

# M E M O R A N D U M

**DATE:** April 27, 2010

**SUBJECT:** **BUDGET FOR THE METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY, Fiscal Year 2010-11**

**STAFF REPORT BY:** Lehua Weaver

**CC:** David Everitt, Mike Wilson, Josh DeBry, Jeff Niermeyer, Tom Ward, Jim Lewis, Gina Chamness, Randy Hillier

The Metropolitan Water District of Salt Lake & Sandy (the "District") is proposing an operating budget of \$12,413,398 for fiscal year 2010-11. The proposed operating budget represents a one percent decrease from last year (\$ 132,270). In addition, the District is proposing a budget for capital improvements of \$4,012,479.

Although the Council is not required to take any official action on the District's annual budget, the Council has traditionally received a briefing. (An item below discusses amendments to the State Code from this year's legislative session that changes the Member Cities' role as the taxing authority for the District.)

The tentative budget for 2010-11 is relatively flat from the current year. A few key items included in the District's proposed budget are listed below.

<b>Metropolitan Water District of Salt Lake &amp; Sandy</b>					
<b>Proposed Budget for FY 2010-11</b>					
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>		
	<b>Budget</b>	<b>Budget</b>	<b>Proposed</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Sources of Funds</b>					
Water sales & other operating revenue	\$13,333,562	\$14,813,300	\$13,986,158	(827,142)	-5.6%
Tax revenue	9,186,332	9,364,352	9,364,352	-	0.0%
Interest revenue	881,090	1,092,549	217,367	(875,182)	-80.1%
Lab fees, power and miscellaneous	22,300	19,400	547,202	527,802	2720.6%
Vehicle sales	-	18,000	-	(18,000)	-100.0%
Assessments	11,263,580	11,287,245	12,067,105	779,860	6.9%
<b>Total sources of funds</b>	<b>\$34,755,522</b>	<b>\$36,646,589</b>	<b>\$36,182,184</b>	<b>(464,405)</b>	<b>-1.3%</b>
<b>Uses of Funds</b>					
<b>Operations</b>					
Salaries, wages & benefits	\$5,387,074	\$5,449,338	\$5,407,907	(41,431)	-0.8%
Professional & contractual services	2,108,205	2,178,502	2,452,860	274,358	12.6%
Utilities	1,554,579	1,561,282	1,348,569	(212,713)	-13.6%
Repairs & maintenance	528,655	500,314	265,127	(235,187)	-47.0%
Chemicals & supplies	1,631,619	1,833,426	1,861,080	27,654	1.5%
Property & liability insurance	499,090	502,246	514,754	12,508	2.5%
Other expenses	552,205	520,560	563,101	42,541	8.2%
<b>Operating Expenses</b>	<b>\$ 12,261,427</b>	<b>\$ 12,545,668</b>	<b>\$ 12,413,398</b>	<b>(132,270)</b>	<b>-1.1%</b>
Water Assessments	4,475,200	4,668,317	6,925,411	2,257,094	48.3%
Debt service (principal only)	3,765,000	3,505,299	4,500,000	994,701	28.4%
Interest expense	11,848,763	13,386,504	12,195,728	(1,190,776)	-8.9%
Capital improvements & Equipment	7,264,124	6,025,111	4,012,479	(2,012,632)	-33.4%
<b>Total uses of funds</b>	<b>\$39,614,514</b>	<b>\$40,130,899</b>	<b>\$40,047,016</b>	<b>(83,883)</b>	<b>-0.2%</b>

## KEY ELEMENTS

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- *No property tax increase* – the Council may recall that for the past several years, the District has gone through the Truth in Taxation process to keep their certified tax rate steady at 0.00035. This allowed the District to collect more revenues as the assessed value of homes within their taxing boundaries rose. Holding the certified tax rate steady helped them address the same inflationary challenges that the City faces. However, in the recent year and a half or so, the assessed value of properties has declined at a significant enough rate that this current year, their certified tax rate was automatically adjusted to approximately 0.0004. (Per state statute, the District is guaranteed at least the same amount of revenue as the previous year. Therefore if values decline, the rate is automatically adjusted upward to generate the same amount of revenue.) The District cannot predict what the status of assessed values will be this year, so in order to guarantee at least the same amount of revenue as last year, it has elected not to voluntarily adjust the tax rate, but rather allow the county to impose whatever rate will generate the same amount of revenue as FY 2010. The maximum rate that the District can impose is 0.0005.
- *Operating Costs* –
  - No salary increases - the District has not proposed any salary increases for this fiscal year. However, to keep salaries comparable within the market, the District has re-evaluated their salary ranges and are suggesting shifting them up slightly – by approximately 1.8%. There is only a very slight cost to this change in 2010-11, because there is only one employee who is at the bottom of the range. The new range will cause slight budget impacts in future years as new employees are hired at higher rates, and employees at the top-end of the ranges may now be eligible for merit increases. *The Council may wish to discuss the reasons for implementing the range adjustments this year.*
  - Benefits costs – similar to what the City is experiencing, the District is budgeting for an increase in medical and dental premiums, and retirement costs. As a reminder, the District uses a Health Savings Account program for employee contributions.
  - The District is eliminating a vacant lab technician position.
- *Legislative Changes* – During the 2010 Legislative Session, a bill was adopted that changed certain provisions for Local Districts, including metropolitan water districts. The most significant change was to shift the authority for tax increase approval to the member cities’ governing bodies. This means that beginning in 2014, if the District proposes a property tax increase, both Sandy City and Salt Lake City Councils must vote to approve the increase. The intention is that elected officials be responsible for imposing tax increases. An option was included in the bill for the District board members to transition into elected positions.

