

CITY OF DENTON, TEXAS

FY 2024-25 Preliminary Utility Budgets
July 23, 2024

Inclusion | Collaboration | Quality Service | Strategic Focus | Fiscal Responsibility





Agenda

- Fiscal Year 2024-25 Budget Process Overview
- 2025 Preliminary Utility Budgets
 - Solid Waste
 - Electric
 - Customer Service
 - Water
 - Wastewater
 - Drainage
- Next Steps

Fiscal Year 2024-25 Utility Budget Process

Budget Kickoff

Budget Submission

City Manager Meetings

PUB Meetings

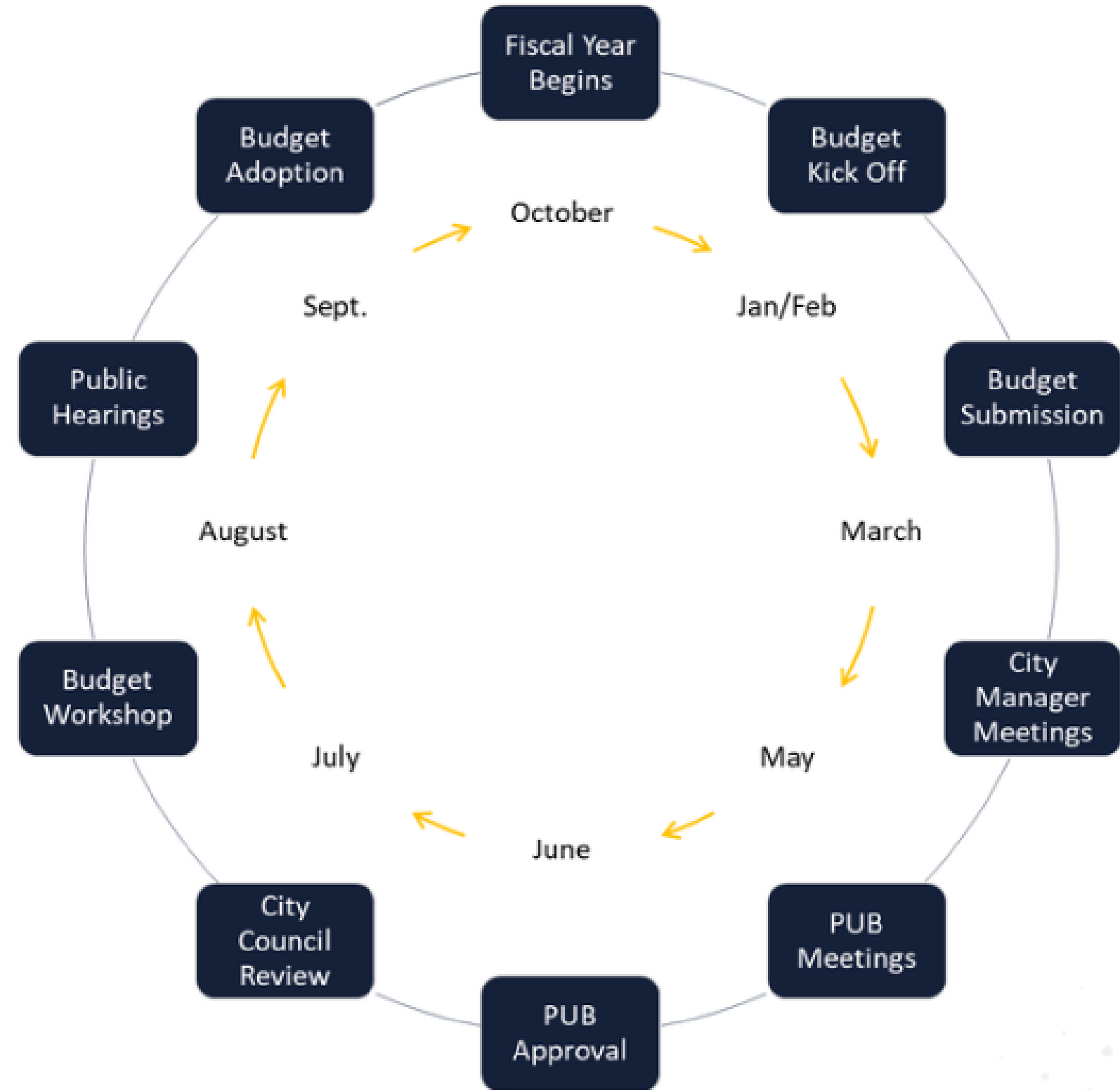
City Council Review

Budget Workshop

Public Hearings

Budget Adoption

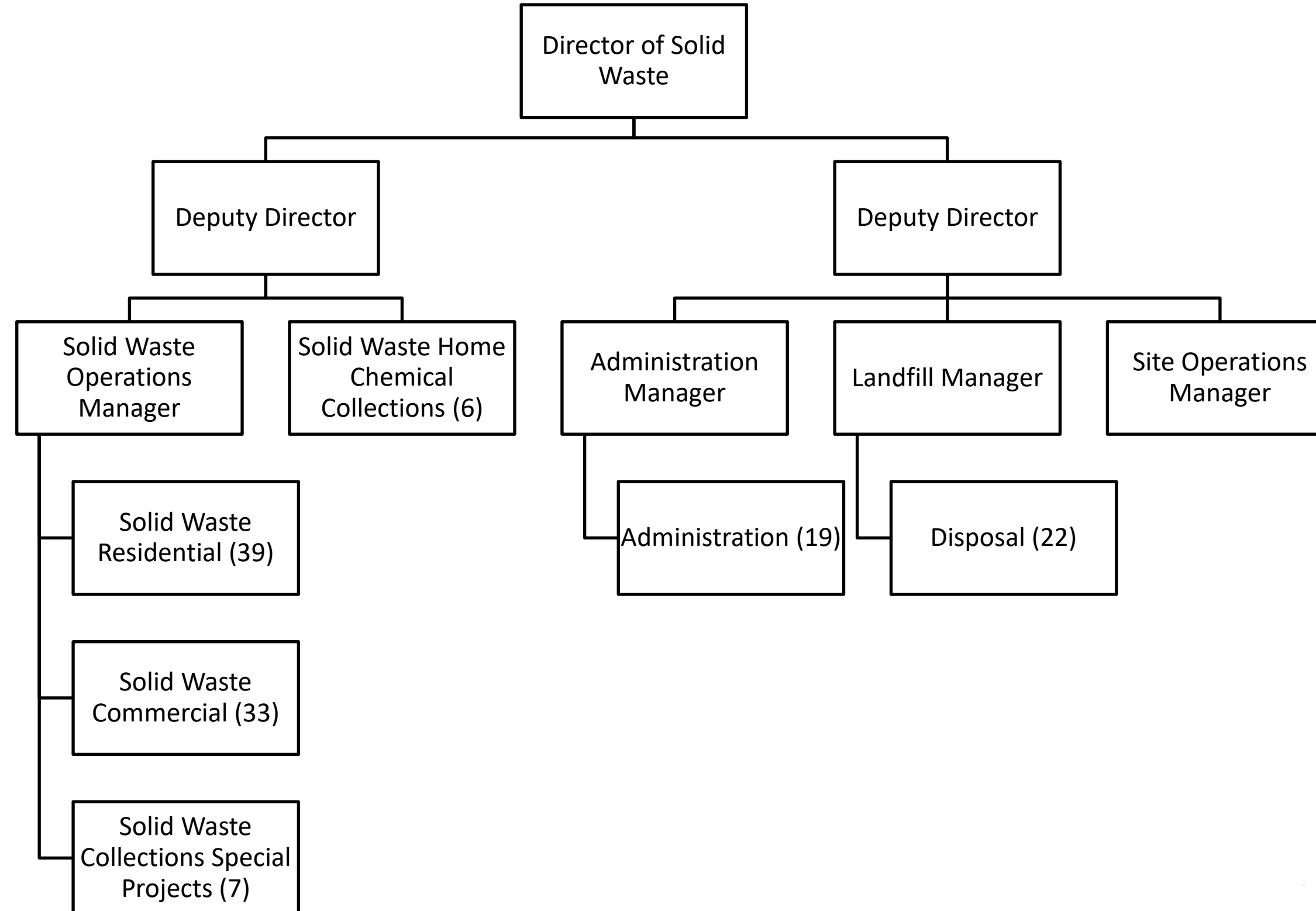
October 1, 2024 - Effective Date





Solid Waste & Recycling

Solid Waste - Organizational Chart

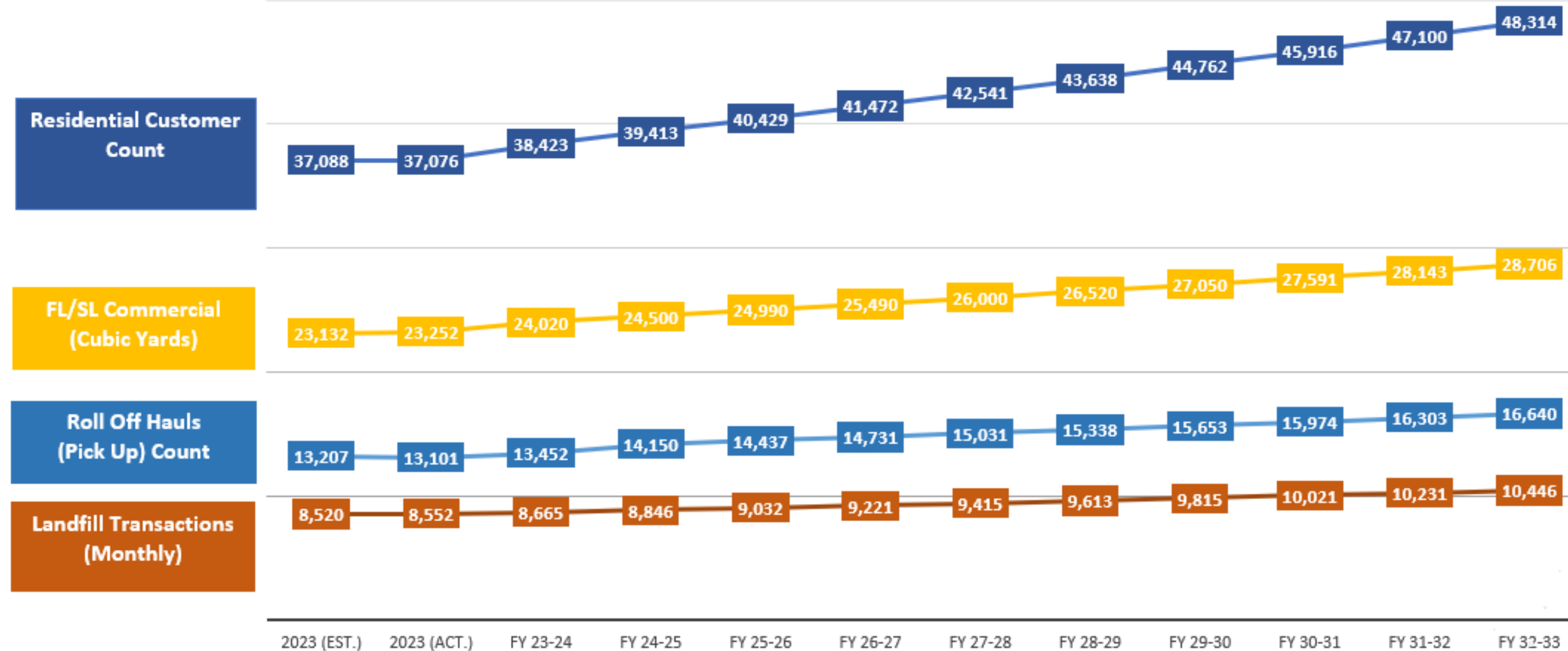


**Total FTE Count:
133**

Solid Waste – Revenue Assumptions

Rate Revenues

- 2.6% Growth in Residential Customers
- 2.0% Growth in Commercial FL/SL Pulls
- 2.1% Growth in Landfill Customers



Solid Waste – Budget Request Packages

Summary

Baseline Adjustments

• Ready to Work Program	\$150,000
• Radio Subscriptions	\$20,000
• Computer Replacement	\$5,000
• Office Supplies	\$5,000
• Environmental Compliance	\$47,850
• Additional Temp for HCC	\$8,048
• Outside Supplies	\$1,900

Supplemental Requests

• Software for SW&R Vehicles	\$121,500
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Total Requests **\$359,298**

Solid Waste – Position Summary

Business Division	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Preliminary
Solid Waste Administration	24.00	22.00	22.00	22.00
Residential Collection	40.00	40.00	40.00	40.00
Commercial Collection	33.00	33.00	33.00	33.00
Collection Special Projects	7.00	7.00	7.00	7.00
Solid Waste Disposal	23.00	23.00	24.00	24.00
Home Chemical Collection	6.00	6.00	6.00	6.00
Site Operations	2.00	2.00	1.00	1.00
Total	135.00	133.00	133.00	133.00

Solid Waste – 5-Year Capital Plan

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Cell 5 & 6 Construction	\$4,000,000	\$ -	\$ -	\$ -	\$ -	\$4,000,000
Solid Waste Fleet Shop	2,200,000	-	-	-	-	2,200,000
Concrete Replacement	350,000	-	-	350,000	-	700,000
Vehicle Replacement	5,520,000	5,000,000	5,000,000	5,000,000	5,000,000	25,520,000
Scalehouse Update	640,000	-	-	-	-	640,000
Vehicle Additions	285,711	960,000	315,000	650,000	-	2,210,711
Total	\$12,995,711	\$5,960,000	\$5,315,000	\$6,000,000	\$5,000,000	\$35,270,711

Funding Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Debt Funding	\$ 11,125,711	\$ 4,463,507	\$ 4,120,000	\$ 5,679,150	\$ 4,500,000	\$ 29,888,368
Revenue Funding	1,870,000	1,496,493	1,195,000	320,850	500,000	5,382,343
Total	\$ 12,995,711	\$ 5,960,000	\$ 5,315,000	\$ 6,000,000	\$ 5,000,000	\$ 35,270,711

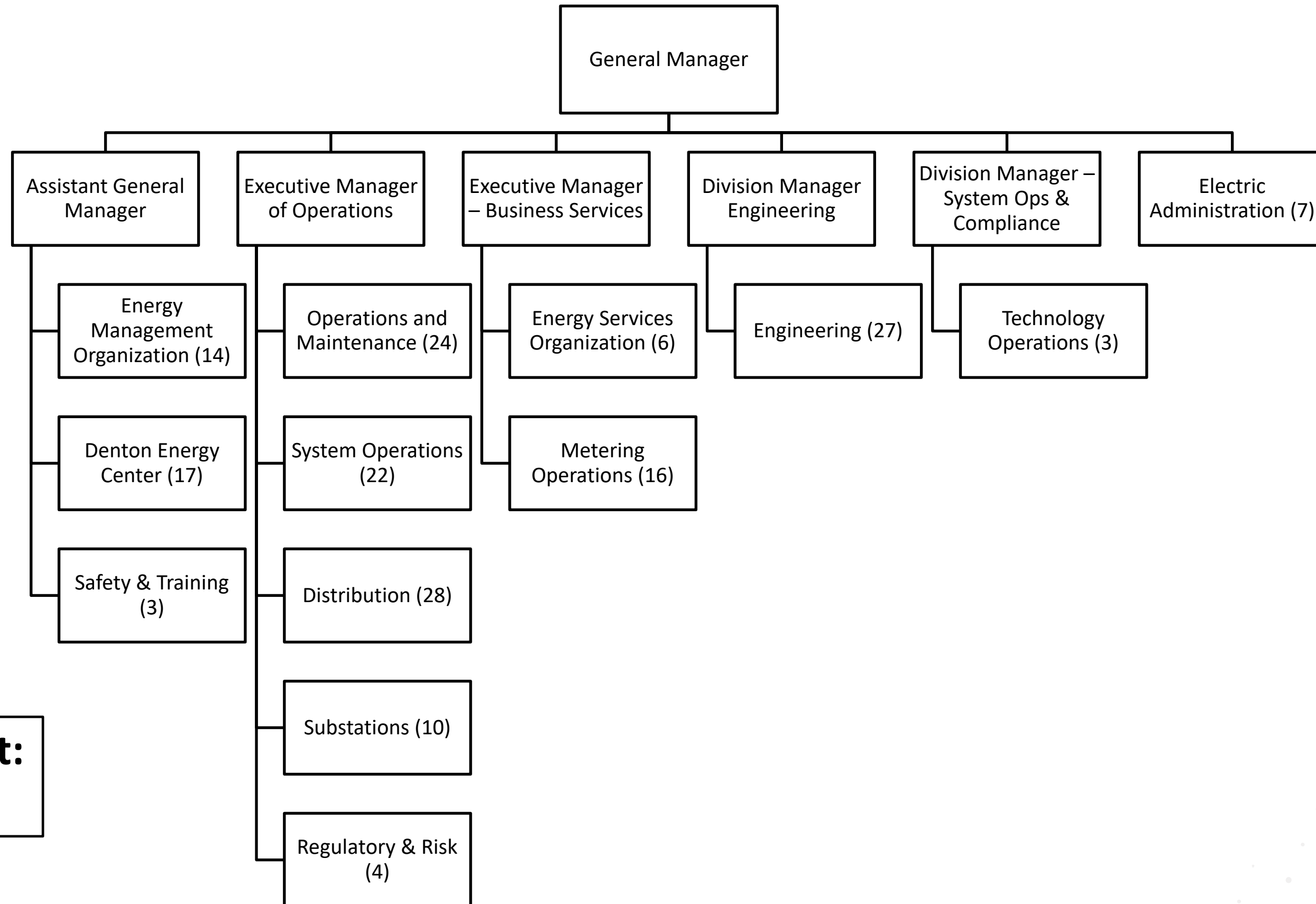
Solid Waste Fund – 5-Year Forecast

