

**DRAFT MINUTES
PUBLIC UTILITIES BOARD**

Monday, July 24, 2017	9:00a.m.	City Council Work Session Room
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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 24, 2017 at 9:00a.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas.

Present: Chair Randy Robinson, Vice Chair Susan Parker, Barbara Russell, Charles Jackson, Allen Bishop, Lilia Bynum and Brendan Carroll

Ex Officio

Members: Todd Hileman, CM and Mario Canizares, ACM

OPEN MEETING

1. CONSENT AGENDA

A. **PUB17-160** - Consider recommending approval of a contract with Larrett, Inc., Kaufman, Texas, for construction of the initial phase of the Hickory Substation underground transmission and distribution line duct banks in an amount not to exceed \$892,455.00. (RFP #6416)

Russell asked if there were any other responders to the proposal. Chuck Sears stated that there were six companies represented at the pre-bid meeting. One responder stated they didn't have time to do the job and Larrett was the only other responder.

Board Member Russell motioned to approve item (A) with a second by Board Member Parker. Vote 6-0.

2. ITEMS FOR INDIVIDUAL CONSIDERATION

A. **PUB17-161**- Consider recommending approval of the Public Utilities Board Meeting minutes of July 10, 2017.

Charles Jackson and Brenden Carroll were not present at the meeting. C&G should be CNG.
Approve as amended.

B. **PUB17-140**- Consider recommending approval of the Electric Rate Ordinance for FY 2017-2018.

Jessica Rogers gave a brief change to the rate ordinance and added there was a change to the Special Facilities Rider. Section 2 was removed. Section a and b was added regarding the Special Facilities Rider.

Rogers added the 1% rate decrease is unchanged.

Board Member Parker motioned to approve item (B) with a second by Board Member Jackson. Vote 6-0.

1
2 **C. PUB17-158-** Consider recommending approval of the Water, Wastewater and Miscellaneous
3 Fees Ordinances for FY 2017-2018.

4
5 Kenneth Banks gave a brief presentation regarding some new minor changes to the water rate
6 ordinance. Residential and Commercial rates are unchanged from the prior year. The Special
7 Condition and Special Facilities Rider was also revised. The changes to the wholesale rates were
8 reported.

9
10 Banks then gave a short presentation regarding the wastewater rate ordinance. Residential and
11 Commercial rates are unchanged from the prior year. There was a rate added for Dyno Dirt
12 ‘overs’. The Special Condition and Special Facilities Rider was also revised.

13 **Russell asked what Dyno Dirt overs are and what they are used for.** Banks answered the
14 overs are the wood pieces that that is too large for Dyno Dirt products even after it has been
15 though the screening operation. A vendor approached staff regarding purchasing the product,
16 Banks isn’t sure what it will be used for.

17
18 Banks stated the Miscellaneous Fees Ordinance is unchanged.
19 **Bynum arrived during this item.**

20
21 **Board Member Jackson motioned to approve item (C) with a second by Board Member**
22 **Russell. Vote 7-0.**

23
24 **D. PUB17-159-** Consider recommending approval for the Solid Waste & Recycling Rate
25 Ordinance for FY 2017-2018.

26
27 Kenneth Banks gave the short presentation on this item stating the rate ordinance has not
28 changed since it was presented at the last PUB Meeting.

29
30 **Board Member Parker motioned to approve item (D) with a second by Board Member**
31 **Russell. Vote 7-0.**

32
33 **E. PUB17-162-** ACM Update:

- 34 1. Utilities Rate Summary
35 2. Solid Waste Financial and Internal Control Review by Weaver
36 3. Energy Management Organization Financial Review by Deloitte
37 4. Matrix

38
39 **Matrix addition - Russell – The substation staging area on Loop 288 is going away, where**
40 **will it be relocated too.**

41
42 **WORK SESSION**

43
44 **A. PUB17-165-** Receive a report, hold a discussion, and provide a recommendation regarding a
45 compressed natural gas (CNG) fueling facility at the intersection of Mayhill Road and
46 Spencer Road.

47
48 Ethan Cox gave the presentation for this item beginning with the CNG Background.

- 49
50 -Fall 2012 – Report on CNG as alternative fuel for fleet
51 -Summer 2013 – Report on CNG public sales

1 -April 2014 – Temporary fueling contract with UCNG
2 -January 2015 – 1st contract amendment UCNG
3 -November 2015 – 2nd contract amendment UCNG
4 -August 2016 – Zeit Energy awarded station construction

5
6 Cox stated he wanted to talk about the financials and that there are some decisions to be made as
7 to how the station will be set up and how to proceed.

8
9 Solid Waste was awarded a TCEQ Grant in September 2016 in the amount of \$600,000. The
10 money was to purchase equipment to go into the CNG fueling facility. The grant came with
11 some stipulations including being available for full public sales with a minimum of three years.

12
13 Cox then went through the operations from 2013 – 2017 including prices of fuel then and now
14 and the investments into CNG vehicles.

15
16 Currently there is very little cost savings to run a CNG vehicle as compared to a diesel vehicle.

17
18 To upgrade a vehicle from diesel to CNG is about \$40,000. Since Solid Waste does not have a
19 station, they have been contracting a mobile service to bring in the CNG fuel that is far above
20 fuel currently (\$3.75/g).

