



December 13, 2022 – Superintendent’s Report

ADMIN UPDATE:

The Utility and CFO are planning to submit the 2023 Proposed Budget and Salary Resolution at the December 27th meeting. Following is some information that will help you better understand the budget:

- With respect to salaries, both water and sewer budgets reflect the planned pay increases for 2023 and we have also re-classified some of our positions to move away from being split 50/50 water and sewer to being 100% water or 100% sewer. This more accurately reflects where the employees primary job assignments and where they spend most of their time working.
- On the sewer budget, our sewage treatment expenses are by far our biggest expense. We have budgeted for anticipated flows to treatment at the new rate for 2023 under the contract. We do believe we will continue to see our monthly flow volumes decrease as we complete more and more sewer rehab/replacement projects to eliminate inflow & infiltration to eliminate sanitary sewer overflows.
- Professional & Contractual Services
 - On the water side the typical expenses are well cleaning/repair services, annual well performance testing, high service pump & motor testing, inspection and repair services, other treatment plant and production well maintenance and repair services, emergency generator routine maintenance, repair and inspection services, testing, calibration and repair of water quality testing equipment, HVAC and electrical repairs at water facilities, contracted meter repair and testing services, concrete/asphalt/yard restoration services, various hauling charges for sand/gravel/cold mix deliveries, billing collection services, SSN verification services (for setting up new accounts), meter reading and various software support services for meter reading, billing, electronic gate access and other IT related charges, Indiana811 line locating ticket charges and SAMCO line locating expenses (note: SAMCO costs will increase in 2023 after not being raised last year), charges related to our GIS mapping and hosting site, building security system maintenance/repair charges, various other building repair services for work on doors, windows, roof, landscaping and overhead doors.
 - In 2023, the water utility will also be conducting a water rate study because of significant cost increases for chemicals, parts, fittings and other materials. In addition, this is in keeping with our pledge to review our rates on a timelier basis than in the past. It is now three years since the last phase of the 2017 water rate increase took effect and 3 years is a good interval for which to do this.
 - The sewer system has the same typical expenses noted above for water and many of the categories above are split 50/50 between water and sewer. Specific to sewer that are 100% sewer are costs such as sewer grit dumpster disposal services, annual sewage effluent testing (required under our contract for sewage treatment with CEG), sewage effluent volume metering charges (this is how we measure flow to CEG for treatment costs), contracted sewer cleaning and CCTV inspection for sewers we are unable to handle or when our equipment is not functioning properly, contracted sewer repairs, lift station pump, VFD and other component repairs/replacements.

- Materials and Supplies comprises all the various parts, fittings, piping, repair clamps, valves, hydrants, meter pit parts and fittings, sand/gravel/cement/asphalt for self-performed repair work and building materials. This category also covers small tools and minor equipment like hand tools, specialty tools, small pumps and power tools and other similar items. These categories are the same for both water and sewer although each side does have certain items that are unique to their operations. It should be noted that not only are we experiencing longer delivery times on most all of the parts, fittings and other items we purchase, but the costs of these items have also increased considerably, especially brass fittings used on water service lines and meter pit installations and also for our stainless steel water main repair clamps. We do not anticipate vendors lowering their prices when the supply chain/production issues eventually get straightened out, but we can always hope.
- Transportation expenses include gasoline and diesel fuel, oil, tires & tubes, other vehicle repair parts and contracted repairs for items the city garage is not able to handle.
- Insurance expenses are workers comp and vehicle/property insurance costs. Employee health insurance costs are included in the salaries and benefits category.
- Rental of equipment covers rental of specialty equipment that we may have a need for such as rental of sewer cleaning truck, which can happen occasionally when our truck needs to be repaired. We have also had to rent additional by-pass pumps and dewatering pumps before. Fortunately, these kinds of situations do not come up much.
- On the water side one expense that sewer does not have is chemicals for water treatment. The cost of chemicals has increased dramatically in 2022. Sodium hypochlorite (bleach) has increased 72% since January 1, 2022. Other chemicals such as fluoride and phosphate have also increased. In 2020, our actual chemical costs for the year were \$73,500, while for 2023 we find it necessary to budget at least \$170,000.
- Purchased power and gas costs are typical to both utilities and we have seen increases in both those recently.
- The last category of the operations budget to discuss is the “Miscellaneous Expense”. Typical costs in this category, which apply to both water and sewer, are:
 - Tree removal services,
 - Requested billing software modifications (such as when we must change the rates due to rate increases),
 - Annual fire extinguisher maintenance and inspection program,
 - SCADA hardware and software (the electronic equipment that are used to operate and monitor water plant and lift station operations, which also includes alarm notifications for when certain failures occur requiring operator attention),
 - Bank fees, credit card charges,
 - Utility bill printing and mailing services,
 - Backflow testing gauge calibration and repair services,
 - Shipping/freight charges,
 - Postage,
 - Travel and education costs for employee training and to maintain IDEM certifications for plant and distribution system operators,
 - Annual Marion County Wellfield Education Corp fee (required under county-wide ordinance),
 - IDEM water system annual fee,
 - Membership fees for organizations such as AWWA and AIRW,
 - Land line, cellphone, and internet charges,
 - Sewer lien filing charges related to debt collection.

