
FY 2017-18 Proposed Utility Budgets

Public Utilities Board

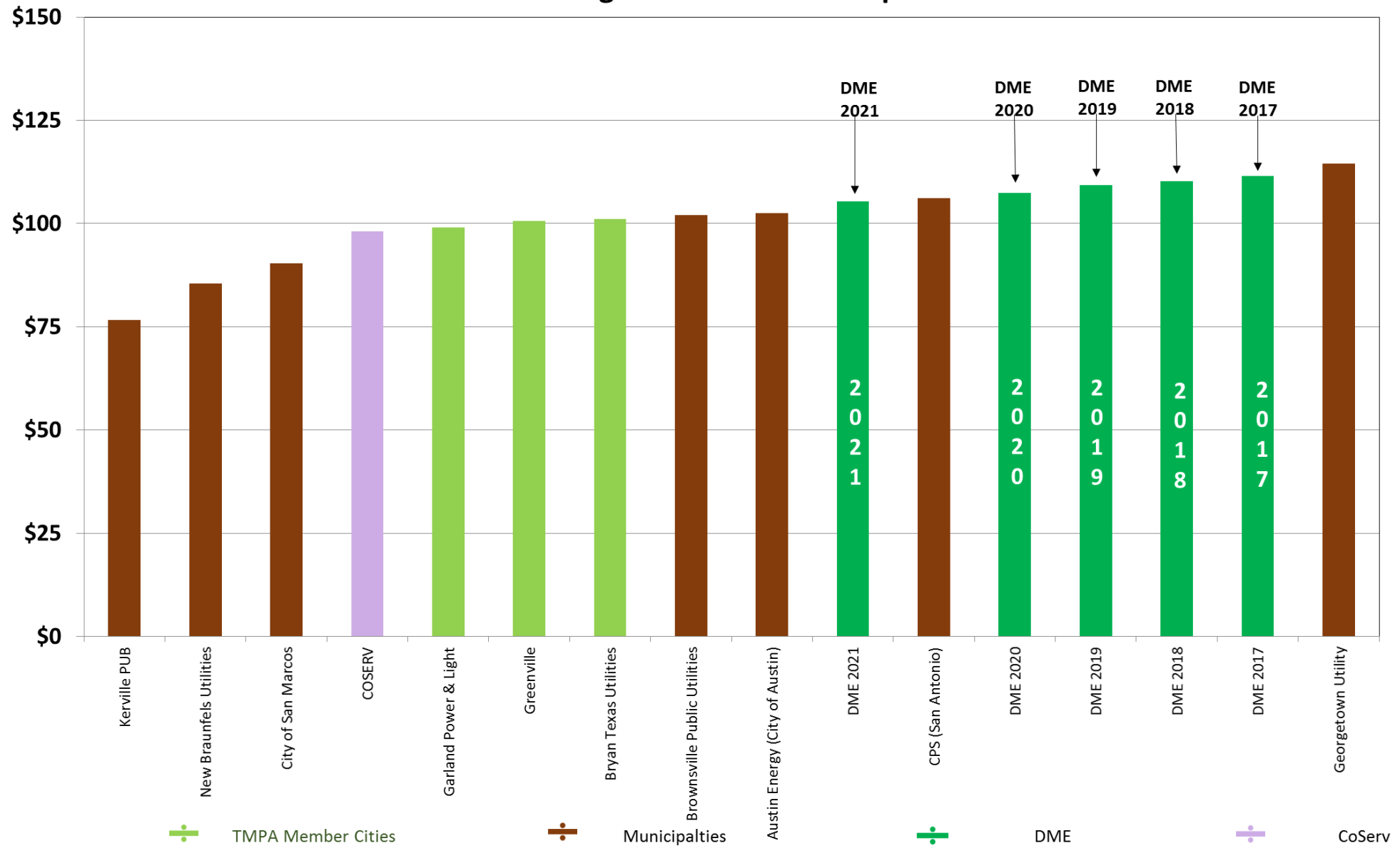
June 26, 2017



DME 5-Year Forecast

	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Revenues								
Base Rate Revenues	\$82.7	\$91.5	\$92.2	\$91.0	\$96.1	\$97.3	\$98.5	\$99.7
TCRF Revenues	4.7	4.6	4.2	5.6	6.5	7.6	8.9	8.9
ECA Revenues	56.8	54.8	54.8	51.1	43.6	40.1	36.4	36.9
Rate Revenues	\$144.2	\$151.0	\$151.2	\$147.7	\$146.2	\$145.0	\$143.8	\$145.5
Non-rate Revenues	30.8	26.0	31.4	26.0	36.2	31.9	34.8	35.9
Subtotal	\$175.0	\$177.0	\$182.5	\$173.7	\$182.4	\$177.0	\$178.6	\$181.3
Planned Use of Reserves	-	-	4.0	7.5	-	-	-	-
Total Revenues	\$175.0	\$177.0	\$186.5	\$181.1	\$182.4	\$177.0	\$178.6	\$181.3
Expenditures								
Purchased Power & Fuel	\$74.0	\$80.8	\$92.9	\$79.0	\$34.0	\$34.4	\$36.0	\$37.2
Transmission of Power	4.1	4.5	4.8	5.6	6.5	7.6	8.9	8.9
Operations & Maintenance	22.3	32.8	33.5	36.0	39.4	41.3	42.9	44.5
Transfers	11.6	11.6	11.7	11.4	11.9	12.3	12.7	13.1
ROI & Franchise Fee	12.1	13.4	13.8	14.0	15.3	14.9	15.0	15.2
Debt Service	29.1	29.6	29.1	34.4	39.0	55.9	57.6	59.2
Debt Defeasance	-	-	-	-	28.6	-	-	-
Fixed Assets	-	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total Expenditures	\$153.2	\$173.4	\$186.5	\$181.1	\$175.4	\$167.1	\$173.8	\$178.8
Net Income	\$21.8	\$3.6	\$0.0	\$0.0	\$7.0	\$9.9	\$4.8	\$2.6
Total Rate Increase/Decrease	0%	0%	0%	-1%	-2%	-2%	-2%	0%
RESERVE BALANCES								
Working Capital + Operating Reserve + TCRF and ECA Over/Under Collection	\$76.0	\$53.0	\$72.0	\$64.5	\$71.5	\$81.4	\$86.2	\$88.8
Number of Working Days (60-75 days)	181	112	141	130	149	178	181	181
Debt Coverage Ratio	2.17	1.44	1.48	1.19	1.57	1.44	1.34	1.30

Power to Choose Average Annual Bill as of April 2017 for 1000 kWh



Water Utilities 5-Year Forecast

