

**MINUTES**  
**PUBLIC UTILITIES BOARD**  
May 9, 2016

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, May 9, 2016 at 9:14 a.m. in the Solid Waste Training Room at the City of Denton Solid Waste Facility, 1527 South Mayhill Road, Denton, Texas.

Present: Chair Randy Robinson, Vice Chair Phil Gallivan, Barbara Russell,  
Brendan Carroll and Susan Parker

Absent: Lilia Bynum and Charles Jackson

Ex Officio Members: George Campbell, City Manager and Howard Martin, ACM Utilities

**OPEN MEETING**

**ITEMS FOR INDIVIDUAL CONSIDERATION**

**A. PUB16-76** Consider recommending approval of the Public Utilities Board Meeting minutes of April 25, 2016.

**Approved as circulated.**

**B. PUB16-78** Receive a report, hold a discussion and give staff direction on the Water Fiscal Year 2016-2017 Operating Budgets and the Fiscal Year 2017-2021 Capital Improvement Programs (CIP).

Tim Fisher gave the presentation starting with the performance measures.

- Replaced Raw Water Transmission pipelines crossing under I-35E.
- Completed renovations and painting for three clear wells at the Lake Lewisville Water Treatment Plant.
- Working on renovations and painting for the McKenna Park Standpipe.
- Placed a three million gallon Southwest Elevated Storage Tank into operations.
- Developed an agreement with Robson Ranch to provide water supply through the build of the project.
- Completed Zebra Mussel Management Study for Raw Water Transmission systems for Lake Lewisville and Lake Ray Roberts Water Treatment Plants.

Fisher then talked about the goals for 2016-2017.

- Perform condition assessment study for the 30" raw water transmission pipeline from Lake Lewisville to the Lake Lewisville Water Treatment Plant.
- Install zebra mussel control improvements for the two raw water transmission systems.
- Complete negotiations of the water reuse contract with the City of Dallas.
- Begin construction of the North/South Water Transmission Line along South Bonnie Brae.

The risk factors include:

- New Water Quality Regulations
- Capital Projects
- Succession Planning

- Lewisville Dam Safety Modification Study
- Lewisville Pumping & Transmission Facility

Fisher then went over the Water Production forecast history from 2000-2030.

Summary of the capital improvement plan was discussed along with the bond sale dollars for the upcoming years. The projects were shown on a map. Capital major projects for fiscal year 2017 are as follows:

Elm Street Replacement Phase 1 & 2	\$3.1 Million (\$1.8M moved from FY 2016)
Locust Street Replacement Phase 1 & 2	\$2.7 Million
North South Phase II	\$6.7 Million (moved from FY 2016)
Fort Worth Drive Utility Relocations	\$2.9 Million
Teasley Road Utility Relocations	\$5.5 Million (moved from FY 2016)
Hwy 380 to I-35 Transmission Line	\$1.6 Million (moved from FY 2016)
Lake Lewisville WTP Upgrade Phase II	\$1.0 Million

Water utilities system growth in new single family dwellings were at 646 in 2010, they were at 1,309 in 2015. Annual rate revenue was \$22,540,474 in 2010 and \$31,113,286 in 2015.

Water Utilities Budget Highlights include:

- Merit increases budgeted at 3%.
- Proposed increase in staffing.
- Adjustment of Reserve Range Target to 120 – 180 days.
- Increased oversize participation.
- Development plan line funding.
- Bond covenant obligated cash from refunding added to budget.

Water utilities budget resources and expenditures were discussed.

Chair Robinson asked if the drop in debt service would be true for the upcoming years. Fisher answered it nets out over the five year proforma. The debt payments pick up as more debt is issued. Fisher then showed a chart of the proposed expenses by category.

The new positions were shown that proposes adding seven additional full time employees (one Water Production Operator, one Water Meter Mechanic, two Heavy Equipment Operators and three Field Service Worker III in Water Distribution).

The Water Utilities Five Year Forecast was shown with a projected five percent rate increase for 2016. The reserve balances were talked about as well as the debt coverage ratio increase. With the five percent increase on a residential, 9,200 gallon per month, bill the increase will be \$2.60.

The rate increase comparison for the different cities was shown for residential and commercial use. Martin noted that the updated comparison will be brought back to this Board in the November time frame for the cities increases to be included in the chart.

Fisher noted that the Water budget will be brought back on June 13. If any Board Member has any question regarding the budget they can brought back more information at that time.

**C. PUB16-79** Receive a report, hold a discussion and give staff direction on the Wastewater Fiscal Year 2016-2017 Operating Budgets and he Fiscal Year 2017-2021 Capital Improvement Programs (CIP).

P. S. Arora presented the wastewater budget beginning with the accomplishments.

- P. S. Arora won the Sidney Allison Award from Water Environment Association of Texas for significant contributions to the engineering, science, and operation and maintenance of wastewater collection and pumping stations with the mission to transport to the wastewater treatment plant
- Completed the TCEQ mandated phosphorous limit project at Pecan Creek WRP and constructed the project in house resulting in cost savings
- Completed design of the Hickory Creek Detention Facility project
- Completed design of the Denton West Lift Station project and initiated construction
- Completed design of the Pecan Creek Interceptor 4 project and submitted application for grant funding for construction to Texas Water Development Board

Future goals for FY 2016-2017 include:

- Complete design of West Peak Flow Detention Facility project
- Complete design of Cooper Creek Interceptor Phase I & II
- Continue to meet regulatory requirements for capacity expansion and rehabilitation projects
- Optimize energy and chemical usage at the Pecan Creek WRP using the completed Biowin plant process model

Arora then talked about the process improvement that included:

- 551,869 feet of sewer line cleaned (Goal 525,000 feet)
- 8,157 feet of sewer line installed by in-house construction crew (Goal 8,000 feet)
- 134 Sewer Services replaced (Goal 100)
- 195 sewer line point repairs done (Goal 100)
- 283 grease traps inspected (Goal 200)

The risk factors for wastewater include:

- Regulatory Compliance (A.O.)
- Capital Projects
- Succession Planning
- Rate Increase Proposal
- Declining per capita usage

The wastewater residential average monthly consumption has decreased over the years. This has a direct effect on revenues.

Arora pointed out on the five year capital improvement, several projects that have not taken place this year and have been pushed out. A map of the major CIP projects were shown.

Teasley Lane Utility Relocation	\$1.3 Million
Fort Worth Drive Utility Relocation	\$1.8 Million
Elm St Replacement Phase 1 & 2	\$2.9 Million (moved from FY 2016)
Locust St Replacement Phase 1 & 2	\$2.1 Million
Cooper Creek Interceptor II	\$1.2 Million (moved from FY 2016)
Hickory Creek Detention Facility	\$5.5 Million
Land Purchase	\$1.4 Million (funded by proceeds from land sale Atmos)
West Wet Weather Peak Flow Project	\$1.5 Million (funded by Impact Fee Revenue)

The wastewater utilities system has grown from customer billings at 29,109 in 2010 to 31,243 in 2015. New single family equivalents went from 496 in 2010 to 1,033 in 2015.

Wastewater budget highlights include:

- Merit Increases budgeted at 3%.
- Proposed Reserve Range Target 100 – 140 days.
- Revenue funded capital increase of \$6.6 million.
- \$1 million minimum Impact Fee Reserve.
- Replenishment of development plan line reserve.
- One temporary FTE increase (intern).
- Bond covenant obligated cash from refunding added to budget.

Arora spoke about the budget resources and expenditures stating there are no surprises at this point.

The five year wastewater forecast was presented with a rate increase at two percent for 2016 and the out years at two percent as well. The increase on a residential 6,000 gallon per month usage would be \$.70.

Lastly for wastewater, Arora showed the rate comparisons with other Texas cities.

After the wastewater presentation Arora presented the Drainage budget which is a part of the wastewater fund.

Arora started with the accomplishments:

- Construction of Fulton/Cordell Drainage Improvements
- Eagle Drive Phase II Drainage Improvements construction
- Magnolia Phase II Drainage improvements
- Ranch Estates culvert improvements

Goals:

- Pecan Creek 4 PH I Channel Improvements construction
- Pecan Creek 4 Phase II Drainage Improvements construction

The process improvements that have been completed include:

- Updated street sweeping routes and add in new sections
- Updated mowing routes and maps for new additions

Recommended improvements:

- Update High water Emergency response map books
- Review Drainage fee activation for new additions

The five year capital was shown is expected because there is not any increases to the drainage fee.

Drainage 2014 G.O. Bond Funded Projects include:

Eagle Drive Improvements: Phase 2 (2015)	\$2.1 M
Magnolia Street Drainage Phase 2 (2015)	\$2.5 M
Hickory St. Drainage & Trunk Line System (2016)	\$0.6 M
PEC-4 Drainage Improvements: Phase 2 (2018)	\$2.5 M
South Bell Drainage System (2018 – 19)	<u>\$0.8 M</u>
	\$8.5 M

There was a map shown with the bond funded projects.

Drainage has future projects that are currently unfunded:

Cooper Creek Improvements: Mingo Road	\$2.1 M
Cooper Creek Improvements: Sherman Drive	\$1.1 M
Lariat and Hampton Drainage Improvements	\$0.7 M
PEC-4 Drainage Improvements: Phase 3 & 4	\$5.4 M
Pecan Creek Improvements	<u>\$13.7 M</u>
	\$23.0 M

Drainage budget highlights include a merit increase of three percent. The budget resources and expenditures are only expected, not any new items.

Martin talked about the Magnolia Street Drainage improvement that is associated with the resurfacing of Hinkle Drive. When the drainage improvements are completed the road will be resurfaced.

## **CLOSED MEETING**

- A. PUB16-81** Deliberations regarding Real Property - Under Texas Government Code Section 551.072; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive information from staff and discuss, deliberate, and provide staff with direction regarding the potential acquisition of real property interests related to the location and siting of electric transmission lines in an area bounded by Fort Worth Drive and Elm St. (western boundary), Robertson Street (northern boundary), the DART/D.C.T.A rail corridor (eastern boundary), Inman St. with an easterly projection to Spencer Rd. (southern boundary) and being located within the W. Loving Survey, Abstract No. 759; the H. Sisco Survey, Abstract No. 1184; the S. Hiram Survey, Abstract No. 616; the W. Teague Survey, Abstract No. 1266; the M. Austin Survey, Abstract No. 4; the J. Taft Survey, Abstract No. 1256; the R. Hopkins, Abstract No. 1694; and the A. Hill Survey, Abstract 623, lying within the City of Denton, Denton County, Texas.

Consultation with the City's attorneys regarding legal issues associated with the acquisition of the real property interests described above where a 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 Public Utilities Board 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, or where discussions had, deliberation, and direction given, by the Denton Public Utilities Board in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third party. [Spencer to Locust Transmission Route]

- D. PUB16-80** The Public Utilities Board Members will tour the Solid Waste ECO-W.E.R.C.S. Facility.

The PUB Members went on a tour of the Solid Waste ECO-WERCS Facility narrated by Vance Kemler and David Dugger.

- E. PUB16 -77** ACM Update

1. Matrix

**Matrix no changes**

## **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.

**Brendan Carroll asked about the Renewable Denton study consultant report. Martin answered the report will be presented to City Council on June 7. The preliminary report will be brought to this Board as soon as it is received.**

**Adjournment 12:13 p.m.**