
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: April 28, 2009

SUBJECT: **BUDGET FOR THE METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY**

STAFF REPORT BY: Lehua Weaver

CC: David Everitt, Lyn Creswell, Mike Wilson, Josh DeBry, Jeff Niermeyer, Jim Lewis, Gina Chamness, Randy Hillier

The Metropolitan Water District of Salt Lake & Sandy (the “District”) is proposing an operating budget of \$12,422,703 for fiscal year 2009-10. The proposed operating budget represents an increase of \$210,547 or 1.7%, which is mainly due to an increase in the costs for chemicals and supplies, and personal services increases. In addition, the District is proposing a budget for capital improvements of \$8,681,111.

As a member city, Salt Lake City directly contributes approximately \$23 million annually toward the Metropolitan Water District Budget. This budgetary relationship is similar for Sandy City (as the other member city of the District); however, their assessments and purchases are proportionately less, due to their smaller population size and cost allocations based on cost of service. These budget items include:

- a. \$7,021,892 An annual assessment to pay for master planned capital projects through an Interlocal Cooperation Agreement – included in the Public Utilities Department Budget each year (through 2035). (Sandy City pays \$4,210,322.)
- b. \$9,552,000 Anticipated annual purchase of water from the District for sale and use through the Public Utilities water service – included in the Public Utilities Department Budget for 48,000 acre feet of water. (Sandy City purchases approximately 18,000 a.f.; \$3,582,000.)
- c. \$6,427,137 Property taxes assessed to Salt Lake City residents. (Sandy City tax revenue is estimated at \$2,195,212.) (Not including fees in lieu of taxes, or prior year tax revenues.)

The District’s Board is made up of two members appointed by the Sandy City Council and five members appointed by the Salt Lake City Council. The extensive water treatment and delivery functions allow the District to provide water to both member cities through purchase agreements, and sales to other entities, as water is available. (For more information about the District, please refer to the “Background” section at the end of this report.)

The Council has traditionally received a briefing on the proposed budget for the Metropolitan Water District of Salt Lake & Sandy, but is not required to take any official action.

Metropolitan Water District of Salt Lake & Sandy				
Proposed Budget for FY 2009-10				
	2008-09	2009-10		
	Budget	Proposed	Difference	Percent Change
Sources of Funds				
Water sales & other operating revenue	\$13,333,562	\$14,693,700	1,360,138	10.2%
Tax revenue	9,186,332	9,352,808	166,476	1.8%
Interest revenue	881,090	1,092,549	211,459	24.0%
Lab fees, power and miscellaneous	22,300	19,400	(2,900)	-13.0%
Vehicle sales	-	18,000.00	18,000	
Assessments	11,263,580	11,287,245	23,665	0.2%
Other Revenues	68,657	51,744	(16,913)	-24.6%
Bond Proceeds	-	-	-	
Use of prior bond proceeds/reserves	-	-	-	
Total sources of funds	\$34,755,522	\$36,515,445	1,759,923	5.1%
Uses of Funds				
Operations				
Salaries, wages & benefits	\$5,387,074	\$5,503,373	116,299	2.2%
Professional & contractual services	2,108,205	2,001,502	(106,703)	-5.1%
Utilities	1,554,579	1,561,282	6,703	0.4%
Repairs & maintenance	528,655	500,314	(28,341)	-5.4%
Chemicals & supplies	1,631,619	1,833,426	201,807	12.4%
Property & liability insurance	499,090	502,246	3,156	0.6%
Other expenses	552,205	520,560	(31,645)	-5.7%
Operating Expenses	\$ 12,261,427	\$ 12,422,703	161,276	1.3%
Water Assessments (PRWUA / CUP)	4,475,200	4,668,317	193,117	4.3%
Debt service (principal only)	3,765,000	4,500,000	735,000	19.5%
Interest expense	11,848,763	12,194,877	346,114	2.9%
Capital improvements & Equipment	7,264,124	8,681,111	1,416,987	19.5%
Total uses of funds	\$39,614,514	\$42,467,008	2,852,494	7.2%

KEY ELEMENTS

The major changes reflected in the District's proposed budget include:

Revenues

The District has two options for increasing revenues: either through the rates for the cost of water sold to member cities and other buyers, or through a property tax increase. The reasons to increase property taxes include: to relieve strain on member cities water funds, which is where the water sale price increase is felt most, and to maintain the balance between the tax revenues and the District's operating expenses.

For Salt Lake City, there has consistently been debate between revenues generated by the property taxes or through the water sales to Salt Lake City. Property taxes only come from Salt Lake City residents, however the unincorporated County residents in the City's service area also benefit from the water and the treatments. They would share the cost in the scenario where water sale prices are increased.

- Water Sale Revenue (\$1,360,138, 10.2% increase) – The charge per acre foot of water is proposed to be increased from \$200 to \$213. This budget anticipates 48,000 acre feet to be purchased by Salt Lake City, and 18,000 a.f. by Sandy City. The budget also includes anticipated sales to other utilities, as long as the requirements to Salt Lake and Sandy are met.