Currently, nearly 26% of the District’s annual revenues are generated from property taxes. (39% comes from water sales, 33% from member city assessments)

To plan for the taxing changes and/or changes to revenues from water sales, the District will be engaging in discussions with member city representatives to discuss a 5- or 10-year plan for revenue strategies.

- *Capital Projects*
  - Although the contribution is calculated as part of the District’s O & M costs, \$2.4 million will fund costs related to the Provo Reservoir Canal Enclosure project. This has been in coordination stages for several years, and funding from other involved parties has come together. The total enclosure project is approximately \$150 million, of which the District’s portion is about \$25 million.

- In future years, the District has a few capital projects, and anticipates issuing bonds in 2013-14.
- *Salt Lake City's Contributions – a snapshot:*  
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. \$9,945,350      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. This represents a 3% rate increase. (Sandy City purchases approximately 18,500 a.f.; \$3.7 million.)
  - c. \$6,417,861      Property taxes assessed to Salt Lake City residents. (Sandy City tax revenue is estimated at \$2,216,032.) (Not including fees in lieu of taxes, or prior year tax revenues.)

## BACKGROUND

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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 from the Provo River and 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 District is a participant in the Central Utah Project having petitions for combined water supplies of 25,600 acre feet from Jordanelle and Strawberry reservoirs. The Metropolitan Water District was a local sponsor for the construction of Little Dell Reservoir. (A map of the District system and facilities is attached.)

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 more than \$250 million in improvements and expansion of water system 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 constructed under the master plan was a new water treatment plant near the Point of the Mountain in the Draper area. 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 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.

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 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. Utah Code Annotated, §17A-1-502, provides that constituent entities of a local district can request a meeting with representatives of a district to discuss the budget. The law does not prevent the board of a local district from approving and implementing a budget over protests or objections of constituent entities.

## Metropolitan Water District of Salt Lake & Sandy

3430 East Danish Road, Cottonwood Heights, UT 84093  
Phone: 801-942-1391 Fax: 801-942-3674  
www.mwdsls.org



April 20, 2010

This is an executive summary of the budget information for the Metropolitan Water District of Salt Lake & Sandy (the "District") for Fiscal Year 2011.

The Operations and Maintenance (O&M) budget totals \$31,534,537. Included in this amount is approximately \$2.4 million for costs related to the Provo Reservoir Canal Enclosure Project (PRCEP). After many years of negotiations, this project is entering the construction phase. Financing is in place for the project to begin. Other O&M costs are relatively stable. No major changes are expected with budget projections being based on 3-year averages. The operation plan anticipates utilization of Point of the Mountain Water Treatment Plant during summer months. Changes in personnel include a reduction of one (vacant) full time position resulting in a total of 68 positions. No salary increase is proposed but an increase in salary range structure of 1.8% and an increase in benefit costs is included.

No new debt service activity is anticipated during the upcoming fiscal year. A new liquidity provider will be in place by May 2010. Budgeting for true variable rate debt is estimated at a 3.6% "all-in rate" which includes management costs for liquidity and remarketing. This budgeting approach results in a reduction in interest expense of more than \$1 million. The interest rate mitigation reserve fund will continue to increase as conditions allow.

Due to the PRCEP participation described above, the District's capital improvements costs are relatively low this year. Ongoing efforts will include the final design of Terminal Reservoir, the design and partial construction of the Utah Lake Pumping Plant, costs related to the Jordan Aqueduct System, and other miscellaneous efforts.

The tentative budget maintains current tax revenues (no proposed tax rate increases) and maintains the current water rate structure including peak rates and conveyance fees with a proposed 3% rate increase. The total budgeted revenue is \$36,182,184. An important legislative change was made by the 2010 Utah legislature; the District's taxing authority changes in May 2014. Any proposed tax increases after that date will require either changing to an elected board or approval by the city councils. Future tax and water rate strategies will be discussed with the member cities during the next year with a hope of developing a long range (5-10 year) plan. Despite, lower than normal precipitation, the District anticipates adequate water supplies for the upcoming year. Demands from the member cities and others are expected to remain relatively stable.

A handwritten signature in black ink, appearing to read "Michael L. Wilson".

