

**MINUTES**  
**PUBLIC UTILITIES BOARD**  
June 13, 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, June 13, 2016 at 9:00a.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,  
Brendan Carroll and Susan Parker

Ex Officio Members: Howard Martin, ACM Utilities

Absent: City Manager: George Campbell  
Board Members: Lilia Bynum and Charles Jackson

**CLOSED MEETING**

- A. **PUB16-99** Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code §551.086.

Receive competitive public power information and financial information from staff in the form of the updated 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.

- B. **PUB16-100** 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 in the southwest area of the City of Denton, north of Farmer to Market Road 2449, east of John Paine Road, south of Springdale Drive (or Hickory Creek), west of Interstate 35W; 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. [Underwood Substation]

- C. **PUB16-118** Consultation with Attorneys – Under Texas Government Code Section 551.071

Consult with the City’s attorneys regarding the present status of pending litigation entitled: The City of Denton, Texas v. NRG Power Marketing, LLC, et al, Cause No. 15-01404-16, now pending before the 16th Judicial District Court in and for Denton County, Texas; discuss, deliberate and provide the City’s attorneys with direction and any recommendations regarding such legal matter. A public discussion of this legal matter would conflict with the

duty of the City's Attorneys to the City of Denton, Texas under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

**D. PUB16-119 Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code §551.086**

Receive a presentation from staff regarding public power competitive and financial matters related to the City's participation in, and the overall operational and financial aspects of, the Texas Municipal Power Agency; discuss and deliberate strategies regarding same; discuss, deliberate and provide staff with direction which may include the possible approval of a joint operating agreement with TMPA

**OPEN MEETING**

**CONSENT AGENDA**

- A. PUB16-74** Consider recommending approval of an annually renewable, unit price purchase agreement with R&C Welding, for purchase of substation structures fabricated from standard shaped steel products in an amount not to exceed \$1,500,000. (RFP #6026)

**Gallivan asked if this is the first contract with R&C Welding.** Brent Heath answered no, they have been used them before and staff was very pleased. **Gallivan then asked how much of the contract was used,** Chuck Sears answered just over a million.

**Board Member Russell motioned to approve item A. There was a second by Board Member Parker. Vote 5-0 approved.**

- B. PUB16-95** Consider recommending approval of the New Cingular Wireless PCS, LLC (Cingular Wireless) third lease amendment for property that is located at the McKenna Park Tower in the City of Denton, Denton County, Texas for an additional thirty (30) years term.

**Board Member Parker asked why the 30 year term instead of 15 years as in the last agreement. Are there any outside concerns?** JR Richardson, Metering/Communications Superintendent, answered on the last agreement, staff negotiated with AT&T directly, this time a consultant was chosen and they decided on the 30 year term. There is a rate escalation each year of three percent after the first year for the full 30 year term.

**Board Member Parker motioned to approve item B. There was a second by Board Member Russell. Vote 5-0 approved.**

- C. PUB16-96** Consider recommending approval of the Professional Services Agreement for Consulting Engineering Services between the City of Denton and Freese and Nichols, Inc., in the amount of \$654,135.00, for engineering services associated with the Hickory Creek Interceptor Phases I and II project.
- D. PUB16-98** Consider recommending approval of Change Order #6 between the City of Denton and Circle C Construction Company, in the amount of \$68,070.00, for additional water main construction associated with the Pecan Creek Interceptor III project.
- E. PUB16-102** Consider recommending approval of change order one with Chapman Construction Co., L.P., for Denton Municipal Electric 69kV electrical transmission line

removal. The original contract was awarded in the amount of \$52,700,000. This change order is for a reduction of \$1,362,108.93. (RFP No. 5578).

- F. **PUB16-105** Consider recommending approval of a contract with DDM Construction Corporation, Valley View Texas, for installation of box culverts and concrete drainage channel adjacent to RD Wells Substation in the not to exceed amount of \$547,221.17. (RFP #6104)
- G. **PUB16-107** Consider recommending adoption of an ordinance accepting competitive proposals and awarding a contract for a refuse compactor for the City of Denton Solid Waste Department; providing for the expenditure of funds therefore; and providing an effective date (RFP5825-awarded to the vendor that would be the best value to the City, Holt Cat in the amount of \$1,017,197.92)

**Board Member Parker asked looking at the bid tabulation, there is a large cost differential between two contractors and this was based on past performance she asked to elaborate.** Vance Kemler answered this and stated that the primary concern was performance factors there is one real problem the other company has laid off or fired the majority of their employees and shut down their factory. The president tried to validate their company but staff didn't feel comfortable that they would be in business to support the equipment.

**Board Member Parker motioned to approve item G. There was a second by Board Member Russell. Vote 5-0 approved.**

- H. **PUB16-108** Consider recommending adoption of an ordinance accepting competitive proposals and awarding a contract for articulated trucks for the City of Denton Solid Waste Department; providing for the expenditure of funds therefore; and providing an effective date (RFP6102-awarded to the vendor that would be the best value to the City, Kirby-Smith Machinery, Inc. in the amount of \$1,100,966)
- I. **PUB16-113** Consider recommending approval authorizing the City Manager to execute an agreement among and between the City of Bryan, Texas, the City of Denton, Texas, the City of Garland, Texas and the City of Greenville, Texas regarding prepayment of fixed cost purchase power payments to be paid to the Texas Municipal Power agency; and providing an effective date.

**Board Member Russell motioned to approve items C, D, E, F, H and I. There was a second by Board Member Parker. Vote 5-0 approved.**

#### **ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. **PUB16-111** Consider recommending approval of the Public Utilities Board Meeting minutes of May 23, 2016

**Approved as circulated**

- B. **PUB16-86** Receive a report, hold a discussion and provide staff direction on the Financial Year 2016-2017 Solid Waste & Recycling Services Operating Budget and the Fiscal Years 2017-2021 Capital Improvement Program (CIP) Budget.

**Vance Kemler, General Manager Solid Waste, gave the presentation for this item.**

Kemler started out with the FY2017 new and expanded programs, services and projects which include:

- Expansion of Commercial and Organic Recycling
- Addition of a Public Compressed Natural Gas Fueling Facility
- Initiate Grease and Grit Trap Processing Services
- Construction of the Regional Home Chemical Collection (HCC) Services Processing Facility
- Addition of Solar Power to our Renewable Energy Portfolio
- Begin Landfill Mining
- Expand the SW&R Operations Building
- Add a SW&R CNG Vehicle Maintenance Building
- Expand Beverage & Food Materials Processing & Recycling Facilities
- Acquire Property for Keep Denton Beautiful and Initiate Building Design
- Moseley Road Landfill Rehabilitation / Mining
- Increasing Working Capital Percentage – Moving from 30 days to 45 days

Growth forecast includes:

- Residential Services: 1,270 (SF new and annexed)
- Commercial Front Load/Side Load Services: 3.7% increase landfilled and 4.6 percent growth in commercial materials diverted.
- Roll-Off Services: 7.7 percent increase
- Landfill & Materials Processing: 12.6 percent increase

Proposed FY 2017 SW&R Budget Information:

Merit Increases Budgeted at three percent, proposed increase in staffing, working capital recommendations, continuation of vehicle and equipment funding toward 50 percent cash goal.

Kemler went over the summary proforma, reserve balances, CIP summary and projects. He also included the forecast revenues and expenditures.

Kemler reviewed the rate overview that included amounts for residential, commercial and landfill. Comparisons with other cities were shown on a graph.

The reserve fund balances and operating ratios were talked about. Fund 665 includes the vehicle and equipment fund. Fund 662 is closure and post-closure of the landfill. **Robinson asked if portions of the landfill not closed and mined instead, does that release the reserve numbers or does it enable a recalculation of those numbers.** Kemler answered there is a meeting regarding landfill mining on June 14, he will ask TCEQ at that time. Denton is the first in Texas to do the mining process.

Kemler went on and talked about Fund 661 which is the building rental tenants that Solid Waste has.

There some discussion.

**C. PUB16-101** Discuss and consider any additional questions regarding the Denton Municipal Electric (DME) FY 2017-2021 Capital Improvement Program (CIP).

**Howard Martin stated this item is listed for any questions. There were no questions.**

**D. PUB16-97** Discuss and consider any additional questions regarding the draft Water and Wastewater Fiscal Year 2016-2017 Operating Budgets and the Fiscal Year 2017-2021 Capital Improvement Programs (CIP).

**Howard Martin stated this item is listed for any questions. There were no questions.**

**E. PUB16-106** Receive a report, hold a discussion and provide staff direction regarding the DME Hickory Substation site, located at the intersection of West Hickory and South Bonnie Brae, City of Denton, Denton, Texas and concerning the options related to the station's configuration and aesthetic treatment. (Hickory Substation)

Brian Daskam, Key Accts Energy Efficiency & Sustainable Manager, gave this presentation concerning the Hickory Street Substation.

The background includes:

- Site was approved by the PUB on 11/10/2014 and CC on 12/2/2014 with a request to have an Aesthetics Committee to enhance the appearance of the wall
- Aesthetics Committee met several times and chose a wall design in 2015
- Properties were acquired by October 2015
- DME briefed PUB and CC about the pros/cons of Gas Insulated Substations (GIS) in November 2015
- Relocations were complete in March 2016
- Structures were removed by May 2016

Several pictures were shown of how the walls 'could' look for that substation. This wall is very expensive compared to the other substation walls. A wall like this has not been done before so the exact amount is not known until the bid process takes place.

Gallivan and Russell added that UNT should be approached about contributing to this wall.

**Daskam stated that he is taking this item to Council, this Board recommended the air insulated, architectural wall with overhead transmission lines.**

**F. PUB16-104 ACM Update**

1. TPPA Distinguished Service Award Memo
2. PUC Bar Graph Comparison
3. 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.

**Adjournment 11:57 a.m.**