21
22 Of the \$600,000 of the grant about \$201,000 has been expended for equipment.

23
24 Cox talked about the CNG payback period in 2012 was about seven and a half years, in 2017 it
25 would be 100 years. The point being the investments that have been made on vehicles will
26 probably not be recapped. This presentation is to look at options for the CNG.

27
28 Next Cox explained and discussed a proforma for four different options versus diesel.

29
30 **Bynum asked if CNG is cleaner than diesel.** Kenneth Banks answered with an in depth
31 presentation. A software named GREET (The Greenhouse Gases, Regulated Emissions, and
32 Energy Use in Transportation) was used to run the analyses. Banks stated that the gap between
33 diesel and CNG has closed significantly since this was evaluated in 2012.

34
35 **Jackson asked regarding retro-fitting equipment if staff looked at the attrition of the**
36 **vehicles that last only five to seven years.** Cox answered staff can go back and look at that if
37 the Board would like. There have been recent purchases that would make replacing the fleet
38 very costly. There are 8-12 vehicles that would be good candidates but at least 12 that have been
39 purchased in the two years or so.

40
41 **Parker asked how many vehicles are CNG,** Cox answered 24 which is about 40 percent of the
42 fleet.

43
44 **Russell asked if the CNG vehicles can be sold.** Cox answered there is not a huge market for
45 these trucks. The salvage value isn't here because the demand isn't there.

46
47 Cox then talked about the options of mobile fueling and additional considerations. There are no
48 CNG pumps in the City of Denton at this time. Staff's recommendation is to complete the fuel
49 station and use for City of Denton only, no public sales. With this option the grant money would
50 have to be returned.

1 Next steps include taking to Council to discuss on July 25. If the motion is to move forward with
2 construction of the fuel station, gas agreements would need to be brought back to this Board and
3 Council. Soon after gas line construction would need to start.

4
5 **Carroll asked if there any CNG pumps available in Denton.** Cox answered there is not. Staff
6 has spoken with Loves they do not have any plans to have a CNG pump. Staff can further visit
7 this if the Board would like.

8
9 **Carroll added that UPS uses CNG where do they get it.** Cox did not know but will
10 investigate.

11
12 **Carroll also asked staff to look and see how much a mobile fueling truck might be.**

13
14 **Robinson added staff to make sure all is looked at before adding more capital costs. As far**
15 **as the grant, he doesn't see public sales as viable.** Cox stated that after the grant money is
16 returned, Solid Waste can entertain public sales on their own terms. There have been a few
17 companies asked about the CNG pumps.

18
19 **Russell stated that she understood the reason CNG was entertained is that it is better for**
20 **the environment.** Cox answered it depends on what you want your environmental impacts to
21 be. Banks added that the gap between diesel and CNG are closer together. CNG is better for
22 ground level ozone, from Greenhouse gas emission standpoint CNG is a worse platform.

23
24 Hileman asked about revenue generation and the numbers associated when this was originally
25 introduced. Cox answered from \$180,000 - \$200,000 in the first couple of years, then balloon up
26 to \$500,000 in the out years. Cox doesn't believe we will come close to those numbers.

27
28 Hileman stated that staff will continue planning and working on the options and bring it back.

29
30 **CLOSED MEETING**

31
32 **A. PUB17-143 – DELIBERATIONS REGARDING CERTAIN PUBLIC POWER**
33 **UTILITIES: COMPETITIVE MATTERS --- Under Texas Government Code §551.086.**

34 Receive information from staff, and discuss, deliberate and provide direction to staff
35 regarding the future plans for, and current and future operations of, the Gibbons
36 Creek Steam Electric Station owned by the Texas Municipal Power Agency (The
37 City of Denton is a member of TMPA).

38
39 **B. PUB17-164 - CONSULTANT WITH ATTORNEY - Texas Government Code Section**
40 **551.071.**

41 Consult with, and provide direction to, the City's attorneys regarding the City's procurement
42 activities relating to Request For Proposal 5937 for Supply of Reciprocating Internal
43 Combustion Engine Generator Sets and Auxiliaries for the City of Denton for the Proposed
44 Denton Energy Center, Request For Qualifications 5898 for Professional Services for the
45 Design-Build of the Proposed Denton Energy Center for the City of Denton, and City staff
46 interaction with bidders regarding the same where public discussion associated with these
47 legal matters would clearly conflict with the duty of the City's attorneys to the City of
48 Denton and the Denton City Council under the Texas Disciplinary Rules of Professional
49 Conduct of the State Bar of Texas.

1
2 **3. CONCLUDING ITEMS**
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4 Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Public
5 Utilities Board or the public with specific factual information or recitation of policy, or accept a
6 proposal to place the matter on the agenda for an upcoming meeting AND Under Section
7 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest
8 regarding which no action will be taken, to include: expressions of thanks, congratulations, or
9 condolence; information regarding holiday schedules; an honorary or salutary recognition of a
10 public official, public employee, or other citizen; a reminder about an upcoming event organized
11 or sponsored by the governing body; information regarding a social, ceremonial, or community
12 event organized or sponsored by an entity other than the governing body that was attended or is
13 scheduled to be attended by a member of the governing body or an official or employee of the
14 municipality; or an announcement involving an imminent threat to the public health and safety of
15 people in the municipality that has arisen after the posting of the agenda.
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19 **Adjournment 11:45 a.m.**