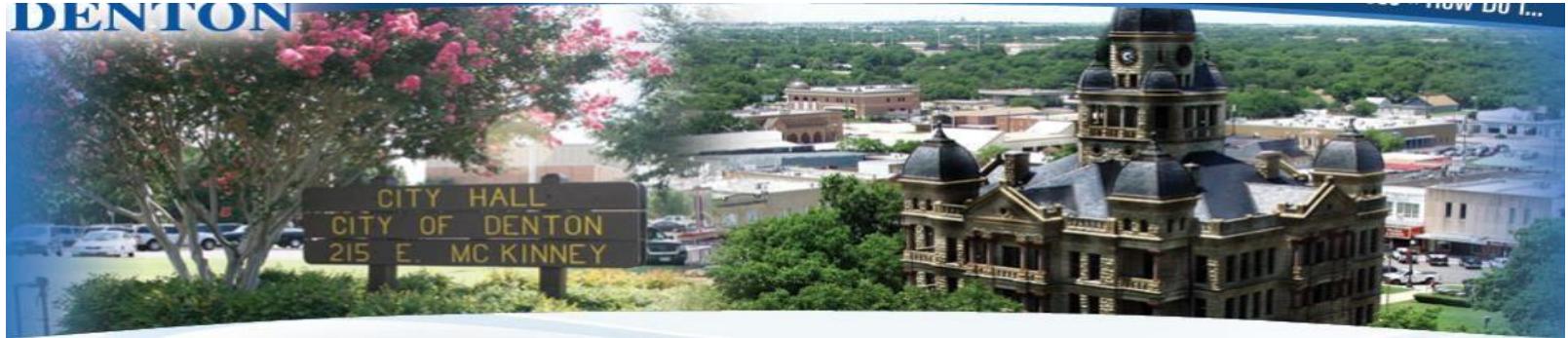


**DENTON**



# City Manager's FY 2016-17 Proposed Budget

# Strategic Plan – Key Focus Areas

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1. Organizational Excellence
2. Public Infrastructure
3. Economic Development
4. Safe, Liveable, and Family-Friendly Community
5. Sustainable and Environmental Stewardship

**Proposing strategic outcomes, key action steps and key performance outcomes in the FY 2016-17 Strategic Plan**

# Budgetary Priorities

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- ❑ Funding for Strategic Plan outcomes/action steps
- ❑ Expand Public Safety response capacity
- ❑ Continue Street Maintenance expansion
- ❑ Maintenance of other general government infrastructure (traffic signals, parking lots, sidewalks, buildings)
- ❑ Utility Infrastructure – replacement and expansion
- ❑ Maintain competitive compensation plan
- ❑ Maintain conservative budgetary and management practices as recognized by the rating agencies

# Assumptions for General Fund

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- Assessed Value Increases
  - FY 2016-17 -8.23%
  - FY 2017-18 and beyond – 4.0%
- Debt Service Portion of Tax Rate
  - Increase of \$0.00141 to \$0.21660 in FY 16-17
- M&O Portion of Tax Rate
  - Decrease of \$0.00641 from \$0.47456 in FY 2015-16 to \$0.46815 in FY 2016-17
  - **Total proposed tax rate of \$0.68475 (decrease of ½ cent)**
- Sales Tax
  - FY 2016-17 – 3.0% above **revised** estimate for FY 2015-16 (net after incentive grants)
  - FY 2017-18 and beyond - 3.0% (net after incentive grants)
- Franchise Fees
  - All growth in franchise fee revenues and bond sale savings (\$1,021,172) transferred to Street Improvement Fund
  - Additionally \$622,000 of base franchise fees transferred to Street Improvement Fund
- Fund Balance
  - Minimum of 20% with a resiliency reserve up to 25%

# Property Values and Tax Rate

---

## Proposed Tax Rate

Maintenance & Operation	\$0.46815 / \$100
Debt Service	<u>\$0.21660 / \$100</u>
Total Proposed Tax Rate	\$0.68475 / \$100

## Effective Tax Rate

\$0.663366 / \$100

## Rollback Tax Rate

\$0.720790 / \$100

## Certified Taxable Value\*

\$9,117,506,344

Value Increase

8.23%

\* Excluding TIRZ Values

# Appraised Values

Tax Year	2011	2012	2013	2014	2015	2016
Final Value (\$Billions)	\$6.412	\$6.706	\$6.962	\$7.761	\$8.424	\$9.117
Value Change (\$Millions)	\$182.3	\$294.3	\$255.8	\$798.9	\$662.9	\$693.4
Percent Change	2.93%	4.59%	3.81%	11.47%	8.54%	8.23%

- Certified appraised value is \$9.117 billion for 2016 (excluding TIRZ).
  - 8.23% increase compared to 2015 Value of \$8.424 Billion
  - \$693.4 million total increase in value, - \$208.4 million (2.47%) from new construction and \$460.9 million (5.76%) from the increase in existing property appraisal
- Average homestead taxable value increased from \$179,149 to \$195,882
  - Average city homeowner taxes from \$1,236 to \$1,341

