



Annual Report

Saint Paul Regional Water Services

2022



2022 Annual Report



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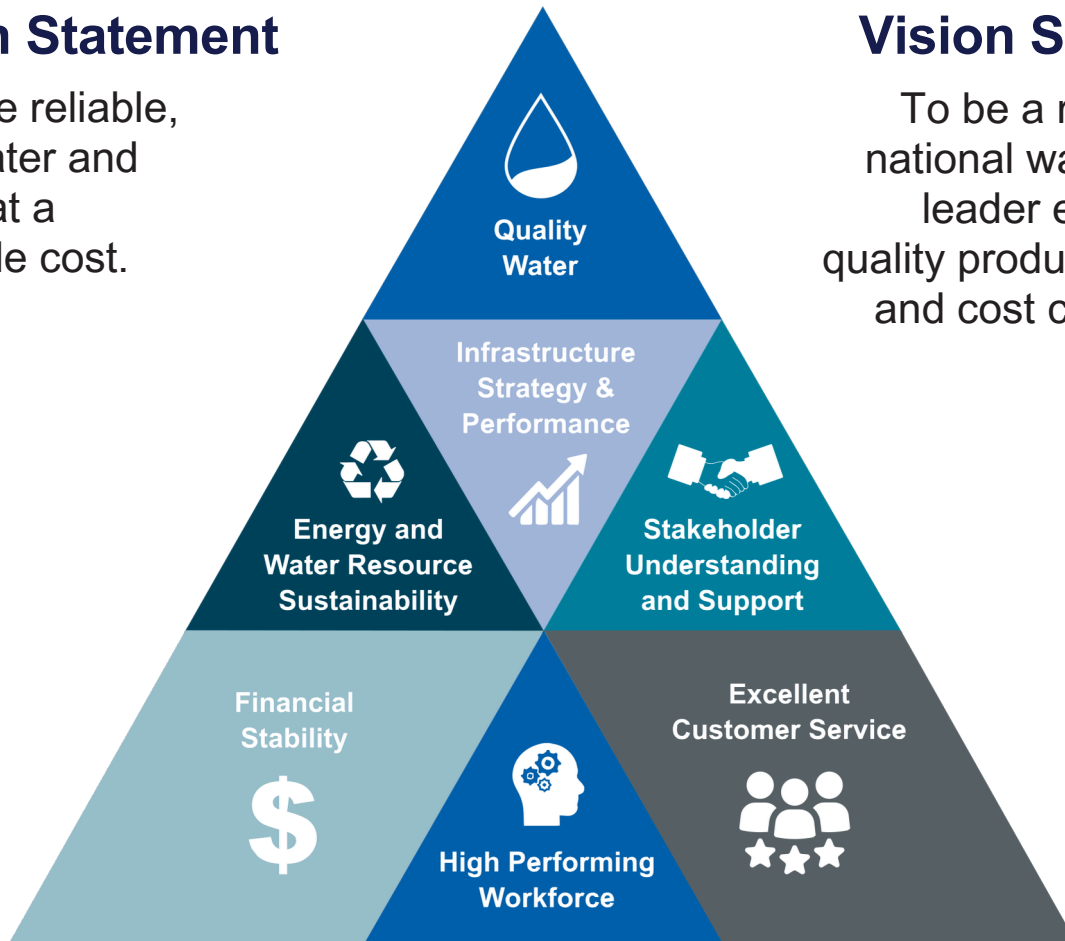
Mission, Vision & Goals

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.



SPRWS Pyramid of Success High Level Overview of Organizational Goals

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

BOARD OF WATER COMMISSIONERS

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

President



Mara
Humphrey



Nelsie
Yang

**Vice
President**

Commissioners



Marylee
Abrams



Amy
Brendmoen



James
Bykowski



Alene
Tchourumoff



Chris
Tolbert

Executive Team

The SPRWS Executive Team consists of the general manager, assistant general manager, and the division managers. This year, Jim Bode, production division manager, retired after 35 years of service, and Che Fei Chen was named division manager. Dave Wagner, engineering division manager, retired after 35 years of service, and Rich Hibbard was named division manager.

**General
Manager**



Patrick
Shea



Racquel
Vaske

**Assistant
General
Manager**



Business
Dolly Ludden



Distribution
Todd Blomstrom



Dave Wagner
(Through June)



Rich Hibbard



Jim Bode
(Through June)



Che Fei Chen

Engineering

Production

A Message From the General Manager

2022 marks the start of two of the water utility's largest ever projects: The \$250 million update to the water treatment plant, and the kick-off of a 10-year plan to remove lead, Lead Free SPRWS.



