

**MINUTES**  
**PUBLIC UTILITIES BOARD**  
May 23, 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 23, 2016 at 9:03 a.m. in the Service Center Training Room at the City of Service Center, 901 A Texas Street, Denton, Texas.

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

Absent: George Campbell, City Manager

Ex Officio Members: Howard Martin, ACM Utilities

**CLOSED MEETING**

**A. PUB16-83** Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code Section 551.086

Receive a presentation from Denton Municipal Electric staff (“DME”) regarding public power competitive and financial matters pertaining to plans, strategies, opportunities, and developments for generation improvements to the DME system; discuss and deliberate strategies regarding same; discuss and deliberate opportunities and strategies for the City to acquire purchased power and enter into agreements regarding the same, in order to meet its future energy needs. Discuss, deliberate and provide Staff with direction. [TPMA]

**C. PUB16-91** 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 located between Western Blvd. and Lot 1, Block 1, of the R D Wells Interchange Addition, an Addition to the City of Denton, Denton County, Texas according to plat recorded at Page 169, Cabinet Y, Plat Records of Denton County, Texas; discussions had, deliberation, and direction given, by the Denton Public Utility Board in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third party. Consultation with the City’s attorneys regarding legal issues associated with the acquisition of the real property interests described above; 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 Utility 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. [Easement related to the R.D. Wells Substation]

## OPEN MEETING

### CONSENT AGENDA

- A. **PUB16-84** Consider a recommendation for Coleman & Associates Land Surveying, Denton, Texas to provide professional surveying services associated with the construction of Cells 3B – 3D at the City’s Landfill in the amount of \$86,630. (PSA 6146)

This item was pulled by Board Member Carroll with a question of what is cost plus, what is the plus. Scott Lebsack, Business Development & Admin Dept. Mgr., stated that a quote was set for certain scope of services. If work is required outside of the scope, they are available for an additional charge.

**There was a motion to approve this item by Board Member Carroll, with a second by Board Member Russell. The vote was 7-0 approved.**

- B. **PUB16-85** Consider a recommendation for Parkhill, Smith & Cooper Inc. (PSC), Frisco, Texas to provide professional design, engineering, and administrative services for the design, construction, and regulatory approval of the City’s Landfill expansion, Phase 3B-D in the amount of \$197,250. (PSA 6145)

- C. **PUB16-89** Consider recommending adoption of an ordinance accepting competitive proposals and awarding contracts for the rehabilitation and three (3) year maintenance of the Ozone Generation System located at the City of Denton Lake Ray Roberts Water Treatment Plant to Xylem, Inc. in the not-to-exceed amount of \$480,000.00 and the cleaning and (3) year maintenance of the Ozone Generation System located at the City of Denton Lake Lewisville Water Treatment Plant to Fin-Tek, Inc. in the not-to-exceed amount of \$200,000.00 (RFP-6043).

This item was pulled by Board Member Gallivan which asked if it will cost \$500,000 per year to maintain the ozone system. Randy Markham, Water Production Superintendent, answered the majority of this contract is for rehabilitation of the equipment at Lake Ray Roberts the remainder is for maintenance and cleaning.

The maintenance and cleaning will take place every five to ten years for both plants, Lake Ray Roberts and Lake Lewisville. The amount would not exceed \$200,000 for the three year contract.

**There was a motion to approve this item by Board Member Gallivan, with a second by Board Member Jackson. The vote was 7-0 approved.**

- D. **PUB16-92** Consider a recommendation that the City Council approve a Second Supplement to Professional Services Agreement by and between the City of Denton, Texas and the law firm of Cole Schotz, P.C., Dallas, Texas for legal services relating to transactional and regulatory work pertaining to the Texas Municipal Power Agency; providing for additional expenditure authority of not-to-exceed \$150,000 (File No. 5380; \$150,000, in the aggregate amount of not-to-exceed \$399,500).

**There was a motion to approve items PUB16-85 and PUB16-92 by Board Member Gallivan, with a second by Board Member Russell. The vote was 7-0 approved.**

### **ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. PUB16-87** Consider recommending approval of the Public Utilities Board Meeting minutes of May 9, 2016.

#### **Approved as circulated**

- B. PUB16-93** Receive a report, hold a discussion and give staff direction on the Denton Municipal Electric (DME) FY2017-2021 Capital Improvement Program (CIP).

Phil Williams started the presentation with the DME performance measure accomplishments that are:

- EMO went live in FY 2014-15 – Net savings of \$13.5 Million
- Developed Renewable Denton Plan – 70% renewable with \$500 Million in savings over 20 years
- Rebuilt Pockrus Substation – Energized May 2015
- New McKinney Substation – Energized June 2015
- New Kings Row Substation – Energized December 2015
- Pockrus to Woodrow, Woodrow to McKinney, McKinney to Cooper Creek, Cooper Creek to Kings Row and Kings Row to Denton North transmission lines completed in 2015
- 57% of DME's distribution system is underground

Goals include:

- Maintain competitive position with other adjoining electric utilities while ensuring the electric system has the capability to provide reliable electric service for all present and future customers
- Ensure the safety of DME employees and the general public
- Ensure DME is compliant with state and federal regulations
- Manage DME infrastructure needs to meet future growth and development plans

Progress on Key Factors include:

- Growth – Continued 2% average increase MW demand and MWh sales over past five years
- Regulation – NERC audit is scheduled for late 2016.
- Aging Infrastructure – Planning, studies and analyses have been completed to convert 18 miles of 69 kV transmission lines and substations to higher voltage 138 kV.
- Succession Planning – Added several key employees for Engineering, Energy Management and System Operations.
- Improving Power Supply Options – EMO is operational resulting in significant savings. DME continues to provide leadership in TMPA decisions. Proposed RDP which allows replacement of TMPA and serves growth while increasing renewable power.
- Becoming Generation Owner/Generation Operator – Some form of new generation will approximately double the number of compliance requirements.

DME has improved their processes:

- From Design to Energized – Engineering projects overseen by staff from design until constructed and energized
- Freese & Nichols Process – Utilized 21 documented DME/COD project execution processes, including improved Public Involvement and Site/Route Selection

-Public Involvement Process – Highlights open house forums, where DME staff collaborates with residents on important aspects regarding CIP projects (including Site/Route Selection) and the Renewable Denton Plan

Williams showed the DME annual peak chart.

Brent Heath completed the presentation by talking about the FY2017-2021 Capital Improvement Projects operation and distribution progress.

- Completed Phases I & II of Southridge Underground Cable Rehab project and Phase III to be completed in spring 2016
- Completed 97 Distribution projects
- Set 323 poles and installed 17.06 miles of overhead conductor
- Installed 19.23 miles of underground conductor
- Energized 8 new residential subdivisions
- Customers continue to experience fewer outages even as DME's system grows
- Ten photovoltaic solar systems were installed in Denton in 2015, bringing the total PV distributed generation systems to over 87 city-wide
- Eight-year safety trend continued with DME's incident rate improving by decreasing from 8.4 to 0.6

Transmission progress includes:

- DME is making progress on resolving the demands of aging infrastructure and customer growth
- Selection and acquisition are critical path items
- DME Substations
  - In 2010 had 86 Feeders in use
  - In summer of 2015 had 95 Feeders in use
  - By end of 2017-2021 CIP, will have 144 Feeders available

Heath went over the CIP cash requirements spread sheet for DME 2017-2021. There are different categories that were discussed and the money required in each. After the discussion, there was a substation and transmission map shown of the projects. The Mayhill Substation was singled out and talked about that will be located close to the Landfill.

Substation and Transmission line project cost summary was discussed. There are many items, DME welcomes questions regarding any item at any time.

Heath completed his presentation by talking about the key factors of aging infrastructure and growth.

Russell asked about the old Kings Row Substation. Heath answered it still has a transformer that is energized. Staff is working to get all the changeovers made. After that happens the entire substation can be de-energized and that area will be City of Denton property until other decisions are made.

### **C. PUB16-88 ACM Update:**

#### **1. Matrix**

**Matrix same – no changes**

**RDP June 7 at 2:00pm in the City Council Work Session Room**

## **CLOSED MEETING**

### **B. PUB16-90 Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code Section 551.086**

Receive competitive public power information and financial information from staff in the form of the draft operating budget for Denton Municipal Electric (“DME”) for FY 2016-2017, including without limitation, revenues, expenses, and commodity volumes; discuss, deliberate, and provide staff with direction regarding such matters.

## **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.

**Russell - Evaluate how many employees we have as compared to cities that have the same services as the City of Denton with reasons.**

**Adjournment 11:28 p.m.**