



# 2020 SAINT PAUL REGIONAL WATER SERVICES

ANNUAL REPORT





## ANNUAL REPORT

# TABLE OF CONTENTS

<i>Mission, Vision, and Goals</i>	<i>Page 4</i>
<i>A Message from the General Manager</i>	<i>Page 5</i>
<i>Board of Water Commissioners and Management Staff</i>	<i>Pages 6 - 7</i>
<i>Pandemic Response</i>	<i>Page 8</i>
<i>Awards &amp; Recognition</i>	<i>Page 9</i>
<i>Operations</i>	<i>Pages 10 - 15</i>
<i>Planning for the Future</i>	<i>Pages 16 - 17</i>
<i>Financial Summary for 2020</i>	<i>Pages 18 - 19</i>

## SPRWS VISION

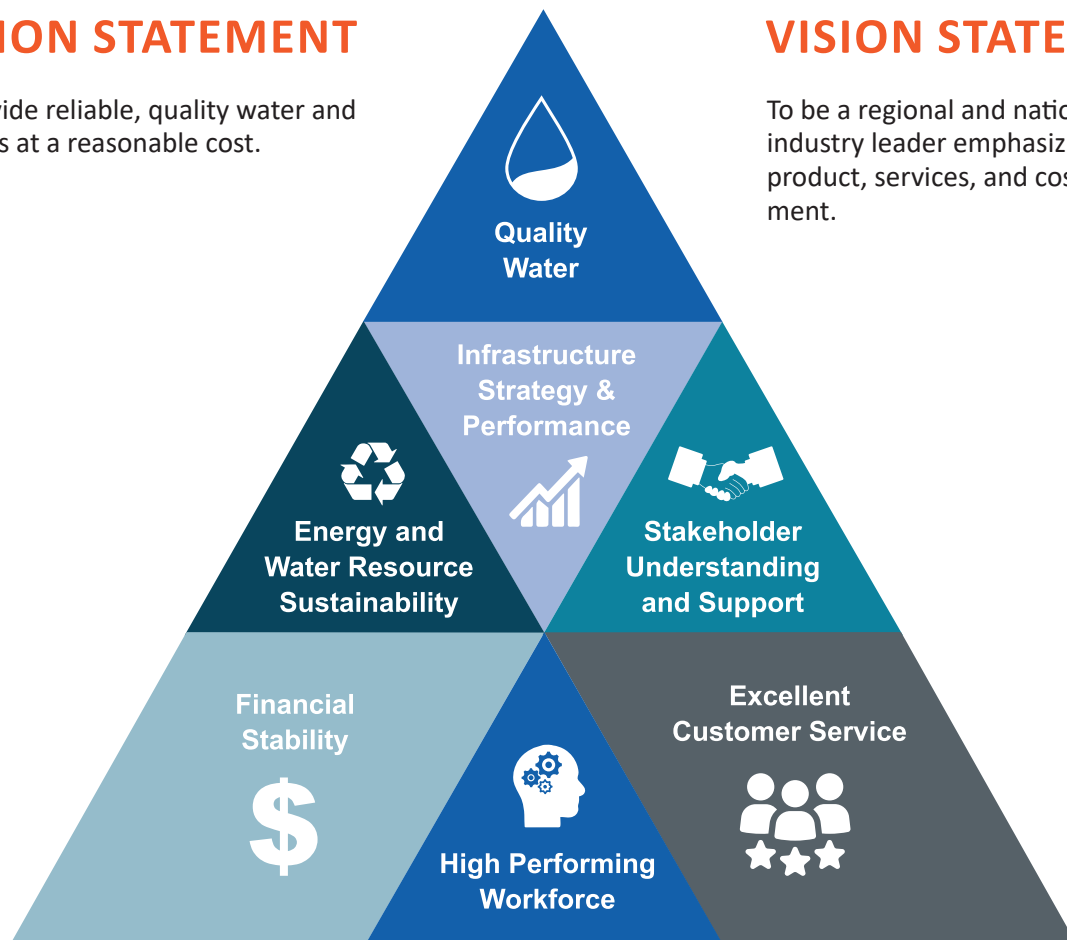
# MISSION

### MISSION STATEMENT

To provide reliable, quality water and services at a reasonable cost.

