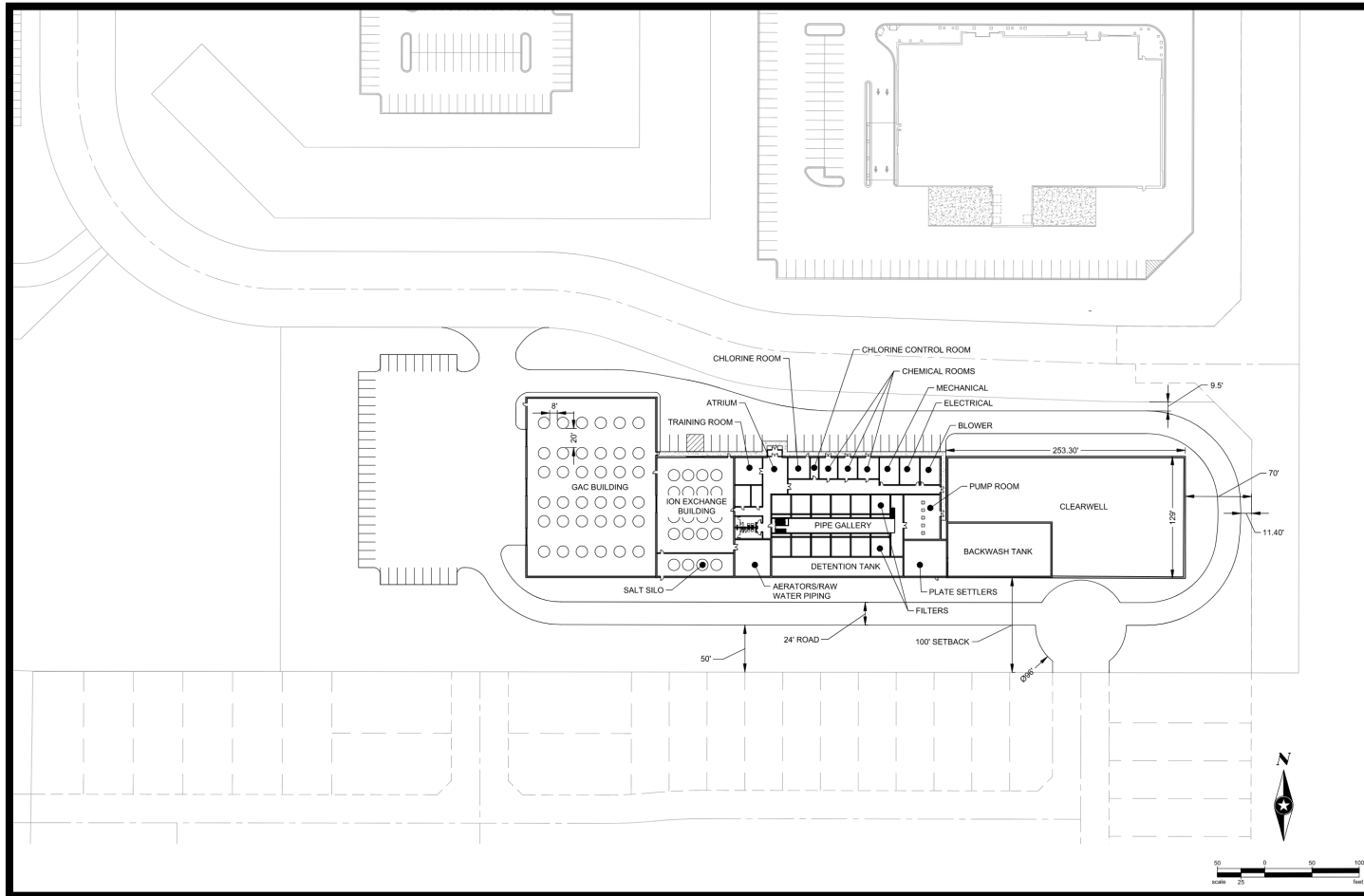


Gravel Pit Development



Gravel Pit Development

■ WTP Layout – Hawkins Site



Gravel Pit Development



Next Steps for Land Acquisition

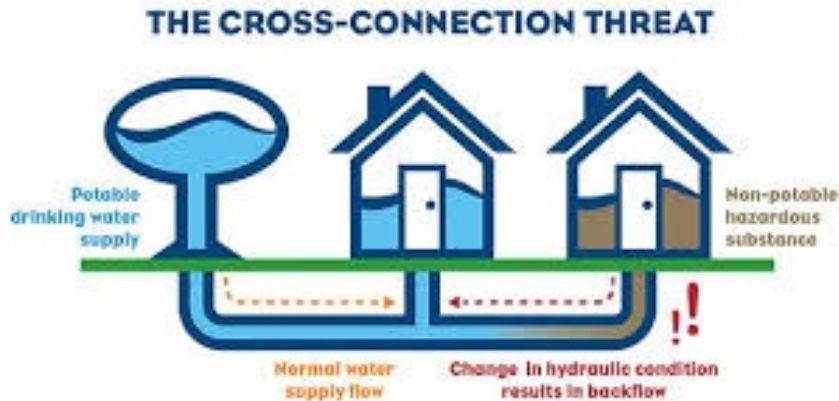
Voluntary Negotiation

- SPU in process of Hawkins site appraisal
Eminent Domain Process
- City Council and SPU Commission
Resolutions



Questions?

Backflow Protection



Shakopee has over 6,200 backflow prevention assemblies protecting the municipal water system.

Of the 6,200 there are approximately 4,200 residential and 2,000 commercial backflow assemblies.

In 2023 we achieved testing compliance of 58% on residential and 70% on commercial properties.

In 2023 the Failure rate on residential backflow assemblies was 39% that were tested.

In 2024 we continue to see a 37% failure rate on residential backflow assemblies.

Backflow Protection - Partnership



