

# REQUEST FOR QUALIFICATIONS

## Electrical Operations



**RFQ Submittals Due September 17, 2020 by 3:00 PM**

Submit One Electronic Copy to:  
Michael Kerski  
Director of Planning & Development  
City of Shakopee  
485 Gorman Street  
Shakopee, MN 55379  
952-233-9346

*Electronic copies by flash drive or email to:*  
[mkerski@shakopeemn.gov](mailto:mkerski@shakopeemn.gov)

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## **I. INTRODUCTION**

The City of Shakopee is accepting statements of qualifications from public electric utilities, or other qualified vendors, to assist City staff with electric system operations. Only utilities that have existing resources in the region may respond to this Request for Qualifications (RFQ). The city's intent is to enter into at least a twenty-four (24) month operating agreement with the selected operator. Shakopee voters will decide on November 3, 2020 if the local utility will remain independent or if the appointed commission will be abolished. Should the voters choose to abolish the commission, the city will operate the water utility and are seeking an operator for the electric utility. The city is soliciting qualified firms to ensure that should the voters choose to abolish the commission, the city wants to be prepared with a qualified operator that can provide seamless service to the rate payers.

## **II. BACKGROUND OF THE CITY**

The City of Shakopee is rich in history. Once a trading post and then a small river town, the city is now a growing suburb to the Twin Cities metropolitan area.

Located in the lower Minnesota River Valley, Shakopee has been home to Native Americans for thousands of years. Burial mounds in Memorial Park date back approximately 2,000 years.

At the time of the first European settlers, Dakota Indians inhabited the valley. Chief Shakpay I settled his tribe along the river banks in the 1700s; his village was called Tintonwan, "village of the prairies," and located east of Shakopee's present downtown.

In 1842, the first steamboat came down the river as far as Shakopee, and two years later, Oliver and Harriet Faribault built the first log cabin along the river. Missionary Samuel W. Pond came to the area in the late 1840s, at the invitation of Chief Shakpay II. Pond would later found Shakopee's oldest church, First Presbyterian Church, in 1855.

Shakopee was incorporated as a city on May 23, 1857.

For many years, steamboats along the Minnesota River were the most efficient way for people and goods to reach the young city. However, in the mid-1860s, a new method of transportation arrived: railroad. The first steam engine train rolled into Shakopee from Mendota along Second Avenue on Nov. 16, 1865.

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Following the Great Fire of 1879, the Shakopee Fire Department organized in 1883 – the same year a two-story City Hall was constructed on the corner of Lewis Street and Second Avenue. The department’s original bronze bell is still on display at Fire Station No. 1.

The beginning of the 20th-century brought many changes to Shakopee. A municipal electric system was established, and electric lights were turned on for the first time on Good Friday evening, March 28, 1902. The city dug its first well to supplant “foul river water.” It served the City until 1991.

Shakopee also showed signs of progress in the 1920s, electing its first female Mayor, Elizabeth Ries, in 1925. In 1927, Holmes Street bridge was completed linking Shakopee to Chaska. The bridge was recently restored by the Minnesota Department of Transportation.

Two of Shakopee’s longest running businesses were established in the 1930s: Bill’s Toggery, a family run men’s clothing store on Lewis Street; and Rahr Malting, which built its malt manufacturing facility in west Shakopee.

The 1930s also marked the end of one of the area’s longest-running businesses, the Strunk/Nyssen Brewery, which had been operating along the Minnesota River since 1854.

The city finished the decade with a population of 2,416.

Shakopee’s economy began to shift in the 1960s with the development of the Valley Green Industrial Park, the metropolitan area’s largest ready-to-occupy industrial park.

By 1970, the City’s population had grown to 7,716.

Valleyfair Amusement Park put Shakopee on the map when it opened in the city in 1976. The park has since grown to include more than 75 attractions on 90 acres. It draws more than one million people to Shakopee every year.