### VISION STATEMENT

To be a regional and national water industry leader emphasizing quality product, services, and cost containment.



## SPRWS PYRAMID OF SUCCESS

### HIGH LEVEL OVERVIEW OF ORGANIZATIONAL GOALS

Each component of the new SPRWS Pyramid of Success is as important as the next in our overall ability to meet our mission.

We believe that the bottom layer of goals is the foundation to our success from which we can build upon.

As we become more efficient and grow at each layer of the pyramid, it then enables us to enhance what we are able to do with the next layer of goals.

The top of the pyramid is our ultimate goal of providing quality water to our customers now and into the future.

## MESSAGE FROM THE GENERAL MANAGER



Safe, reliable drinking water is essential to every community. Coming into 2020, we had no way of knowing how apparent that would become.

As the seriousness of the Covid-19 virus became apparent, it was initially unclear exactly how it spread. Hand washing and access to clean, safe water became paramount. SPRWS suspended its discontinuation of water services (water shut off policy) to customers for any reason to ensure that all had access to tap water in their homes and businesses.

Saint Paul Regional Water Services employees stepped up to the plate to continue to provide water to more than 450,000 customers in Saint Paul and our surrounding suburban communities.

Our staff of 256 employees ensures we are true to SPRWS' mission of providing quality water and services to our customers at a reasonable cost. As essential employees, water staff came to work in the plant, in the streets, and wherever needed as the pandemic forced many places to lock down or close. Water is a must have, and closing operations was never an option. We did close our lobby to protect customers and staff for several months, but production of water never ceased or wavered.

Despite the additional challenges on staff and the communities we serve, SPRWS continued to address current needs while planning for the future. Due to COVID, replacement and refurbishment of water main was significantly reduced in 2020. About 2 miles of aging water main was replaced this year.

We have in place a plan and design for a 15-year initiative to rehabilitate and protect our supply conduits that will result in an increase in their useful life. However, 2020 Covid restrictions put those plans on hold until 2021. Current water treatment continues to be excellent and we continue to have minimal taste and odor complaints from our customers.

The McCarrons treatment plant improvement project to update our treatment capability to address future regulatory changes continued to move forward despite the challenges of remote meetings and other pandemic-related concerns. We hired a design-build firm, Jacob's Engineering, to begin the design process and the required pilot testing in the first quarter of 2021. Construction will take place in the years 2022-2026.

This work could not be completed if it weren't for the great group of support personnel who do excellent work maintaining the financial condition of the utility, providing great customer service, and maintaining our technology that we have come to heavily rely upon. In 2020, our previous efforts to implement a virtual desktop environment were suddenly instrumental in allowing a significant percentage of our office-based staff to work from home during the pandemic. Although most of our employees reported to the office each day, some employees continued to work from home through the end of the year.

As always, I am proud of our accomplishments and the daily efforts put forth by the employees at SPRWS. I hope you share in that sentiment and I thank you for your interest in SPRWS.

A handwritten signature in blue ink that reads "Steve Schneider". The signature is fluid and cursive, with the first name "Steve" and last name "Schneider" clearly legible.

Steve Schneider  
General Manager

JAN. 1, 2020, BOARD OF WATER COMMISSIONERS

# LEADERSHIP

PRESIDENT

MATT  
ANFANG



VICE  
PRESIDENT

AMY  
BRENDMOEN



## COMMISSIONERS



MARYLEE  
ABRAMS



JEFFREY  
DAINS



MARA  
HUMPHREY



REBECCA  
NOECKER



CHRIS  
TOLBERT

Several terms of Board of Water Commissioner members expired in 2020 and new Board members were appointed in their place.

City council member Rebecca Noecker was replaced on the board by Nelsie Yang, a newly elected council member, at the Jan. 13, 2020, board meeting.

The Board then voted to make Yang the vice-president of the board.

Chris Tolbert and Amy Brendmoen both remained on the board with renewed terms. They represent

Saint Paul city council.

Also in January, Commissioner Jeffrey Dains' term expired. The Falcon Heights representative was replaced by James Bykowski, who has served on the Board in the past from 2010 to 2013.