# Sales Tax

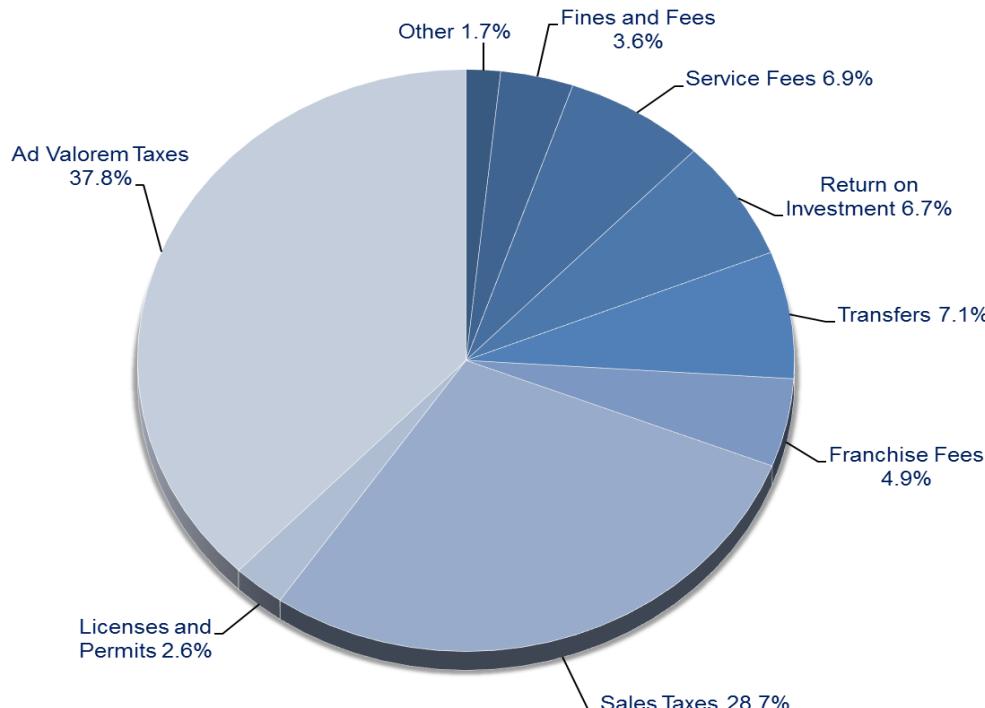
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Fiscal Year	Sales Tax Collections	% Change
FY 2007-08	\$21,984,936	3.9%
FY 2008-09	\$20,950,796	(4.7%)
FY 2009-10	\$21,015,173	0.3%
FY 2010-11	\$22,871,281	8.8%
FY 2011-12	\$25,886,940	13.2%
FY 2012-13	\$26,522,473	2.5%
FY 2013-14	\$27,764,114	4.7%
FY 2014-15	\$30,601,965	10.2%
FY 2015-16 Estimate	\$31,879,000	4.2%
FY 2016-17 Budget	\$32,835,370	3.0%

# General Fund Revenue

## FY 2016-17 Proposed Budget

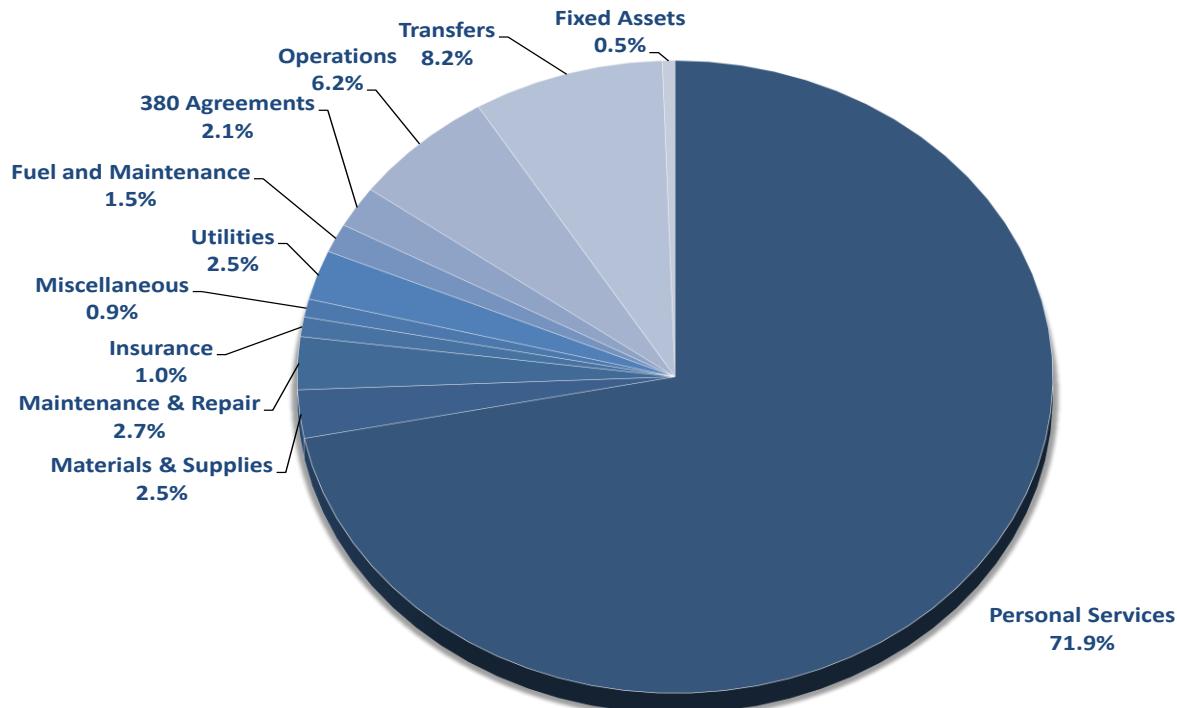
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# General Fund Expenditures by Category

