

**DRAFT MINUTES  
PUBLIC UTILITIES BOARD**

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, July 25, 2016 at 9:04a.m. in the Service Center Training Room at the City of Service Center, 901 A Texas Street, Denton, Texas.

Present: Vice Chair Phil Gallivan, Lilia Bynum, Charles Jackson, Barbara Russell  
Brendan Carroll and Susan Parker

Ex Officio Members: Howard Martin, ACM Utilities

Absent: Chair Randy Robinson

## **PUBLIC HEARING**

**A. PUB16-157** - Hold a public hearing and consider recommending that the City Council adopt a resolution regarding the proposed site for construction, expansion, and use of an electric power transmission/distribution substation located in the southwest area of the City of Denton, north of Farmer to Market Road 2449, east of John Paine Road, south of Springdale Drive (on Hickory Creek), west of Interstate 35W; in the City of Denton, Texas; as part of Denton Municipal Electric's service territory. (Underwood Substation).

Brent Heath, Exec. Mgr. of Energy Delivery, presented this item using a PowerPoint Presentation. Heath showed several maps with the different options. Staff recommends the green option. There was some brief discussion with the Board Members.

The Public Hearing was opened to any citizens that would like to speak.

Craig Schkade – 13600 Heritage Parkway (land owner Hillwood) - agrees with the selection of the green option.

The Public Hearing was closed.

**Board Member Russell motioned to approve the green option on item A-PUB16-157. There was a second by Board Member Parker. Vote 5-0 approved.**

**B. PUB16-159** - Hold a public hearing and consider recommending that the City Council adopt a resolution regarding the proposed site for construction, expansion, and use of the electric power transmission line located in an area bounded by Fort Worth Drive and Elm St. (western boundary), Robertson Street (northern boundary), the DART/D.C.T.A rail corridor (eastern boundary), Inman St. with an easterly projection to Spencer Rd. (southern boundary) and being located within the W. Loving Survey, Abstract No. 759; the H. Sisco Survey, Abstract No. 1184; the S. Hiram Survey, Abstract No. 616; the W. Teague Survey, Abstract No. 1266; the M. Austin Survey, Abstract No. 4; the J. Taft Survey, Abstract No. 1256; the R. Hopkins, Abstract No. 1694; and the A. Hill Survey, Abstract 623, lying within the City of Denton, Denton County, Texas; as part of Denton Municipal Electric's service territory. (Spencer to Locust Transmission Line).

1 Brian Daskam, Key Accts Energy Eff & Sustainable Mgr., presented this item using a  
2 PowerPoint Presentation. There were alternatives shown for the transmission route. The green  
3 route is the current route and also the recommendation by staff.

4  
5 The Public Hearing was opened to any citizens that would like to speak.

6  
7 Kent Key – is good with the option of the green route.

8 Tracy Beck – ask questions regarding property she owns and what road improvements may be  
9 made with this transmission route. DME will get with Beck for more information.

10  
11 The Public Hearing was closed.

12  
13 **Board Member Parker motioned to approve the green option on item B-PUB16-159. There**  
14 **was a second by Board Member Bynum. Vote 5-0 approved.**

15  
16 **CLOSED MEETING**

17  
18 **A. PUB16-116** - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --  
19 - Under Texas Government Code §551.086.

20  
21 Receive competitive public power competitive information and financial information from  
22 staff regarding the proposed FY 2016-2017 operating budget for Denton Municipal Electric  
23 (“DME”) including without limitation, a proposed FY 2016-2017 DME rate ordinance,  
24 expected revenues, expenses, commodity volumes, and financial commitments of DME;  
25 discuss, deliberate, provide staff with direction, consider and make a final recommendation  
26 to the Council regarding this matter.

27  
28 **B. PUB16-145** - Deliberations Regarding Real Property - Under Texas Government Code  
29 Section 551.072; Consultation with Attorneys - Under Texas Government Code Section  
30 551.071.