Solid Waste	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual	FY 2025 Preliminary	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	\$ 9,344,519	\$ 10,797,452	\$ 11,748,700	\$ 9,673,769	\$ 8,669,323	\$ 7,305,728	\$ 6,315,085	\$ 6,375,575
Resources								
Rate Revenues	\$ 34,536,897	\$ 33,984,882	\$ 24,917,599	\$ 35,054,950	\$ 36,106,599	\$ 37,731,396	\$ 39,240,651	\$ 41,202,684
Wholesale Agreements	3,598,251	4,033,433	2,782,897	4,183,588	4,183,588	4,183,588	4,183,588	4,183,588
Non-rate Revenues	2,209,794	1,277,588	1,655,441	1,962,921	1,892,169	1,880,059	1,875,909	1,893,299
Total Revenues	40,344,941	39,295,903	29,355,937	41,201,459	42,182,355	43,795,042	45,300,148	47,279,571
Use of Reserves	207,095	2,074,934	2,074,934	1,004,446	1,363,594	990,643	-	-
Total Resources	\$ 40,552,036	\$ 41,370,837	\$ 31,430,871	\$ 42,205,905	\$ 43,545,950	\$ 44,785,685	\$ 45,300,148	\$ 47,279,571
Expenditures								
Personnel Services	\$ 12,239,887	\$ 13,858,641	\$ 9,513,618	\$ 14,349,412	\$ 14,891,392	\$ 15,338,134	\$ 15,798,278	\$ 16,272,226
Materials & Supplies	399,757	699,267	378,164	707,667	721,820	736,257	750,982	766,002
Maintenance and Repair	161,542	238,516	150,515	239,516	244,306	249,192	254,176	259,260
Insurance	618,925	754,473	754,474	697,468	711,417	725,646	740,159	754,962
Miscellaneous Expense	25,035	39,820	14,128	43,320	44,186	45,070	45,972	46,891
Operations	7,473,229	7,322,341	5,021,869	8,345,628	8,512,541	8,682,791	8,856,447	9,033,576
Cost of Service Transfers	4,667,025	6,531,546	6,531,546	6,662,177	6,795,420	6,931,329	7,069,955	7,211,355
Fixed Assets	920,153	904,007	574,261	1,121,087	1,143,509	1,166,379	1,189,706	1,213,501
Vehicle Replacement	3,690,000	2,575,000	1,425,000	1,870,000	1,496,493	1,195,000	320,850	500,000
Revenue Funded Capital	3,545,000	1,000,000	1,000,000	-	-	-	-	-
Closure/Post Closure	971,296	752,631	752,628	752,628	752,628	752,628	752,628	752,628
Debt Service	3,874,437	4,817,837	4,817,838	5,319,379	6,076,449	6,787,015	7,241,264	7,886,008
Franchise Fees	1,965,749	1,876,755	1,313,768	2,097,624	2,155,788	2,176,245	2,219,241	2,264,580
Total Expenditures	\$ 40,552,036	\$ 41,370,834	\$ 32,247,809	\$ 42,205,905	\$ 43,545,950	\$ 44,785,686	\$ 45,239,658	\$ 46,960,987
Ending Fund Balance	\$ 9,137,424	\$ 8,722,521	\$ 8,856,828	\$ 8,669,323	\$ 7,305,728	\$ 6,315,085	\$ 6,375,575	\$ 6,694,159
Revenue Sufficiency Requirement				1.5%	3.0%	4.5%	4.0%	5.0%
Working Capital	3,244,163	3,309,667	2,579,825	3,376,472	3,483,676	3,582,855	3,619,173	3,756,879
Operating Fund Reserve	5,893,262	3,752,827	3,250,825	5,277,116	3,822,053	2,732,230	2,756,402	2,937,279
Target Reserves								
Wrking Cptl - 8% / Op Reserve Target - 6%	5,677,285	5,791,917	4,514,693	5,908,827	6,096,433	6,269,996	6,333,552	6,574,538
Wrking Cptl - 8% / Op Reserve Target - 10%	7,299,366	7,446,750	5,804,606	7,597,063	7,838,271	8,061,423	8,143,138	8,452,978
Debt Service Coverage Ratio (DSCR)	3.81	2.04	1.45	1.91	1.69	1.63	1.63	1.64