Michael L. Wilson  
General Manager/Budget Officer

**Metropolitan Water District of Salt Lake & Sandy**

**Fiscal Year 2011**

**TOTAL DISTRICT**

**Last update:**

**04/14/10**

Account	Description	3-Year Average (FY 2007-2009)	Budget FY 2010	Actual 2/28/2010	Projected Costs FY 2010	Budget FY 2011	% Change from FY 2010 Budget
5110	Salary & Wage Exp.	3,280,789	3,534,783	2,169,285	3,481,386	3,506,004	-0.81%
5120	Overtime Premium	109,022	93,960	52,376	80,020	81,000	-13.79%
5130	Vacation	8,856	14,688		14,688	14,514	-1.18%
5131	Sick Leave	10,760	28,147		27,936	-	-100.00%
5160	Vehicle Allowance	708	-		-		0.00%
5170	On Call Pay	12,936	16,425	10,146	18,690	16,425	0.00%
5190	Other	-	29,300	19,617	32,239	29,300	0.00%
5210	Payroll Taxes	260,011	286,146	172,404	278,280	282,869	-1.15%
	<b>Salaries and Wages</b>	<b>3,683,083</b>	<b>4,003,448</b>	<b>2,423,828</b>	<b>3,933,239</b>	<b>3,930,112</b>	<b>-1.83%</b>
5310	Retirement Plan	469,073	531,271	343,826	510,508	566,955	6.72%
5320	Medical Insurance Premiums	790,618	870,312	499,793	792,222	864,092	-0.71%
5330	Tuition Aid Program	6,317	4,000	6,052	7,655	6,317	57.93%
5350	Insurance Premiums	43,938	40,306	20,650	35,622	40,432	0.31%
	<b>Employee Benefits</b>	<b>1,309,947</b>	<b>1,445,890</b>	<b>870,321</b>	<b>1,346,006</b>	<b>1,477,795</b>	<b>2.21%</b>
5340	Meetings & Seminars	43,433	49,271	20,661	45,237	47,614	-3.36%
	<b>Employee Training</b>	<b>43,433</b>	<b>49,271</b>	<b>20,661</b>	<b>45,237</b>	<b>47,614</b>	<b>-3.36%</b>
5410	Business Travel	65,568	62,886	53,254	74,341	66,150	5.19%
5430	Vehicle O & M	60,637	61,029	26,799	54,288	59,800	-2.01%
	<b>Transportation</b>	<b>126,205</b>	<b>123,915</b>	<b>80,053</b>	<b>128,629</b>	<b>125,950</b>	<b>1.64%</b>
5510	Legal	285,888	216,660	173,936	283,847	276,000	27.39%
5520	Accounting	16,525	19,500	17,783	18,384	23,200	18.97%
5530	Contract Services	1,531,930	1,903,692	1,162,044	1,717,531	2,108,010	10.73%
5540	Other	81,753	38,650	10,371	36,518	45,650	18.11%
	<b>Professional Services</b>	<b>1,916,096</b>	<b>2,178,502</b>	<b>1,364,133</b>	<b>2,056,280</b>	<b>2,452,860</b>	<b>12.59%</b>
5610	Telephone	39,502	36,779	21,807	35,829	35,435	-3.65%
5620	Electricity	948,067	1,138,496	471,327	812,762	994,830	-12.62%
5630	Natural Gas	300,703	350,232	113,258	291,736	293,496	-16.20%
5640	Radio Communications	16,876	15,960	4,352	12,821	15,880	-0.50%
5650	Water	12,254	19,815	1,489	9,187	8,928	-54.94%
	<b>Utilities</b>	<b>1,317,402</b>	<b>1,561,282</b>	<b>612,233</b>	<b>1,162,335</b>	<b>1,348,569</b>	<b>-13.62%</b>
5710	Bldgs & Grounds	87,761	250,982	5,801	250,982	13,875	-94.47%
5720	Machinery & Equipment	258,182	249,332	100,418	267,545	251,252	0.77%
	<b>Repairs and Maintenance</b>	<b>345,944</b>	<b>500,314</b>	<b>106,219</b>	<b>518,527</b>	<b>265,127</b>	<b>-47.01%</b>
5810	General Supplies	20,222	28,338	9,057	19,738	29,030	2.44%
5820	Office Supplies	17,280	13,200	9,031	15,235	14,400	9.09%
5830	Materials	149,824	173,341	81,720	170,466	183,727	5.99%
5840	Chemicals	1,294,939	1,513,256	929,921	1,440,871	1,528,758	1.02%
5850	Computer & Instr. Supplies	111,840	105,290	49,800	98,928	105,165	-0.12%
	<b>Chemicals and Supplies</b>	<b>1,594,105</b>	<b>1,833,426</b>	<b>1,079,527</b>	<b>1,745,237</b>	<b>1,861,080</b>	<b>1.51%</b>
5901	General Insurance	414,166	502,246	352,424	502,246	514,754	2.49%
5902	PRWUA/CUP Assessments	3,978,774	4,668,317	4,649,779	4,649,779	6,925,411	48.35%
5903	Water Stock Assessment	13,136	25,305	284	21,097	25,352	0.18%
5904	Rent Exp.	654	2,300	0	2,200	2,300	0.00%
5905	Miscellaneous	84,791	40,935	14,167	34,069	44,153	7.86%
5906	Postage & Freight Exp.	3,539	6,400	2,922	5,353	6,032	-5.75%
5907	Contributions & Events	144,155	163,300	30,646	163,300	206,630	26.53%
5910	Interest Exp.	11,782,123	13,386,504	7,936,309	12,586,504	12,195,728	-8.90%
5911	Laundry	9,473	12,681	9,017	14,055	13,344	5.23%
5913	Safety	37,675	40,600	10,586	38,860	35,083	-13.59%
5914	Subscriptions & Publications	4,760	3,606	1,259	2,252	4,982	38.16%
5915	Outside Printing	661	600	0	242	600	0.00%
5916	Dues & Memberships	49,695	51,647	29,858	36,596	51,061	-1.13%
	<b>Other Expenses</b>	<b>16,523,603</b>	<b>18,904,441</b>	<b>13,037,251</b>	<b>18,056,552</b>	<b>20,025,429</b>	<b>5.93%</b>
	<b>Total Expenses</b>	<b>26,859,818</b>	<b>30,600,487</b>	<b>19,594,227</b>	<b>28,992,043</b>	<b>31,534,537</b>	<b>3.05%</b>