The District, in open discussions with member cities, is also considering implementation of a peak and non-peak rate for the water sales to cities (including non-member water sales). A non-peak rate of \$113 would be applied to sales between October and June, and a peak rate of \$313 would be applied between July and September. These rates also include the application of a \$13 conveyance fee.

From the District's perspective, this allows member cities to rely less on their on wells because of the lower non-peak rate, and cycles more water through the District's system allowing for healthier aquifers. The change to a peak / non-peak structure would be revenue neutral for the District.

The Council may wish to ask how the conversations are going with member cities about this proposed change.

- Tax Revenue (\$166,476 increase; 1.8%) – The District's budget proposes to maintain the .00035 tax rate. As such, tax revenues are expected to increase overall by \$166,476.

The total revenue budgeted from Salt Lake City property taxes is \$6,427,137, which is a \$126,022 increase over the current fiscal year.

Tax Revenues Comparison					
	2008-09 Budget	2009-10 Proposed	Difference	Percent Change	
SLC Taxes	6,301,115	6,427,137	126,022	2.0%	
Sandy Taxes	2,152,168	2,195,212	43,044	2.0%	
PILOT	557,890	541,398	(16,492)	-3.0%	
Prior Year's	139,153	189,061	49,908	35.9%	
Judgment Levy*	36,006	-	(36,006)	-100.0%	
	\$ 9,186,332	\$ 9,352,808	166,476	1.8%	

* No judgment levy amount is budgeted, but will likely be approved once the District knows the amount from the County.

The proposal to maintain the tax rate at .00035 was introduced in 2006, which was the first year that the District had raised taxes since 1984. The District Board has adopted a policy to go through the Truth in Taxation process every year in order to maintain this .00035 rate. This provides the District with an increase in tax revenue each year as the

values of properties increase, and it addresses the certified tax rate diminishing over time, which would necessitate a large increase sometime in the future.

Maintaining the .00035 tax rate will result in a property tax increase to Salt Lake City and Sandy residents. For Salt Lake City residents, this increase would represent approximately a \$0.96 on a \$250,000 home per year, for a total annual tax of \$49.08. In calculating anticipated revenue increases, the District has used assumed a 2% increase in property valuation this year. In previous years, a higher percentage increase was assumed based on the average 12-year growth rate of over 6% for both Salt Lake and Sandy City values.

Given the current real estate climate, the Council may wish to ask where the budget would be adjusted in the event that the property tax revenue does not materialize, or even decreases.

The District would hold a Truth in Taxation hearing regarding the proposed increase in August.

- Interest revenue (\$211,459 increase) – Two bonds have reserve requirements until the bonds are paid off, and those reserve accounts can earn interest, which will increase the amount of interest the District expects to earn in the coming year.
- Annual assessments to member cities – In fiscal year 2008-09, Salt Lake City's Department of Public Utilities will be assessed \$7 million for the city's share of the Point of the Mountain Treatment Plant constructed by the Metropolitan Water District. The assessment will continue at the \$7 million level until the last assessment in fiscal year 2034-35, which will be \$3.5 million. Sandy City will also be making assessment payments in the amount of \$4.2 million.

Operating Expenses

- Salaries and benefits (\$116,299 increase) –
 - Salaries (71,121 increase) - The District does not propose the addition of new staff this year. However, the budget includes a 1.5% salary increase.
 - Health insurance Premiums (\$27,039 increase) - The District is anticipating a 13% increase to health benefit premiums as of January of 2010. The projected increase, therefore, is based on half of the year. The District uses a Health Savings Account program for employee contributions, and this greatly assists in keeping costs lower.
 - Other benefits (\$18,140 increase) – The District also provides a retirement matching program, life insurance, AD&D insurance, and a tuition aid program. There will be various modest increases in these benefits, offset with a reduction of the budget for the tuition aid program.
 - Staffing – Last year, the District authorized the temporary addition of one FTE to provide overlap training in advance of the retirement of an experienced operator. The FTE will be reduced with the retirement in late summer.

The Council may wish to discuss whether the District's proposal to provide salary increases during these economic times, especially considering what are anticipated in Salt Lake City budgets and other public entities.

- Interest Expense (\$346,114 increase) – Last year, the District converted \$29 million of their outstanding debt to a variable rate account, with promise for maintaining a low interest rate. Although the rate is currently low, the budget includes the assumption that it will average higher. The savings that may be realized would be applied toward any future interest rate increases.
- Chemicals & Supplies (\$201,807 increase) – due to the new treatment plant, and significant inflation to prices of certain other chemicals.

- Repairs and Maintenance (\$28,341 decrease) – due to fewer anticipated repair projects.
- Professional and contract services (\$106,703 decrease) – There are two studies that were budgeted in 2008-09 that will not continue in the next fiscal year.

Capital Improvement Projects

- Capital improvement master plan – The District has completed several major master plan projects, including construction of a new water treatment plant near the Point of the Mountain at 300 West 15000 South (east of I-15) in Draper, expansion of the Little Cottonwood Water Treatment Plant and installation of an aqueduct from the Point of the Mountain Water Treatment Plant to the Little Cottonwood Water Treatment Plant.

To fund the implementation of the master plan, the District secured a \$34 million revenue bond in 1999, \$20 million in 2003, \$90 million in 2004, \$82 million in 2005, and \$34 million in bonds in fiscal year 2006-07. The debt service payments for these bonds extend through 2037.

- Capital improvement projects – A complete list of proposed capital projects is contained in the tentative budget (attached). These projects are summarized as follows:
 - \$ 3,265,580 Non-capacity improvements, including Little Cottonwood Water Treatment Plant solids handling project and post-treatment chemical building, replacement at the Terminal Reservoir, lab equipment, etc.
 - \$ 2,500,000 Land acquisition funds
 - \$ 1,426,531 Improvements of Jordan Valley Water Conservancy District (Metropolitan Water District is a 28.6% owner of the Jordan Valley Plant.)
 - \$ 700,000 Capacity Improvements, including final design for the Aquifer Storage and Recovery project at the Little Cottonwood Water Treatment Plant
 - \$ 789,000 Capital improvements contingency (10%)

BACKGROUND

In 1935, the voters of Salt Lake City created the Metropolitan Water District in order to enter into long-term agreements to build the Provo River Project including Deer Creek Reservoir. The Bureau of Reclamation built the project, and it was necessary to enter into repayment contracts to reimburse the federal government for the construction costs plus interest. The Metropolitan Water District is a 61.7% owner of the Provo River Project. The water rights for the Provo River Project consist of water diverted from the Duchesne and Weber Rivers conveyed through a tunnel and canal system from the two basins to the Provo River for use by the Metropolitan Water District and others. In order to reimburse the Federal Government for the cost of the Provo River Project and Deer Creek Reservoir, the residents of Salt Lake City have paid property taxes since 1935. The Metropolitan Water District continues to build dams and facilities such as Little Dell Reservoir.

In 1990, Sandy City became the second member of the District. Sandy City sought membership in the District to treat its approximately 34 percent water right in Little Cottonwood Creek. Sandy City's annexation in the District increased efficiencies by consolidating water supplies and delivery systems to most of eastern Salt Lake County. As part of the agreement, the District receives water purchase revenue and ad valorem tax revenue from Sandy City. Furthermore, as a part of the annexation Salt Lake City acquired additional water rights in Little Dell Reservoir and \$4 million in water transmission mains installed on the City's west side. Also, the 1990 agreement admitting Sandy City established conjunctive water management practices among Salt Lake City, Sandy City, Jordan Valley Water Conservancy District and the Metropolitan Water District.

In 1998, the Metropolitan Water District updated its capital improvement master plan and identified \$236 million in improvements and expansion of water capacity. In 2001, the District entered into an Interlocal Agreement with Sandy and Salt Lake City for implementation of the master plan. The major project is a new water treatment plant near the Point of the Mountain in the Draper area. The Metropolitan Water District owns additional water from the Provo River Project (in non-drought years) but hasn't been able to treat and convey the water to users. Additional water will also be available from the Central Utah Bonneville Unit (Jordanelle Reservoir) beginning in 2005. The District will receive 16,000 acre/feet of Central Utah Project (CUP) water in fiscal year 2008. In fiscal year 2009, that number will plateau at 20,000 acre/feet.

The master plan improves redundancy in the event of a water treatment plant or aqueduct failure. Improvements include pipeline connections between the Little Cottonwood Water Treatment Plant, the Jordan Valley Water Treatment Plant, and the Point of the Mountain Water Treatment Plant. This will allow flexibilities in shifting water between major north-south pipelines.

The Council has traditionally received a briefing on the proposed budget for the Metropolitan Water District of Salt Lake & Sandy, but is not required to take any official action. Verbal feedback can be provided to representatives of the District at the briefing. The Council has on occasion also provided written comments to the Salt Lake City-appointed board members, of which there are five on the seven member board. Utah Code Annotated, §17A-1-502, provides that constituent entities of a special district can request a meeting with representatives of a district to discuss the budget. The law does not prevent the board of a special district from approving and implementing a budget over protests or objections of constituent entities.



Metropolitan Water District of Salt Lake and Sandy Fiscal Year 2010 Budget

Executive Summary

Last Update: April 22, 2009

On April 20, 2009 the Metropolitan Water District of Salt Lake & Sandy Board of Trustees tentatively accepted the enclosed budget for fiscal year 2010.

The Metropolitan Water District of Salt Lake & Sandy (District) overall fiscal year 2010 budget is \$29,285,895 or an increase of 2.45% from last year. One item that can be lost in reviewing the 2.45% increase is the fact that virtually the entire increase can be attributed to two items: interest expense and chemical costs. The chemical cost increase is a result of having the new Point of the Mountain Water Treatment Plant online, large price increases from vendors, and an increase in water production.