Denton Municipal Electric

DME- Organizational Chart



**Total FTE Count:
187**

FY 2024-25 DME Financial Overview

Growth Projections

- 7.53% retail sales (MWh) growth for known Residential and Commercial Projects

Revenue Projections

- Cost of Service Study
 - Primary consideration will be Fixed Costs (i.e., facility and usage charges).
- Potential rate increase

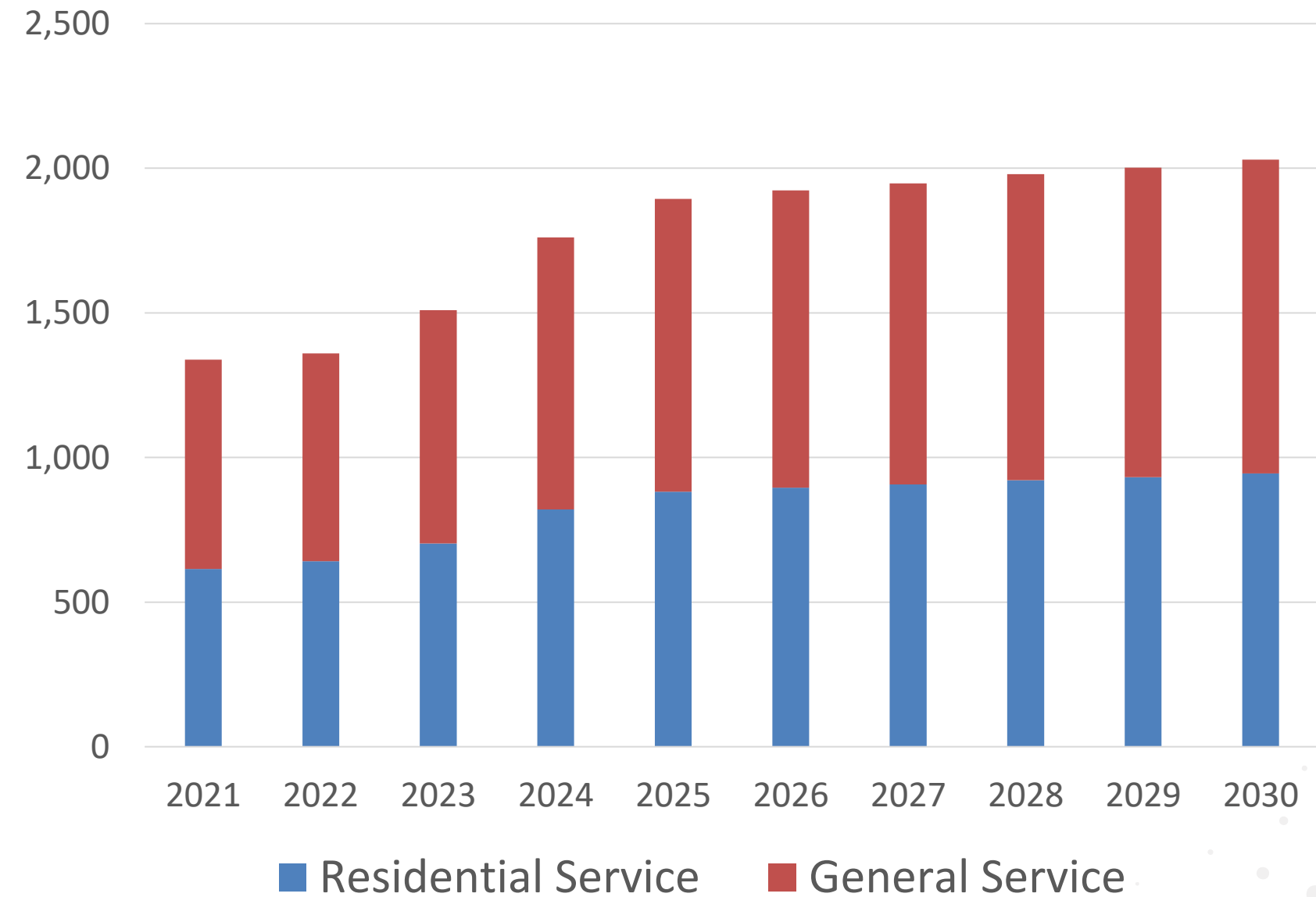
Expense Projections

- Increase in Personnel Costs
 - City-wide compensation adjustment for inflation & competitive market

DME – Revenue Assumptions

Forecasted Retail Sales Growth (MWh)

Year	Residential Service	General Service
2021	614,366	724,145
2022	641,738	718,207
2023	702,882	806,664
2024	820,006	941,081
2025	881,733	1,011,922
2026	895,740	1,027,998
2027	906,628	1,040,494
2028	921,575	1,057,648
2029	932,001	1,069,613
2030	944,890	1,084,405



DME – Revenue Assumptions

$$\text{Base Rate} = \text{Personnel Services} + \text{Operations \& Maintenance} + \text{ROI \& FF} + \text{Debt Service} + \text{Cost of Service Transfers} + \text{Capital Outlay}$$

- Base rates recover the cost of operations, maintenance, and capital expenditures. Rate varies by customer class.

$$\text{ECA Rate (Energy Cost Adjustment)} = \text{Purchase Power (Excl. DEC Revenue)} + \text{DEC Fuel} + \text{DEC Variable O\&M Expense} + \text{Prior Period ECA Balance}$$

- ECA rate recovers the net cost of energy as a pass-through charge to customers. Same rate for all customer classes.

$$\text{TCRF Rate (Transmission Cost Recovery Fee)} = \text{Transmission Costs}$$

- TCRF rate recovers transmission costs paid to others as a pass-through charge to customers. Transmission costs are determined by the Public Utilities Commission of Texas (PUCT). Rate varies by customer class.

DME – Expense Assumptions

Personnel Expenses

- 14.2% total increase in personnel expenditures (including benefits)
 - Includes 3.0% cost of living adjustment for FY 2025
 - Includes an additional 2.5% merit-based performance adjustment
 - Includes the addition of 16.5 proposed FTE supplemental position requests

Operating Expenses

- No significant change in Operations & Maintenance expenditures

Debt Service

- Estimated 8.18% increase in non-DEC debt service expense
 - \$60,000,000 issuance in 2024 for capital improvements
 - Recent bond refunding resulted in savings of \$1,530,146 for DME
- No change to DEC debt service expense

