

Metropolitan Water District of Salt Lake & Sandy

Overview & Budget

Presentation to Sandy City Council
28 April 2020

by

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Introduction

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SANDY PUBLIC UTILITIES AND METRO WATER BACKGROUND

Benefits and Why Sandy petitioned to join Metro Water

Sandy needed additional water rights

- Sandy ran out of water in 1980s. Moratorium on development.
- Sandy well water rights are junior priority and expected to be significantly reduced or dry up with long term drought and overpumping of groundwater aquifer.
- Reliability/Sustainability - Metro provides water storage and diversification of water supply

Efficiency

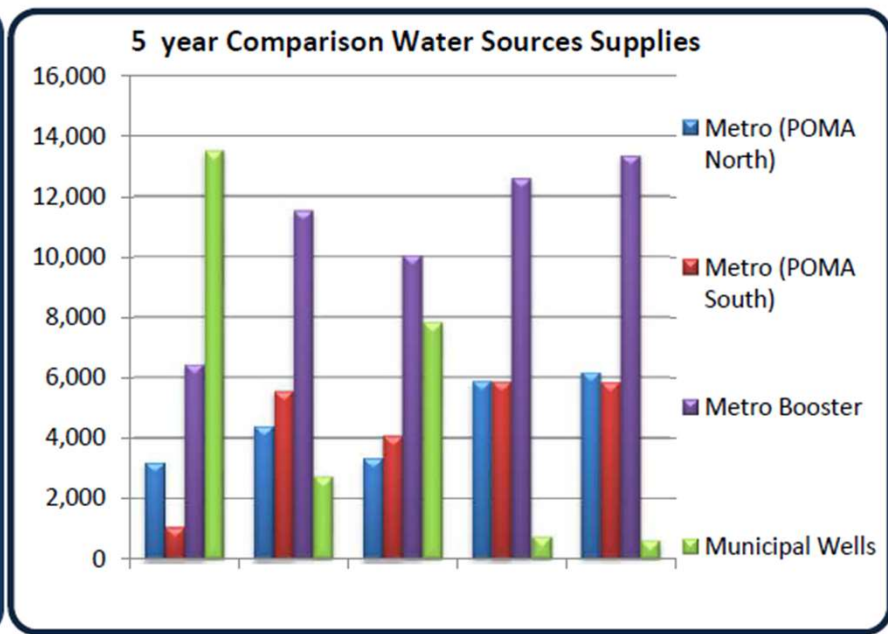
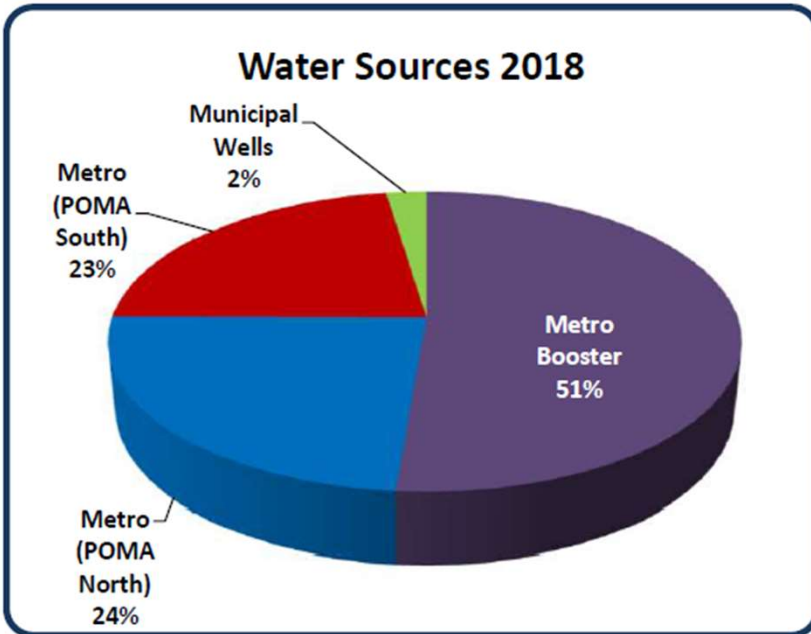
- Metro aquaducts and water treatment facilities are near Sandy
- Gravity fed mountain supply = Large power cost savings
- Metro treats Sandy's Little Cottonwood / Bell Canyon water rights
- Pool water and financial resources with Salt Lake City for conjunctive management