In 1985, a new horse-race track, Canterbury Downs, opened to much fanfare. In 1994, the track was renamed to Canterbury Park, and today live racing, a 24-hour card club and entertainment events annually draw more than 600,000 people.

The opening of the Bloomington Ferry Bridge in 1995 has spurred unprecedented growth in the city, which saw its population double in the succeeding 10 years. The new bridge opened the city to new business and residential growth, making it accessible for people

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looking to work in the metro but enjoy the atmosphere of a small town.

In 2007, the city celebrated its 150th Sesquicentennial with a celebration that included the opening of Huber Park along the downtown riverbank.

In 2010, the City of Shakopee had a population of 37,076. Improved transportation systems, available land and recreational amenities continue to make Shakopee attractive to businesses and residents.

In 2020, the City's population is now 42,000 and there is continued strong growth in single family homes and apartments. The industrial base continues to grow with new advanced manufacturing companies moving into the area including Emerson Process Management, Shutterstock, Entrust Datacard, Cherne Industries and KEB America.

### **III. BACKGROUND OF SHAKOPEE PUBLIC UTILITIES**

Up until the 1950s, the city managed its own water and electric utilities, through what was called Shakopee Municipal Utility. The utility was run by a superintendent, with oversight by a city light and water committee of the city council.

But in the 1940s, as Shakopee continued to grow, the new growth demanded more resources and some people in the community began to suggest Shakopee's water and electric utilities should be removed from city oversight.

In December 1950, the city council voted to create an independent utilities commission. But then-Mayor Clarence Czaia opposed the idea and vetoed the separation. SPU was not born until March 1951, when the council revised the measure, which passed "by the barest of margins," according to the SPU Centennial History report.

Controversy surrounding SPU's fees expanded with the city's population. SPU Manager John Crooks said when the Highway 169 bridge was constructed, it made traveling to Shakopee from the Twin Cities easy, sparking increased growth. To meet the demands from all of the new growth, SPU began to raise its water capacity charges to pay for new water facilities.

Since 2007, the water capacity charge has risen from \$2,846 to \$6,039 per unit. That charge is adjusted annually based on construction inflation.

The power for SPU is provided through the Minnesota Municipal Power Agency (MMPA). Its mission is to provide reliable, competitively priced power to its members and to create

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value for both the Agency and its members. To deliver on its mission, the Agency takes a

long-term approach to power supply planning that includes a diversified portfolio of owned and purchased generation containing both conventional and renewable resources.

MMPA's communities include Anoka, Arlington, Brownton, Buffalo, Chaska, East Grand Forks, Elk River, Le Sueur, North St. Paul, Olivia, Shakopee and Winthrop.

MMPA is committed to providing its members with clean, renewable energy. The Agency's portfolio of renewable resources supports meeting the Minnesota Renewable Energy Standard (RES) and customer demand for renewable energy. The RES requires 25% of MMPA's energy to come from renewable sources by 2025.

**IV. ELECTRICAL OPERATIONS**

**A. Metered Electrical Customers**

- i. 2019, 17,960
- ii. 2018, 17,575
- iii. 2017, 17,126

**B. 2019, \$50 million in electric revenue**

**C. 2019, 459,120,703 kWh Purchased**

**D. 2019, \$34,198,101 Cost of kWh Purchased**

**E. 2019, Peak Demand, 104,661 kW**

**F. Five substations**

- i. First Avenue near Rahr
- ii. Seagate
- iii. Blue Lake (on Xcel property)
- iv. Prior Lake
- v. Jackson Township

**G. Need to relocate Xcel Substation**

**H. Need a new substation in west end of Shakopee**

**I. Majority of new LED streetlight system**

**V. SCOPE OF SERVICES REQUESTED**

**A. City will provide**

- i. Human resources administration and oversight
- ii. Financial services administration and oversight IT
- iii. Information technology resources and support including network and application(s)
- iv. Existing customer service staff

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- v. Current lineman and equipment
- vi. Utility Administration oversight through city council

