



# **ANNUAL CITY COUNCIL BUDGET PRESENTATION 2016 – 2017**

**DAVID W. TREGO – CEO & GENERAL MANAGER**

**MAY 9, 2016**

## Annual Budget History

<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
\$353.9	\$364.3	\$358.9	\$350.9
	+2.9%	-1.5%	-2.2%

## Main 2017 Budget Driver

- ▶ Estimated Power Supply costs down from FY2016 budgeted levels by \$13.0 million due to lower than expected natural gas prices

## **Electric Fund Revenue**

Operating and Other Revenue	\$228,897,500
Customer Contributions	\$ 1,950,000
Budgetary Appropriations & Other Transfers	<u>\$ 11,481,250</u>
Total Estimated Electric Fund Revenue	\$242,328,750

## Electric Fund Expenditures

Operating Expenses	\$190,769,100
CIP Capital	\$ 18,739,900
Non-CIP Capital	\$ 2,045,950
Budgetary Appropriations & Transfers	<u>\$ 30,773,800</u>
Total estimated Electric Fund Expenses	\$242,328,750

**FY 2017 revenue and expenditures for the Electric Fund  
are 1.5% less than FY 2016**

## **Water and Wastewater Fund Revenue**

Operating and Other Revenue	\$ 84,423,500
Customer Contributions (i.e. Fees, FIF)	\$ 3,177,000
Budgetary Appropriations & Other Transfers	<u>\$ 11,705,450</u>
Total Estimated W/WW Fund Revenue	\$ 99,305,950

## **Water and Wastewater Fund Expenditures**

Operating Expenses	\$ 78,195,550
CIP Capital	\$ 14,953,450
Non-CIP Capital	\$ 2,592,050
Budgetary Appropriations & Other Transfers	<u>\$ 3,564,900</u>
Total estimated W/WW Fund Expenses	\$ 99,305,950

**FY 2017 revenue and expenditures for the W/WW Fund  
are 3.8% less than FY 2016**

## **Fleet Maintenance Internal Service Fund Revenue**

Operating and Other Revenue	\$ 9,122,500
Budgetary Appropriations	<u>\$ 120,000</u>
Total Estimated FMIS Fund Revenue	\$ 9,242,500

## **Fleet Maintenance internal Service Fund Expenses**

Total estimated FMIS Fund Expenses	\$ 9,242,500
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**FY 2017 revenue and expenditures for the Fleet Fund are 3.1% less than FY 2016 driven mostly by lower fuel costs**

## Personnel Related Costs

- ▶ **Commissioners deferred decision on annual salary guidelines pending results of detailed compensation study by Hay Group**
- ▶ **Employee Benefits**
  - Group medical budgeted at \$8.9 Million which is \$1.1 Million less than FY2016 Budget
- ▶ **Increased training budget by 13%**
  - Increased Certifications required for positions based on best practice review
  - Employee development as part of Succession Planning process
    - 60% of promotions filled internally – National average 30%
  - Retraining of employees whose positions are being changed due to Advanced Metering Project



## Economic Development and Sponsorships

- ▶ **PWC FY 2017 budget contains \$315,000 allocated for Economic Development same as in FY 2016**
- ▶ **In FY 2017 Sponsorships budgeted at \$85,000 same as FY 2016**
  - Evaluated following the CoF and PWC Sponsorship policy guidelines adopted in September 2014 focusing on customer education and conservation

## PWC Transfer to City of Fayetteville

**Net Transfer to City FY2017** **\$ 9,449,700**

- ▶ Amount transferred in FY2017 is 1.1% more than amount that will be transferred in FY2016
- ▶ In addition PWC provides \$85,000 in support of FayTV7

## CIP Budget History

	<u>FY 2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Electric	\$ 33.2	\$ 28.6	\$ 29.5	\$ 26.2
Water	\$ 61.8	\$ 74.1	\$ 68.8	\$ 62.9
Other Divisions	\$ 21.1	\$ 18.0	\$ 18.7	\$ 13.8
Total	\$116.1	\$120.7	\$117.0	\$102.9*
		+3.9%	-3.1%	-12.0%

