



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

ADOPTED

2012 BUDGET

And

2011 AMENDED

December 14, 2011

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1.0 2011 DISTRICT BUDGET OVERVIEW

1.1 The District

Mountain Regional Water (the District) is a regional public water company established in 2000 to resolve water shortage and quality problems in the Snyderville Basin. It is governed by the Summit County Council who acts as the District's governing board. The Council has delegated certain powers to an Administrative Control Board consisting of citizens who live within the District. Since its creation numerous small water companies and developments have joined the District.

1.2 District Budgets

The District has three budgets that require adoption each year by the Summit County Council, based upon accounting guidelines established for governmental enterprise funds:

Operating Budget – This annual “accrual based” budget includes the overall operation and financing of the District. Under accrual based accounting, revenues are generally recorded when earned or billed - rather than when cash is actually collected. In addition, expenses are recorded when incurred regardless of when they are paid.

This budget includes interest expense on debt (see *Debt Service Budget* below), and the depreciation of capital assets (see *Capital Budget* below). However, it does not include the upfront cost of capital equipment and projects; or the payment of principal on debt.

Debt Service Budget – This annual “cash based” budget includes the payments due each year on the District's outstanding debt, including both principal and interest. The budgeted sources of cash must come from the current year operations of the District, and not from reserves (reserves can be used if insufficient cash is generated during the year).

Capital Budget – This project “cash based” budget includes capital equipment costing more than \$5,000 and expenditures related to water system infrastructure, buildings, and water rights. These budgets remain in effect over the life of a project rather than a calendar year. Its cash sources typically include debt proceeds, grants, and reserve funds.

1.3 Water Production to Nearly Triple in 2012 (from 800 M to over 2.0 B gallons)

The District will produce nearly three times more water in 2012 than in the past. The District has a wheeling agreement with Park City to pump water through the District's infrastructure from the Rockport Reservoir to Park City. 2012 is the first year Park City will wheel water, and anticipates taking between 2,000 and 2,500 acre feet annually. The District plans to use more Lost Canyon water and less well water in 2012 as well.

The wheeling of water to Park City alone will increase both operating revenue and expenses by a projected \$388,100 in 2012; and will necessitate the addition of one operator by the District in order to staff the Lost Canyon booster station seven days per week. Park City will pay 38% and the District will pay 62% of the cost of the new operator. Per the wheeling agreement, Park City currently pays for 38% of the existing staff at Lost Canyon despite taking no water to date.

The wheeling of water to Park City, by contract, will have no impact on the District's rates; other than the ongoing annual benefit the District received when the wheeling agreement was initially

signed. When the District entered into the agreement, it increased the District's revenue by an equivalent of about a \$2.00 per month rate increase. This financial benefit will not change regardless of much water Park City takes from Lost Canyon, up to a maximum of 2,500 acre feet.

1.4 Rate Increases

The economic downturn and recent cool wet weather; combined with increasing debt service, treatment and electrical costs, necessitated a rate increase that was adopted by the Summit County Council on August 3, 2011. The rate increases are shown below.

<u>August 1, 2011</u>	
Across-the-Board	7.0%
Elevation Surcharge Increase per 1,000 Gallons	
Colony	\$0.79
Summit Park / Sun Peak	0.54
Redhawk / Stagecoach	1.26
<u>August 1, 2012</u>	
Across-the-Board	7.0%
Elevation Surcharge Increase per 1,000 Gallons	
Colony	\$0.15
Summit Park / Sun Peak	0.03
Redhawk / Stagecoach	0.08

1.5 Revenue Trends

The District's revenue collections have been sluggish the past three years due to the economic downturn and cool, wet weather. This trend is expected to continue in 2012.

As shown on the following page, *Total Revenue (Excluding Grants)* peaked in 2005 at \$11.35 million – during the peak of a building boom and a several year drought. The building boom ended in 2008 and the cool wet weather pattern began in 2008 as well.

Since 2005, *Total Revenue (Excluding Grants)* has steadily declined. Prior to the rate increases adopted in August 2011, *Total Revenue (Excluding Grants)* for 2011 was under projections, as the region set records for high rainfall and cool summer temperatures. With the rate increase the District should be close to its 2011 revenue projections.

2012 *Total Revenue (Excluding Grants)* is projected to be almost \$7.28 million, an \$826,200 increase over 2011. This increase can be broken out into three components:

Park City Wheeling Charges	\$388,100
Rate Increase	386,400
New Growth / Land Sale / Other	51,700
Total	\$826,200

The 2012 estimates are based upon 2009 and 2010 actual collections; adjusted for the August 2011 rate increases, and the estimated 2,000 to 2,500 acre foot of new water usage by Park City. The increase in Park City wheeling charges will be offset by a corresponding increase in District expenses. Both 2009 and 2010 revenue collections suffered from the weak economy; and cool wet weather. It is difficult to ascertain how much of the decline in *Water Sales* per customer the past few years is from the cool wet weather, and how much is from the weak economy. As such,

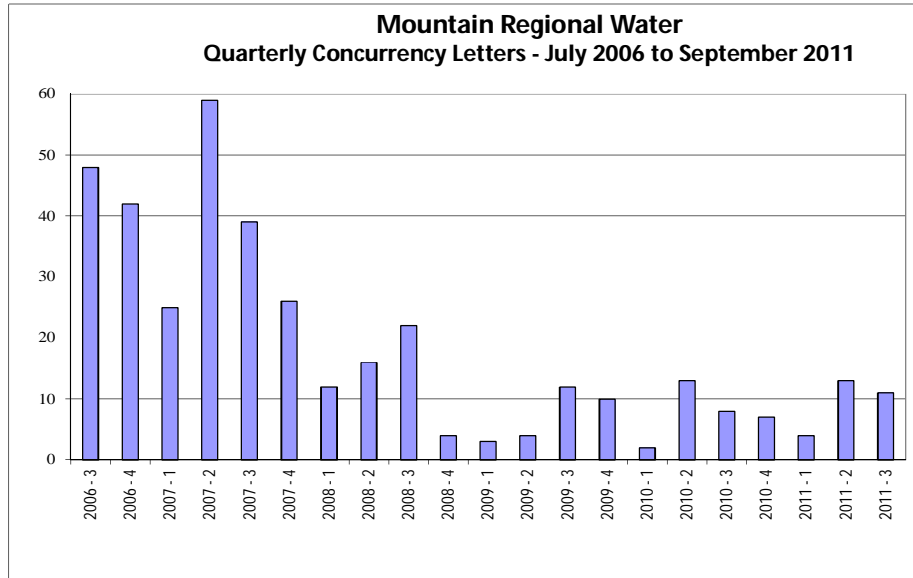
the 2012 *Water Sales* revenue could exceed projections if hot dry weather return, there is a strong economic recovery, or the District can sell wholesale water to other water companies.

MOUNTAIN REGIONAL WATER Revenue History									
	2005	2006	2007	2008	2009	2010	2011	2012	2012 Recommended to 2011 Adopted
	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Control Board Recommended	Adopted
<u>OPERATING REVENUE</u>									
Water Sales	\$ 4,108,515	\$ 4,382,992	\$ 5,025,200	\$ 5,061,067	\$ 4,743,974	\$ 4,905,670	\$ 5,032,900	\$ 5,430,800	\$ 397,900
Park City Wheeling	-	-	-	137,403	166,482	149,757	200,000	588,100	388,100
Stagecoach Assessment	-	-	-	-	317,682	178,750	179,400	170,000	(9,400)
Operating Fees	585,304	422,950	377,093	154,960	113,653	143,883	128,800	148,500	19,700
Other Operating	41,543	27,888	21,718	67,831	54,783	43,679	30,000	15,000	(15,000)
Total Operating Revenue	4,735,361	4,833,830	5,424,011	5,421,261	5,396,574	5,421,739	5,571,100	6,352,400	781,300
<u>NON-OPERATING REVENUE (Excluding Grants)</u>									
Interest Earnings	457,382	759,638	879,859	586,771	229,548	160,889	153,100	155,000	1,900
Impact Fees	690,058	740,406	600,622	204,044	231,828	241,308	200,000	230,000	30,000
Special Assessments	5,182,900	2,843,411	1,758,194	552,049	993,403	454,057	500,000	500,000	-
Other Non-operating	285,742	44,648	226,921	15,797	7,880	7,606	25,000	38,000	13,000
Total Non-operating Revenue	6,616,082	4,388,103	3,465,596	1,358,661	1,462,659	863,860	878,100	923,000	44,900
TOTAL REVENUE (Excluding Grants)	\$ 11,351,444	\$ 9,221,933	\$ 8,889,608	\$ 6,779,922	\$ 6,859,233	\$ 6,285,599	\$ 6,449,200	\$ 7,275,400	\$ 826,200
Grants	11,667	11,667	11,667	11,667	199,167	1,324,167	11,700	11,700	-
TOTAL INCLUDING GRANTS	\$ 11,363,110	\$ 9,233,600	\$ 8,901,274	\$ 6,791,589	\$ 7,058,400	\$ 7,609,766	\$ 6,460,900	\$ 7,287,100	\$ 826,200

Due to the continued slow building economy, it will take at least two years before the District can expect any significant increase in customers using water. It generally takes 18 to 24 months after the building economy improves before new development becomes water users. Once the building economy picks up, the District should see an immediate increase in impact and connection fees.

