MINUTES
PUBLIC UTILITIES BOARD

Monday, February 13, 2017	9:00a.m.	Service Center Training 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, February 13, 2017 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 Susan Parker, Charles Jackson, Lilia Bynum, Brendan Carroll, and Allen Bishop

Ex Officio Members: Todd Hileman, City Manager and Howard Martin, ACM Utilities

Absent: Barbara Russell

OPEN MEETING

CONSENT AGENDA

A. PUB16-263 - Consider a recommendation for Weaver Consultants Group (WCG), Ft. Worth, Texas, to provide professional design, engineering, and emergency construction services for the installation of an expansion of the existing soil vapor extraction system, the odor control system, to provide operational training of the systems, and provide an air permit update and permit modification for these system expansions to the Texas Commission of Environmental Quality (TCEQ) for the projected amount of $272,225, (File #6330).

B. PUB17-012 - Consider recommending the adoption an ordinance defining a 0.084 acre portion of a 9.5 acre blanket electric easement recorded in Volume 357, Page 48, Deed Records, Denton County, Texas, and located in the R.B. Longbottom Survey, Abstract No. 775; providing for severability and an effective date. [Blanket electric easement description refinement to provide for specific location of electric infrastructure]

C. PUB17-023 - Consider ratification of City Council's approval of a contract with Wilson Contractor Services, LLC, Denton Texas, for installing water lines to Denton Energy Center in the amount not to exceed $530,485.15. (RFP #6403)

D. PUB17-030 - Consider recommending approval of a contract for the acquisition of (1) trommel, (1) sorting station, (1) mobile horizontal high speed grinder and (1) mobile slow speed shredder for use in landfill mining operations by the City of Denton Solid Waste Department; and providing an effective date (File 6212-awarded to multiple vendors in the amount not to exceed $1,905,610).

E. PUB17-035 - Consider recommendation of an ordinance of the City of Denton, Texas authorizing the City Manager to execute a Contract by and between the City of Denton, Texas and LCG Consulting, Inc. (LCG) regarding a Software Licensing Agreement for the UPLAN Network Power Model (NPM), Application Programming Interface (API), 2017 ERCOT Database, and ERCOT Market Tools for purpose of supporting the Energy Management Operation of DME; providing for the expenditure of funds therefore; providing an effective date of February 21, 2017 (Initial File No. RFP 5424 - Awarded to LCG Consulting, Inc. (LCG) in the amount of not-to-exceed $309,000).

F. PUB17-036 - Consider a recommendation for CP&Y, Dallas, Texas, to provide professional services to assist the City of Denton Solid Waste & Recycling Department with development, design, and construction related services for Departmental capital construction projects, in the amount of $90,000. (PSA 6381)

G. PUB17-042 - Consider recommending adoption of an ordinance of the City of Denton authorizing the City Manager or his designee to execute contract for the acquisition of one (1) Refuse Trailer for the City of Denton Solid Waste Department which are available from only one source and in accordance with Chapter 252.022 of the Texas Local Government Code, such purchases are exempt from requirements of competitive bidding; and providing an effective date (File 6361-awarded to East Manufacturing in the amount of $68,200).

H. PUB17-044 - Consider recommending adoption of an ordinance accepting competitive proposals and awarding a contract for the purchase of high density polyethylene pipe (HDPE) for the City of Denton Landfill; providing for the expenditure of funds therefor; and providing an effective date (RFP 6236-awarded to Scheele Engineering Corporation (SECOR), Houston, Tx. in the three (3) year not-to-exceed amount of $687,402).

I. PUB17-045 - Consider recommending approval to award a first amendment change order request of $85,000 to the original contract amount of $366,000 via RFP 5821 with Clevest Solutions, Inc. in accordance with the quote provided from Clevest Solutions, Inc. This change order brings the existing contract amount to a new total of $451,000. Change Order contract amendments are allowed per Local Government Code Rule §252.048(d) which allows up to a 25% increase in a contract amount.

Board Member Parker motioned to approve items A – I, second by Board Member Bishop. Vote 5-0 approved.

<u>ITEMS FOR INDIVIDUAL CONSIDERATION</u>

A. PUB17-040- Consider recommending approval of the Public Utilities Board Meeting minutes of January 23, 2017**.**

Approved as circulated.

B. PUB17-026 - Receive a presentation from staff regarding opportunities for offering Energy Management services to municipalities; discuss and deliberate strategies regarding same; discuss providing Energy Management services to municipalities.

Lilia Bynum arrived.
Mike Grim introduced Jessica Rogers, Energy Services Manager to make the presentation.
This item is regarding offering energy management services to an outside client.
Topics of discussion started with the background, potential services, benefits, next steps and finally the recommendation from staff.

