



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Utility Administration

CM/ DCM/ ACM: Mario Canizares

DATE: March 20, 2018

SUBJECT

Receive a report, hold a discussion, and provide direction concerning a Management Study for Water, Wastewater, and Denton Municipal Electric.

BACKGROUND

All Denton utilities are required by the Section 12.08(f) of the City Charter to conduct a management study in an interval not to exceed 10 years. The Charter specifies that this study shall be conducted by a competent management consulting or industrial engineering firm, and that the report and recommendations shall be made public. The purpose of conducting management studies is to provide a thorough examination of all major elements of utilities operations to ensure that utilities are adhering to processes required by the charter and organization, are being managed efficiently, and are cost effective.

Solid Waste has traditionally not been included in the Charter management studies, as municipal solid waste operations are not considered to be a utility under Texas Local Government Code. However, there is nothing to prevent Solid Waste from being included. Staff contemplated doing so for the current effort, but there have been several studies covering elements of a traditional management study that have been recently conducted or are being conducted currently for Solid Waste. Examples include recently completed "Weaver "Evaluation of Functions, Processes, and Controls", and the upcoming "Staffing Analysis and Operational Review" that is being conducted by Blue Ridge Services". Since these studies cover similar elements, implementing a Solid Waste management study at this time would be redundant.

The last management studies were completed in 2008-2009, and staff has released a request for proposals (RFP) to meet the charter requirement. For consistency, staff incorporated the major elements from past management studies into the current RFP. Respondents are provided the flexibility to respond to Water / Wastewater and Denton Municipal Electric components combined, or respond to Water /Wastewater and Denton Municipal Electric separately.

The RFP requires the following elements to be addressed by respondents. Elements details are provided in Exhibit 2.

PART I: General Management

- Task 1: Project Initiation and Data Gathering
- Task 2: Governance Review
- Task 3: Organizational Structure Review
- Task 4: Financial Practices Analysis
- Task 5: Development Policies Review
- Task 6: Support Services Review

- Task 7: Franchise and Payment in Lieu of Taxes Comparison and Impact Analysis
- Task 8: Communications Review
- Task 9: Public Relations Review
- Task 10: Planning Review
- Task 11: Budget Process Review - Operations and Capital Budgeting
- Task 12: Rate Development and Administration Review
- Task 13: Identification and Review of Other Significant Issues Effecting Utility Management

PART II Comparative Analysis of Significant Operational Cost Components

- Task 1: Major Electric Cost Components
- Task 2: Major Water Cost Components
- Task 3: Major Wastewater Cost Components
- Task 4: Major Support Services Cost Components

PART III Outsourcing

- Task 1: Identification of any Components not Reasonably Competitive
- Task 2: Interim Report Outlining Corrective or Alternative Action

PART IV Project Deliverables

- Task 1: Interim Reports
- Task 2: Final Reports and Presentation to the Public Utility Board and City Council

RECOMMENDATION

Staff is providing this material for informational purposes, and appreciates any feedback from the Council. The response for proposals was due on March 15, 2018, and staff will bring forward a recommendation to the Public Utility Board following review of these proposals.

ESTIMATED SCHEDULE OF PROJECT

The current schedule is to complete the draft management studies during 2018. Interim presentations will be provided to the Public Utility Board during this time. A final presentation of the Management Studies will be provided to the Public Utility Board for recommendation, and then will be taken to City Council for approval. Staff anticipates the final presentations will be completed in spring 2019.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

This information was provided to the Public Utility Board on February 12, 2018

FISCAL INFORMATION

None

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Public Infrastructure
Related Goal: 2.3 Promote superior utility services and City facilities

EXHIBITS

- Exhibit 1. AIS
- Exhibit 2. Statement of Work / Specifications
- Exhibit 3. Presentation

Respectfully submitted:
Kenneth Banks.
General Manager of Utilities