Board of Water Commissioners of the City of Saint Paul

July 10, 2012 Meeting

Agenda and Minutes

BOARD OF WATER COMMISSIONERS July 10, 2012 Meeting Agenda

CONSENT AGENDA:

- 1. Approval of the Minutes of the regular meeting of June 2012.
- 2. Approval of the Financial Statements for the month of May 2012.

DISCUSSION ITEMS:

- 3. 2013 Budget Preview (Attachment to be handed out at the Board Meeting)
- 4. West St Paul Drinking Water Advisory Report (no attachment)

GENERAL MANAGER'S REPORT

BOARD OF WATER COMMISSIONERS

July 10, 2012

Meeting Minutes

This publication is a summary of meeting proceedings. The full text is available upon request at 651-266-6275.

President Anfang called the meeting to order at 5:00 p.m. in the Committee Hearing Room 330, City Hall.

Roll call.

Present: President Anfang, Vice President Brendmoen, Secretary Gagnelius, Commissioners Bykowski, Lantry, Rossbach and Tolbert.

Commissioner Kleindl arrived during discussion item 3.

Steve Schneider, General Manager; Chris Eitemiller, Saint Paul Office of Financial Services; Steve Gleason, Jim Graupmann, and Bill Tschida, Saint Paul Regional Water Services.

CONSTENT AGENDA:

Consent Agenda Item Nos. 1 and 2 were moved for approval by Commissioner Lantry and seconded by Commissioner Bykowski as follows:

- 1. Approval of the Minutes of the regular meeting of June 2012.
- 2. Approval of the Financial Statements for the month of May 2012.

Approved Yeas - 6 Nays - 0

DISCUSSION ITEMS:

3. West St. Paul Drinking Water Advisory Report (attached)

Production Division Manager Jim Graupmann presented a report on the June 19, 2012 power outage incident in West St. Paul. Hard copies of the attached chronology were distributed to Board members.

A storm knocked out power at the West Side Pumping Station at 4:30 AM. A mobile generator was dispatched from McCarrons to the Marie Avenue Water Tower at 8:00, but did not arrive until 9:45 because of driver availability and traffic issues caused by the wide-spread power outage.

At the site, SPRWS electricians encountered problems with voltage compatibility, the electrical meter on the main panel and the station's electrical connection adaptor. The pump station was constructed by the city of West St. Paul during the time it owned its water system and the adaptors were not compatible with SPRWS' generator. Resolving these issues took until 11:25; four minutes after the tower had been drained dry.

Negative pressure created by a tank going dry while connected to the water system is a serious matter, as it has the potential to draw contaminants into the system. SPRWS laboratory staff immediately notified the State Health Department, which required that the utility issue a Do Not Drink Water Notice to all consumers within the service area of the tank. SPRWS initiated its Code Red notification to customers within the affected area, which resulted in 2,215 successful calls out of 4,644 tries. Notification was given to West St. Paul City Engineer, Mayor, police, and school district. Restaurants within the service area were placarded. Do Not Drink Water Notice information was posted on SPRWS and West St. Paul websites. A Do Not Drink Water Notice press release was issued.

The following day, sampling and testing indicated that no contamination had occurred during the period of negative pressure. Code Red notifications, press releases and websites announced the end of the Do Not Drink Water Notice.

Commissioner Rossbach asked if it would be a good idea to have a generator on site at each pump station to reduce the time of power outage.

Mr. Graupmann replied that the generator required to power a pump station costs around \$300,000 and there are a total of nine stations. One of the problems in this incident was that the utility's generator had never been tested at this particular station. Staff has since begun testing the use of the mobile generator at each station to determine time from initial dispatch to full operation.

4. 2013 Budget

Mr. Schneider presented his 2013 Budget recommendation letter (attached).