The increase related to the interest rate expense is deceiving. At the end of the fiscal year 2009, approximately \$29 million of the District's \$262 million in outstanding debt was converted to true-variable rate debt. Included in the budget is an assumption that the variable interest rate will be 3.6% for the entire fiscal year. The current interest rate on the variable rate debt is .57%. The District's Board of Trustees has determined that the savings achieved from the true variable rate debt shall be allocated to the interest rate mitigation fund to cover any high interest rate costs which may occur in the future. By removing the increases in the budget due to interest expense and chemical expense, the overall budget has increased from last year by only \$118,000.

In fiscal year 2009, the District increased the O&M Department by one full-time equivalent (FTE) because of the anticipated retirement (in July 2009) of one of the District's more experienced operators. Past experience has shown that it takes approximately one year for an operator to become proficient with operating District facilities. The additional operator was hired in September 2008. In FY 2010, with the retirement of the experienced operator, the District's total FTEs will return to 69.

The current budget anticipates a 13% increase in medical insurance premiums and a 2% increase in dental premiums. Since any increases to the premiums will not occur until January 1, 2010, the budget reflects this increase for only half of the 2010 fiscal year. The budget reflects the projected contribution rate to the Utah Retirement System (URS) to increase from 11.62% to 11.66%. The budget also reflects the proposed 1.5% salary increase for District employees.

Staff has spent a considerable amount of time determining the future revenues and expenses of the District. Last fiscal year the District's Board of Trustees raised the certified tax rate to .00035 for both Salt Lake City and Sandy City, with the assumption

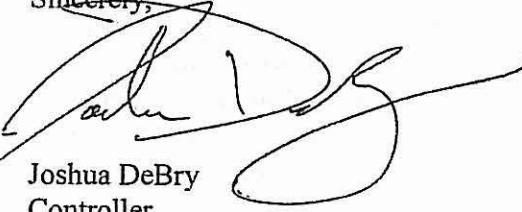
that each year the District would maintain the tax rate at .00035. This year the Board will continue to maintain the .00035 tax rate. This will require a public hearing in August. The 12-year average property valuation increase for Salt Lake City is 6.12% and 6.85% for Sandy City; however, the fiscal year 2010 budget assumes a 2% property valuation increase due to current economic conditions. The final property tax valuations will be released in June.

Part of the on-going process with the District's Board and staff is to determine what tax rate is needed to help fund the long term needs of the District. In the past the District has relied heavily on water rates or capital assessments to fund increased operating costs and the implementation of the Metro Water Project. Water rates and capital assessments that are charged by the District to the member cities (Salt Lake City and Sandy City) are paid for from water usage rates paid by the cities' customers. Rather than continue to strain the water fund budgets of the two cities, the District feels that it is appropriate to seek additional revenues from property taxes. This will help restore the historical balance between operating costs and property tax revenues.

Current operating revenues assume the sale of 48,000 acre feet (AF) of water to Salt Lake City and 18,000 (AF) of water to Sandy City. In addition there is expected to be approximately 4,700 AF of raw and treated water sales to non-member cities. The District is currently working with its member cities to implement a "peak rate" and a "non-peak rate" fee schedule. In addition, the District would begin charging a \$13 conveyance fee on all water which travels through its distribution system. In FY 2009, member cities were charged \$200 an AF, regardless of when the water was purchased. Under the proposed plan, during non-peak months (Oct-June), the rate charged would be \$113 per AF, and peak month purchases (July-Sept) would be charged \$313 per AF (this rate does include the conveyance charge). With the proposed changes, the difference would be revenue neutral to the District, but would allow the District's customers to rely less on their wells (and thus maintain a healthy aquifer system) by purchasing additional water from the District during "wet" years. This proposal is still in the working stages, and discussions continue between the District and its member cities.

I encourage you to carefully review the attached information. As always, I am prepared to review and respond to any questions you may have.

Sincerely,



Joshua DeBry
Controller

FISCAL YEAR 2010 BUDGET SCHEDULE-(Assumes a Tax Rate Increase)

Last Updated: April 16, 2009

February 12 – Engineering Committee Meeting (discussion related to Capital Expenditures)

February 12 – Deadline for rough budget numbers to be submitted to the Controller

February 23 – Controller to return updated budgets to GM/Managers

February 23 – (Week of) Management Staff to discuss completed budget

February 27 – Controller to distribute budgets to Finance Committee & Managers

March 4 – Finance Committee & Management Advisory Committee Meetings

March 16 – Board Meeting, work session to discuss 2010 Budget

April 2 – Finance Committee Meeting - (P&P 3-629-1 “On or before the first regularly scheduled meeting of the Board in May, the Controller shall consult with the Finance Committee and prepare a tentative operating and capital budget for the ensuing fiscal year. The tentative budget shall include projected receipts, and operations and maintenance account, capital improvements accounts and reserve accounts.”).

