



**City of Denton
MINUTES
SPECIAL CALLED
PUBLIC UTILITIES BOARD**

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

Monday, August 3, 2020

8:30 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 3, 2020 at 8:30 a.m. in the Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas.

PRESENT: Chair Susan Parker, Vice Chair Billy Cheek and Members Barbara Russell, Russell Bafford, Ed Soph, Karen DeVinney and Charles Parker

Also present: Executive Manager of Utilities Antonio Puente and First Assistant City Attorney Larry Collister

Note: Chair Susan Parker, Vice Chair Billy Cheek and Members Barbara Russell, Russell Bafford, Ed Soph, Charles Parker will be participating in the work session and regular meeting via video/teleconference under the provisions allowed by the Texas Government Code Section 551.127.

REGULAR MEETING

1. ITEMS FOR INDIVIDUAL CONSIDERATION

A. PUB20-137 - Consider approval of the July 13 and July 27 minutes.

Board Member Bafford motioned to approve and Second by Board Member C. Parker. Vote 6-0 (DeVinney didn't vote since she wasn't at that meeting).

July 27 minutes were tabled until changes are made and brought back to the next meeting.

B. PUB20-139 - Management Update:

1. New Business Action Items

2. 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

WORK SESSION

A. PUB20-140 - Receive a report, hold a discussion, and give direction regarding the Water, Wastewater (Drainage) and Solid Waste and FY 2020-21 Proposed Budget, Capital Improvement Program, and Five Year Financial Forecast.

Nick Vincent began letting the Board Members know how the presentation is structured. Frank Pugsley delivered the presentation for Water Utilities beginning with the accomplishments and future goals. He then went over the philosophical changes within the department and the areas of improvement.

Pugsley then talked about the operational data for water production as well as flushing hydrants and replacing meters.

The full-time employee summary was presented, there are fewer employees with no reductions in level of service. The organizational chart was then shown.

Board Member Bafford asked about the water that was produced which seems to be about 24 percent more than last year, what is the cause of the increase. Pugsley answered he doesn't have the exact data in front of him, but last spring was a very wet time and the uptick for water production didn't start until August and September of last year. There just wasn't the irrigation demand that we see this year.

Bafford then asked how close are we on water plant capacity. Pugsley answered on the hottest driest day it is between 37-39 MGD range. We have 29 MGD at the Lake Lewisville plant and 20 MGD at the Ray Roberts plant. With the Hunter and Cole ranches and over development we expect that 10 MGD to be necessary within the next decade.

Board Member Russell asked about Zebra Mussels. Pugsley stated we have controls for them at our plants. With Zebra mussels they are heavy at the beginning and then subside, we haven't had many problems in the last few years.

Board Member Soph congratulated staff on the communication initiatives and thanked staff.

Chair Parker pointed out that the streets and water/wastewater are more coordinated so that when the streets are being torn up the necessary replacements are being taken care of. Pugsley agreed staff is working with streets and the critical nature of the utilities in those streets.

Board Member Cheek stated for all of utility presentations, there are no details. There are no preliminary budgets for the Board to review. Nick Vincent stated staff has plans to circle back with the PUB. Puente added the pandemic has changed many things this year and then stated the details will come back to this Board and give time to review.

Cheek went on to say that there used to be a budget season that started in the spring to give the Board plenty of time to see, review and be able to give good recommendations.

Board Member C. Parker agreed with Cheek and added at the last meeting there was roughly 400 pages of detail and received them on Friday morning. That is a lot to review in 72 hours. He understands the 72-hour rule for posting but would like the material earlier for reviewing purposes.

Board Member Soph appreciates Board Member Cheeks institutional knowledge on the budget and would appreciate dissemination of the information over a longer period and likes the analogy 'budget season'.

Chair Parker agreed even a few years ago there was more detail with more time.

Puente stated staff will take the comments review what has been done in the past, may be too late for this year but next year for sure.

Board Member DeVinney has several years of knowledge on Boards and Commissions and believes the 72 hours needs to be extended as well.

Board Member Russell agrees there needs to be more time.