SANDY PUBLIC UTILITIES WATER SUPPLY SOURCES

| | CY 2014 (AF) | CY 2015 (AF) | CY 2016 (AF) | CY 2017 (AF) | CY 2018 (AF) | 5 Year Avg. | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|-------------|
| Metro Booster | 6,430 | 11,518 | 10,047 | 12,592 | 13,340 | 10,785 | 43% |
| Metro (POMA North) | 3,193 | 4,393 | 3,343 | 5,884 | 6,178 | 4,598 | 18% |
| Metro (POMA South) | 1,060 | 5,564 | 4,079 | 5,869 | 5,849 | 4,484 | 18% |
| Municipal Wells | 13,497 | 2,724 | 7,842 | 749 | 625 | 5,087 | 20% |
| Total Acre Footage Supplied* | 24,180 | 24,199 | 25,310 | 25,094 | 25,992 | 24,955 | 100% |

* These numbers include approximately 2,000 AF/year sold to Midvale. 2018 is the final year of this agreement.





Sandy Water Sources via Metro Facilities:

Direct Streamflow

- Little Cottonwood
- Bell Canyon

Reservoir Storage

- Deer Creek
- Jordannelle

Storage Sources

- Ontario Drain
- Provo River
- Weber River
- Dushesne River



SANDY PUBLIC UTILITIES AND METRO WATER KEY FACTS

\$11,256,370 (50%) of Sandy Water Enterprise budget goes to Metro Water
\$4,210,322 Capital Assessment (Sandy's share of Metro Water Projects)
\$6,028,576 Annual Water Purchase

Sandy Public Utilities pays approximately
30% of Metro costs, which includes:
19% of Provo River Association / Deer Creek Reservoir costs

Metro Governance

Sandy has 2 representatives on Metro Board

Don Milne, PE (former deputy director of Los Angeles Public Works)

John Kirkham (former managing partner of Stoel Rives law firm)

- Don and John also serve on Sandy's Public Utilities Advisory Board
- Don, John, Mike and Tom are directors of Provo River Water Users Association (owner/operator of Deer Creek Dam and aqueducts)





Overview and Summary of FY 2021 Budget

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



Sandy City Council
April 28, 2020



Outline of Presentation

- MWDSLS Overview
- FY 2021 Budget
- Debt Service
- Budget Schedule

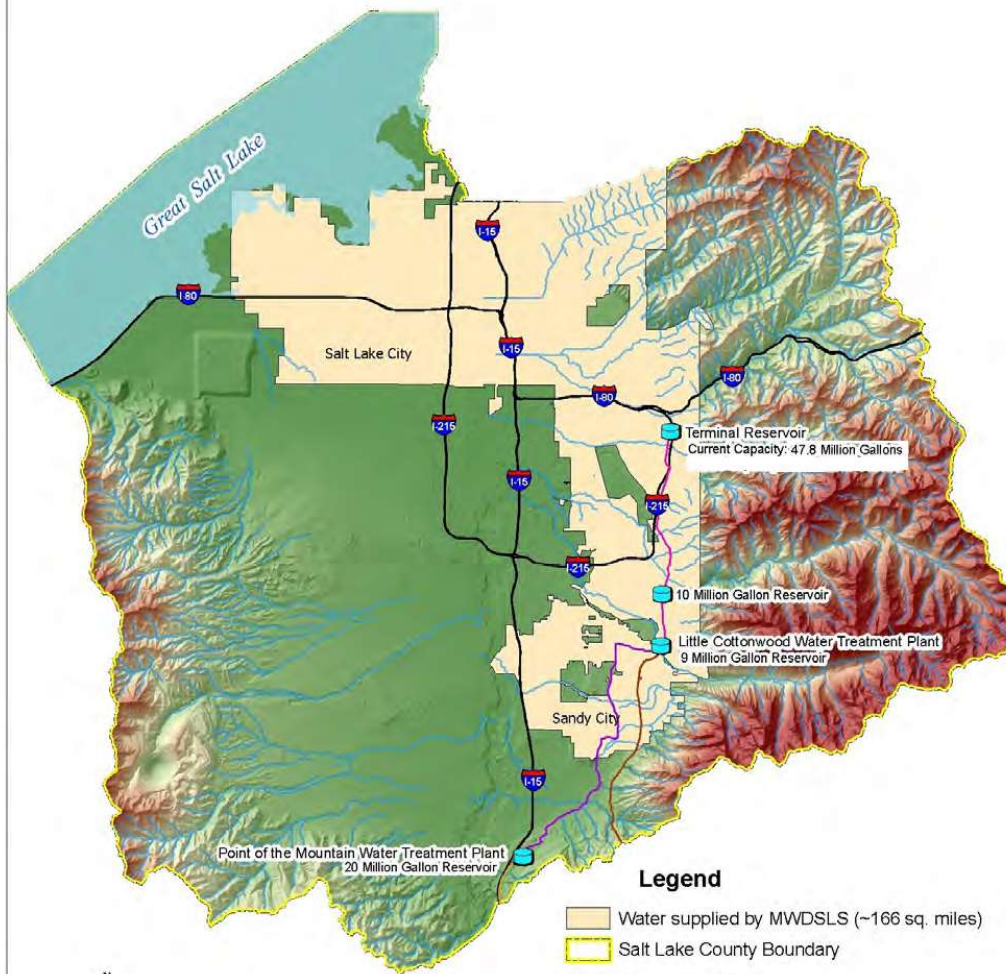
Metropolitan Water District of Salt Lake & Sandy

- **Established in August 1935**
- **Member cities**
 - Salt Lake City—founding member
 - Sandy City—joined in 1990
- **Board members appointed by city councils**
 - 5 members—Salt Lake City
 - 2 members—Sandy City
 - Four year terms

Customers of MWDSLS

- Salt Lake City
- Sandy City
- Surplus customers
 - Jordan Valley Water Conservancy District
 - Irrigators
 - Others

Metropolitan Water District of Salt Lake & Sandy Water Service Area



Legend

- Water supplied by MWDSLS (~166 sq. miles)
- Salt Lake County Boundary
- Salt Lake Aqueduct**
- Finished Water
- Raw Water
- Point of the Mountain Aqueduct**
- Finished Water
- Raw Water

MWDSLS Water Supply

| Water Sources | Typical Annual Supply (acre-feet) |
|---|-----------------------------------|
| Provo River Project (Deer Creek Reservoir; current year allocation estimated to be 100%) | 61,900 |
| Little Cottonwood Creek (From SLC & Sandy) | 20,000 |
| Central Utah Project (Jordanelle Reservoir) | 20,000 |
| Ontario Drain Tunnel (Sandy City Preferential Right) | 3,200 |
| Total: | 105,100 |
| Central Utah Project—Utah Lake System (Strawberry Reservoir; Available in FY 2021) | 5,600 |

Agency Relationships

■ Provo River Project

- Provo River Water Users Association (Deer Creek Division)
- MWDSLS (Aqueduct Division)
- Shareholders of Provo River Water Users Association
 - *MWDSLS owns the majority of stock (61.9%)*
 - *Provo Reservoir Water Users Company (16%) (Jordan Valley Water Conservancy District owns majority stock in this company)*
 - *Others*

■ Central Utah Project

- Central Utah Water Conservancy District

MWDSLS Key Facilities

- Little Cottonwood Water Treatment Plant
 - Design capacity
 - *150 million gallons per day (MGD)*



- Point of the Mountain Water Treatment Plant
 - Design capacity
 - *70 MGD*



MWDSLS Key Facilities

■ Salt Lake Aqueduct

- 42 miles long
- 69 inch inside diameter
- Design capacity—113 MGD



■ Point of the Mountain Aqueduct

- 12 miles—60 inch diameter
 - *Design capacity—77 MGD*
- 2.5 miles—84 inch diameter
 - *Design capacity—151 MGD*



MWDSLS Key Facilities

■ Terminal Reservoir

- Replacement project completed in 2018
- Design capacity
 - *48 million gallons*



■ Jordan Aqueduct System

- MWDSLS owns 2/7
 - *Jordan Aqueduct and related facilities*
 - *Jordan Valley Water Treatment Plant*



FY 2021 Budget—Revenue

- **Three primary sources of revenue (98%)**
 - Water sales (48%)
 - Property taxes (23%)
 - Capital Assessments (27%)
- **Miscellaneous revenue (2%)**
 - Interest
 - Other (cell tower leases, licensing program fees, surplus equipment sales, etc.)