Suburban representatives' terms are for four years and expire on Dec. 31, 2023.

Long-time board member and president Matt Anfang finished his term in July after 20 years on the

board. He served the last 8 years as president.

The end of the term made room for a new appointee for the Saint Paul city citizen role. Alene Tschourumoff was appointed by Mayor Melvin Carter.

With the departure of Anfang, a new board president was elected by the Board, commissioner Mara Humphrey.

Tchourumoff's term expires in July of 2024.



JULY 1, 2020, BOARD OF WATER COMMISSIONERS

# LEADERSHIP

PRESIDENT

MARA  
HUMPHREY



VICE  
PRESIDENT

NELSIE  
YANG



## COMMISSIONERS



MARYLEE  
ABRAMS



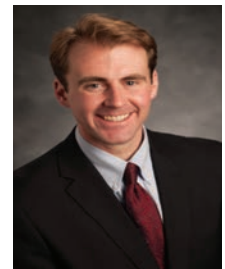
AMY  
BRENDMOEN



JAMES  
BYKOWSKI



ALENE  
TCHOURUMOFF



CHRIS  
TOLBERT

## SPRWS EXECUTIVE TEAM



GENERAL  
MANAGER

STEVE  
SCHNEIDER



ASSISTANT  
GENERAL  
MANAGER

PATRICK  
SHEA



BUSINESS

DOLLY  
LUDDEN



DISTRIBUTION

BRAD  
EILTS



ENGINEERING

DAVE  
WAGNER



PRODUCTION

JIM  
BODE



## COVID-19

# PANDEMIC RESPONSE

**“The pandemic showed clearly that access to the clean, quality, drinking water is paramount to good health.”**

The Covid-19 pandemic became the primary focus in March 2020. The Board of Water Commissions directed that keeping people working and providing excellent services was paramount. A team consisting of the general manager, assistant general manager, the four division managers, the human resources consultant, and safety and security officer began regular strategic planning meetings.

In the early stages of the pandemic, meetings were held daily. As the situation changed, the meetings were reduced to three days a week. A COVID-19 Preparedness Plan was developed and updated to ensure those who were required to report to work could do so in a manner that met the state of Minnesota and city requirements.

A second work product was the creation of a COVID-19 dashboard. The dashboard was updated weekly and provided a snapshot of SPRWS specific data.

The safety officer was assigned sanitation and disinfection activities related to COVID-19. If an employee reported a potential exposure and/or positive test, the area was isolated, and a professional contractor sanitized the work areas. The position also was responsible for obtaining sanitation stations, masks, gloves, and other personal protective equipment.

Information services staff quickly and successfully equipped office employees to effectively work from home due to COVID-19.

Due to the pandemic, many community activities in the areas we serve were cancelled, including the utility's own open house and Highland tower open house. This significantly curtailed our community engagement and outreach efforts.

We were able to participate virtually in some activities, including outreach to youth community

gardeners whose meetings were all online and Water Fest.

However, other communications efforts increased, including more website and social media updates and using GovDelivery to provide information directly to customers affected by construction work.

The annual program to replace and refurbish water main was temporarily reduced in 2020 due to challenges associated with COVID-19.

To allow us to continue water main work where possible, we created a video to instruct homeowners on how to prepare their homes for temporary water main access. We provided brochures on worker safety that assured homeowners our staff would maintain proper social distancing and wear appropriate personal protective equipment.

Other projects put on hold include conduit rehabilitation work.



## PARTNERSHIP FOR SAFE WATER

# AWARDS & RECOGNITION

**“SPRWS is one of only 31 surface water plants in the country to earn the Presidents Award from the Partnership for Safe Water.”**

The Partnership for Safe Water program developed through the American Water Works Association is designed with the goal to optimize utility operations within the distribution system. We are excited to announce that the Partnership has presented SPRWS with their Director's level award for our distribution division. This is the first year that distribution has earned this award.



McCarrons Treatment Plant continued the Partnership for Safe Water's Presidents Award in 2020. We are one of only 31 surface water plants in the country to achieve this level of award. This program ensures safe drinking water from its member systems by promoting optimized treatment plant operation and continuous improvement in the operation, maintenance, administration and design of the facility. The aesthetic quality of the water also continued to be excellent, with only 12 complaints of taste or odor being logged into the Customer Information System for the year.



## MAKING IT ALL HAPPEN

# OPERATIONS

**“More than 10 percent of the workforce have the potential to retire at any time. We need to be prepared.”**

### HUMAN RESOURCES

The development and promotion of knowledge management and transfer across the utility remains a focus of the division.

In the five years 2012-2017, the average retirement age was 60 years old. At the end of 2019, nearly 28 percent of the utility's employees was 55 plus years of age. Based on current department trends, over 10 percent of the current workforce have the potential to retire at any time.

The utility's work force history is of longevity and successfully retaining trained staff. Often pension, insurance, and regular hours helped promote working at Saint Paul Regional Water Services more as a career. However, this is no longer assured.

Employees may be looking for such things as regular new and stimulating assignments, more non-traditional work rules, flexibility in working off-site, and flexibility in working hours, etc. Human resources staff continues to track the voluntary turnover rate to evaluate current trends.



Business Improvement Unit members and staff from the production division in the treatment plant working on asset management.

### BUSINESS IMPROVEMENT UNIT

The Business Improvement Unit team worked diligently on its initiatives. These included: enterprise level performance measures, document management improvements, evaluating the utility against industry wide effective utility management practices, and identifying areas of focus to consider including in the strategic plan. BIU also led the effort to evaluate the Customer Information System and the development and installation of an internal monitor system (electronic billboards or EBBs) to improve information sharing across McCarrons facilities. BIU driven asset management standards and protocol development continues in the treatment plant.

### SECURITY

Along with the COVID-19 and civil unrest work, the emergency planning and security supervisor worked on preparedness related efforts. New mandates from the U.S. Environmental Protection Agency required updates to several security plans in 2019 and 2020. We anticipate devoting more time to drills and tabletop scenarios to better prepare the utility for any emergency. The position also serves as process safety management program coordinator.

## MAKING IT ALL HAPPEN

# OPERATIONS

## INFORMATION SERVICES

The Information Services (IS) section implemented the Virtual Desktop Infrastructure (VDI) project to 130 of the 180 users. The project increases maintenance and support. Benefits from the VDI environment allowed the IS team to quickly and successfully equip staff members to effectively work from home due to COVID-19.

## FINANCE

Financial services staff completed and published the 2019 annual financial report; the report was well received by the State Auditor and reflected well on the utility.

The team also published the annual budget that ensures long-term financial stability and integrity.

Staff provide information necessary for the utility to manage its financial position by: developing a budget; tracking revenues and expenses; processing accounts payable and accounts receivable invoices; collecting and processing payments; providing monthly reports to managers and to the Board of Water Commissioners; and ensuring appropriate internal controls.



Staff from the water quality lab make hand sanitizer to use throughout the McCarrons facilities, as commercial hand sanitizer was not available.

## METER OPERATIONS

The radio meters are functioning very reliably. Accordingly, we have had continued success basing water bills on actual usage and minimizing estimated bills. Meter operations will continue to track, trend, and report the register mis-reads and failures in an effort to keep the capture rate at 100 percent.

We are in the process of configuring a meter testing data base in CIS to populate record historic test results back to 2013. With this data available, we will continue to create a comprehensive meter testing schedule with the goal of identifying the optimal interval or accumulated consumption for initiating meter testing and replacing meters by account. Due to the 2020 pandemic, we tested only 75 percent of all meters 3-inch and larger. The High Usage Alert program started in December of 2017, and we have reached out to more than 11,000 customers. The goal is to not only notify the customer, but also educate them to prevent them from having leaks in the future.



## MAKING IT ALL HAPPEN

# OPERATIONS



A worker connects a new copper service to the copper service line in the street at a lead replacement site.

## CENTERVILLE WATER SUPPLY

Due to limitations in available water supply, water quality, and cost, we are working towards de-commissioning at-risk infrastructure in this historic water supply source. Currently, we are preparing contract documents for the removal of intake structures in Centerville Lake and Otter Lake.

