



City of Denton
MINUTES
PUBLIC UTILITIES BOARD

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

Monday, August 13, 2018

9:00 am

Work Session 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, August 13, 2018 at 9:00 a.m. in the Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas

Board Members: Chair Randy Robinson, Vice Chair Susan Parker, Lilia Bynum, Brendan Carroll, Charles Jackson and Karen DeVinney

Ex Officio Members: Todd Hileman, City Manager and Mario Canizares, Assistant City Manager

Absent: Allen Bishop

At the beginning of the meeting, DME introduced their Rodeo Teams associated with the ACM Update.

Chair Robinson introduced and welcomed new Board Member Karen DeVinney.

WORK SESSION

A. PUB18-128 - Receive a report, hold a discussion, and give staff direction regarding proposed updates to the GreenSense Incentive Program, the GreenSense Incentive Program Manual, and Distributed Generation Manual for FY 2018-19.

George Morrow started the presentation talking about the background and timeline of the program.

1998 – EnergySave Program

2009 – GreenSense Rebate Program

2016 – DME partnered with Sustainability

2017 – GreenSense Incentive Program

2018 – GreenSense Incentive Program additions of electric vehicles.

The history of this year included seven categories with 353 rebates issued with a total of \$100,642 as of June 30, 2018. Solar allowances were also well received and rebated as well.

All the rebate funds were committed early on.

The budget was talked about with the increase in rebates. Solar rebates started at \$200,000, went to \$300,000 and this year asking to be increased to \$500,000 for the next fiscal year.

Changes in the GreenSense program include:

- Weatherization Supplies Rebate Addition
- Clarification that all plug-in electric vehicles qualify for \$300 rebate
- Standard Offer Incentive Change (commercial accounts)
- Increased budget from \$200,000 to \$500,000 for solar systems
- Replaced flat solar rebate with tiered rebate based on size

Distributed generation proposed updates:

Solar Photovoltaic Rebate Change, current is .75 per AC Watt, the tiered changes was shown on a table.

Chair Robinson asked of the 57 participants in solar, where are they on the kW scale. Elizabeth Ruiz answered the average was five to six kW, with a range from four to ten.

Morrow added that solar has become very reasonable in price.

Robinson then asked if all the 81 applications that were approved, would they have been covered with the new amount that has been requested for the coming year. Ruiz answered if the tiered approach had been in place this year all of them would have been covered and would have ran out of funds in the beginning of July. Board Member Parker added that the tiered will help more customers, Ruiz agreed.

Robinson would like to know how DME rebates compare to other utilities in the area, staff will bring that information back.

There was a consensus to move this item forward.

REGULAR MEETING

1. CONSENT AGENDA

- A. **PUB18-093** - Consider recommending approval of an Ordinance authorizing the City Manager, or his designee, to execute a Confidentiality Agreement between the City and TrailStone Power LLC. (“TrailStone”); providing for a severability clause; and providing for an effective date.
- B. **PUB18-101** - Consider recommending that the City Council adopt an ordinance providing for, authorizing, and approving the execution by the City Manager, or his designee, of a Base Contract for Sale and Purchase of Natural Gas, between the City of Denton and Tenaska Marketing Ventures (“Tenaska”), a partnership affiliate of Tenaska Energy, Inc. and Tenaska Energy Holdings, LLC., with offices in Arlington, Texas; approving the execution of such other and further related documents deemed necessary to effectuate the transactions allowed under this contract by the City Manager or his designee; determining that specific information contained in said contract pertain to a “Competitive ElectricMatter” as set forth under the provisions of §§551.086 and 552.133 of the Texas Government Code, as amended; allowing the public to inspect, but not reproduce, the Contract as redacted; and, providing an effective date.
- C. **PUB18-135** - Consider recommending approval of an ordinance of the City of Denton, Texas establishing the schedule of rates for electric service; providing for a repealer; providing for a severability clause; and providing for an effective date.
- D. **PUB18-147** - Consider recommending adoption of an ordinance authorizing the City Manager, or his designee, to execute an amendment to the Transmission Operator, Maintenance, and Construction Services Agreement (“Agreement”) between the City of Denton (“City”) and the Texas Municipal Power Agency (“TMPA”) that extends the term of the existing agreement by two years to September 1, 2020; authorizing the expenditure of funds; and providing an effective date.
- E. **PUB18-149** - Consider recommending adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation, authorizing the City Manager to execute a Professional Services

Agreement with Garver, LLC for design and bid phase services for the Lake Lewisville Water Treatment Plant filter backwash and sedimentation basin wash-down residuals dewatering facility as set forth in the agreement; providing for the expenditure of funds therefor; and providing an effective date (RFQ 6590-025- Professional Services Agreement for design and bid phase services awarded to Garver, LLC, in the not-to-exceed amount of \$520,920).