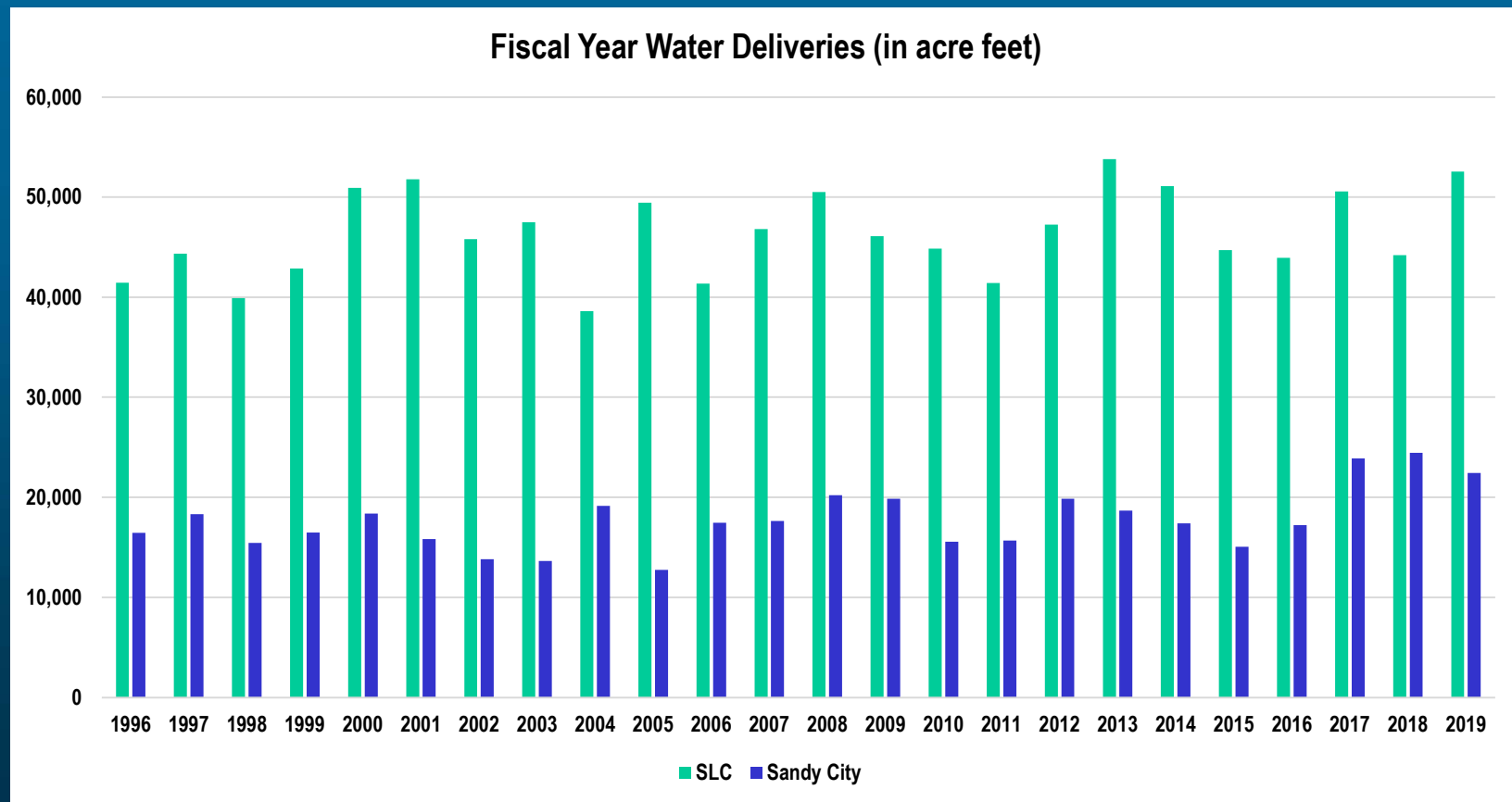
FY 2021 Budget

Member City Water Sales

- **Member city rates history**
 - Volumetric water rates (\$/acre foot) before FY 2010
 - Seasonal volumetric water rates from FY 2010 through FY 2013
 - *Goal of seasonal rates was to encourage conjunctive water use (utilization of surface water supplies while resting ground water supplies)*
 - Returned to volumetric rates in FY 2014 due to revenue shortfalls
 - Established fixed water rate in FY 2017
 - *Supports conjunctive water use*
 - *Provides predictability for MWDSLS and member cities*