## FY 2016-17 Proposed Budget

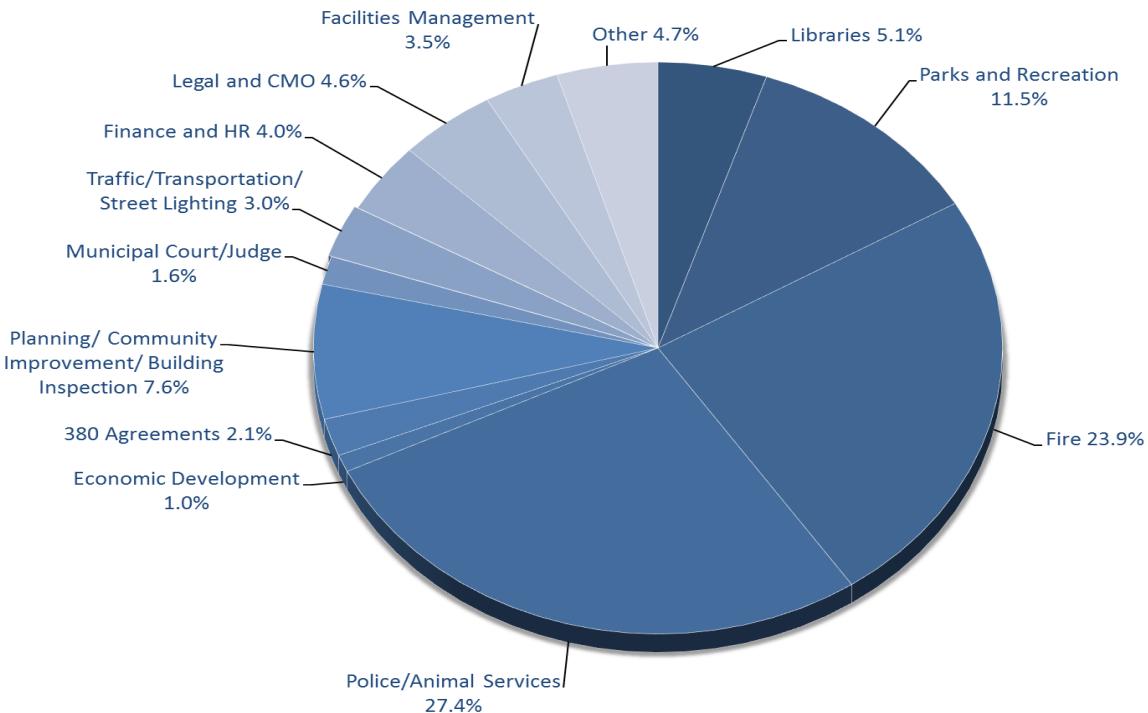
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# General Fund Expenditures by Function

## FY 2016-17 Proposed Budget

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# Vacancy Management/Salary Savings

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- ❑ Budgeted savings in FY 2016-17 - \$1.0 million
- ❑ Savings from normal turnover and management control over filling of vacant positions
- ❑ Adds additional flexibility to deal with any revenue shortfalls

# Compensation and Benefits

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- Civil Service pay adjustments to maintain meet and confer agreement (5% above survey cities average) and STEP increases
- All other 3.0% average merit increase and equity adjustments for those below new range minimum
- Future FY's have 3.0% merit package
- Health insurance funding has a 6.0% increase in City contributions for FY 2016-17 and future FY's
- Employee contributions for FY 2016-17 – 10% increase for gold plan and 6.0% for silver plan
- Health plan changes to control costs:
  - \$50 surcharge for spousal coverage if available from the spouses employer
  - Compound drug prior authorization requirement

# General Fund Supplemental Packages

## FY 2016-17

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<u>Department</u>	<u>Package</u>	<u>Net Cost</u>
Building Inspections	Plans Examiner	\$ 69,412
Building Inspections	Technology Upgrade for Inspectors	9,904
Parks	Wave Pool / Concession Stand Operations	(1,924)
Parks	Parks Foundation Exec. Dir. Current funding	35,000
Animal Services	Additional Animal Shelter Staff	51,262
Fire	Medic Unit 8	993,030
Fire	Fire Training Captain	218,763
Fire	Self-Contained Breathing Apparatus	40,000
Police	Sworn Operations Personnel	745,477
Police	Traffic Safety Package	83,350
Police	Police and Fire Dispatchers	314,045
Traffic Control	Pavement Markings Enhancement Program	95,850
Facilities Management	Parking Lot Maintenance	50,000
Economic Development	Total Impact 2.0 ED Impact Model	6,500
Internal Audit	Internal Audit Services	72,727
<b>Total Net Cost</b>		<b>\$2,783,396</b>

Additional Street Maintenance funding of \$622,000 is a reduction in General Fund franchise fee revenues and an increase in Street Improvement Fund revenues. The supplemental packages for this funding are in the Street Improvement Fund.

# Supplemental Packages Funded in Current FY

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<u>Department</u>	<u>Package</u>	<u>Net Cost</u>
Library	Security Cameras	\$ 51,553
Fire	Patient Lift System	36,231
Fire	Station Alerting System	75,000
Engineering Services	ADA Comprehensive study for Streets/Right of Way/Sidewalks	250,000
Facilities Management	Parking lot replacement - Civic Center	265,000
Transportation/Council Initiative	Downtown Sidewalk Improvements	207,000
Traffic Control	Traffic Signal Replacement	<u>340,000</u>
<b>Total Net Cost</b>		<b>\$ 1,224,784</b>