1.6 Impact of Economy on Customer Growth

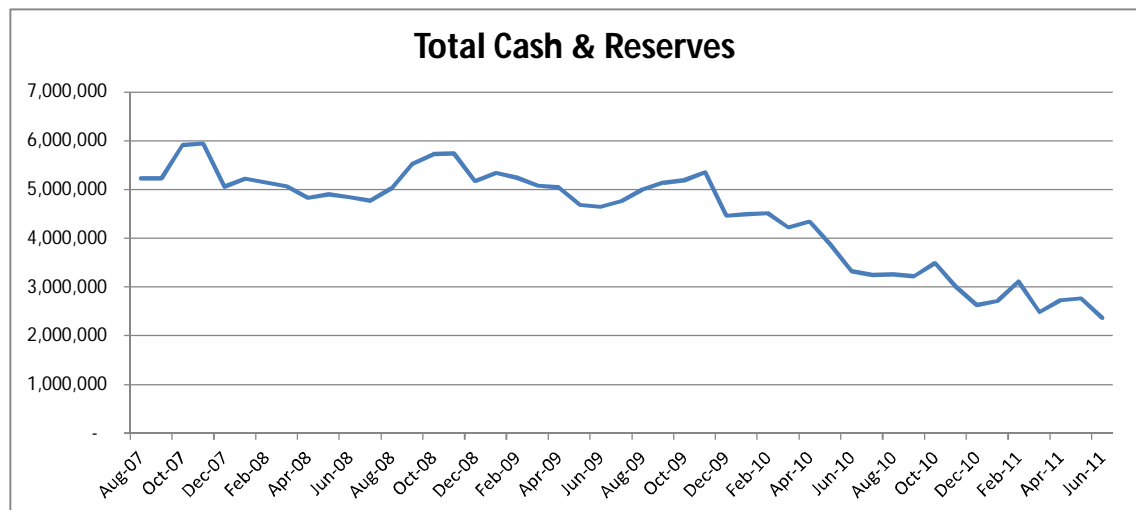
As shown below, the number of new construction units within the District declined dramatically after the initial banking crisis in the fall of 2008. In the 3rd quarter of 2009; new construction units showed slight improvement, and have remained relatively flat since then on a year by year basis.



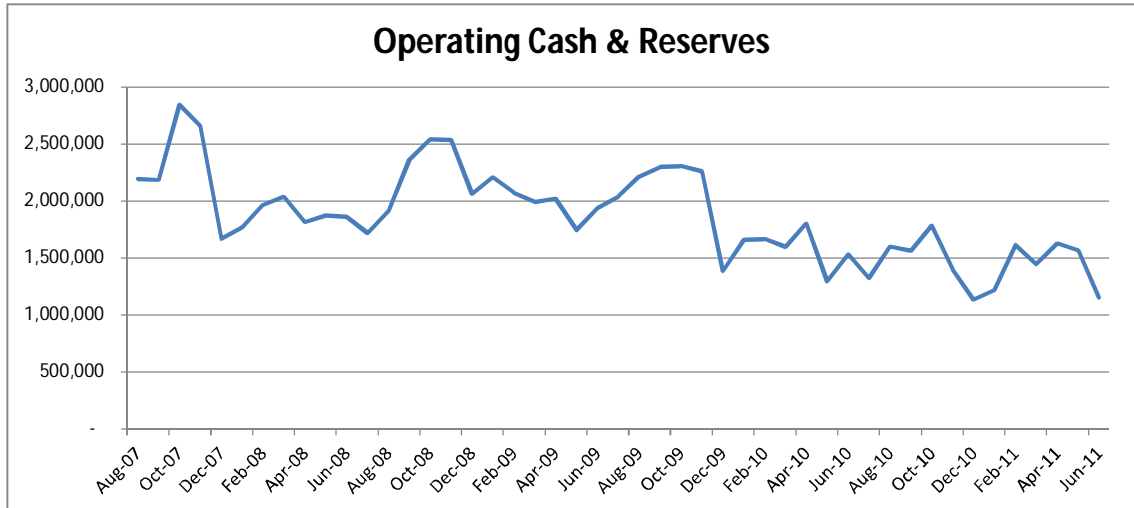
The District's 2012 projection for new units is 30 – which is similar to 2009, 2010, and 2011. There are currently over 1,700 undeveloped lots on standby within the District that will likely be future water users once the housing slump ends. Although current development has slowed during the housing downturn, the long-term growth potential of the District remains strong.

1.7 Impact of Economy and Cool, Wet Weather on Cash Reserves

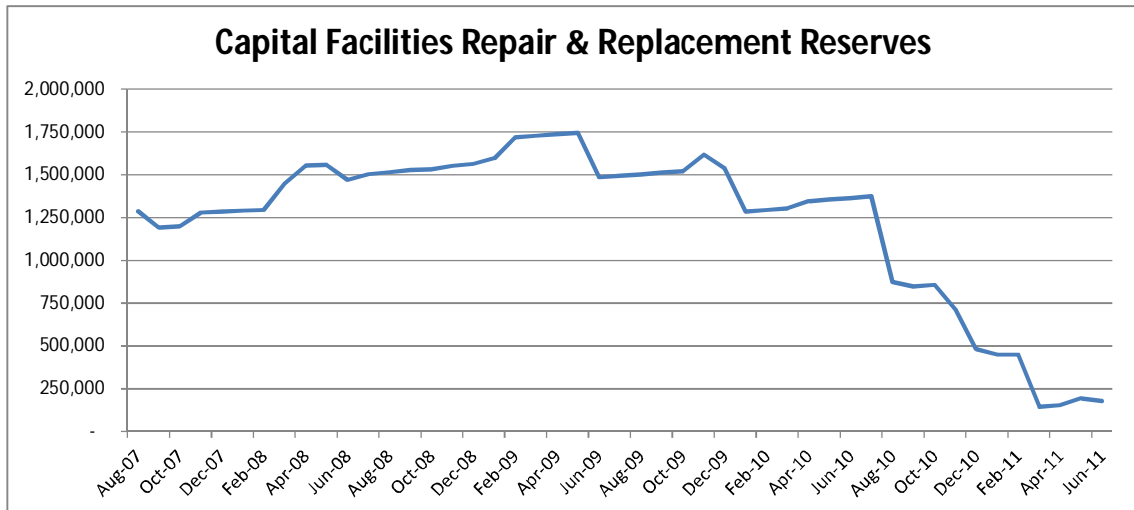
The District collected more revenue than expected from 2004 to 2008 due to the building boom and hot, dry weather. It used the resulting cash to build up reserves and to fund capital budgets. These reserves have since been used for those purposes. Fitch rating service described the District's 2010 year-end cash balances as "adequate". With the housing downturn and cool, wet weather continuing, the District's cash position has continued to decline, as shown below.