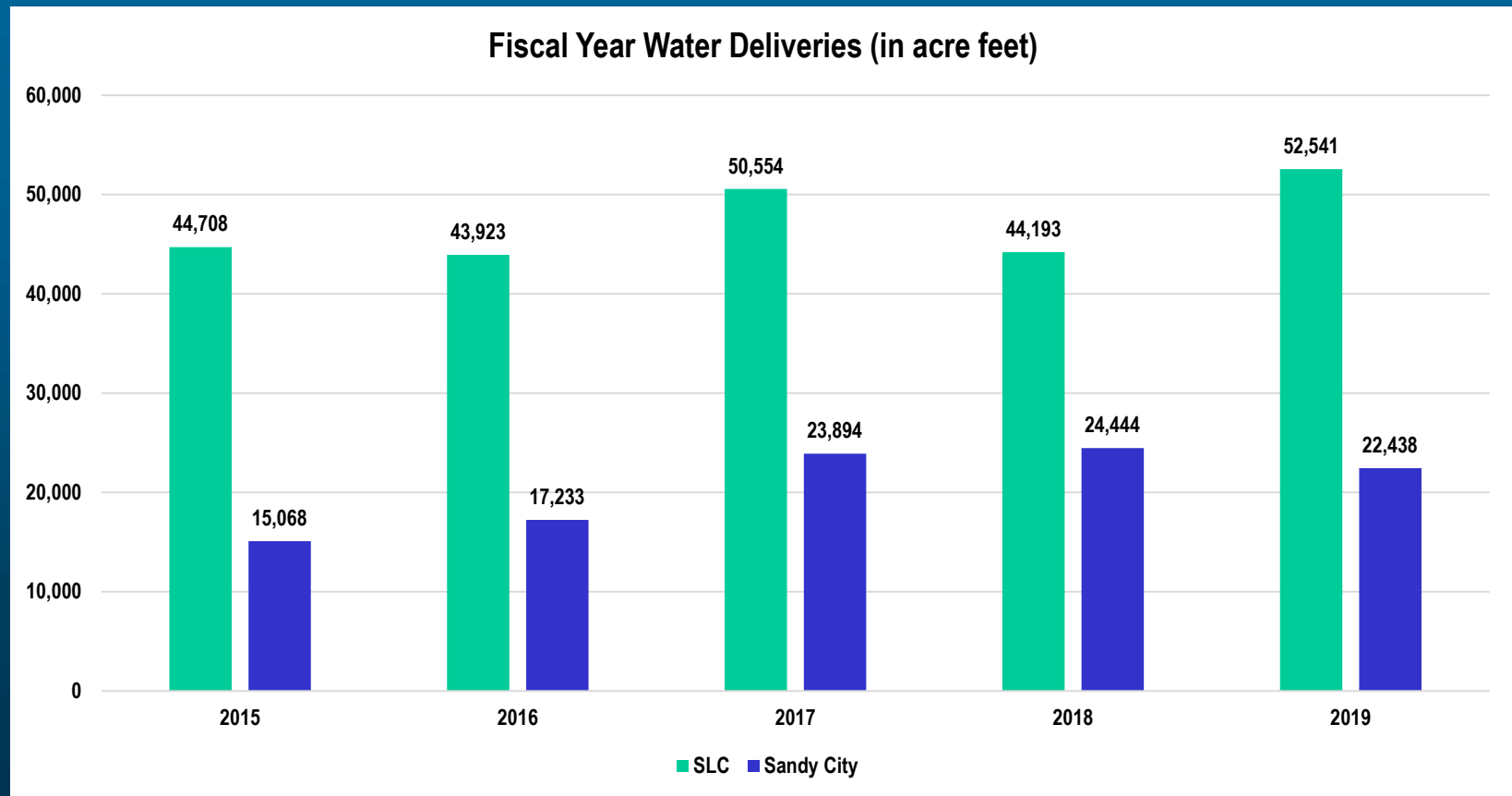
FY 2021 Budget Member City Water Sales

Member city historical usage



FY 2021 Budget Member City Water Sales

Member city historical usage



FY 2021 Budget Member City Water Sales

- **No increase to the member cities water charge for FY 2021**
 - **Future water rate increases are anticipated to be 3% annually through FY 2025 (5-year look ahead).**

FY 2021 Budget

Water Sales to Others, Property Taxes, Capital Assessments

- **3% rate increase proposed for non-member entity water sales**
 - **Water sales to non-member entities on a surplus basis to help offset member city costs**
- **No proposed increase to the certified tax rate**
- **No proposed changes to the capital assessments**

FY 2021 Budget Expenditures

- **12.2% increase in Operations and Maintenance (O&M) expenses**
 - Increased power costs
 - *Primarily due to pumping costs to support necessary system upgrades at Little Cottonwood Water Treatment Plant.*
 - Increased employee costs
 - *Includes the addition of four full-time equivalents (FTEs) for succession planning and staffing needs*
 - **These costs (as well as any salary increases) will require additional Board approval after final budget adoption**
 - **This will allow the Board to better evaluate economic impacts and conditions resulting from COVID-19 before these costs are approved**

FY 2021 Budget Expenditures

- **O&M expenses—increased Central Utah Water Conservancy District (CUWCD) costs**
 - **Increases are associated with Central Utah Project supplies (operation, maintenance, replacement, and reserves)**