# Internal Service Funds Supplemental Packages

## FY 2016-17

<u>Fund</u>	<u>Package</u>	<u>Net Cost</u>
Fleet Services	Conference and Training room	\$ 45,000
Fleet Services	Fuel Truck	2,250
Fleet Services	Fleet software replacement program	10,000
Fleet Services	Facility Expansion / Construction	65,000
Materials Management	Warehouse Operations Specialist 1	-
Materials Management	Distribution Center Covering	300,000
Tech Services	Fire Incident Reporting (RMS)	50,000
Tech Services	Application's Additional FTE	141,549
Tech Services	Cisco Equipment Replacement	550,000
Tech Services	DME Capital Costs	450,000
Tech Services	Application Automation Enhancements	90,000
Tech Services	Disaster Recovery Site Refresh	200,000
Tech Services	CASA Radar System for Fire	15,000
Tech Services	Disaster Recovery Services for Public Safety	15,000
Tech Services	TriTech Upgrade for Public Safety	280,000
Risk Fund	Claims Administrator	97,057
Engineering Services	Dev Review Senior Engineer	<u>129,240</u>
<b>Total Net Cost</b>		<b>\$ 2,440,096</b>

# Special Revenue Fund Supplemental Packages

## FY 2016-17

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<u>Fund</u>	<u>Package</u>	<u>Net Cost</u>
Police Confiscation	Helmets and Body Armor	\$ 150,000
Recreation Fund	Facilities Equipment	100,000
Street Improvement	Base Failures Maintenance	200,000
Street Improvement	Overlay (OCI) Material & Support	500,000
Street Improvement	Micro Seal	174,641
Street Improvement	Street Maintenance Expansion Program Crew	702,102
Traffic Safety	A.D.A. (PROWAG) Program	168,064
Traffic Safety	Intersection Radar Detection	93,560
Traffic Safety	Traffic Signal Replacement	340,000
Traffic Safety	Pavement Marking Enhancement	307,726
Traffic Safety	Traffic Signal Pre-Emption	35,421
Traffic Safety	Bike Count Program	9,000
Traffic Safety	Ped/Bike Safety Markings/Signs	7,000
Traffic Safety	Bus Stop Improvements	15,000
Traffic Safety	Downtown Sidewalk Improvements	145,000
<b>Total Net Cost</b>		<b>\$ 2,947,514</b>

# General Fund Projected

## (10 Year Franchise Fees Transition)

	Proposed Budget 2016-17	Year 2 Projected 2017-18	Year 3 Projected 2018-19	Year 4 Projected 2019-20	Year 5 Projected 2020-21
<b>Beginning Fund Balance</b>	\$ 27,762,804	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975
Revenues	\$ 114,511,663	\$ 118,694,011	\$ 122,400,480	\$ 124,914,905	\$ 128,390,107
Expenditures	\$ 114,503,492	\$ 118,251,555	\$ 121,749,162	\$ 124,206,873	\$ 127,598,236
Denton County ESD #1		\$ 434,452	\$ 416,279	\$ 364,392	\$ 364,392
<b>New Supplemental Expenses</b>	-	<b>8,004</b>	<b>235,039</b>	<b>343,640</b>	<b>427,479</b>
<b>Total Anticipated Expenditures</b>	114,503,492	118,694,011	122,400,480	124,914,905	128,390,107
<b>Ending Fund Balance</b>	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975
<b>Change in Fund Balance</b>	\$ 8,171	\$ -	\$ -	\$ -	\$ -
Fund Balance as % of Expend.	24.3%	23.4%	22.7%	22.2%	21.6%
<b>Cumulative Transfer to Street Imp. Fund (reduction in GF Revenue)</b>	\$ 622,000	\$ 1,244,000	\$ 1,866,000	\$ 2,488,000	\$ 3,110,000

Fund Balance Goal is minimum of 20% and additional 5% resiliency reserve (proposed)

# General Fund Projected

## (W/O Franchise Fees Transition)

	Proposed Budget 2016-17	Year 2 Projected 2017-18	Year 3 Projected 2018-19	Year 4 Projected 2019-20	Year 5 Projected 2020-21
<b>Beginning Fund Balance</b>	\$ 27,762,804	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975
Revenues	\$ 114,511,663	\$ 119,316,011	\$ 123,644,480	\$ 126,780,905	\$ 130,878,107
Expenditures	\$ 114,503,492	\$ 118,251,555	\$ 122,371,162	\$ 125,450,873	\$ 129,464,236
Denton County ESD #1		\$ 434,452	\$ 416,279	\$ 364,392	\$ 364,392
<b>New Supplemental Expenses</b>	-	<b>630,004</b>	<b>857,039</b>	<b>965,640</b>	<b>1,049,479</b>
Total Anticipated Expenditures	114,503,492	119,316,011	123,644,480	126,780,905	130,878,107
Ending Fund Balance	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975	\$ 27,770,975
Change in Fund Balance	\$ 8,171	\$ -	\$ -	\$ -	\$ -
Fund Balance as % of Expend.	24.3%	23.3%	22.5%	21.9%	21.2%
<b>FY 2016-17 Transfer to Street Imp. Fund (reduction in GF Revenue)</b>	\$ 622,000				