<b>Metropolitan Water District of Salt Lake &amp; Sandy</b>			
<b>FY 2011 Capital Budget</b>			
<b>Last Updated: April 14, 2010</b>			
<b>CAPACITY IMPROVEMENT PROJECTS</b>			
	Owner Controlled Insurance Program (OCIP) - Outstanding Claims	\$	75,000
	Subtotal	\$	75,000
<b>ROUTINE NON-CAPACITY IMPROVEMENT PROJECTS</b>			
	Terminal Reservoir Replacement	\$	500,000
	LCWTP Site Support Heating, Ventilation, and Air Conditioning Systems	\$	150,000
	Salt Lake Aqueduct (SLA) Improvements	\$	105,750
	Utah Lake Pump Station Replacement Project	\$	938,282
	Little Dell Dam Improvements	\$	200,000
	Subtotal	\$	1,894,032
<b>JORDAN AQUEDCUT SYSTEM PROJECTS</b>			
	Jordan Aqueduct System and 150th South Pipeline	\$	1,678,447
<b>CONTINGENCY</b>			
	10% Project Contingency	\$	365,000
<b>TOTAL</b>		\$	<b>4,012,479</b>



<b>Metropolitan Water District of Salt Lake &amp; Sandy</b>				
<b>Fiscal Year 2011</b>				
<b>Revenue Projections</b>				
<b>Last Update: April 16, 2010</b>				
	Fiscal Year 2010 Adopted Budget	Actuals as of 2/28/2010	Actuals 6/30/2010	Fiscal Year 2011 Budget
<b>Operating Revenues</b>				
<b>Water Sales</b>				
Salt Lake City (48,000 AF)	\$9,552,000	\$7,564,866	\$8,552,000	\$9,945,350
Sandy City (18,500 AF)	\$3,582,000	\$2,218,765	\$3,582,000	\$3,689,048
Jordanelle Special Service District (JSSD)	\$778,000	\$0	\$0	\$0
Raw water sales plus conveyance to non-member entities (1327 AF)	\$69,600	\$151,669	\$164,249	\$97,044
Raw water conveyance for non-member entities (7419 AF)	\$135,200	\$2,430	\$2,632	\$99,340
Treatment charge and conveyance for non-member entities (700 AF)	\$696,500	\$678,171	\$734,420	\$155,376
<b>Total Operating Revenues</b>	<b>\$14,813,300</b>	<b>\$10,615,901</b>	<b>\$13,035,300</b>	<b>\$13,986,158</b>
<b>Other Revenues</b>				
<b>Tax Revenues</b>				
Salt Lake City	\$6,417,861	\$5,589,200	\$6,290,672	\$6,417,861
Sandy City	\$2,216,032	\$2,057,171	\$2,299,384	\$2,216,032
Fees in Lieu of Taxes	\$541,398	\$384,321	\$576,482	\$541,398
Prior Years' Tax Revenue	\$189,061	\$143,637	\$215,456	\$189,061
Judgment Levies	\$0	\$0	\$0	\$0
<b>Subtotal Tax Revenues</b>	<b>\$9,364,352</b>	<b>\$8,174,330</b>	<b>\$9,381,994</b>	<b>\$9,364,352</b>
<b>Capital Assessments</b>				
Salt Lake City	\$7,021,892	\$5,266,419	\$7,021,892	\$7,021,892
Sandy City	\$4,210,322	\$3,157,742	\$4,210,322	\$4,210,322
Sandy City Ontario Drain Tunnel Assessment (before credit)	\$833,031	\$555,354	\$833,031	\$834,891
Less: JSSD Revenue (see above)	(\$778,000)	\$0	\$0	\$0
Net Sandy City Ontario Drain Tunnel Assessment	\$55,031	\$555,354	\$833,031	\$834,891
<b>Subtotal Assessment Revenues</b>	<b>\$11,287,245</b>	<b>\$8,979,514</b>	<b>\$12,065,245</b>	<b>\$12,067,105</b>
<b>Interest</b>	\$1,092,549	\$193,462	\$290,194	\$217,367
<b>Laboratory Fees</b>	\$400	\$392	\$500	\$400
<b>Vehicle Sales (2)</b>	\$18,000	\$0	\$18,000	\$0
<b>Cell Phone Tower at Terminal Reservoir</b>	\$9,000	\$0	\$9,000	\$9,000
<b>Reimbursement for Utah Lake Pumping Station design costs</b>	\$0	\$0	\$0	\$465,202
<b>Homeland Security Grant</b>	\$0	\$0	\$6,232	\$7,000
<b>Miscellaneous Revenue</b>	\$10,000	\$7,354	\$11,030	\$65,600
<b>Little Dell</b>	\$51,744	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$1,181,693</b>	<b>\$201,208</b>	<b>\$334,956</b>	<b>\$764,569</b>
<b>Total Other Revenues</b>	<b>\$21,833,290</b>	<b>\$17,355,053</b>	<b>\$21,782,195</b>	<b>\$22,196,026</b>
<b>Total Revenue</b>	<b>\$36,646,590</b>	<b>\$27,970,953</b>	<b>\$34,817,495</b>	<b>\$36,182,184</b>



