



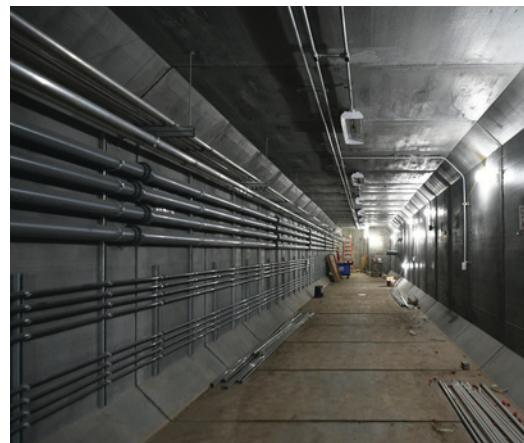
ANNUAL REPORT



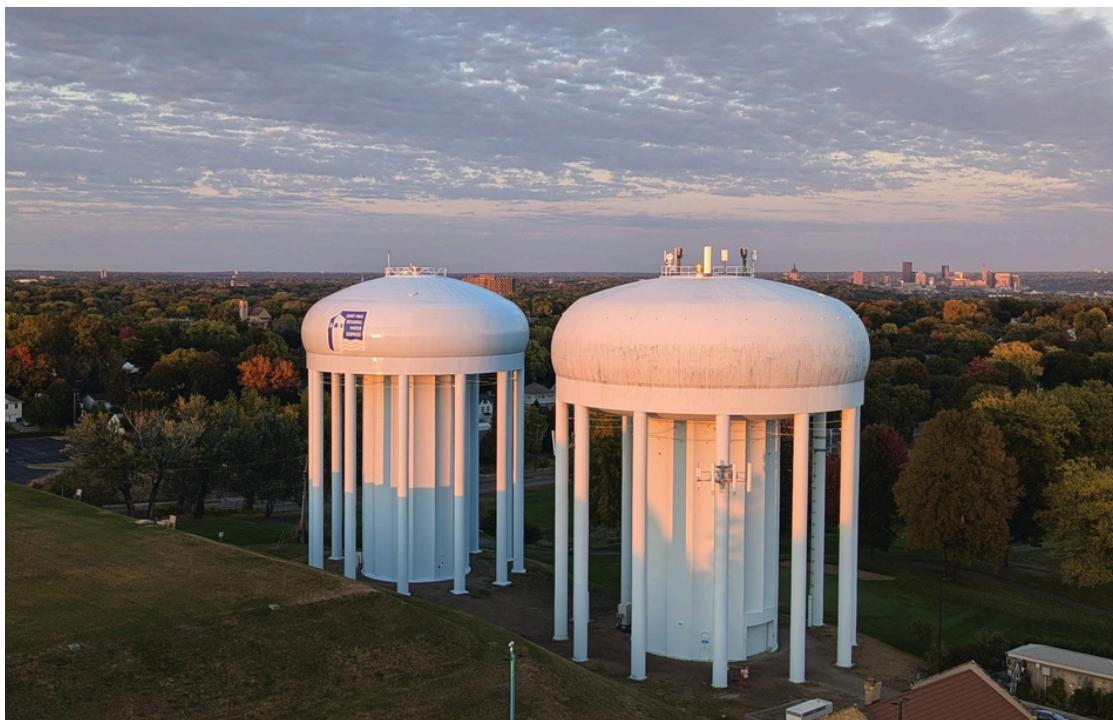
New Treatment Plant Updates



Construction on the new treatment plant is on schedule.



Top, the new clarifier. Left, the new ozonation equipment. Above, the pipe gallery in the new plant.



The Highland water tower was painted with our logo in 2024.

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A Message from the GM



In April 2024, I was honored to be appointed General Manager of Saint Paul Regional Water Services. I am deeply grateful for the opportunity to serve our communities alongside such a dedicated team.

What a year it has been.

Safe, reliable drinking water is essential to every community, and at SPRWS, we remain steadfast in our commitment to delivering high-quality water and exceptional service. Serving more than 450,000 customers in Saint Paul and surrounding communities, our nearly 300 employees work every day to maintain and improve our water system while keeping costs reasonable for those we serve.

In 2024, we made substantial progress in maintaining and enhancing our infrastructure. Crews replaced 6.5 miles of aging water main to ensure continued system reliability and removed 1,024 lead service lines, further strengthening our commitment to public health.