## Funding Source Summary

Operating Funds	\$36.8 Million
Bonds/Loans/Reserves	\$66.1 Million

\* \$103.1 million presented to Council on February 1, 2016

# Annual Budget Presentation 2016-2017

CIP Breakdown by Category	Amount
Water Improvements/Expansion	\$25,428,000
Connect Project/New Meters	\$13,441,000
Annexation	\$14,587,000
Rehabilitation –Water/Sewer	\$14,700,000
Substations/BWGP/Electric Improvements	\$13,550,000
NCDOT – Relocation Projects	\$ 6,846,000
LED Lighting	\$ 7,305,000
New Services–Electric/Water/Sewer	\$ 3,743,000
City of Fayetteville–Utility projects	\$ 3,010,000
<u>Building &amp; Improvements</u>	<u>\$ 296,000</u>
<b>Total CIP Budget</b>	<b>\$102.9 million</b>

## CIP Budget Notable Projects

### ▶ **Water System Improvements**

- North Fayetteville water & wastewater capacity improvements
- Legion Rd Improvements - Installing 9,200ft of gravity wastewater line and replacing lift stations

### ▶ **Advanced Metering Project**

- Completing the “CONNECT” metering project in 2017
- On time and on budget

### ▶ **Annexation**

- Southgate, Southgate Village and part of Arran Lakes West

### ▶ **Substations/Electric Improvements**

- Rebuilding delivery point at Butler Warner Generation Plant
- Starting Power Quality Improvement Project

## ▶ **NCDOT Projects**

- Next phase of outer loop project
- Camden Rd. widening project
- Raeford Rd. project

## ▶ **LED Lighting**

- Continuing with neighborhood & thoroughfare replacements
  - Should be completed 2020
- Starting Area Light conversions

## ▶ **City of Fayetteville Related Projects**

- Streetscape & Walkway projects
- Storm Sewer Projects
- Ann Street Bridge project



# 2016-2017 Budget Ordinance

## PUBLIC WORKS COMMISSION REVENUE

### Electric Fund

Operating and Other Revenue	\$228,897,500
Customer Contributions	1,950,000
Transfer from City	0
Budgetary Appropriations	11,481,250
<b>Total Electric Fund Revenue</b>	<b>\$242,328,750</b>

### Water & Wastewater Fund

Operating and Other Revenue	\$ 84,423,500
Customer Contributions	3,177,000
Transfer from City	495,200
Budgetary Appropriations	11,210,250
<b>Total Water &amp; Wastewater Fund Revenue</b>	<b>\$ 99,305,950</b>

### Fleet Maintenance Internal Service Fund

Operating and Other Revenue	\$ 9,122,500
Budgetary Appropriations	120,000
<b>Total Fleet Maintenance Internal Service Fund Revenue</b>	<b>\$ 9,242,500</b>

## TOTAL PWC REVENUE

**\$350,877,200**

## PUBLIC WORKS COMMISSION - EXPENDITURES

### Electric Fund

Operating Expenses	\$190,769,100
Capital	20,785,850
Transfer to City	9,944,900
Transfer to Annexation Phase V Reserve - City Funding Portion	2,666,100
Budgetary Appropriations	18,162,800
<b>Total Electric Fund Expenses</b>	<b>\$242,328,750</b>

### Water & Wastewater Fund

Operating Expenses	\$ 78,195,550
Capital	17,545,500
Budgetary Appropriations	3,564,900
<b>Total Water &amp; Wastewater Fund Expenses</b>	<b>\$ 99,305,950</b>

### Fleet Maintenance Internal Service Fund

<b>Total Fleet Maintenance Internal Service Fund Expenses</b>	<b>\$ 9,242,500</b>
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## TOTAL PWC ELECTRIC, W/WW & FMISF

**\$350,877,200**