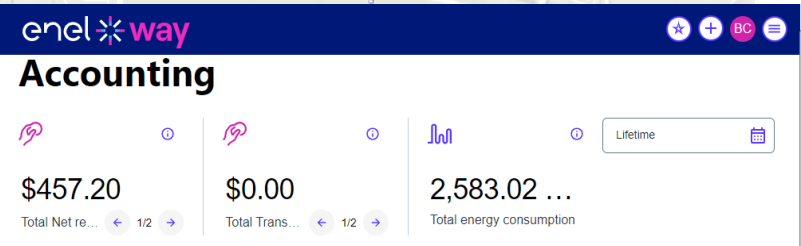
- Process begins with City Building Dept
 - Initial installation and testing of backflow devices required
 - Permitting
- It continues with SPU Water Department
 - Ongoing safety management is SPU's responsibility
 - Annual testing tracking, recording and communications conducted
- SPU requesting support to officially transfer *authority* of backflow prevention to SPU as the water purveyor for Shakopee via a city ordinance.
 - Sets SPU Backflow Prevention and Cross-Connection Policy as the rule.
 - Allows for SPU enforcement of policy
 - Penalty and lockout practices

Backflow Protection - Nationwide

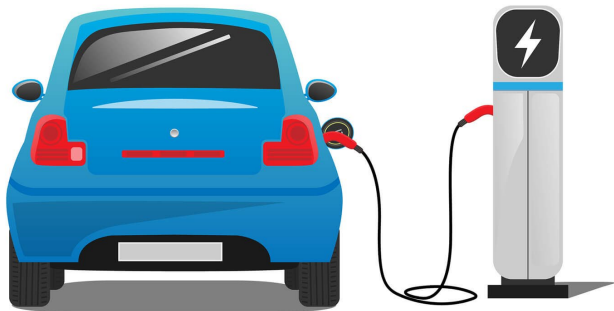


Backflow Prevention is not new and
not limited to Shakopee!

QUESTIONS?



Public EV Chargers – Future



City EV Chargers

- SPU Center (2)
- Southbridge Dog Park (2)
- Shakopee Community Center (2)
- Lewis Street parking lot (4)

Public EV Chargers

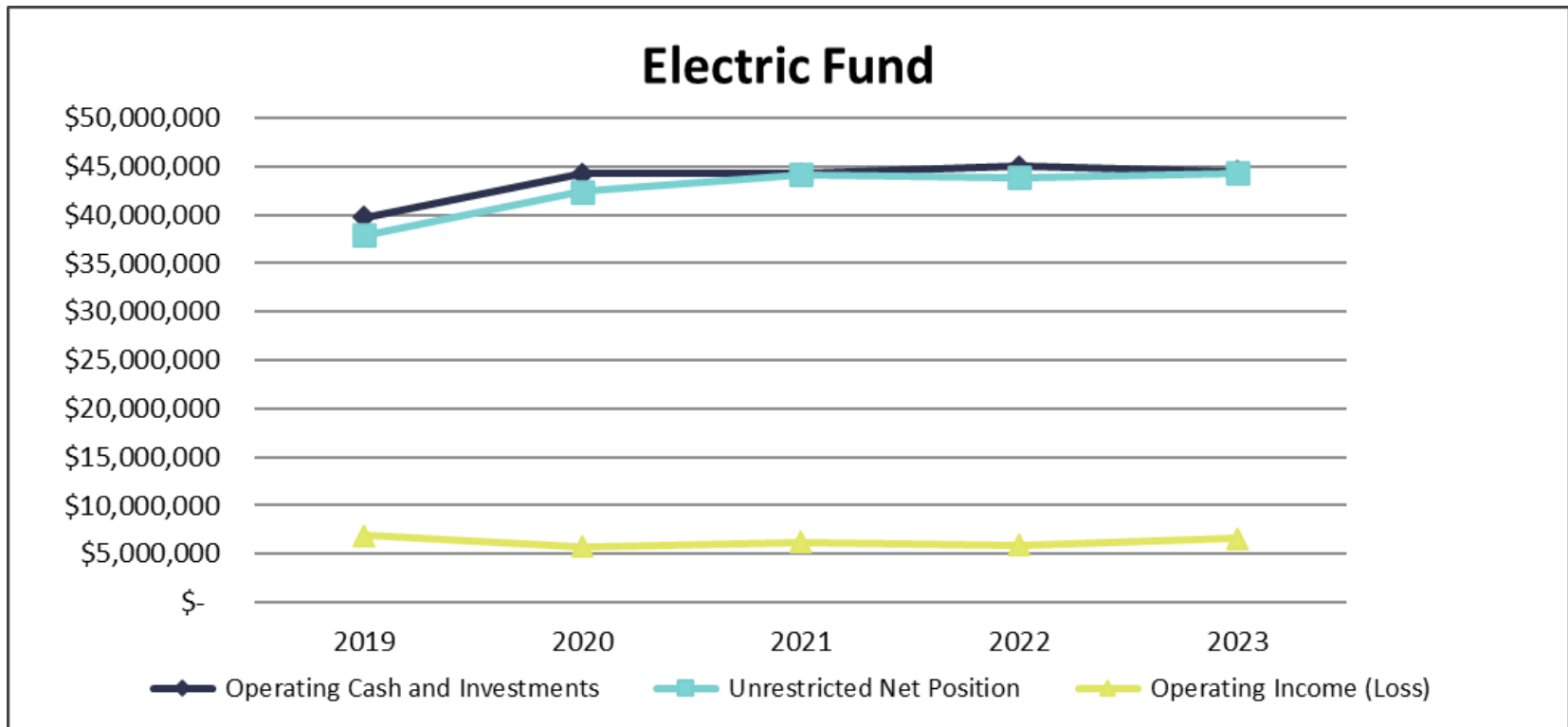
- Hy-Vee
- Goodwill
- Ford/Dodge
- Gamma Vacuum (Unbridled)

ROI To Date

- Investments
- Revenue generated

QUESTIONS?