	Actual FY 2016	Budget FY 2017	Estimate FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (x 1,000)								
Rate Revenue	\$32,804	\$37,334	\$35,530	\$37,120	\$38,086	\$38,008	\$38,150	\$38,919
Non Rate Revenue	\$14,299*	\$7,449	\$6,679	\$6,934	\$7,106	\$7,302	\$7,447	\$7,623
Impact Fee From Reserves	\$4,000	\$4,000	\$4,000	\$3,755	\$4,534	\$5,200	\$5,200	\$4,800
Subtotal	\$51,104	\$48,783	\$46,208	\$47,809	\$49,726	\$50,510	\$50,797	\$51,342
Planned Use of Reserves	0	3,000	3,299	0	0	0	0	0
TOTAL REVENUE	\$51,104	\$51,783	\$49,507	\$47,809	\$49,726	\$50,510	\$50,797	\$51,342
Expenditures (x 1,000)								
O&M	\$17,844	\$22,417	\$20,679	\$21,505	\$21,914	\$22,586	\$23,143	\$24,262
Revenue Funded Capital	\$8,035	\$12,394	\$12,447	\$8,269	\$8,269	\$8,269	\$8,269	\$8,269
Transfers (Internal and External)	\$2,046	\$2,223	\$2,098	\$2,174	\$2,256	\$2,367	\$2,427	\$2,489
ROI/Franchise Fee	\$2,849	\$3,217	\$3,087	\$3,224	\$3,307	\$3,302	\$3,310	\$3,377
Debt Service	\$13,443	\$11,533	\$11,195	\$12,638	\$13,508	\$14,765	\$14,024	\$13,113
TOTAL EXPENSE	\$44,217	\$51,783	\$49,507	\$47,809	\$49,254	\$51,289	\$51,173	\$51,510
Net Income	\$6,887*	\$0	\$0	\$0	\$472	(\$778)	(\$376)	(\$167)
Rate Increases	5.0%	5.0%	5.0%	0.0%	0.0%	2.0%	2.0%	2.0%
FY 2017 Rate Increases	3.0%	5.0%	5.0%	4.0%	3.0%	2.0%	3.0%	--
RESERVE BALANCES								
Working Cptl + Op Reserve	\$24,150	\$21,599	\$20,601	\$20,351	\$20,573	\$19,545	\$19,169	\$19,002
Number of Working Days (Target 120 – 180 Days)	199	152	152	155	152	139	137	135
Development Plan Lines	\$0	\$0	\$250	\$500	\$750	\$1,000	\$1,000	\$1,000
Impact Fee Reserve	\$5,607	\$5,225	\$5,281	\$5,250	\$4,440	\$2,980	\$1,970	\$1,140
Debt Coverage Ratio - 1.25	2.34	2.48	2.42	1.96	1.93	1.77	1.84	1.92

*Includes one-time transfer of \$7.5 million related to refunding of the Utility Revenue Bonds and release of related reserve funds.