Nick Vincent took over the presentation stating the financial assumptions for water utilities. Staff is recommending a two percent rate decrease for water utilities.

This year staff is providing a 10-year proforma instead of the normal 5-year. Vincent pointed out several items of interest. Staff will come back to this Board in the fall to summarize the Covid-19 impact. Vincent went on to explain the proforma in detail.

There were some questions by the Board Members that staff answered.

Vincent then talked about the summary of major projects. The FY20-21 rate changes were listed, and it was stated these will be back with the rate ordinances for approval. Examples of those rate impacts was also shown.

Next steps include this work session presentation will go to Council on August 4th. PUB Budget and Rate Approval will be August 10th. City Council adopts the budget, tax rate and capital improvement plan on September 15th. Mid-year budget and rate discussion December 2020.

Board Member C. Parker asked about the cost of service amount, Vincent stated that will change this November when the cost of service study is completed. Parker then asked the charge for over 50,000 gallons for residential and commercial. Vincent gave him those amounts. **Parker then stated it seems out of line to charge double the amount for residential as commercial.** Cheek added that there is an incentive to conserve water for the residential customers, and not over irrigate. Vincent stated the consultant will be here for questions regarding the rates when the study is complete in the November time frame.

Bafford asked about Hunter Cole development. Vincent answered about the phased in approach.

Frank Pugsley returned to go through the wastewater budget with some being the same as what was on the water budget. The accomplishments and future goals were first on the list.

Philosophical changes was talked about regarding improving communication and innovative planning and cost savings.

Wastewater operational data was shown on a table with minor maintenance and major maintenance including replacing aging infrastructure.

The full-time employee summary was presented, there are fewer employees with no reductions in level of service. The organizational chart was then shown. Clear Creek Natural Heritage Center and the educational components will transfer to Parks going forward.

With no questions for Pugsley and wastewater, Daniel Kremer presented the budget for Drainage.

Kremer began talking about the accomplishments and future goals for drainage. He then talked about service levels pre-Covid and post-Covid.

Operational data was shown on a table and explained.

The Full-Time summary included the loss of the manager and field services supervisor as well as three other positions. The organization chart was then shown.

Board Member Cheek stated the city is doing a great job with grading and helping the city drain better.

Nick Vincent then gave the financial assumptions and reminded the Board that drainage is a component of wastewater. The 10-year proforma was shown again that included drainage and explained.

The 5-year proposed CIP was shown on a table as well as the major projects.

The monthly utility rate impact was shown right before the next steps.

With no further questions or comments Solid Waste budget was presented.

Brian Boerner presented the Solid Waste budget, starting with accomplishments and future goals.

Boerner talked about the service level changes for solid waste pre-COVID and post-COVID. The level of services was not impacted.

Solid Waste operational data was shown on graphs and explained by Boerner. FY2020-21 supplemental packages with baseline adjustments in the total amount of \$731,881 was shown and explained.

Board Member Soph stated that the Greenhouse Gas comes from 44 percent emissions from municipal operations, which is an increase from previous years. With the increase in people coming to the community Soph hopes the Solid Waste Comprehensive Management Strategy will include food waste diversion plan, residential curb side composting. He referenced a document from the City of Austin and hopes the Solid Waste strategy has a scope of the development that is coming.

Nick Vincent went over the financial assumptions for Solid Waste. There was a 5-year proforma with a rate decrease shown and explained with a 10-year proforma coming back at a later date.

The 5-year capital plan was also shown along with the proposed rate ordinance changes.

Lastly the monthly utility rate impact was shown with the next steps.

Board Member Bafford asked about the revenue decrease for FY21-22. Vincent stated that is for the next cell development cost.

Bafford also asked about the working reserve. Vincent explained about bonds and cash funding of items. Staff does look at the overall fund balance.

Antonio Puente let the Board know he will add an item on to the Work Session on the budget process.

Adjourned at 10:17 am.

DocuSigned by:

Susan Parker

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Susan Parker

Chair

Minutes approved on: 8/10/2020

DocuSigned by:

Kim Mankin

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Kim Mankin

Utilities Administration Manager