

# *Saint Paul Regional Water Services*



*2000-2002 Annual Report*



## **Our Vision**

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

## **Our Mission**

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

## **Our Values**

*Maintain a focus on our customers. Show respect for all. Encourage teamwork. Accommodate open, honest communication. Deliver responsive service. Optimize efficiency in all of our endeavors.*

## **2000 Board of Water Commissioners**

President ..... James Reiter  
Vice President ..... Stephen Haselmann  
Commissioner ..... Michael Arcand  
Commissioner ..... Pat Harris  
Commissioner ..... Robert Cardinal

## **2001 Board of Water Commissioners**

President ..... James Reiter  
Vice President ..... Stephen Haselmann  
Commissioner ..... Matt Anfang  
Commissioner ..... Pat Harris  
Commissioner ..... Robert Cardinal

## **2002 Board of Water Commissioners**

President ..... James Reiter  
Vice President ..... Stephen Haselmann  
Commissioner ..... Matt Anfang  
Commissioner ..... Pat Harris  
Commissioner ..... Jerry Blakey  
Commissioner ..... Robert Cardinal  
Commissioner ..... Richard Vitelli  
(July - September)  
Commissioner ..... John Zanmiller  
(October - December)

## **General Manager and Division Managers 2000-2002**

### **2000-2001**

General Manager ..... Bernie Bullert

### **Division Managers**

Engineering ..... Jim Graupmann  
Production ..... Jim Haugen  
Distribution ..... Steve Gleason  
Business ..... Barb Woolsey

### **2002**

General Manager ..... Bernie Bullert

### **Division Managers**

Engineering ..... Dave Schuler  
Production ..... Jim Graupmann  
Distribution ..... Steve Gleason  
Business ..... Barb Woolsey



Introducing  
*our*  
*utility*



# From the general manager

Saint Paul Regional Water Services (SPRWS) has provided water to the City of Saint Paul and surrounding communities for more than 140 years, first as a private enterprise beginning in 1856 and then as a publicly owned utility beginning in 1882.

Throughout its history, SPRWS has consistently demonstrated a commitment to providing the best water service possible. Early planners anticipated increased demand and built the utility's infrastructure with the future in mind.

Today, utility employees continue to build on this legacy by striving to continuously improve service and quality in every aspect of the utility's endeavors. One result has been the wide recognition of the professionalism and creativity of our employees. (See opposite page.)

Thank you for your interest in SPRWS.

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Bernie Bullert  
General Manager  
Saint Paul Regional Water Services



The utility works with a number of agencies and organizations concerned with the drinking water industry and water quality. Our work with these groups was recognized several times in the years 2000 - 2002. Below are some of our major achievements as noted by these organizations.

### 2000 Heritage Preservation Award

Presented by the Saint Paul Heritage Preservation Commission and the Saint Paul Chapter of the American Institute of Architects, the award recognizes the efforts of SPRWS to preserve the Highland Water Tower.

### 2001 AMWA Competitiveness Award

SPRWS was one of 25 public water utilities in the country to receive the annual Gold Award for Competitiveness Achievement from the Association of Metropolitan Water Agencies in 2001. The “award-winning agencies are setting the pace for utility management practices to ensure success in an increasingly competitive environment,” according to AMWA’s executive director.

### 2001 AMWA President’s Award

General Manager Bernie Bullert received AMWA’s annual President’s Award, which is given to individuals who have made outstanding contributions to the improvement of water supply management and for their efforts and dedication in the field of drinking water supply.

### 2001 Leonard Thompson award

In October 2001, James Haugen, SPRWS Production Manager, was presented the Leonard Thompson Award by the Minnesota Section of the American Water Works Association. The Thompson award recognizes those who make major contributions to the water industry through their employment, the AWWA, and the Minnesota Section of the AWWA.