Electric Fund – 5-Year Forecast

Electric	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual YTD	FY 2025 Preliminary	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	\$ 140,776,983	\$ 107,823,791	\$ 108,833,416	\$ 115,857,449	\$ 112,005,376	\$ 116,202,472	\$ 126,569,082	\$ 138,317,354
Resources								
Base Rate Revenues	102,759,906	104,394,786	60,799,838	124,913,472	133,877,276	142,279,806	151,856,750	162,021,372
TCRF Revenue	-	-	1,962,385	30,286,099	30,740,391	31,201,497	31,669,519	32,144,562
ECA Revenues	56,433,028	66,916,984	34,963,490	86,122,202	90,243,958	107,778,247	109,278,619	111,920,335
Non-rate Revenues	174,832,684	119,085,425	54,254,988	151,162,001	146,050,020	144,172,162	146,446,325	145,938,131
Total Revenues	334,025,618	290,397,195	151,980,701	392,483,775	400,911,645	425,431,712	439,251,214	452,024,400
Use of Reserves	32,953,192	17,756,400	406,481	3,852,073	-	-	-	-
Total Resources	\$ 366,978,810	\$ 308,153,596	\$ 152,387,182	\$ 396,335,848	\$ 400,911,645	\$ 425,431,712	\$ 439,251,214	\$ 452,024,400
Expenditures								
Purchase Power	194,490,558	116,110,083	65,468,542	181,498,876	176,243,893	189,689,362	193,587,167	195,426,596
Transmission of Power	23,826,397	24,737,092	14,095,249	27,284,774	27,694,046	28,109,457	28,531,098	28,959,065
Personnel	22,229,684	26,090,466	16,148,356	26,003,228	30,685,796	31,606,370	32,554,561	33,531,198
O&M	15,305,427	23,969,028	8,788,259	24,084,439	25,455,264	25,964,369	26,483,656	27,013,330
Cost of Service Transfers	15,357,250	19,943,469	12,823,875	19,873,744	20,469,957	21,084,055	21,716,577	22,368,074
ROI & Franchise Fee	27,713,608	25,141,239	12,886,719	34,620,822	36,249,755	39,150,509	40,504,849	41,900,598
Non-DEC Debt Service	45,122,652	47,185,218	41,276,648	51,045,326	53,811,151	53,490,991	57,923,010	62,651,130
DEC Debt	17,308,336	18,077,000	11,546,113	18,077,125	18,073,500	18,075,875	18,077,375	18,075,750
Revenue Funded Capital	5,624,896	6,900,000	853,420	2,057,579	902,000	761,000	995,000	-
2024 Purchase Power Securitization	-	-	(31,500,000)	7,129,426	7,129,189	7,133,114	7,129,648	7,128,001
Supplementals	-	-	-	3,788,807	-	-	-	-
Baseline Adjustments	-	-	-	871,702	-	-	-	-
Total Expenditures	\$ 366,978,809	\$ 308,153,595	\$ 152,387,182	\$ 396,335,848	\$ 396,714,550	\$ 415,065,102	\$ 427,502,942	\$ 437,053,742
Ending Fund Balance	\$ 107,823,791	\$ 91,077,016	\$ 108,426,935	\$ 112,005,376	\$ 116,202,472	\$ 126,569,082	\$ 138,317,354	\$ 153,288,012
Revenue Sufficiency Requirement				1.5%	5.5%	5.0%	5.0%	5.5%
Working Capital	29,358,305	24,652,288	12,190,975	31,706,868	31,737,164	33,205,208	34,200,235	34,964,299
Operating Fund Reserve	78,465,486	65,415,103	96,235,960	80,298,508	84,465,308	93,363,874	104,117,118	118,323,713
Target Reserves								
Working Cptl - 8% / Op Reserve Target - 38%	154,524,014	120,103,676	62,876,388	154,030,385	154,740,824	163,249,445	168,634,263	173,386,901
Working Cptl - 8% / Op Reserve Target - 61%	231,786,021	180,155,514	94,314,582	231,045,578	232,111,236	244,874,167	252,951,395	260,080,351
Debt Service Coverage Ratio (DSCR)	1.01	1.23	1.25	1.47	1.58	1.70	1.70	1.70

Electric – Budget Request Packages

Summary

Baseline Adjustments

• Electric Parts Replacement	\$565,598
• Increase to Freight Charges	\$182,204
• Increase to Software Licenses	\$63,900
• Increase to Rental Equipment	\$10,000
• Increase to Meter Reading Contract	\$50,000

Supplemental Requests

• Personnel Requests (16.5 FTEs)	\$2,312,292 (incl. benefits)
• Equipment & Supplies for new FTEs	\$222,954
• GIS Cloud Management Service	\$315,000

Total Requests **\$3,721,948**

DME – Position Summary

Division	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Preliminary
Electric Administration	10.00	13.00	14.00	14.00
Energy Management Organization	14.00	14.00	14.00	17.00
Energy Services Organization	6.00	6.00	6.00	7.00
Electric Regulatory and Risk	9.00	4.00	4.00	4.00
Denton Energy Center	17.00	17.00	17.00	18.00
Electric Safety and Training	3.00	3.00	3.00	3.00
Electric Operations and Maintenance	24.00	24.00	24.00	28.00
Electric System Operations	19.00	22.00	22.00	20.00
Electric Distribution	28.00	28.00	28.00	28.00
Electric Substations	10.00	10.00	10.00	10.00
Electric Engineering	26.00	27.00	27.00	29.50
Electric Metering Operations	16.00	16.00	16.00	17.00
Electric Technology Operations	3.00	3.00	3.00	5.00
Total	185.00	187.00	188.00	200.50

DME – Position Requests

Division	Business Unit / Position Title	FTE(s)
Energy Management Organization	Senior Business Intelligence Analyst	1
Energy Management Organization	Senior Energy Market Analyst	1
Energy Management Organization	Senior ERCOT Transmission Analyst	1
Energy Services Organization	Business Analyst	1
Denton Energy Center	Production Engineer	1
Electric Operations & Maintenance	Apprentice Step B	1
Electric Operations & Maintenance	Construction Supervisor	1
Electric Operations & Maintenance	Journeyman Lineman Position	1
Electric Operations & Maintenance	Lead Lineman	1
Electric Systems Operations	Generation Operations Compliance Officer	1
Electric Systems Operations	Operations & Planning Compliance Officer	1
Electric Engineering	Engineering Intern	0.5

DME – Position Requests

Division	Business Unit / Position Title	FTE(s)
Electric Engineering	Logistics Specialist	2
Electric Metering Operations	Meter Electrician	1
Electric Technology Operations	Electric Technology Operations Manager	1
Electric Technology Operations	Smart Grid Operations Analyst	1
	Total	16.5

DME – 5-Year Capital Plan

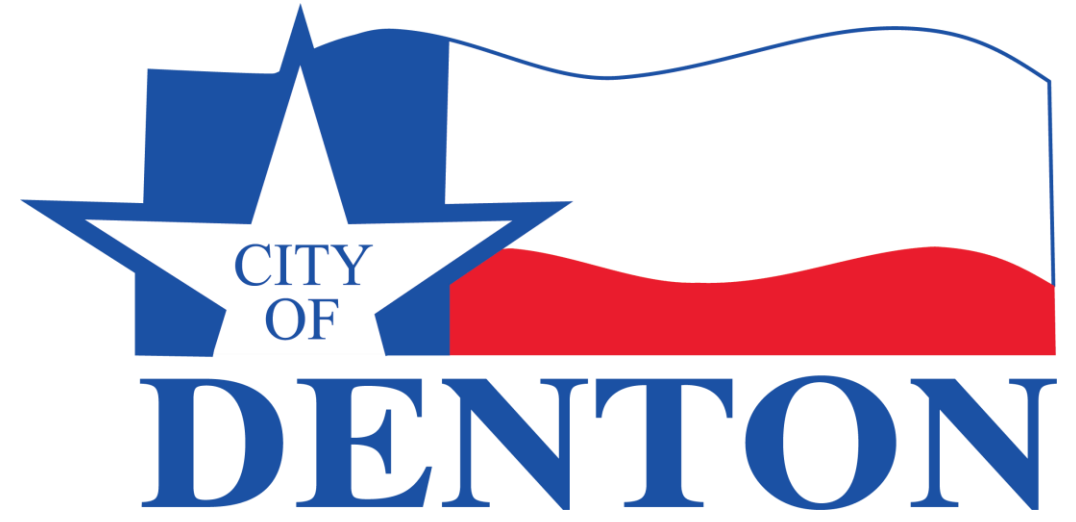
Distribution Projects	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Automated Meter Reading	\$ 1,238,730	\$ 1,203,793	\$ 1,239,907	\$ 730,710	\$ 797,575	\$ 5,210,715
Building Construction	2,500,000	2,500,000	-	-	-	5,000,000
Distribution Substations	6,550,000	9,120,000	2,030,000	5,090,000	6,060,000	28,850,000
Distribution Transformers	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	35,000,000
Feeder Extensions & Improvements	15,931,000	18,057,000	24,660,000	14,513,000	11,840,000	85,001,000
New Residential & Commercial	9,205,000	9,316,000	9,431,000	9,553,000	8,256,000	45,761,000
Power Factor Improvement	600,000	200,000	200,000	200,000	200,000	1,400,000
Street Lighting	800,000	800,000	800,000	400,000	400,000	3,200,000
Plant Production	6,358,000	-	-	6,000,000	11,000,000	23,358,000
Technology - Software & Hardware	4,090,000	4,300,000	12,000,000	15,500,000	18,500,000	54,390,000
Electric Relocations	6,000,000	5,500,000	5,500,000	5,500,000	1,500,000	24,000,000
Vehicles	-	761,000	1,687,000	995,000	400,000	3,843,000
Distribution Sub-Total	\$ 60,272,730	\$ 58,757,793	\$ 64,547,907	\$ 65,481,710	\$ 65,953,575	\$ 315,013,715

DME – 5-Year Capital Plan

Transmission Projects	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Transmission Lines	\$ 6,400,000	\$ 14,075,000	\$ 6,725,000	\$ 1,300,000	\$ 9,295,000	\$ 37,795,000
Transmission Substation	8,350,000	6,180,000	1,640,000	5,325,000	11,655,000	33,150,000
Transmission Sub-Total	\$ 14,750,000	\$ 20,255,000	\$ 8,365,000	\$ 6,625,000	\$ 20,950,000	\$ 70,945,000

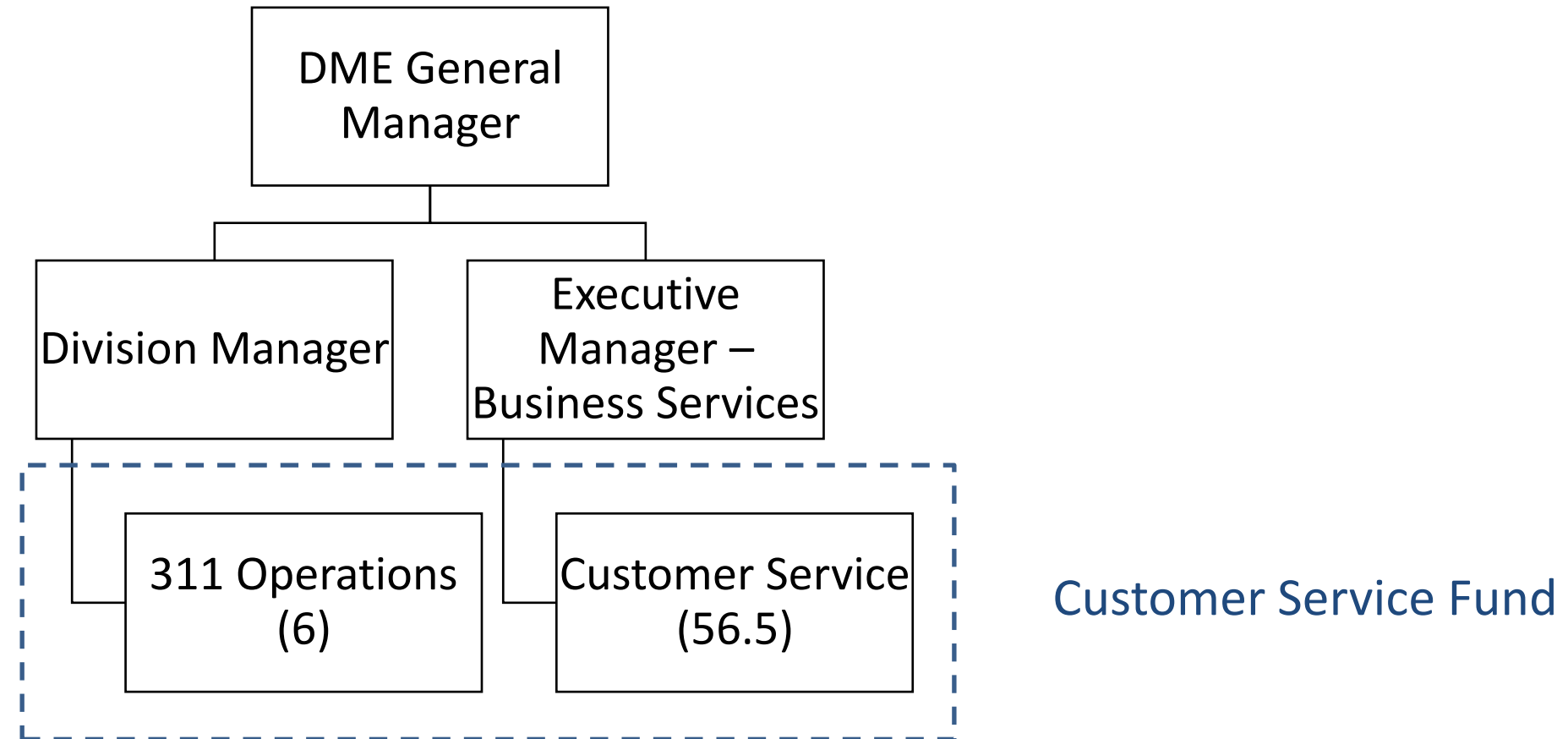
Project Totals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Sub-Total Distribution	\$ 60,272,730	\$ 58,757,793	\$ 64,547,907	\$ 65,481,710	\$ 65,953,575	\$ 315,013,715
Sub-Total Transmission	14,750,000	20,255,000	8,365,000	6,625,000	20,950,000	70,945,000
Grand Total	\$ 75,022,730	\$ 79,012,793	\$ 72,912,907	\$ 72,106,710	\$ 86,903,575	\$ 385,958,715

Funding Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Debt Funding	\$ \$67,770,151	\$ 71,450,793	\$ 72,151,907	\$ 71,111,710	\$ 83,213,575	\$ 366,435,715
Revenue Funding	2,102,579	902,000	761,000	995,000	-	3,968,000
Cost Participation	5,150,000	6,660,000	-	-	3,645,000	15,455,000
Total	\$ 75,022,730	\$ 79,012,793	\$ 72,912,907	\$ 72,106,710	\$ 86,903,575	\$ 385,958,715



Customer Service

Customer Service - Organizational Chart

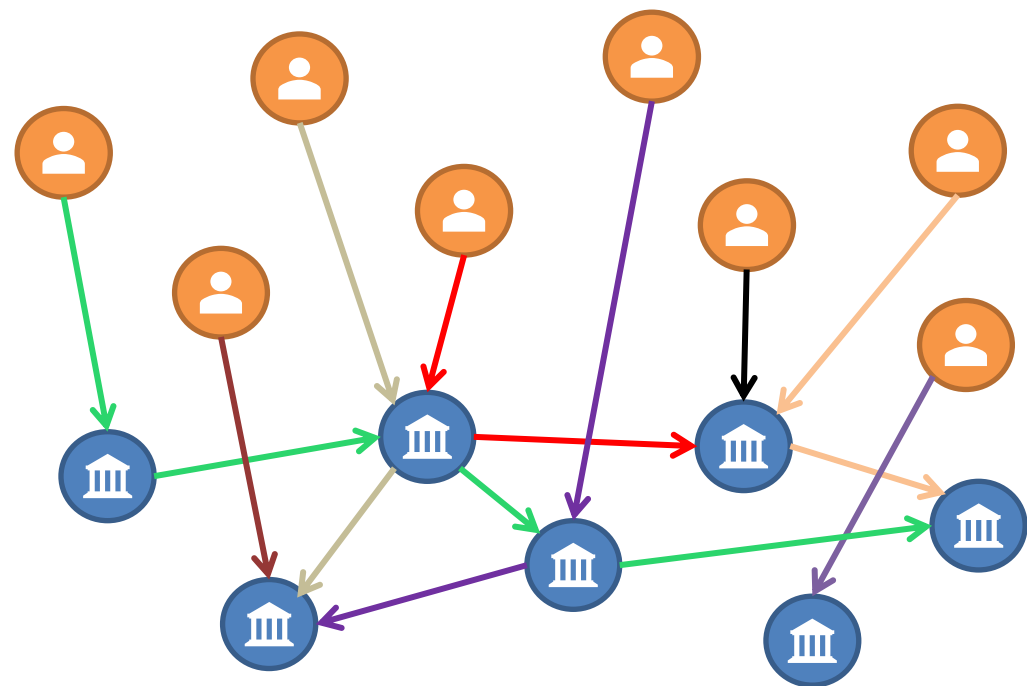


**Total FTE Count:
62.50**

311 Call Center

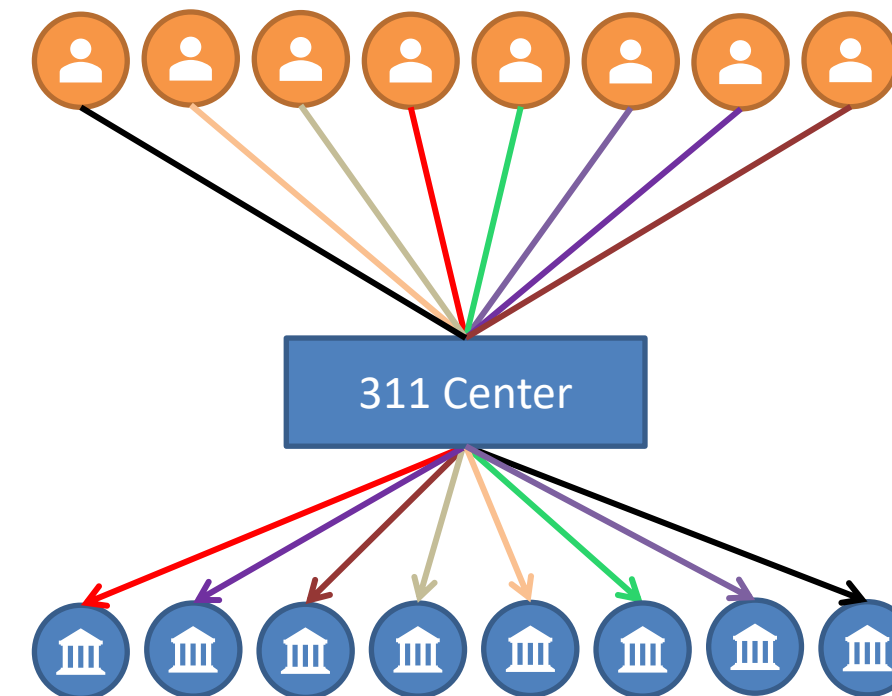
311 Call Center:

- A 311 center utilizes centralized staff to streamline access to City services, increase departmental efficiencies, and provide citizens a single point of contact for all their needs.



Decentralized Contact Structure

TO



Centralized Contact Structure

Customer Service – Position Summary

Division	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Preliminary
Customer Service	56.50	62.50	55.50	55.50
311 Call Center	0.00	0.00	6.00	10.00*
Total	56.50	62.50	61.50	65.50

* 4 FTEs proposed to move from DME Dispatch to Customer Service

FY 2025 Position Request

- Move and reclassify 4 DME Dispatch FTEs to 311 Call Center Representatives

Customer Service – Budget Request Packages

Summary

Baseline Adjustments

- | | |
|--|----------|
| • Increase for USPS Postage | \$40,000 |
| • Engage Denton Contract Price Increase | \$11,000 |
| • 311 Service Software Contract Increase | \$24,000 |

Supplemental Requests

- | | |
|--|----------|
| • Software and Buildout for 311 | \$75,200 |
| • Credit and Collection Process Review | \$15,000 |
| • Operational Review | \$65,000 |