## WATER MAIN AND LEAD REPLACEMENT

Upgrading our aging distribution infrastructure is of utmost importance to providing reliable water to our customers into the future. Water main construction is coordinated in collaboration with public works improvement projects. Replacement is performed on mains that are at highest risk for failure. Updating our water main prioritization model was completed to provide an extremely accurate risk-based decision model for system upgrades.

Regarding lead water service replacement, current funding allows for elimination of lead services in the right of way over a 30-year period.

## MAPS AND RECORDS

Our focus has been on providing information to external users. A new version of the “service material map” was published for members of the public to look up their service material type. Work also progressed on how we provide user-friendly map requests from outside parties.

## REACTIVE MAINTENANCE

The water utility performs emergency repairs on water mains and services. We also provide water main break repair services to other municipalities outside our service area, responding to main breaks in the cities of Oakdale and Newport and White Bear Township.

## CAPITAL PROJECTS

Several new capital projects were started in 2020. Electrical and pumping improvements to the West Side Pump Station went into design mode, with HR Green hired as the engineers. A contract was also let with EDI Engineers to begin design work for electrical improvements to the Highland Park Pump Stations.

## LEAD AND COPPER RULE

Comments related to the upcoming update of the Lead & Copper Rule were submitted to the United States Environmental Protection Agency on behalf of the utility.

## BY THE NUMBERS

- ▶ 38.8 million gallons of water per day were produced
- ▶ \$3.33 million was invested in purchasing chemicals used in the treatment process
- ▶ Electrical costs were \$881,812 or \$62.10 per million gallons pumped
- ▶ 12 water quality complaints were logged in 2020
- ▶ \$10 million in water main construction resulted in replacement and rehabilitation of 7.1 miles of water main
- ▶ Approximately 2 miles of water main were replaced using the pipe bursting and directional drilling methods.
- ▶ Staff installed an estimated 1,400 temporary water service connections
- ▶ 9,608 public water hydrants were inspected and flushed in 2020
- ▶ 3,200 valves were exercised in conjunction with hydrant flushing
- ▶ 1,300 valves 12 inches or larger were exercised

# 450,000

### CUSTOMERS SERVED

*We serve the residents of Saint Paul, West St. Paul, Maplewood, Falcon Heights, Lauderdale, Mendota, Mendota Heights, Lilydale, and some residents in Newport, Sunfish Lake, and South Saint Paul. We also provide wholesale water services to Roseville, Arden Hills and Little Canada.*

# 14.199

### BILLION GALLONS OF WATER

*Pumped from McCarrons treatment plant out to customers in 2020.*

# 11.982

### BILLION GALLONS PUMPED FROM THE MISSISSIPPI RIVER

*The difference between the water pumped out to customers and water taken from the Mississippi River comes from precipitation and run off from the Vadnais Lakes Area Watershed.*

# 1.86

### INCHES BELOW NORMAL

*Rainfall amounts noted in 2020.*

## MAKING IT ALL HAPPEN

# OPERATIONS

### WATER CONDUIT IMPROVEMENTS

A condition assessment for the utility's 26 miles of raw water supply conduits that extend from the Mississippi River to the water treatment plant was completed in 2018. Planning and design are underway for rehabilitation of these conduits. This will include repairs to the concrete conduits installed in the 1920s and implementing a corrosion protection system on the steel conduits which were installed in the 1950s. Specifications are being prepared for concrete conduit rehabilitation. Assessment of the Mississippi River conduit for corrosion control is underway.



Inside the conduit from Vadnais Lake to the McCarrons treatment plant.

### 3M AND WHITE BEAR LAWSUITS

In February 2018, the state of Minnesota settled a lawsuit against the 3M company related to perfluoro chemicals. The outcome, about \$720 million will be invested in drinking water and natural resource projects in the Twin Cities east metropolitan region. Projects will be primarily focused on cities using wells and drawing ground water for drinking, including the cities of Afton, Cottage Grove, Lake Elmo, Newport, Oakdale, St. Paul Park, and Woodbury and the townships of Grey Cloud Island

and West Lakeland. The utility is actively recommending stakeholders include consideration of surface water as a long-term, sustainable supply of drinking water and suggested the utility's supply system and treatment plant have capacity to meet the long-term water demands of these communities. Information was provided by SPRWS on the potential of serving the cities of Oakdale and/or Lake Elmo. This information was incorporated in to one of the options (not the preferred option).