We also made significant headway on the McCarrons Water Treatment Plant upgrade, with 62.5 percent of the \$230 million project now complete. These improvements will enhance treatment capabilities, provide flexibility to meet future regulatory requirements, and help secure the long-term quality of our water.

To improve operational efficiency and service accuracy, we continued advancing our meter modernization efforts. In 2024, staff replaced 5,000 meter registers and installed 10 advanced metering infrastructure fixed collector units, enabling near real-time readings for approximately 22,000 accounts.

We also expanded our outreach efforts to better connect with the communities we serve. With the addition of a Public Information Officer, SPRWS increased its presence to more than 40 community events, strengthening customer relationships and raising awareness of our services. We further enhanced our community engagement by introducing a new water wagon, providing access to clean drinking water at local events and reinforcing our role as a trusted community partner.

These accomplishments are made possible by the dedicated professionals across SPRWS. Their expertise, commitment, and teamwork allow us to deliver high-quality service efficiently and effectively. As we reflect on the progress made in 2024, we remain focused on continuous improvement and long-term sustainability. Through strategic investments, modernized infrastructure, and strengthened community engagement, SPRWS is committed to maintaining the highest standards of service.

We appreciate the trust our customers place in us and look forward to another year of progress and innovation.



Racquel Vaske
General Manager

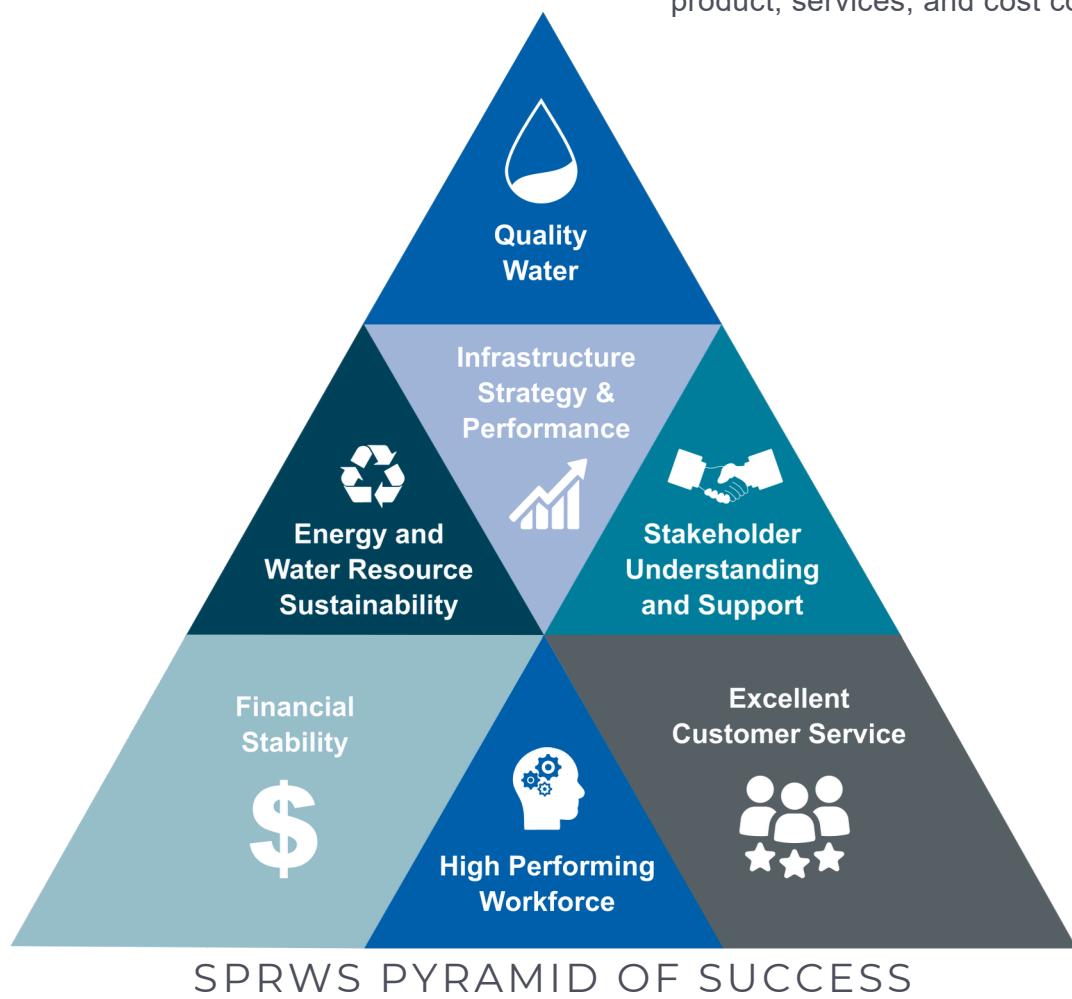
MISSION, VISION, & GOALS

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.



