

CITY OF DENTON CITY COUNCIL MINUTES

September 12, 2017

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, September 12, 2017 at 12:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Hudspeth, Council Member Briggs, Council Member Duff, Council Member Ryan, Council Member Gregory, Mayor Pro Tem Bagheri, and Mayor Watts.

ABSENT: None.

1. Citizen Comments on Consent Agenda Items

Willie Hudspeth spoke on Consent Agenda Items 4B, 4F, and 4G.

2. Requests for clarification of agenda items listed on the agenda for September 12, 2017.

Staff responded to Council's questions on the following items:

Council Member Briggs - Consent Agenda A and Consent Agenda Item E
Mayor Watts - Consent Agenda Item F

3. Work Session Reports

A. ID 17-1155 Receive a report, hold a discussion, and give staff direction regarding the Energy Management Organization Financial Review conducted by Deloitte.

Bryan Langley, Deputy City Manager, stated that the presentation would involve an assessment of the Energy Management Organization Cost Savings Model.

Steve Engler, Deloitte, stated that they were engaged to assess and analyze through an independent analysis, the EMO cost savings model. He reviewed background information on the development of the model through DME. He presented the engagement objectives.

Council discussed that the procedure was to make sure the data from the model was accurate or collected data from other sources and then put the data in DME's formula.

Engler continued with key assumptions used in the calculations such as heat rate, on-peak, off-peak and around-the-clock power, and the benchmark cost analysis for the around-the-clock heat rate analysis. He continued with the EMO cost assessment in terms of governance and strategy, people, process and technology. The engagement summary was presented and noted that the bottom line was that the EMO was saving money in-house instead of having a third party doing it. The amount of savings depended on the factors used but any reasonable scenarios saved money in the period examined. Engler reviewed the recommended next steps in the process.

Council discussed the various provisions of the study, the methods used for comparison and the results of the study.

Consensus of the Council was to proceed with the recommended next steps.

- B. ID 17-980 Receive a report; hold a discussion, and give staff direction regarding the FY 2017-18 City Manager's Proposed Budget, Capital Improvement Program, and Five-Year Financial Forecast.

Chuck Springer, Director of Finance, presented additional recommended changes to the budget in the Electric Fund and General Fund.

Council discussed the transfer to the Downtown fund, the usage of the reduced funds from the fund, the original intent of the Downtown fund, and where funding would come from if the current fund went away.

Springer continued with the signal light funding update and next steps for the budget process.

- C. ID 17-1019 Receive a report, hold a discussion and give staff direction on the design schedule for the proposed reconstruction of Fire Station 3.

Council Member Briggs did not participate in the discussion of this item.

Mark Nelson, Director of Transportation, presented the details on the replacement of Fire Station No. 3.

Robin Paulsgrove, Fire Chief, reviewed the background for the need for the replacement of Fire Station No. 3. He presented the existing station statistics versus the proposed station as well as the rationale for the purchase of the property for the proposed station site. The budget in the bond program included the space for the aerial truck but the truck and staff were not funded at this time. Scope 1 involved the accommodation of the aerial ladder but with different square footage at an estimated cost of \$5.8 million. Scope 2 assumed there would be a truck company in the future but would be a phased approach at an estimated cost of \$4.9 million. The square footage difference with the two Scopes would be 16,100 versus 15,333 square feet. Scope 3 reduced the station from four bays to three which could not be added in the future. Cost for Scope 3 was approximately \$4.4 million with 14,092 square feet.

Nelson presented information on the design elements and choices available. He displayed various elevations to the outside of the station along with the structural options. The summary of probable costs for the different foundations and elevations were presented along with the additional cost if the structure was LEED certified. Probable costs were reviewed.

Council Member Gregory recommended Scope 1 with trimmed square footage, the masonry exterior and the preferred piers and ground supported slab. LEED certification would not be done.

Nelson continued with an estimated time schedule for the project.

Consensus of the Council was to proceed with Council Member Gregory's suggestion.

