

MINUTES
PUBLIC UTILITIES BOARD
July 25, 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, July 25, 2016 at 9:04a.m. in the Service Center Training Room at the City of Service Center, 901 A Texas Street, Denton, Texas.

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

Ex Officio Members: Howard Martin, ACM Utilities

Absent: Chair Randy Robinson

PUBLIC HEARING

A. PUB16-157 - Hold a public hearing and consider recommending that the City Council adopt a resolution regarding the proposed site for construction, expansion, and use of an electric power transmission/distribution substation 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 (on Hickory Creek), west of Interstate 35W; in the City of Denton, Texas; as part of Denton Municipal Electric's service territory. (Underwood Substation).

Brent Heath, Exec. Mgr. of Energy Delivery, presented this item using a PowerPoint Presentation. Heath showed several maps with the different options. Staff recommends the green option. There was some brief discussion with the Board Members.

The Public Hearing was opened to any citizens that would like to speak.

Craig Schkade – 13600 Heritage Parkway (land owner Hillwood) - agrees with the selection of the green option.

The Public Hearing was closed.

Board Member Russell motioned to approve the green option on item A-PUB16-157. There was a second by Board Member Parker. Vote 5-0 approved.

B. PUB16-159 - Hold a public hearing and consider recommending that the City Council adopt a resolution regarding the proposed site for construction, expansion, and use of the electric power transmission line located 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; as part of Denton Municipal Electric's service territory. (Spencer to Locust Transmission Line).

Brian Daskam, Key Accts Energy Eff & Sustainable Mgr., presented this item using a PowerPoint Presentation. There were alternatives shown for the transmission route. The green route is the current route and also the recommendation by staff.

The Public Hearing was opened to any citizens that would like to speak.

Kent Key – is good with the option of the green route.

Tracy Beck – ask questions regarding property she owns and what road improvements may be made with this transmission route. DME will get with Beck for more information.

The Public Hearing was closed.

Board Member Parker motioned to approve the green option on item B-PUB16-159. There was a second by Board Member Bynum. Vote 5-0 approved.

CLOSED MEETING

**A. PUB16-116 - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --
- Under Texas Government Code §551.086.**

Receive competitive public power competitive information and financial information from staff regarding the proposed FY 2016-2017 operating budget for Denton Municipal Electric (“DME”) including without limitation, a proposed FY 2016-2017 DME rate ordinance, expected revenues, expenses, commodity volumes, and financial commitments of DME; discuss, deliberate, provide staff with direction, consider and make a final recommendation to the Council regarding this matter.

B. PUB16-145 - 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 Lot 1, Block 2 of the Municipal Utility Addition as shown by the plat thereof recorded in Cabinet G Page 346 of the P.R.D.C.T., in the City of Denton, Denton County, Texas; where discussion 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. 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 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. [Brinker Substation].

**C. PUB16-162 - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --
- Under Texas Government Code §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.

- D. PUB16-165** - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --
- Under Texas Government Code §551.086; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive competitive public power information and financial information from staff regarding approval of the Genscape, Inc., a Delaware Corporation, "Master License and Services Agreement (North America)," being a three-year agreement, and being a sole-source acquisition which is exempt from the requirements of competitive bidding under the provisions of Section 252.022, Texas Local Government Code, for software relating to bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services for purposes of supporting the Energy Management Organization of DME; discuss, deliberate, provide staff with direction, consider and take final action, making a recommendation regarding said Agreement. Consultation with the City's attorneys regarding legal issues associated with the above acquisition 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.

Board Member Jackson arrived during the closed meeting.

OPEN MEETING

CONSENT AGENDA

- A. PUB16-160** - Consider recommending approval of a three year unit price purchase agreement with Crown Technical Systems for purchase of prefabricated control buildings for substations in an amount not to exceed \$3,530,000. (RFP #6115).
- B. PUB16-161** - Consider recommending Contract Amendment #1 to the Nelson + Morgan Architects, Inc. professional services contract (File 5906, for \$239,935.00), authorizing the City Manager to execute an amended professional services agreement for architectural, structural, mechanical, and electrical design services to support the design of the new City of Denton Regional Home Chemical Collection Facility to be located at 1527 South Mayhill Road; providing for the expenditure of funds therefor in the not to exceed amount of \$403,560.63; and providing an effective date.
- C. PUB16-146** - Consider a recommendation that the City Council adopt an ordinance finding that a public use and necessity exists to acquire fee simple title to a 38.889 acre tract of land situated in the Mary Austin Survey, Abstract No. 4, City of Denton, Denton County, Texas, and being part of a called 27.7488 acre tract of land described in a Deed to Terrano Realty, Inc., as recorded in Document No. 96-010141 of the Real Property Records of Denton County, Texas, and part of a called 318.937 acre tract of land described in a Deed to Staff Realty, Inc., as recorded in Document No. 94-006845 of the Real Property Records of Denton County, Texas, and being known as a part of Lot 1, Block 1 and a part of Lot 1, Block 2 of Municipal Utility Addition, per the Final Plat recorded in Cabinet G, Page 346 of

the Plat Records of Denton County, Texas, and also being all of that certain 100 foot wide right-of-way shown as Morse Road on said Final Plat, City of Denton, Denton County, Texas, and of the Real Property Records of Denton County, Texas (“Property Interests”), and to purchase easement rights totaling 7.082 acres on several easement sections on the same properties as shown on the attached Exhibit 1 Brinker Substation and Easements Map, for the public use of, expansion, construction, maintenance, and operation of an electric substation, transmission and distribution lines, ancillary facilities and structures; authorizing the City Manager, acting City Manager, or his designee, to make initial and final offers to execute a contract of sale, between the City of Denton, Texas (“City”), as buyer, and Terrano Realty, Inc., et. al. (“Owner”), as seller, to acquire fee title to the Property Interests for the total purchase price of \$5,288,449.00, and other consideration; authorizing the filing of eminent domain proceedings to acquire the Property Interests if the final offer is not accepted; authorizing the expenditure of funds; and providing an effective date. [Brinker Substation].

Board Member Jackson motioned to approve items A - C. There was a second by Board Member Russell. Vote 6-0 approved.

ITEMS FOR INDIVIDUAL CONSIDERATION

- A. PUB16-166** - Consider recommending approval of the Public Utilities Board Meeting minutes of July 11, 2016.

Approved as circulated

- B. PUB16-163** - Hold a discussion and provide a recommendation on the proposed Fiscal Year 2016 - 2017 Solid Waste & Recycling Department Rate Ordinance.

Scott Lebsack, Business Devel & Admin Dept. Mgr, went over the ‘red-line’ changes of the proposed Solid Waste and Recycling rate ordinances.

Board Member Bynum motioned to approve item B-PUB16-163. There was a second by Board Member Parker. Vote 6-0 approved.

- C. PUB16-164** - Consider recommending approval of the Water, Wastewater and Miscellaneous Fees Ordinances for FY 2016-2017.

Tim Fisher started the item by talking about the water portion of these ordinances. An explanation of the facility charge was given by Fisher as he outlined minor changes to the rate ordinance.

With no further questions regarding the water ordinance, Howard Martin introduced PS Arora to talk about the Wastewater Rate Ordinance.

Arora stated there are only minor changes to the rate ordinance, they were outlined in a red-line version. There was also an explanation regarding the increases for wholesale.

Board Member Carroll motioned to approve item C-PUB16-164. There was a second by Board Member Jackson. Vote 6-0 approved.

D. PUB16-167 - ACM Update

1. Rate Increase Summary
2. 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.

Parker – Salary Survey

Adjournment 11:04 a.m.