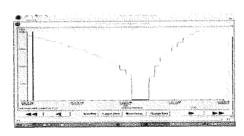
GENERAL MANAGER'S REPORT

1.	Highland Water Tower Open House wil	l be conducted on Saturday July	21 and Sunday July 22,
2012 ir	n conjunction with Highland Fest.		
	Motion to adjourn was made by Commi	ssioner Tolbert and seconded by	Commissioner Lantry.
	Approved.	Yeas - 7	Nays - 0
The me	eeting was adjourned at 5:55.		
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Chronology of the West St. Paul Event

Tuesday June 19, 2012

<u>Time</u>	<u>Status</u>
4:30 AM	Power out at West Side, West St. Paul (WSP), and Mailand stations
4:45 AM	PE II called Xcel about the outages.
7:30 AM	Xcel informs PE II to expect power restoration by 8:45 AM, with worst case 11 PM on Wednesday.
8:00 AM	From SCADA trends Jim G. estimates WSP tank will last until 1-2 PM, Sterling tank 3-4 PM, and West Side 6-7 PM.
8:00 AM	No generator is available for the West Side station. Jim G. ordered generator to WSP.
9:45 AM	Generator arrives at WSP at 9:45 AM; lining up a driver and bad traffic caused delays.
9:45 AM	Electricians on-site at WSP working to hook generator up. They encounter issues with voltage, electrical meter on main panel, and WSP adapter.
11:15 AM	Jim G calls electricians to check on progress; they report power will be in a minute. Tank level is at 8.5 feet; tank was at 34.2 feet at 4:30 AM.



11:20 AM	Tank level drops to 0.
11:21 AM	Electricians powered on pump, but the pump failed after one minute.
11:21 AM	Jim G asks Jim Bode to inform MDH on loss of pressure in WSP system. MDH orders "no drink" alert.
11:25 AM	Two pumps were successfully on.
11:30 AM	Tank again shows a level and is climbing.

11:45 AM	Jim Bode orders bacteria sampling in WSP service area.
12:39 PM	Code Red initiated calls; completes by 1:43 PM. 2215 successful calls out of 4644 tries.
1:00 PM	Press releases sent out on No Drink order.
1:15 PM	Jim Bode meets with MDH to set up sampling in WSP area.
1:20 PM	Calls from area begin flooding in to SPRWS.
2:00 PM	Notices given to WSP City Engineer, school district, mayor.
2:30 PM	No Drink info placed on SPRWS web site and on City of Saint Paul site. WSP Police were called as they were getting calls about the notice.
3:00 PM	IVR recording placed on SPRWS customer service number.
4:00 PM	Steve Gleason orders restaurants placarded.
7:00 PM	MDH calls back with their test results: all negative.
11:00 PM	Calls on the notice taper off to near none.

Wednesday June 20, 2012

8:00 AM	Calls begin asking if water is now safe.
9:30 AM	Bacteria tests hit their 18 hour limit and show no growth; results sent to MDH
9:40 AM	Receive word from MDH that it is ok to lift No Drink Order
9:42 AM	Code Red, IVR, and press releases were sent simultaneously announcing the end of the
	no drink order. Code Red has 2514 connects.
10:00 AM	Web sites modified to reflect water safe to drink.
10:30 AM	Steve G. and Jim G. ordered placards removed from restaurants.

Call Center Statistics:

Normal day: 600-700 calls in, of which 300 get to a CSR. (Remainder handled by the IVR).

June 19: 1365 calls in; 459 handled by CSRs. June 20: 1574 calls in; 520 handled by CSRs.

BOARD OF WATER COMMISSIONERS



President: Matt Anfang • Vice President: Amy Brendmoen

Commissioners: James Bykowski • Gregory Kleindl • Kathy Lantry • Chris Tolbert • Will Rossbach

July 10, 2012

Board of Water Commissioners

Dear Commissioners:

Re: 2013 Budget

OVERVIEW:

This budget has an increase in total revenue projected at \$10,000. The following is a summary of the highlights:

- The increase in revenue comes, first, from the introduction of a water service base fee, the elimination of the minimum charge, and a \$0.13/100 cu. ft. rate decrease. These changes, when combined with volume reductions and consumption pattern changes will actually generate a net total of about \$1,672,000 in additional revenue.
- Second, increases in various miscellaneous revenues are projected to increase \$190,000.
- Third, total contributions will decrease \$1,845,000 primarily due to the completion of the light rail project.
- Last, retained earnings will decrease \$7,000 to present a balanced budget.

This budget reflects an increase in spending of \$10,000. This includes an increase in operating expenses of \$1,190,000, and an increase in revenue funded capital improvements of \$691,000, a decrease in light rail funded capital of \$1,975,000, and an increase in debt service of \$104,000.

This budget also includes offsetting spending and financing for the debt funded capital for \$3,700,000.

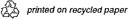
SAINT PAUL REGIONAL WATER SERVICES

Stephen P. Schneider, General Manager

1900 Rice St., Saint Paul, MN 55113-6810 • TTY: 651-266-6299 • 651-266-6350

Saint Paul Regional Water Services provides quality water services to the following cities: Arden Hills • Falcon Heights • Lauderdale • Little Canada • Maplewood • Mendota • Mendota Heights • Roseville • Saint Paul • West St. Paul





The fee for a typical resident user is \$3.00 per month or \$9.00 per quarter in 2013.

This budget has a rate decrease of \$0.13/100 cu. ft. as follows: 1

	<u>100 cu</u>	<u>bic feet</u>		
	<u>2012</u>	<u>2013</u>	Percent D	ecrease
Winter rate	\$2.42	\$2.29	(5.37%)	A = = = (5 260/)
Summer rate	\$2.52	\$2.39	(5.16%)	Avg.=(5.26%)

¹ for Cities of Saint Paul, Falcon Heights, Lauderdale, Maplewood, and West Saint Paul

If we assume an average consumption of 88 units (65,824 gallons), the impact on the average family is an increase of approximately \$24.56 per year for a total annual cost of \$241.92.

Other Revenue:

This budget does show an increase in other miscellaneous operating and non-operating income for \$190,000. The most notable changes here are an increase in antenna revenues for \$65,000. The light rail project will be completed in 2012, which will decrease contributions \$1,975,000 and other contributions are expected to increase \$130,000.

EXCESS OPERATING CASH:

The actual excess operating cash at the end of 2011 was \$939,000. The projected excess operating cash at the end of 2012 currently is \$279,000. With this budget, the projected excess operating cash at the end of 2013 will be \$48,000. A detailed of the cash changes is outlined in the attached appendix.

EXPENSES:

Operations:

Total operating costs have increased \$1,190,000 over 2012 levels. The table below summarizes the total changes.

· Salaries	\$190,000
· Fringes	\$702,000
· Services	\$328,000
· Supplies and Misc.	(\$30,000)
Total Operating Expenses	\$1,190,000

This budget has an overall decrease of 10.5 FTE's. There is an increase of 1.0 FTE's for interns for general operations and a decrease of 11.5 FTE's related to the completion of the light rail project. We are planning for no increase in wages from contract negotiations. The salary and fringes for the interns account for \$48,000. The remaining salary changes are for step increases in various areas. Fringe benefits are expected to increase approximately \$702,000. This is primarily due to a change in estimate for fringes and for rate increases. The net change in salaries and fringes is an increase of \$892,000.

We anticipate the cost of services to increase \$328,000. Costs related to debt service and the maintenance for the City's new finance system increased \$134,000 to \$427,000 and other central service fees increased \$168,000 to bring the total fees to \$2,244,000. The remaining is directly related to water production and distribution maintenance. The right-of-way recovery fee will remain at the 2012 budgeted level of \$1,928,000.

Supplies and other miscellaneous expenses are expected to increase a nominal \$2,000 over 2012 levels. Chemicals, electricity, and fuel and energy costs have increased \$25,000. Other miscellaneous supplies and expenses have decreased \$23,000.

