



GRANGER-HUNTER IMPROVEMENT DISTRICT

CULINARY WATER AND SANITARY SEWER

DISTRICT MANAGEMENT

F. DAVID WARR, GENERAL MANAGER
WAYNE D. WATTS, ASSISTANT GENERAL MANAGER

BOARD OF TRUSTEES

STEVEN L. TAGGART, CHAIRMAN
ETHAN L. WOODBURY, TRUSTEE
GORDON W. EVANS, TRUSTEE

PARAMETERS FOR 2008 BUDGET PREPARATION

- **Water and Sewer Fees:** Growth in water and sewer fees is estimated to be 6.8%. The primary reason for the increase in water and sewer fees is due to growth. No rate increase for water or sewer charges has been considered for the 2008 budget. We will look at a possible rate increase in 2009.
- **Tax Collections:** The estimated property tax collections will increase 3.6%. This increase reflects growth within the district. **No tax increase is budgeted for 2008.** Other tax collection categories have been adjusted to more accurately reflect collections.
- **Interest Income:** The interest rates on the District's accounts continue to increase. During 2007, the District averaged between 5 and 5.25% interest earnings on its investments. During 2008, the District will utilize the remaining bond construction fund which will allow the district to leave its reserve funds in the bank to earn interest.
- **Engineering/Connection/Inspection Fees:** We propose to increase the engineering, connection and inspection fees to help cover the cost of these services. A proposed fee schedule is attached for review and consideration.
- **Impact Fees:** We are budgeting for 395 new connections for 2008. The combined water/sewer impact fee was reduced to approximately \$4,667 per each residential connection. This change has resulted in a 4.9% reduction in budgeted revenue.
- **Other Income:** Other income is comprised of the sale of surplus property, scrap metal and other miscellaneous income. Budgeted revenues have been adjusted to reflect a more accurate estimate of these items.
- **Personnel Expenses:** No additional staff positions will be added in 2008. Base salaries have been budgeted to increase 5.0% (3.0% COLA and 2.0% merit). The national consumer price index is up 2.36% for the year ending 8/31/07 and was up 3.96% in the previous year. The Social Security COLA was 3.3% in 2006. The 2007 amount will be released in October. It is proposed that we increase the starting wage to \$12.25 per hour in order to stay competitive with the job market. Health and dental insurance costs budgeted to increase approximately 5%. We anticipate no retirees in 2008 but have set aside \$150,000 for retirement buyout just in case someone decides to retire.

- **Material & Supplies:** We have increased this budget in order to cover the increased cost for petroleum-based products, such as pipe, asphalt, tires and other supplies. Additional supplies are also needed to maintain the MXU's that the District has installed over the last few years. In addition, many suppliers are charging a shipping surcharge to help offset the growing cost of transporting many of their products.
- **Postage and Mailing:** The increase in this budget is primarily due to growth in the number of district customer billings and an increase in postage expense due to preparing accounts payable checks weekly.
- **General Administrative:** This budget has been decreased due to no election being held in 2008. The cost for each election has been approximately \$25,000. We also have funds set aside to continue our conservation program for 2008. In 2006, we received a grant from Jordan Valley to pursue various water conservation projects. In 2007, we will use the remaining funds available in the grant.
- **Water Supply Expense:** Contracted water purchases from JWVCD are to be 16,500 AF for 2008. We have budgeted a 5% increase in the rate per AF to take effect in July 2007. This budget amount also includes a contingency to allow for water purchases above the 16,500 AF due to any unforeseen circumstances.
- **Gas & Diesel:** Fuel prices have leveled out during 2007. We have included a modest increase to allow for any inflationary adjustments to the price of fuel.
- **General Insurance:** Insurance budget includes \$100,000 to pay unanticipated deductibles for any claims made against the District. Any surplus available from this budget category is transferred to the District's emergency reserve fund which is used to pay un-insured claims. No change from the 2007 budget.
- **Utilities:** Two factors play into the increase in the District's utility costs. First, we have heard that Rocky Mountain Power and Questar will be asking for a double-digit rate increase in the near future. Secondly, the District continues to utilize its own water sources to meet the demands. This results in additional power consumption to operate the wells and booster stations.
- **Banking and Bonding Expenses:** We continue to see more customers utilizing Visa/Mastercard or other on-line options to pay their bills. This results in additional processing costs at the bank but saves us time in processing those payments in our office.
- **Administrative Contingency:** A contingency of \$270,000 - or approximately 10% of total revenues - has been included which, upon Board approval, may be used to cover unanticipated expenses. This has been increased from \$250,000 in 2007.