Total Requests	\$230,200
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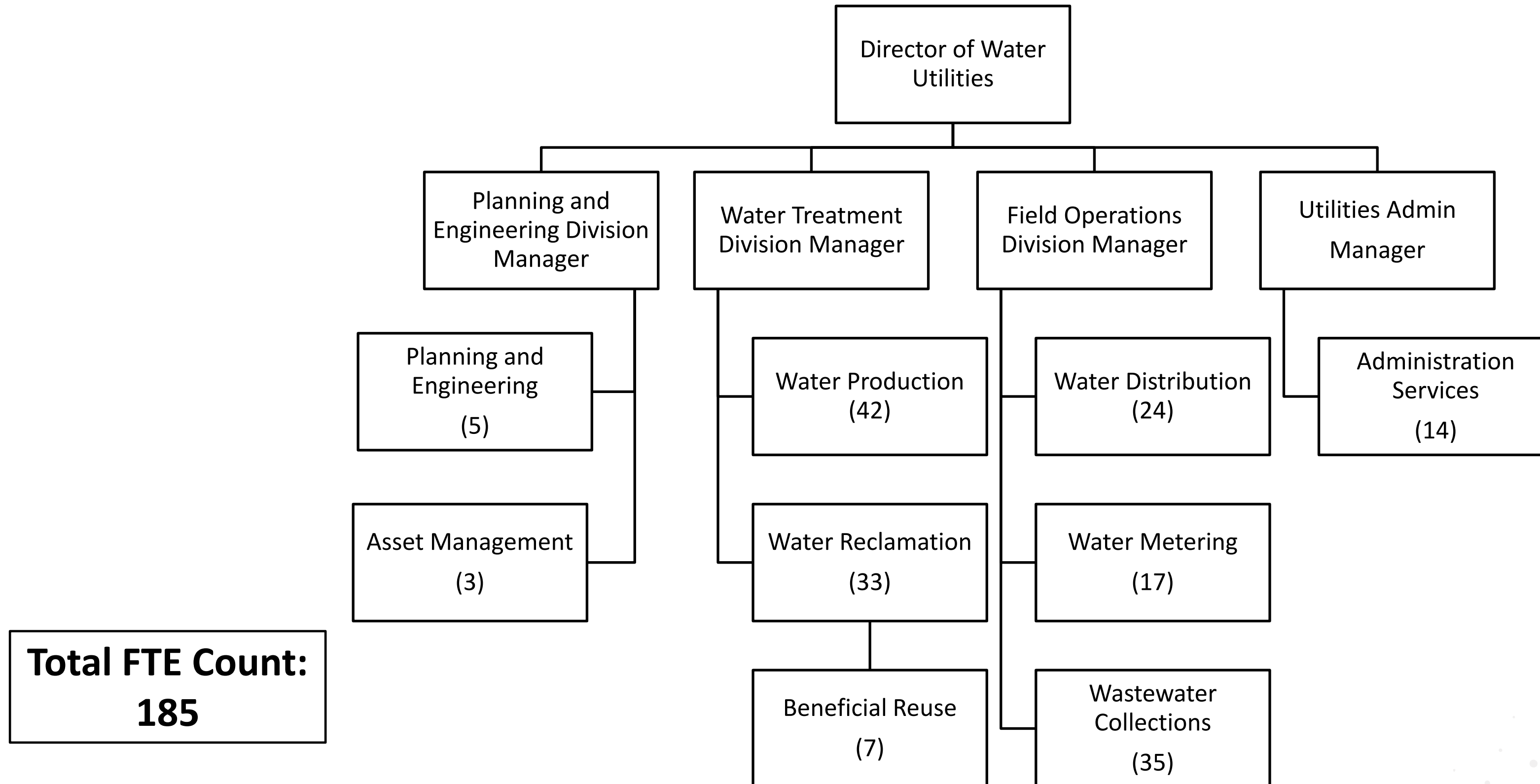
Customer Service – Financials

	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual YTD	FY 2025 Preliminary	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Other Fees	\$ 333,408	\$ 120,000	\$ 320,585	\$ 427,447	\$ 440,270	\$ 454,238	\$ 462,957	\$ 476,889
Transfer In - General Fund	203,477	178,528	119,019	219,085	225,603	232,371	239,342	246,522
Transfer In - Electric	3,686,683	4,926,320	3,284,213	5,805,760	5,978,472	6,157,827	6,342,561	6,532,838
Transfer In - Water	1,069,005	1,322,996	881,997	1,424,054	1,466,418	1,510,410	1,555,723	1,602,394
Transfer In - Wastewater	1,256,265	1,561,065	1,040,710	1,643,140	1,692,020	1,742,781	1,795,065	1,848,916
Transfer In - Solid Waste	1,712,127	1,720,712	1,147,141	1,862,225	1,917,623	1,975,152	2,034,406	2,095,439
Other Transfers In	14,318	26,999	17,999	31,648	31,648	32,598	33,576	34,583
Total Revenues	\$ 8,275,283	\$ 9,856,620	\$ 6,811,665	\$ 11,413,360	\$ 11,752,055	\$ 12,105,377	\$ 12,463,630	\$ 12,837,582
Personnel	\$ 4,108,634	\$ 5,124,708	\$ 2,762,698	\$ 6,567,748	\$ 6,764,780	\$ 6,967,724	\$ 7,176,756	\$ 7,392,058
Materials & Supplies	358,870	434,130	258,311	474,130	488,354	503,005	518,095	533,637
Maintenance & Repair	-	1,500	140	1,500	1,545	1,591	1,639	1,688
Insurance	78,150	114,760	76,507	113,609	117,017	120,528	124,144	127,868
Miscellaneous	1,972	2,350	-	2,350	2,421	2,493	2,568	2,645
Operations	2,466,277	2,773,874	1,634,501	2,619,874	2,698,470	2,779,424	2,862,807	2,948,691
Cost of Service - General Fund	167,955	571,491	380,994	571,491	588,636	606,295	624,484	643,218
Cost of Service - Other	641,847	753,933	502,622	753,933	776,551	799,848	823,843	848,558
Debt Service Transfers	81,225	79,874	71,325	78,525	77,175	80,250	77,750	80,125
Supplementals	-	-	-	155,200	159,856	164,652	169,591	174,679
Baseline Adjustments	-	-	-	75,000	77,250	79,568	81,955	84,413
Total Expenditures	\$ 7,904,929	\$ 9,856,620	\$ 5,687,098	\$ 11,413,360	\$ 11,752,055	\$ 12,105,376	\$ 12,463,630	\$ 12,837,582



Water, Wastewater & Drainage

Water & Wastewater - Organizational Chart



FY 2024-25 Water Fund Overview

Growth Projections

- 3.4% Growth in Residential Customers
- 5.3% Growth in Commercial Customers
- Additional factors include timing of Hunter Cole Development & MUD Growth

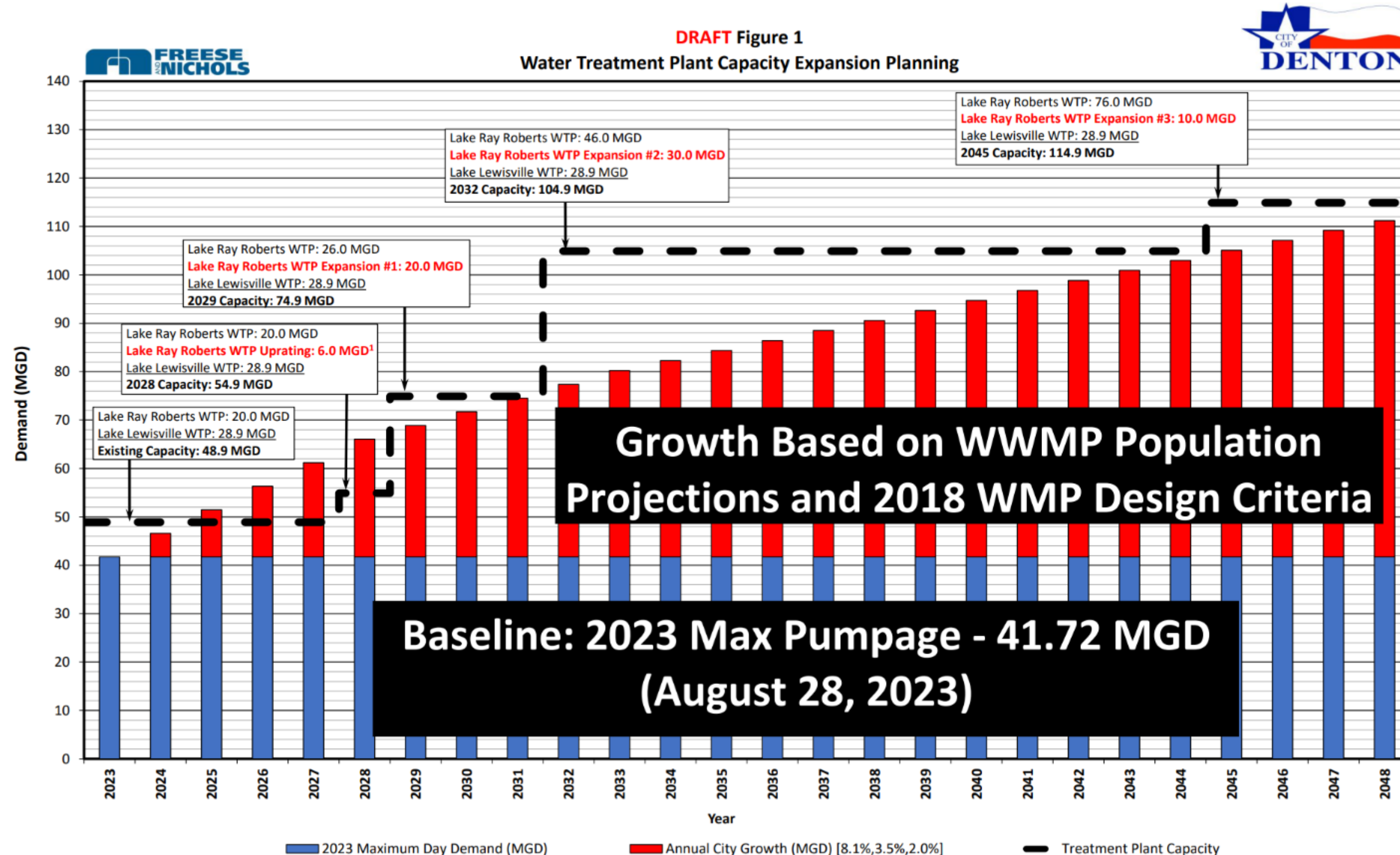
Revenue Projections

- 3.0% increase in rate revenues based on growth
- Water conservation implementation impacts
- Texas Water Development Board Funding (RRWTP Expansion Project)

Expense Projections

- Increase in Personnel Costs
 - City-wide compensation adjustment for inflation & competitive market

Water Distribution – Water Demand Forecast



Water Fund – 5-Year Forecast

Water Fund	FY 2023 Actuals	FY 2024 Budget	FY 2024 Actuals YTD	FY 2025 Preliminary	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	\$ 29,588,453	\$ 30,178,974	\$ 39,926,399	\$ 37,161,701	\$ 36,962,488	\$ 33,933,053	\$ 28,674,523	\$ 26,359,400
Resources								
Rate Revenues	\$ 48,358,373	\$ 46,404,583	\$ 31,271,965	\$ 49,511,119	\$ 52,481,786	\$ 55,630,693	\$ 58,968,535	\$ 62,506,647
Non-rate Revenues	10,881,357	16,450,861	4,625,074	4,897,741	5,044,673	5,196,014	5,351,894	5,512,451
Interest Income	861,629	300,000	1,146,166	1,201,184	1,194,745	1,096,824	926,851	852,019
Total Revenues	60,101,359	63,155,444	37,043,205	55,610,044	58,721,204	61,923,531	65,247,280	68,871,117
Use of Reserves	-	-	4,163,925	199,213	3,029,436	5,258,530	2,315,123	-
Total Resources	\$ 60,101,359	\$ 63,155,444	\$ 41,207,130	\$ 55,809,257	\$ 61,750,640	\$ 67,182,061	\$ 67,562,403	\$ 68,871,117
Expenditures								
Purchased Power	1,774,059	1,481,328	1,381,984	1,481,328	1,525,766	1,571,541	1,618,688	1,667,249
Purchase of Water	936	3,000	1,358	3,000	3,090	3,183	3,278	3,377
Personnel Services	9,322,841	11,458,321	7,980,103	12,583,052	12,960,544	13,349,360	13,749,841	14,162,336
O&M	8,249,703	7,794,903	6,922,772	7,902,978	8,140,067	8,384,269	8,635,797	8,894,871
Administrative Cost	4,063,833	3,944,389	2,485,777	4,208,445	4,460,952	4,728,609	5,012,325	5,313,065
Miscellaneous Expense	220,910	107,865	52,210	107,865	111,101	114,434	117,867	121,403
Debt Service Transfers	10,216,828	11,849,983	11,849,983	14,729,464	19,312,200	23,336,639	22,259,761	21,745,688
Capital Transfers	5,999,606	13,722,000	2,215,000	430,562	443,479	456,783	470,487	484,601
Impact Fees	1,938,055	-	-	-	-	-	-	-
Interfund Transfers	8,116,076	8,312,192	8,317,943	10,456,427	10,770,120	11,093,223	11,426,020	11,768,801
Fixed Assets	65,936	35,000	-	36,050	37,132	38,245	39,393	40,575
Baseline Adjustments	-	-	-	2,912,655	3,000,035	3,090,036	3,182,737	3,278,219
Supplementals	-	-	-	957,431	986,154	1,015,739	1,046,211	1,077,597
Total Expenditures	\$ 49,968,783	\$ 58,708,981	\$ 41,207,130	\$ 55,809,257	\$ 61,750,640	\$ 67,182,061	\$ 67,562,403	\$ 68,557,780
Ending Fund Balance	\$ 39,721,029	\$ 34,625,437	\$ 35,762,474	\$ 36,962,488	\$ 33,933,053	\$ 28,674,523	\$ 26,359,400	\$ 26,672,737
Revenue Required Increase				3.0%	3.0%	3.0%	3.0%	3.0%
Working Capital	3,997,503	4,696,718	3,296,570	4,464,741	4,940,051	5,374,565	5,404,992	5,484,622
Operating Reserve	35,723,526	29,928,719	32,465,903	32,497,748	28,993,001	23,299,958	20,954,407	21,188,114
Target Reserves								
Working Capital - 8% / Op Reserve - 25%	16,489,699	19,373,964	13,598,353	18,417,055	20,377,711	22,170,080	22,295,593	22,624,067
Working Capital - 8% / Op Reserve - 42%	24,984,392	29,354,491	20,603,565	27,904,628	30,875,320	33,591,030	33,781,202	34,278,890
Debt Service Coverage Ratio (DSCR)	2.90	1.89	1.05	1.30	1.10	1.00	1.14	1.28

Water – Budget Request Packages

Summary

Baseline Adjustments

• Employee Recruitment	\$75,000
• Increase in Chemical Costs	\$1,792,000
• Small Tools & Equipment	\$10,500
• Turf & Irrigation Controller Program	\$500,000
• Software Licenses	\$51,000
• Army Corp Engineers Fees	\$73,355
• Protective Gear	\$11,800
• Sludge Recycling to Landfill	\$215,000
• Machinery Equipment Repair	\$184,000

Supplemental Requests

• Personnel Requests (9 FTEs)	\$957,431 (incl. benefits)
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Total Requests **\$3,870,086**

Water – Position Summary

Division	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Preliminary
Water Administration	16.00	19.00	19.00	21.00
Sustainability	10.50	-	-	-
Planning and Engineering	7.00	8.00	8.00	8.00
Production	39.00	42.00	42.00	49.00
Distribution	26.00	24.00	24.00	24.00
Metering	16.00	17.00	17.00	17.00
Laboratory	5.00	-	-	-
Total	119.50	110.00*	110.00	119.00

* 15.5 FTEs moved to Environmental Services in FY 2024

Water – Position Requests

Division	Business Unit / Position Title	FTE(s)
Water Production	Water Operator (Ray Roberts)	3
Water Production	Water Operator (Lake Lewisville)	4
Water Administration	Apprentice	1
Water Administration	Assistant General Manager	1
	Total	9

Water – 5-Year Capital Plan

Projects	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Booster Stations	\$ 750,000	\$ 1,200,000	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 7,950,000
Field Service Replacement	1,050,000	1,102,500	1,157,625	1,215,506	1,269,319	5,794,950
Facility Improvements	3,000,000	5,780,000	-	6,000,000	-	14,780,000
Oversize Lines	5,360,000	5,075,000	1,250,000	10,720,000	5,700,000	28,105,000
Replace Lines	22,976,139	12,281,313	12,749,273	13,575,734	14,402,195	75,984,654
Taps, Fire Hydrants, & Meters	10,269,615	10,280,703	392,124	411,731	429,947	21,784,120
Transmission Lines	5,950,000	13,450,000	18,400,000	2,200,000	2,200,000	42,200,000
Plant Improvements	80,640,000	45,910,000	54,200,000	44,200,000	43,300,000	268,250,000
Vehicles	430,562	426,931	524,035	475,483	-	1,857,011
Total	\$ 130,426,316	\$ 95,506,447	\$ 91,673,057	\$ 81,798,454	\$ 67,301,461	\$ 466,705,735

Funding Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Debt Funding*	\$ 129,995,754	\$ 95,079,516	\$ 91,149,022	\$ 81,322,971	\$ 67,301,461	\$ 464,848,724
Revenue Funding	430,562	426,931	524,035	475,483	-	1,857,011
Total	\$ 130,426,316	\$ 95,506,447	\$ 91,673,057	\$ 81,798,454	\$ 67,301,461	\$ 466,705,735

FY 2024-25 Wastewater Fund Overview

Growth Projections

- 3.4% Growth in Residential Customers
- 4.1% Growth in Commercial Customers

Revenue Projections

- 3.7% increase in rate revenues based on growth
- Rate increase needed to meet debt service coverage ratio and policy targets

Expense Projections

- Increase in Personnel Costs
 - City-wide compensation adjustment for inflation & competitive market

Wastewater Fund – 5-Year Forecast

Wastewater	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual YTD	FY 2025 Preliminary	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	\$ 27,072,158	\$ 15,510,254	\$ 16,550,220	\$ 15,240,467	\$ 14,499,935	\$ 15,333,669	\$ 16,353,649	\$ 17,863,860
Resources								
Rate Revenues	26,951,154	30,200,237	21,627,002	35,571,132	42,144,776	50,777,030	60,162,888	70,081,680
Non-Rate Revenues	2,968,450	3,162,768	2,773,423	3,397,079	3,498,991	3,603,961	3,712,080	3,823,442
Other Revenues	5,163,445	4,911,564	610,526	706,525	691,789	724,505	763,039	816,518
Total Revenues	35,083,049	38,274,569	25,010,951	39,674,737	46,335,556	55,105,496	64,638,006	74,721,640
Use of Reserves	11,561,903	1,642,412	6,346,622	740,532	-	-	-	-
Total Resources	\$ 46,644,952	\$ 39,916,981	\$ 31,357,573	\$ 40,415,269	\$ 46,335,556	\$ 55,105,496	\$ 64,638,006	\$ 74,721,640
Expenditures								
Purchased Power	1,081,681	1,200,000	740,085	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611
Fuel	27,818	21,000	21,558	21,000	21,630	22,279	22,947	23,636
Personnel Services	6,513,708	6,551,435	4,539,166	7,357,025	7,577,736	7,805,068	8,039,220	8,280,396
O&M	6,804,533	5,689,436	4,266,453	5,741,497	6,082,199	6,264,665	6,452,605	6,646,183
Administrative Cost	2,474,983	2,619,061	1,828,359	3,596,816	3,582,306	4,316,048	5,113,845	5,956,943
Miscellaneous Expense	1,689	7,898	1,557	7,898	26,881	27,687	28,518	29,374
Debt Service Transfers	8,549,983	8,713,745	8,713,745	10,863,193	14,923,971	22,656,137	30,102,559	37,209,555
Capital Transfers	12,746,862	5,655,475	2,100,000	1,226,282	1,337,494	685,539	690,766	679,993
Impact Fees	500,000	250,000	-	-	-	-	-	-
Interfund Transfers	7,928,429	9,208,931	9,146,650	9,485,199	9,769,755	10,062,848	10,364,733	10,675,675
Fixed Assets	15,264	-	-	-	-	-	-	-
Baseline Adjustments	-	-	-	815,000	839,450	864,634	890,573	917,290
Supplementals	-	-	-	101,359	104,400	107,532	110,758	114,080
Total Expenditures	\$ 46,644,952	\$ 39,916,981	\$ 31,357,573	\$ 40,415,269	\$ 45,501,822	\$ 54,085,516	\$ 63,127,795	\$ 71,883,735
Ending Fund Balance	\$ 15,510,256	\$ 13,867,842	\$ 10,203,598	\$ 14,499,935	\$ 15,333,669	\$ 16,353,649	\$ 17,863,860	\$ 20,701,765
Revenue Sufficiency Requirement				11.0%	11.0%	13.0%	11.0%	9.0%
Working Capital	3,731,596	3,193,358	2,508,606	3,233,222	3,640,146	4,326,841	5,050,224	5,750,699
Operating Fund Reserve	11,778,659	10,674,484	7,694,993	11,266,713	11,693,524	12,026,808	12,813,636	14,951,067
Target Reserves								
Working Cptl - 8% / Op Reserve - 20%	13,060,587	11,176,755	8,780,120	11,316,275	12,740,510	15,143,944	17,675,783	20,127,446
Working Cptl - 8% / Op Reserve - 31%	18,191,531	15,567,623	12,229,453	15,761,955	17,745,710	21,093,351	24,619,840	28,034,657
Debt Service Coverage Ratio (DSCR)	0.99	1.30	0.72	1.38	1.39	1.27	1.24	1.25

Wastewater – Budget Request Packages

Summary

Baseline Adjustments

- | | |
|--|-----------|
| • Increase in Cybersecurity Consulting | \$75,000 |
| • Increase in Chemical Expense | \$740,010 |

Supplemental Requests

- | | |
|------------------------------|----------------------------|
| • Personnel Requests (1 FTE) | \$101,359 (incl. benefits) |
|------------------------------|----------------------------|

Total Requests	\$916,369
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Wastewater – Position Summary

Division	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Preliminary
Water Reclamation	27.00	33.00	33.00	34.00
Wastewater Collection	33.00	35.00	35.00	35.00
Field Services Group	2.00	-	-	-
Beneficial Reuse	7.00	7.00	7.00	7.00
Laboratory*	4.00	-	-	-
Industrial Pretreatment*	7.50	-	-	-
Drainage	17.00	17.00	17.00	17.00
Watershed Protection	9.00	9.00	9.00	9.00
Total	106.50	101.00	101.00	102.00

Wastewater – Position Requests

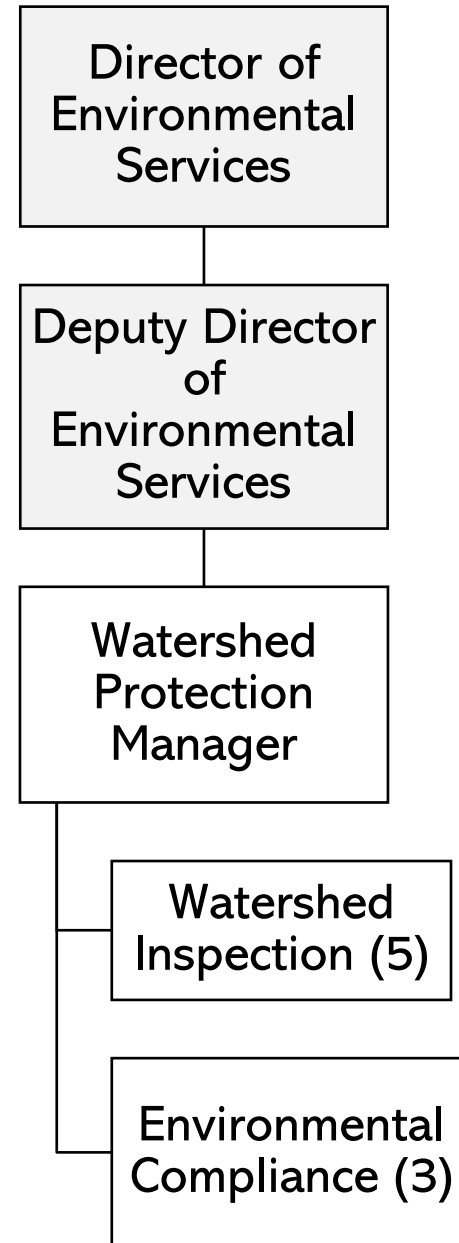
Division	Business Unit / Position Title	FTE(s)
Water Reclamation	Water Reclamation Technician I-IV	1
	Total	1

Wastewater – 5-Year Capital Plan

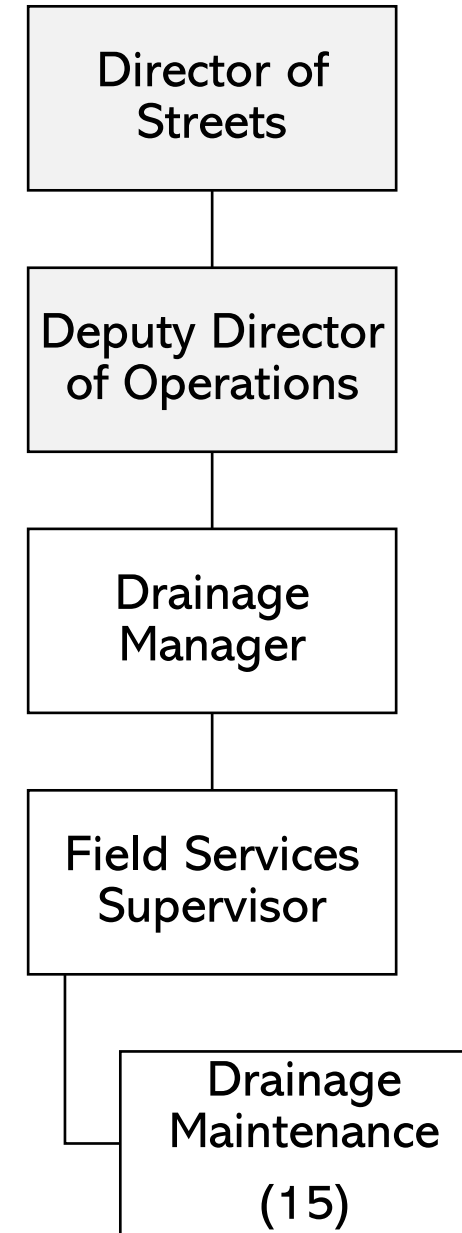
Projects	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Collection System Upgrade	\$ 4,551,250	\$ 33,641,900	\$ 18,499,500	\$ 16,196,800	\$ 3,910,000	\$ 76,799,450
Watershed Protection	46,000	46,000	16,000	16,000	-	124,000
Drainage Improvements	291,744	400,000	400,000	400,000	400,000	1,891,744
Liftstation Improvements	27,238,000	16,800,000	3,650,000	450,000	450,000	48,588,000
Building Renovation & Misc.	4,450,000	3,050,000	50,000	50,000	50,000	7,650,000
Oversize Lines	13,040,000	19,140,000	13,460,000	12,310,000	10,650,000	68,600,000
Plant Improvements	16,705,000	123,015,000	158,465,000	166,065,000	81,013,000	545,263,000
Replace Lines	30,876,552	27,074,860	22,156,178	15,249,059	14,042,872	109,399,521
Taps, Fire Hydrants, Meters	248,538	251,494	254,539	259,766	264,993	1,279,331
Vehicles	3,028,286	1,375,000	750,000	1,000,000	1,000,000	7,153,286
Total	\$ 100,475,370	\$ 224,794,254	\$ 217,701,217	\$ 211,996,625	\$ 111,780,865	\$ 866,748,332

Drainage Division - Organizational Chart

Watershed Protection



Drainage



**Total FTE Count:
26**

Drainage Division – 5-Year Forecast

Drainage	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actual	Budget	Actual YTD	Preliminary	Projected	Projected	Projected	Projected
Beginning Fund Balance	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Resources								
Rate Revenues	4,803,687	4,960,001	3,733,743	5,072,777	5,172,777	5,272,777	5,372,777	5,472,777
Non-rate Revenues	19,050	72,112	-	177,275	182,594	188,071	193,714	199,525
Operating Transfers In	378,165	378,166	378,166	389,511	401,196	413,232	425,629	438,398
Total Revenues	5,200,902	5,410,279	4,111,909	5,639,563	5,756,566	5,874,080	5,992,119	6,010,700
Use of Reserves	-	-	-	-	-	-	-	-
Total Resources	\$ 5,200,902	\$ 5,410,279	\$ 4,111,909	\$ 5,639,563	\$ 5,756,566	\$ 5,874,080	\$ 5,992,119	\$ 6,010,700
Expenditures								
Personnel Services	1,998,587	2,590,912	1,681,727	2,788,751	2,872,414	2,958,586	3,047,344	3,138,764
Materials and Supplies	110,484	197,257	73,311	193,707	199,518	205,504	211,669	218,019
Maintenance and Repair	253,041	297,047	241,323	299,247	308,224	317,471	326,995	336,805
Insurance	63,388	69,181	69,181	75,213	77,469	79,793	82,187	84,653
Miscellaneous Expense	25,492	18,350	4,686	18,200	18,746	19,308	19,888	20,484
Operations	582,278	589,287	406,515	628,425	647,278	666,696	686,697	707,298
Capital Transfers	1,625,317	999,688	45,000	856,911	830,434	904,198	774,175	640,251
Interfund Transfers	542,315	648,557	648,558	648,557	668,014	688,054	708,696	729,957
Baseline Adjustments	-	-	-	130,552	134,469	134,469	134,469	134,469
Total Expenditures	\$ 5,200,902	\$ 5,410,279	\$ 3,170,302	\$ 5,639,563	\$ 5,756,566	\$ 5,874,080	\$ 5,992,119	\$ 6,010,700
Ending Fund Balance	\$ 1,000,000	\$ 1,000,000	\$ 1,941,607	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Net Change	\$ -	\$ -	\$ 941,607	\$ -	\$ -	\$ -	\$ -	\$ -

Drainage – Budget Request Packages

Summary

Baseline Adjustments

• Increase to Uniforms	\$1,500
• Office Supplies	\$1,800
• Hire of Equipment	\$15,000
• System Repair Materials	\$5,000
• Outside Contracted Services	\$20,000
• Employee Training	\$25,000
• Vehicle Maintenance	\$29,750
• City Inspections	\$1,600
• Telephone/Mobile Data	\$500
• Protective Clothing	\$2,000
• Small Tools & Instruments	\$21,152
• Compost	\$250
• Roadway Maintenance	\$7,000

Total Requests **\$130,552**

Rate Summary

History of Rate Increases / (Decreases) Preliminary 2025 Rate Revenue Requirements

Utility	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Electric	-3.50%	-	-	-	-	3.00%	1.50%
Water	-	-	-2.00%	-	-	-	3.00%
Wastewater	-5.00%	-	-	-	-	11.00%	11.00%
Solid Waste	-12.00%	-12.00%	-5.00%	-	-	-	1.50%

Next Steps

Date	Body	Action
August 10, 2024	City Council	Budget Workshop
September 10, 2024	City Council	Public Hearings
September 17, 2024	City Council	Budget Adoption

Questions?