# Street Improvement Fund

## (10 Year Franchise Fee Transition)

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Actual	Actual	Actual	Projected	Proposed	Projected	Projected	Projected	Projected
Franchise Fees	\$ 5,585,086	\$ 6,315,566	\$ 7,111,757	\$ 9,026,403	\$ 9,965,248	\$ 11,608,420	\$ 13,052,545	\$ 14,718,721	\$ 15,944,888	\$ 17,165,248
Bond Sale Savings	194,382	315,636	379,911	558,888	864,752	997,363	1,118,135	1,229,797	1,328,026	1,425,359
Street Cut Fees and Interest	366,229	477,208	349,068	383,245	360,000	360,000	367,000	374,140	381,423	388,851
<b>Total Operating Revenues</b>	<b>\$ 6,145,697</b>	<b>\$ 7,108,410</b>	<b>\$ 7,840,736</b>	<b>\$ 9,968,536</b>	<b>\$ 11,190,000</b>	<b>\$ 12,965,783</b>	<b>\$ 14,537,680</b>	<b>\$ 16,322,658</b>	<b>\$ 17,654,337</b>	<b>\$ 18,979,458</b>
Operating Expenditures	\$ 6,075,534	\$ 6,770,167	\$ 8,254,307	\$ 9,496,926	\$ 11,056,258	\$ 13,320,783	\$ 14,537,680	\$ 16,322,658	\$ 17,654,337	\$ 18,979,458
Bond Sales*	—	4,000,000	4,000,000	6,000,000	4,000,000	6,000,000	7,000,000	7,000,000	6,000,000	6,000,000
<b>Total Expenditures</b>	<b>\$ 6,075,534</b>	<b>\$ 10,770,167</b>	<b>\$ 12,254,307</b>	<b>\$ 15,496,926</b>	<b>\$ 15,056,258</b>	<b>\$ 19,320,783</b>	<b>\$ 21,537,680</b>	<b>\$ 23,322,658</b>	<b>\$ 23,654,337</b>	<b>\$ 24,979,458</b>

\*FY 2020-21 bond sale amount depends on future bond election.

# Street Improvement Fund

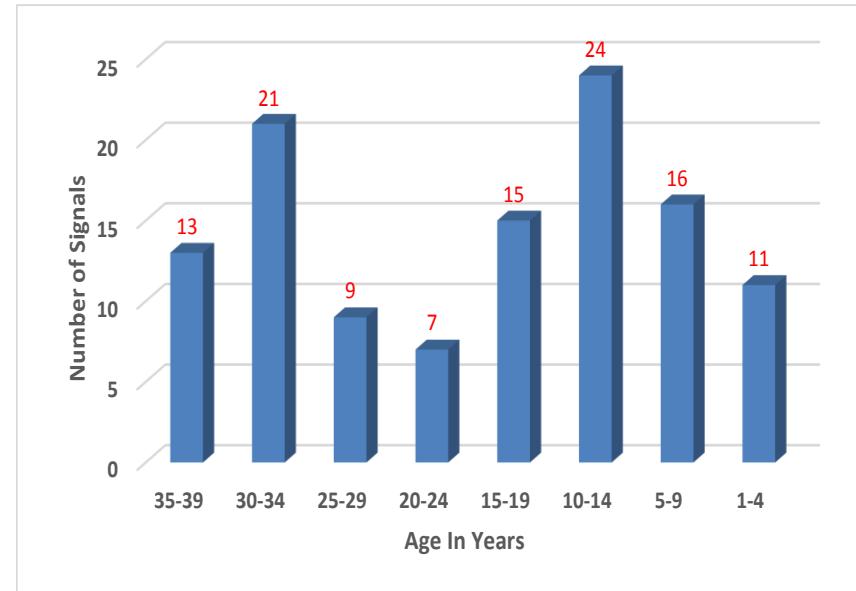
## (W/O Franchise Fee Transition)

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Actual	Actual	Actual	Projected	Proposed	Projected	Projected	Projected	Projected
Franchise Fees	\$ 5,585,086	\$ 6,315,566	\$ 7,111,757	\$ 9,026,403	\$ 9,965,248	\$ 11,608,420	\$ 12,430,545	\$ 13,474,721	\$ 14,078,888	\$ 14,677,248
Bond Sale Savings	194,382	315,636	379,911	558,888	864,752	997,363	1,118,135	1,229,797	1,328,026	1,425,359
Street Cut Fees and Interest	366,229	477,208	349,068	383,245	360,000	360,000	367,000	374,140	381,423	388,851
<b>Total Operating Revenues</b>	<b>\$ 6,145,697</b>	<b>\$ 7,108,410</b>	<b>\$ 7,840,736</b>	<b>\$ 9,968,536</b>	<b>\$ 11,190,000</b>	<b>\$ 12,965,783</b>	<b>\$ 13,915,680</b>	<b>\$ 15,078,658</b>	<b>\$ 15,788,337</b>	<b>\$ 16,491,458</b>
Operating Expenditures	\$ 6,075,534	\$ 6,770,167	\$ 8,254,307	\$ 9,496,926	\$ 11,056,258	\$ 13,320,783	\$ 13,915,680	\$ 15,078,658	\$ 15,788,337	\$ 16,491,458
Bond Sales*	-	4,000,000	4,000,000	6,000,000	4,000,000	6,000,000	7,000,000	7,000,000	6,000,000	6,000,000
<b>Total Expenditures</b>	<b>\$ 6,075,534</b>	<b>\$ 10,770,167</b>	<b>\$ 12,254,307</b>	<b>\$ 15,496,926</b>	<b>\$ 15,056,258</b>	<b>\$ 19,320,783</b>	<b>\$ 20,915,680</b>	<b>\$ 22,078,658</b>	<b>\$ 21,788,337</b>	<b>\$ 22,491,458</b>

\*FY 2020-21 bond sale amount depends on future bond election.

