



Legislation Text

File #: PUB17-120, Version: 1

Agenda Information Sheet

DEPARTMENT: Finance

DCM: Bryan Langley

Date: June 12, 2017

SUBJECT

Receive a report, hold a discussion and give staff direction on the Water 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 customer service and strong financial management of the City's Water Utility System. The budgetary focus remains on the long term maintenance of utility assets and system reliability. There are two budget exhibits attached to this report, a baseline budget that include no rate adjustments over the next five fiscal years (Exhibit 1) and a proposed budget that includes average rate adjustments of 2.0% over the last three years of the five year budgeting period (Exhibit 2). The first two fiscal years are identical in the baseline and proposed budgets and the five year capital programs are identical.

For FY 2017-18 no rate increase is recommended, which is below the 4.0% increase estimated in the prior year. The following cost containment measures are recommended in the FY 2017-18 budget:

- 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
- Balancing of debt issuance with timing of CIP projects and cash flow schedules
- Budgeting of revenue funded capital on a five year smoothing method while maintaining targets at 100% of distribution replacement funding and 25% of treatment plant infrastructure funding

The PowerPoint presentation for this agenda item is attached as Exhibit 3. 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 Water 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. Baseline FY 2017-18 Budget
2. Proposed FY 2017-18 Budget
3. Presentation

Respectfully submitted:
Chuck Springer, 940-349-8260
Director of Finance