

CITY OF DENTON CITY COUNCIL MINUTES

June 12, 2018

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, June 12, 2018 at 11:00 a.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Hudspeth, Council Member Briggs, Council Member Duff, Council Member Ryan, Council Member Gregory, Council Member Meltzer, and Mayor Watts.

ABSENT: None.

1. Requests for clarification of agenda items listed on the agenda for June 12, 2018.

There were no requests for clarification of agenda items.

2. Work Session Reports

Item C was considered.

- C. ID 18-900 Receive a report; hold a discussion, and give staff direction regarding the preliminary FY 2018-19 Proposed Budget, Capital Improvement Program, and Five Year Financial Forecast.

Tony Puente, Director of Finance, presented the staff report on the preliminary budget presentation. He noted the objective of the presentation included the overview of the budget structure and budget process, focus on the General Fund, preliminary estimates for 2018-19, over 65 and disabled tax limitation, discussion on the homestead exemption, debt by fund and bond program authorization, receive feedback and direction from Council on budget themes/priorities, and any other issues.

He noted the budget tax law in terms of approval of the budget, budget calendar, process to develop the budget, and budget initiatives. He reviewed the various city funds that made up the budget. Revenues and expenditures for the General Fund were noted as well as expenditures by department. A comparison of area sales tax rates were reviewed as well as a listing of budgetary themes/priorities.

The General Fund projection assumptions were reviewed in terms of assessed value increases, total effective tax rate, sales tax, and franchise fees. The over 65 tax rate and homestead exemptions were presented as well as the average taxable home value comparison with area cities. Compensation and benefits assumptions were reviewed next in the presentation along with the five year financial forecast. Associated with the forecast was the preliminary General Fund forecast with property taxes at the effective tax rate.

Puente reviewed the General Fund supplemental requests and noted that the final detailed list of supplemental requests would be discussed with Council in July/August. He presented information on debt by fund with principal and interest and the GO bond authorization figures. Staff was requesting feedback and direction on budget themes, the homestead exemptions and any other issues.

Council Member Briggs requested to increase the homestead exemption to at least \$10,000.

Council Member Hudspeth asked for a snapshot on additional roads/backlog of approved fixes with an amount to reduce the gap in terms of crews for shovel ready projects.

Council Member Meltzer suggested a roads/streets plan for a sustainable OCI for projects.

Mayor Watts indicated that he would like more numbers on the tax freeze impact/analysis of the numbers in relation to the homestead exemption.

- A. ID 18-886 Receive a report; hold a discussion, and receive departmental presentations in preparation for the FY 2018-19 Proposed Budget, Capital Improvement Program, and Five Year Financial Forecast.

Kenneth Hedges, Fire Chief, presented the Fire Department's goals and accomplishments, budget emphasis, cost containment strategies, process improvements, performance measures, budget highlights, and staffing assignments which included Community Improvement Services.

Council discussed the response times at Station 7; request for homeless figures for responses; Downtown nurse station possibility; and possibility of partnering or in place of the City providing those services in the Downtown area.

Brad Lahart, Assistant Fire Chief, presented the Community Improvement Services budget. He noted the department's goals and accomplishments, budget emphasis, cost containment strategies, process improvements, performance measure, and budget highlights.

Council discussed the various services provided by Community Improvement Services.

Carla Romine, Director of Human Resources, presented the budget information for Human Resources. She reviewed the functions of the department, performance measures, accomplishments, cost containment strategies, process improvements, and budget highlights.

Scott Payne, Risk Manager, presented information regarding the Risk Retention Fund. He reviewed the number of employees by functional area, goals and accomplishments, budget emphasis, cost containment strategies, revenues/expenditures, and budget highlights.

Scott Payne, Risk Manager, presented the budget information for the Health Insurance Fund. He noted number of employees by functional area, performance measures, goals and accomplishments, budget analysis, cost containment strategies, revenue/expenditures, and budget highlights.

Jennifer Beckker, Director of Libraries, presented the budget for the libraries. She noted position summary, performance measures, population and service trends, circulation trends, goals and accomplishments, budget emphasis, cost containment strategies, process improvements, and budget highlights.

Tony Puente, Director of Finance, completed the drainage budget which was started at a prior meeting. He reviewed the cost containment strategies and five year forecast.

Daniel Kramer, Deputy Director of Operations, presented drainage goals and accomplishments, and budget highlights.

Item E was considered next.

- E. ID 18-916 Receive a report, hold a discussion, and give staff direction regarding options for proposed radio communications system replacement.

Melissa Kraft, Chief Technology Officer, presented the staff report on the proposed radio communications system replacement. She noted the age of the current system and current users. She noted present issues and the report from Mission Critical Partners regarding the system.

Richard Gaston, Mission Critical Partners, presented the details of their report regarding an assessment of the current radio system and their recommendation to replace the current system with a digital console system as well as replacing non-public safety analog mobile and portable radios with new digital radios. It was also suggested to partner with Denton County to share radio system infrastructure resources and costs.

Kraft continued with options for the digital radio system upgrade, benefits of a new system, and financial information.

Council discussed the benefits of the proposed system, reliability of the proposed system, cooperation with Denton County, and financial implications of the purchase.

Kraft completed her presentation with options for the system upgrade.

Council discussed the interoperability of the system among various units. Council continued their discussion of the possible savings working with Denton County, the pricing discount associated with using the Denton County system, and length of warranty for system.

Consensus of the Council was to receive more information from the education partners regarding the number of radios in use and more information on the financials.

- B. ID 18-888 Receive a report and hold a discussion regarding the status of the Oak Gateway Area Plan.

Ron Menguita, Long Range Planning Administrator, presented the staff report on the Oak Gateway Area Plan. His presentation included background information on the project, the small area planning process, area plan update, committee meetings and results of those meetings.

Council discussed the committee meeting process, the size of the area included in the plan, and consideration to break the area into smaller units.

Menguita continued with next steps for the steering committee meetings, technical advisory committee meetings, public open houses and public hearings.

Patrice Lyke, Chair, presented information on the concerns raised by Council in terms of attendance of members and the committee process.

Kim McKibben, Vice Chair, invited Council to attend the meetings to see the work they were doing.

Scott McDonald, Development Services Director, stated that staff would look at members who were no longer attending and see about increasing attendance.

- D. ID 18-906 Receive a report, hold a discussion and give staff direction regarding development of the Airport Terminal Area to include private aviation development, terminal ramp expansion, land acquisition and future airport fire station siting on the Denton Enterprise Airport.

This item was not considered.

- F. ID 18-944 Receive a report, hold a discussion and give staff direction regarding the City's Hotel Occupancy Tax and Sponsorship Programs.

Tony Puente, Director of Finance, presented the staff report which was a follow up on the Hotel Occupancy Tax and sponsorship program. He reviewed the HOT Program guidelines and application process, the provisions for arts and historical allocations. He noted recommendations for the proposed HOT/Sponsorship Committee and combining the three current provisions for HOT sponsorships into one.

Council discussed the reasoning for combining the HOT Fund Committee function with the sponsorship function.

Puente continued with the staff recommendation for the joint committee. He asked for Council direction on the art allocation, historical allocation and the sponsorship program.

Council debated the pros and cons of allocating the funding for the arts and historical reserves along with the provisions of the proposed program and how to quantify the number of people who attended an event for specific funding requirements.

Consensus of the Council was to move forward with sponsorship program.

Following the completion of the Work Session, the City Council convened in a Closed Meeting to consider the specific items listed below under the Closed Meeting section of this agenda.

1. Closed Meeting:

- A. ID 18-921 Deliberations Regarding Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive a presentation from staff regarding public power competitive and financial matters pertaining to the natural gas fuel supply for the Denton Energy Center ("DEC"); discuss and deliberate strategies, opportunities and agreements for the City to acquire natural gas for the DEC from ConocoPhillips Company and Tenaska Marketing Ventures. Consultation with the City's attorneys regarding legal issues associated with the agreements described above where discussion of these legal matters in an open meeting would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

B. ID 18-930 Consultation with Attorneys - Under Texas Government Code, Section 551.071.

Consult with the City's attorneys to discuss the status and potential resolution of pending litigation styled Brian Buren Peace, Plaintiff, v. City of Denton, Texas and Daniel Neighbors, Defendants, filed in the United States District Court for the Eastern District of Texas, Sherman Division, Civil Action No.: 4:17-cv-626, where a public discussion associated with these legal matters would clearly conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

C. ID 18-941 Deliberations Regarding Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086; Consultation with Attorneys - Under Texas Government Code, Section 551.071.

Receive competitive and financial public power information from staff related to Power Purchase Agreements between the City of Denton, as the seller of power and electric energy services, and Texas Woman's University and the University of North Texas, both as buyers of power and electric energy services; discuss and deliberate actions regarding the same. Consultation with the City's attorneys regarding legal issues associated with the above matters where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or potential litigation.

Council Member Gregory left the meeting.

Following the completion of the Closed Meeting, the City Council convened in a Special Called Meeting.

1. ITEMS FOR INDIVIDUAL CONSIDERATION

Ordinance No. 18-918

A. ID 18-918 Consider adoption of an ordinance of the City Council of the City of Denton, a Texas home-rule municipal corporation, providing for, authorizing, and approving the execution by the City Manager, or his designee, of a Base Contract for Sale and Purchase of Natural Gas, between the City of Denton and Conoco Phillips Company ("Conoco"), a Delaware corporation headquartered in Texas; approving the execution of such other and further related documents deemed necessary to

effectuate the transactions allowed under this agreement by the City Manager or his designee; determining that specific information contained in documents involved in this transaction pertain to a "competitive electric matter" as set forth under the provisions of §§551.086 and 552.133 of the Texas Government Code, as amended; allowing the public to inspect, but not reproduce, the base contract as redacted; providing an effective date.

George Morrow, General Manager-DME, provided background information on the proposed agreements with ConocoPhillips. The contract was copyrighted and not available to the public without certain redactions. He noted that this was an enabling agreement if and when it would be needed and reviewed the redactions that were done.

Council Member Ryan motioned, Council Member Hudspeth seconded to adopt the ordinance. On roll call vote, Council Member Hudspeth "aye", Council Member Briggs "nay", Council Member Duff "aye", Council Member Ryan "aye", Council Member Meltzer "aye", and Mayor Watts "aye". Motion carried with a 5-1 vote.

Ordinance No. 18-961

- B. ID 18-961 Consider adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation authorizing the City Manager, or his designee, to execute a Waiver Agreement Relating to the Global Settlement Agreement between Texas Municipal Power Agency and its Member Cities to waive the September 1, 2018 start-up date for previously agreed upon changes in handling ERCOT postage stamp charges and to begin implementation of such changes on January 1, 2019; and, providing an effective date.

George Morrow, General Manager-DME, presented the staff report on the waiver agreement with TMPA. The agreement would waive the September 1, 2018 implementation date which would begin on January 1 2019.

Council Member Ryan motioned, Council Member Briggs seconded to adopt the ordinance. On roll call vote, Council Member Hudspeth "aye", Council Member Briggs "aye", Council Member Duff "aye", Council Member Ryan "aye", Council Member Meltzer "aye", and Mayor Watts "aye". Motion carried unanimously.

2. PUBLIC HEARINGS

- A. A18-0001b Conduct the first of two public hearings for a voluntary annexation of approximately 47.466 acres of land generally located on the south side of E. Ryan Road, east of the intersection of E. Ryan Road and Andrew Avenue by the City of Denton, Texas. (A18-0001, Creekside, Cindy Jackson)

The Mayor opened the public hearing.

Cindy Jackson, Development Services, presented the staff report regarding the proposed voluntary annexation. She reviewed the background of the requested annexation for a single family residential development and noted the proposed annexation schedule.

The Mayor closed the public hearing.

No action was required on this item at this time.

3. CONCLUDING ITEMS

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Briggs requested an update on the repair of the downtown sidewalks.

Council Member Briggs noted there was a neighborhood program in Southlake, "Spin" that she would like staff to investigate for possible use in Denton.

Council Member Brigs requested information on how to handle improper uses in zoning districts.

Council Member Meltzer requested a Work Session on quiet zones.

Mayor Watts requested a Work Session on WiFi at the recreation centers to allow students to complete their school work while there. In addition, look at the possibility of partnering with the libraries for devices for internet usage so as to use those devices while at the libraries.

Mayor Watts requested an Informal Staff Report regarding the uses for sales tax.

- B. Possible Continuation of Closed Meeting topics, above posted.

There was no continuation of the Closed Meeting.

With no further business, the meeting was adjourned at 7:15 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS