

April 11, 2017 – Superintendent’s Report

ADMIN UPDATE

Included with this report you will find a copy of the latest project list issued by the Drinking Water SRF agency, which shows our projects ranking number 4 overall on the list. This is a very good rating. The current interest rate is set at 2.21%. Should we fail to have an adequate rate structure in place to support the expected interest and principal payments and also demonstrate that our bond debt reserves, emergency operating reserves and normal operational funds are adequate, we will likely not make the June 30 loan closing. This would push us into the next round of funding, which could result in higher interest rates and maybe lower our ranking.

The annual “Red Flag” report is attached as Appendix “A” to this report and should you have any questions, please contact me or Cathy Retmier. This is a routine report and there are no items of interest or problems noted that need attention.

At the Council meeting April 3rd many statements were made by LU customers. I understand the objection to the large hike all at once during the first year.

When I accepted the superintendent’s job in 2016, my task was to “fix the utility problems”. For the most part, the utility problems are financial and not operational, with the exception of the aged and deteriorated state of a good portion of our infrastructure. There are some newer water mains, valves and hydrants in the system, some newer meters, etc., but our key components like our water plants, wells and storage tanks all need attention.

I am focused on the water utility here, but the same can be said of the sewer utility with regard to condition issues. I will point out though that a failure to adequately address the water utility financial issues could result in further damage to the sewer utility finances as well. As has been pointed out previously, we were unable to perform the capital improvements projects for the sewer utility last year due to the loan to the water utility \$1.5M. This loan must be repaid to the sewer utility so its repairs and improvements can be made.

Last year, our first task was to determine the utility’s financial condition exactly. Our controller, Jason Fenwick, and his staff, researched this monumental task and began producing monthly financial reports for LU staff and the USB. These reports are available on the website for any citizen to read. It quickly became clear that we were in a bad position:

- Our bond rating had been lowered to junk bond status
- The debt reserves were unfunded, and there were no cash reserves
- The water utility was in the hole to the tune of about \$1.5M
- The water utility must repay the loan to the sewer utility

We knew these serious deficits needed to be addressed, so have investigated a rate increase. None of this has been a secret, my letters in The Lift and public discussions during USB meetings have addressed these issues and actions.

We commissioned a rate study and the resulting recommendation is what is before the council now. We selected our engineering firm and financial consultant based on their abilities, knowledge, proven track record and professional reputation within their respective industries. I do not believe that providing any other firm with the same information used to perform these studies would result in a different outcome. The situation is what it is. There are certain financial

obligations that have to be met and we have to have adequate funds with which to properly operate and maintain the utilities and to make needed improvements.

With regard to the nature, extent and timing of the capital improvements projects, these are determined by the utility management staff. As licensed operators of a public water supply, our obligation is to provide a safe, adequate and reliable supply of water. We know what we need in order to be able to perform our duties responsibly and efficiently. We have identified those needs in the Phase I and Phase II. These are also included in the PER report as well as our 20-Year Water Master Plan.

As licensed water distribution system and water treatment plant operators our licenses and reputations are at risk if we fail to perform our job properly, and it is the operators of LU systems who would face the consequences should there be a major failure. Continuing down the path of half-measures, delays and deferral of necessary improvements, or failing to properly and adequately fund the utility operations, are not acceptable reasons to explain why a major failure occurred. It is my conviction that we have fulfilled our responsibility to identify the financial and operational needs of the utility. We have taken the appropriate findings and recommendations for addressing the needs to the elected and appointed governing bodies for action. I want to thank you as USB members for supporting LU with your unanimous passage of Resolution 2-2017. I also want to thank the Mayor and his administration for their full support as we made our recommendation to the council so we may take the necessary steps fix these utility's problems.

I also want to reassure you that the utility and its employees will continue to perform our assigned tasks and discharge our duties with dedication and to the best of our abilities.

Operational Data for March 2017:

SANITARY SEWER SYSTEM

March Totals

- 26 Lift station work orders completed.
- 7 Grinder pump work orders completed.
- 2 Manhole repairs completed.
- 115 Manhole inspections completed.
- 13,318 feet of sanitary sewer main cleaned.
- 14,452 feet of sanitary sewer main inspected with SL Rat equipment.
- 701 feet of sanitary sewer main CCTV'd.

LOCATES/LEAK LOCATING/VALVE TURNING/HYDRANT MAINTENANCE/INSPECTIONS

March Totals

- 599 Line locates completed.
- 109 Water main valve boxes repaired.
- 3 Fire hydrants repaired.
- 4 Water main shut-outs performed.
- 1 Leak investigation performed.
- 3 Plan reviews completed. Carroll Rd culvert replacement, 56th St Sidewalk replacement/upgrades, and Sumac water main replacement.

Inspections

- Westminster – Domestic and Fire water line extensions installed and passed all required testing.
- Otis Avenue Extension – Waiting for final inspection.

- Lawrence Central Football Stadium Concession – sanitary sewer main testing remains too done. Water mains are installed and 90% complete on all testing.
- Greens at Winding Ridge Section 5 – Sanitary sewers are 90% complete. Awaiting manholes to be set to final grade so manhole vacuum testing can be performed. The sewer main will then need to be cleaned and CCTV'd. Water main is installed and all testing completed and passed. Water main tie-ins are complete and now the water main is looped in so it can be fed from two directions. Punch list will be completed after roads are completed.
- Arts to Remember – Water mains are being installed. HDPE tap on 16" water main is completed.