- F. PUB18-156** - Consider recommending adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation, authorizing the City Manager, or his designee, to execute a contract through National Joint Powers Alliance Cooperative Purchasing Network Contract # 032515 for the purchase of a Caterpillar Inc. Model 836K refuse compactor for the City of Denton Solid Waste Department; authorizing the expenditure of funds therefor; and declaring an effective date (File 6869- awarded to B.D. Holt CO. dba Holt Texas, Ltd., in the not-to-exceed amount of \$1,031,787.07).

Susan Parker pulled this item for questions. She stated by looking at the backup there was an opportunity to rent the equipment for \$9,000, why we are purchasing for such a greater amount.

Kenneth Banks stated that solid waste is in a pretty bad situation regarding the 826 equipment. Both units are down because they had specialized wheels added that were heavier and required screening that is causing breakdowns. Since about June 30th they have been using a bulldozer which is not a good long term solution. The 836's were pointed out by Blue Ridge as the equipment that was necessary. The tonnage and airspace saved was discussed.

Kenneth Banks called Randall Morris up to comment on the rentals. It is his understanding that the availability of that equipment is very low and unlikely to be able to get in. Morris also added that the company is taking a piece of equipment in on trade. There was some further explanation.

Board Member Carroll asked where the numbers for efficiency and air space come from. Morris answered that staff did those calculations based on information for the equipment that was provided by the company.

**Board Member Parker motioned to approved item F, seconded by Board Member Carroll.
Vote 6-0 approved.**

- G. PUB18-157** - Consider recommending adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation, authorizing the approval of a third amendment to a Professional Services Agreement between the City of Denton and Hazen and Sawyer, P.C., amending the contract approved by City Council on January 6, 2015, in the not-to-exceed amount of \$136,017, amended by Amendments 1 and 2 approved by the Purchasing Manager and City Council, said third amendment to provide additional Pecan Creek Water Reclamation Plant process modeling to evaluate and model process upgrade technologies, and develop cost estimates for possible capacity expansion of the Pecan Creek Water Reclamation Plant; providing for the expenditure of funds therefor; and providing an effective date (File 5718 - providing for an additional third amendment expenditure amount not-to-exceed \$88,984, with a total contract amount not-to-exceed \$371,159).
- H. PUB18-159** - Consider recommending adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation, authorizing the City Manager, or his designee, to execute a contract through the Buy Board Cooperative Purchasing Network Contract # 521-16 for the acquisition of six (6) Peterbilt refuse collection trucks Model 520LH for the City of Denton Solid Waste Department; providing for the expenditure of funds therefor; and providing an effective date (File 6866- awarded to Rush Truck Centers of Texas, L.P. in the amount of \$1,826,172).

Board Member Jackson motioned to approved items A, B, C, D, E, G, and H, second by Board Member Bynum. Vote 6-0 approved.

2. ITEMS FOR INDIVIDUAL CONSIDERATION

- A. PUB18-151** - Consider approval of the Public Utilities Board Meeting minutes of July 23, 2018.

Board Member Parker motioned to approve, second by Board Member Jackson. Vote 5-0 approved, DeVinney abstained she was not on the Board at that time.

- B. PUB18-153** - Consider recommending adoption of an ordinance of the City of Denton, Texas, authorizing the City Manager, or his designee, to execute an Advance Funding Agreement (AFA) in the amount of \$6,864,979.98, by and between the State of Texas, acting through the Texas Department of Transportation (the “State”) and the City of Denton (the “City”), regarding water and wastewater improvements associated with the US 377 (Ft Worth Drive) roadway widening project. The City will make two incremental payments to the State. The first payment will be upon full execution of the AFA and will be in the amount of \$3,864,979.98. The second payment will be in the amount of \$3,000,000.00 after receiving additional RTR funds from NCTCOG in the amount of \$3,000,000.00.

Chad Allen gave the presentation stating this item is about the Fort Worth Drive utility relocations project. This is associated with the US377 roadway widening project.

