



Legislation Text

File #: ID 16-1299, **Version:** 1

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

ACM: Bryan Langley

AGENDA DATE: October 18, 2016

SUBJECT

Consider adoption of an ordinance authorizing the City Manager to execute a professional services agreement for financial planning and rate modeling services for Denton Municipal Electric and Water/Wastewater Utilities; providing for the expenditure of funds therefor; and providing an effective date (File 6229-awarded to NewGen Strategies & Solutions, LLC in an amount not-to-exceed \$215,000). The Public Utilities Board recommends approval (6-0).

FILE INFORMATION

This Agreement is for NewGen Strategies & Solutions, LLC (NewGen) to develop a Microsoft Excel based utility financial model based on the utility's budgeting system and accounts to support periodic updates and alignment with Cost of Service and generation planning models. The financial model will forecast revenues by customer class and expenses for five years to evaluate potential rate, debt, or capital impacts. NewGen will use each of the City's electric and water/wastewater utilities financial, sales, meter data and rates along with the current budget assumptions to build customized models. It will then compare the scenarios numerically and geographically. The electric and water/wastewater models can also be combined and analyzed as a total utility.

NewGen is a professional service firm that provides financial planning and rate modeling services to public power utilities across the United States. What makes New Gen's approach unique, as compared to typical Enterprise Systems (such as SAP), is that they use the individual utility's operational, financial and rate data to build complex customized excel models that can be easily customized to the specific utility's work flow and processes, rather than the utility's processes being "force-fitted" into the Enterprise System's process flow and reporting.

The City's existing financial planning model is 18 years old, has been revised numerous times over the years, and has gone beyond its capacity. Staff is having technical and well as developmental problems with this model due to its age and size. Therefore, through a committee approach which reviewed various options, staff has determined that the uniqueness and customization of the NewGen services and excel models are reasonably priced and represent the best value for the City of Denton. These services are proprietary to NewGen and as such are exempt from the competitive process as stipulated in Chapter 252.022 of the Texas Local Government Code.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 10, 2016, the Public Utilities Board recommended approval to forward this item to the City Council for consideration.

RECOMMENDATION

Award to NewGen Strategies & Solutions, LLC in in an amount not-to-exceed \$215,000.

PRINCIPAL PLACE OF BUSINESS

NewGen Strategies & Solutions, LLC
Brentwood, TN

ESTIMATED SCHEDULE OF PROJECT

Implementation of the financial planning and rate modeling is estimated to take four to six months. The estimated timeframe for completion of the project is spring of 2017.

FISCAL INFORMATION

Funding for this item is budgeted in three (3) different capital accounts as shown below:

| | |
|----------------------|---|
| 603924497.1365.9230 | \$85,000 -Electric Financial Design & Model |
| 630341517.1365.40100 | \$65,000 -Water/Wastewater Financial Design & Model |
| 603924497.1365.9230 | \$65,000 -Electric Rate Design & Model |

Requisition#130844 has been entered in the Purchasing software system.

EXHIBITS

Exhibit 1: Staff Memo
Exhibit 2: Public Utilities Board Draft Minutes
Exhibit 3: Ordinance
Exhibit 4: Contract

Respectfully submitted
Chuck Springer, 349-8260
Director of Finance

For information concerning this acquisition, contact: Phil Williams at 349-8487.