



Legislation Details (With Text)

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Title:	Receive a report, hold a discussion and give staff direction on the Denton Municipal Electric Fiscal Year 2017-18 Operating and Capital Budget.				
Sponsors:					
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Attachments:	1. Exhibit 1 - Electric Budget, 2. Exhibit 2 - Electric Budget Presentation, 3. Exhibit 3 - Capital Budget Project Detail				

Date	Ver.	Action By	Action	Result
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Agenda Information Sheet

DEPARTMENT: Finance

ACM: Bryan Langley

Date: June 12, 2017

SUBJECT

Receive a report, hold a discussion and give staff direction on the Denton Municipal Electric Fiscal Year 2017-18 Operating and Capital Budget.

BACKGROUND

The City's emphasis for this year's budget process is on cost containment while maintaining excellent system reliability and strong financial management of the City's Electric 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 an overall rate decrease of 1% in FY 2017-18 and future year decreases of 2% in the following three fiscal years. FY 2017-18 is the final year to pay off the TMPA debt associated with the generation plant. The proposed budget anticipates some drawdown in the reserve balance to cover a portion of this last debt payment. The Electric Utility has built up reserves in prior years in anticipation of some drawdowns for TMPA debt repayment.

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

- Removing five vacant engineering positions and using engineering consulting services for these design duties
- Elimination of two management positions
- Budgeted for salary savings of \$308,000 for regular turnover
- Use of four internally developed software packages for improved EMO operations

The PowerPoint presentation for this agenda item is attached as Exhibit 2. Exhibit 3 contains additional project detail for the FY 2017-18 Capital Program. I look forward to the discussion of this proposed budget and working with the Public Utilities Board during this budget season.

RECOMMENDATION

No formal recommendations is required at this meeting. Staff will request consideration of the Electric Utility Budget at the June 26, 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
3. Capital Budget Detail

Respectfully submitted:
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