Council Member Briggs returned to the meeting

- D. ID 17-1141 Receive a report, hold a discussion, and give staff direction regarding the Vela Soccer Complex.

Emerson Vorel, Director of Parks and Recreation, presented an update on the Vela Soccer Complex in terms of background and the proposal as developed in 2008 and 2012. The current status of probable costs was reviewed which showed a funding gap of \$2.5 million. Funding options were shown but would still result in a gap of \$544,000. He reviewed potential property to purchase to assist with new fields in the complex.

Council discussed whether to plat some of the property and sell it to help with the cost gap, costs for developing the fields, and whether Park Dedication funds could be used.

Council Member Hudspeth suggesting selling of some of the property and only do two fields at this time.

Council Member Briggs stated that she was not in favor of selling the property and would prefer the smaller version first to get the ball rolling.

Consensus of the Council was to move forward with the staff recommendation and see how much could be saved with add-ons.

- E. ID 17-523 Receive a report, hold a discussion and provide direction regarding staff proposed Perimeter Street Paving Guidelines being developed pursuant to the City's Roadway Impact Fee Ordinance (2016-189).

Jeff Whittaker, Kimley Horn, presented a briefing on the perimeter street paving guidelines. He reviewed the history of impact fees, the impact fee areas of the City, history of the collected fees, and how impact fees worked. Guidelines when perimeter streets were required to be included were reviewed. Two examples of current projects were demonstrated in terms of the projected impact fees. Staff was requesting Council direction on the guidelines when to require perimeter street paving.

Council discussed flexibility for affordable housing developments and proportionality calculations.

Consensus of the Council was to change the process to just come to the Planning and Zoning Commission and Council rather than through the criteria manual amendment process.

- F. ID 17-1182 Receive a report, hold a discussion, and give staff direction regarding the transition plan for Stoke Denton.

Council Member Gregory recused himself from deliberation on this item.

Caroline Booth, Director of Economic Development, reviewed the information concerning the Stoke transition in terms of options for management of Stoke. Background information was noted in terms of current members being able to remain, that the pricing structure/operating hours would

not change, an RFP would be issued for new management with the next member meeting on September 22nd.

Council discussed how much time would be given to members to transition out of the program.

Booth reviewed the transition team members. Legal considerations, fiscal considerations, and operational considerations were presented. She noted that the RFP was issued today which allowed for a wide range of proposals. The proposal would be reviewed on the business model as a whole, not just on price and will give insight into the market. The goal was to have a new manager by December 2017. Booth continued with key points of consideration.

Consensus of the Council was to proceed as staff recommended.

Council Member Gregory returned to the meeting.

Following the completion of the Work Session, the City Council convened in a Closed Meeting to consider the specific items listed below under the Closed Meeting section of this agenda.

1. Closed Meeting:

A. ID 17-991 Certain Public Power Utilities: Competitive Matters --- Under Texas Government Code, Section 551.086.

Receive competitive public power competitive information and financial information from staff regarding the proposed FY 2017-2018 operating budget for Denton Municipal Electric ("DME") including without limitation, proposed rates for DME for FY 2017-2018, expected revenues, expenses, commodity volumes, and financial commitments of DME; discuss, deliberate and provide staff with direction.

This item was not considered.

B. ID 17-1221 Deliberations regarding Real Property - Under Texas Government Code, Section 551.072; and Consultation with Attorneys - Under Texas Government Code, Section 551.071

Discuss, deliberate and receive information from staff and provide staff with direction pertaining to the potential purchase of various tracts in the City of Denton, Denton County, Texas, and generally located on the west side of the 2000 block to the 2600 block of South Mayhill Road, Denton, Texas as they relate to the widening and realignment of Mayhill. Consultation with the City's attorneys regarding legal issues associated with the potential acquisition or release of real property interests in the tracts described above, and the status and strategy of litigation styled City of Denton, Texas v. Robert P. Donnelly, Cause No. 17-5939-158, currently pending in the 158th District Court of Denton County, Texas, where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or litigation.

