



**City of Denton
MINUTES
PUBLIC UTILITIES BOARD**

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

Monday, February 10, 2020

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, February 10, 2019 at 9:00 a.m. in the Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas

Board Members: Chair Susan Parker, Secretary Ed Soph, Russell Bafford, and Charles Parker

Absent: Mario Canizares, Assistant City Manager, Vice Chair Billy Cheek, Karen DeVinney, and Barbara Russell

Ex Officio Member: Kenneth Banks, General Manager Utilities

WORK SESSION

- A. PUB20-028 - Receive a report, hold a discussion and give staff direction regarding credit and collections performance and processes.**

Crista Foster, Customer Service Manager, gave the presentation starting with the background. This included Credit and Collection policies that were updated in February 2018. In March 2019 Navigant Consulting reviewed performance related to 2018 policy changes and reinforced concerns regarding growth of uncollected debt. In August 2019 the Performance update was provided to this Board and to Council.

The policy and debt performance was shown on a graph and detailed.

Red Flags Rule Background was talked about that was introduced in January 2008 to help protect consumers from identify theft. This rule applies to all financial institutions and creditors. It sets out how those organizations must develop, implement, and administer their Identity Theft Prevention Programs.

In April 2009, Customer Service began following the Red Flags Rule, but did not adopt the ordinance. Customer Service is proposing ordinance and program adoption by Council.

Next steps include:

- Adopt Red Flags Rule ordinance and program as recommended by TML.
- Continue to monitor uncollectible debt trend
- Continue current deposit and collections processes
- Focus on growth of the Pay As You Go prepaid metering program as a debt containment strategy with reduces customer financial burden.

Board Member Bafford asked for a copy of the red flags provision. Foster answered it will be sent in about 2 weeks.

There were many questions by the Board Members with answers given by Foster and David Gaines, Director of Finance.

B. PUB20-031 - Receive a presentation and hold a discussion regarding the Water and Wastewater Cost of Service and Rate Design Study.

Nic Vincent, Assistant Director of Finance, presented this item.

Cost of service and rate design process was detailed first.

- City contracted with Raftelis to update the cost of service and rate design for the Water and Wastewater Funds.

- Studies are updated every five years (last update 2015)

- Study period FY 2020-2025

- Cost of Service and Rate Design Studies identify revenue requirements for each customer class to achieve specific policy objectives.

- American Water Works Association (AWWA) cost allocation principles are used to establish revenue requirements for each customer class.

Step 5 – Assess effectiveness in addressing pricing objectives

Step 4 – Design rate structure

Step 3 – Allocate costs

Step 2 – Identify revenue requirements and demand projections

Step 1 – Identify financial and pricing objectives

Identify revenue requirements was shown on a flow chart and explained.

Current pricing structure and objectives was shown on a table and talked about for water and wastewater.

Next steps

- Complete Cost of Service and Rate Design Study between February and May 2020.

- Final Report and Presentation to this Board and Council June 2020

- Rate Adoption September 2020.

Board Member C. Parker asked about the pricing for water prices. Vincent answered we work with a consultant, but the direction comes from this Board and Council.

C. PUB20-038 - Receive a report and hold a discussion regarding the following with respect to Green Tree Estates:

1. Actions taken, and expenditures made, by the City in accordance with the Mayor's Declaration of Disaster dated November 13, 2019 and Ordinance No. 19-2784;
2. Existing site conditions;
3. Code compliance observations, issues, and resolutions;
4. Water, wastewater, road, and drainage infrastructure improvement options; and
5. Alternative housing solutions for the residents

Ryan Adams, Deputy Director of Public Affairs, gave this presentation to give an update.

The residents of Green Tree Estates was served by a private water supplier from a well. That supplier ceased that supply of water and the residents were left without water last fall. In November 2019 the City declared a disaster and began delivering non-potable water three times a week.

On February 4 staff updated Council on the progress since this began. The original Declaration of Emergency was set to expire on February 12, what the plan would be for February 13. Steps to connect to City Water and issues to consider were discussed.

Summary of Dec 10 Work Session

City Will:

1. Extend Declaration of Disaster by 100 days
2. Continue provision of potable and non-potable water through May 22
3. Offer voluntary courtesy inspections
4. Address life, safety, and health issues with non-occupied structures

City requested GTE residents and property owners: to confirm ownership of all GTE roads and easements. Confirm ownership of all GTE lots. Confirm which lots are owner-occupied. Confirm which property owners are interested in connecting to a water meter. Schedule courtesy inspections and begin paying for water on February 13.