Wastewater Utilities 5-Year Forecast

	Actual FY 2016	Budget FY 2017	Estimate FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (x 1,000)								
Rate Revenue	\$28,033	\$27,895	\$28,222	\$28,762	\$29,017	\$30,350	\$31,242	\$32,146
Non Rate Revenue	8,622*	2,883	2,400	2,469	2,516	2,556	2,397	2,459
Impact Fee from Reserves	2,000	3,520	3,520	2,000	2,000	2,000	1,500	1,500
Subtotal	\$38,655	\$34,298	\$34,142	\$33,230	\$33,533	\$34,906	\$35,139	\$36,106
Planned Use of Reserves	0	4,298	3,316	0	0	0	0	0
TOTAL REVENUES	\$38,655	\$38,596	\$37,458	\$33,230	\$33,533	\$34,906	\$35,139	\$36,106
Expenditures (x 1,000)								
O&M	\$13,915	\$15,779	\$14,614	\$15,430	\$15,743	\$16,164	\$16,547	\$16,954
Revenue Funded Capital	5,515	10,265	10,594	5,942	5,942	5,942	5,942	5,942
Transfers (Internal and External)	3,268	3,504	3,277	3,292	3,397	3,495	3,567	3,651
ROI/Franchise Fee	2,071	2,140	2,154	2,191	2,210	2,321	2,378	2,452
Debt Service	7,637	6,907	6,818	7,167	7,499	7,718	6,340	5,841
TOTAL EXPENSES	\$32,408	\$38,596	\$37,458	\$34,023	\$34,791	\$35,640	\$34,773	\$34,840
Net Income	\$6,247*	\$0	\$0	(\$793)	(\$1,258)	(\$734)	\$365	\$1,266
Rate Increases	2.0%	2.0%	2.0%	0.0%	0.0%	2.0%	2.0%	2.0%
<i>FY 2017 Rate Increases</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>--</i>
RESERVE BALANCES	Actual FY 2016	Budget FY 2017	Estimate FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Wrkg Cptl + Op Reserve (Target 100 – 140 days)	\$18,107	\$12,586	\$14,591	\$13,598	\$12,140	\$11,206	\$11,506	\$12,772
Number of Working Days	204	119	142	146	127	115	121	134
Development Plan Lines	\$135	\$335	\$335	\$535	\$735	\$935	\$1,000	\$1,000
Drainage Reserve	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Impact Fee Reserve	\$3,285	\$1,566	\$1,756	\$1,675	\$1,542	\$1,440	\$1,882	\$2,262
Debt Coverage Ratio	2.81	2.80	2.87	2.02	1.92	1.98	2.37	2.65

*Includes one-time transfer of \$4.4 million related to refunding of the Utility Revenue Bonds and release of related reserve funds.

Solid Waste & Recycling Department 5-Year Forecast

				Actual	Budget	Projection					
				FY 2016	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (x 1,000)											
Collection Services Revenue				\$24,741	\$26,558	\$26,385	\$27,469	\$28,604	\$29,577	\$30,398	\$31,465
Other Revenues				\$8,120	\$10,292	\$9,212	\$10,038	\$11,976	\$11,669	\$12,263	\$12,781
	Subtotal			\$32,861	\$36,850	\$35,597	\$38,018	\$40,580	\$41,246	\$42,661	\$44,246
Planned Use of Reserves *				\$0	\$0	\$0	\$512	\$0	\$0	\$0	\$0
	TOTAL REVENUES			\$32,861	\$36,850	\$35,597	\$38,530	\$40,580	\$41,246	\$42,661	\$44,246
Expenditures (x 1,000)											
O&M				\$17,136	\$20,733	\$19,820	\$20,812	\$22,158	\$22,999	\$23,940	\$25,043
Fixed Assets				\$2,213	\$3,169	\$2,559	\$2,771	\$2,141	\$2,234	\$2,718	\$2,981
Transfers (Internal and External)				\$2,540	\$2,698	\$2,696	\$2,966	\$3,050	\$3,137	\$3,426	\$3,588
Franchise Fee				\$1,577	\$1,809	\$1,780	\$1,901	\$1,999	\$2,062	\$2,133	\$2,212
Debt Service				\$7,325	\$8,140	\$8,082	\$9,699	\$10,367	\$10,876	\$10,413	\$9,900
Closure/Post-Closure				\$398	\$266	\$266	\$379	\$374	\$392	\$409	\$428
	TOTAL EXPENSES			\$31,190	\$36,814	\$35,202	\$38,528	\$40,089	\$41,700	\$43,039	\$44,152
	Net Income			\$1,671	\$36	\$395	\$1	\$491	(\$454)	(\$378)	\$93
Rate Increases				3%	2%	2%	0%	0%	0%	0%	1%
RESERVE BALANCES											
Wrkg Cptl + Op Reserve				\$7,751	\$6,081	\$8,146	\$8,147	\$8,638	\$8,184	\$7,806	\$7,900
Number of Working Days (Target 52-66 Days)				91	60	84	77	79	72	66	65
Closure/Post-Closure Fund				\$7,381	\$7,044	\$7,699	\$8,137	\$7,973	\$8,430	\$8,908	\$9,409
Debt Coverage Ratio				1.75	1.62	1.59	1.48	1.45	1.35	1.43	1.53
*Includes one-time transfer of \$511,510 related to property purchase proceeds from Solid Waste acreage sold to Denton Municipal Electric for future substation.											

Next Steps

Presentation of Proposed Rate Ordinances – July 10

Consideration for Approval of Rate Ordinances – July 24

Proposed Budgets and Rate Ordinances to City Council – July 31

Budget Adoption – September 19



Questions / Comments