<b>Metropolitan Water District of Salt Lake &amp; Sandy</b>			
<b>Fiscal Year 2011</b>			
<b>Reserve Funds</b>			
<b>Last Update: April 20, 2010</b>			
Description	Category type	Adopted FY 2010	Proposed FY 2011
Operations and Maintenance Reserve	Assigned	\$15,340,900	\$15,540,736
Capital Projects Reserve	Assigned	\$5,715,155	\$6,405,629
Self-Insurance/Contingency Reserve	Assigned	\$2,000,000	\$2,000,000
Jordan Aqueduct Reserve	Non-spendable	\$39,961	\$40,161
JVWTP O & M Reserve	Non-spendable	\$20,000	\$20,000
150th South Pipeline Agreement	Non-spendable	\$31,827	\$31,986
Interest Rate Stabilization Reserve	Assigned	\$968,642	\$1,272,939
Drought Mitigation Reserve	Assigned	\$0	\$0
<b>Totals</b>		<b>\$24,116,485</b>	<b>\$25,311,450</b>
<b>Metropolitan Water District of Salt Lake &amp; Sandy</b>			
<b>Fiscal Year 2011</b>			
<b>Debt Service Coverage on Outstanding Bonds</b>			
<b>Last Update: April 16, 2010</b>			
Budgeted O&M Expenses	\$31,534,537		
Less: Provo Reservoir Canal Enclosure Project Assessment	\$2,415,727		
Less: Interest Expense	\$12,171,228		
Adjusted O & M Expense	\$16,947,582		
Budgeted Revenues	\$36,182,184		
Less: adjusted O&M Expense	\$16,947,582		
Funds Available for Debt Service Payments	\$19,234,602		
Debt Service Payments	\$16,799,872		
Coverage (funds available/debt service payments)	1.14		
Minimum coverage required	1.15		

## Staffing and Compensation Schedule

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### I. Staffing Levels

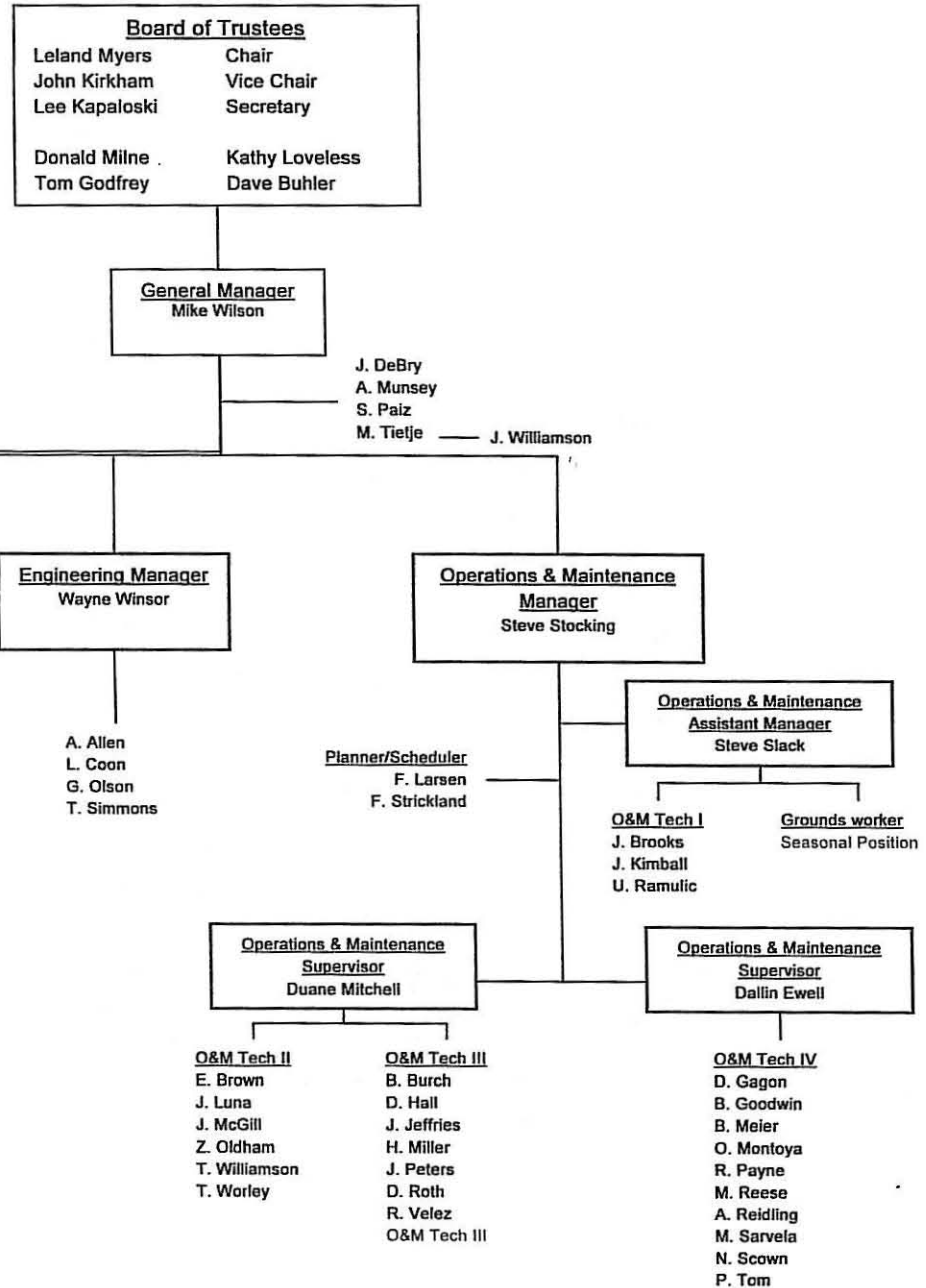
The chart below reflects the historical and projected staffing levels.