April 13 – Engineering Committee Meeting

April 20 – Board Meeting-adoption of the tentative budget

April 28 – Presentation of the budget to the Salt Lake City Council

May 4 – First publication of notice of the budget hearing (black border notice “at least 7 days prior to the hearing” (P&P 3-629-3)).

May 11 - Deadline for publishing 2nd notice of budget hearing (2nd notice is required for anticipated tax increase).

➤ See Utah Code Ann. 59-2-918 and 919

May 18 – Board Meeting - Public Hearing held at 6:00 P.M

May 19 – Presentation of the budget to the Sandy City Council

June 11 – Finance Committee & Management Advisory Committee Meetings

June 22 – Board Meeting - Budget adoption-subject to Certified Tax Rate Public Hearing

➤ Utah Code Ann: 59-2-924 5a “On or before June 22, each taxing entity shall annually adopt a tentative budget.”

➤

July 27 – First publication of notice of the budget

August 3 - Deadline for publishing 2nd notice of budget hearing

August 10 – Board Meeting/Certified Tax Rate Public Hearing – Consider final adoption of FY 2010 Budget (date subject to change)

September 9 – Deadline for submitting copy of the final budget to the State Auditor (required within 30 days of budget adoption- P&P 3-629-7)

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY				
2009-2010 TENTATIVE BUDGET				
REVENUE PROJECTIONS-ASSUMING .00035 TAX RATE				
Last Update: April 16, 2009				
	2008-09	Actuals	Estimated	2009-10
	Adopted	as of	Actuals	Tentative
	Budget	1/31/2009	6/30/2009	Budget
REVENUES				
Operating Revenues				
Water Sales				
Salt Lake City (48,000 AF)	\$9,200,000	\$6,375,251	\$9,521,224	\$9,552,000
20,640 AF @ \$313.00/a.f. (Peak Rate + Conveyance Fee)				
27,360 @ \$113.00/a.f. (Non-Peak Rate + Conveyance Fee)				
Sandy City (18,000 AF)	\$3,388,000	\$2,801,992	\$4,171,741	\$3,582,000
7,740 AF @ \$313.00/a.f. (Peak Rate + Conveyance Fee)				
10,260 @ \$113.00/a.f. (Non-Peak Rate + Conveyance Fee)				
Jordanelle Special Service District (JSSD)				
3,890 a.f. @ \$200.00/a.f.	\$703,200	\$703,200	\$703,200	\$778,000
Other Sales				
Raw Water Sales (1,200 AF @ \$71/a.f.)	\$42,362	\$40,301	\$56,282	\$85,200
Non Member Cities Water Supply to be Treated (3,500 AF)				\$696,500
1,505 AF @ \$313.00/a.f. (Peak Rate + Conveyance Fee)				
1,995 AF @ \$113.00/a.f. (Non-Peak Rate + Conveyance Fee)				
Total Operating Revenues	\$13,333,562	\$9,920,744	\$14,452,447	\$14,693,700
Other Revenues				
Tax Revenues *				
Salt Lake City	\$6,301,115	\$5,696,072	\$6,363,288	\$6,427,137
Sandy City	\$2,152,168	\$1,974,060	\$2,205,293	\$2,195,212
Fees in Lieu of Taxes	\$557,890	\$360,887	\$519,073	\$541,398
Prior Years' Tax Revenue	\$139,153	\$63,369	\$117,223	\$189,061
Judgment Levies	\$36,006	\$33,403	\$36,006	\$0
Interest	\$881,090	\$465,736	\$659,793	\$1,092,549
Laboratory Fees	\$300	\$268	\$324	\$400
Vehicle Sales (2)	\$0	\$0	\$0	\$18,000
Cell Phone Tower at Terminal Reservoir	\$9,000	\$0	\$9,000	\$9,000
Miscellaneous Revenue (Includes Encroachment Fees)	\$13,000	\$17,442	\$18,000	\$10,000
Capital Assessments				
Salt Lake City	\$7,021,892	\$4,681,261	\$7,021,892	\$7,021,892
Sandy City	\$4,210,322	\$2,806,881	\$4,210,322	\$4,210,322
Sandy City Ontario Drain Tunnel Assessment (before credit)	\$734,566	\$441,566	\$734,566	\$833,031 **
Less: JSSD Revenue (see above)	(\$703,200)	(\$703,200)	(\$703,200)	(\$778,000) **
Net Sandy City Ontario Drain Tunnel Assessment	\$31,366	(\$261,634)	\$31,366	\$55,031
Homeland Security Grant	\$16,913	\$12,166	\$12,166	\$0
Little Dell	\$51,744	\$0	\$0	\$51,744
Total Other Revenues	\$21,421,980	\$15,849,912	\$21,203,746	\$21,821,745
Total Revenue	\$34,755,522	\$25,770,656	\$35,656,193	\$36,515,445
* Assumes a simple 2% increase in property valuations while maintaining the .00035 tax rate				
**The assessment from the Jordanelle Special Service District will reduce Sandy City's assessment by \$778,000.				

