



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

DCM: Bryan Langley

DATE: May 7, 2018

SUBJECT

Receive a report, hold a discussion and give staff direction regarding the Water Fiscal Year 2018-19 Operating and Capital Budget.

BACKGROUND

The City's budget emphasis continues to be focused on cost containment, financial transparency, maintaining excellent customer service and maintaining strong financial management. Staff is pleased to present to the Public Utilities Board (PUB) the Water Utility Fund's FY 2018-19 Operating and Capital Budget which includes a proposal to reduce rates by 2% while eliminating any future rate increases over the next 4 years. Additionally, staff will present a second option to the PUB that maintains rates at their current levels while reducing the fund's planned debt sales in the future. In both scenarios, the fund maintains its debt coverage ratio and remains above the minimum fund balance target in each of the next 5 years.

The budget focus remains on the long-term maintenance of utility assets and system reliability, maintaining revenue funding of capital targets at 100% of distribution replacements and 25% of treatment plant infrastructure, maintain fund reserves within policy targets of 33%-50% of budgeted expenditures, and maintaining debt coverage ratios of 1.25 or higher.

The PowerPoint presentation for this agenda item is attached as Exhibit 3. Staff looks forward to the discussion of this proposed budget and working with the Public Utilities Board during this budget season.

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: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. FY 2018-19 Budget Book
3. Presentation

Respectfully submitted:
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Director of Finance