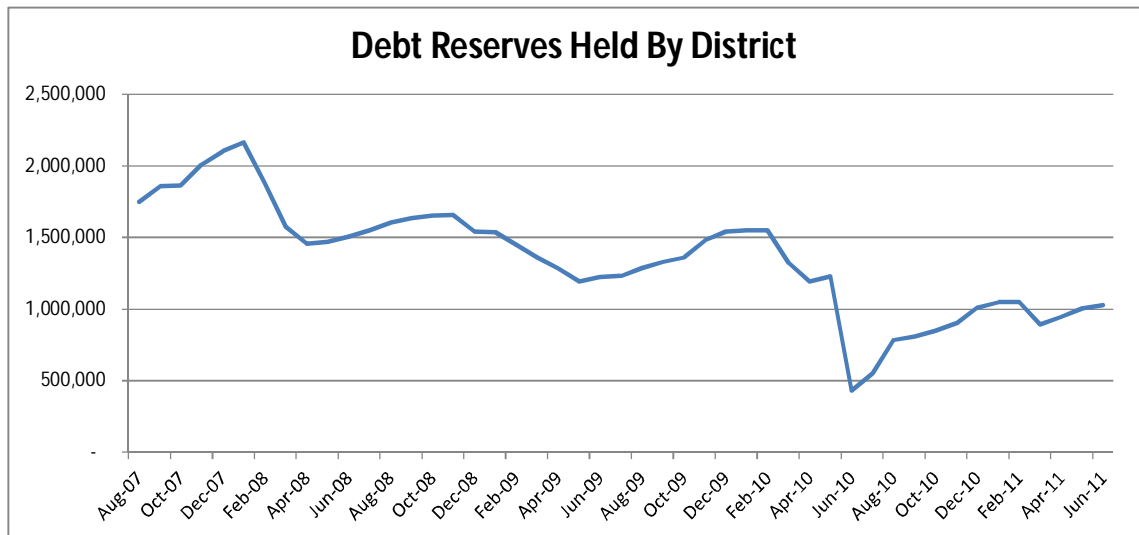
However, the rate increases adopted by the Summit County Council in August 2011 should result in cash and reserve balances increasing moderately for the next two to three years. This is particularly important for the District's *Operating Cash & Reserves* (see below) - which dipped to \$797,905 in the middle of December 2010 before ending that month just below \$1.1 million. The District's *Operating Cash & Reserves* were projected to be about \$400,000 less in the middle of December 2011 than for 2010, before the rate increase was adopted.



In addition, a three year \$500,000 loan from the Summit County will allow the District to prepay some state bonds due in 2012. This will free up funds to supplement the District's *Capital Facilities Repair & Replacement Reserves* until the rate increases can replenish the fund. As shown below, these reserves are nearly depleted.



As shown below, the District also holds debt reserves in addition to those required by bond holders that can be used to prepay future debt or pay current year debt if District revenue falls short or unexpected expenditures are incurred. The decline of these reserves is due to both the prepayment of debt and lower impact fee and special assessment collections.



State law and District contracts place limits on which debt can be retired with the different components of these reserves. For example, roughly one-fourth of the current *Debt Reserves Held by the District* can only be used to make debt payments related to the Promontory SID; and most of these SID reserves can only be used to make the final debt payment in 2018 - unless the developer defaults prior to that time. Another fourth can only be used to make debt payments on the Series 2008 Stagecoach bonds. Finally, about half of these reserves can be used to make any parity debt payments.

Despite these restrictions, the *Debt Reserves Held by the District* provide extra assurances the District can make its annual debt payments, even if it has a very bad year financially.

In addition to helping improve cash reserve balances, the recent rate increases will also allow the District to address significant cost increases for power, treatment, and lease fees. Because of the recent rate increases, it is projected the District will increase its cash reserves generated from operations by \$420,800 in 2012, as shown below, and in more detail on the following page.

To meet bond requirements, the District must budget for 1.25 debt coverage. This means that once all operational costs are paid, the remaining budgeted revenue must be equal to 1.25 times that year's bond principal and interest payments (see **Section 4.0 – 2012 Debt Service Budget** on page 18).

The District plans to allocate this cash increase among three cash reserve accounts:

Capital Facilities Repair Replacement Funds	\$213,120
Treatment Plant Operations Sinking Fund	112,500
Revenue Reserve Fund	95,180
Total	\$420,800

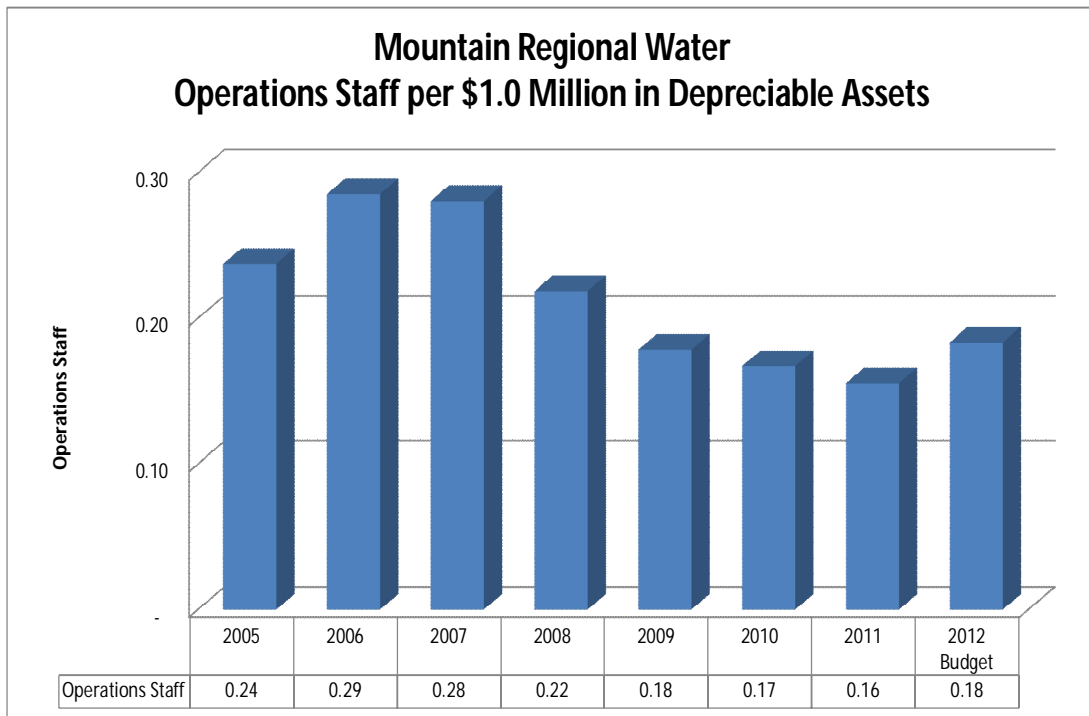
MOUNTAIN REGIONAL WATER
2012 Operating Budget - Accrual and Cash Basis
Enterprise Fund