HIGH LEVEL OVERVIEW OF ORGANIZATIONAL GOALS

Each component of the SPRWS Pyramid of Success is essential to fulfilling our mission.

The foundational layer of goals forms the base of our success, providing the strength upon which all other efforts are built. As we strengthen each layer, becoming more efficient and effective along the way, we are better positioned to advance to the next level of goals. Together, these layers support our ultimate objective: delivering safe, high-quality water to our customers today and for generations to come.

Board of Water Commissioners

The Board of Water Commissioners oversees Saint Paul Regional Water Services and its operations. It consists of seven members: Two city of Saint Paul citizens; three Saint Paul city council appointees; and two suburban representatives.



Mara Humphrey
President



Nelsie Yang
Vice-President



Anika Bowie
Commissioner



Rebecca Cave
Commissioner



Saura Jost
Commissioner



John Larkin
Commissioner



Chris Tolbert
Commissioner

Executive Team

The Executive Team is composed of the General Manager and division managers overseeing Business, Distribution, Engineering, and Production. Together, they are responsible for setting the utility's vision and strategy; allocating resources; engaging external stakeholders; fostering a strong organizational culture; providing leadership; developing talent and teams; managing performance; and ensuring organizational accountability.



Racquel Vaske
General Manager



Rich Rowland
Business Manager



Graeme Chaple
Distribution Manager



Rich Hibbard
Engineering Manager



Che Fei Chen
Production Manager

Administration

The administration division provides essential support services across all areas of the utility while maintaining direct engagement with individual customers and the broader community. The division encompasses the general manager, public relations, safety and security, and human resources.



The water wagon at its inaugural appearance at the State Capitol.

Human Resources

In 2024, HR supported a workforce of nearly 300 employees, facilitating retirements and new hires to maintain operational efficiency. A focused training initiative led to nearly 100 of our employees earning a Class D operator's license or higher, reinforcing our dedication to professional development and operational excellence.

Public Relations & Community Engagement



Willy Water at a community event.

SPRWS expanded public engagement with the addition of a public information officer and participation in 43 community events. The launch of the Water Wagon provided clean drinking water at public gatherings, while bilingual staff enhanced outreach for the Lead Free SPRWS program. Communication efforts included the water quality report, annual report, customer newsletters, and enhanced website updates for construction projects.

Safety and Security

Key security and safety improvements in 2024 included:

- Expanded access controls at key facilities.
- Installation of additional security cameras.
- Hands-on training in First Aid/CPR, HazMat, fall protection, and rail security.
- Facility assessments from CISA and FM Global to strengthen infrastructure security.
- Fall protection upgrades for tanks and towers.
- Replacement of aging rail car mover for improved stability and traction.
- Employee health initiatives, including lead level testing and hepatitis A/B vaccinations.
- Hiring of a training supervisor to enhance workforce development.



The new rail car mover with a chlorine tank.

Upcoming Initiatives

Starting in 2025, 0.5% of retail sales will fund the Water Works program, offering funds to assist low-income customers stay on top of water bills. SPRWS will also continue advocating for increased state and federal funding to support Lead Free SPRWS and further infrastructure improvements.



A child fills his cup from the water wagon at a local event.

Business

The business division provides essential services to other divisions within the utility as well as direct contact with individual customers and communities at large. The business division includes four business units: information services, customer service, meter operations, financial services.

Information Services

In 2024, information services advanced key projects from the technology roadmap, including a modernized payment portal, an integrated work and asset management system, and a water meter software upgrade supporting advanced metering infrastructure (AMI). Data integration initiatives improved decision-making through performance dashboards.

Customer Service

The customer service and billing unit processed 32,500 monthly bills and handled 48,304 calls in 2024, with an average wait time of 1:30 minutes and a 2.41% call abandonment rate. Key initiatives included revising the WaterWorks financial assistance program and assessing the shutoff process through a cost study, both set for Board approval in early 2025. Staff also supported the new payment portal's configuration and testing for a 2025 launch.

Meter Operations

In 2024, meter operations replaced 5,000 registers and installed 10 additional AMI fixed collector units, capturing real-time readings for 22,000 accounts. This upgrade improves billing accuracy, leak detection, and water resource management. Seasonal employees from the distribution group assisted with installations, optimizing workforce efficiency. The division continues monitoring system health and evaluating meter failure trends.