31  
32 Receive information from staff and discuss, deliberate, and provide staff with direction  
33 regarding the potential acquisition of real property interests located in Lot 1, Block 2 of the  
34 Municipal Utility Addition as shown by the plat thereof recorded in Cabinet G Page 346 of  
35 the P.R.D.C.T., in the City of Denton, Denton County, Texas; where discussion had,  
36 deliberation, and direction given, by the Denton Public Utilities Board in an open meeting  
37 would have a detrimental effect on the position of the governmental body in negotiations  
38 with a third party. Consultation with the City’s attorneys regarding legal issues associated  
39 with the acquisition of the real property interests described above; discussion of these legal  
40 matters in an open meeting would conflict with the duty of the City’s attorneys to the City of  
41 Denton and the Denton Public Utilities Board under the Texas Disciplinary Rules of  
42 Professional Conduct of the State Bar of Texas, or would jeopardize the City’s legal position  
43 in any administrative proceeding or potential litigation. [Brinker Substation].

44  
45 **C. PUB16-162** - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --  
46 - Under Texas Government Code §551.086.

47  
48 Receive a presentation from Denton Municipal Electric staff (“DME”) regarding public  
49 power competitive and financial matters pertaining to plans, strategies, opportunities, and  
50 developments for generation improvements to the DME system; discuss and deliberate

1 strategies regarding same; discuss and deliberate opportunities and strategies for the City to  
2 acquire purchased power and enter into agreements regarding the same, in order to meet its  
3 future energy needs. Discuss, deliberate and provide Staff with direction.

4

5 **D. PUB16-165** - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --  
6 - Under Texas Government Code §551.086; Consultation with Attorneys - Under Texas  
7 Government Code Section 551.071.

8

9 Receive competitive public power information and financial information from staff regarding  
10 approval of the Genscape, Inc., a Delaware Corporation, "Master License and Services  
11 Agreement (North America)," being a three-year agreement, and being a sole-source  
12 acquisition which is exempt from the requirements of competitive bidding under the  
13 provisions of Section 252.022, Texas Local Government Code, for software relating to  
14 bidding and pricing information for purchased power, generation and fuel, and Electric  
15 Reliability Council of Texas bids, prices, offers, and related services for purposes of  
16 supporting the Energy Management Organization of DME; discuss, deliberate, provide staff  
17 with direction, consider and take final action, making a recommendation regarding said  
18 Agreement. Consultation with the City's attorneys regarding legal issues associated with the  
19 above acquisition where a public discussion of these legal matters would conflict with the  
20 duty of the City's attorneys to the City of Denton and the Denton City Council under the  
21 Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would  
22 jeopardize the City's legal position in any administrative proceeding or potential litigation.

23

24 **Board Member Jackson arrived during the closed meeting.**

25

26 **OPEN MEETING**

27

28 **CONSENT AGENDA**

29

30 **A. PUB16-160** - Consider recommending approval of a three year unit price purchase  
31 agreement with Crown Technical Systems for purchase of prefabricated control buildings for  
32 substations in an amount not to exceed \$3,530,000. (RFP #6115).

33

34 **B. PUB16-161** - Consider recommending Contract Amendment #1 to the Nelson + Morgan  
35 Architects, Inc. professional services contract (File 5906, for \$239,935.00), authorizing the  
36 City Manager to execute an amended professional services agreement for architectural,  
37 structural, mechanical, and electrical design services to support the design of the new City of  
38 Denton Regional Home Chemical Collection Facility to be located at 1527 South Mayhill  
39 Road; providing for the expenditure of funds therefor in the not to exceed amount of  
40 \$403,560.63; and providing an effective date.

41

42 **C. PUB16-146** - Consider a recommendation that the City Council adopt an ordinance finding  
43 that a public use and necessity exists to acquire fee simple title to a 38.889 acre tract of land  
44 situated in the Mary Austin Survey, Abstract No. 4, City of Denton, Denton County, Texas,  
45 and being part of a called 27.7488 acre tract of land described in a Deed to Terrano Realty,  
46 Inc., as recorded in Document No. 96-010141 of the Real Property Records of Denton  
47 County, Texas, and part of a called 318.937 acre tract of land described in a Deed to Staff  
48 Realty, Inc., as recorded in Document No. 94-006845 of the Real Property Records of  
49 Denton County, Texas, and being known as a part of Lot 1, Block 1 and a part of Lot 1,  
50 Block 2 of Municipal Utility Addition, per the Final Plat recorded in Cabinet G, Page 346 of