Staff's plan to provide water is to set meters at the boundary and the residents would have to connect there.

There were two Resident/Property Owner Meetings on December 19, 2019 and February 3, 2020.

Current Status

- City Expenditure update: \$31,823
- Disaster Declaration Extension of Agenda
- Residents beginning to receive bills for water service
- City addressing non-occupied "attractive nuisances"
- City has not received all requested information from GTE residents or property owners
- City has not received requests for courtesy voluntary inspections for dwellings

Beginning Feb 13

- Residents will be charged for water
- Pre-billed
- Cost per week (bills will be monthly)

Connection to City Water System was discussed with a list of items that the property owner must accomplish.

May 23, 2020

- Declaration of Disaster expires
- Water service ceases
- City loses ability to lawfully properties to deliver water

The issues that were considered and what happens if all the above items are not completed was talked about.

Fees to the City based on participation was showed on a table showing if one or all participate.

Board Member C. Parker asked about the portions of costs, and how much is the impact fee.

Kenneth Banks answered the impact fee is around \$5,352.

Adams then showed a map of the area.

Board Member Bafford asked about the history of GTE, he asked if this was in the City Limits. Adams answered it was annexed in 2013 but existed many decades before that in the County. **He then stated that the City water was not run up to the boundary of the property.** Adams answered that is correct, staff set up a service plan, but the property owner did not follow the steps to connect and opted to keep supplying water.

Board Member C. Parker asked if the owner asked to be annexed for the City approached him. Kenneth Banks answered the annexation encompassed a much larger area that included the GTE and was instigated by the city.

Board Member Soph asked if there are any other communities like this. Ryan answered there are other areas that are supplied by private wells. Staff is aware but do not believe there are any immediately, but certainly could happen.

Board Member Soph asked if the owner liable? Adams answered the PUC and TCEQ stated this was not large enough for them to regulate. They saw this as a private relationship. City staff had information to the contrary and submitted it to the State agencies and have not received a response.

Chair Parker asked how long it has been since this was supplied to the State. Adams answered about two months.

Council Direction

- Continue with direction given on December 10
- Continue to communicate connection requirements
- Schedule Council Discussion on Pro-Rata agreement feasibility
- Provide additional information to Council
- Schedule update to Council one month prior to May 23.

There were some final questions and comments.

REGULAR MEETING

1. CONSENT AGENDA

- A. PUB20-029**– Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the approval of a third amendment to a Professional Services Agreement between the City of Denton and Teague Nall and Perkins, Inc., amending the contract approved by City Council on October 16, 2018, in the not-to-exceed amount of \$167,500; amended by Amendments 1-2 approved by City Council and Purchasing Staff; said third amendment to provide additional design services for the West Hickory Street Drainage, Paving and Sidewalk Project; providing for the expenditure of funds therefor; and providing an effective date (File 6590-043 – providing for an additional third amendment expenditure amount not-to-exceed \$64,625, with the total contract amount no-to-exceed \$341,425).
- B. PUB20-030** – Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, rejecting any and all competitive proposals under RFP 6890 for the supply of a utility-scale for solar energy for the City of Denton; and providing an effective date (RFP 6890).

Board Member Bafford asked what a utility-scale for solar energy is. Terry Naulty, Assistant General Manager, answered anything over a megawatt is considered a utility-scale solar installation. This item is being rejected. Naulty went on to explain staff is attaining the 100 percent renewable,

which is now under contract. This was a long-term contract that was at the end of 2018. Some items will be added in the near future that will give the City more control over volumes and terms.

Board Member Soph asked if this energy was in the form of REC's. Naulty answered this was specified in the RFP to be both energy and REC's.

Board Member Soph motioned to approve item B with a second by Board Member Bafford. Vote 4-0.