	2009 Actual Accrual Basis	2010 Actual Accrual Basis	2011 Budget Accrual Basis	2012 Recommended Accrual Basis	2012 Recommended Cash Basis
<u>OPERATING REVENUE</u>					
Water Sales	\$ 4,743,974	\$ 4,905,670	\$ 5,032,900	\$ 5,430,800	\$ 5,430,800
Park City Wheeling	166,482	149,757	200,000	588,100	588,100
Stagecoach Assessments	317,682	178,750	179,400	170,000	170,000
Operating Fees	113,653	143,883	128,800	148,500	148,500
Other	54,783	43,679	30,000	15,000	15,000
Total Operating Revenue	5,396,574	5,421,739	5,571,100	6,352,400	6,352,400
<u>OPERATING EXPENSES</u>					
Operations					
Energy & Resource Management	289,975	272,802	324,900	330,800	330,800
Lost Canyon Transmission	773,092	753,128	925,050	1,493,000	1,493,000
Treatment	126,555	137,821	215,550	458,400	458,400
Distribution	1,301,537	1,591,811	1,561,300	1,621,600	1,621,600
Safety	29,362	24,152	27,600	26,600	26,600
General Manager					
Engineering & Development	97,933	98,117	91,300	91,300	91,300
Human Resources	45,067	25,331	21,900	35,200	35,200
Legal Services	58,099	39,271	50,000	50,000	50,000
Public Services	398,910	402,233	399,800	341,800	341,800
Financial Management	207,520	209,626	212,000	219,000	219,000
Depreciation Expense	1,515,006	1,668,387	1,995,700	1,404,900	-
Total Operating Expense	4,843,055	5,222,679	5,825,100	6,072,600	4,667,700
OPERATING INCOME (LOSS)	553,519	199,060	(254,000)	279,800	1,684,700
<u>NON-OPERATING REVENUE</u>					
Other (Grants)	199,167	1,324,167	11,700	11,700	-
Interest Earnings - Available for Debt Service	228,633	160,440	152,900	154,600	154,600
Interest Earnings - Restricted	915	449	200	400	-
Impact Fees	231,828	241,308	200,000	230,000	230,000
SID Assessments	993,403	454,057	500,000	500,000	500,000
Other Non-operating Income	7,880	7,606	25,000	38,000	38,000
Total Non-Operating Revenue	1,661,826	2,188,027	889,800	934,700	922,600
<u>NON-OPERATING EXPENSE</u>					
Interest Expense/Bank Fees	2,259,023	1,865,163	1,933,100	1,938,700	1,938,700
Bond Principal Payments	-	-	-	-	247,800
Amortization Expense	657,813	76,147	76,300	77,900	-
Total Non-Operating Expense	2,916,836	1,941,310	2,009,400	2,016,600	2,186,500
NON-OPERATING INCOME (LOSS)	(1,255,010)	246,717	(1,119,600)	(1,081,900)	(1,263,900)
NET INCOME (LOSS) BEFORE TRANSFERS	(701,491)	445,777	(1,373,600)	(802,100)	420,800
<u>TRANSFERS</u>					
Contingency	-	-	-	-	-
Governmental Transfers	-	-	-	-	-
Contributions in Aid of Construction	10,747,261	178,825	2,100,000	-	-
NET TRANSFERS	10,747,261	178,825	2,100,000	-	-
NET CHANGE IN EQUITY (NET INCOME AFTER TRANSFERS)	\$ 10,045,770	\$ 624,602	\$ 726,400	\$ (802,100)	\$ 420,800

1.8 Staffing

In recent years, the District's operations staff level has not kept pace with the addition of depreciable assets, as shown below. Further, the District's water production in 2012 will nearly triple from previous years.

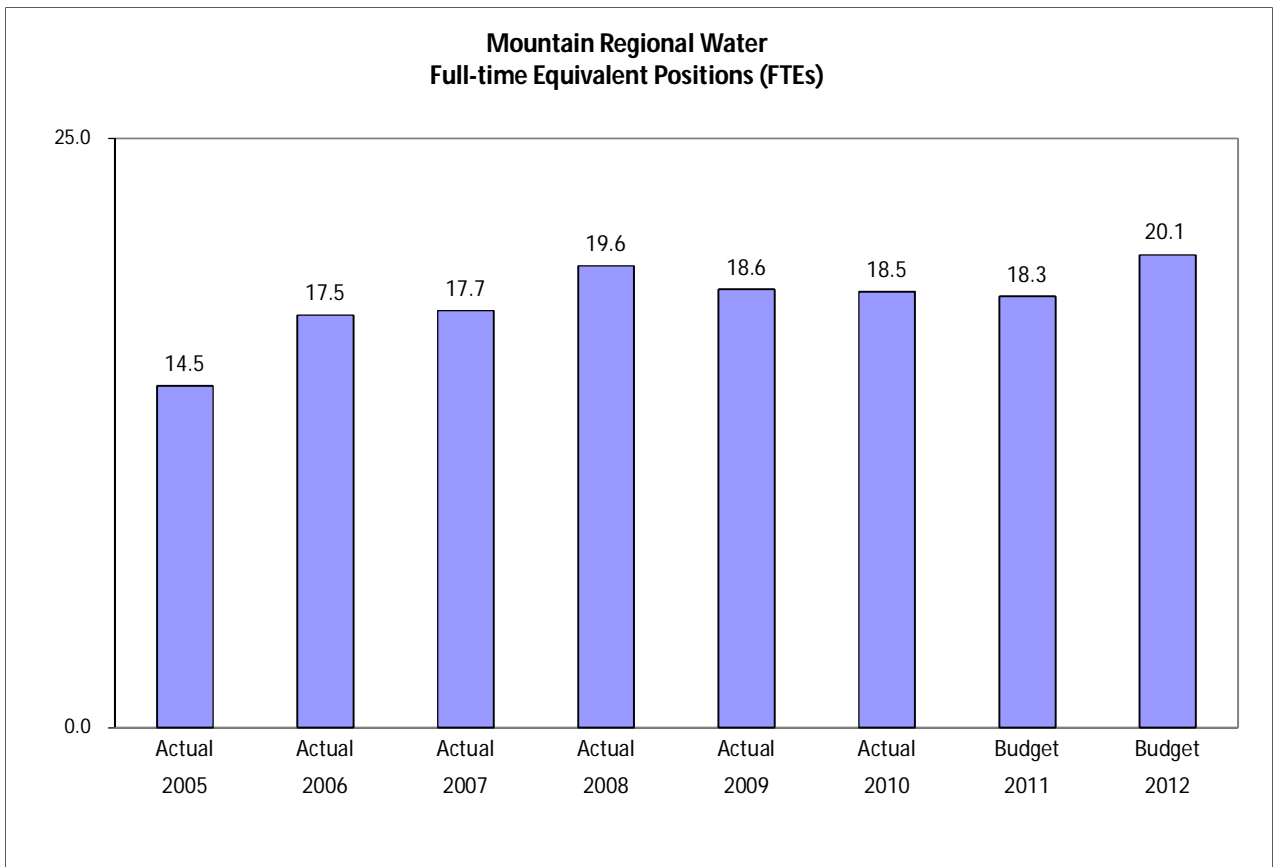
As such, the District plans to add one operator in 2012 in order to staff the Lost Canyon booster station and power substation seven days a week. The District also plans on hiring three temps to assist in summer maintenance. In addition, an operator shared by *Distribution and Public Services* is being transferred to *Treatment Plant* in 2012 in order to staff it seven days a week.



The Lost Canyon project accounts for most of the increase in 2012 production; as Park City will wheel an estimated 2,000 to 2,500 acre feet of from Lost Canyon each year starting 2012, and the District plans to increase its treated water production as well.

With the addition of the operator (38% of which will be paid for by Park City) and the summer temps, the District's staff per \$1.0 M in depreciable assets will still be below levels prior to 2008. The District has utilized technology to allow it to function with fewer operators.

The addition of an operator and summer temps will result in a District staff level of 20.1 in 2012, as shown below. This is the first increase since 2008. The staff level actually declined each of the past three years from 2009 to 2011.



1.9 Compensation

The District's proposed compensation package for 2012 results in a **3.76% net decrease** in the amount the District will spend on total compensation in 2012. Overall, total 2012 budgeted compensation will be only 0.7% higher than 2011 even though the District plans on adding one full-time operator and three summer temps.

This 3.76% decrease is the net result of joining a self-insured health insurance program with Summit County and two other service districts that will provide \$136,100 in savings for the District in 2012.

The savings also include a significant reduction in overtime costs due to the reorganization of operations in 2011. As part of the changes, two staff now work every Saturday and Sunday as part of their 40 hour per week shifts. This has helped reduce overtime costs from \$62,321 in 2008 to less than \$20,000 for 2011. For 2012, the overtime budget is only \$10,000.

These savings will be offset by a mandatory increase in the Utah State Retirement System - from 13.77% to 16.04% (effective July 1, 2012), that will cost the District \$15,995 or 0.82% of total compensation in 2012. State law requires the District to participate in the Utah State Retirement plan.

The District also proposes an average MERIT increase of 2.0%. This would cost \$33,042 or 1.68% of total compensation. The District has not given any MERIT or COLA increases since 2009. Although the District is proposing an average 2.0% MERIT increase, it only plans to do so if the County gives it employees a pay increase in 2012 as well.

2.0 2012 OPERATING BUDGET

2.1 Summary

As shown below, the District projects *Net Change in Equity (Net Loss after Transfers)* of \$802,100 for 2012 on an accrual basis. If non-cash *Depreciation and Amortization Expense* are excluded, the District anticipates it will generate \$420,800 from operations in 2012, as shown on page 8 above.