MWDSLS 2009 Property Tax Valuations

Last Updated: 2/27/2009

	Salt Lake City	Sandy City
2009 Valuation	\$ 18,003,184,897.00	\$ 6,149,051,899.00
Projected Growth Rate	2.00%	2.00%
2010 Projected Valuation	\$ 18,363,248,594.94	\$ 6,272,032,936.98

Fiscal Year 2009 Projected Taxes

Salt Lake City Taxes	Sandy City Taxes	Total Taxes
\$ 6,427,137.01	\$ 2,195,211.53	\$ 8,622,348.54

Projected Tax Income by Tax Rate

Rate	Salt Lake City Taxes	Sandy City Taxes	Total Taxes	Net Increase/Decrease
0.0003	\$ 5,508,974.58	\$ 1,881,609.88	\$ 7,390,584.46	
0.000325	\$ 5,968,055.79	\$ 2,038,410.70	\$ 8,006,466.50	\$ 615,882.04
0.00035	\$ 6,427,137.01	\$ 2,195,211.53	\$ 8,622,348.54	\$ 615,882.04
0.000375	\$ 6,886,218.22	\$ 2,352,012.35	\$ 9,238,230.57	\$ 615,882.04
0.0004	\$ 7,345,299.44	\$ 2,508,813.17	\$ 9,854,112.61	\$ 615,882.04
0.000425	\$ 7,804,380.65	\$ 2,665,614.00	\$ 10,469,994.65	\$ 615,882.04
0.00045	\$ 8,263,461.87	\$ 2,822,414.82	\$ 11,085,876.69	\$ 615,882.04
0.000475	\$ 8,722,543.08	\$ 2,979,215.65	\$ 11,701,758.73	\$ 615,882.04
0.0005	\$ 9,181,624.30	\$ 3,136,016.47	\$ 12,317,640.77	\$ 615,882.04

	Salt Lake City			Sandy City		
Year	Property Valuation	Percent Growth	12-year Average	Property Valuation	Percent Growth	12-year Average
2008	\$ 18,003,184,897	6.30%	6.12%	\$ 6,149,051,899	7.46%	6.85%
2007	\$ 16,935,565,096	16.92%	6.10%	\$ 5,722,214,282	15.47%	6.79%
2006	\$ 14,485,331,586	9.44%	5.02%	\$ 4,955,516,707	12.12%	5.92%
2005	\$ 13,235,629,898	2.04%	4.53%	\$ 4,419,874,224	4.87%	5.24%
2004	\$ 12,970,597,514	3.54%	4.84%	\$ 4,214,611,824	3.54%	5.28%
2003	\$ 12,526,602,496	-4.31%	5.03%	\$ 4,070,329,544	5.73%	5.53%
2002	\$ 13,090,776,297	1.15%	6.58%	\$ 3,849,900,698	1.92%	5.50%
2001	\$ 12,942,124,847	6.78%	7.67%	\$ 3,777,390,241	5.42%	6.21%
2000	\$ 12,119,961,664	0.66%	7.89%	\$ 3,583,293,745	6.19%	6.41%
1999	\$ 12,039,928,215	14.38%	10.30%	\$ 3,374,556,542	5.17%	6.48%
1998	\$ 10,525,919,105	6.50%	8.25%	\$ 3,208,679,060	2.99%	7.14%
1997	\$ 9,883,793,998	10.01%	10.01%	\$ 3,115,638,226	11.30%	11.30%
1996	\$ 8,984,605,953			\$ 2,799,359,469		

[illegible]

Notes to Total District

Last Update: April 16, 2009

1. **Account 5110 (Salary and Wage Exp.):** The increase in this account reflects the proposed 1.5% salary increase.
2. **Account 5120 (Overtime):** The budget numbers for overtime are reflective of the actual overtime which has occurred over the last three years.
3. **Account 5190 (On Call Pay):** This represents 3 on-call employees at \$15 a day for the entire fiscal year.
4. **Account 5310 (Retirement Plan):** The District will match each employee's contributions to their 401(k), IRA, and 457 plans 50 cents on the dollar up to 3 percent of the employee's wages. The 3 percent match contribution, regardless of what plan the employee contributes to, will be made into the employee's 401(k) account. The budget assumes all employees take advantage of the entire 3 percent match. In addition, initial reports from the Utah Retirement System (URS) indicate the employer contribution rate will increase from 11.62% to 11.66%. The budget reflects this increase.
5. **Account 5320 (Medical Insurance Premiums):** The proposed budget anticipates a 13% increase in medical insurance premiums and a 2% increase in dental insurance premiums. Since any increases to the premiums will not occur until January 1, 2010, the budget reflects these increases for only half of the 2010 fiscal year. Metro's plan will be re-evaluated by our health care provider at year-end to determine the actual increase in calendar year 2010. The HSA (Health Savings Account) contribution limits for a family increased from \$5,800 in calendar year 2008 to \$5,950 in calendar year 2009. The contribution limits for a single individual increased from \$2,900 to \$3,000. The budget reflects a 6 month projected increase of 2.97% (3 year average) for the H.S.A. contribution.
6. **Account 5350 (Insurance Premiums):** This account includes the cost for basic life insurance, accidental death and dismemberment (AD&D) insurance, long term care, and all administrative fees associated with the HSA program.
7. **Account 5840 (Chemicals):** The large increase in chemical costs can be attributable to a new treatment plant, large price increases (inflation) related to chemical costs, and increased production of treated water. The O&M staff recently conducted a major audit of chemical purchasing to identify any additional cost savings opportunities.