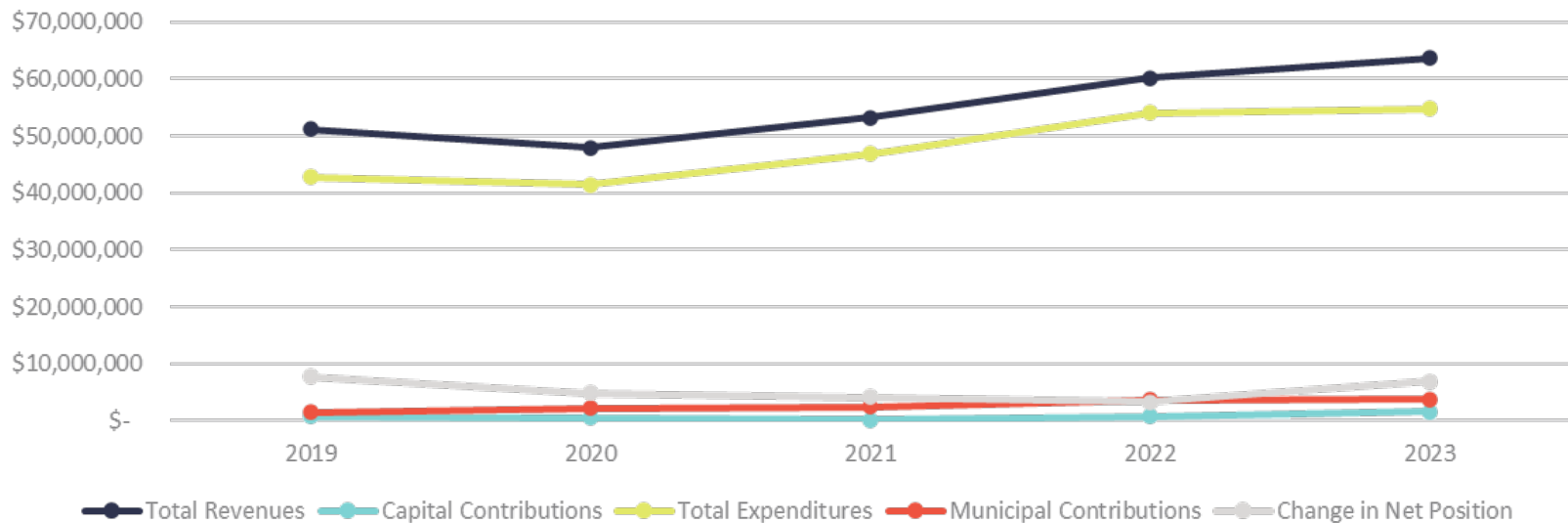
Financial Results - Electric



	2019	2020	2021	2022	2023
Operating Cash and Investments	\$ 39,752,560	\$ 44,204,443	\$ 44,204,443	\$45,030,615	44,469,290
Unrestricted Net Position	37,879,015	42,411,000	44,173,113	43,837,910	44,337,907
Operating Income (Loss)	6,918,894	5,767,618	6,242,975	5,943,463	6,627,274

