

**DRINKING WATER**

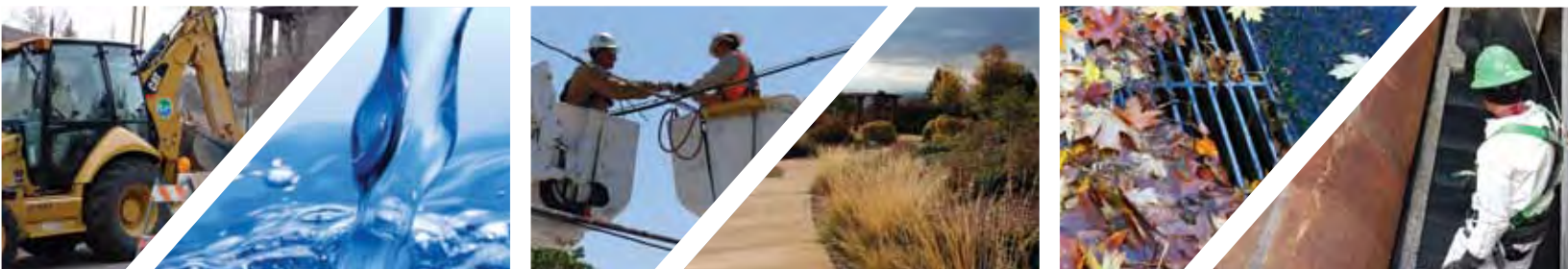
**WASTEWATER**

**STORMWATER**

**STREET LIGHTING**

**SALT LAKE CITY PUBLIC UTILITIES**

# **2013 ANNUAL REPORT**



*Serving our Community; Protecting our Environment*

# LERROY W. HOOTON, JR. BUILDING

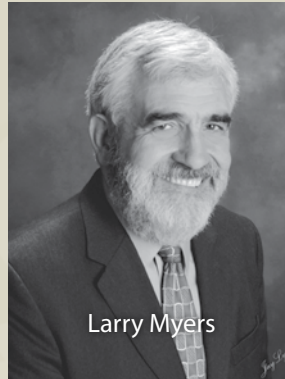
SALT LAKE CITY

LERROY W. HOOTON, JR.  
PUBLIC UTILITIES BUILDING

*Individual commitment to a group effort —  
that is what makes a team work,  
a company work, a society work, a civilization work.*

— VINCE LOMBARDI

# PUBLIC UTILITIES ADVISORY COMMITTEE



A long standing volunteer group, the Public Utilities Advisory Committee provides input into departmental operations, rate schedules, and policy decisions. Members serve four-year terms and represent customers through the department's service area, including the City of Holladay and Cottonwood Heights.

## SALT LAKE CITY DEPARTMENT OF PUBLIC UTILITIES ADMINISTRATION



**Jeff Niermeyer, PE**  
Director

**Thomas Ward, PE**  
Deputy Director

**James M. Lewis, CPA**  
Finance Administrator

**Jesse Stewart, PE**  
Water Quality Administrator

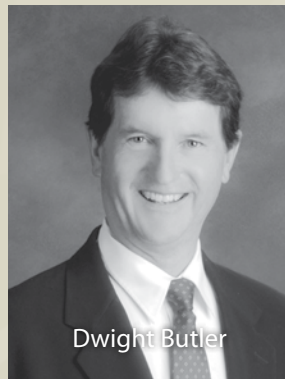
**Charles H. Call, Jr., PE**  
Engineering Administrator

**Mark Stanley**  
Maintenance Superintendent

**Dale Christensen**  
Wastewater Facilities  
Manager

**Nick Kryger**  
GIS and IT Administrator

**Laura Briefer**  
Water Resources Manager



## SALT LAKE CITY ADMINISTRATION

**Ralph Becker**  
Mayor

**David Everitt**  
Chief of Staff

**Margaret Plane**  
City Attorney

**Rusty Vetter**  
Deputy City Attorney

**Cindi Mansell**  
City Recorder

**Marina Scott**  
City Treasurer



## SALT LAKE CITY COUNCIL

Carlton Christensen  
Luke Garrott  
Kyle LaMalfa  
Jill Remington Love

Charlie Luke  
Stan Penfold  
Søren D. Simonsen

# DIRECTOR'S MESSAGE



**JEFF NIERMEYER, PE**  
*Director*

In the regular course of everyday efforts at the Salt Lake City Department of Public Utilities we protect and patrol the watershed; we treat and deliver some of the best drinking water in the country; we manage and monitor storm waters to protect our community from floods and to improve water quality; we collect and treat sewage; and we repair and enhance our street lighting to help make our neighborhoods more safe.

That sounds simple enough, but the effort needed to be successful at this every day—every hour—is monumental. It requires endless analysis and assessment, strategic foresight, asset management, extensive planning, collaboration and cooperation, labor, skill, and sheer determination to accomplish this every day. From the teams that assess and plan, to the crews in the field that build and repair; to customer service, billing staff, and the record keepers; to contract and project managers, meter readers, inspectors, collectors, scientists, and technicians; to plant

operators and engineers—everyone shows up every day to do what needs to be done and more. There are no small jobs. These are the people who work our motto:

*Serving our community,  
protecting our environment.*

Service to our community and environmental stewardship are at the core of our mission at Public Utilities. Much of that mission can be illustrated through our commitment to water quality. Whether it is protecting our water sources and rights in the Wasatch; ensuring the delivery of safe and high quality drinking water; reducing stormwater pollutants; or discharging water from the reclamation facility at standards above those set by the US-EPA; Public Utilities strives to exceed the expectations of those we serve and to meet the vision of those who built the framework of this Utility in the past. And now, with the addition of the street lighting utility, we are responsible for assets above the ground. That's okay, we do it every day.



