



# City of Denton MINUTES PUBLIC UTILITIES BOARD

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

**Monday, February 24, 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 24, 2019 at 9:00 a.m. in the Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas.

**Board Members: Vice Chair Billy Cheek, Secretary Ed Soph, Russell Bafford, Charles Parker  
Karen DeVinney and Barbara Russell**

**Ex Officio Member: Mario Canizares, Assistant City Manager**

**Absent: Chair Susan Parker**

## **REGULAR MEETING**

### **1. CONSENT AGENDA**

- A. **PUB20-045**– Consider recommending adoption of an ordinance authorizing the City Manager to execute a water main cost participation agreement between the City of Denton and Westray Group, LP, a Texas limited partnership, for the City's participation in the oversizing of water mains and in accordance with the terms and conditions of this ordinance; authorizing the expenditure of funds therefore; and providing an effective date. (in the not-to-exceed amount of \$137,758.00).
- B. **PUB20-046** – 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 United Electronic Recycling, LLC, for electronic recycling services for the City of Denton; providing for the expenditure of funds therefor; and providing an effective date (RFP 7156 - awarded to United Electronics Recycling, LLC, in the three (3) year not-to-exceed amount of \$161,252.20).

#### **C. Parker asked what happens with the electronics and what the UER does.**

Brian Boerner, Director Solid Waste, answered as part of the services for the City of Denton residents they take electronics for proper disposal. Once they are received rough sorting happens and a company picks them up and takes them to their facility. They check to see if it is operational, if so they wipe it and can re-sell it. They will disassemble the items for use of parts. Left over pieces will be disposed of within the states, they are not sent overseas. **C. Parker's concern is we are paying \$400 per ton, but we allow people to dump at \$40 per ton.** Boerner agreed it is a net cost for the City of Denton to dispose of this material. There was more discussion regarding the hazards for the landfill. **Board Member Devinney ask if it is the same company that took care of this before,** Boerner answered no it was another company. **Board Member Soph added this company is good, they have a zero-landfill capacity.**

**Board Member Soph motioned to approve with a second by Board Member Devinney. Vote 5-1, C. Parker voted against.**

- C. **PUB20-048** – Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, rejecting any and all competitive bids under RFP 7160 for the

supply of scale house management software for the Solid Waste and Recycling department; and providing an effective date (RFP 7160).

- D. **PUB20-050** - Consider adoption of an ordinance ratifying the expenditure of funds by the City Manager and the Purchasing agent for the emergency purchases for the State School Interceptor sewer line failure and the Hickory Creek forcemain break in accordance with Texas Local Government Code 252.022, which provides that procurement of commodities and services made to preserve or protect the public health or safety of the municipality's residents is exempt from competitive bidding, and if over \$50,000 shall be awarded by the governing body; and providing an effective date (File 6917 - State School failure expenditure of \$260,709.20 and Hickory Creek forcemain break expenditure of \$71,245.49).
- E. **PUB20-053** – 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 Telvent USA, LLC, amending the contract approved by City Council on May 7, 2013, in the not-to-exceed amount of \$491,813.75; amended by Amendment 1-2 approved by Purchasing; said third amendment to provide continued vendor support of the Denton Municipal Electric (DME) ArcFM Solution and associated software modules along with new hardware and software upgrades; which is the sole provider of this software, 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; providing for the expenditure of funds therefor; and providing an effective date (File 5770 - providing for an additional three (3) year term and third amendment expenditure amount not-to-exceed \$142,000, with the total contract amount not-to-exceed \$722,980.75).

**Board Member Russell motioned to approve items A, C, D and E with a second by Board Member Bafford. Vote 6-0.**

## **2. ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. **PUB20-042** - Consider approval of the minutes of the February 10, 2020 meeting.

**With one addition to the minutes, Board Member C. Parker motioned to approve with a second by Board Member Soph. Vote 6-0.**

- B. **PUB20-049** - 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 Altec Industries, Inc., through the Sourcwell Cooperative Purchasing Network Contract number 012418-ALT, for the acquisition of Altec model aerial trucks for various City Departments: Electric Distribution, Electric Operations, Traffic, and Parks; authorizing the expenditure of funds therefor; and declaring an effective date (File 7287 - awarded to Altec Industries, Inc., in the two (2) year not-to-exceed amount of \$3,000,000).

Terry Kader, Fleet Superintendent, gave the presentation for this item and started with the background.

Current city fleet includes 32 aerial trucks in DME, Parks, and Traffic departments. Fleet purchase Altec when available models are a fit for operational needs. Fleet also utilizes factory trained Altec field service technicians.