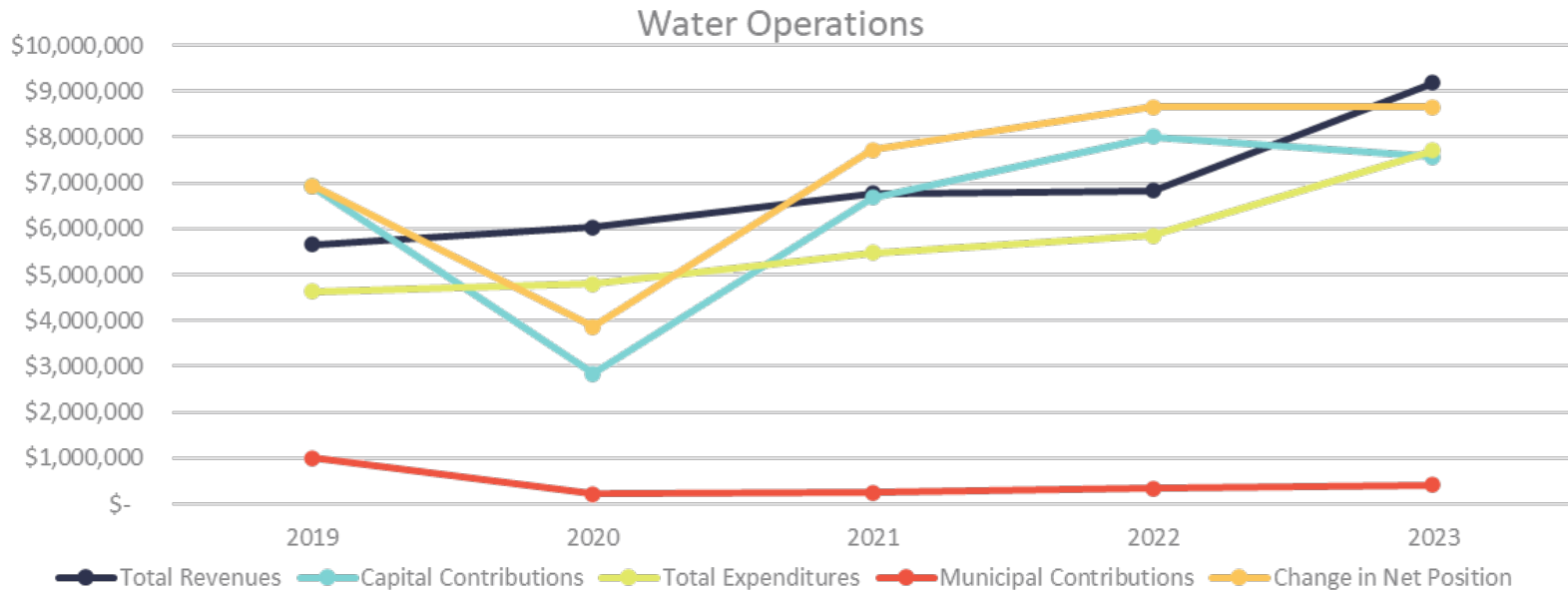
Financial Results - Electric

Electric Operations



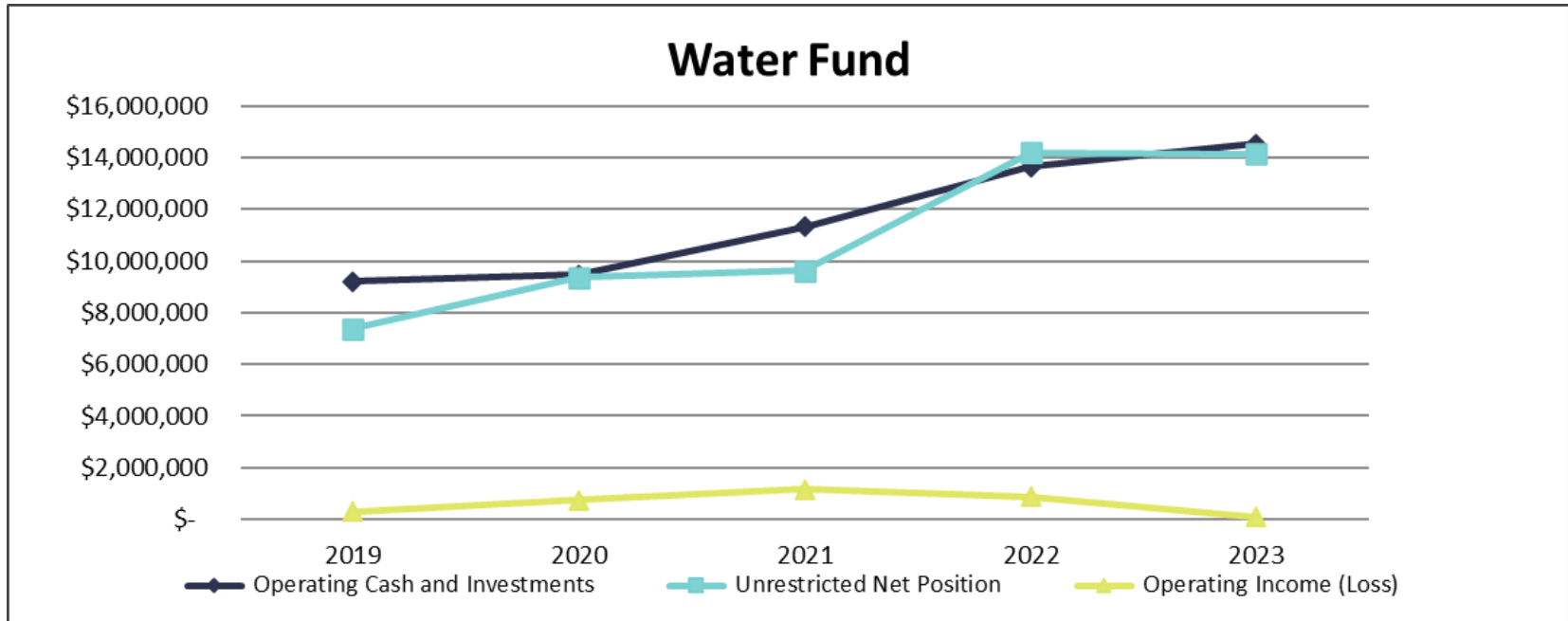
	2019	2020	2021	2022	2023
Total Revenues	\$ 51,119,718	\$ 47,969,831	\$ 53,145,884	\$ 60,149,554	\$ 63,601,967
Capital Contributions	759,222	527,653	98,931	726,118	1,580,437
Total Expenditures	42,796,200	41,465,596	46,782,803	54,040,415	54,718,804
Municipal Contributions	1,424,805	2,167,882	2,370,103	3,576,023	3,716,567
Change in Net Position	7,657,935	4,864,006	4,091,909	3,259,234	6,891,095