# WATER RESOURCES

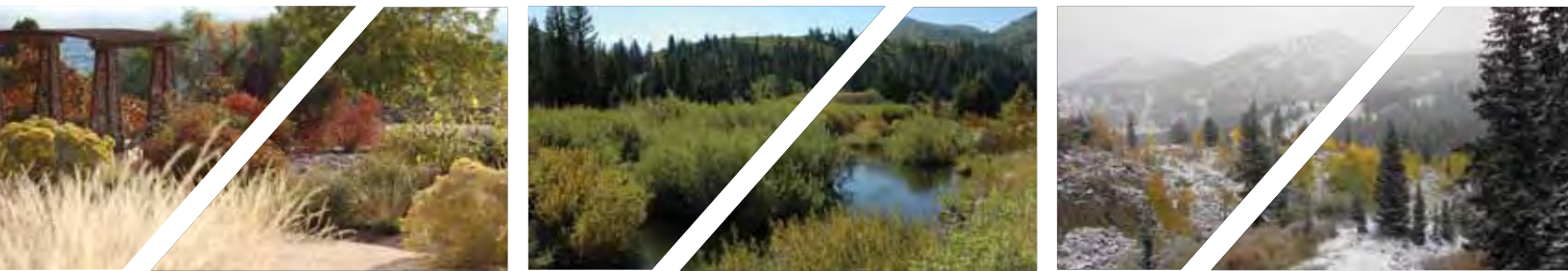
**P**ublic Utilities is responsible for delivering reliable, safe drinking water to more than 300,000 people, tens-of-thousands of businesses, thousands of restaurants and hotels, hundreds of commercial and industrial customers, dozens of schools and other public buildings, to fire hydrants, hospitals, and an airport. The Water Resources Division has an important role in the provision of water to our community—the stewardship and conservation of our water resources.

Additionally, municipal corporations are forbidden from directly selling, leasing, alienating, or disposing of any waterworks, water rights, or sources of water supply.

It is the role of the Water Resources Division to ensure that our sources of water are protected from pollution, our water rights are preserved, and our water is used appropriately and wisely. This protection begins in the watershed, where watershed rangers patrol the mountains towering over the Salt Lake Valley, an area

staff are responsible for documenting streamflows, maintaining water rights, implementing water conservation programs, managing water agreements and contracts, and working collaboratively with numerous federal, state, and local government agencies and private organizations.

Each member of the Water Resources Team is passionately committed to the work and goals of the Water Resources Division. Our vision is to protect and steward our water



*Source-water protection is on-going and requires persistence and vigilance. Public Utilities has been actively engaged in protecting Salt Lake City's water supply since its formation in 1876.*

Public Utilities is a public water supplier as defined by the Federal Safe Drinking Water Act and our authority for watershed and water rights protection is granted by the Utah Constitution, Utah Statutes, and United States Statutes. The Utah Constitution specifically addresses the authority of municipalities to own and develop water rights, and as a City of the First Class, Salt Lake City is granted extraterritorial jurisdiction to protect water from pollution where waterworks and water rights are held—and that jurisdiction includes protection of the entire watershed. Cities are further directed to preserve, maintain, and operate their water rights, waterworks, and water sources in order to supply water to their inhabitants at reasonable rates.

roughly 190 square miles, monitoring for compliance with watershed regulations, educating visitors, stewarding the land, and managing recreation facilities. Water Resources

resources so that the inhabitants of the Salt Lake Valley are healthy and prosperous now and in the future.



# DRINKING WATER/WATER QUALITY

**A**t Salt Lake City Department of Public Utilities, one of our primary goals is to deliver high quality drinking water that meets and exceeds all state and Federal regulations and that is in compliance with the Federal Safe Drinking Water Act (SDWA) as well as State of Utah rules and regulations. Public Utilities maintains and operates three water treatment facilities—City Creek, Parleys, and Big Cottonwood—and purchases water from wholesale water suppliers. We provide excellent

finished drinking water at locations spread throughout the greater than 1,400 miles of piping, reservoirs, and tanks that comprise our distribution system. Thousands of samples are collected every year and analyzed for a broad range of potential contaminants.

In addition, through our cross-control program we provide oversight and monitor connections to our system. This program provides additional safety to our system as it alleviates the possibility of water

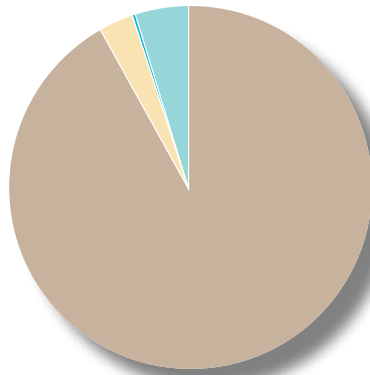
back-flowing from a consumer, either residential or commercial, back into our distribution system.



drinking water to our consumers, more than 300,000 residents of Salt Lake City and surrounding communities, and we delivered more than 31.6 billion gallons of water this past year.