<i>Department</i>	<i>FY2009</i>	<i>FY2010</i>	<i>FY2011</i>
Administration	6	6	6
O&M Department	34	33	33
Information Services	13	13	13
Environmental Services	10	10	9
Engineering	5	5	5
Temporary/Intern	1	1	1
Seasonal Grounds Worker	1	1	1
<b>Totals</b>	<b>70</b>	<b>69</b>	<b>68</b>

The Environmental Services Department has four laboratory technicians approved in the FY2010 budget. With the skill sets of the current Environmental Services staff, there is not a need for a fourth laboratory technician. The Environmental Services department will reduce its staffing level by one position which will reduce the overall staff count from 69 to 68 district employees.

The following organizational chart (Attachment A) represents the proposed staffing levels.

Metropolitan Water District of Salt Lake & Sandy  
Proposed Organizational Chart Fiscal Year 2011



	Filled	Open	Total
Full Time Positions	63	3	66
Temporary/Seasonal	0	2	2
<b>Totals</b>	<b>63</b>	<b>5</b>	<b>68</b>

## **Staffing and Compensation Schedule**

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### **II. Benefits**

The District offers employees a benefits package which requires a significant financial contribution on the part of the District. For more information regarding the specific plans, please refer to the Metropolitan Water District of Salt Lake & Sandy Policies and Procedures manual.

In addition to those mandated by law, the District voluntarily provides the following benefits:

- Dental Insurance
- Health Insurance
- Flex Spending Accounts (Dental, Vision, and Dependent Care Expenses)
- Health Savings Accounts
- Educational Assistance
- Life Insurance
- Accidental Death and Dismemberment
- Long Term Disability
- Long Term Care
- Retirement Program (Utah Retirement Systems or URS)
- 401(k), 457, and Roth Retirement Savings Plans and Matching Program (via URS)
- Sick Leave
- Vacation Leave
- Personal Leave
- Employee Assistance Program
- Employee Wellness Program

The following table (Attachment B) reflects calendar year 2010 current District benefit facts with projections for calendar year 2011.

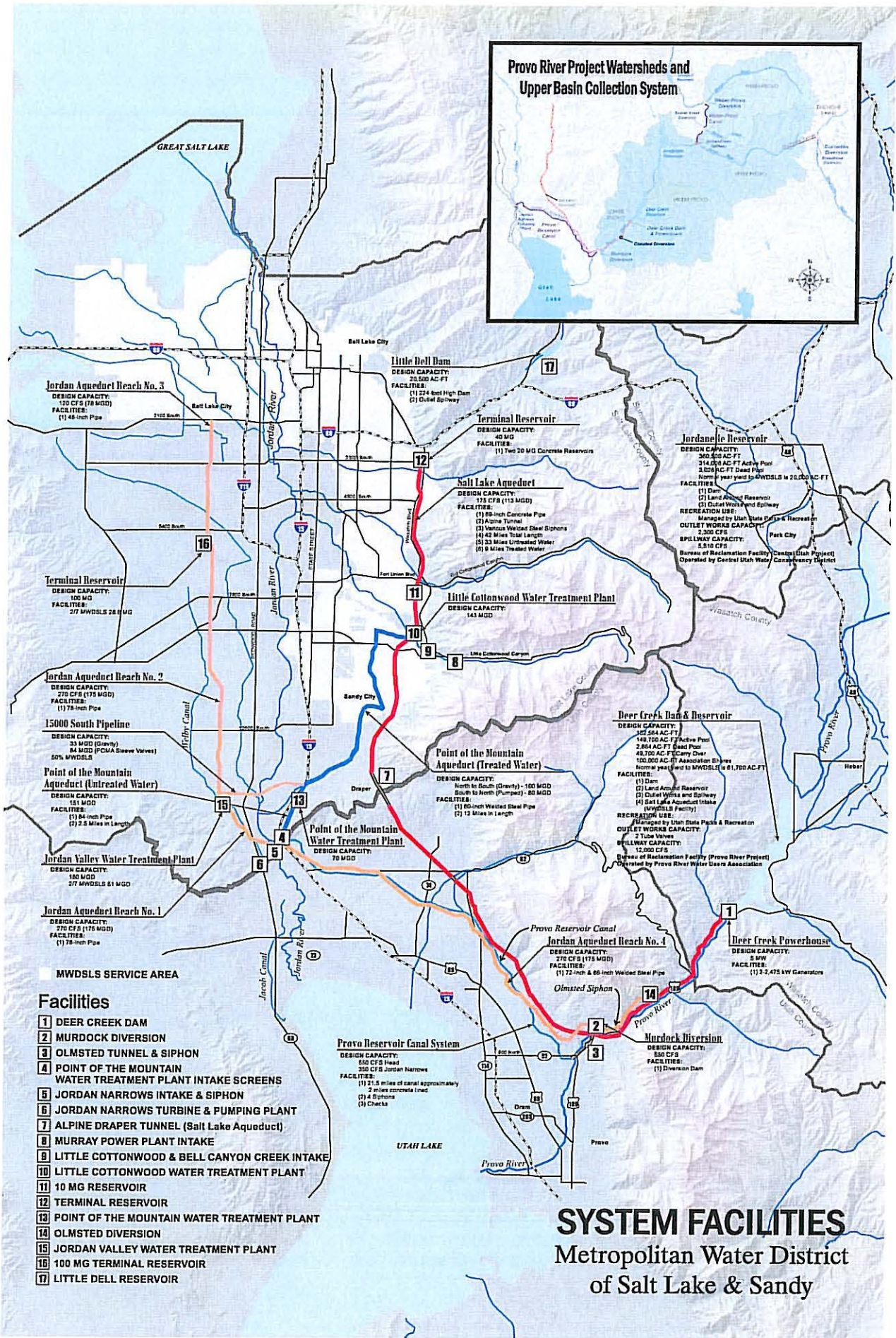
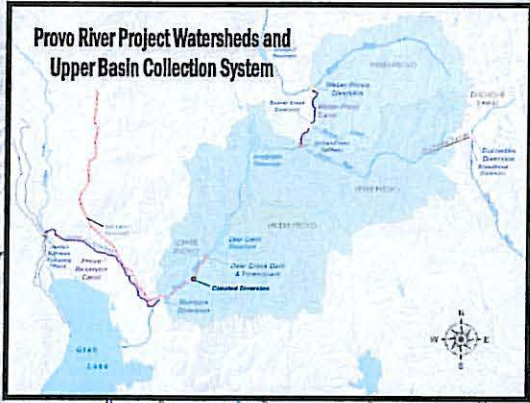
**Attachment B**