- **CVWRF:** Three factors play into the increase in the Central Valley budget. First, the operations budget has increased approximately 6.6% for 2008. Second, capital expenditures are budgeted to be \$2.3 million compared to \$1.8 million in 2007. Finally, we anticipate additional legal costs related to the Johnson Mathey litigation. The District is paying for the majority of these legal costs that are incurred by CVWRF.
- **Reserve Funds:** In our recent rate and impact fee studies, the consultant suggested that the District create reserve funds for operations, repair and replacement, and impact fees. The following recommendations are presented for Board consideration:
 - **Operating Reserve:** \$2,733,700 is to be the minimum balance in the operating account to provide a “rainy day” fund for budget shortfalls or cost overruns.
 - **Repair and Replacement Reserve:** A total of \$5,200,000 is recommended but to be funded with \$1,040,000 per year for the next five years.
 - **Impact Fee Reserve:** \$2,820,000 to be maintained in the impact fee fund. However, this amount will adjust as the District's growth slows.
- **Other Reserve Funds:** In the future the District should consider placing funds in reserve to pay for retiree benefits. This issue needs to be studied further before a recommendation is made.



TENTATIVE

Operation and Maintenance Budget Summary

Revenues	Actual 2006	YTD as of 9/30/07	Adjusted Budget 2007	Proposed Budget 2008	% Change
Water Sales	\$12,065,580	\$9,970,372	\$11,025,000	\$11,775,000	6.8%
Sewer Charges	7,925,012	5,932,118	7,350,000	7,850,000	6.8%
Tax Collections:					
Property	3,158,201	674,704	3,131,062	3,245,000	3.6%
Motor Vehicle	330,174		360,000	365,000	1.4%
Delinquent/Interest	136,817		268,938	250,000	-7.0%
Interest	957,483	1,028,276	906,000	1,150,000	26.9%
Engineering Fees	54,124	44,763	50,000	65,000	30.0%
Impact Fees	2,647,299	1,694,641	1,938,000	1,843,465	-4.9%
Connection fees	181,295	152,032	124,000	168,500	35.9%
Inspection	250,641	169,143	184,000	245,000	33.2%
Other Income	55,159	27,859	30,000	45,000	50.0%
Special Assessments	171,558	0	0	0	
Total Revenues	\$27,933,341	\$19,693,908	\$25,367,000	\$27,001,965	6.4%
Expenditures					
Personnel expenses	4,778,300	3,703,366	5,345,284	5,718,741	7.0%
Materials & Supplies	614,291	446,375	719,940	764,215	6.1%
Office Supplies	16,212	12,404	18,150	18,700	3.0%
Postage & Mailing	88,364	65,161	91,760	96,665	5.3%
General Administrative	20,127	7,591	73,730	51,150	-30.6%
Small Tools	2,394	1,420	4,500	7,018	56.0%
Computer Systems Expense	31,020	20,228	33,770	43,230	28.0%
Water Supply Expense	5,944,992	4,937,411	6,435,000	6,756,750	5.0%
Building Maintenance	93,275	39,657	74,200	58,600	-21.0%
Water Quality Expense	26,483	23,215	77,000	126,500	64.3%
Gas & Diesel	143,667	100,220	135,000	142,500	5.6%
General Insurance	209,815	185,052	303,100	303,250	0.0%
Utilities	726,889	637,381	676,100	808,850	19.6%
Telephone	61,433	42,546	47,000	50,700	7.9%
Legal fees	20,193	84,696	41,000	101,000	146.3%
Accounting & Audit	12,250	13,250	14,500	20,000	37.9%
Professional Consulting	134,207	49,123	81,000	69,600	-14.1%
Training & Education	81,381	83,418	127,250	136,570	7.3%
Bond Interest Expense	588,316	438,070	249,075	651,606	161.6%
Banking & Bonding Expenses	57,607	55,832	67,950	86,300	27.0%
Bond Principal Payment - GHID	673,000	525,000	525,000	550,000	4.8%
Bond Debt Service - CVWRF	388,745	663,313	665,000	655,000	-1.5%
Administrative Contingency	N/A	0	250,000	270,000	8.0%
Central Valley Expenses	2,612,466	1,793,666	2,946,920	3,291,430	11.7%
Capital Outlay				See attached	
Total Expenditures	\$17,325,428	\$13,928,395	\$19,002,229	\$20,778,375	9.3%
Transfer to (use of) Reserves					
Impact Fee Fund			1,938,000	1,843,465	
Capital Outlay Fund	5,061,428	7,301,856	4,426,771	4,380,125	
Total Expenditures & Transfers	\$22,386,855	\$21,230,251	\$25,367,000	\$27,001,965	



Capital Outlay Budget Summary

BUDGET SUMMARY	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Budget Available at 9/30/07			\$2,587,780

Purchases

Work in Progress at 9/30/07		942,557	
Proposed projects for 2008		7,366,655	
Equipment purchases for 2008		422,000	
<i>Subtotal Purchases</i>		8,731,212	

Budgeted Revenue

Budgeted Transfer for 2007	6,364,771	
<i>Subtotal Revenue</i>	6,364,771	

Ending Budget Balance **\$221,339**

CASH SUMMARY	<u>Capital Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
Cash Available at 9/30/07	\$3,964,051	\$5,959,600	\$9,923,651
Work in Progress at 8/31/07			(942,557)
Anticipated Equipment Purchases 2007			(50,000)
Budgeted Transfers for 2007	4,426,771	1,938,000	6,364,771
Projected Cash Available at 12/31/07			\$15,295,865



Capital Project Detail - 2008

Project Description	2008 Amount	2007 Carryover	Capital R&R Projects	Impact Fee Projects	Comments
15" Gravity Sanitary Sewer Line 1300 West from 3300 to 3400 South		\$170,000	\$119,000	51,000	
6800 W Culinary Water Line 3500 S to 3710 S		300,000	75,000	225,000	30% Impact Fees 12" Culinary Water Line 75% Impact fees
Warner Lift Station Electrical Upgrade Project		95,000	95,000		
Ridgeland Tank Control Valve		35,000	35,000		Install control valve, flow meter and electrical and SCADA upgrade
Reconstruction of Well #15 Evans Well		80,000	80,000		Insurance to reimburse to as built condition. District budget is for project betterments.
12" PRV 5210 West 3100 S	80,000		80,000		GHID Crews to install
12" PRV 4000 West 3615 South	60,000		60,000		GHID Crews to install
Ames Water Line/2100 and 2150 Sou 3610 W to 3850 W	300,000		300,000		12" & 8" waterline installation to replace 6" line in Ames private lane. - 75% impac GHID Crews to install
3200 West Water line 2100 S to 2210 S					Hold Until 2009 8"water line upgrade
3785 South Water Line 3060 W to 3123 W	70,000		70,000		GHID Crews to install 8"water line upgrade
3785 South Water Line 2740 W to 2915 W	70,000		70,000		GHID Crews to install 8"water line upgrade
Pharoah Road Water Line 1300 W to 1400 W					Hold Until 2009 8"water line upgrade
Mooregate Avenue Water Line 3920 W to 4000 W	65,000		65,000		GHID Crews to install 8"water line upgrade
6250 West Water Line 3815 S to 3860 S	70,000		70,000		GHID Crews to install 8"water line upgrade
3700 West Water Line 3200 S to 3280 S	60,000		60,000		GHID Crews to install 8" water line loop
Lake Park II Pressure Sewer Line Warner to Lake Park Drive	375,000		375,000		Reimbursement to Zions Securities 12" Pressure line relocation