# Traffic Signal Aging Summary

- City has 116 traffic signals
- 34 of the signals are 30 years of age or older
- The 2014 bond program budgeted the replacement of 12 signals over 6 years
- This will leave 22 signals that are currently over 30 years in age



# Tax Increment Reinvestment Zones

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- TIRZ #1 (Downtown) established in 2010
  - Base value of \$79,356,854 and 2015 value of \$136,021,478
  - Estimated revenue for FY 2016-17 of \$368,610
- TIRZ #2 (Westpark) established in 2012
  - Base value of \$119,458 and 2015 value of \$2,401,349
  - Estimated revenue for FY 2016-17 of \$8,519

# Special Revenue Funds

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- Tourist and Convention Fund
  - Estimated revenues of \$2,324,215
  - HOT Committee recommendations to be submitted to City Council
- Tree Mitigation Fund
  - \$289,110 in budgeted expenditures for KDB tree planting and rebate programs
  - \$504,000 for tree planting in city parks

# Monthly Rate Impact – Average Residential Customer

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	<b>FY 2016</b>	<b>FY 2017</b>	<b>Increase</b>	<b>Change</b>
Electric (1,300 kWh)	\$140.37	\$140.47	\$0.10	0.1%
Water (9,200 gallons)	\$51.96	\$54.18	\$2.22	4.3%
Wastewater (6,000 gallons)	\$34.95	\$35.55	\$0.60	1.7%
Solid Waste (Standard + recycle cart)	\$27.35	\$27.85	\$0.50	1.8%
<b>Total</b>	<b>\$254.63</b>	<b>\$258.05</b>	<b>\$3.42</b>	<b>1.3%</b>

# Water Utility Fund

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- ❑ Focus is on infrastructure replacement, needed expansion of system and utility relocations for State highway projects
- ❑ Five-year CIP of \$123.1 million with \$42.0 funded by new debt – remainder revenue funding and existing proceeds
- ❑ Continued costs for zebra mussels
- ❑ Proposed rate increase of 5.0% for FY 2016-17
- ❑ 7.0 new FTE's in production (1.0), distribution (5.0) and metering (1.0)

**WATER**  
**2016-17 Five Year Forecast (in millions)**

	2015-16 Estimate	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed	2019-20 Proposed	2020-21 Proposed
<b>BEGINNING FUND BALANCE</b>	\$17.9	\$25.6	\$25.6	\$25.6	\$25.6	\$27.1
<b>REVENUES</b>	\$53.0	\$51.8	\$52.7	\$53.1	\$53.9	\$54.0
<b>TOTAL RESOURCES AVAILABLE</b>	\$70.9	\$77.4	\$78.3	\$78.7	\$79.5	\$81.1
<b>OPERATING EXPENDITURES</b>	\$45.3	\$51.8	\$52.7	\$53.1	\$52.4	\$54.0
<b>PLANNED RESERVE EXPENDITURES</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>TOTAL EXPENDITURES</b>	\$45.3	\$51.8	\$52.7	\$53.1	\$52.4	\$54.0
<b>NET INCOME (LOSS)</b>	\$7.7	\$0.0	\$0.0	\$0.0	\$1.5	\$0.0
<b>PROPOSED RATE INCREASES</b>		5.0%	4.0%	3.0%	2.0%	3.0%

# Wastewater Utility Fund

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- ❑ Focus is on infrastructure – replacement, expansion and sanitary sewer overflow program
- ❑ Meet regulatory requirements for capacity expansion and rehabilitation projects
- ❑ Implemented improvements to meet TCEQ mandated phosphorus limit
- ❑ Five-year CIP of \$63.3 million (excluding drainage projects) with \$19.7 funded by new debt – remainder revenue funding and existing proceeds
- ❑ Proposed rate increase of 2.0% for FY 2016-17
- ❑ 1.0 new FTE is a watershed protection intern funded by grant

**WASTEWATER**  
2016-17 Five Year Forecast (in millions)

	2015-16 Estimate	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed	2019-20 Proposed	2020-21 Proposed
<b>BEGINNING FUND BALANCE</b>	\$12.1	\$18.1	\$18.1	\$18.1	\$18.3	\$18.4
<b>REVENUES</b>	\$37.2	\$38.6	\$34.4	\$35.0	\$35.8	\$36.0
<b>TOTAL RESOURCES AVAILABLE</b>	\$49.3	\$56.7	\$52.5	\$53.1	\$54.1	\$54.4
<b>OPERATING EXPENDITURES</b>	\$31.2	\$38.6	\$34.4	\$34.8	\$35.7	\$35.7
<b>PLANNED RESERVE EXPENDITURES</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>TOTAL EXPENDITURES</b>	\$31.2	\$38.6	\$34.4	\$34.8	\$35.7	\$35.7
<b>NET INCOME (LOSS)</b>	\$6.0	\$0.0	\$0.0	\$0.2	\$0.1	\$0.3
<b>PROPOSED RATE INCREASES</b>		2.0%	2.0%	2.0%	2.0%	2.0%

# Solid Waste and Recycling Fund

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- ❑ Major projects include expansion of commercial and organic recycling program, initiate grease and grit trap processing services, begin landfill mining, and expansion of household hazardous waste processing facility
- ❑ Five-year CIP of \$69.7 million with \$11.3 revenue funded
- ❑ Proposed rate increase of 1.8% for standard cart with recycling, 1.5% for large cart with recycling, 3.0% for commercial refuse dumpster and 2.5% for commercial open top
- ❑ 11.0 new FTE's in commercial(1.0), disposal operations (4.0),field support (1.0) and diversion mining (5.0)