Proposed contract purchases include:

2020 – current need

- (5) AT48M Altec aerials - quote \$856,430
- (1) TA60 Altec aerial – quote \$257,427

2021 – anticipated replacements and additions

- (3) TA60 unites- estimated \$825,000
- (4) AT48M Altec units – estimated \$720,000

Contract benefits

- Sourcewell Cooperative Purchasing Network Contract
- Altec provided Freightliner or Dodge 5500 chassis
- Altec acceptance of letters of intent for reduced truck delivery times
- Factory trained on-site technicians for maintenance and repair
- Department confidence in acquired aerial trucks

Staff recommends awarding a two-year contract to Altec Industries in a total not to exceed amount of \$3,000,000.

**Board Member Bafford stated (6) this year and (7) next year then asked how many are replacements,** Kadar answered (2) are replacements. Terry Naulty, Asst General Manager of DME added that they have restructured their crews and there is a need for additional vehicles.

**Board Member Bafford then asked if there have been any accidents in the last 5 years,** Naulty answered they have not.

There was some more discussion regarding the replacements. There is a work session agenda item that will explain the criteria for replacements.

**Board Member C. Parker motioned to approve this item with a second by Board Member Soph. Vote 6-0.**

**C. PUB20-044 - Assistant City Manager Update:**

1. Denton Energy Center December 2019 Dashboard
2. DME Hedge Plan Acronyms
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

**Board Member Soph – Asked if the Environmental Preferred Purchasing policy has been updated**

## **WORK SESSION**

- A. PUB20-043** - Receive a report, hold a discussion, and provide direction regarding the Electric, Water and Wastewater Management Study performed by NewGen Strategies and Solutions, LLC.

Kenneth Banks, General Manager Utilities, started the presentation on the Utilities Management Study.

Outline was shown that included:

- Management Study Background
- Finding and Recommendations
- Follow up survey
- Conclusions
- Staff Actions

This has taken about 18 months to complete.

Management Study Background:

- Charter Requirement - At intervals not exceeding ten (10) years the council shall at the expense of the utilities involved, cause a general management survey to be made of all utilities under the jurisdiction of the board by a competent management consulting or industrial engineering firm, the report and recommendations of which shall be made public.
- Study Elements - Governance • Organizational Structure • Financial Practices • Development Policies • Support Services • Franchise & Payment in Lieu of Taxes • Communications • Public Relations • Planning • Budget Process including Operations & Capital Budgeting • Rate Development • Operational Cost Comparative Analysis • Staff interviews • Onsite Inspections • Survey of City Manager's office staff, PUB, Council • Follow up survey

Management Study by NewGen

- NewGen strategies & Solutions retained to perform a Management Study of Utilities (Electric, Water and Wastewater).
- Project kickoff on September 17, 2018. Most data collection during the fall of 2018, including staff interviews.

General Findings and Recommendations

-Findings

- The 1998 and 2008 Management Studies generally had similar scopes of work, but also focused on certain topics. The 1998 report focused on electric utility deregulation and the 2008 report focused on the cost of shared services.
- The ten-year timeframe may be too long; many changes can occur in this time.
- Each of the three utilities have experienced leadership changes.

-Recommendations

- Future management studies should align with the holistic organizational assessment approach used in this study.
- Consider either an internal or external management study Interim Review every five (5) years that tracks progress of recommendations from the previous Management Study.

Terry Naulty, Assistant General Manager DME, gave the Electric portion

Naulty went over some of the high-level findings of the report. 'What's working – Electric'

- Organization – Good Place to Work
- People – Good people/team capable of doing excellent work, Apprenticeship Program
- Process – Working with Finance to setup ERCOT settlement process/ accounts
- Infrastructure – Electricity Reliability and Compliance is Good (NERC certified). DME has experienced very high levels of reliability and even sustained significant 20 MW peak jump in the last year. The 2018 SAIDI/SAIFI ratings were good to excellent.

#### Findings & Recommendations for Electric

Key issues included communication, the need for improved coordination and issues between engineering and operations. Descriptions as well as recommendations were listed for each issue.

Next listed were finance key issues that included long term forecasting, debt service coverage is below Fitch median of 2.1, working capital for enterprise funds and capital planning. Descriptions as well as recommendations were listed for each of these issues as well.

Next key issues were people related - morale, succession planning and turnover/resource/allocation/acquisition.

Last key issues were processes and strategies.

Board Member Soph asked if DME has met with our sustainability department to see what is upcoming in the next 35-40 years as it will start to become hotter. Naulty answered it is difficult, but we don't plan that far in the future. Staff must be cognizant of practicality of technical advancements.

Kenneth Banks returned to talk about Water and Wastewater survey results. 'What's Working'

- Organization – Good place to work with loyal staff
- People – Good people who enjoy working here
- Process – Development of Project Management Office and more data driven focus
- Infrastructure – Limited wastewater spills and award-winning drinking water quality

#### Findings & Recommendations for Water/Wastewater

Key issues included communication, formal corporate communication function, communication, public relations and execution of capital planning. Descriptions as well as recommendations were listed for each issue.

Next listed were finance key issues that included utilities rate group, improve timeliness of capital spending and debt service coverage below Fitch median of 2.1. Also listed under finance were long-term forecasting, service delivery backlog and working capital targets for enterprise funds.