- C. PUB20-032** – Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Xylem Water Solutions USA, Inc., for the purchase of Flygt pumps, equipment, parts, supplies, and services used by the Water Reclamation Department to operate and maintain the City of Denton sewage pumping stations and treatment plants, which is the sole provider of these commodities and services, in accordance with Texas Local Government Code 252.022, which provides that procurement of commodities and services that are available from one source are exempt from competitive bidding, and if over \$50,000 shall be awarded by the governing body; and providing an effective date (File 7172 - awarded to Xylem Water Solutions USA, Inc., for three (3) years with the option to renew for an additional two (2) one- year periods, in the five (5) year not-to-exceed amount of \$1,000,000).
- D. PUB20-035** - Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager, or his designee, to execute a contract with Green Equipment Company, through the Buy Board Cooperative Purchasing Network Contract # 577-18, for the purchase of parts and labor cost, maintenance and spare components for sewer inspection equipment with distributors EnviroSight, Radiodetection, and Pearpoint products for the Water Utilities Department; providing for the expenditure of funds therefor; and providing an effective date (File 7274 - awarded to Green Equipment Company, in the two (2) year not-to-exceed amount of \$200,000).
- E. PUB20-039** – Consider recommending adoption of an ordinance of the City Of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Industrial Power, LLC, for the purchase of two (2) new rear load refuse trucks for the Solid Waste Department, in accordance with Texas Local Government Code 252.022, which provides that procurement of commodities and services that are necessary to preserve and protect the public health and safety of the municipality's residents are exempt from competitive bidding, and if over \$50,000 shall be awarded by the governing body; and providing an effective date (File 7273 - awarded to Industrial Power, LLC, in the not-to-exceed amount of \$240,451).

Board Member C. Parker motioned to approve items A, C, D and E with a second by Board Member Bafford. Vote 4-0.

2. ITEMS FOR INDIVIDUAL CONSIDERATION

- A. PUB20-036** - Consider approval of the minutes of January 27, 2020.

Board Member C. Parker motioned to approve this item with a second by Board Member Bafford. Vote 4-0.

- B. PUB20-033** - Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with S & J

Construction Co., Inc., for the construction of the North/South Water Main Phase III project for the City of Denton with geographical limits as follows: From I-35E Service road north on Bonnie Brae to Panhandle; providing for the expenditure of funds therefor; and providing an effective date (IFB 7200 - awarded to S & J Construction Co., Inc., in the not-to-exceed amount of \$4,000,551.18).

Seth Garcia, Project Manager, presented this item.

Project overview –

The Phase 3 Project consists of laying 4,200 feet of 42-inch transmission main and 900 feet of 12-inch water main on Bonnie Braw from I-35 Service Road to Panhandle.

This solicitation was sent to 296 with eight bids received. The favorable bid was received from S & J Construction Co., Inc.

Construction schedule includes going to Council on February 18, 2020 and construction complete by February 2021.

Recommendation is to adopt an ordinance accepting the competitive low bid and award the contract to S & J Construction Co., Inc.

Board Member Bafford asked if this firm done work in Denton before. Garcia answered they have not, but one reference showed work in Wichita Falls on reuse lines. **Bafford then asked the process for evaluative new contractors like this.** Garcia answered our engineering firm called the references of the contractor which gave favorable comments.

Board Bafford motioned to approve this item with a second by Board Member Soph. Vote 4-0.

- C. **PUB20-034** – Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Quality Excavation, LLC, for the 2019 Street Reconstruction project for the City of Denton with geographical limits as follows: Hercules Lane from Locust Street to Stuart Road, Scripture Street from Thomas Street to Jagoe Street, Thomas Street from West Oak Street to Panhandle Street, and Windsor Drive from North Locust Street to Armstrong Street; providing for the expenditure of funds therefor; and providing an effective date (IFB 7237 - awarded to Quality Excavation, LLC, in the not-to-exceed amount of \$10,202,355.45).

Trevor Crain, Project Manager, gave this presentation.

Project overview –

The project consists of roadway, water and wastewater improvements on section of Hercules Lane, Scripture Street, Thomas Street and Windsor Drive. A map was shown of the areas.

There were four bids received with Quality Excavation being the low bidder.

Construction schedule includes going to Council on March 2, 2020, notice to proceed on March 23, 2020 and construction complete by March 23, 2022.

Recommendation is to adopt an ordinance accepting the competitive low bid and award the contract to Quality Excavation.

Board Member Bafford asked what the quality control process for projects like this is. Crain responded in the contract it is required by the contractor to provide testing and have that lab on site. We also spot check their testing with our own tests. There were a few more questions.

Board Bafford motioned to approve this item with a second by Board Member C. Parker. Vote 4-0.

D. PUB20-037 - Assistant City Manager Update:

1. Solid Waste Management Study Scope of Work
2. Sagebrook Municipal Services Agreement
3. Future Agenda Items
4. New Business Action Items


3. 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

No concluding items

Adjournment: 10:02 am

Approved on 2/24/2020

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Susan Parker

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Kim Mankin