Financial Results - Water



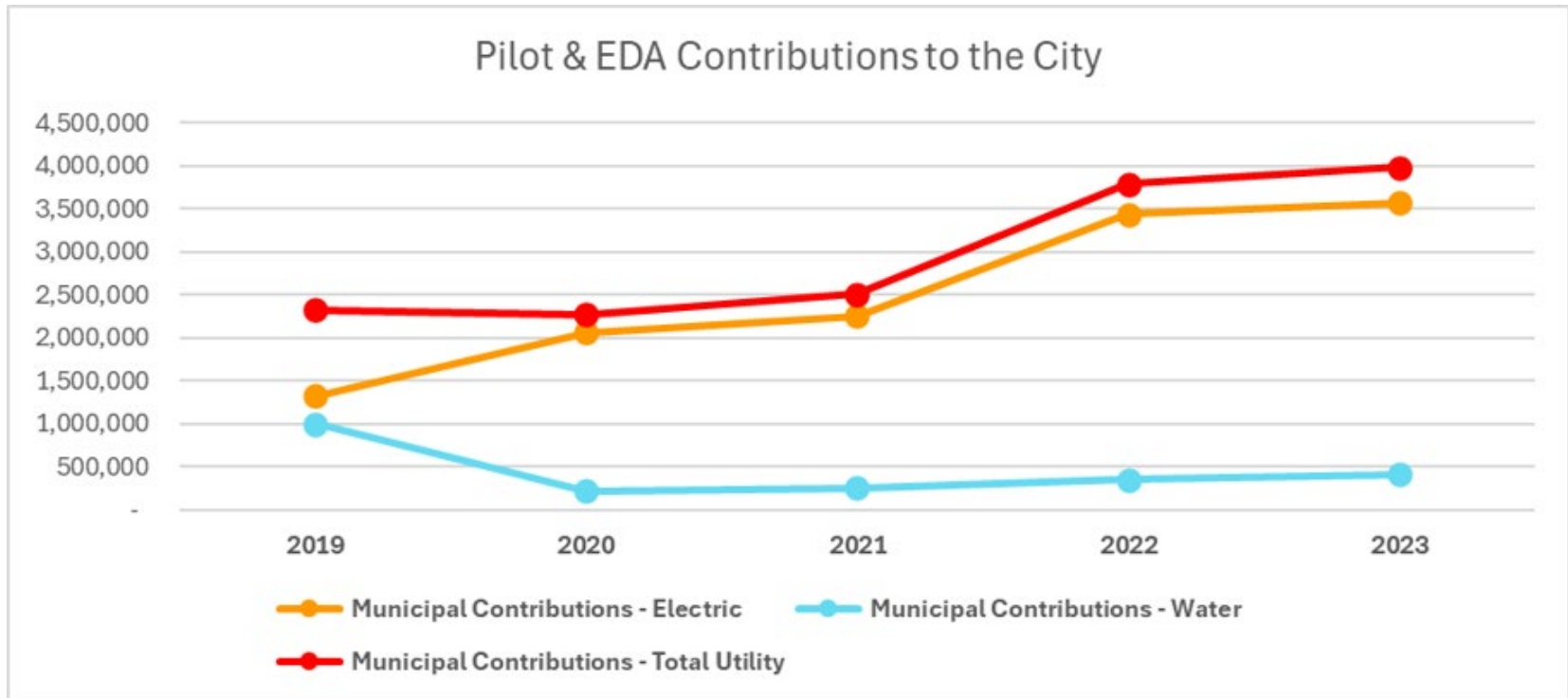
	2019	2020	2021	2022	2023
Total Revenues	\$ 5,657,277	\$ 6,027,399	\$ 6,775,190	\$ 6,835,725	\$ 9,188,393
Capital Contributions	6,922,746	2,849,061	6,685,954	8,012,023	7,572,803
Total Expenditures	4,640,976	4,797,142	5,484,161	5,847,611	7,701,437
Municipal Contributions	999,320	216,722	253,115	348,233	410,919
Change in Net Position	6,939,727	3,862,596	7,723,868	8,651,904	8,648,840

Financial Results - Water



	2019	2020	2021	2022	2023
Operating Cash and Investments	\$ 9,210,673	\$ 9,458,885	\$ 11,334,850	\$ 13,657,068	\$ 14,531,784
Unrestricted Net Position	7,376,558	9,363,709	9,634,538	14,208,289	14,139,816
Operating Income (Loss)	285,079	736,631	1,146,202	871,606	87,817

PILOT – Electric & Water



	2019	2020	2021	2022	2023
Municipal Contributions - Electric	1,320,657	2,055,645	2,255,073	3,437,919	3,572,505
Municipal Contributions - Water	999,320	216,722	253,115	348,233	410,919
Municipal Contributions - Total Utility	2,319,977	2,272,367	2,508,188	3,786,152	3,983,424

Conclusion

QUESTIONS?