Next key issues were people related – succession planning, need for improved coordination, and need training program for Utility operations and management. Also, people related were resource allocation/acquisition and resistance to change.

Last key issues were strategies and technology.

Banks then talked about the Management Study follow-up survey

- Much of the Management Study field work and interviews were conducted in 2018.
- NewGen distributed a survey to original survey participants in Fall 2019. Given the timing and potential for changes in perspectives, these responses serve as a measure of progress or direction relative to the initial Study results.

Banks then showed and explained graphs that pertained to Electric and then Water/Wastewater regarding those surveys.

Benchmarking for Electric was shown and discussed by Terry Naulty. The same was talked about by Kenneth Banks for water and wastewater.

Those key issues were: Electric - Effective rates, expenses, liquidity, uncollectible accounts and load growth trends. Water/Wastewater - Effective rates, liquidity and productivity.

Conclusions with all was talked about by banks.

- Electric: NewGen believes DME is operationally very well run and did not find any “red flags” requiring immediate attention. Findings and recommendations will help improve and refine operations

- Water / Wastewater: NewGen believes the water and wastewater utilities are operationally sound and did not find any “red flags” requiring immediate attention. Findings and recommendations will help improve and refine operations

- Survey: 2019 Survey indicates that substantial progress has been made since the study commenced in 2018.

Examples of actions: future work sessions

- Reorganizations in DME, Water, Wastewater

- Safety Initiatives:

- Communication and staff development

- Financial

- Asset management

There was a few of questions and comments during the presentation.

**C. Parker asked if the full report is available for the Board.** Banks responded it will be after it goes to Council and the draft is finalized into the complete report.

**B. PUB20-055 -** Receive a report and hold a discussion regarding the Fleet Services Vehicle and Equipment Replacement Process to include best practices, strategy, criteria, and applicable ordinances.

Terry Kader, Fleet Superintendent, gave this presentation.

Fleet Services Operation Overview includes

- Approximately 1,200 City assets - acquired value \$100M+

- Cradle to grave asset management

- Procurement

- Repair and maintenance

  - 19 Technicians

  - 2 maintenance shops

- Disposal

- Annual Fleet budget = \$10.8M

Replacement strategy

- Best practices - American Public Works Association (APWA)

- Criteria assigned by vehicle class and operating conditions – Age, Meter, Maintenance cost/downtime

- Assets are flagged based on set criteria

-Process currently under operational review

**Acting Chair Cheek asked how accidents are treated.** Kader stated this is tracked in their system for cost analysis and warranty needs.

Clean fleet ordinance

-RTC and NCTCOG Clean Fleet Ordinance 2015-305

-Signed October 20,2015

-Governs activities pertaining to asset replacement and maintenance practices

**Soph asked the percentage of the fleet are hybrid or all electric.** Kader answered there are four all electric sedans, there are several hybrid electric vehicles (example Prius) there are a couple bucket trucks as well. The percentage is relatively low. There are some hybrid refuse trucks, you must be careful that the maintenance costs are not too expensive. **Soph would like a copy of the latest Clean Fleet Ordinance.**

**Soph then asked about the Idling policy.** He has seen many vehicles idling. Kader answered there is an ordinance in place. There is not a department that is responsible for policing that policy, it is more of an education. There are also exclusions in that policy for weather, environmental conditions for the operator and emergency vehicles. Some vehicles are required to idle for the work.

Replacement Point system examples was shown with a couple of examples.

Published Replacement Criteria was shown on a very detailed table with all the City of Denton vehicles included.

**Board Member Bafford asked if there is data kept that would include the consequences of equipment being down.** Kader answered they do track down time and that is critical when it comes to replacements. What they don't have is the amount of money to cost the department for the hours equipment is down. **Bafford then asked about lost time due to accidents and injuries due to equipment failure.** Kader answered Risk Management takes care of that information, but he is unaware of any accidents due to equipment failure.

Specification development process

-Collaborate with operating departments

Procurement Strategy

-Fleet replacement

-Fleet additions

-Equipment Leasing

Typical acquisition costs were listed with the costs per vehicle type.

**Bafford asked for a list of point system assigned for the different thresholds?** Kader agreed he will get this to the Board.

**Bafford then asked if Kader has a dialog with departments about pushing out vehicles to be replaced to a later year.** Kader answered he does have this conversation with the departments, and they are very good about agreeing.

**Board Member Soph stated he assumes the use of bio-diesel is no longer part of fleet services and being used.** Kader responded bio-diesel is alive and well, we just do not manufacture on site. It is supplied by Martin Eagle Oil.

There were more questions that Kader answered.

After the discussion was complete the meeting was adjourned.

**Adjournment: 10:58 a.m.**

**Approved on 3/9/2020**

DocuSigned by:

*Susan Parker*

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**Susan Parker**

DocuSigned by:

*Kim Mankin*

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**Kim Mankin**