

# **Denton Municipal Electric – Campus Expansion**

**August 15, 2023 / Work Session / Tony Puente, DME General Manager**



## Objectives & Other Factors

- Objectives:
  - Campus Layout
  - Current Space Utilization
  - Expansion vs Renovation
  - Campus Expansion Project Financial Impact
  - Request for Direction
  
- Other Factors
  - Not included in the presentation are other factors discussed in closed session. Council is urged to consider those factors in it's deliberation and decision.

# Campus Layout and Facility Condition Index (FCI) Analysis



- 1 Transmission Engineering Bldg
- 2 Field Operations Bldg
- 3 Administration Bldg
- 4 Engineering & Ops Bldg
- Woodrow Substation
- Substation Outside Storage
- Covered Storage
- Distribution Outside Storage
- Operations Training Facility
- Operations Parking Covered
- Operations Parking
- Employee & Customer Parking

FCI Ranges and Description	
0 - 5%	In new or well-maintained condition, with little or no visual evidence of wear or deficiencies.
5 - 10%	Subjected to wear but is still in a serviceable and functioning condition.
10 - 30%	Subjected to hard or long-term wear. Nearing the end of its useful or serviceable life.
30% and above	Has reached the end of its useful or serviceable life. Renewal is now necessary.



Built 2015

FCI Analysis			
Replacement Value	Total SF	Cost/SF	
\$1,270,020	4,164	\$305	
Current FCI		\$0	0.0%
3-Year		\$39,400	3.1%
5-Year		\$39,400	3.1%
10-Year		\$48,100	3.8%



Built 1990, Renovated 1999

FCI Analysis			
Replacement Value	Total SF	Cost/SF	
\$3,324,500	10,900	\$305	
Current FCI		\$10,400	0.3%
3-Year		\$89,600	2.7%
5-Year		\$116,500	3.5%
10-Year		\$583,400	17.5%



Built 2007

FCI Analysis			
Replacement Value	Total SF	Cost/SF	
\$2,592,500	8,500	\$305	
Current FCI		\$123,000	4.7%
3-Year		\$222,900	8.6%
5-Year		\$333,200	12.9%
10-Year		\$572,900	22.1%



Built 2012

FCI Analysis			
Replacement Value	Total SF	Cost/SF	
\$3,000,590	9,838	\$305	
Current FCI		\$0	0.0%
3-Year		\$36,700	1.2%
5-Year		\$260,000	8.7%
10-Year		\$490,800	16.4%

# Campus Layout continued...

## Additional Uses

- Utility Pole and Transformer Storage
- Truck Parking and Garages
- Linemen Training Area
- Woodrow Substation
- Lake Lewisville Lagoon



Total Acreage	26.8
Less: Lagoon	(7.3)
Less: Substation	<u>(9.8)</u>
Usable Acreage	9.7

## Current Space Utilization

	FTE Counts	Needed Sq. Ft.*	Current Sq. Ft.	Current Utilization	SF w/ Reno**	Reno Utilization
Current	175	21,875	26,808	81.6%	33,402	65.5%
5 Years	234	29,250	26,808	109.1%	33,402	87.6%
10 Years	282	35,250	26,808	131.5%	33,402	105.5%***
20 Years	333	41,625	26,808	155.3%	33,402	124.6%

\*Based on 125 sq. ft. per employee.

\*\*Reflects current wall to wall square footage of existing buildings.

\*\*\*Renovation utilization over 100% in 8 years.

## Renovation vs Expansion

Campus Renovation	Campus Expansion
33,402 sq. ft. (existing wall to wall)	34,396 sq. ft. (41,625 total)*
Cost = \$17 million @ \$510/sf	Cost = \$17.5 million @ \$510/sf
3 bldgs. – building code improvements	3 bldgs. – demolished/repurposed
8 years to 100% utilization	20 years to 100% utilization**
Customer Service remains at CHE	Customer Service co-located
Other Improvements Unlikely	Other Improvements Likely

\*Engineering & Ops Building repurposed = 7,229 sq. ft.

\*\*West Side Service Center will reduce staff at Spencer Campus and extend life of facility.

Note: Costs above do not include other renovations/improvements. Costs increase to \$682 (5 years), \$913 (10 years), and \$1,630 (20 years).

## Campus Expansion Project Financial Impact

- Proposed CIP
  - FY 24 - \$5,000,000 (land acquisition & design/Council will approve each)
  - FY 25 - \$35,000,000 (estimated construction/contingent on design)
  - FY 26 - \$35,000,000 (estimated construction/contingent on design)
  
- Annual Debt Service Timing (30 Year Term, Self-Supporting COs)
  - FY 25 - \$300,000
  - FY 26 - \$2,100,000 (cumulative = \$2,400,000)
  - FY 27 - \$2,100,000 (cumulative = \$4,500,000)
  
- Rate Impact
  - FY 27 – Represents a cumulative 1.5% rate increase
    - Included in current fund forecast, which reflects a 12% cumulative increase over 4 years beginning in FY 25 (3% each year).

## Request for City Council Direction

- Option 1 (Staff Recommendation)
  - Proceed as proposed in CIP
- Option 2
  - Proceed with temporary renovations
- Option 3
  - Remove project from CIP and reduce future rate increase assumption

# QUESTIONS