### 2002 Children’s Health Work

The U.S. Environmental Protection Agency commended Bernie Bullert for his work with the Children’s Health Protection Advisory Committee. Among other things, the CHPAC has urged the EPA to revise its water quality human health criteria for mercury, arsenic, pesticides, and other contaminants. Bullert has been a member of the CHPAC since 1997, and in his letter of commendation, CHPAC congratulates Bullert, saying that, “future generations will benefit from your dedication to promoting the health of our children.”

## Recognizing *our* *achievements*



## Maintaining utility assets



### **To help maintain our water mains and services, we**

- designated 140 years as the target life of a water main to facilitate replacement planning
- implemented a 2 percent rate increase for 2002, earmarked for mains replacement to increase the rate of infrastructure investments
- continued systematic replacement of cast iron water mains, lead service connections, and hydrants
- installed two finished water pumps and a supply pump at McCarrons water treatment plant and the Mississippi River pumping station at Fridley

### **To respond efficiently to repair and construction needs, we**

- upgraded our inventory of heavy equipment
- hired 12 permanent construction workers for the construction season to increase year-around availability of trained and experienced workers

### **To address functional needs of our buildings and facilities, we**

- improved crew quarters and training facilities at the treatment plant
- designed the complete remodeling of the plant site to accommodate all SPRWS employees from all locations
- prepared for relocation of downtown offices and distribution facilities
- began a \$4 million architectural update to the plant, including improvements to the maintenance shop and crew facilities, and the office space
- built a replacement water tower on Cleveland Avenue with extensive input from the neighborhood
- repainted the water tower at the Minnesota State Fairgrounds
- replaced a 1940s traveling screen system at the Fridley intake facility
- sold our assets at Fort Snelling to reduce demand on maintenance

### **To increase our security and security systems, we**

- limited access to and increased monitoring of our facilities and strengthened computer security
- increased Sheriff patrols
- received a \$115,000 assessment grant from the Environmental Protection Agency to assess risk, develop an emergency operations plan, plan and design security improvements, and establish a security team



Staff installing various types of pipe.



**To protect our resources and the environment, we**

- completed sludge field clean-out and the transition to the new high-efficiency lime dewatering system begun in 1997
- developed preliminary plans for the redevelopment of the utility's lime deposit fields in a joint venture with the city of Maplewood, Ramsey County, and the Saint Paul Parks Department
- completed a pilot forest-maintenance project to revitalize forest growth and improve watershed protection
- entered initial stages of the Minnesota Department of Health wellhead protection plan
- participated with the cities of Minneapolis and St. Cloud and the Minnesota Department of Health in a Source Water Assessment to identify the susceptibility of the Mississippi River to potential contaminants and help develop a source water protection plan

**To address taste, odor, and overall water quality, we**

- designed a new system to handle the recycle streams that result from the treatment process
- replaced phosphates with tin chloride to control corrosion and eliminate undesirable side effects of treatment
- surpassed the "continuous improvement" turbidity goal established by the Partnership for Safe Water
- issued a Request for Proposal to study the costs and benefits of several treatment options to help address periodic taste and odor incidents, including:
  - ◆ diluting lake and river water with ground water from utility wells
  - ◆ creating a treatment facility on Lambert Creek to treat the water before it enters the lakes to eliminate the creek as a source of nutrients
  - ◆ adding magnetic Ion Exchange (MIEX) resins to adsorb and remove impurities
  - ◆ using powdered or granular activated carbon filtration to help trap organic chemicals as well as chlorine and other substances
  - ◆ adding ozone to more effectively oxidize compounds that cause taste and odor problems and to disinfect the water