**District Benefit Facts**

<b>Current Enrollment Medical</b>	<b>Single</b>	<b>Family</b>	<b>Double</b>	<b>Total Enrolled</b>	<b>Enrolled</b>
Select Health	7	34	20	61	92%
Open Positions	0	4	0	4	6%
Employees Without	0	1	0	1	2%
<b>Total</b>	<b>7</b>	<b>39</b>	<b>20</b>	<b>66</b>	<b>100%</b>
<b>Medical Insurance Premiums (monthly)</b>	<b>Single</b>	<b>Family</b>	<b>Double</b>		<b>Total Monthly</b>
Select Health	\$ 221.30	\$ 619.70	\$ 458.20		
Multiplied by enrollment status	\$ 1,549.10	\$ 23,548.60	\$ 9,164.00		\$ 34,261.70
<b>Health Savings Account (monthly)</b>	<b>Single</b>	<b>Family</b>	<b>Double</b>		<b>Total Monthly</b>
Health Equity	\$ 254.17	\$ 512.50	\$ 512.50		
Multiplied by enrollment status	\$ 1,779.17	\$ 19,475.00	\$ 10,250.00		\$ 31,504.17
<b>Current Enrollment Dental</b>	<b>Single</b>	<b>Family</b>	<b>Double</b>	<b>Total Enrolled</b>	<b>Enrolled</b>
Total Dental Administrators	7	37	19	63	95%
Open Positions	0	3	0	3	5%
Employees Without	0	0	0	0	0%
<b>Total</b>	<b>7</b>	<b>40</b>	<b>19</b>	<b>66</b>	<b>100%</b>
<b>Dental Premiums (monthly)</b>	<b>Single</b>	<b>Family</b>	<b>Double</b>		<b>Total Monthly</b>
Total Dental Administrators	\$ 43.22	\$ 79.90	\$ 54.87		
Multiplied by enrollment status	\$ 302.54	\$ 3,196.00	\$ 1,042.53		\$ 4,541.07
<b>Life Insurance, AD&amp;D, LTC, LTD, EAP, Other</b>					<b>Total Monthly</b>
Total Employees	66				
Basic Life (\$50,000)	\$ 10.50				
Basic Life (spouse and dependents)	\$ 1.99				
Basic AD&D (\$250,000)	\$ 9.00				
Long-term care (average amount)	\$ 10.24				
Long-term disability (average amount)	\$ 13.52				
Employee Assistance Program	\$ 0.75				
Flexible Spending Account Fee	\$ 2.80				
Health Savings Account Fee	\$ 2.25				
Monthly Total	\$ 51.05				
Monthly total multiplied by total employees					\$ 3,369.30
<b>Totals</b>					
Actual Monthly Totals Medical/HSA/Dental/Other					\$ 73,676.24
Actual Annual Total Medical/HSA/Dental/Other					\$ 884,114.84
Medical: estimated FY 2011 total increase based on 9% increase on 1/1/11					\$ 18,501.32
Health Savings: estimated FY 2011 total increase based on 0% increase on 1/1/10					\$ -
Dental: estimated FY 2011 total increase based on 7% increase on 1/1/11					\$ 1,907.25
Other: estimated FY 2011 total increase based on 0% increase on 1/1/10					\$ -
<b>FY2011 Estimated Budget</b>					<b>\$ 904,523.41</b>