Patrick Shea
General Manager



SPRWS is proud to provide water and services to more than 450,000 customers in Saint Paul and the surrounding communities. This important effort takes a professional, and dedicated team! After the 2021 end to the pandemic, 2022 saw workers return to the office at least 60 percent of the time, bringing energy and excitement to the workplace.

We are excited to embark on two of the largest projects SPRWS has ever undertaken: The update to the water treatment plant and the beginning of Lead Free SPRWS. The \$250 million plant update will bring new reliability to a plant where some of the components were well over a 100 years old. In addition, it will bring new features such as ozonation to the arsenal of treatment options. We broke ground this year and the project will continue until its completion in 2026.

We are also launching Lead Free SPRWS, a 10-year, ambitious program designed to remove all the lead from the service lines in our system, including those in private property, at no cost to homeowners.

SPRWS is proud of our accomplishments and we invite you to review the year 2022 with us. Thank you for your interest in SPRWS.



Water Treatment Plant Update

SPRWS hosted a groundbreaking for the new treatment plant updates in the spring of 2022.



Members of the executive team celebrate the ground breaking in May of 2022.

Construction began on the new water treatment plant improvements in the fall of 2022. The project will replace older portions of the facility with modern technologies that are more reliable and efficient. When finished, the new facility will continue to provide some of the best water in the country, now and for future generations. It is scheduled to be complete in 2026.

The treatment plant update is projected to cost \$250 million and take four years to complete. It is the largest drinking water infrastructure project in the state.

\$250
MILLION
Investment



General Manager Patrick Shea, Board Commissioner Chris Tolbert, Mayor Melvin Carter, and Board President Mara Humphrey at the groundbreaking event.



A worker guides a directional boring device through the ground as part of the lead service line replacement process.

SPRWS hosted a Lead Free SPRWS groundbreaking as part of the project kick off.

SPRWS launched Lead-Free SPRWS, an ambitious 10-year plan to remove the remaining 26,000 lead service lines in the water system by 2032. The goal of the project is to ensure that no lead remains in the distributions pipes delivering water to homes and businesses in our communities. The project is estimated to cost about \$300 million.

The administration team played a significant role in the development of Lead Free SPRWS, including program design, staffing decisions, website and outreach development, and the pursuit of funding.

Funding from the American Rescue Plan through the City of Saint Paul, allowed SPRWS to pilot the program and replace 300 lead service lines on private property. This is the first time SPRWS has replaced private lead service lines. We added a team of staff called the lead service replacement coordinators to the engineering division in 2022 to help develop and implement the Lead Free SPRWS program.

Looking into the future, the goal in 2023 is to replace 800 lead service lines, while 2024 is slated to see more than 1,200 lead service lines replaced.



ADMINISTRATIVE ACTIVITIES

Human Resources

The HR team stayed busy throughout 2022 keeping up with retirements as well new staffing needs resulting from the launch of Lead Free SPRWS. More than 30 new employees were hired in 2022 and at least this many will be hired in 2023. In addition, the HR team worked closely with managers to bring employees back to the office post pandemic.

60%

In 2022, SPRWS employees who had worked from home during the pandemic all returned to office at least 3 days/week.

Public Information

Public information efforts this year included hosting two groundbreakings for our largest projects: the McCarrons Treatment Plant update and the Lead Free SPRWS kick off. In addition, public information published the water quality report, the annual report, the quarterly customer service newsletter, and developed a variety of new informational brochures. Communications around our construction projects continued with frequent website updates and email newsletters.

After the pandemic, many community events in the areas we serve resumed, including the Highland Park water tower open house.

Business Improvement Unit

The BIU team focused on the implementation of the SPRWS Strategic Plan, including the launch of a new system to monitor and ensure progress called Envisio. As the utility continues to experience turnover due to retirements BIU has also played a crucial role in the efforts to transfer knowledge by documenting existing practices and coordinating initiatives tied to innovation and efficiency.

Business Division

Information Services



Cyber Security

The information services staff has partnered with the production division SCADA team and the city of Saint Paul's office of technology and communications to address the various regulations issued at the state and federal levels. The goal is to establish strong cybersecurity measures to protect SPRWS systems, data, and customers from potential cyber threats.

IT Road Map Implementation

IS staff has begun implementing various IT projects identified and prioritized by the needs assessments conducted in 2021. These include the asset and work management system, water automated metering infrastructure, data integration, collaboration platforms, and cybersecurity.

Future Operations

Technology continues to be a current and future focus for operations, maintenance, and administration processes and functions. Work on road map projects will occur throughout the next five years. Data integration will continue to be a key focus in 2023.