MOUNTAIN REGIONAL WATER					
2012 Operating Budget - Accrual Basis					
Enterprise Fund					
	2009	2010	2011	2012	2012 Recommend
	Actual	Actual	Adopted	Control Board	Budget to 2011
			Budget	Recommended	Adopted Budget
<u>OPERATING REVENUE</u>					
Water Sales	\$ 4,743,974	\$ 4,905,670	\$ 5,032,900	\$ 5,430,800	\$ 397,900
Park City Wheeling	166,482	149,757	200,000	588,100	388,100
Stagecoach Assessments	317,682	178,750	179,400	170,000	(9,400)
Operating Fees	113,653	143,883	128,800	148,500	19,700
Other	54,783	43,679	30,000	15,000	(15,000)
Total Operating Revenue	5,396,574	5,421,739	5,571,100	6,352,400	781,300
<u>OPERATING EXPENSES</u>					
Operations					
Energy & Resource Management	289,975	272,802	324,900	330,800	5,900
Lost Canyon Transmission	773,092	753,128	925,050	1,493,000	567,950
Treatment Plant	126,555	137,821	215,550	458,400	242,850
Distribution	1,301,537	1,591,811	1,561,300	1,621,600	60,300
Safety	29,362	24,152	27,600	26,600	(1,000)
General Manager					
Engineering & Development	97,933	98,117	91,300	91,300	-
Human Resources	45,067	25,331	21,900	35,200	13,300
Legal Services	58,099	39,271	50,000	50,000	-
Public Services	398,910	402,233	399,800	341,800	(58,000)
Financial Management	207,520	209,626	212,000	219,000	7,000
Depreciation Expense	1,515,006	1,668,387	1,995,700	1,404,900	(590,800)
Total Operating Expense	4,843,055	5,222,679	5,825,100	6,072,600	247,500
OPERATING INCOME (LOSS)	553,519	199,060	(254,000)	279,800	533,800
<u>NON-OPERATING REVENUE</u>					
Other (Grants)	199,167	1,324,167	11,700	11,700	-
Interest Earnings - Available for Debt Service	228,633	160,440	152,900	154,600	1,700
Interest Earnings - Restricted	915	449	200	400	200
Impact Fees	231,828	241,308	200,000	230,000	30,000
SID Assessments	993,403	454,057	500,000	500,000	-
Other Non-operating Income	7,880	7,606	25,000	38,000	13,000
Total Non-Operating Revenue	1,661,826	2,188,027	889,800	934,700	44,900
<u>NON-OPERATING EXPENSE</u>					
Interest Expense/Bank Fees	2,259,023	1,865,163	1,933,100	1,938,700	5,600
Amortization Expense	657,813	76,147	76,300	77,900	1,600
Total Non-Operating Expense	2,916,836	1,941,310	2,009,400	2,016,600	7,200
NON-OPERATING INCOME (LOSS)	(1,255,010)	246,717	(1,119,600)	(1,081,900)	37,700
NET INCOME (LOSS) BEFORE TRANSFERS	(701,491)	445,777	(1,373,600)	(802,100)	571,500
<u>TRANSFERS</u>					
Contingency	-	-	-	-	-
Governmental Transfers	-	-	-	-	-
Contributions in Aid of Construction	10,747,261	178,825	2,100,000	-	(2,100,000)
NET TRANSFERS	10,747,261	178,825	2,100,000	-	(2,100,000)
NET CHANGE IN EQUITY (NET INCOME AFTER TRANSFERS)	\$ 10,045,770	\$ 624,602	\$ 726,400	\$ (802,100)	\$ (1,528,500)

The District's 2012 *Operating Budget* is discussed by each of the following five components below:

1. Operating Revenue
2. Operating Expense
3. Non-operating Revenue
4. Non-operating Expense
5. Transfers

2.2 Operating Revenue

The District is projecting 2012 *Operating Revenue* of \$6.35 million, which is 14.0% or \$781,300 more than budgeted for 2011, as shown below.

Operating Revenue						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Water Sales	\$ 4,743,974	\$ 4,905,670	\$ 5,032,900	\$ 5,430,800	\$ 397,900	7.9 %
Park City Wheeling Fees	166,482	149,757	200,000	588,100	388,100	194.1
Stagecoach Assessments	317,682	178,750	179,400	170,000	(9,400)	(5.2)
Operating Fees	113,653	143,883	128,800	148,500	19,700	15.3
Other	54,783	43,679	30,000	15,000	(15,000)	(50.0)
Total Operating Revenue	\$ 5,396,574	\$ 5,421,739	\$ 5,571,100	\$ 6,352,400	\$ 781,300	14.0 %

An increase of \$397,900 in 2012 *Water Sales* is anticipated from the rate increases adopted in August 2011 discussed on page 3, and an estimated increase of 30 new customers using water in 2012.

Park City Wheeling Fees are estimated to increase by \$388,100 as Park City starts wheeling a significant amount of its 2,500 acre feet capacity rights through Lost Canyon in 2012. The increased collections from Park City will be completely offset by increased operating expenses incurred by the District, including higher power costs and the addition a new operator assigned to the operation of the Lost Canyon project. Park City is required to pay 38% of the cost of this new position.

With this new operator, the District will be able to staff the Lost Canyon project seven days a week. The amount of raw water produced by the Lost Canyon project in 2012 could triple the quantity produced in past years.

2.3 Operating Expense

Operating Expense for 2012 is projected to be \$247,500 higher than for 2011. Excluding non-cash *Depreciation Expense*, *Operating Expense* is projected to increase \$838,300.

As previously discussed, \$388,100 of this increase is the direct result of Park City wheeling more water through the Lost Canyon project; which will dramatically increase power costs. The increase in costs resulting from Park City will be directly offset by increased revenue as discussed previously.

Mountain Regional Water Operating Expense Summary						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Operations						
Energy & Resource Management	\$ 289,975	\$ 272,802	\$ 324,900	\$ 330,800	\$ 5,900	
Lost Canyon Transmission	773,092	753,128	925,050	1,493,000	567,950	
Treatment Plant	126,555	137,821	215,550	458,400	242,850	
Distribution	1,301,537	1,591,811	1,561,300	1,621,600	60,300	
Safety	29,362	24,152	27,600	26,600	(1,000)	
Subtotal Operations	2,520,520	2,779,714	3,054,400	3,930,400	876,000	28.7 %
General Manager						
Engineering & Development	97,933	98,117	91,300	91,300	-	
Human Resources	45,067	25,331	21,900	35,200	13,300	
Legal Services	58,099	39,271	50,000	50,000	-	
Public Services	398,910	402,233	399,800	341,800	(58,000)	
Financial Management	207,520	209,626	212,000	219,000	7,000	
Subtotal Other Departments	807,529	774,578	775,000	737,300	(37,700)	(4.9) %
Depreciation Expense (non-cash)	1,515,006	1,668,387	1,995,700	1,404,900	(590,800)	(29.6) %
Total Operating Expense	\$ 4,843,055	\$ 5,222,679	\$ 5,825,100	\$ 6,072,600	\$ 247,500	4.2 %
Total (excluding Depreciation Expense)	\$ 3,328,049	\$ 3,554,292	\$ 3,829,400	\$ 4,667,700	\$ 838,300	33.9 %

All the cost increases related to Park City are included in the *Lost Canyon Transmission* budget. Overall, this budget is increasing by \$567,950. In addition to increased costs related to Park City, the *Lost Canyon Transmission* budget is also affected by increased power costs for District water usage, and the District's share of additional costs to provide staffing at the Lost Canyon booster station seven days a week. Staffing costs are shared by the District (62%) and Park City (38%). In addition, the District has provided additional funds to the *Lost Canyon Transmission* budget in order to keep up on annual maintenance and repairs due to increased production.

The *Treatment Plant* budget is increasing by \$242,850. One employee shared by *Distribution* and *Public Services* has been transferred to *Treatment Plan* in order to provide staffing seven days a week. In addition, chemical, carbon, and membrane costs are increasing substantially as the District begins operating its pre-treatment facilities and treating more water. By treating more water, the District will cut back on water production from small, inefficient wells – resulting in cost savings in the *Distribution* budget.

A projected \$77,000 increase in power costs will result in an overall \$60,300 increase in the *Distribution* budget. Although power costs are increasing, and an additional \$26,600 has been added for ongoing maintenance and repairs; part of the 2012 budget increase for *Distribution* has been offset by transferring one of its operators shared with *Public Services* to the *Treatment Plant*. The District cut its maintenance and repair budgets the last two years in order to balance its budget during the economic downturn. With the rate increases approved in August 2011, the District is restoring its maintenance and repair budgets to more reasonable levels.