**SOLID WASTE**  
**2016-2017 Five Year Forecast (in millions)**

	2015-16 Estimate	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed	2019-20 Proposed	2020-21 Proposed
<b>BEGINNING FUND BALANCE</b>	<b>\$5.9</b>	<b>\$6.1</b>	<b>\$6.1</b>	<b>\$6.1</b>	<b>\$6.1</b>	<b>\$6.1</b>
<b>REVENUES</b>	<b>\$31.3</b>	<b>\$36.8</b>	<b>\$40.0</b>	<b>\$43.0</b>	<b>\$46.5</b>	<b>\$48.9</b>
<b>TOTAL RESOURCES AVAILABLE</b>	<b>\$37.2</b>	<b>\$42.9</b>	<b>\$46.1</b>	<b>\$49.1</b>	<b>\$52.6</b>	<b>\$55.0</b>
<b>OPERATING EXPENDITURES</b>	<b>\$31.1</b>	<b>\$36.8</b>	<b>\$40.0</b>	<b>\$43.0</b>	<b>\$46.5</b>	<b>\$49.0</b>
<b>PLANNED RESERVE EXPENDITURES</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$31.1</b>	<b>\$36.8</b>	<b>\$40.0</b>	<b>\$43.0</b>	<b>\$46.5</b>	<b>\$49.0</b>
<b>NET INCOME (LOSS)</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.1)</b>
<b><u>PROPOSED RATE INCREASES</u></b>						
RESIDENTIAL REFUSE (Standard cart)	\$ 27.35	\$ 27.85	\$ 28.75	\$ 29.50	\$ 29.85	\$ 29.85
RESIDENTIAL REFUSE (Large cart)	\$ 32.75	\$ 33.25	\$ 33.85	\$ 34.60	\$ 34.95	\$ 34.95
COMMERCIAL (average)	2.8%	2.8%	2.8%	2.8%	2.8%	0.0%

# Electric Utility Fund

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- ❑ Replacement of Aging Infrastructure
- ❑ Construction of Transmission system with increased revenue to DME
- ❑ Implementation of Renewable Denton Plan
- ❑ Five-year CIP of \$647.7 million
- ❑ Base rate increase of 4.5% for FY 2016-17 which is offset by reduction in ECA rate, average residential customer increase is 0.1%
- ❑ 9.0 new FTEs with lineman (3.0) technicians (3.0), EMO (1.0), Business Analyst (1.0) and RDP (1.0)

# Electric Utility Capital Budget

(Amounts in Thousands)

CATEGORY	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
Automated Meter Reading	\$ 1,796	\$ 1,863	\$ 1,934	\$ 2,007	\$ 2,084	\$ 9,684
Building Construction	1,394	-	4,080	4,125	-	9,599
Communications Equipment	400	335	335	335	335	1,740
Contingency	600	600	600	600	300	2,700
Distribution Substations	18,067	10,254	8,418	8,984	7,907	53,630
Distribution Transformers	3,252	3,409	3,574	3,441	3,613	17,289
Feeder Extensions & Improvements	18,215	16,595	11,090	8,015	5,242	59,157
Miscellaneous	225	-	-	-	-	225
New Residential & Commercial	7,090	7,530	7,905	8,282	8,678	39,485
Office Furniture/Computer/Equipment	0	500	-	-	-	500
Over to Under Conversions	350	368	386	405	425	1,934
Power Factor Improvement	592	601	610	624	638	3,065
Street Lighting	555	652	554	639	664	3,064
Tools & Equipment	120	91	92	93	94	490
Power Plant	92,000	128,000	-	-	-	220,000
Vehicles	1,382	947	2,409	375	21	5,134
<b>Subtotal - Distribution</b>	<b>146,038</b>	<b>171,745</b>	<b>41,987</b>	<b>37,925</b>	<b>30,001</b>	<b>427,696</b>
Transmission Lines	22,550	24,840	18,490	26,270	19,780	111,930
Transmission Substation	35,530	18,465	20,570	20,490	13,065	108,120
<b>Subtotal - Transmission</b>	<b>58,080</b>	<b>43,305</b>	<b>39,060</b>	<b>46,760</b>	<b>32,845</b>	<b>220,050</b>
<b>GRAND TOTAL</b>	<b>\$204,118</b>	<b>\$215,050</b>	<b>\$81,047</b>	<b>\$84,685</b>	<b>\$62,846</b>	<b>\$647,746</b>

# Utility Reserve Balance Changes

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	Working Capital	Operating Reserve (current)	Operating Reserve (proposed)	Total	Day Range
Water	8%	17-25%	25-42%	33-50%	120-180 days
Wastewater	8%	12-16%	20-31%	28-39%	100-140 days
Solid Waste	8%	4-8%	6-10%	14-18%	52-66 days
Electric	8%	8-12%	Same	16-20%	60-75 days

- Recommended by PUB on June 27, 2016 in adoption of Utilities Financial Strategies document for FY 2016-17
- Increase in reserve balances will be a separate agenda item for consideration by City Council on September 20, 2016

# Airport Fund Changes

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- Airport operations are budgeted as an enterprise fund
- This change was made in FY 2010-11, removing airport operation expenses and revenues from the General Fund to a separate enterprise fund
- In FY 2010-11, the revenue from gas well royalties at the airport were \$2.389 million, in FY 2014-15 these revenues were \$581,849 and continue to decline
- For FY 2016-17 and beyond, debt service associated with the airport is planned to be paid from the General Debt Service Fund
- With this change, the Airport Fund is projected to maintain a positive fund balance for the next five years