Financial Services

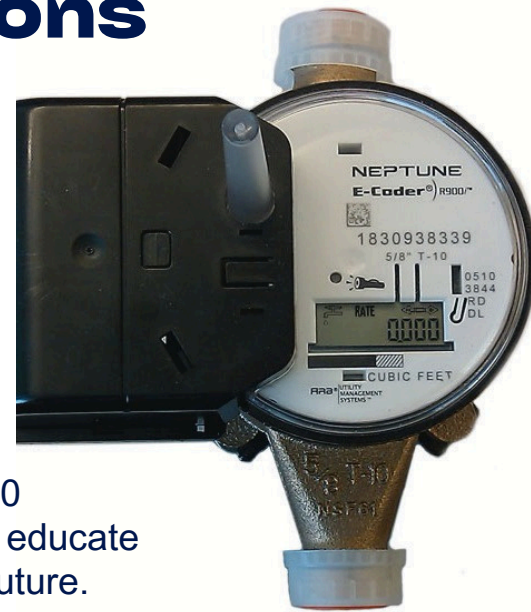
Financial services staff completed and published the 2021 annual financial report. Results showed the diligence in the finance team to ensure fiscal responsibility. Revenue and operating expenses trended upward, increasing by 7% and 5.2%, respectively. With increasing debt service loads in the future due to the treatment plant project, the goal is to continue with our diligent work to maintain reasonable and affordable rates for the utility's customers. The team also developed the annual budget that ensures long-term financial stability and integrity.

Future Operations

The unique opportunity of new staff joining the finance team will be an exciting time going forward. This presents a chance to review policy and procedures for making business process updated in the spirit of efficiency and effectiveness.

Meter Operations

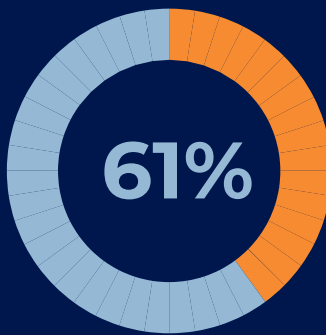
We are in the process of configuring a meter testing database in CIS to populate historic test results back to 2013. With this data available, we will continue to create a comprehensive meter testing schedule with the goal of identifying the optimal interval or accumulated consumption for initiating meter testing and replacing water meters by account. We were able to test 100 percent of all 3-inch and larger meters in 2022.



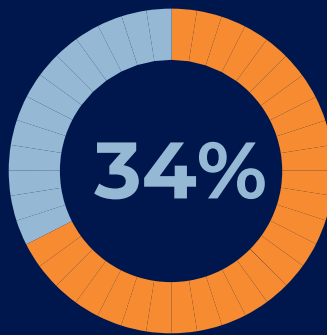
Leak Alerts

In the past five years, we have reached out to more than 14,000 customers in the Leak Audit Program. The goal is to notify and educate customers on how to stop leaks and then prevent them in the future.

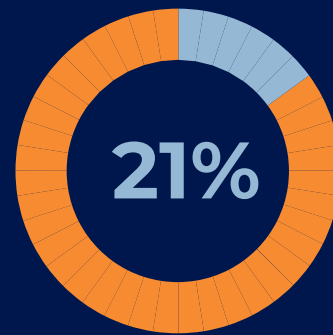
Customer Service



Bills paid electronically



Bills paid via credit card



Bills paid via auto withdraw from a bank

Water Bills Issued Per Month

32,500



Of all 131,664 calls into the call center in 2022, 56,615 or 43 percent were handled by the call center staff. The remaining 75,048 were handled by the IVR.

Water Bills Issued Per Work Day

1,300

43%

Distribution Division

Distribution is responsible for the construction, operation, and maintenance of the water distribution system. This year they added 10 pump stations and 15 storage facilities to their list of responsibilities which had previously been managed by the Production Division.



6 miles

of water main

We replaced or re-habbed 6 miles of water main in 2022.

119

hydrant replacements

We replaced 119 water hydrants and repaired another 93 hydrants and conducted an additional 63 water main valve replacements.

9,600

hydrant inspections

We inspected 9,600 water hydrants and 470 water valves. In addition, we performed emergency repairs on 130 water mains and services.

Future Operations

In 2023, plans are to conduct 6,000 feet of pipe bursting, 10,000 feet of cement mortar lining, and 4,000 feet of open cut main replacement. In addition, 700 lead water service lines are scheduled for replacement by SPRWS crews.