Capital Project Detail - 2008

Project Description	2007 Amount	2006 Carryover	Capital R&R Projects	Impact Fee Projects	Comments
Zone 5 Developer Reimbursements	70,000			70,000	8" to 12" upgrades on developer installed water lines
3500 South Water Line Project 2700 West to 3600 West	2,000,000		1,500,000	500,000	2 water lines installed in connection with UDOT project.
MXU Installations on Existing Accounts Year 5 of 5	525,000		525,000		3,000 registers and MXU's
Replace failing MXU's	68,400		68,400		600 projected
Replace failing 3/4" and 1" meters	31,200		31,200		400 projected
New Meters for New Accounts	77,025			77,025	395 projected
New MXU's for new accounts	45,030			45,030	395 projected
SCADA - SCADA and Electrical					
East Rec Force Main 3100 S from 1300 to 1400 W	75,000		75,000		Discharge Piping modifications - new line and connection to CVWRF siphon
4700 S Water line and PRV 4000 W to 4200 W	325,000		325,000		Install 12" line and abandon 12" CI line extending out of GHID service area
7200 W Culinary Water Line & PRV 3500 to 4100 S	600,000		186,000	414,000	
4700 S 6000 W Property Acquisition	600,000			600,000	
Well 17 Property Acquisition	150,000			150,000	
Winder Tank Interior Recoating	250,000		250,000		
Accord Tank Interior Recoating	250,000		250,000		



Capital Project Detail - 2008

Project Description	2008 Amount	2007 Carryover	Capital R&R Projects	Impact Fee Projects	Comments
Winder, Ridgeland, Accord & Tank Farm 1 & 2 Vent Installations	\$50,000		\$50,000		
Well #4 - Piping and Flow Meters	75,000		75,000		
Salt Storage Additions at Wells #1, 8 and 12	250,000		250,000		
Sewer Lining Rehabilitation	400,000		400,000		
Well #1 Discharge line to 3500 South	65,000		65,000		GHID Crews
1950 West Water Line 3500 S to 3672 S	45,000		45,000		Move hydrants from the 6" to the 8" culinary water line GHID Crews
PRIORITY 2 PROJECTS					
1300 West Gravity Sewer Line 3800 S to Parliament Ave					15" Sewer line
Parliament Ave Gravity Sewer Line 1300 W to 1500 W					12" Sewer line
2700 West Water Line Upgrade 2660 S to 3085 S					24" water line
3575 South Water Line 5650 W to 5750 W					8" water line
3540 South Water Line 2080 W to 2200 W					8" water line
3300 & 3350 South Water Line 1350 W to 1450 W					8" Water line
Andra Booster Pump Station Generator					
PRV Maintenance/Upgrades 4 to 6 sites					