Finance

Financial services developed the 2023 annual financial report and collaborated with engineering to update the 10-year Capital Improvement Plan, identifying increased investment needs. Financial services will manage additional financing requirements while maintaining affordability. An additive study was completed to refine cost recovery and asset allocation practices. Operating revenue increased by 5.4% in 2024, while expenses rose by 8.2%, driven by inflation and upcoming debt service for the treatment plant project. The division remains committed to maintaining reasonable rates through forecasting, benchmarking, and performance monitoring.

Future Operations

Technology remains a priority, with Information Services delivering an Enterprise Asset Management System and a new payment portal in 2025. Artificial intelligence applications will also be explored. Financial oversight will focus on securing an updated rate study to align capital investments with strategic goals, ensuring long-term sustainability and affordability.

Distribution

The distribution division is responsible for the delivery of water from the water treatment plant to customers. This responsibility includes construction, operation, and maintenance of the water distribution system consisting of water mains, valves, service connections, hydrants, pump stations, storage facilities, and related underground piping infrastructure. The division also includes the dispatch office providing customer service and emergency response 24 hours a day, seven days a week, a garage that maintains all equipment and vehicles, and a warehouse to provide materials required to construct and maintain the distribution system.

Replace & Refurbish

The annual program to replace and refurbish water main continued in 2024 with an investment of nearly \$9 million. Approximately 6.5 miles of water main were replaced or rehabilitated in 2024, including 5,400 feet of pipe bursting installation, 1,850 feet of directional drilling and 7,800 feet of cleaning and mortar lining by division staff. Distribution staff also completed 88 hydrant replacements, 98 hydrant repairs, and more than 66 water main valve replacements. Division staff completed 521 lead service replacements in 2024.

System Maintenance

The distribution division performed inspections and repairs for more than 9,700 hydrants within the system in 2024. Unidirectional water main flushing was performed on 41 routes, representing approximately 120% of flushing work typically completed during an average year. The division also performed emergency repairs on 102 water mains and 19 services during 2024. A significant repair was also completed on the 16-inch steel water main on the Robert Street bridge.

Future Operations

The capital water main replacement program will continue in 2025 with key water main projects consisting of 16,300 feet of water main replacement, 6,400 feet of pipe bursting, 12,800 feet cement mortar lining, and 1,800 feet of directional boring main replacement. Water system improvements will also include the replacement of approximately 360 lead water services during the 2025 construction season, including private lead services between the property line and water meter.



Installing a re-habbed original 1884 water hydrant.

Engineering



Installing new copper service lines.

Engineering division provides professional and technical support for the utility, including planning, design, construction management, and inspection of various water supply, treatment, and distribution projects. Staff also manage water service agreements, plumbing permits, and private development reviews. The GIS team develops and maintains mapping applications and asset databases, while the plumbing inspections team ensures private plumbing systems meet standards and that backflow preventers are tested annually.

Lead Service Line Replacement

In 2024, we set a goal of 1,200 lead service replacements and successfully replaced 1,045, with an additional 160 under contract for early 2025. We have secured funding from the Minnesota Public Facilities Authority to support continued expansion in the coming years. We plan to replace all 25,000 lead service lines by 2032.

Engineering Service Desk

The engineering service desk processed: 183 new water service contracts; 135 hydrant use permits; 1,090 plumbing permits; and 51 private development project approvals through site plan review.

Damage Prevention

Staff provided oversight and inspection for: 33,000 feet of water main installation (public and private), marked more than 12,500 Gopher State One Call tickets and reviewed more than 650 right-of-way utility construction permits.

Maps & Records Unit

The maps and records team played a key role in supporting the Lead Free SPRWS program, developing multiple web maps, dashboards, and reporting tools for internal staff and contractors. They also maintained GIS infrastructure records, tracking thousands of updates related to replacements and new installations.

Future Operations

Looking ahead, the engineering division is preparing for an ambitious 2025, including: Increase lead service replacements to more than 2,400 lead service lines.

- More than 8 miles of water main replacement in collaboration with multiple city, county, and state agencies.
- A \$1.4 million project to repair and re-paint the 1.5 MG storage tank in the Highland Park neighborhood.
- Backflow (RPZ) Testing Software Implementation – Streamlining compliance for required annual testing.
- Capital Improvement Projects – Including the Fridley Station electrical substation improvements, raw water conduit repairs, pump station enhancements, and grading improvements at Sandy Lake.