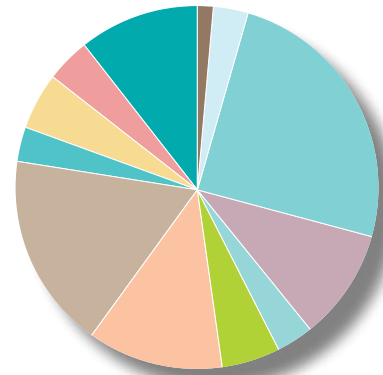
Our commitment to water quality is evident in many phases. Water quality starts with preserving Salt Lake City's excellent source waters, including surface waters from the canyons and groundwater from wells and springs. Our commitment continues as water is treated in our facilities or in those of our wholesalers and as it is conveyed through our distribution system until the water finally is delivered through more than 91,000 residential and commercial connections.

To ensure our water quality, we monitor, sample, and analyze our source waters, our treatment processes at the facilities, and the



## WATER UTILITY SOURCES

Water Sales	66,081,970
Other Income	2,001,640
Interest Income	340,774
Contributions	3,242,874
<b>Total</b>	<b>\$71,677,258</b>



## WATER UTILITY USES

Sources of Supply	1,045,689
Power & Pumping	2,194,475
Purification	17,852,035
MWDSLS Assessment	7,021,892
Shops & Maint	2,470,380
Finance	3,849,993
Trans. & Distribution	8,717,515
Capital	12,450,600
Administration	2,219,394
Payment to City	3,639,243
Debt Service	2,696,208
Reserves	7,519,834
<b>Total</b>	<b>\$71,677,258</b>

# STORMWATER

The Water Quality Division monitors the quality of our stormwater discharges. We work closely with other Department groups to ensure that the stormwater discharges, as well as the creeks and rivers that they drain to, are as pure as possible and that we adhere to the Federal Clean Water Act (CWA) and the Utah Pollution Discharge Elimination System (UPDES) permit for Municipal Separate Storm Sewer Systems (MS4). As part of this program, we provide oversight and monitor industrial operations and

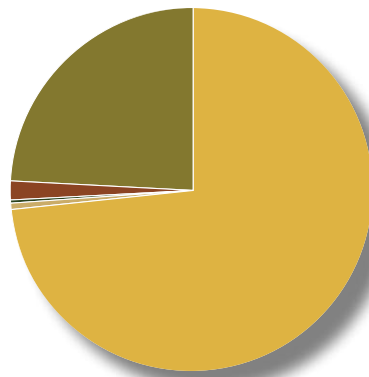
The Drainage Engineering group provides planning, design, and construction management for the stormwater capital improvement program (CIP). The drainage CIP goal is timely, cost efficient installation of new stormwater facilities and control of construction change orders.

Working together, these groups ensure that we meet all permit and regulatory obligations as we protect our community from flooding danger and improve stormwater quality.



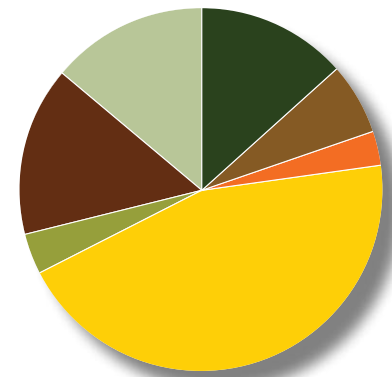
construction activity throughout the City to ensure that best management practices are followed. In addition, we routinely collect samples from the stormwater system to demonstrate compliance with our permits.

The Stormwater Division also includes the Stormwater Operations and Maintenance Division, which operates, maintains, repairs, and replaces the City's stormwater collections system. Major components of this system include 336 miles of drainage pipe and 90 miles of various drainage ditches and canals. It also includes over 14,000 inlets and clean-out boxes, supported by 26 lift stations that ensure that stormwater moves in the appropriate direction despite topographical challenges. The Operations and Maintenance Division helps provide a safe and effective stormwater collections system to all of the incorporated Salt Lake City area.



**STORMWATER UTILITY SOURCES**

Customer Billing	\$ 8,136,982
Other Income	32,360
Interest Income	40,536
Contributions	201,117
Reserves	2,643,708
<b>Total</b>	<b>\$11,054,703</b>



**STORMWATER UTILITY USES**

Collections	\$ 1,497,147
Engineering	708,848
Water Quality	321,886
Capital	4,955,885
Administration	397,610
Payment to City	1,659,520
Debt Service	1,513,807
<b>Total</b>	<b>\$11,054,703</b>

# WASTEWATER

The Wastewater Division is comprised of two functions: collection and treatment, both regulated under the Utah Pollutant Discharge Elimination System. Also supporting wastewater efforts are engineering teams providing technical analysis, asset management, capital improvement planning, project design, and construction management services; the GIS/IT group providing mapping, work orders, system modeling, and asset management analysis; and the pre-treatment group which

Agencies this year, an accomplishment awarded to less than a dozen facilities in America. We are also innovative in waste resource utilization from co-generation to biosolids to re-use.

How these teams work together to benefit our community can be told through a story of biosolids. The wastewater treatment process produces biosolids that are used for land reclamation. This environmentally beneficial practice was recently jeopardized when molybdenum was found at high levels in the biosolids

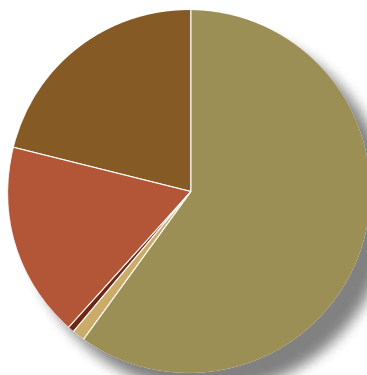
and the Utility was facing the need to tighten permits for molybdenum discharge. The sewer collection work group, with support from engineering, pretreatment, and reclamation facility staff, conducted months of investigation throughout the City to identify the source. Their efforts identified a previously unknown contaminated groundwater infiltration that represented nearly 20 percent of the molybdenum load to the plant, saving tens of thousands of dollars for our customers and retaining our biosolids program.



monitors and works with industry to prevent pollutants from being discharged to the sewer.