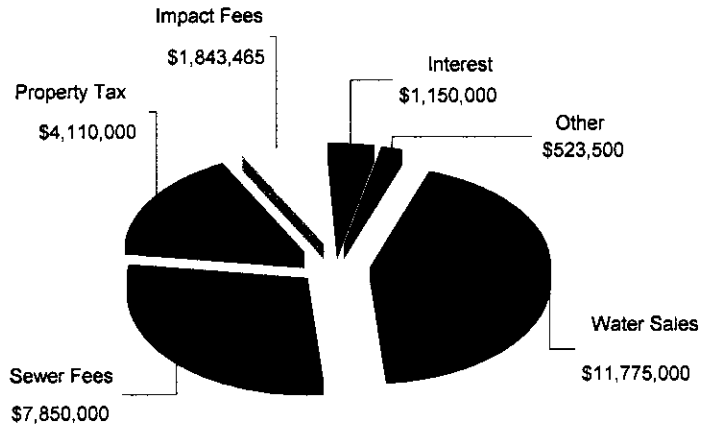
Capital Project Detail - 2008

Project Description	2008 Amount	2007 Carryover	Capital R&R Projects	Impact Fee Projects	Comments
Old Main Pump Station - Redo exterior					
GHID Main Office Pond Rehabilitation					
PRIORITY 3 PROJECTS					
3100 South Sewer Line Extension 4800 W to 5400 W					
Well #5 - Ridgeland Booster Pumps					
Well #12 - Accord Booster Pumps					
Well #17 Development - Drill and Case					
3600 West Sewer Line					
Mountain View Mobile Home Park Bore hole at I-215					
Pioneer Sewer Forcemain Replacement					
GHID Mobile Water Fountain					
OPERATIONS BUDGET					
Well #4 - Clean-Brush-bail Install new submersible pump					
Breeze - Put in sewer line for building drains					
Strap-on flow meters for all regulators 5 different sites	25,000		25,000		
Repair 3 Small Muffin Monsters 2 PI Valley and 1 at Decker Main					
Decker Main - replace one pump with Dry pit submersible pump	70,000		70,000		
Well #5 - PRV Anderson line to zone 4					
CL-17 Analyzer for wells 8, 14 & 15					
R.O. Systems for Wells 15, 12, 8, 14, 1					
A/C Unit for Old Main Well 16 - pull & rebuild motor	30,000		30,000		
Level indicators for all fluoride tanks Sodium Hypo upgrade-well 1 & 14	100,000		100,000		
Run Natural gas to well 16 and 16 Smoke Detectors for wells & sewers	20,000		20,000		
Replace ABB Flow Meters	20,000		20,000		
	\$7,366,655	\$680,000	\$5,914,600	\$2,132,055	



Revenues

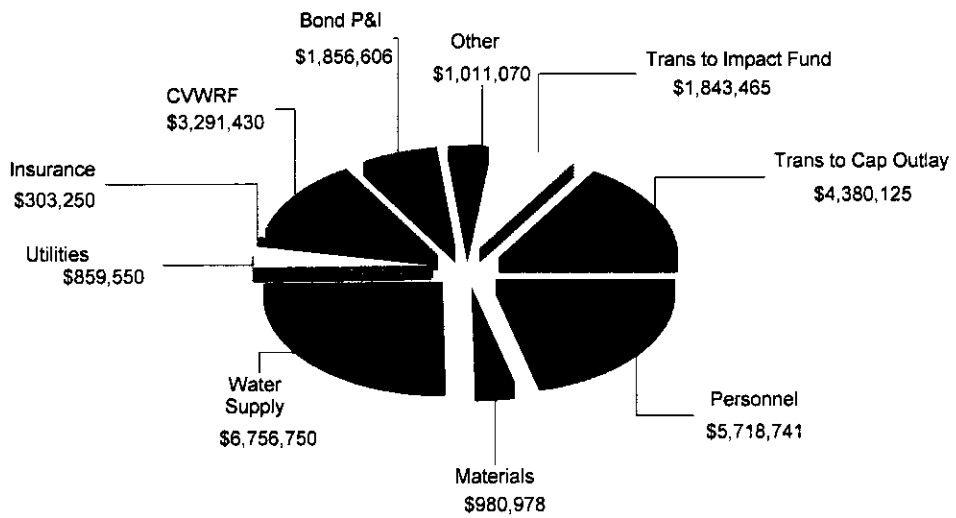
2008



Title

Expenditures

2008



Title