Staff will continue to implement strategic plan initiatives, the changes possible with our water use as a result of the White Bear Lake lawsuit and/or our water supply should be part of a solution toward meeting the east metro water needs.

As always, our goal is to be able to budget and finance the projects necessary to meet the mission and vision for Saint Paul Regional Water Services.



## BY THE NUMBERS

- ▶ More than 11,000 customers with high water use have been contacted since our high usage alert program began in 2017. We use the opportunity to provide education on how to prevent water leaks in the future.
- ▶ The abandoned call was 2.10 percent and the wait time was 26 seconds. These are slightly higher than our goals. However, staffing was down 20 percent and transitioning to a home work environment caused some initial technology challenges with answering delays in the phone system.
- ▶ 75 percent of all water meters 3 inches or larger were tested in 2020, due to the pandemic. All water meters of that size will be tested in 2021.

# 151,641

**CALLS TO CUSTOMER SERVICE**

*About 67,033 Calls or 44 percent were answered by call center staff.  
The remaining 84,608 calls were answer by the Interactive Voice  
Response (IVR) unit.*

# 609

**PHONE CALLS ARE ANSWER EACH WORK DAY**

*About 269 calls are answered by staff and the rest by the IVR.*

# 32,700

**WATER BILLS MAILED EACH MONTH**

*This equals about 1,577 water bills mailed each business day.*

# 59

**PERCENT OF PAYMENT TRANSACTIONS ARE ELECTRONIC**

*Nearly 32 percent of electronic payments are via credit card and another  
20 percent are via auto withdrawal from a checking or savings account.*

## PLANNING FOR THE FUTURE

# MCCARRONS UPGRADE

**“The upgrade to the McCarrons water treatment plant will be the largest project the water utility has undertaken in its more than 150-year existence.”**



This portion of the McCarrons treatment plant will be updated.

Planning and design has begun on one of the largest projects the utility has ever performed: a major renewal and upgrade to the McCarrons Water Treatment Plant.

These renovations will include facility replacement of much of the front end of the water treatment plant processes including chemical feed, flocculators, clarifiers, and recarbonation.

The addition of ozonation to the treatment process is also proposed with the goal of providing flexibility to address contaminants of emerging concern and to improve the aesthetic properties of the water.

## SUPPLY AND PRODUCTION FUTURE

The supply system conduit assessment project identified areas in need of repairs. We expect to budget approximately \$1 million a year for the next decade or more to complete these repairs.

The new 20 million-gallon per day, high-service pump No. 10 will be used during winter months to help conserve energy.

This project will be delivered via the progressive design-build procurement method. Jacobs Engineering was selected as the design builder for the project, working in collaboration with SPRWS' engineering and production divisions.

## PLANNING FOR THE FUTURE

# TECHNOLOGY

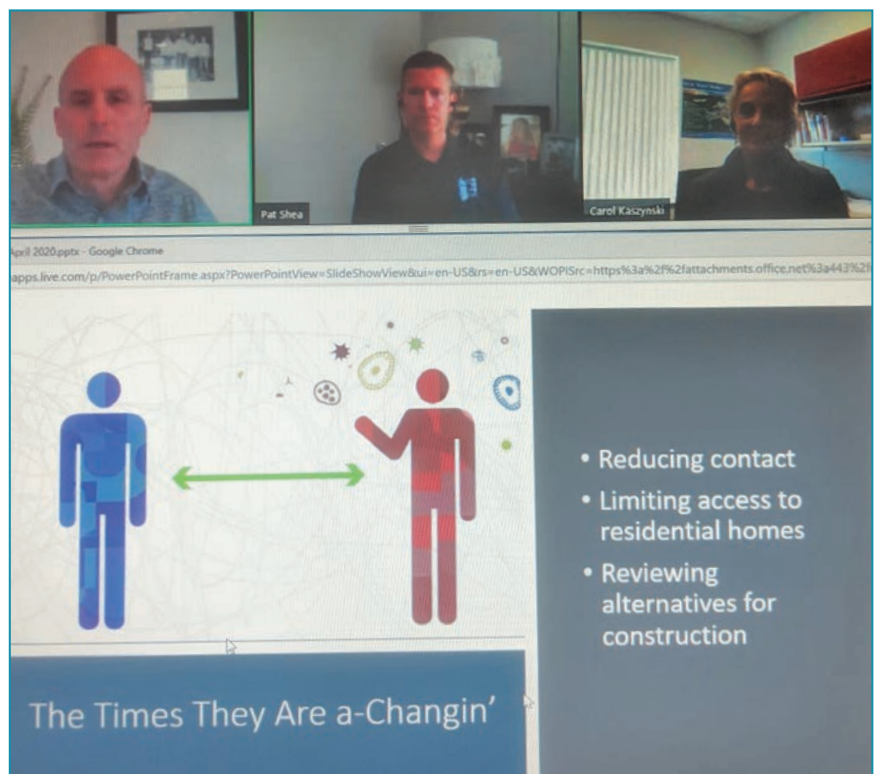
**“The pandemic realized the need to work from home, showing how essential technology is to the utility.”**

