

# Internal Monitoring Report

**Policy #:** EL-2F Asset Protection

**Date:** August 25, 2015

**Frequency:** Annual

## **Policy Language:**

The General Manager shall not cause or allow utility assets to be unprotected, inadequately maintained, or unnecessarily risked. Utility assets include financial reserves, bond rating, physical infrastructure (such as pumps, pipes, reservoirs and wells), the groundwater supply, and the utility's reputation in the community.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to comply with City policies regarding asset protection.
2. Fail to ensure water availability for future and current customer needs through long-term resource supply and demand analysis, conservation and public education.
3. Fail to ensure adequate water quality for future and current customers through long-term analysis of water quality trends in well head protection areas, and by coordinating with appropriate regulatory and enforcement agencies to pursue prevention and remediation of contaminant sources in well head protection areas.
4. Use or permit the use of water by others outside the Madison Water Utility's existing water service area, unless in compliance with Madison General Ordinances (if applicable) and the City of Madison's Comprehensive Plan.
5. Fail to support annual professional development opportunities for the General Manager and staff that are well focused and appropriate to Outcomes or specifically designed to improve professional skills or required professional certification and/or licenses. The Internal Monitoring Report shall include the percent of the annual operating budget expended for training and development activities and a list of training, attendee, and new skills acquired.
6. Endanger the utility's public image or credibility.
7. Fail to follow the auditor's recommended internal controls.

## **General Manager's interpretation and its justification:**

"City policies regarding asset protection" means Mayoral Administrative Procedure Memorandum No. 1-7, Investment Policy. This policy addresses the protection of financial assets. The General Manager is aware of no other "asset protection policies.

"Ensure water availability" for current customers means that no customer is without water at standard levels of service quality, pressure and flow for an extended period of time absent unusual circumstances, such as catastrophic mechanical failure or extreme drought. "Ensure water availability for future customers" means that no City-approved development or expansion is delayed for a lack of water supply.

"Use or permit the use of water by others outside the Madison Water Utility's existing water service area" applies to normal operating conditions and excludes emergency conditions when water may be supplied to the Cities of Fitchburg and Monona through interconnections in accordance with signed agreements.

**Data directly addressing the General Manager's interpretation:**

1. All utility reserves are invested in either the City's investment pool or bond reserve trust controlled by the City Treasurer, in compliance with APM 1-7.
2. There has been no lack of water available for current or future customers. The utility plans for supply through its [Master Plan](#). Part of the plan was updated through the East Side Water Supply project, and the utility plans to hire a consultant to study/evaluate the West Side's water supply needs. The [Water Conservation and Sustainability Plan](#) is currently being implemented through a high efficiency toilet rebate program and online water conservation tool.
3. Working with Public Health and City Engineering, the Water Utility successfully pushed for additional groundwater monitoring, modeling, and remediation to be included in the DNR-developed scope of work at the Madison Kipp Corporation contamination site. Water Utility staff continues to engage staff from the DNR and other city agencies to ensure that remedial actions serve to protect the municipal well from future contamination. Madison Water Utility is represented on the DNR Heat Exchange Drilling (Geothermal) Rules Working Group which reviewed construction standards including establishing setback distances from contaminated sites and municipal wells, and requirements for documentation of drill hole locations.
4. No water has been provided outside the authorized service area, as defined in Madison General Ordinance 13.16(2).
5. Many professional development opportunities have occurred in the past year for the General Manager and staff. These have included conferences, seminars, course, and experiential opportunities. Training and development is a standing operating budget item. The utility's training and development expenditure as a percentage of its total payroll in 2014 was 0.56% (\$43,541/ \$7,837,969). In 2013 the percentage was 0.49% (\$37,464/ \$7,611,553). A list of trainings and attendees is attached to this report. This is not a comprehensive list due to a vacancy in the Finance section and a change in city operations that makes training requests more difficult to track.
6. There have been no conditions, procedures, or decisions that have endangered the utility's public image or credibility. Our Public Information Officer has written many informative stories written and shared them through social media; many have been picked up by industry and traditional media channels.
7. The financial audit and internal controls are an item on the August 25, 2015 board meeting agenda.

Per the directive of the Water Utility Board, the utility is in the process of hiring an Asset Manager. This individual will lead the utility's Asset Management Team and over the next 3 to 5 years develop a comprehensive Asset Management Program. The Asset Management Program will optimize the value of the utility's assets, schedule repair and replacement, and protect the system's ability to provide drinking water service to the citizens of the City of Madison for

generations to come.

I report compliance.

**Attachments:**

Employee Training Records