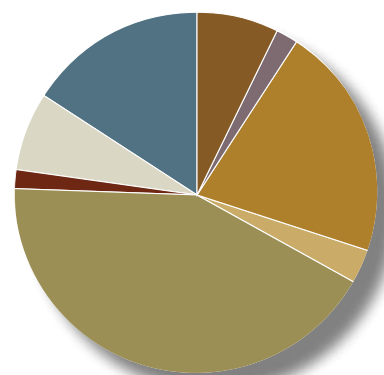
The wastewater collections group maintains over 650 miles of pipe; 13,000 manholes; 49,600 service connections; and 35 sewer lift-stations that keep waste moving despite changes in elevation. The system is in a very harsh environment with corrosive and noxious gases, tree root intrusion, groundwater infiltration, and hazardous sewer waste. More than 50 percent of the system is more than 88 years old.

The Water Reclamation Facility, originally built in the sixties, has been modified into a Trickling Filter/ Activated Sludge configuration. The facility is in its twentieth year of perfect permit compliance, evidenced by the Peak Performance Platinum 19 Award from the National Association of Clean Water



**WASTEWATER UTILITY SOURCES**

Customer Billing	\$ 18,193,106
Other Income	299,988
Interest Income	206,706
Contributions	5,172,309
Reserves	6,343,027
<b>Total</b>	<b>\$ 30,215,136</b>



**WASTEWATER UTILITY USES**

Collections	\$ 2,235,202
Pumping	584,530
Wastewater	6,261,294
Finance	989,515
Capital	12,775,420
Administration	548,878
Payment to City	2,053,991
Debt Service	4,766,306
<b>Total</b>	<b>\$ 30,215,136</b>



# STREET LIGHTING

The Mayor and City Council asked that Public Utilities look into alternative ways of funding the City's public street lighting program. A committee of citizens and business leaders was established to review, discuss, and recommend options. The committee's recommendation to create a user fee was forwarded to the City Council, which the Council supported, along with legislation creating a new enterprise fund within Public Utilities. The fees were established based on residential equivalency or ERU's—

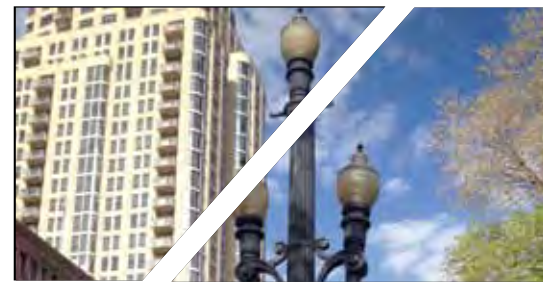
replacement due to theft.

As of September 30, 2013, essentially all of the city lights that had gone dark were repaired or replaced. The program is now focusing on routine maintenance and capital improvements, and enhancing energy efficiency.

As we begin our high efficiency (HE) upgrades, new fixtures will be installed or retrofitted with light-emitting diode (LED) upgrades. In addition to offering substantial energy savings, LED lights have a

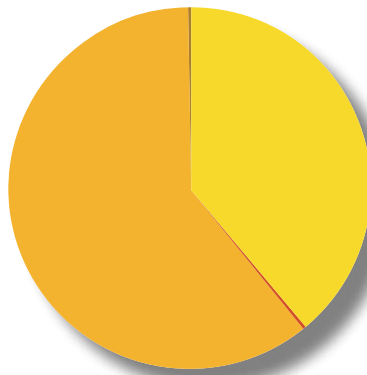
long life, relatively low maintenance requirements, and they also carry warranties from the manufacturers.

A Capital Improvement Program Framework Report has been prepared and submitted for Administration and Council review with focus on the HE lighting upgrade program. Additional effort has been spent on recommendations to address requests for higher levels of service such as special assessment areas and private lighting projects.



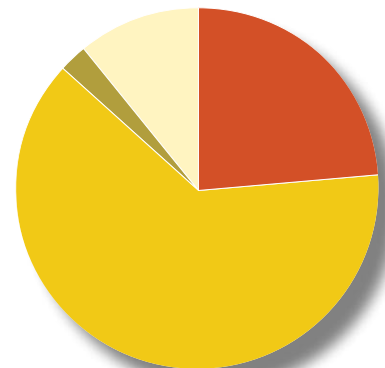
Equivalent Residential Unit—which has been determined to be 75 feet of frontage on a public street. The base fee was set at \$3.73 an ERU per month. This fee was assessed to all developed properties, including tax exempt properties. Revenue to the program is about \$4 million per year, which is adequate funding for a \$1 million per year power bill, on-going maintenance, and a capital improvement program. A major element of the capital improvement program is to convert the entire system to high energy efficient lamps within 10 years.