2.31%





**Jordan Aqueduct Reach No. 3**  
 DESIGN CAPACITY:  
 150 CFS (75 MGD)  
 FACILITIES:  
 (1) 48-inch Pipe

**Little Dell Dam**  
 DESIGN CAPACITY:  
 20,500 AC-FT  
 FACILITIES:  
 (1) 124-foot High Dam  
 (2) Outlet Spigway

**Terminal Reservoir**  
 DESIGN CAPACITY:  
 40 MG  
 FACILITIES:  
 (1) Two 20 MG Concrete Reservoirs

**Jordanale Reservoir**  
 DESIGN CAPACITY:  
 360,000 AC-FT  
 314,000 AC-FT Active Pool  
 2,000 AC-FT Diked Ponds  
 Normal year yield to MWDSLs is 20,000 AC-FT  
 FACILITIES:  
 (1) Dam  
 (2) Land Above Reservoir  
 (3) Outlet Works and Spigway

**Salt Lake Aqueduct**  
 DESIGN CAPACITY:  
 175 CFS (113 MGD)  
 FACILITIES:  
 (1) 68-inch Concrete Pipe  
 (2) Alpine Tunnel  
 (3) Various Weir and Siphon  
 (4) 42 Miles Total Length  
 (5) 23 Miles Unfiltered Water  
 (6) 9 Miles Treated Water

**RECREATION USE:**  
 Managed by Utah State Parks & Recreation  
**OUTLET WORKS CAPACITY:**  
 2,300 CFS  
**SPILLWAY CAPACITY:**  
 5,510 CFS  
 Bureau of Reclamation Facility (Cedar Breaks Project)  
 Operated by Central Utah Water Conservancy District

**Little Cottonwood Water Treatment Plant**  
 DESIGN CAPACITY:  
 143 MGD

**Terminal Reservoir**  
 DESIGN CAPACITY:  
 100 MG  
 FACILITIES:  
 277 MWDSLs 28 MG

**Jordan Aqueduct Reach No. 2**  
 DESIGN CAPACITY:  
 270 CFS (175 MGD)  
 FACILITIES:  
 (1) 78-inch Pipe

**Point of the Mountain Aqueduct (Treated Water)**  
 DESIGN CAPACITY:  
 North to South (Gravity) - 100 MGD  
 South to North (Pumped) - 80 MGD  
 FACILITIES:  
 (1) 60-inch Welded Steel Pipe  
 (2) 12 Miles in Length

**Deer Creek Dam & Reservoir**  
 DESIGN CAPACITY:  
 425,000 AC-FT  
 148,700 AC-FT Active Pool  
 3,804 AC-FT Diked Ponds  
 48,700 AC-FT Carry Over  
 100,000 AC-FT Association Storage  
 Normal year yield to MWDSLs is 81,700 AC-FT  
 FACILITIES:  
 (1) Dam  
 (2) Land Above Reservoir  
 (3) Outlet Works and Spigway  
 (4) Salt Lake Aqueduct Intake (MWDSLs Facility)

**Point of the Mountain Aqueduct (Untreated Water)**  
 DESIGN CAPACITY:  
 151 MGD  
 FACILITIES:  
 (1) 84-inch Pipe  
 (2) 2.5 Miles in Length

**RECREATION USE:**  
 Managed by Utah State Parks & Recreation  
**OUTLET WORKS CAPACITY:**  
 2 Tube Valves  
**SPILLWAY CAPACITY:**  
 12,000 CFS  
 Bureau of Reclamation Facility (Provo River Project)  
 Operated by Provo River Water Users Association

**Jordan Valley Water Treatment Plant**  
 DESIGN CAPACITY:  
 160 MGD  
 277 MWDSLs 61 MGD

**Jordan Aqueduct Reach No. 4**  
 DESIGN CAPACITY:  
 270 CFS (175 MGD)  
 FACILITIES:  
 (1) 72-inch & 60-inch Welded Steel Pipe

**Deer Creek Powerhouse**  
 DESIGN CAPACITY:  
 6 MW  
 FACILITIES:  
 (1) 2,475 kW Generators

■ MWDSLs SERVICE AREA

**Facilities**

- 1 DEER CREEK DAM
- 2 MURDOCK DIVERSION
- 3 OLMSTED TUNNEL & SIPHON
- 4 POINT OF THE MOUNTAIN WATER TREATMENT PLANT INTAKE SCREENS
- 5 JORDAN NARROWS INTAKE & SIPHON
- 6 JORDAN NARROWS TURBINE & PUMPING PLANT
- 7 ALPINE DRAPER TUNNEL (Salt Lake Aqueduct)
- 8 MURRAY POWER PLANT INTAKE
- 9 LITTLE COTTONWOOD & BELL CANYON CREEK INTAKE
- 10 LITTLE COTTONWOOD WATER TREATMENT PLANT
- 11 10 MG RESERVOIR
- 12 TERMINAL RESERVOIR
- 13 POINT OF THE MOUNTAIN WATER TREATMENT PLANT
- 14 OLMSTED DIVERSION
- 15 JORDAN VALLEY WATER TREATMENT PLANT
- 16 100 MG TERMINAL RESERVOIR
- 17 LITTLE DELL RESERVOIR

**Provo Reservoir Canal System**  
 DESIGN CAPACITY:  
 850 CFS Head  
 300 CFS Jordan Narrows  
 FACILITIES:  
 (1) 21.5 miles of canal approximately  
 2 miles concrete lined  
 (2) 4 Siphons  
 (3) Checks

**Murdock Diversion**  
 DESIGN CAPACITY:  
 850 CFS  
 FACILITIES:  
 (1) Diversion Dam

**SYSTEM FACILITIES**  
 Metropolitan Water District  
 of Salt Lake & Sandy