

Metropolitan Water District of Salt Lake & Sandy  
Board Packet Information  
Last Update: May 12, 2010

**Agenda Item:** Presentation of Fiscal Year 2011 Tentative Budget

**Background:** As a reminder and in preparation for the budget public hearing, excerpts from the budget book have been enclosed with this board packet. The excerpts include the executive summary, the total district (operations and maintenance) expenditures, the capital budget summary, the revenue projections, the reserve funds and debt service coverage page, and the schedule. No changes have been made to the tentative budget that was adopted in April. A copy of the complete budget can be reviewed on the District's website ([www.mwdsls.org](http://www.mwdsls.org)).

The public hearing has been noticed by directly sending letters to those agencies that pay for water from the District. These notices were sent to the Salt Lake City (City Council and Department of Public Utilities), Sandy City (City Council and Department of Public Utilities), Jordan Valley Water Conservancy District, WaterPro (Draper Irrigation Company), Sandy Irrigation Company, Alpine Country Club, Utah County, Central Utah Water Conservancy District, Taylorsville-Bennion Improvement District, and the City of West Jordan. In addition, a notice was published on May 9, 2010 in the legal notice sections of the Salt Lake Tribune and the Deseret News.

The intent of the public hearing is to gather public comment regarding the tentative budget. The adoption of the final budget is scheduled for June 14, 2010. The board may consider changes to the tentative budget at any time prior to final adoption.

**Recommendation:** None.

## 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	35,455	-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	36,396	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 AQUEDUCT 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	Estimated 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
<b>Net Sandy City Ontario Drain Tunnel Assessment</b>	<b>\$55,031</b>	<b>\$555,354</b>	<b>\$833,031</b>	<b>\$834,891</b>
<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
Totals		\$24,116,485	\$25,311,450
<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		

## Fiscal Year 2011 Budget Schedule

Last Updated: April 20, 2010

- **January 19** – Discuss budget process and schedule with managers
- **February 1** – Controller to provide draft budget forms (electronically) to GM/Managers
- **February 8** – Deadline for submitting capital improvement projects to Engineering Manager. During this week, GM to discuss budgets with individual managers at coordination meetings.
- **February 16** – Deadline for rough budget numbers to be submitted to Controller
- **February 17** – Engineering Committee Meeting (preliminary discussion related to capital budget).
- **February 22** – Controller to return updated budgets to GM.
- **March 1 (week of)** – GM and managers meet with Controller to review budgets.
- **March 4** – GM to review budget with Finance Committee and managers.
- **March 11** – Management Advisory Committee and Finance Committee Meetings.
- **March 22** – Board Meeting, work session to discuss FY 2011 Budget.
- **April 7** – Finance Committee Meeting - (P&P 3-629(1) “On or before the first regularly scheduled meeting of the Board in May, the GM shall consult with the Finance Committee and prepare a tentative operating and capital budget for the ensuing fiscal year.)
- **April 19** – Board Meeting-adoption of the tentative budget.
  
- **April 27** – Presentation to the Salt Lake City Council.
  
- **May 3** – First publication of notice of the public hearing (black border notice “at least 7 days prior to the hearing” (P&P 3-629(3))).
  
- **May 10** - Deadline for publishing second notice of budget hearing (see Utah Code Ann. 59-2-918 and 919).
  
- **May 17** – Board Meeting – Tentative budget public hearing (6:00 P.M.)
  
- **May 18** – Presentation to Sandy City Council (5:00 PM)
  
- **June 2** – Engineering, Management Advisory, and Finance Committee Meetings
  
- **June 14** – Board Meeting - Budget adoption subject to certified tax rate public hearing (if tax increase is proposed; currently not planned)
  
- **June 22** – Utah Code 59-2-924 5a “On or before June 22, each taxing entity shall annually adopt a tentative budget.” Deadline for submission of the proposed tax rate (Utah Code 59-2-912)
  
- **July 26** – First publication of notice of the public hearing (if necessary)
  
- **August 2** - Deadline for publishing second notice of public hearing (if necessary)
  
- **August 9** (date subject to change) – Board Meeting and Certified Tax Rate Public Hearing (if a tax increase is proposed, consider final adoption of FY 2011 Budget
  
- **September 8** – 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*

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



April 28, 2010

Cindy Gust-Jensen, Council Executive Director  
Salt Lake City Council  
PO Box 145476  
Salt Lake City, UT 84114-5476

**Re: MWDSLS Proposed Fiscal Year 2011 Fee Schedule**

Dear Cindy:

As part of the budgeting process for fiscal year 2011, the Metropolitan Water District of Salt Lake & Sandy (MWDSLS) is considering increasing the wholesale water rates and fees it charges to its member cities and others that use MWDSLS facilities. The proposed changes reflect an increase of 3% above existing rates.

The details of the proposal are shown in the attached Notice of Public Hearing that is being sent to you pursuant to state statute (17B-1-643 2(c)). A public hearing for the purpose of hearing comments regarding the proposed increase and to explain the reasons for the proposed increase will be held on May 17, 2010 at 6:00 p.m. at 3430 East Danish Road, Cottonwood Heights, UT. The decision to adopt the final budget is scheduled for June 14, 2010.

Please let us know if you have any questions or concerns. You can reach me by calling 801.942.9685.

Sincerely,

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

Michael L. Wilson  
General Manager

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May 9, 2010  
Deseret News  
Salt Lake Tribune

NOTICE OF PUBLIC HEARING  
REGARDING METROPOLITAN  
WATER DISTRICT OF SALT  
LAKE & SANDY BUDGET AND  
WHOLESALE WATER RATE  
INCREASE

The tentative Metropolitan  
Water District of Salt Lake &  
Sandy (MWDSL) Fiscal Year  
(FY) 2010-2011 budget, effec-  
tive July 1, 2010, includes  
proposed wholesale water  
rate increases. A public  
hearing for the MWDSL  
Board of Trustees to receive  
comments and respond to  
questions regarding the pro-  
posed budget, including the  
purposes and necessity of the  
proposed rate increases, will  
be held on the following date  
and at the following time and  
place:

DATE: May 17, 2010  
TIME: 6:00 p.m.  
LOCATION: Metropolitan  
Water District of Salt Lake &  
Sandy  
3430 East Danish Road, Cot-  
tonwood Heights, Utah

Additional information can be  
found at [www.mwds.org](http://www.mwds.org)  
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