8. **Account 5901 (General Insurance):** All numbers are based upon estimates received from Moreton & Company. The existing insurance limits were reviewed by Moreton & Company and the Finance Committee during the April Board Meeting.
9. **Account 5910 (Interest Expense):** The existing debt payments reflect the new liquidity provider costs for both the B-3 and B-5 (previously A-4 and A-8) outstanding debt. The B-5 debt assumes a 3.6% true variable rate for the life of the loans. If the interest rate were to fall below that level, the savings achieved from the true variable rate debt shall be allocated to the interest rate mitigation fund to cover any high interest rate costs which may occur in the future.

Metropolitan Water District of Salt Lake & Sandy
Fiscal Year 2010

TOTAL DISTRICT
Last Update: April 16, 2009

Account	Description	3 Year (FY 2008-2009) Average	Budget FY 2009	Actual January 31, 2009	Projected Expenses for FY 2009	Budget FY 2010	% Increase/(Decrease) from FY 09 Budget
5110	Salary & Wage Exp.	2,792,996	3,498,828	1,937,196	3,367,955	3,386,989	2.52%
5120	Overtime Premium	90,940	83,672	62,331	94,153	93,960	12.30%
5130	Vacation	71,552	14,634		6,098	14,688	0.37%
5131	Sick Leave	34,386	23,992		23,992	28,147	17.32%
5160	Vehicle Allowance	3,041	1,455		735		-100.00%
5170	On Call Pay	7,706	16,425	8,718	16,425	16,425	0.00%
5190	Other	5,683	64,100	15,750	22,000	29,300	-54.29%
5210	Payroll Taxes	231,300	285,526	155,423	290,513	290,244	1.65%
Salaries and Wages		3,287,805	3,988,632	2,199,418	3,821,871	4,059,758	1.78%
5310	Retirement Plan	435,861	517,234	289,831	524,133	538,878	4.18%
5320	Medical Insurance Premiums	728,574	833,397	469,258	799,802	860,436	3.24%
5330	Tuition Aid Program	3,875	8,781	5,732	9,529	4,000	-54.45%
5350	Insurance Premiums	36,248	39,029	25,107	40,186	40,306	3.27%
Employee Benefits		1,204,558	1,398,442	789,928	1,373,650	1,443,620	3.29%
5340	Meetings & Seminars	48,769	59,239	23,934	67,407	49,271	-16.83%
Employee Training		48,769	59,239	23,934	67,407	49,271	-16.83%
5410	Business Travel	50,143	97,095	41,775	96,198	62,886	-35.23%
5430	Vehicle O & M	41,240	46,767	34,298	64,137	61,029	30.50%
Transportation		91,383	143,862	76,073	160,335	123,915	-31.87%
5510	Legal	240,591	225,000	147,521	372,521	216,660	-3.71%
5520	Accounting	16,365	19,800	15,480	17,000	19,500	-1.52%
5530	Contract Services	1,313,639	1,795,405	1,044,729	1,782,494	1,726,692	-3.83%
5540	Other	34,247	68,000	15,331	73,126	38,650	-43.16%
Professional Services		1,604,843	2,108,205	1,223,061	2,245,741	2,001,502	-6.08%
5610	Telephone	48,402	37,907	17,752	36,676	36,779	-2.98%
5620	Electricity	514,397	1,097,160	1,120,053	1,695,188	1,138,496	3.77%
5630	Natural Gas	312,722	367,584	128,706	374,839	350,232	-4.72%
5640	Radio Communications	10,692	23,560	3,835	27,070	15,960	-32.26%
5650	Water	6,715	28,368	14,978	25,322	19,815	-30.15%
Utilities		892,927	1,554,579	1,285,323	2,159,094	1,561,282	-10.43%
5710	Blades & Grounds	44,939	250,982	122,963	284,077	250,982	0.00%
5720	Machinery & Equipment	181,594	277,673	67,087	283,967	249,332	-10.21%
Repairs and Maintenance		226,533	528,655	190,050	568,044	500,314	-6.38%
5810	General Supplies	21,761	27,121	14,104	29,480	28,338	4.49%
5820	Office Supplies	24,232	12,000	7,140	17,958	13,200	10.00%
5830	Materials	117,615	197,771	68,099	176,547	173,341	-12.35%
5840	Chemicals	1,105,764	1,276,949	953,604	1,510,908	1,513,256	-18.51%
5850	Computer & Instr. Supplies	110,565	117,778	48,964	136,451	105,290	-10.60%
Chemicals and Supplies		1,379,937	1,631,619	1,081,911	1,827,345	1,833,426	12.37%
5901	General Insurance	318,134	499,090	310,116	518,505	502,246	0.63%
5902	PRWA/CUP Assessments	3,224,475	4,475,200	1,465,375	4,431,985	4,668,317	4.32%
5903	Water Stock Assessment	4,701	4,091	226	4,317	25,305	518.55%
5904	Rent Exp.	34	2,300		2,300	2,300	0.00%
5905	Miscellaneous	98,739	44,140	18,206	54,673	40,935	-7.26%
5906	Postage & Freight Exp.	2,701	5,036	2,476	5,837	6,400	27.08%
5907	Contributions & Events	117,269	185,553	125,681	166,737	163,300	-11.99%
5910	Interest Exp.	11,361,030	11,848,763	6,952,988	11,848,763	12,194,877	2.92%
5911	Laundry	7,082	8,119	4,548	10,630	12,681	56.19%
5913	Safety	33,407	41,879	10,403	34,179	40,600	-3.05%
5914	Subscriptions & Publications	6,302	6,199	2,059	5,394	3,606	-41.83%
5915	Outside Printing	444	500	901	1,401	600	20.00%
5916	Dues & Memberships	59,305	51,267	35,851	59,773	51,647	0.70%
Other Expenses		15,233,642	17,372,157	8,920,330	17,144,494	17,742,614	3.15%
Total Expenses		23,920,195	28,585,389	15,787,019	29,411,380	29,285,895	2.45%