Due to budget constraints of the past (prior to January 2013), 2,646 or 17 percent of the City's 15,260 lights were out. After establishment of this new enterprise fund, initial repairs focused on those opportunities that combined low cost with ease of repair. Then focus shifted to the more extensive repairs including restoration of circuits and wire



**STREET LIGHTING UTILITY SOURCES**

Customer Billing	1,591,316
Other Income	11,221
Contributions	2,473,099
Interest Income	85
<b>Total</b>	<b>\$4,075,721</b>



**STREET LIGHTING UTILITY USES**

Street Lighting	966,610
Capital	2,575,631
Administration	95,713
Reserves	437,767
<b>Total</b>	<b>\$4,075,721</b>

# ADMINISTRATION/FINANCE

**T**he Administrative Division oversees and manages department policies, training, employee safety, media contact, human resource issues, and the affairs of the Department with and on behalf of the Mayor both internally and with other external political organizations. Providing coordinated direction and support to carry out the Department's goals and policies, the Administration helps to ensure that all construction contracts, water exchange agreements,

account for all water assets. Despite a growing community and increased number of connections, this section continues to manage an increased workload by use of technology—over the last five years the department has installed over 28,000 radio equipped meters.

The billing section reviews and processes over 96,000 bills a month with an average revenue stream of over \$90 million per year. It is a complicated process, owing in part to 48 county exchange agreements

to revise computer programs and systems to reduce costs and processing time and is looking to enhance online payment services.

If meter readers are the eyes of Public Utilities, then customer service is its voice and face. This section provides quality customer service to over 96,000 accounts, receiving over 110,000 customer phone calls, assisting more than 8,200 walk-in customers, and replying to nearly 1,000 customers via e-mail. This section handles



ordinances, and federal regulations are met. The Administrative Division is also responsible for allocating and directing the collection of all monies collected by the Department for all four enterprise funds: Drinking Water, Stormwater, Wastewater, and Street Lighting.

Within the Administrative group sit some of the most public aspects of our department: meter reading, billing, and customer service. The meter reading program is responsible to obtain field information from 96,000 accounts each month, reading from 3,000 to 5,000 meters each day. Meter reading not only provides the data used by billing to charge customers, but they are the Department's eyes in the field. They are also responsible for implementing the residential meter replacement program, a critical component in the Department's efforts to



made over the last 75 years and the three different water conservation rate models: one for residents, one for commercial and industrial customers, and one for irrigation-only accounts. This group continues

all the collections on delinquent accounts—a total of \$2,089,758 was collected from 3,172 customers. Customer service also recorded 109,784 payments made through the department's internet payment service and made 15,455 field visits which were initiated by customer's requests as well as the billing department. Every year, they receive high ratings from customers based on random mailed surveys.

The Accounting section records and accounts for the financial transactions of the Utility's four separate enterprise funds, providing a system of financial controls and producing timely information to management to assist in making informed cost-effective decisions for managing the Utility's resources while maintaining a healthy financial operation.

# ASSET MANAGEMENT

**B**enjamin Franklin noted that “we all know the worth of water when the well runs dry”. Here at Public Utilities we take great pride in doing our job so well that few of our customers ever have to experience an interruption of service that is noticeable or creates any impact to their lives. If you think about it, there are few jobs or services which require 24 hours a day, 7 days a week, 365 days a year operation where, if at any moment a person or asset fails to work properly, it can have serious impacts on health or



safety to the public or environment.

We appreciate and respect our responsibility to the public and environment. Asset management is one of the programs we use to stay on our toes and make sure the water flows when you turn the tap, the water goes away when you flush the toilet, the flood waters drain during a storm, and the street lights come on at night.

“Every pipe has a plan” or “every asset has a plan” is a motto Public Utilities has adopted that characterizes our approach to managing the City’s \$3.7 billion in water, sewer, storm drain, and street light assets. This program fosters a collaboration of the various workgroups and gives us the ability to provide a high level of service to our customers.

Asset management begins with an accurate inventory of all our

facilities, identifying the criticality or importance each asset plays in providing our services, and evaluating the condition of each asset to meet our customers expectations of service.

This plan-for-each-asset approach includes work orders for follow up inspection, cleaning and preventative maintenance, and capital improvement rehabilitation or replacement as needed. The resources, skills, and tools of each workgroup are brought together in a collaborative effort, starting with the pride and dedication of our crews that operate, maintain, and inspect our facilities; to our GIS and work order support staff who help us track and complete thousands of preventative and emergency work orders every month; and engineering team support services to implement the right project fix at the right time to meet those needs.

The result of our asset management program efforts is efficient use of time and monetary resources, and a high level of service in terms of minimized surprise system failures and negative impacts to the public.

# GIS/IT

The GIS/IT Division maintains, updates, and provides maps of the watershed, all utility infrastructure, and utility properties. Water, wastewater, stormwater, and street lighting infrastructure are mapped and surveyed through GIS/IT, where vast amounts of data is collected, managed, and merged to make possible the modeling and assessments necessary to ensure that each and every system functions at optimum standards. Additionally, GIS/IT maintains the databases necessary to our asset management program