Finally, with respect to our ongoing capital improvements budget our plan is to simply keep moving forward with our robust improvements program on the water side, and begin doing the same on the sewer side once we begin the bond-funded projects related to capacity issues and our EPA order, and also additional improvements performed with our internal working capital money once we have that built up to a level where we can start performing additional work not necessarily related to the bond-funded improvements.

What we are able to put towards our internal working capital is what we have left after we satisfy our bond debt reserve and sinking fund accounts as well as the PILOT payments. Then we have to make sure we have our routine operational costs covered.

In 2023, some of the water projects we will work on include:

- Completing our Phase II Contract B Water Main Replacement Project
- Closing out the 52nd Street Elevated tank project and the Maple/Zoeller/Wallingwood Water Main Replacement project
- Moving forward with the installation of two new wells in the Fort Harrison well field
- Bidding the Brookside Park Water Main Replacement project
- Performing another phase of our annual water meter replacement program
- Purchasing meters and associated fittings for routine in-house replacement needs and new services
- Address water utility vehicle and equipment needs
- Miscellaneous engineering costs that may be required

In 2023, some of the sewer projects we will work on include:

- Continuing to work on our EPA response with American Structurepoint; our updated sewer model is already in front of EPA for review and approval and once we receive approval, we have 180 days to complete our Sanitary Sewer Corrective Action Plan. After that is reviewed and approved by EPA, then we can start pushing EPA Order-related projects out the door. But this will likely not really take off until mid-year.
- In the meantime, our available sewer capital funding is pretty low for 2023, less than \$1M. Our plan is to have money available for pump, motor, and other Lift Station and grinder pump needs in case of failure
- Address sewer utility vehicle needs
- If possible, perform a small manhole or other sewer repair project.

I hope that the foregoing will help you in your review of the budget documents our CFO will soon be distributing to you and please do not hesitate to contact me if you have any questions/concerns or need clarification of any of these budget items.

Operational Data:

November Totals

SANITARY SEWER SYSTEM

- (30) Sanitary sewer lift station work-orders completed.
- (3) Sanitary sewer grinder pump station work-orders completed.
- 3,202 LF of sanitary sewer main cleaned. Bringing the 2022 total footage cleaned to 103,226 LF.

Water Distribution Underground Maintenance

- (1) Water main breaks repaired.
- (2) Water service line meter pits installed.
- (3) Water service line repairs completed.
- (1) Water main line valve box repaired.
- (1) "In-house" concrete restoration completed.
- (3) Yard restorations completed.
- Maintained all street and sidewalk cuts until final restoration can be made.
- (2) Fire hydrants repaired.
- (4) Water main valves exercised.
- (3) Water main shut outs performed.
- (2) Water line leak investigations performed.
- (31) Inspections for projects performed.
- Performed vehicle and equipment maintenance as needed.

WATER PLANT/WELL ACTIVITY

Fort Harrison Water Plant

- Installed new chlorine injection quill tap and piping on filter building gallery.
- Winterized the buildings and Wells.
- Pumped out two vaults for inspection.

Indian Lake Water Plant

- Contractor National Water Services worked on Well 15.
- Repair leaking fittings in chlorine room.
- Repair leaking phosphate fittings.
- Winterized the buildings and Wells.
- DNR performed the quarterly ground water level download.
- M. E. Simpson performed effluent meter testing.

Richardt Water Plant

- Repaired leak in chlorine line.
- Winterized the buildings and Wells.
- DNR performed the quarterly ground water level download.
- M. E. Simpson performed effluent meter testing.

Winding Ridge Booster Station

- Re-built deck.
- Winterized building.

52nd Street Tower

- American Suncraft is currently working on structural repairs, exterior touch-ups, and interior coating of the tower.

Oaklandon Tower

- Checked heat and prep for winter.

Water Quality Samples

- 50 water samples were taken from the distribution system and taken to an independent lab for testing.

BILLING ADJUSTMENTS: None