- C. ID 17-1181 Deliberations Regarding Personnel Matters - Under Texas Government Code Section 551.074.

Discuss and deliberate regarding the evaluation of candidates and the appointment/employment of a City Attorney.

- D. ID 17-1257 Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive information from, consult with, and provide direction to, the City's attorneys relating to the Council's ability to provide confidential and/or proprietary information to the Public Utility Board where a public discussion associated with these legal matters would clearly conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

Special Called Meeting of the City of Denton City Council at 6:30 p.m. in the Council Chambers at City Hall, 215 E. McKinney Street, Denton, Texas.

1. PLEDGE OF ALLEGIANCE

The Council and members of the audience recited the Pledge of Allegiance to the U. S. and Texas flags.

2. PROCLAMATIONS/PRESENTATIONS

- A. ID 17-1125 Constitution Week

Mayor Watts presented the proclamation for Constitution Week.

- B. ID 17-1160 Denton Public Library's Summer Reading Challenge

Mayor Watts presented the proclamation for Denton Public Library's Summer Reading Challenge.

- C. ID 17-1183 Live United Month

Mayor Watts presented the proclamation for Live United Month.

- D. ID 17-1184 Blood Cancer Awareness Month

Mayor Watts presented the proclamation for Blood Cancer Awareness Month.

3. PRESENTATION FROM MEMBERS OF THE PUBLIC

- A. Review of procedures for addressing the City Council.

- B. Receive Scheduled Citizen Reports from Members of the Public.

1. ID 17-1124 Bob Clifton regarding eradicating parking and pollution.

Mr. Clifton presented information on proposed street rails in the City which would help with pollution and parking issues. The street rails would connect major areas of the city. City-wide involvement would be necessary in order to complete the project.

2. ID 17-1153 Willie Hudspeth regarding the Confederate monument on the downtown Denton square.

Mr. Hudspeth spoke regarding the Confederate monument on the downtown Denton square. He questioned why the City did not have anything to say about the monument even though it was a County monument. He spoke off topic regarding the lack of African American firefighters and a sidewalk to Ryan High School.

3. ID 17-1206 Valerie Martinez-Ebers regarding Senate Bill 4.

Ms. Martinez-Ebers spoke on a political issue in California regarding the effect of political behavior of Latinos. She felt that would happen in Texas due to SB 4. She requested Council take a position on SB 4.

4. ID 17-1207 Lilyan Prado-Carrillo regarding Senate Bill 4.

Ms. Lilyan Prado-Carrillo was not present at the meeting.

C. Additional Citizen Reports.

1. Ayana Carrillo spoke on behalf of her mother who could not attend the meeting. She hoped Council would take a stand on SB4 and keep individuals such as herself safe. SB 4 was a threat to individuals in Texas.

4. CONSENT AGENDA

Council Member Gregory motioned, Council Member Briggs seconded to adopt the Consent Agenda and accompanying ordinances and resolutions. On roll call vote, Council Member Hudspeth "aye", Council Member Briggs "aye", Council Member Duff "aye", Council Member Ryan "aye", Council Member Gregory "aye", Mayor Pro Tem Bagheri "aye", and Mayor Watts "aye". Motion carried unanimously

Ordinance No. 2017-246

- A. ID 17-827 Consider adoption of an ordinance of the City of Denton authorizing the City Manager, or designee, to execute generation credit rate agreements with electric utility customers owning renewable energy generating systems larger than 50 kW as needed; and providing an effective date.

Resolution No. R2017-033

- B. ID 17-1151 Consider approval of a resolution of the City of Denton, Texas, approving the increase of sick leave accruals from eight (8) hours to ten (10) hours for full-time, non-civil service employees; and providing an effective date.

Approved the minutes listed below.

- C. ID 17-1169 Consider approval of the minutes of August 1, August 3, August 7, August 8, August 15, and August 22, 2017.

Ordinance No. 2017-247

- D. ID 17-1173 Consider adoption of an ordinance of the City of Denton authorizing an agreement between the City of Denton, Texas and Giving Hope, Inc. for the purpose of Homeless Prevention Assistance; providing for the expenditure of funds therefor; and providing for an effective date. (\$450)

Ordinance No. 2017-248

- E. ID 17-1191 Consider adoption of an ordinance of the City of Denton authorizing the City Manager, or designee, to execute Agreements for Interconnection and Parallel Operation of Distributed Generation as needed; authorizing the expenditure of funds therefor; and providing an effective date.

Ordinance No. 2017-249

- F. ID 17-1193 Consider adoption of an ordinance to authorize the City Manager to execute the Local Project Advance Funding Agreement (LPAFA) with the Texas Department of Transportation associated with the US 380 ~ SL 288 to US 377/US 380 Intersection. Specifically, the addition of a 10-foot sidewalk along US 380 between Mayhill Road and the Greenbelt Park. The City will pay a portion of the estimated cost of \$878,874.75.

Ordinance No. 2017-250

- G. ID 17-1251 Consider adoption of an ordinance of the City of Denton approving a uniform emergency aid agreement for the provisions of aid by Denton Municipal Electric to other electric utilities in times of weather or natural disaster related emergencies; authorizing the city manager, or designee to execute the aid agreement as needed and provide notification to council and public utilities board; authorizing the expenditure of funds therefor; and providing an effective date.

5. ITEMS FOR INDIVIDUAL CONSIDERATION

Ordinance No. 2017-251

- A. ID 17-1142 Consider adoption of an ordinance of the City Council of the City of Denton, Texas, amending the establishment of the Downtown Reinvestment Fund; defining and removing the commitment of certain revenues of the City; committing the fund balance remaining in the fund; providing a severability clause; and providing an effective date.

Chuck Springer, Director of Finance, presented information that the ordinance would amend the Downtown Reinvestment Grant by changing the commitment of \$100,000 to the fund. Any funds in the account would remain until used.

Council Member Gregory suggested postponing the ordinance until an event certain when Council could agree on another funding source.

Council discussed the freezing of the account from the last budget year; the current process which provided good accountability for the spending of the funds; and that a vote on this issue would not be a vote to end the program but rather where the money was coming from.

Council Member Gregory stated that the funds could be moved back to General Fund at a later date if another funding mechanism was found.

Council Member Gregory motioned, Council Member Hudspeth seconded to continue to a date certain when a funding source was established. On roll call vote, Council Member Hudspeth "aye", and Council Member Gregory "aye". Council Member Briggs "nay", Council Member Duff "nay", Council Member Ryan "nay", Mayor Pro Tem Bagheri "nay", and Mayor Watts "nay". Motion failed with a 2-5 vote.

Mayor Pro Tem Bagheri motioned, Council Member Ryan seconded to adopt the ordinance. On roll call vote, Council Member Briggs "aye", Council Member Duff "aye", Council Member Ryan "aye", Mayor Pro Tem Bagheri "aye", and Mayor Watts "aye". Council Member Hudspeth "nay", and Council Member Gregory "nay". Motion carried with a 5-2 vote.

- B. ID 17-1176 Consider nominations/appointments to the City's Boards and Commissions: Community Development Advisory Committee and Traffic Safety Commission.

Jennifer Walters, City Secretary, stated that Mayor Pro Tem Bagheri had nominated Jennifer Lane for the Zoning Board of Adjustment.

Council Member Ryan motioned, Council Member Gregory seconded to approve the nomination. On roll call vote, Council Member Hudspeth "aye", Council Member Briggs "aye", Council Member Duff "aye", Council Member Ryan "aye", Council Member Gregory "aye", Mayor Pro Tem Bagheri "aye", and Mayor Watts "aye". Motion carried unanimously.

- C. ID 17-1200 Consider appointments to Council Committees.

Mayor Pro Tem Bagheri stated that she needed to cut back on the number of committees she was serving on and asked if any member would like to serve in her place on some of the committees.

Council Member Ryan volunteered to serve on the Committee on the Environment and the Council Appointee Performance Review Committee.

Council Member Gregory motioned, Council Member Hudspeth seconded to approve the appointments. On roll call vote, Council Member Hudspeth "aye", Council Member Briggs "aye",

Council Member Duff "aye", Council Member Ryan "aye", Council Member Gregory "aye", Mayor Pro Tem Bagheri "aye", and Mayor Watts "aye". Motion carried unanimously.

Resolution No. R2017-034

- D. ID 17-1256 Consider approval of a resolution specifying the intent of the City of Denton, Texas to exercise or not exercise an option to purchase a certain 18.969 acre tract located in the David Hough Survey, Abstract No. 646, in the City and County of Denton, Texas, as provided in that certain Real Estate Contract - Option to Acquire Additional Real Property dated September 23, 1997, for a purchase price of Four Million One and No/100 Dollars (\$4,000,001.00); and providing an effective date.

Tre Lansford, Deputy City Attorney, presented information regarding the purchase of the property on Mayhill Road. He reviewed the location of the property; background information concerning the potential purchase of the property; and options to proceed.

A Comment Card was submitted by Robert Donnelly in opposition to the option to purchase.

Council Member Gregory motioned, Mayor Pro Tem Bagheri seconded to approve the resolution to exercise the option to purchase the property. On roll call vote, Council Member Hudspeth "aye", Council Member Duff "aye", Council Member Ryan "aye", Council Member Gregory "aye", Mayor Pro Tem Bagheri "aye", and Mayor Watts "aye". Council Member Briggs "nay". Motion carried with a 6-1 vote.

6. PUBLIC HEARINGS

- A. ID 17-994 Hold a public hearing on a proposal to adopt a tax rate of \$0.637856 with a maximum allowable rate of \$0.683340 per \$100 valuation, which will exceed the lower of the effective or rollback tax rate.

Chuck Springer, Director of Finance, presented information for both public hearings. He noted the proposed tax rate, effective tax rate, rollback tax rate and certified taxable value. He reviewed the budgetary priorities; cost containment; General Fund revenues and expenditures; and utility funds operating expenditures with proposed rates for those funds. He concluded with the next steps in the process.

The Mayor opened the public hearing.

Jennifer Lane spoke on the tax freeze which was not the best deal for them.

The Mayor closed the public hearing.

No action was needed on this item at this meeting.

- B. ID 17-995 Hold a public hearing and receive citizen input on the FY 2017-18 Proposed Budget.

The Mayor opened the public hearing.

No one spoke during the public hearing.

The Mayor closed the public hearing.

No action was needed on this item at this meeting.

7. CONCLUDING ITEMS

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council 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.

Council Member Ryan requested an update on the Denton Development Code preparation.

Council Member Ryan requested information concerning sidewalks at the railroad and Old McKinney, Mack Park and the new DME substation on McKinney.

Council Member Ryan requested an update on the funding for the Downtown Reinvestment Fund.

Council Member Briggs requested information concerning the red light cameras and the associated traffic engineering study.

Council Member Briggs requested a plan to replace the 753 trees being removed for the Mayhill widening project.

Council Member Briggs requested a Work Session on the impact of SB4 on the community and an update on the lawsuit.

Council Member Briggs requested a Work Session on the funding for the Downtown Reinvestment Grant.

Council Member Briggs requested information on a possible ordinance limiting the height of buildings constructed near the Courthouse.

Council Member Hudspeth requested information on sidewalks on McKinney.

Council Member Hudspeth requested a discussion on the property at North Lakes by the new Animal Shelter.

Council Member Duff requested information on the proposed rebuild of the McDonald's at I35.

B. Possible Continuation of Closed Meeting topics, above posted.

There was no continuation of the Closed Meeting.

With no further business, the meeting was adjourned at 8:02 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS