



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Finance

DCM: Bryan Langley

Date: June 26, 2017

SUBJECT

Consider recommending approval of 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 system reliability and strong financial management of the City's Water 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 \$47.809 million and operating expenses an equivalent \$47.809 million. The Capital Budget totals \$33.149 million with a bond sale of \$11.0 million.

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

- 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.

Also included as Exhibit 2 is the presentation from the June 12, 2017 meeting.

RECOMMENDATION

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

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The Water Fiscal Year 2017-18 proposed Operating and Capital Budget was presented to the Board at the June 12, 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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