Staff was approached by a municipality that purchases 100% of its energy from contracted suppliers. They are interested in DME's Renewable Denton Plan and the potential of working together. Their current contract is ending and they have issued an RFP for those services. They have requested DME respond as an alternate bidder.

Staff is focused on whether or not DME will offer those services to outside municipalities.

Potential Services include full requirements for energy management. Those services are energy QSE services and ancillary services. DME would provide municipality 24/7 service to meet their load.

When the EMO Services was formed at DME the business plan included offering these services to other customers. That plan was designed to begin approximately two years after the start-up. EMO has been very successful and staff believes this could be incorporated at an earlier date.

Benefits include extending Energy Management Services to additional municipalities. This would provide savings to ratepayers by offsetting purchase power costs.

The next steps are to go to City Council next week and give them the same presentation for direction. With favorable direction to move forward there will be site visits with potential customers, and the service options will be discussed. Following this there will be contract negotiations and pricing. The specifics will be discussed with this Board and Council.

Staff recommends continued discussions with the municipality to develop Terms and Conditions for DME to provide Energy Management Services.

Board Member Bishop asked 'what is the current capacity to take on people and energy'. Mike Grim answered that with the staffing DME currently has this can be accomplished. This load would be consistent with bringing on an additional industrial customer, around 19 Megawatts.

Board Member Parker asked if it would be perceived that DME is taking on additional load. Grim answered it has always been in the business plan to look for other opportunities to bring down current cost to our rate payers. This municipality approached DME. Grim added that risk and cost will be analyzed.

Grim then stated that Garland Power and Light provides this service to approximately 20 entities.

Chair Robinson asked about fiduciary risks with DME managing others energy purchases. Grim answered the contract will be written as such and will be reviewed by this Board. Not much work has been put forth on this, staff wanted to discuss with this Board and Council.

Robinson added it is more of DME being a broker acting on behalf of another entity. Grim answered that is a grey area. Currently DME purchases power from ERCOT. This would continue but would obtain more power for the other municipality. DME would be paid for the power plus an additional margin.

Board Member Carroll asked to define the services. Grim answered energy would be just that. Ancillary Services include services associate with the provision of energy. **Carroll asked about maintaining lines and poles.** Grim answered maintenance is not included at all.

Bynum asked how long Garland had been providing these services and if they have encountered issues associated. Grim stated he has talked with them numerous times at length they have had no difficulty at all, it is such a success they want to do more.

The staff recommends continued discussion with the municipality to develop Terms and Conditions for DME to provide Energy Management Services.

Carroll asked if this municipality had not approached DME, where were we in the development of a product to offer. Grim answered it was not on the front burner.

Robinson stated that taking advantage of infrastructure that we have in place to allow gain or a revenue center is an opportunity. **Parker added that when municipalities can come together and share talent it is good.**

Grim asked the Board permission to evaluate and investigate this opportunity. There was a consensus from the Board to continue and move forward to Council.

C. PUB17-027 - Consider recommending approval of Amendment #3 to a Contract with Barco Construction Co., for procurement of Underground Electric Service Installation for Denton Municipal Electric, while continuing electric underground service installation in the further amount of $1,209,371 (RFP #5567- Amendment #3 to Three Year Contract for Underground Service Installation Awarded to Barco Construction Co., in the original not-to-exceed amount of $4,837,484; with the not-to-exceed amount now totaling $6,046,855).

Jerry Fielder made this presentation stating this is an amendment with Barco Construction. DME is currently 56 percent underground assets and has been pretty consistent over the last five years.

Fielder talked about the approved CIP budgeted projects; residential, apartments, commercial and industrial. This is where most of the underground facilities come in.

CIP Feeder Improvements were listed that includes many projects over the city.

The revenue associated project list is quite long that includes many new projects that have a new service date earlier than October 1, 2017.

In October 2014 Barco was awarded a contract for $5,137,848. By the end of 2015, $1,496,746 had been allocated, end of 2016 $$2,410,177. Currently there is about $266,812 left of the contract with seven months left. There was an unusual project in 2016 that used much of the contract.

Field then went over the Winco Distribution project extensively.

Barco performs approximately 40 percent of conduit installations, cable pulling and terminations for the City. DME performs approximately 10 percent with develops taking care of 50 percent.

Denton Municipal Electric recommends approving a 25 percent increase ($1,209,371) in the contracted amount to Barco Construction. This will provide funding until Oct 2017, when new RFP evaluations are approved, and a new contract is in place.

Parker asked if this is permissible within the state law and without this contract DME could not keep up with the growth. Fielder agreed**,** DME couldn't keep up with growth.

Motion was made by Board Member Jackson, second by Board Member Bynum.
Vote 6-0 approved.

D. **PUB17-041-** ACM Update

1. Matrix

Comparison complete

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.

Video of Power Plant at next meeting.

Adjournment 9:40 a.m.

Approved 2/27/17