Production

The production division ensures the treatment and supply of high-quality drinking water by maintaining essential infrastructure, including the water treatment plant, pumping stations, reservoirs, towers, and the water quality laboratory. Responsibilities also include regulatory reporting, responding to water quality concerns, and public education initiatives.

In 2024, annual water production averaged 40.3 million gallons per day, a decline attributed to above-average precipitation. Total pumpage from the McCarrons plant was 14,751 million gallons, with 8,166 million gallons sourced from the Mississippi River and 206.88 million gallons from groundwater.

Water Quality

Water quality remained excellent, with the McCarrons Treatment Plant receiving the 2023 President's Award from the Partnership for Safe Water. Minor aesthetic impacts were noted due to ongoing plant construction, contributing to an increase in taste and odor complaints from 7 in 2023 to 16 in 2024.

Operations

Operational costs reflected reduced production and market shifts. Chemical expenditures declined by \$0.13 million to \$5.11 million despite higher unit costs and the introduction of phosphoric acid for lead corrosion control. Electrical costs totaled \$1.83 million for finished water pumping and \$577,719 for raw water pumping. Pumping costs increased due to McCarrons construction phasing but were offset by higher watershed contributions from runoff.

Infrastructure Updates

Key infrastructure projects advanced in 2024. The SCADA cybersecurity project established a disaster recovery center, enhancing system redundancy and security. The AT&T network implementation provided failover redundancy for external facilities, and Edgehub air-gap testing was completed in preparation for 2025 deployment.



The SCADA system

Corrosion Control; Lead & Copper

The new corrosion control strategy, dosing 1.5 ppm orthophosphate, was implemented in January. Lead and Copper Rule compliance sampling showed a 90th percentile lead level of 9 ppb in the first half of the year and 12 ppb in the second half.

Capital Improvements

Capital projects progressed, including electrical and pumping improvements at the West Side pump station and the ongoing McCarrons plant improvements project, which reached 62.5% completion.

Future Operations

In 2025, significant staff efforts will focus on McCarrons plant commissioning, including testing and operational integration. The asset management plan will be finalized to support the implementation of the Enterprise Asset Management System (EAMS), ensuring preventative maintenance for critical infrastructure. Capital projects include electrical system upgrades and generator installation at the Mailand pumping station, along with major improvements at the Fridley pumping station, covering electrical, mechanical, and structural enhancements. The division remains committed to optimizing water quality, operational efficiency, and infrastructure resilience to support long-term service reliability.



Clarifier No. 2 will be taken out of service in 2025 as part of the treatment plant upgrades.

Financial Report

Condensed Statement of Net Position (in thousands)

	Fiscal Year 2024
Assets	
Current and Other Assets	\$ 99,349
Capital Assets - net	<u>\$ 583,792</u>
Total Assets	<u>\$ 683,141</u>
Deferred Outflows of Resources	<u>\$ 7,119</u>
Liabilities	
Current Liabilities	\$ 33,577
Noncurrent Liabilities	<u>\$ 211,901</u>
Total Liabilities	<u>\$ 245,478</u>
Deferred Inflows of Resources	<u>\$ 21,339</u>
Net Position	
Net Investment in Capital Assets	\$ 395,345
Restricted for Debt Service	<u>\$ 15,648</u>
Unrestricted	<u>\$ 12,450</u>
Total Net Position	<u><u>\$ 423,443</u></u>

Condensed Statement of Revenue, Expenses and Changes in Net Position (in thousands)

	Fiscal Year 2024
Operating Revenues	\$ 83,768
Non-Operating Revenues (Expenses)	<u>\$ 3,492</u>
Total Revenues	<u>\$ 87,260</u>
Operating Expenses	<u>\$ 69,451</u>
Income (Loss) Before Capital Contributions	<u>\$ 17,809</u>
Capital Contributions	<u>\$ 929</u>
Change in Net Position	<u>\$ 18,738</u>
Net Position - January 1, as previously reported	<u>\$ 405,638</u>
Restatement (Note 2.D.)	<u>\$ (933)</u>
Net Position - January 1, as restated	<u>\$ 404,705</u>
Net Position- December 31	<u><u>\$ 423,443</u></u>

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

The complete financial report for 2024 is available from Saint Paul Regional Water Services. To obtain a copy please visit us at www.stpaul.gov/water or contact the Financial Services Department at 1900 Rice Street, Saint Paul, MN 55113.



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