Protecting  
*water quality  
and the  
environment*



*Our lakes are home to a variety of wildlife.*



## Improving *technology*



### To keep pace with continuing advances in technology, we

- made ongoing improvements in our information technology through regular system upgrades and employee training in current technology
- launched and completed an information system needs assessment, providing an utility-wide view of technology needs to take a holistic rather than “silo” approach to technology strategies
  - ◆ developed and adopted a five-year strategic plan for information technology improvements
  - ◆ approved implementation of Phase I of the plan, which includes the acquisition of a Computer Maintenance Management System
  - ◆ led utility employees through a transition from multiple productivity tools to commonly shared software applications
  - ◆ participated in a cooperative city and county initiative to implement a Geographic Information System, enabling us to share experience and resources to the mutual benefit of the utility and the county
- installed a bar coding system for our supplies inventory that works with employee badges to increase efficiency and accuracy of inventory record keeping
- installed a radio-read system for commercial meters to increase the efficiency in our meter reading operations
- installed electronic controls and monitoring systems at our treatment plant to improve safety and control and to reduce staffing costs
- conducted a major upgrade of our Supervision, Control, and Data Acquisition (SCADA) system to further improve control and safety of the treatment and distribution systems

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*An electronic radio read system allows staff to obtain meter readings without entering the building. A monitor in the vehicle shows the water usage.*



*A worker monitors utility assets from the control room at the treatment plant.*





**To facilitate effective communication and provide exceptional services to our customers, we**

- launched the *Customer Service Connections* newsletter
- published our 2000, 2001, and 2002 *Water Quality Reports* to help keep our customers informed of our water quality issues and activities
- began an annual customer survey to evaluate and help increase customer satisfaction with the services we provide
  - ♦ opened a bill payment station at our Distribution Division location in response to customer preferences expressed on the survey
- continued our lead service assessment program to assist customers with costs of installing new lead services on their properties
- implemented *WaterWorks*, a program that assists needy customers with water and sewer bills

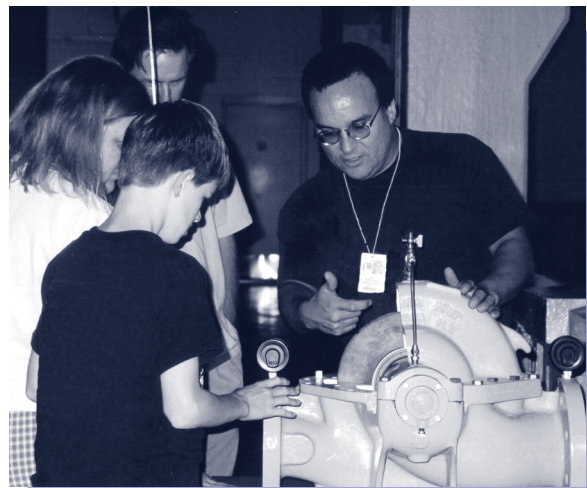
**To help create partnerships and increase visibility in our communities, we**

- held two annual open houses at the Highland Water Tower and one at our treatment plant, and participated in an open house sponsored by Saint Paul's Public Works Department
- created, produced, and distributed—for a 25 cent donation to the *WaterWorks* program—a special postcard featuring a Highland tower blueprint, designed by city architect Clarence Wigington in 1928
- participated in an exhibit of Clarence Wigington architecture at the R. Weisman Art Museum at the University of Minnesota by loaning two blueprints of the tower
- issued new uniforms to all field personnel so that the public can clearly identify our most visible and important representatives to the public
- took part in the Drinking Water Institute, a week-long training course for Minnesota teachers to learn about drinking water

Promoting  
*customer  
service and  
community  
relations*



Visitors to the Highland Water Tower open house look at Clarence Wigington's 1928 blueprints of the building.



A worker explains how equipment at the water treatment plant works to a tour group.



Investing  
in our  
employees



**To help our employees develop their potential and create an environment where they can carry out their responsibilities at the maximum level of their abilities, we**

- improved internal communication by implementing a utility Intranet, developing internal communication plans for various levels, measuring employee satisfaction with an employee survey on internal communication
- addressed employee health needs with acquisition of new cardiovascular workout equipment
- addressed issues of concern to employees and management by forming several employee-management ad hoc committees, including gain sharing for employees, creating a respectful work environment, removing obstacles to providing good services to our customers, and creating a competency-based approach to hiring and promotions

**To promote training and development**

- each employee completed an annual Training and Development Plan
- supervisors and managers, dubbed the “Management Core,” met several times a year for joint training
- we held annual, day-long training and development conferences for all employees
- we developed a strategic plan for 2002-2005 and as well as utility-wide performance goals

**To use employee resources more efficiently, we**

- transferred certain quality control procedures from water quality staff to treatment plant operators, expanding their skills and autonomy while, at the same time, allowing laboratory staff more time for research activities
- constructed a laboratory for the operators, acquired new laboratory equipment, and provided training and support for operators

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*Staff take part in a variety of training opportunities, including the annual conference and a tour of other departments.*



To continue our record of financial and management stability, we

- **maintained sound and prudent financial practices**

Acknowledging our sound financial practices, **Standard & Poor's upgraded our financial rating** in April 2000 from AA to AA+, which we maintained through 2002. The upgrade

- ♦ was based on the utility's continued strong financial performance, affordable rates, adequate water supply, strong legal provisions, ample cash reserves, a diverse customer base, and strong prospects for growth
- ♦ ranked us among the top eight water or water and sewer utilities in the nation
- ♦ reflected our creditworthiness, making it less expensive for us to borrow money for capital improvement projects
- ♦ demonstrated the soundness of our financial condition and indicated a positive future

- **focused on organizational development to ensure that we maintain best practices in managing the utility**

We created an Organization and Staff Development section to enhance in-house consulting skills in strategic planning and organizational development, which

- ♦ led the utility's efforts in performance management, strategic planning, and employee training and development
- ♦ performed a competitive analysis of our operations to assess how we compare to other public and private utilities
- ♦ analyzed our buying and contracting practices to help increase efficiencies and reduce operating costs for buying and contracting activities
  - The first two areas analyzed were the purchasing of chemicals and construction materials and supplies, resulting in changes to some purchasing practices by the end of 2001.

Managing  
*finances & the  
organization*



*Utility assets range from hydrants out on the street, like the one being flushed above, to the filter beds at the treatment plant.*



# Select financial information from 2000-2001

## Condensed Balance Sheet

|  | 2001                 | 2000                 |
|--|----------------------|----------------------|
| Assets   |                      |                      |
| Current Assets                                       | \$31,205,396         | \$34,075,688         |
| Restricted Assets                                    | \$6,218,208          | \$6,332,251          |
| Other Assets   | \$361,895            | \$312,736            |
| Fixed Assets   | <u>\$178,908,471</u> | <u>\$169,650,240</u> |
| Total Assets   | <u>\$216,693,970</u> | <u>\$210,370,915</u> |
| Liabilities and Fund Equity                          |                      |                      |
| Current Liabilities (Payable from Current Assets)    | \$ 5,950,491         | \$ 7,877,504         |
| Current Liabilities (Payable from Restricted Assets) | \$1,486,759          | \$1,331,854          |
| Long-Term Liabilities                                | <u>\$31,682,545</u>  | <u>\$34,144,140</u>  |
| Total Liabilities                                    | <u>\$39,119,795</u>  | <u>\$43,353,498</u>  |
| Fund Equity  |                      |                      |
| Contributed Capital                                  | \$74,447,011         | \$74,447,011         |
| Retained Earnings                                    | \$103,127,164        | \$92,570,406         |
| <b>10</b> Total Fund Equity                          | <u>\$177,574,175</u> | <u>\$167,017,417</u> |
| Total Liabilities and Fund Equity                    | <u>\$216,693,970</u> | <u>\$210,370,915</u> |