Allen stated that staff is asking this Board to recommend adoption of an ordinance of the City authorizing the City Manager to execute an Advance Funding Agreement (AFA). This is between the City of Denton and the State of Texas (TxDOT), regarding the water and wastewater utility improvements that have to be moved out of the right-of-way. The amount is in the amount of \$6,864,979.98.

This will be made in two different payments. The first will be \$3,864,979.98 from the City of Denton funds, then staff expects to receive \$3,000,000 from RTR funds issued by NCTCOG for the remainder.

Project overview was shown with a map and descriptions.

Before any of the work on the roadway can be accomplished the utilities have to be moved. This will include water and wastewater lines, water meters, and sewer service cleanouts to be outside of the proposed pavement area.

In order for this to happen the City of Denton has to enter into an AFA, this allows to put the utility work in with the scope of the TxDOT project. The utilities will be constructed by their contractor.

On July 8 Allen came before this Board with the draft AFA and estimates for the utility relocation to be \$3,211,720. The next day bids were received by TxDOT, there were nine bidders. The low bidder for the project was SEMA Construction Inc., with a total bid of \$43,621,757.47 for the overall total project that includes TxDOT and the utility relocations.

Allen showed the list of the bids that had SEMA as the overall low bidder. When you just look at the utility work, that portion was higher than most of the other bidders. TxDOT is obligated to use the overall low bidder.

All stakeholders including TxDOT, NCTCOG, Denton County and the City of Denton agree the bids for the utility work came in unreasonably high from the overall low bidder.

The stakeholders came up with the solution: NCTCOG has agreed to proposed Regional Transportation Council (RTC) approval at the October 2018 meeting of an additional \$3,000,000 in Regional Tool Revenue (RTR) funds for use in covering the additional public utility costs.

The final advance funding agreement was talked about. The check for \$3,864,979.98 will be sent to TxDOT as soon as Council Approves. The additional \$3,000,000 will be made by February 2019. This will be sent after the City receives additional RTR funds that are anticipated to be approved at the October 2018 RTC meeting.

Recommendation is for this Board to recommend to Council adoption of an ordinance by the City to execute the AFA between the City and the State of Texas in the amount of \$6,864,979.98 regarding water and wastewater utility improvements associated with the US 377 (Fort Worth Drive) roadway widening project.

Board Member Parker asked what happens if we do not get the \$3,000,000. Allen answered that all the stakeholders are onboard with this approach, but there is not a guarantee at this point. This is a very important project for the overall region and could cause a delay if funding isn't available. No one wants a delay. Parker then asked if the utility portion was high because that isn't what they do. Allen agreed with that and also added since utility work has to be done first this could get more cash on hand.

Robinson stated that the AFA is not contingent upon receiving \$3,000,000. Allen agreed.

Brian Langley we do expect the funds to come from NCTCOG but if that does not occur we will come back on how we will have to restructure some of the capital program or how we will come up with those funds internally.

Board Member DeVinney asked the schedule of the project. Allen answered it will take two to two and a half years, expecting to start in November 2018.

Board Member Bynum asked how badly it would impact capital projects. Langley answered it would impact projects, this is a priority for Denton.

Board Member Carroll could the utilities portion be pulled out? Allen answered it could but it would cause about 18 months of delays, which would be worse.

Board Member Parker motioned to approved item B, second by Board Member Bynum. Vote 6-0 approved.

Carroll recommended thinking about options before October just in case.

C. PUB18-152 - ACM Update:

1. Texas Lineman Rodeo
2. Summary of proposed rate decreases for the 2018-2019 budget
3. Future Agenda Items
4. Matrix

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

Carroll – Did the Spencer station come on line during the hot time this summer.

Parker – July 23 Wall Street Journal reported ‘Russian hackers reach utility systems and homeland security officials say’. What are we doing to make sure that doesn’t happen in Denton.

CLOSED MEETING

A. **PUB18-154** - Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code Section 551.086; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive a presentation from staff regarding public power competitive and financial matters about power purchase agreements under development as a result of the City’s participation in the New Braunfels Utility’s Request for Proposal for the purchase of solar-generated electric power (“NBU RFP”); discuss and deliberate strategies, opportunities and agreements for the City to potentially purchase solar-generated electric power as a result of the City’s participation in the NBU RFP. Consultation with the City’s attorneys regarding legal issues associated with the agreements described above where 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 City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

Adjournment: 9:54am

Approved: August 27, 2018