WATER DISTRIBUTION

March Totals

- 7 Water service meter pits installed.
- 1 Water main valve replaced.
- 1 Water main sample station replaced.
- 1 Concrete restoration repair completed.

WATER PLANT/WELL ACTIVITY

Fort Harrison WTP

- Cleaned injector quills.
- Updated and installed new "safety data sheets" (SDS) in WTP.
- Removed old grease and greased motor and pump for HS#3.
- Rewired all HS (high service) pumps for new alarm settings on Mission equipment.

Indian Lake WTP

- Cleaned injector quills.
- Replaced a SIM chip on the mission radio that had gone bad.
- Updated and installed new "safety data sheets" (SDS) in WTP.
- Adjusted the programming on Mission to run chemical feed pumps with Well 14.

Richardt WTP

- Cleaned injector quills.
- Updated and installed new "safety data sheets" (SDS) in WTP.
- Replaced effluent water main pressure gauge.

Oaklandon Water Tower

- Removed obsolete control panel and removed enclosure.

BILLING ADJUSTMENTS:

5302 Dustin Dr.-customer is requesting an adjustment in the sewer portion of the bill in the amount of \$1254.28 due to service line leak under the home. We recommend approval.

11629 Eldridge Dr. customer is requesting an adjustment in the sewer portion of the bill in the amount of \$253.04 due to a service line leak. We recommend approval.

4620 Englewood Dr. – commercial customer is requesting an adjustment in the sewer portion of the bill and has requested the issue be put in front of the USB. The USB established policy is that only

residential customers are granted adjustments to the sewer portion of the bills when the customer shows the leak has been repaired and the water did not enter the sanitary sewer. Commercial properties are exempt from adjustments Per Resolution No.1 2014. We do not recommend approval.

10124 E. 46th St – commercial customer is requesting an adjustment in the sewer portion of the bill due to a leak and requested the USB make the ruling. We do not recommend approval.

***Copy of the Resolution is attached.

USB RESOLUTION 2, 2014
EXHIBIT 'A'

- Situation
 - Conditions for and type of adjustment
- Leak Adjustment
 - Residential and commercial customers are not eligible for adjustment of the water portion of their utility bill due to leaks
- Late charge waiver
 - Customer shows strong circumstantial or documented reason deemed to be beyond the control of the customer
 - Waive or credit late charge
 - Limit of one waiver per calendar year
- Late charge waiver - Mail claimed not to have been delivered
 - Customer shows excellent payment history for two years
 - First billing on a new account – consider one-time late fee waiver or credit
 - Limit of one waiver per calendar year
- Waive reconnect fee
 - Show hardship with reasonable and plausible description of circumstance deemed to be beyond the control of the customer
 - Show evidence of having timely paid the disconnect billing
 - Limit of one waiver per calendar year
- Extension of time to pay bill
 - Enter into a short term binding agreement for amounts equal to or less than thirty (30) days in arrears
 - Agreement must be personally executed at the billing office by a customer named on the account or by someone having said customer's power of attorney
 - No extensions may be granted after a service disconnect due to non-payment until all amounts in arrears have been satisfied.
 - If an extension is not satisfied according to its terms and the extension avoided a disconnect, then the failure to satisfy the extension agreement may cause the water service to be disconnected without additional notice being provided by the utility and remain so until all amounts in arrears have been satisfied.
 - Failure to honor the extension requirements for two consecutive months makes a customer ineligible to apply for an extension for six months from the termination date of the last extension agreement
- Meter accuracy test
 - Comply with utility test procedures
 - If meter flow is over-registering beyond testing accuracy standards, negotiate a mutually acceptable credit in accordance with look back period established in Resolution 2009-10.
 - Customer requesting accuracy test must be present for the removal of the meter from the structure/meter pit and testing of the meter at the Utility Operations Center.
- Water usage that appears not to enter sanitary sewer
 - Residential customer provides repair description and plumber's bill stating when and what nature of leak was repaired/stopped
 - Adjust sewer portion of bill to previous six (6) month's water usage average. If leak is within the months the summer sprinkling rate is applied, no additional adjustment will be provided
 - Apply credit for as many as three (3) month's usage above 'normal' usage
 - Residential adjustments limited to one adjustment per calendar year

APPENDIX “A”

2017 - ANNUAL REPORT FOR LAWRENCE UTILITIES IDENTITY THEFT PROTECTION PLAN

Reporting Period: 2017

1. Summarize the effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts.

The policy and procedures the Business Office employs continue to be effective and safeguard against identity theft. These policies also protect the utility from activation of accounts with false information being provided during account set up.

All Business Office employees are informed regarding the policies and practices in place to identify and prevent identity theft and also the safeguarding of sensitive customer data.

2. Identify any significant incidents involving identity theft and management's response during the prior twelve months.

The Business Office has had a few situations where non-account holders attempt to get information on an account. Once the policies are explained the situations are resolved easily.

No other incidences of compromised customer data or attempts at theft of customer data were identified or reported.

3. Identify any recommendations for material changes to the Plan.

No plan changes are recommended at this time.

Submitted: 4-11-17

Submitted by: Cathy Retmier

Reviewed by the Lawrence Utility Service Board: _____
Steven Hall, Pres. Utility Services Board