**B. Respondent to have experience to provide:**

- i. Engineering Services
- ii. Construction and infrastructure development experience
- iii. Strategic long-range electric service planning
- iv. Capital programming planning
- v. Staffing analysis
- vi. Maintaining current rate for at least 24 months
- vii. Providing a program of incentives for energy conservation and renewable energy
- viii. Providing organizational leadership and vision
- ix. Evaluating utility rates and operations
- x. Evaluating existing infrastructure
- xi. Evaluating and implementing wireless meter reading systems
- xii. Evaluating and implementing improved customer service functions through the internet and telephone applications
- xiii. Knowledge of power utilities functions and power regulatory environment to ensure compliance with applicable laws, rules, regulations and ordinances with state and federal regulations and agencies
- xiv. Resources to provide immediate emergency response for weather events
- xv. An exceptional customer service experience

**C. Ability to provide evaluation of the potential disposition of the utility**

**VI. RESPONSE CONTENTS**

The Offeror, in its proposal, shall, at a minimum, include the following:

1. Professional Experience. The Offeror should describe its experience, including history and experience of the utility or firm including the names of individuals that will be working for the city for electrical services.
2. Organization, Size, Structure, and Financial Strength
3. Resources available in the Region to assist in emergencies like weather situations.
4. The Offeror should describe the qualifications of staffing to be assigned to the utility for the city. Descriptions should include:

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- i. Professional and education background.
  - ii. Prior experience of the individual(s) with respect to the required experience listed above. Only include resumes of staff likely to be assigned to work for the city.
  - iii. Education, position in firm, years and types of experience, and continuing professional education will be considered.
5. Identification of municipalities or other public agencies that the firm has provided similar services to.
  6. Compensation Structure. An hourly rate for services provided above or a proposal for operations.

**VII. RESPONSE SUBMISSION**

Responses to this RFQ shall be submitted with one (1) complete electronic copy in PDF format. All costs incurred in the preparation of the response shall be the responsibility of the Offeror and will not be reimbursed by the City of Shakopee.

It is the responsibility of the Offeror to ensure that the response is received by the City of Shakopee, by the date and time in this RFQ. Late responses will not be considered. RFQ Submittals Due September 17, 2020 by 3:00 PM

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**VIII. RIGHT TO REJECT**

The City of Shakopee reserves the right to reject any and all responses, or parts thereof received in response to this RFQ; waive formalities, technical deficiencies and irregularities; or otherwise solicit new responses if some other manner of negotiation better serves its interests, and to award an agreement in a manner that best serves the interest of the city. An agreement for the accepted response will be drafted based upon the factors described in this RFQ. This will only move forward if the voters choose to abolish the appointed Shakopee Public Utilities Commission.



**IX. NOTIFICATION OF AWARD**

It is expected that a decision selecting the successful firm will be made within approximately 30 days of the closing date for the receipt of responses. Upon conclusion

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of final negotiations with the successful firm, all Offerors submitting responses to this RFQ will be informed, in writing, of the name of the successful firm. It is expected that the contract will be for twenty-four (24) months and subject to termination upon delivery of written notice of no less than 60 days.

### **X. PROPOSAL EVALUATION**

Following review and selection of top firms, the city will request personal interviews with those selected. Responses will be reviewed in accordance with the following criteria:

1. Experience of the firm in serving municipalities of similar size and scope.
2. Resources available immediately to meet the city's needs.
3. Ability to mobilize within 30 days of the election results.
4. Experience of the individual identified to serve as main manager.
5. Offeror's experience with similar objectives.
6. Response from references.
7. Interview results, if conducted.
8. Demonstrated communication skills including accurate and effective listening, speaking and writing abilities.
9. Other relevant professional experience, skills and proficiencies.

### **XI. QUESTIONS**

All questions must be submitted in writing via e-mail to [mkerski@shakopeemn.gov](mailto:mkerski@shakopeemn.gov) no less than five (5) business days prior to the scheduled due date of the response.