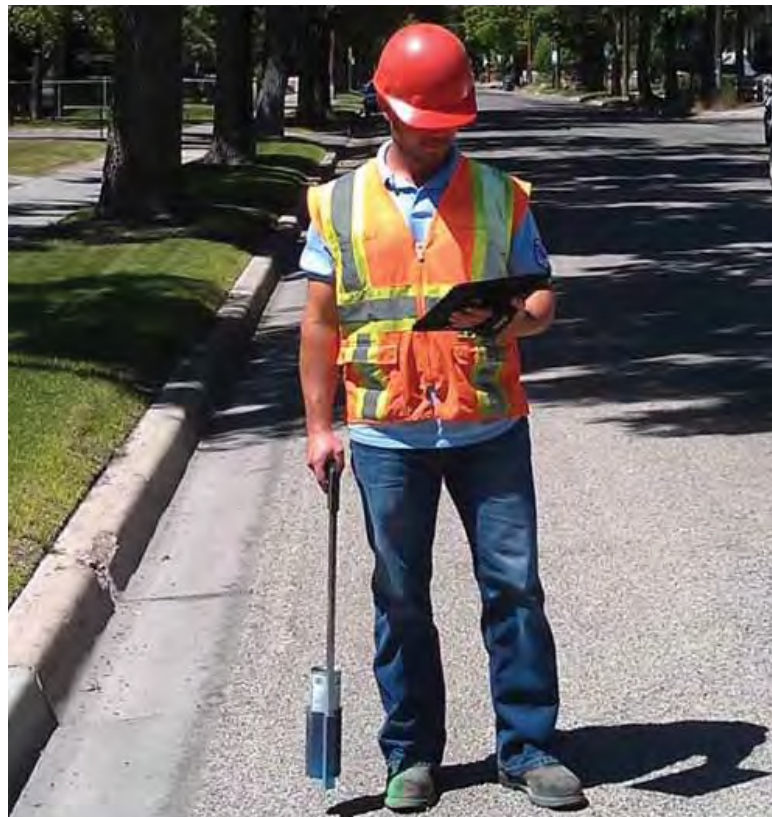
The GIS/IT Division also provides information used for modeling, analysis, and other decision-support tools. Both in emergency planning and emergency response, GIS/IT provides the mapping and other information critical to ensure that we are prepared and can respond effectively and efficiently, ensuring our ability to protect our community. Every enterprise fund, division, and work group within Public Utilities is linked through the GIS/IT network: billing, customer service, maintenance, distribution, watershed, development

review, water conservation, cross connection, and more. Additionally, GIS/IT provides mapping information and Blue Stakes locating to internal and external customers such as other city, county, and state agencies, and to private property owners. GIS/IT maintains the Utilities' website and social media venues.



including maintenance costs and utility conditions. GIS/IT works with each utility division to create customized reports and models that help in both the day-to-day functioning of that division and also the planning and design processes.

For instance, GIS/IT mapping and data management tools connect meter readers to the billing department; utility locators to operations and maintenance; and watershed protection to water and property rights. We maintain and verify the records that provide the data used to bill for water consumption, stormwater fees, and sewer impacts. These records and integrated maps provide a permanent record of facility locations and maps for water, wastewater, drainage, stormwater, water rights, and many special projects in order to meet the needs for the ever-increasing demands on the services that the Utility provides.



# OPERATIONS & MAINTENANCE

**T**he Operations and Maintenance Division operates, maintains, repairs, and replaces infrastructure related to all aspects of water: drinking water, stormwater, and wastewater. With 168 employees divided into over a dozen work groups, this division works all day, every day to ensure that the core mission of the Department is met. From canal maintenance to deep wells, pump stations to lift stations, storehouse to fleet to work order management, this division works to ensure that all

County. Major components of this unique system include 22 wells, 2 springs, 37 water storage tanks and reservoirs with a total capacity of 102,310,000 gallons of treated water; 50 different pressure zones that are fed by wells, 30 booster pump stations, gravity, or a combination of these; 1,400 miles of water mainline pipe ranging from 2-inch to 72-inches in diameter; 91,000 service connections; 10,100 fire hydrants; 17,700 mainline valves; and 175 regulator stations. The division also operates and maintains 45

wastewater collections system, providing safe and efficient sewer collections to all incorporated Salt Lake City. Major components of this system include over 650 miles of collection pipe ranging from 4-inches to 80-inches in diameter, over 13,000 manholes, and over 49,600 service connections. There are 35 sewer lift stations in the collection system that ensure that sewage flows to the Reclamation Facility, regardless of topography.



the infrastructure works efficiently and effectively, and in the public's and the environment's best interest.

The drinking water distribution system provides safe and high quality water for culinary use and fire protection to all of the incorporated Salt Lake City area, Holladay City, Cottonwood Heights, portions of Murray and Midvale, and the unincorporated eastside of Salt Lake

miles of irrigation canals and other diversion structures. These canals supply Utah Lake water to irrigation users in exchange for higher quality water from Wasatch Front mountain streams. All of this is operated and maintained by the Water Distribution and Maintenance Workgroups.

The Wastewater Collections System Workgroups operate, maintain, repair, and replace the City's

The Stormwater Maintenance Workgroups operates, maintains, repairs, and replaces the City's stormwater collections system, providing a safe and efficient drainage system to all of the incorporated Salt Lake City area. Major components of this system include 336 miles of drainage pipe, ranging from 4-inch to 144-inch diameter pipe, and 90 miles of various drainage ditches and canals. It also includes over 14,000 inlets and clean-out boxes, supported by 26 lift stations. This division will help to maintain the soon-to-be-completed 900 South Stormwater Wetland Facility.



# CAPITOL IMPROVEMENTS

**P**ublic Utilities' Capital Improvement Program is a set of projects that are funded to repair or replace existing infrastructure that is in need of upgrade due to deteriorating structural condition, to meet changing regulatory standards for public health and safety, to improve efficiency, or to increase the capacity of our facilities to meet the demands of growth in our community.

The goal of the Capital Improvement Program is to provide timely, cost

needs include replacement of 50,000 feet of water mains per year; rehabilitation of 40,000 feet of sewer collection mains per year using trenchless technology; and meeting the capital improvement needs of the various water treatment plants, dams, and other facilities. We aim to achieve this work while keeping design deficiency construction change-orders below 3 percent of construction cost, and projects constructed on time to meet the needs of our operations and maintenance teams.