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY

FY 2010 Capital Budget

Last Updated: 4/16/2009

CAPACITY IMPROVEMENT PROJECTS

Aquifer Storage & Recovery (ASR) Implementation	\$	500,000
OCIP -- Outstanding Claims	\$	200,000

Subtotal	\$	700,000
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NON-CAPACITY IMPROVEMENT PROJECTS

LCWTP - Solids Handling	\$	800,000
Terminal Reservoir-Replacement	\$	758,080
LCWTP - Post Treatment Chemical Building	\$	575,000
LCWTP - UPS Replacement	\$	32,000
LCWTP Site Support	\$	100,000
Salt Lake Aqueduct (SLA) Improvements	\$	155,000
JNPS-Installation of Transformer/Design of Utah Lake Pump Station	\$	350,000
Fleet	\$	50,000
Incubator	\$	15,000
Ultraviolet (UV) Instrument	\$	7,500
IS/SCADA Replacement	\$	162,000
Little Dell Dam Improvements	\$	261,000
Land acquisition fund	\$	2,500,000

Subtotal	\$	5,765,580
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Jordan Aqueduct System Capital Projects	\$	1,426,531
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CONTINGENCY

10% Project Contingency	\$	789,000
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TOTAL	\$	<u>8,681,111</u>
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MWDSLS Bond Coverage Fiscal Year 2010

	Principle Balance 7/1/2009	FY '10 Interest/Liquidity/Remarketing Expense	FY '10 Principle Due	FY '10 Principle, Interest, & Remarketing Fee
<i>Fixed Rate Portion</i>				
2002B	\$ 15,635,000.00	\$ 783,826.00	\$ 830,000.00	\$ 1,613,826.00
2003A	\$ 5,595,000.00	\$ 268,456.00	\$ 455,000.00	\$ 723,456.00
2004A	\$ 34,390,000.00	\$ 1,612,490.00	\$ 1,815,000.00	\$ 3,427,490.00
2005A	\$ 42,725,000.00	\$ 2,046,914.00	\$ 1,200,000.00	\$ 3,246,914.00
<i>Synthetically Fixed</i>				
B-3	\$ 135,200,000.00	\$ 6,007,853.00	\$ 200,000.00	\$ 6,207,853.00
<i>True Variable Rate</i>				
B-5	\$ 29,000,000.00	\$ 1,454,338.10	\$ -	\$ 1,454,338.10
Totals	\$ 262,545,000.00	\$ 12,173,877.10	\$ 4,500,000.00	\$ 16,673,877.10
Provo River Project Pmts.				\$ 128,644.50
TOTAL				\$ 16,802,521.60
<i>Last Updated 4/16/2009</i>				

Metropolitan Water District of Salt Lake and Sandy

Debt Service Coverage on Outstanding Bonds

ASSUMING .00035 TAX RATE

Last Update: April 16, 2009

Budgeted Revenues		\$36,515,445
Budgeted O & M Expenses	\$29,285,895	
Less: Interest Expense	<u>\$12,194,877</u>	
Adjusted O & M Expense		<u>\$17,091,018</u>
Funds Available for Debt Service Payments		\$19,424,427
Debt Service Payments		\$16,673,877
Coverage		1.16