	2012 Budget	2013 Budget	Difference	% Change
· Chemicals	\$3,624,000	\$3,695,000	\$71,000	1.96%
· Electricity	\$1,793,000	\$1,748,000	(\$45,000)	-2.51%
· Fuel and Other Energy	\$ 932,000	\$ 931,000	(\$1,000)	.11%
	\$6,349,000	\$6,374,000	\$25,000	_

DEBT:

We anticipate issuing debt in the amount of \$3,700,000. Consequently debt service payments have increased \$104,000.

CAPITAL:

Our capital program for 2013 includes:

· Business	\$	160,000
· Distribution	\$	7,325,000
· Production	\$	1,795,000
· Equipment and Small Capital	\$	1,327,000
· Debt Funded Production Capital	\$	3,700,000
Total	\$1	4,307,000

Revenue Funded Capital Improvements:

This budget shows an increase of \$691,100 in revenue funded capital improvements. There is an increase for water meters, distribution mains, services, and hydrants, and a decrease in the production area. Our program includes replacing approximately 9.0 miles of water main, 800 water connections, and 150 hydrants. This includes replacing all cast iron mains in the project areas. We are making necessary improvements to our water towers, pumping stations, and small capital and equipment in all areas of the utility.

Debt Funded Capital Improvements:

This budget shows an increase of \$3,700,000 in debt funded capital improvements. There are three primary projects:

	Plant Heating	\$ 1	1,100,000
•	Sludge Press	\$ 1	,500,000
•	Pleasant Lake Aeration	\$	800,000
•	Control Logic PLC's for Plant Filters	_\$	300,000
	Total	\$ 3	3,700,000

Light Rail Funded Capital Improvements:

The Light Rail Project will be completed in 2012. This budget reflects a decrease of the 11.5 FTE's who were working directly on the Light Rail Project. These positions were temporary in nature and costs go directly to the project. Contributions of \$1,975,000 were anticipated in 2012.

MISCELLANEOUS:

There are a few major professional service agreements in addition to those presented for the capital program. An assessment of our concrete supply and distribution mains, the University of Minnesota for water quality research models, Supervisory Control and Data Acquisition (SCADA) and Programmable Logical Controllers (PLC) updates, GIS enhancements, other technology related services, including outbound calling, enhancements to our Customer Information System (CIS), interfacing and reporting related to the new financial system and our Computerized Maintenance Management System (CMMS), and we are continuing security with Ramsey County at the present level.

CLOSING STATEMENT:

With this budget, we are requesting a 3.67% increase in water rates, implementing a water service base fee based on the size of the meter plus a \$0.13/100 cu. ft. decrease in consumption based water rates. The rates provided are necessary to fund operating and maintenance costs, debt service, the capital program at predefined levels, and the reduction in consumption levels. This rate increase will enable us to provide the same base level of service with a 7% increase in revenue funded capital spending.

I recommend the Board recommend this budget for approval as presented. Saint Paul Regional Water Services (Regional Water) continues to provide great water and services to our customers and continues to do so at a reasonable cost. We have been able to do so while continuing to increase our investment in our future through infrastructure replacement and making routine preventive maintenance a priority to ensure these assets last as long as possible. Regional Water has shown that we are effective at efficiently utilizing our available resources to provide these services yet are flexible enough to adjust our spending and programs when the estimated resources do not materialize. At all times, we act as responsible stewards of not only our natural resources but our financial resources as well.

I would like to extend my appreciation for the continued support shown by the Board for the operation of Saint Paul Regional Water Services. We continue to update and improve the way we do business and will always be looking for ways to move our organization forward. Regional Water's employees continue to show their dedication and attention to detail each day. We are recognized as leaders in our industry and could not do so without your support. Thank you.

Sincerely,

Stephen P. Schneider General Manager

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