Engineering Division



Water Conduits

built in the 1920s and 1950s

Two 60-inch raw water conduits, a concrete line built in the 1920s and a steel line constructed in the 1950s, convey water from the Mississippi River to Charley Lake, which provides the primary source of raw water that makes its way to McCarrons Treatment Plant. Internal concrete and joint repairs were completed on operations of the concrete conduit. Cathodic protection was installed in key locations along the steel conduit to provide protection from corrosion and extend the life of the pipeline.

Ferndale Tank

rehabilitation

The Ferndale Avenue Water Tank, originally built in 1987 and located in the city of Maplewood, was rehabilitated in 2022. This work included spot repairs, sand blasting, and the installation of a new coating system.

Future Operations

A 10-year master plan will be finalized in 2023 for all pump station capital improvements. Lead Free SPRWS has a goal of replacing 800 lead service lines in 2023. A new development called The Heights will include new water public infrastructure.

140

new water service contracts

The Engineering Service Desk processed 140 new water service contracts; 138 hydrant use permits; and 1,319 plumbing permits. 66 private development projects were approved.

11,000

Gopher One State One Call

Over 11,000 Gopher State One Call tickets were marked and more than 900 right-of-way utility construction permits were reviewed. Over 15,000 feet of water main construction was overseen by Damage Prevention.

Production Division

Producing high quality, finished water from raw water is the main responsibility of this division.



Construction on the plant involved removing the two secondary settling basins and the No. 1 round clarifier in order to make room for the new clarifiers and the recarbonation chamber and ozonation building.

Improvements

The infrastructure telemetry communications improvement project was initiated in September of 2022 to replace the existing Century Link DSL modem as well as the radio communication equipment with Ethernet communication services for all 22 pump stations and storage facilities located within the distribution system by 2023. Older PLCs and routers are also being replaced as part of the project. These changes will improve SCADA connection reliability and data transfer speed with remote facilities and reduce communication failures. Project completed date is May 2023.

Several capital projects construction phases progressed in 2022. Electrical and pumping improvements to the West Side Pump Station went into the construction phase, with Municipal Builders the general contractor. Construction also began on the Highland Park pump station for electrical improvements in 2022, with Premier Electric the general contractor. The design phase for the plant improvement project was completed and construction planning phase started in March of 2022 with construction initiated in May of 2022; this will result in the largest capital project ever undertaken by the utility.

Production Division

Continued

Average water production
per day in gallons

41.8M

Annual water production
in gallons

15,150M

Electrical cost per million gallons
of water pumped in 2022

\$78.86

Inches below normal for
rainfall in Saint Paul in 2022

9.26

Future Operations

The Treatment Plant improvement project will demand a large part of staff time over the next two years as they coordinate with the construction efforts and maintain plant operations during the construction period. Capital improvement work will continue on the remote pumping stations' electrical systems. A pump station master plan study was initiated in 2022, which will result in more capital improvements in addition the electrical system upgrade in 2023. The production division is committed to making further improvements in chlorine and ammonia system operations and to ensure compliance with OSHA and the EPA Clean Air Act regulations. The enterprise asset management system will be configured in 2023. This will allow preventive maintenance work orders to be generated to conduct preventative maintenance for the McCarrons Water Treatment Plant's asset coverage including: valve exercising programs, the pump maintenance program, electrical motor control system and switchgears, as well as pump stations and storage facilities.

Financial Statements

Condensed Statement of Net Position (in thousands)

	Fiscal Year 2022
Assets	
Current and Other Assets	\$89,941
Capital Assets - net	\$ <u>424,514</u>
Total Assets	\$ <u>514,455</u>
Deferred Outflows of Resources	<u>\$12,724</u>
Liabilities	
Current Liabilities	\$24,742
Noncurrent Liabilities	\$ <u>106,100</u>
Total Liabilities	\$ <u>130,842</u>
Deferred Inflows of Resources	<u>\$15,681</u>
Net Position	
Net Investment in Capital Assets	\$ 356,013
Restricted for Debt Service	\$16,613
Unrestricted	<u>\$8,029</u>
Total Net Position	<u>\$380,655</u>

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

The complete financial report for 2022 is available from Saint Paul Regional Water Services. To obtain a copy, please visit us at stpaul.gov/water or contact the financial services department at 1900 Rice Street, Saint Paul, MN 55113.

Financial Statements

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

	Fiscal Year 2022
Operating Revenues	\$73,547
Non-Operating Revenues (Expenses)	<u>\$(4,787)</u>
Total Revenues	<u>\$68,760</u>
Operating Expenses	<u>\$59,470</u>
Income (Loss) Before Capital Contributions	\$9,290
Capital Contributions	<u>\$446</u>
Change in Net Position	<u>\$9,736</u>
Net Position - January 1	\$ 370,919
Net Position - December 31	<u><u>\$ 380,655</u></u>

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