Technology continues to be a current and future focus. As realized through the need to work from home requirement, technology is essential to SPRWS.

To fully understand the current needs and project future opportunities, a comprehensive needs assessment and strategic plan will be conducted in 2021. The assessment will provide best practices and industry standards as it relates to the various departments within SPRWS. A cross representation of staff will ensure that needs of all will be considered.

SPRWS continues to partner with Saint Paul Public Works in implementing a field mobile/data capture solution for processing work orders and service orders in the field. The solution will integrate with our shared CMMS system and the utility's CIS system.

Additionally, SPRWS has partnered with Public Works and the Office of Technology and Communication to manage a comprehensive needs enterprise asset management assessment. The assessment will analyze the current utilization, as well as understand future needs, based on industry standards and best practices.



A virtual “Water Break” allowed staff to discuss changes in procedures.

Upon completion of the needs assessment, an RFP will be developed, jointly, for the enterprise asset management solution. This collaborative effort utilizes the results from the assessment and steer PW, SPRWS and OTC in a direction that will enable the organization to provide asset management functionality.

Improving the customer experience is part of our Strategic Plan. An enhancement to our CIS portal and IVR phone line for customers is being explored. The enhanced software offers customers the ability to register on-line to have payments auto drawn from credit card or bank account, view past bills, and use mobile devices such as a cellular telephone, tablet and/or computer.



## CONDENSED STATEMENT OF NET POSITION (IN THOUSANDS)

# FINANCIAL STATEMENTS

	Fiscal Year 2020
Assets	
Current and Other Assets	\$ 75,646
Capital Assets - net	\$ 355,357
Total Assets	<u>\$ 431,003</u>
Deferred Outflows of Resources	<u>\$ 4,847</u>
Liabilities	
Current Liabilities	\$ 14,794
Noncurrent Liabilities	\$ 63,076
Total Liabilities	<u>\$ 77,870</u>
Deferred Inflows of Resources	<u>\$ 2,566</u>
Net Position	
Net Investment in Capital Assets	\$ 326,232
Restricted for Debt Service	\$ 9,738
Unrestricted	\$ 19,444
Total Net Position	<u><u>\$ 355,414</u></u>

## CONDENSED STATEMENT REVENUE, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

# FINANCIAL STATEMENTS

	Fiscal Year 2020
Operating Revenues	\$ 64,284
Non-Operating Revenues (Expenses)	\$ 1,979
Total Revenues	\$ 66,263
Operating Expenses	\$ 51,266
Income (Loss) Before Capital Contributions	\$ 14,997
Capital Contributions	\$ 2,543
Change in Net Position	\$ 17,540
Net Position - January 1	\$ 337,874
Net Position - December 31	\$ 355,414

The notes to the financial statements are an integral parts of these statements.

The complete financial report for 2020 is available from Saint Paul Regional Water Services. To obtain a copy visit at [www.stpaul.gov/water](http://www.stpaul.gov/water) or contact the financial services department at 1900 Rice Street, Saint Paul, MN 55113.