# FY 2016-17 Capital Program

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- **Total new funding including utilities is \$182.299 million (\*)**
  - Utility CO's - \$107.44 million
  - Utility revenue funded - \$37.674 million
  - General Government - \$36.095 million
  - General Government revenue funded - \$1.09 million
- **General Government Proposed Debt**
  - Street Reconstruction (2012, 2014) - \$6.0 million
  - Street Expansion, Sidewalks, Traffic Signals (2014)- \$2.95 million
  - Public Safety (2014) - \$8.210 million
  - Public Safety Radio Upgrades and CAD System - \$5.0 million
  - City Matching Funds for Bonnie Brae/Mayhill - \$8.5 million
  - Vehicle Replacements - \$4.06 million
  - Facility Improvements - \$1.175 million
  - Fleet Fuel Truck- \$0.2 million

\* Excludes revenue bond sale for Renewable Denton Plan that is currently scheduled for FY 2015-16 sale

# Position Additions for FY 2016-17

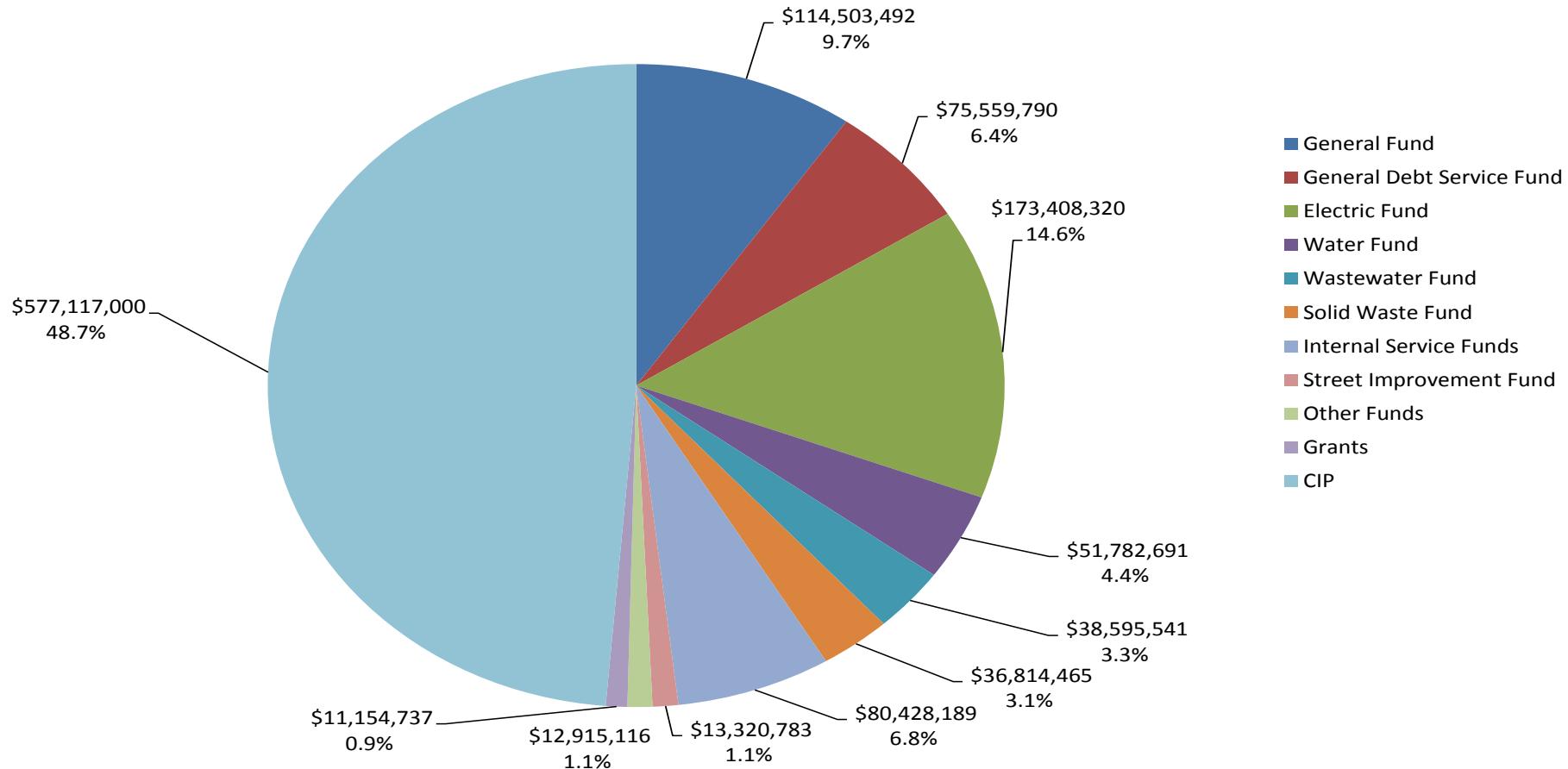
## (Total City FTEs – 1,638.56)

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Fund	Additional FTE's
Electric	9.0
Water	7.0
Wastewater	1.0
Solid Waste	11.0
Materials Management	1.0
Risk Management	1.0
Street Improvement	5.0
Technology Services	1.0
Engineering Services	1.0
<u>General Fund</u>	
Neighborhood Services	14.6
Public Safety	20.0
Transportation	<u>2.0</u>
Total	73.6

# FY 2016-17 Proposed Budget by Fund

## \$1,185,600,124 for all funds



# Next Steps

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- ❑ Vote on Proposed Tax Rate for required notices – August 9<sup>th</sup>
- ❑ Public Hearings – August 23<sup>rd</sup> and September 13<sup>th</sup>
- ❑ Budget Discussions – set at all work sessions from August 9<sup>th</sup> through September 20<sup>th</sup>
- ❑ Budget Adoption – September 20<sup>th</sup>

# Questions?

