

**MINUTES  
PUBLIC UTILITIES BOARD**

Monday, July 24, 2017

9:00a.m.

City Council Work Session Room

---

After determining that a quorum of the Public Utilities Board of the City of Denton, Texas is present, the Chair of the Public Utilities Board will thereafter convene into an open meeting on Monday, July 24, 2017 at 9:00a.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas.

Present: Chair Randy Robinson, Vice Chair Susan Parker, Barbara Russell, Charles Jackson, Allen Bishop, Lilia Bynum and Brendan Carroll

Ex Officio

Members: Todd Hileman, CM and Mario Canizares, ACM

**OPEN MEETING**

**1. CONSENT AGENDA**

- A. **PUB17-160** - Consider recommending approval of a contract with Larrett, Inc., Kaufman, Texas, for construction of the initial phase of the Hickory Substation underground transmission and distribution line duct banks in an amount not to exceed \$892,455.00. (RFP #6416)

Russell asked if there were any other responders to the proposal. Chuck Sears stated that there were six companies represented at the pre-bid meeting. One responder stated they didn't have time to do the job and Larrett was the only other responder.

**Board Member Russell motioned to approve item (A) with a second by Board Member Parker. Vote 6-0.**

**2. ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. **PUB17-161**- Consider recommending approval of the Public Utilities Board Meeting minutes of July 10, 2017.

Charles Jackson and Brenden Carroll were not present at the meeting. C&G should be CNG.  
**Approve as amended.**

- B. **PUB17-140**- Consider recommending approval of the Electric Rate Ordinance for FY 2017-2018.

Jessica Rogers gave a brief change to the rate ordinance and added there was a change to the Special Facilities Rider. Section 2 was removed. Section a and b was added regarding the Special Facilities Rider.

Rogers added the 1% rate decrease is unchanged.

**Board Member Parker motioned to approve item (B) with a second by Board Member Jackson. Vote 6-0.**

**C. PUB17-158-** Consider recommending approval of the Water, Wastewater and Miscellaneous Fees Ordinances for FY 2017-2018.

Kenneth Banks gave a brief presentation regarding some new minor changes to the water rate ordinance. Residential and Commercial rates are unchanged from the prior year. The Special Condition and Special Facilities Rider was also revised. The changes to the wholesale rates were reported.

Banks then gave a short presentation regarding the wastewater rate ordinance. Residential and Commercial rates are unchanged from the prior year. There was a rate added for Dyno Dirt 'overs'. The Special Condition and Special Facilities Rider was also revised.

**Russell asked what Dyno Dirt overs are and what they are used for.** Banks answered the overs are the wood pieces that that is too large for Dyno Dirt products even after it has been through the screening operation. A vendor approached staff regarding purchasing the product, Banks isn't sure what it will be used for.

Banks stated the Miscellaneous Fees Ordinance is unchanged.

**Bynum arrived during this item.**

**Board Member Jackson motioned to approve item (C) with a second by Board Member Russell. Vote 7-0.**

**D. PUB17-159-** Consider recommending approval for the Solid Waste & Recycling Rate Ordinance for FY 2017-2018.

Kenneth Banks gave the short presentation on this item stating the rate ordinance has not changed since it was presented at the last PUB Meeting.

**Board Member Parker motioned to approve item (D) with a second by Board Member Russell. Vote 7-0.**

**E. PUB17-162-** ACM Update:

1. Utilities Rate Summary
2. Solid Waste Financial and Internal Control Review by Weaver
3. Energy Management Organization Financial Review by Deloitte
4. Matrix

**Matrix addition - Russell – The substation staging area on Loop 288 is going away, where will it be relocated too.**

## **WORK SESSION**

**A. PUB17-165-** Receive a report, hold a discussion, and provide a recommendation regarding a compressed natural gas (CNG) fueling facility at the intersection of Mayhill Road and Spencer Road.

Ethan Cox gave the presentation for this item beginning with the CNG Background.

-Fall 2012 – Report on CNG as alternative fuel for fleet

-Summer 2013 – Report on CNG public sales

- April 2014 – Temporary fueling contract with UCNG
- January 2015 – 1st contract amendment UCNG
- November 2015 – 2nd contract amendment UCNG
- August 2016 – Zeit Energy awarded station construction

Cox stated he wanted to talk about the financials and that there are some decisions to be made as to how the station will be set up and how to proceed.

Solid Waste was awarded a TCEQ Grant in September 2016 in the amount of \$600,000. The money was to purchase equipment to go into the CNG fueling facility. The grant came with some stipulations including being available for full public sales with a minimum of three years.

Cox then went through the operations from 2013 – 2017 including prices of fuel then and now and the investments into CNG vehicles.

Currently there is very little cost savings to run a CNG vehicle as compared to a diesel vehicle.

To upgrade a vehicle from diesel to CNG is about \$40,000. Since Solid Waste does not have a station, they have been contracting a mobile service to bring in the CNG fuel that is far above fuel currently (\$3.75/g).

Of the \$600,000 of the grant about \$201,000 has been expended for equipment.

Cox talked about the CNG payback period in 2012 was about seven and a half years, in 2017 it would be 100 years. The point being the investments that have been made on vehicles will probably not be recapped. This presentation is to look at options for the CNG.

Next Cox explained and discussed a proforma for four different options versus diesel.

**Bynum asked if CNG is cleaner than diesel.** Kenneth Banks answered with an in depth presentation. A software named GREET (The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation) was used to run the analyses. Banks stated that the gap between diesel and CNG has closed significantly since this was evaluated in 2012.

**Jackson asked regarding retro-fitting equipment if staff looked at the attrition of the vehicles that last only five to seven years.** Cox answered staff can go back and look at that if the Board would like. There have been recent purchases that would make replacing the fleet very costly. There are 8-12 vehicles that would be good candidates but at least 12 that have been purchased in the two years or so.

**Parker asked how many vehicles are CNG,** Cox answered 24 which is about 40 percent of the fleet.

**Russell asked if the CNG vehicles can be sold.** Cox answered there is not a huge market for these trucks. The salvage value isn't here because the demand isn't there.

Cox then talked about the options of mobile fueling and additional considerations. There are no CNG pumps in the City of Denton at this time. Staff's recommendation is to complete the fuel station and use for City of Denton only, no public sales. With this option the grant money would have to be returned.

Next steps include taking to Council to discuss on July 25. If the motion is to move forward with construction of the fuel station, gas agreements would need to be brought back to this Board and Council. Soon after gas line construction would need to start.

**Carroll asked if there any CNG pumps available in Denton.** Cox answered there is not. Staff has spoken with Loves they do not have any plans to have a CNG pump. Staff can further visit this if the Board would like.

**Carroll added that UPS uses CNG where do they get it.** Cox did not know but will investigate.

**Carroll also asked staff to look and see how much a mobile fueling truck might be.**

**Robinson added staff to make sure all is looked at before adding more capital costs. As far as the grant, he doesn't see public sales as viable.** Cox stated that after the grant money is returned, Solid Waste can entertain public sales on their own terms. There have been a few companies asked about the CNG pumps.

**Russell stated that she understood the reason CNG was entertained is that it is better for the environment.** Cox answered it depends on what you want your environmental impacts to be. Banks added that the gap between diesel and CNG are closer together. CNG is better for ground level ozone, from Greenhouse gas emission standpoint CNG is a worse platform.

Hileman asked about revenue generation and the numbers associated when this was originally introduced. Cox answered from \$180,000 - \$200,000 in the first couple of years, then balloon up to \$500,000 in the out years. Cox doesn't believe we will come close to those numbers.

Hileman stated that staff will continue planning and working on the options and bring it back.

## **CLOSED MEETING**

### **A. PUB17-143 – DELIBERATIONS REGARDING CERTAIN PUBLIC POWER UTILITIES: COMPETITIVE MATTERS --- Under Texas Government Code §551.086.**

Receive information from staff, and discuss, deliberate and provide direction to staff regarding the future plans for, and current and future operations of, the Gibbons Creek Steam Electric Station owned by the Texas Municipal Power Agency (The City of Denton is a member of TMPA).

### **B. PUB17-164 - CONSULTANT WITH ATTORNEY - Texas Government Code Section 551.071.**

Consult with, and provide direction to, the City's attorneys regarding the City's procurement activities relating to Request For Proposal 5937 for Supply of Reciprocating Internal Combustion Engine Generator Sets and Auxiliaries for the City of Denton for the Proposed Denton Energy Center, Request For Qualifications 5898 for Professional Services for the Design-Build of the Proposed Denton Energy Center for the City of Denton, and City staff interaction with bidders regarding the same where 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.

### **3. CONCLUDING ITEMS**

Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Public Utilities Board 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.

**Adjournment 11:45 a.m.**

**Approved on August 14, 2017**