## Condensed Statement of Revenues, Expenses, and Changes in Retained Earnings

|   | 2001                 | 2000                |
|---|----------------------|---------------------|
| Operating Revenues                        | \$32,897,461         | \$32,557,027        |
| Operating Expenses                        | <u>\$28,057,159</u>  | <u>\$28,128,030</u> |
| Operating Income                          | <u>\$4,840,302</u>   | <u>\$4,428,997</u>  |
| Nonoperating Revenues                     | <u>\$1,286,282</u>   | <u>\$1,487,483</u>  |
| Income Before Contributions and Transfers | <u>\$6,126,584</u>   | <u>\$5,916,480</u>  |
| Capital Contributions                     | \$4,489,150          | —————               |
| Operating Transfers to Primary Government | <u>(\$58,976)</u>    | <u>(\$16,674)</u>   |
| Net Income                                | <u>\$10,556,758</u>  | <u>\$5,899,806</u>  |
| Retained Earnings, January 1              | <u>\$92,570,406</u>  | <u>\$86,670,600</u> |
| Retained Earnings, December 31            | <u>\$103,127,164</u> | <u>\$92,570,406</u> |

*The notes to the financial statements are an integral part of this statement.*

*In 2001, Saint Paul Regional Water Services adopted GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."*



# Select financial information from 2002

## Condensed Statement of Net Assets

|  |                      |
|--|----------------------|
| Assets   |                      |
| Current Assets                                       | \$28,670,605         |
| Restricted   | \$5,528,546          |
| Other Assets   | \$270,496            |
| Fixed Assets   | <u>\$186,877,991</u> |
| Total Assets   | <u>\$221,647,638</u> |
| Liabilities and Fund Equity                          |                      |
| Current Liabilities (Payable from Current Assets)    | \$6,712,209          |
| Current Liabilities (Payable from Restricted Assets) | \$839,936            |
| Noncurrent Liabilities                               | <u>\$29,829,546</u>  |
| Total Liabilities                                    | <u>\$37,381,691</u>  |
| Net Assets   |                      |
| Invested in Capital Assets, Net of Related Debt      | \$156,990,788        |
| Restricted   | \$5,473,616          |
| Unrestricted   | <u>\$21,501,543</u>  |
| Total Net Assets                                     | <u>\$183,965,947</u> |

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## Condensed Statement of Revenues, Expenses, and Changes in Net Assets

|   |                      |
|---|----------------------|
| Operating Revenues                        | \$31,089,226         |
| Operating Expenses                        | <u>\$26,406,903</u>  |
| Operating Income                          | <u>\$4,862,323</u>   |
| Nonoperating Expenses                     | <u>(\$728,499)</u>   |
| Income Before Contributions and Transfers | <u>\$3,953,824</u>   |
| Capital Contributions                     | <u>\$2,437,948</u>   |
| Change in Net Assets                      | \$6,391,772          |
| Net Assets, January 1                     | <u>\$177,574,175</u> |
| Net Assets, December 31                   | <u>\$183,965,947</u> |

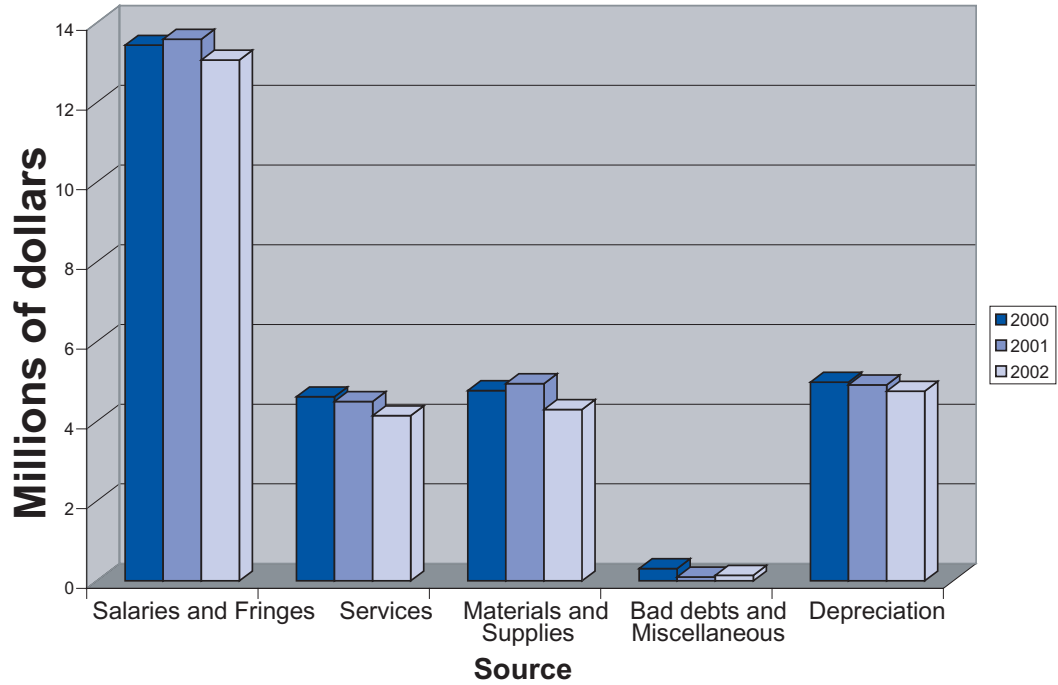
*The notes to the financial statements are an integral part of this statement.*

*In 2002, Saint Paul Regional Water Services adopted GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments."*



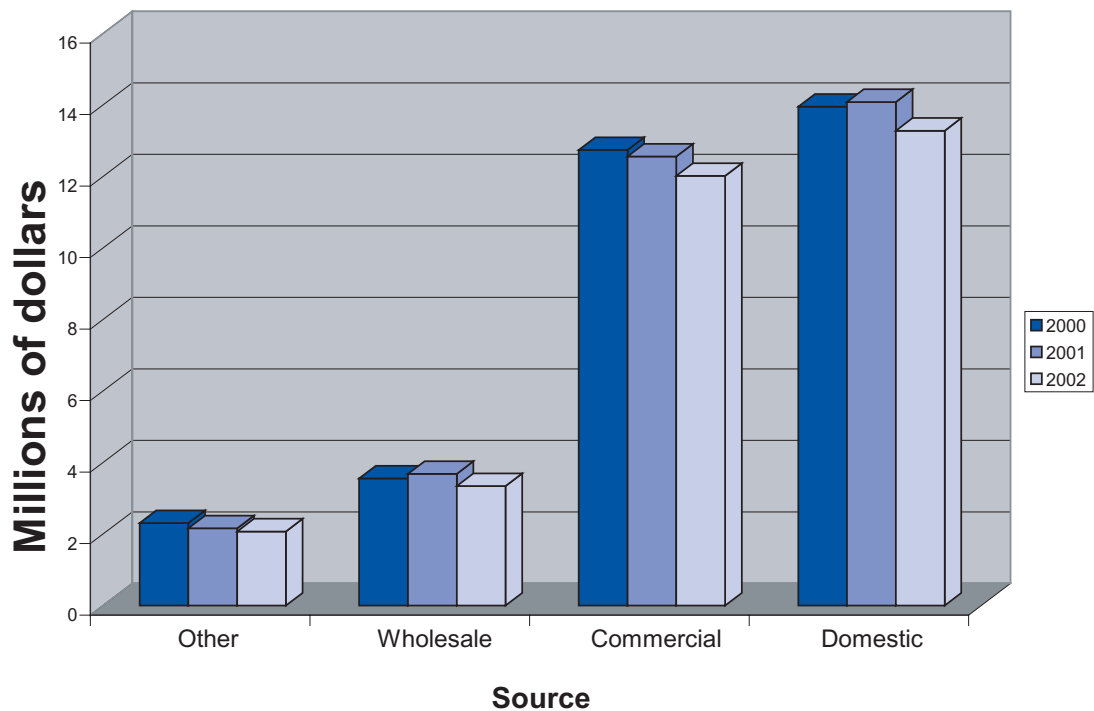
# Revenues and Expenses for 2000-2002

## Expenses for 2000-2002



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## Revenues Sources for 2000-2002







*Printed on  
Recycled Stock*