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Title: Consider recommending approval of the Wastewater Fiscal Year 2017-18 Operating and Capital Budget.

Sponsors:

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Attachments: 1. Exhibit 1 WW Proposed Budget, 2. Exhibit 2 Presentation

Date	Ver.	Action By	Action	Result
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Agenda Information Sheet

DEPARTMENT: Finance

DCM: Bryan Langley

Date: June 26, 2017

SUBJECT

Consider recommending approval of the Wastewater Fiscal Year 2017-18 Operating and Capital Budget.

BACKGROUND

The City’s emphasis for this year’s budget process in on cost containment while maintaining excellent system reliability and strong financial management of the City’s Wastewater Utility System. The budgetary focus remains on the long term maintenance and expansion of utility assets and system reliability. The proposed budget is attached to this report as Exhibit 1. The proposed budget calls for no rate adjustments in FY 2017-18. The operating revenues total \$33.230 million and operating expenses are \$34.023 million. The budget anticipates a use of \$793,000 in reserves related to the one-time additional reserve funds received from the 2016 Utility Refunding Bonds. The Capital Budget totals \$12.365 million with a bond sale of \$8.350 million.

The cost containment measures included in the recommended in the FY 2017-18 budget are:

- Reduction of 1.5 FTE’s in wastewater collections
- Budgeting of salary savings due to regular turnover at 1.5% of salaries and benefits
- Reduction in several line item expenses based on reviews of historical expenses
- Delay of debt issuance based on currently available debt sale proceeds
- Budgeting of revenue funded capital on a five year smoothing method while maintaining targets at 100% of collection replacement funding and 25% of treatment plant replacement funding

Also included as Exhibit 2 is the presentation from the May 8, 2017 meeting.

RECOMMENDATION

Staff recommends the Board approve the Wastewater Fiscal Year 2017-18 Operating and Capital Budget.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The Wastewater Fiscal Year 2017-18 proposed Operating and Capital Budget was presented to the Board at the May 8, 2017 meeting.

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 facilities

EXHIBITS

1. Proposed FY 2017-18 Budget
2. Presentation

Respectfully submitted:
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