 - ***44% increase for FY 2021 (increase of \$355,000)***
 - ***10% increase for FY 2022 (increase of \$115,500)***
 - ***Annual assessment will have increased by \$970,500 in five years (324% increase)***
 - **FY 2017 annual assessment was \$300,000**
 - **Forecasted FY 2022 annual assessment is \$1,270,500**
 - **Total annual CUWCD cost is approximately \$5.0 M**
 - ***20,000 acre feet M&I and 3,100 acre feet ULS***

FY 2021 Budget Expenditures

- **Provo River Water Users Association (PRWUA)**
 - Annual assessments have been relatively steady
 - Largest future cost increase associated with replacement of Deer Creek Dam intake structure and related guard gates
 - *Assuming a \$40 M project, a 2022 start date, 17% cost participation by CUWCD, 25 year amortization, and 5% interest rate:*
 - The MWDSLs estimated annual cost would be approximately \$1.6 M
 - Based on historical averages, other assessments expected to increase by approximately 3.0% annually
 - Total annual PRWUA cost is approximately \$3.7 M
 - *61,900 acre feet (100% allotment) and holdover*

FY 2021 Budget Expenditures

- **13.5% increase in capital expenses**
 - Total capital budget is \$7.3 M
 - *Increase of \$572 K in MWDSLS non-capacity capital expenditures*
 - *Increase of \$224 K in Jordan Aqueduct System capital expenditures*
 - Updated Master Plan for capital improvements
 - *Updated water supply and demand*
 - *Facilities demand analysis*
 - *Ensure reliable drinking water supplies for member cities through the year 2060*
 - Comprehensive Asset Management Program and Capital Improvement Plan

Debt Service

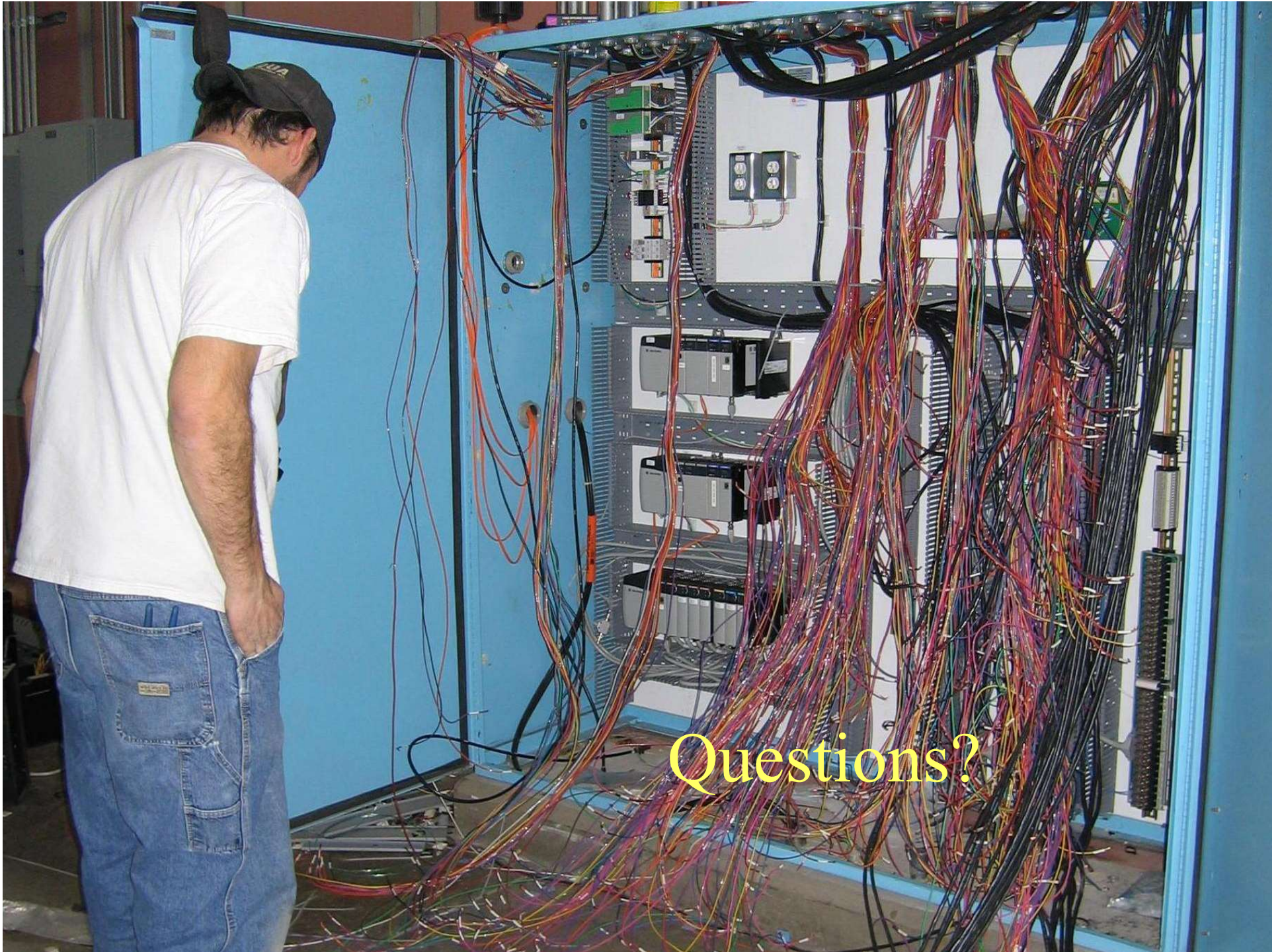
- **MWDSLS refunded a portion of its 2012A bonds in 2019**
 - Net present value savings of \$2.3 M
 - Average annual cash flow savings of \$168 K
- **Additional refunding opportunities are currently being explored**
- **No new debt anticipated in FY 2021**

Budget Schedule

- Tentative budget was adopted on April 20
- Budget public hearing will be on May 18
- Final budget is anticipated to be adopted on June 22

Key Takeaways

- MWDSLS' current year water supply is healthy
- No rate increase for the member cities in FY 2021
- MWDSLS is working diligently to control O&M and capital costs
 - Costs from some outside agencies continue to escalate at a high rate (e.g. CUWCD)
- Investigating additional bonds refunding opportunities for further debt service savings



Questions?