Over the past 10 years, Public Utilities has spent \$18 million to \$48 million per year in capital program investment. Our infrastructure continues to age, with much of our facilities being 50 to 125 years old. In addition, potential changes in wastewater discharge and storm water quality regulations may require significant capital investment. All of these demand a continuing robust capital improvement program.



efficient replacement of facilities which have exceeded their useful life, before they fail or compromise the service and integrity of the system. When it comes time to replace or rehabilitate our facilities, we employ various cost saving and efficiency measures that take advantage of the latest construction methods, new and better materials of construction, and economies of scale afforded the size of our system. This includes use of in-situ pipe repair methods such as cured in place pipe, pipe bursting, and slip-lining with high-density polyethylene pipe liners. These essentially construct a new pipe within an old pipe, and are significantly less expensive and create much less impact to the community than traditional open trench methods that disrupt roadways for many weeks.

Our benchmarks and goals to meet our system capital improvement



# FINANCIAL REVIEW

**S**alt Lake City Department of Public Utilities has four enterprise funds: Drinking Water, Wastewater, Stormwater, and Street Lighting. Each utility serves as a separate financial entity, providing excellent services to their respective customers. The utilities do not receive tax support or transfers from Salt Lake City's general fund. Service fees are charged to cover operating costs and debt service.

Management maintains a sound financial structure for these entities by using conservative budget assumptions, funding capital improvements through rates, sustaining adequate reserves, and maintaining strong debt coverage rather than extended financing.

The accompanying financial information covers the four utility funds and highlights our accomplishments of maintaining a strong financial structure and meeting all financial bond requirements.

## DRINKING WATER UTILITY

The Water Utility continued to provide an excellent level of service to our customers. This past year the customer satisfaction rating stayed the same as the previous year for a total rating of 96 percent even as the utility raised water rates by 1 percent, sewer rates by 4 percent, and implemented a new Street Lighting Enterprise Fund and related new service fee. Water revenues ended strong for FY 2012 owing to an unseasonably warm, dry spring. Expenses trended higher as the utility incurred additional costs associated with purchasing additional treated water from the Metropolitan Water District of Salt Lake and Sandy.

## WASTEWATER UTILITY

The Water Reclamation Plant completed another year of perfect NPDES permit compliance. The plant has now completed nineteen years of perfect compliance. This past year the utility continued construction on a major project replacing the walls and roof of three digesters at the Water Reclamation Plant at a cost over \$11.2 million. This project was partially funded by a \$6 million no-interest bond issue sold to the State of Utah under an American Recovery and Reinvestment Act Federal Grant Program.

The utility continued working on an environmental remediation process started back in 2003 on the Sewer's Northwest Oil Drain Canal under a US Environmental Protection Agency administrative order and with a cost-sharing agreement between the Utility, British Petroleum, and Chevron. The two oil companies contribute 2/3 of the project costs of the remediation, and the utilities contribute 1/3. As of June 30, 2013 the oil companies have contributed approximately \$11.3 million.

## STORMWATER UTILITY

Salt Lake City Council established the utility on July 1, 1991, to finance and maintain the city's aging stormwater infrastructure and to comply with programs mandated through the Clean Water Act amendments. Since that date, the utility has constructed or replaced more than \$103 million in storm water facilities. Improvements to the system would not have been possible without the creation of the utility and the dedication of its employees.

## STREET LIGHTING UTILITY

Salt Lake City Council established the utility on December 11, 2012, to finance and maintain the City's street lighting system. The new fee was set at \$3.73 per month for each residential customer and for each residential equivalent unit for commercial customers. The calculation of the residential equivalent unit is based on an average front footage of 75 feet. This new fee will generate \$1.3 million per year to finance energy efficiency and to upgrade the existing street lighting system.

## MAJOR CHALLENGES

1. Financing the Department's infrastructure improvements is rated as one of the greatest challenges. National studies decry the deterioration of the nation's water and sewer infrastructure and the lack of funding to keep pace with aging facilities and new facilities needed to meet more stringent standards.
2. Impacts of the downturn in the economy have affected all four enterprise funds. It has decreased the construction costs of some projects by as much as 15 percent while it has decreased our interest income by as much as \$2.5 million each of the last two years as interest rates have hit all time lows. Costs in some areas have continued to increase as other costs are slow to recover due to the change in the economy. The Department will continue to provide a high level of services as it adjusts to these national and local changes in the economy.