1 the Plat Records of Denton County, Texas, and also being all of that certain 100 foot wide  
2 right-of-way shown as Morse Road on said Final Plat, City of Denton, Denton County,  
3 Texas, and of the Real Property Records of Denton County, Texas ("Property Interests"), and  
4 to purchase easement rights totaling 7.082 acres on several easement sections on the same  
5 properties as shown on the attached Exhibit 1 Brinker Substation and Easements Map, for  
6 the public use of, expansion, construction, maintenance, and operation of an electric  
7 substation, transmission and distribution lines, ancillary facilities and structures; authorizing  
8 the City Manager, acting City Manager, or his designee, to make initial and final offers to  
9 execute a contract of sale, between the City of Denton, Texas ("City"), as buyer, and Terrano  
10 Realty, Inc., et. al. ("Owner"), as seller, to acquire fee title to the Property Interests for the  
11 total purchase price of \$5,288,449.00, and other consideration; authorizing the filing of  
12 eminent domain proceedings to acquire the Property Interests if the final offer is not  
13 accepted; authorizing the expenditure of funds; and providing an effective date. [Brinker  
14 Substation].

15  
16 **Board Member Jackson motioned to approve items A - C. There was a second by Board**  
17 **Member Russell. Vote 6-0 approved.**

18  
19 **ITEMS FOR INDIVIDUAL CONSIDERATION**

20  
21 **A. PUB16-166** - Consider recommending approval of the Public Utilities Board Meeting  
22 minutes of July 11, 2016.

23  
24 **Approved as circulated**

25  
26 **B. PUB16-163** - Hold a discussion and provide a recommendation on the proposed Fiscal Year  
27 2016 - 2017 Solid Waste & Recycling Department Rate Ordinance.

28  
29 Scott Lebsack, Business Devel & Admin Dept. Mgr, went over the 'red-line' changes of the  
30 proposed Solid Waste and Recycling rate ordinances.

31  
32 **Board Member Bynum motioned to approve item B-PUB16-163. There was a second by**  
33 **Board Member Parker. Vote 6-0 approved.**

34  
35 **C. PUB16-164** - Consider recommending approval of the Water, Wastewater and Miscellaneous  
36 Fees Ordinances for FY 2016-2017.

37  
38 Tim Fisher started the item by talking about the water portion of these ordinances. An  
39 explanation of the facility charge was given by Fisher as he outlined minor changes to the rate  
40 ordinance.

41  
42 With no further questions regarding the water ordinance, Howard Martin introduced PS Arora to  
43 talk about the Wastewater Rate Ordinance.

44  
45 Arora stated there are only minor changes to the rate ordinance, they were outlined in a red-line  
46 version. There was also an explanation regarding the increases for wholesale.

47  
48 **Board Member Carroll motioned to approve item C-PUB16-164. There was a second by**  
49 **Board Member Jackson. Vote 6-0 approved.**

1  
2 **D. PUB16-167 - ACM Update**

3       1. Rate Increase Summary  
4       2. Matrix

5  
6 **Matrix no changes**

7  
8 **CONCLUDING ITEMS**

9 Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Public  
10 Utilities Board or the public with specific factual information or recitation of policy, or accept a  
11 proposal to place the matter on the agenda for an upcoming meeting AND Under Section  
12 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest  
13 regarding which no action will be taken, to include: expressions of thanks, congratulations, or  
14 condolence; information regarding holiday schedules; an honorary or salutary recognition of a  
15 public official, public employee, or other citizen; a reminder about an upcoming event organized  
16 or sponsored by the governing body; information regarding a social, ceremonial, or community  
17 event organized or sponsored by an entity other than the governing body that was attended or is  
18 scheduled to be attended by a member of the governing body or an official or employee of the  
19 municipality; or an announcement involving an imminent threat to the public health and safety of  
20 people in the municipality that has arisen after the posting of the agenda.

21  
22 **Parker – Salary Survey**

23  
24 **Adjournment 11:04 a.m.**