For the non-operations departments, the 2012 budget is \$37,700 or 4.9% less than the 2011 budget.

2.4 Non-operating Revenue

The District's 2012 *Non-operating Revenue* budget is nearly the same as budgeted for 2011.

Non-operating Revenue						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Grants	\$ 199,167	\$ 1,324,167	\$ 11,700	\$ 11,700	\$ -	- %
Interest Earnings - Available for Debt Service	228,633	160,440	152,900	154,600	1,700	1.1
Interest Earnings - Restricted	915	449	200	400	200	100.0
Impact Fees	231,828	241,308	200,000	230,000	30,000	15.0
Assessments	993,403	454,057	500,000	500,000	-	-
Other Non-operating Income	7,880	7,606	25,000	38,000	13,000	52.0
Total Non-operating Revenue	\$ 1,661,826	\$ 2,188,027	\$ 889,800	\$ 934,700	\$ 44,900	5.0 %

Non-operating Revenue declined steadily between 2005 and 2008, before leveling off (if one-time *Grants* are excluded). *Non-operating Revenue (Less Grants)* was much higher during the building boom and hot, dry weather the District experienced from 2004 to 2008. During the building boom, more *Impact Fees* and *Assessments* were collected and *Interest Earnings* was higher due to higher cash balances and higher interest rates.

2.5 Non-operating Expense

Non-operating Expense consists of *Interest Expense / Bank Fees* and the non-cash *Amortization Expense* of bond issuance costs over the duration of the related bonds. The 2012 *Non-operating Expense* is only 0.4% different from the 2011 budget.

Non-operating Expense						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Interest Expense / Bank Fees	\$ 2,259,023	\$ 1,865,163	\$ 1,933,100	\$ 1,938,700	\$ 5,600	0.3
Amortization Expense	657,813	76,147	76,300	77,900	1,600	2.1
Total Non-operating Expense	\$ 2,916,836	\$ 1,941,310	\$ 2,009,400	\$ 2,016,600	\$ 7,200	0.4 %

2.6 Transfers

The \$2.1 million budgeted transfer for 2011 is related to the construction of the Lost Canyon power substation paid for by Weber Basin. Weber Basin will recapture the construction costs through water lease rate increases for both the District and Park City. Although Weber Basin transferred \$2.1 million in substation assets to the District in 2011, \$769,740 of those assets are owned and operated by Rocky Mountain Power, and were not booked by the District.

Although the District may receive subdivision infrastructure from developers in 2012, no amount is budgeted since the value of the potential *Contributions in Aid of Construction* is not known.

Transfers						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	
Governmental Transfers	-	-	-	-	-	
Contributions in Aid of Construction	10,747,261	178,825	2,100,000	-	(2,100,000)	
Total Transfers	\$ 10,747,261	\$ 178,825	\$ 2,100,000	\$ -	\$ (2,100,000)	(100.0) %

3.0 2012 CAPITAL BUDGET

The District is requesting \$1,579,200 in new 2012 capital spending authorization, as shown below.

Mountain Regional Water Capital Budget							
	2011 Adopted Budget	2011 Projected Actual	2011 Budget Savings	2011 Savings Carryover	2012 Control Board Recommended	2012 Total Budget	2011 & 2012 Total Budget
CASH USES							
Operating and System Equipment							
System Improvements							
Capitalized Personnel Costs	\$ 208,300	\$ 206,500	\$ 1,800	\$ -	\$ 201,400	\$ 201,400	\$ 407,900
New Meters	20,000	21,800	(1,800)	-	30,000	30,000	51,800
Building Repairs, Replacement & Upgrades			-	-	48,000	48,000	48,000
Electrical Upgrades			-	-	30,000	30,000	30,000
Vault Upgrades			-	-	35,000	35,000	35,000
Other	15,000	15,000	-	-	-	-	15,000
Subtotal	243,300	243,300	-	-	344,400	344,400	587,700
Operations & Maintenance Equipment							
Trucks & Heavy Equipment	110,000	110,000	-	-	120,000	120,000	230,000
Subtotal	110,000	110,000	-	-	120,000	120,000	230,000
Safety							
Safety Trailer	4,055	4,055	-	-	-	-	4,055
Subtotal	4,055	4,055	-	-	-	-	4,055
Information Technology Equipment							
SCADA	-	-	-	-	-	-	-
Other	35,788	-	35,788	35,788	(10,788)	25,000	25,000
Subtotal	35,788	-	35,788	35,788	(10,788)	25,000	25,000
Contingency							
Contingency	32,007	-	32,007	32,007	(7,007)	25,000	25,000
Subtotal	32,007	-	32,007	32,007	(7,007)	25,000	25,000
Total System Improvements & Equipment	425,150	357,355	67,795	67,795	446,605	514,400	871,755
Capital Projects - MRW Funded							
Completed Projects	3,020,029	3,020,029	-	-	-	-	3,020,029
Other	36,883	36,883	-	-	-	-	36,883
Contingency	17,405	-	17,405	17,405	(17,405)	-	-
Total Capital Projects - MRW Funded	3,074,317	3,056,912	17,405	17,405	(17,405)	-	3,056,912
Capital Projects - Weber Basin Funded							
Power Substation Upgrade	-	-	-	-	<i>(Delayed Until 2013 or 2014)</i>		
Total Capital Projects - WB Funded	-	-	-	-	-	-	-
Capital Projects - State Loan							
Plant Skid & Chlorination	-	-	-	-	600,000	600,000	600,000
SCADA	-	-	-	-	250,000	250,000	250,000
Green Power Projects	-	-	-	-	200,000	200,000	200,000
Contingency	-	-	-	-	100,000	100,000	100,000
Total Capital Projects - State Funded	-	-	-	-	1,150,000	1,150,000	1,150,000
TOTAL USES	\$ 3,499,467	\$ 3,414,267	\$ 85,200	\$ 85,200	\$ 1,579,200	\$ 1,664,400	\$ 5,078,667
CASH SOURCES							
Loans					\$ 1,230,400		
2011 Cash Carryover						85,200	
District Capital Facility Reserves						348,800	
Weber Basin						-	
TOTAL SOURCES					\$ 1,664,400		

Most of the new capital projects will be funded from a 0.0% interest rate “Green” loan from the State Division of Drinking Water, and an estimated \$348,800 in Capital Facility Reserves will be utilized.

The state loan will fund projects that improve energy efficiency to help offset rising power costs; including a new SCADA system to optimize off-peak power consumption which has lower rates. Some other small projects should reduce power consumption as well. The projected power cost savings from implementing these projects is \$94,000 annually, while the related annual debt service is \$57,500.

The state loan will also fund a new treatment plant skid to aid in utilizing off-peak power rates. It will also delay the need to purchase expensive membrane replacements for the existing skids by two or three years.

The remaining capital budget, most funded from existing cash reserves, provides funding to catch up on building repairs, electrical upgrades, and vault upgrades.

4.0 2012 DEBT SERVICE BUDGET

For 2012, the District projects a debt coverage ratio of 1.25 when the loans from Weber Basin for Lost Canyon infrastructure are included, as required by contract. However, since the Weber Basin loans are subordinate to the District's other revenue bonds, they are not included in the coverage ratio reported to the bond holders, rating agencies, and bond insurers. The debt coverage ratio excluding Weber Basin loan payments is 1.35.

MOUNTAIN REGIONAL WATER	
2012 Debt Service Budget - Cash Basis	
	2012 Control Board Recommended
COVERAGE CALCULATION FOR PARITY REVENUE BONDS	
Operating Income (Loss)	\$ 279,800
Add Back Depreciation	1,404,900
Add in Interest Available for Debt Service	154,600
Add In Impact Fees	230,000
Add In SID Assessments	500,000
Add in Other Non-operating Income	38,000
Total Available For Debt Service	\$ 2,607,300
REQUIRED DEBT COVERAGE	
Required Coverage Principal	\$ 209,700
Required Coverage Interest	1,875,800
Total Required Debt Service	2,085,500
Debt Service X 1.25	\$ 2,606,900
Required Debt Coverage Ratio	1.250
PARITY BOND COVENANTS DEBT COVERAGE	
Parity Bond Principal	\$ 110,000
Parity Bond Interest	1,820,800
Total Parity Debt Service	1,930,800
Debt Service X 1.25	\$ 2,413,600
Parity Debt Coverage Ratio	1.350
Total Cash Generated from Operations	\$ 521,800
Subordinated Debt	101,000
Net Cash Flow	\$ 420,800
Appropriation to Capital Facilities Repair & Replacement Funds	\$ 213,120
Appropriation to Treatment Plant Sinking Fund	112,500
Appropriation to Revenue Reserve	95,180
Total Cash Appropriations	\$ 420,800
Unallocated Portion of Cash Increase	\$ -

As discussed in more detail above, the District projects a \$420,800 increase in cash, excluding capital projects. This increase in cash will be appropriated to three reserve funds, as shown in the table above.

5.0 2011 BUDGET AMENDMENTS

5.1 2011 OPERATING BUDGET

No budget amendments are needed for 2011 since there are no required expense budget increases.

5.2 2011 DEBT SERVICE BUDGET

The 2011 *Debt Service Budget* projected a 1.25 debt coverage ratio, and a cash increase of \$363,650 excluding capital items. With the rate increases approved in August 2011, combined with expenses for 2011 that are a little below budget; the District should meet or exceed the 1.25 debt coverage ratio in 2011.

5.3 2011 CAPITAL BUDGET

There are no *Capital Budget* amendments for 2011; as capital projects and equipment are projected to be \$85,200 under budget in total. The 2012 *Capital Budget* includes the carryover of these funds, as shown in the *Capital Budget* outlined in **Section 3.0 – 2012 Capital Budget** on page 16.

6.0 APPENDIX – 2012 DEPARTMENT BUDGET OVERVIEWS

6.1 OPERATIONS

6.1.1 Energy & Resource Management

Programs

Power Management – Implements programs to minimize power costs by pumping more water during off-peak rate periods, and installing more energy efficient pumps and boosters.

SCADA, Telemetry, and Security – Provides installation and operation of all information technology systems that monitor water supply and demand, tank levels, pumping activity, and security to help identify issues quickly and to manage resources more efficiently. Scheduled improvements to these systems should reduce power consumption long term.

Water Source Management – District water sources are managed to maximize long-term utilization at the lowest cost.

GIS / GPS – Collects information on the location of all water system infrastructure including wells, tanks, pumps, main lines, fire hydrants, master meters, pressure reducing valves, and other critical meters. This information can then be recorded electronically on GIS mapping software using GPS coordinates, allowing for quicker location of water system assets.

Office Systems – Provides for installation and operation all office networks; supports office software for email, billing, accounting, telecommunications and other office systems.

Capital Planning – Develops both short- and long-term capital plans to ensure sufficient, safe, quality water is available to meet customer needs. These plans provide a framework for financial planning and the calculation of development and impact fees.

Concurrency - The District submits an annual report to Summit County outlining District water source and demand. A concurrency officer analyzes this report and provides a concurrency rating. The District continues to receive concurrency ratings for its water supply that exceed demand.

2012 Department Budget

The 2012 budget includes a 1.8% increase, as shown below.

Energy & Resource Management						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ 122,669	\$ 124,057	\$ 103,900	\$ 160,500	\$ 56,600	
Equipment, Furnishings, and Computers	53,130	54,942	46,500	60,000	13,500	
Professional Services	41,010	41,216	100,000	43,000	(57,000)	
Utilities	59,576	39,537	50,500	45,300	(5,200)	
Water Production	13,590	13,050	24,000	22,000	(2,000)	
Total	\$ 289,975	\$ 272,802	\$ 324,900	\$ 330,800	\$ 5,900	1.8 %

Salary & Wages is higher as the result an employee only working a part of last year. Adding this employee allowed the District to reduce its *Professional Services* budget due to a reduced need to hire outside experts for SCADA / Telemetry operations. The District has fallen behind in the replacement of existing computers, so it has increased the *Equipment, Furnishings, and Computer* budget by \$13,500 for 2012.

6.1.2 Lost Canyon Transmission

Programs

Lost Canyon Booster Station – Provides for the operation and maintenance of the District’s Lost Canyon booster station. The District expects to pump more than 4,000 acre feet in 2012 – including 2,000 to 2,500 acre feet to Park City. *Lost Canyon Booster Station* also coordinates with Weber Basin, who operates facilities near the Rockport Reservoir that will transport an estimated 4,000 acre feet or more to the District’s booster station.

Lost Canyon Power Substation – Provides for the operation and maintenance of the District’s Lost Canyon power substation. This substation provides all the power for the booster station, and allows the District to purchase power at wholesale rates. This substation will provide millions of dollars in power cost savings over the long-term.

Lost Canyon Pipeline – Provides for the transmission of raw water for several miles uphill, from the Lost Canyon booster station near Rockport Reservoir to the Signal Hill Treatment Plant at the top of the Promontory development.

2012 Department Budget

An increase in power costs due to both electrical rate increases and the wheeling of an estimated 2,000 to 2,500 acre feet of raw water to Park City for the first time in 2012, led to a \$375,000 increase to the 2012 *Utilities* budget.

Lost Canyon Transmission						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Salary & Wages	\$ 80,800	\$ 84,490	\$ 107,750	\$ 194,700	\$ 86,950	
Materials, Supplies & Training	1,177	812	2,600	4,900	2,300	
Vehicle Supplies & Maintenance	8,713	13,741	13,300	17,500	4,200	
Utilities	183,171	138,731	191,000	566,000	375,000	
Lost Canyon Lease Fees	436,356	432,715	524,000	534,100	10,100	
Maintenance & Repairs	62,874	82,640	86,400	175,800	89,400	
Total	\$ 773,092	\$ 753,128	\$ 925,050	\$ 1,493,000	\$ 567,950	61.4 %

Since the production of water through the Lost Canyon could nearly triple in 2012, a new operator has been added to this department in order to staff the booster station seven days a week. This increase in production will also require an increase in the *Maintenance & Repairs* budget.

The District projects it will collect an additional \$388,100 in wheeling fees from Park City in 2012 to offset the *Lost Canyon Transmission* cost increases attributable to wheeling their additional water.

6.1.3 Treatment Plant

Programs

Water Treatment – Operates and maintains the Signal Hill Treatment Plant to provide safe, reliable culinary water throughout the District.

2012 Department Budget

The 2012 *Treatment Plant* budget is more than double the 2011 budget due to an estimated \$161,500 increase in the chemicals and carbon needed to operate the pre-treatment facilities and to replace membranes in the treatment plant .

Treatment Plant						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ 80,800	\$ 84,490	\$ 107,750	\$ 194,700	\$ 86,950	
Materials, Supplies & Training & Services	1,177	812	9,800	3,800	(6,000)	
Insurance	9,471	7,751	12,900	12,900	-	
Vehicle Supplies & Maintenance	8,713	13,741	13,300	17,500	4,200	
Utilities	14,572	13,444	25,000	26,000	1,000	
Maintenance Supplies & Repairs	-	-	15,800	11,000	(4,800)	
Chemicals, Carbon, & Membranes	11,821	17,583	31,000	192,500	161,500	
Total	\$ 126,555	\$ 137,821	\$ 215,550	\$ 458,400	\$ 242,850	112.7 %

Prior to 2010, the District treated mostly surface water. Now that Phase II of the Lost Canyon project is completed, the District now treats mostly reservoir water. The treatment of this reservoir water necessitated the addition of pre-treatment facilities which require substantial chemicals and carbon.

In addition, the District needs to start replacing the treatment membranes installed in 2003. Membranes are very expensive; and generally last ten to twelve years. As such, the District has set up a sinking fund starting in 2012. Each year, enough funds will be deposited into the sinking fund to allow for the replacement of each membrane every ten years.

The budget also includes the transfer of one employee shared by *Distribution* and *Public Services* in order to staff the treatment plant seven days a week, as the quantity of treated water is increasing and more pre-treatment equipment must be operated and monitored.

6.1.4 Distribution

Programs

Distribution System Operations - Operating and monitoring wells, storage facilities, and distribution lines to provide water delivery to customers.

Maintenance and Repairs – Preventative maintenance and high quality repairs is critical to the long-term operational and financial viability of the District.

Fleet and Equipment Management - Acquisition and proper maintenance of appropriate vehicles and equipment improve productivity, safety, and effectiveness.

2012 Department Budget

Resources from *Distribution*, including an operator shared with *Public Services*, have been shifted to the *Treatment Plant* for 2012 as more water is transported from the Lost Canyon project, and less from other water sources in the District.

Increased power costs will impact this department budget as well, as reflected in the *Utilities* budget. In addition, the *Maintenance Supplies & Repairs* budget has been increased to help catch up on deferred maintenance.

Distribution						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ 704,232	\$ 701,301	\$ 737,100	\$ 669,800	\$ (67,300)	
Materials, Supplies & Training & Services	25,601	45,898	40,900	46,300	5,400	
Insurance	48,879	39,185	54,400	53,600	(800)	
Vehicle Supplies & Maintenance	52,279	54,963	45,600	64,100	18,500	
Utilities	256,342	351,450	261,000	338,000	77,000	
Maintenance Supplies & Repairs	152,691	136,243	158,400	185,000	26,600	
Water Lease & Testing Fees	61,513	262,771	263,900	264,800	900	
Total	\$ 1,301,537	\$ 1,591,811	\$ 1,561,300	\$ 1,621,600	\$ 60,300	3.9 %

6.1.5 Safety & Risk Management

Programs

Safety & Risk Management - Safety for customers, employees and the public is a priority for the District. Safety & Risk Management provides safety training and helps ensure compliance with safety standards.

2012 Department Budget

The 2012 budget is basically the same as last year.

Safety						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ 8,073	\$ 7,500	\$ 6,600	\$ 6,900	\$ 300	
Materials, Supplies & Training	7,629	6,632	7,000	6,000	(1,000)	
Professional Services	13,660	10,020	14,000	13,700	(300)	
Total	\$ 29,362	\$ 24,152	\$ 27,600	\$ 26,600	\$ (1,000)	(3.6) %

6.2 GENERAL MANAGER

6.2.1 Engineering & Development

Programs

New Development – Monitors proposed new development within the District. This includes reviewing annexation proposals; reviewing and approving water system plans and plat reviews; performing water system infrastructure inspections and approvals; determining the impact of proposed development on existing District water infrastructure for both the short- and long-term; and identifying ways to mitigate potential impacts.

Standards and Regulations – Establishes and maintains reasonable, sound, and fair construction standards, and rules and regulations.

Project Management – Manages all District-financed capital projects; and coordinates with other governmental agencies on projects for which the other agencies pay.

2012 Department Budget

The *Engineering & Development* budget is the same as last year.

Engineering & Development						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted Budget	Control Board Recommended	Recommended to 2011 Adopted \$ Change	Recommended to 2011 Adopted % Change
Salary & Wages	\$ 92,214	\$ 82,646	\$ 85,500	\$ 82,500	\$ (3,000)	
Materials, Supplies & Training	5,109	1,417	3,800	3,800	-	
Professional Services	610	14,054	2,000	5,000	3,000	
Total	\$ 97,933	\$ 98,117	\$ 91,300	\$ 91,300	\$ -	- %

6.2.2 Human Resources

Programs

Human Resource Administration – The General Manager acts as the Human Resource Manager to administer the compensation plan, evaluations, employee incentives, promotions, hiring, firing and employee discipline.

Legal Compliance – District legal counsel provides advice on legal and compliance issues related to employees.

Benefit Administration – The Financial Manager oversees the administration of employee benefits including health and dental insurance, retirement, 401(k) programs, disability insurance, etc.

2012 Department Budget

For 2012, the District has funded its merit bonus program at \$8,300 (about half the control board authorized level) due to declining revenue and budget cuts. In 2011, the merit bonus program was not funded, while in 2010 it was funded at half the authorized level. It was fully funded in 2009.

In 2011, a part-time employee's hours were reduced as part of the budget cuts. These hours have been restored in the 2012 budget.

Human Resources						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ 39,734	\$ 23,380	\$ 19,100	\$ 29,900	\$ 10,800	
Materials, Supplies & Training	4,190	1,771	2,300	2,300	-	
Professional Services	1,143	180	500	3,000	2,500	
Total	\$ 45,067	\$ 25,331	\$ 21,900	\$ 35,200	\$ 13,300	60.7 %

6.2.3 Legal Services

The General Manager coordinates all legal issues with the Administrative Control Board, and the Summit County Council, as appropriate.

Programs

Litigation - *Legal Services* counsels the District on legal issues and represents it in lawsuits.

Agreements - *Legal Services* drafts and/or reviews all agreements prior to their final approval in order to protect the District's interests.

Water Rights - *Legal Services* coordinates water rights issues.

2012 Department Budget

The District has experienced a significant decline in legal issues starting in 2009, when it leveled off. As such, the 2012 budget is the same as for 2011.

Legal Services						
	2009	2010	2011	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted
					\$ Change	% Change
Salary & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	
Materials, Supplies & Training	449	-	-	-	-	
Professional Services	57,650	39,271	50,000	50,000	-	
Total	\$ 58,099	\$ 39,271	\$ 50,000	\$ 50,000	\$ -	- %

6.3 PUBLIC SERVICES

Programs

Customer Service - Outstanding customer service by all employees is a top priority.

Public Relations - The District promotes effective communication of issues and accomplishments to customers, the media, and the general public.

Conservation Education – It is vital to educate customers on the importance of conservation and ways to reduce water usage, particularly in times of drought.

Liaison Services – Serves as liaison to outside governmental agencies. Cooperation among these entities maximizes the quality of all public services.

Office Management - The front office is the first line of contact with customers either on the telephone, through faxes, or face to face. *Public Services* deals regularly with customers, developers, title companies, vendors, and potential new customers.

Records Management – The District maintains a large quantity of financial, engineering, customer, legal, and other records as required by state law.

2012 Department Budget

A portion of the operator staff dedicated to *Public Services* in the past is being shifted from this budget to the *Treatment Plant* in 2012, leading to a significant reduction in *Salary & Wages*.

Public Services							
	2009	2010	2011	2012	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted	2011 Adopted
					\$ Change	% Change	% Change
Salary & Wages	\$ 334,573	\$ 332,860	\$ 321,700	\$ 270,800	\$ (50,900)		
Materials, Supplies & Training	44,532	43,528	58,500	52,700	(5,800)		
Services / Control Board / Employee Program	19,489	18,084	19,600	18,300	(1,300)		
Equipment, Furnishings, and Computers	316	7,761	-	-	-		
Total	\$ 398,910	\$ 402,233	\$ 399,800	\$ 341,800	\$ (58,000)		(14.5) %

6.4 FINANCIAL MANAGEMENT

Programs

Accounting - Tracks all financial transactions, implements sound internal controls, provides financial reports, tracks cash and other assets; and administers the accounts payables and cash receipt functions.

Payroll - Collects time records, prepares paychecks, and sends payment for federal and state payroll taxes, and employee benefits.

Procurement - Coordinates the purchase of goods and services including the preparation of purchase orders and the review of all contracts.

Financial Planning & Budget - Coordinates with the strategic planning process to facilitate financial planning and District budgets. This includes financial analysis, and rate and fee studies. Finance also evaluates and recommends short- and long-term financing.

2012 Department Budget

In 2011, a part-time employee's hours were reduced as part of the budget cuts. These hours have been restored in the 2012 budget, which accounts for the increase in *Salary & Wages*.

Financial Management							
	2009	2010	2011	2012	2012	2012	2012
	Actual	Actual	Adopted	Control Board	Recommended to	Recommended to	Recommended to
			Budget	Recommended	2011 Adopted	2011 Adopted	2011 Adopted
					\$ Change	% Change	% Change
Salary & Wages	\$ 180,973	\$ 185,403	\$ 182,600	\$ 188,800	\$ 6,200		
Materials, Supplies & Training	1,427	1,131	400	400	-		
Professional Services	25,120	23,092	28,400	29,200	800		
Equipment, Furnishings, and Computers	-	-	600	600	-		
Total	\$ 207,520	\$ 209,626	\$ 212,000	\$ 219,000	\$ 7,000		3.3 %