# DRINKING WATER UTILITY

	2009	2010	2011	2012	2013
Operating Revenue	\$ 57,244,555	\$ 53,902,661	\$ 58,098,067	\$ 61,921,062	\$ 67,745,870
Operating Expenditures	-42,475,818	-40,979,357	-43,536,176	-44,069,723	-49,010,616
Depreciation and Amortization	-6,588,078	-6,824,427	-7,097,153	-7,406,182	-7,686,879
Operating Income	\$ 8,180,659	\$ 6,098,877	\$ 7,464,738	\$ 10,445,157	\$ 11,048,375
Interest Income and Gain on Sales	852,925	578,898	394,502	625,684	688,514
Interest Expense (less capitalized)	-720,213	-393,236	-370,124	-471,674	-475,122
Contributions and Grants	6,952,730	3,590,525	2,689,948	1,980,186	3,242,874
Change in Net Position	\$ 15,266,101	\$ 9,875,064	\$ 10,179,064	\$ 12,579,353	\$ 14,504,651
Total Property, Plant, and Equipment	\$ 273,806,368	\$ 287,077,841	\$ 293,414,648	\$ 300,806,366	\$ 304,915,503
Total Assets	\$ 327,172,067	\$ 333,284,070	\$ 341,378,757	\$ 351,781,163	\$ 363,885,293
Additions to Property, Plant, and Equipment	\$ 20,825,345	\$ 20,232,414	\$ 13,262,892	\$ 15,385,548	\$ 12,450,600
Full-time Employees per Thousand Connections	2.89	2.89	2.87	2.84	2.85
Average Annual Water Charges for City Residential Customers based on 7,480 Gal. per month for 8 months and 40,000 Gal. for 4 months	\$ 473.74	\$ 473.74	\$ 479.64	\$ 511.60	\$ 546.24
Treatment Plant Costs/Acre of Water					
City Creek Treatment Plant	\$ 224.53	\$ 225.41	\$ 253.55	\$ 241.19	\$ 309.16
Parleys Treatment Plant	\$ 226.28	\$ 225.53	\$ 164.81	\$ 207.23	\$ 483.35
Big Cottonwood Treatment Plant	\$ 68.9	\$ 77.89	\$ 91.78	\$ 76.30	\$ 88.39
Metropolitan Treatment Plant					
Summer Rate			\$ 322.00	\$ 332.00	\$ 342.00
Winter Rate			\$ 116.00	\$ 120.00	\$ 123.00
Total Water Supplied in Millions Gal.	31,736.57	31,664.66	29,392.78	31,745.80	31,644.76
Ratio of Net Revenue to Aggregate Debt Service (minimum ratio 1.25)	5.03	4.49	4.23	4.29	3.19



# STORMWATER UTILITY

	2009	2010	2011	2012	2013
Operating Revenue	\$ 5,433,240	\$ 6,239,616	\$ 7,734,631	\$ 8,215,799	\$ 8,138,630
Operating Expenditure	-3,653,826	-3,726,106	-3,927,524	-3,733,834	-4,585,011
Depreciation and Amortization	-2,296,890	-2,349,776	-2,355,420	-2,454,689	-2,649,543
Operating Income	\$ 517,476	\$ 163,734	\$ 1,451,687	\$ 2,027,276	\$ 904,076
Interest Income and Gain on Sales	227,566	67,963	51,367	148,733	71,248
Interest Expense (less capitalized)	-129,215	-84,666	29,284	-11,015	-39,822
Contributions and Grants	2,579,618	2,424,615	1,789,990	416,980	201,117
Change in Net Position	\$ 2,160,493	\$ 2,571,646	\$ 3,322,328	\$ 2,581,974	\$ 1,136,619
Total Property, Plant, and Equipment	\$ 90,287,275	\$ 93,099,444	\$ 97,279,378	\$ 104,510,146	\$ 106,824,709
Total Assets	\$ 101,576,096	\$ 104,455,360	\$ 110,304,601	\$ 117,788,172	\$ 116,888,051
Additions to Property, Plant, and Equipment	\$ 4,338,821	\$ 4,988,740	\$ 5,489,116	\$ 9,679,041	\$ 4,955,885
Full-time Employees per Thousand Connections	0.55	0.56	0.59	0.59	0.61
Average Annual Sewer Stormwater Charges for City Residential Customers	\$ 36.00	\$ 36.00	\$ 48.00	\$ 53.88	\$ 53.88

# WASTEWATER UTILITY

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Operating Revenue	\$ 17,486,574	\$ 17,112,258	\$ 17,677,509	\$ 17,612,932	\$18,390,018
Operating Expenditure	-9,850,196	-10,227,840	-11,911,166	-11,134,197	-12,673,410
Depreciation and Amortization	-3,868,158	-3,957,809	-4,286,687	-4,796,210	-5,273,626
Operating Income	\$ 3,768,220	\$ 2,926,609	\$ 1,479,656	\$ 1,682,525	\$ 442,982
Interest Income and Gain on Sales	749,301	576,535	222,344	307,456	309,782
Interest Expense (less capitalized)	92,732	92,732	92,732	92,732	105,316
Contributions and Grants	2,050,403	3,541,081	3,117,995	6,691,539	5,172,309
Change in Net Postions	\$ 6,660,656	\$ 7,136,957	\$ 4,912,727	\$ 8,774,252	\$ 6,030,389
Total Property, Plant, and Equipment	\$ 140,310,294	\$ 147,282,710	\$ 158,897,744	\$ 182,181,110	\$189,627,747
Total Assets	\$ 183,215,197	\$ 196,664,684	\$ 213,687,396	\$ 223,637,167	\$230,249,066
Additions to Property, Plant, and Equipment	\$ 5,110,637	\$ 10,055,393	\$ 13,786,052	\$ 28,122,817	\$ 12,775,420
Full-time Employees per Thousand Connections	2.03	2.02	2.02	2.11	2.11
Average Annual Sewer Charges for City Residential Customers	\$ 126.72	\$ 126.72	\$ 132.48	\$ 138.24	\$ 138.24

# STREET LIGHTING UTILITY

**2013**

Operating Revenue	\$1,602,537
Operating Expenditure	1,062,323
Depreciation and Amortization	127,256
<hr/> Operating Income	<hr/> \$ 412,958
Interest Income and Gain on Sales	85
Interest Expense (less capitalized)	0
Contributions and Grants	2,473,099
<hr/> Change in Net Positions	<hr/> \$ 2,886,142
Total Property, Plant, and Equipment	\$ 2,448,375
Total Assets	\$ 3,082,680
Additions to Property, Plant, and Equipment	\$ 2,575,631
Full-time Employees per Thousand Connections	0.062
Average Annual Steet Light Charges For City Residential Customers	\$ 44.76



**SALT LAKE CITY  
DEPARTMENT OF PUBLIC UTILITIES**

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