



**City of Denton
DRAFT MINUTES
PUBLIC UTILITIES BOARD**

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

Monday, January 8, 2018

9:00am

City Council 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, January 8, 2018 at 9:00a.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas

Board Members: Chair Randy Robinson, Vice Chair Susan Parker, Brendan Carroll, Lilia Bynum, Charles Jackson, Allen Bishop and Deb Armintor

Ex Officio Members: Todd Hileman, City Manager and Mario Canizares, Assistant City Manager

WORK SESSION

A. PUB17-252 – Receive an informational report regarding the Denton Municipal Electric program for underground electric lines.

Brent Heath, Executive Manager, gave the presentation starting with the background. The City of Denton Municipal Code of Ordinances was read that pertains to this item, Sec. 34-122 - Underground electrical utility policy.

The Denton Plan 2030 was shown where it also pertains to this item, 9.5 - Install underground electric distribution facilities wherever practical. 9.5.3 – Fund the conversion of existing overhead electric facilities to underground on a fiscally responsible basis through electric service initiatives.

The budget was explained that shows \$350,000 in the budget this year for conversions from overhead (OH) to underground (UG). That amount increases each year.

A map of DME system overhead and underground lines were shown.

DME ranks third best out of 72 Texas Municipal Electric Companies as having the highest percentage of underground distribution lines (56.218% UG 43.782% OH). The TPPA Directory showed DME had 36 percent underground.

The Downtown area was shown on a map that shows that there are many lines already underground that helps with aesthetics.

OH/UG reliability was shown on a table. UG circuits have slightly less outage events, but customers experience longer outage durations. UG is more reliable but harder to find and repair once there is a problem. UG circuits actually do experience squirrel related outage events.

OH/UG comparisons was shown:

OH

- Lower capital cost
- System flexibility

- Easier to find and repair faults
- Increased electrical capacity

UG

- Improved appearance
- Expensive
- Less Outages
- Longer Outages
- Higher Maintenance Cost

UG conversions are complex, very time consuming and costly. Easement acquisitions are typically required for underground. The electric meter bases are owned by the customer, electrician must be hired to retrofit and convert meter bases to accept underground electric service. That cost is approximately \$2,000 - \$3,000 per house.

Commercial/Residential Project cost examples was shown on a table, Western Blvd, Hickory Street and Rear Lot Overhead Residential Subdivision conversation to underground.

Heath then showed a list of the active DME UG Projects.

In summary DME has an ongoing underground program with \$350,000 approved budget. Currently 56 percent are underground. Overhead has lower installed costs easier to find and repair problems. Underground has improved appearance and less outages. Underground has longer outage restoration times and significantly higher capital and operating costs.

Board Member Parker asked about the residential going underground, how it is paid. Heath answered it is very complex and expensive. How to pay would be a topic for discussion.

Chair Robinson stated this is expensive from homeowner standpoint and the poles remain because of cable and phone in many cases.

Board Member Bynum asked if it is safer to have underground lines for workers. Heath answered there are safety differences, there are accidents on both. Underground does have some safety aspects. Heath then cautioned the Board and anyone watching by television to not touch or go near electric conductors.

Board Member Armintor asked the difference in repair times for OH/UG. Also is there anything technological that can help with the repair time (robotics). Heath answered 26.3 minutes average for OH and 31 minutes average underground. The cost for underground is much higher. Heath is unsure of a robotics or automation. GIS does look at issues and the age to help address areas. One project that was completed was the Southridge area that had direct buried lines.

Bynum asked about the maintenance costs comparison for overhead and underground. Heath answered most underground have circuits overhead. You will never get away from tree trimming costs. Cost and maintenance is higher, unsure of percentage.

Board Member Bishop how much is cost offset by the entities such as UNT. Heath answered some of the costs are offset at times not all the time. Heath all new developments are underground, street lighting is paid for by the developer.

Board Member Carroll asked with the \$350,000 we are looking at only being able to convert about 500 feet of line. Heath answered this want to convert large areas to underground it is to help supplement the cost.

There was a some other discussion.

REGULAR MEETING

1. CONSENT AGENDA

- A. **PUB18-003** - Consider recommending adoption of an ordinance approving a contract for the purchase of one (1) Terex 47' Digger Derrick truck for the Denton Municipal Electric Distribution Department as awarded by Buy Board Cooperative Purchasing Network Contract# 521-16; providing for the expenditure of funds therefor; and providing an effective date (File 6670-awarded to Freightliner of Austin, in the not-to-exceed amount of \$231,765).
- B. **PUB18-006** - Consider recommending adoption of an ordinance approving a contract for the purchase of one (1) John Deere Model 245G Hydraulic Excavator for the City of Denton Drainage Department as awarded by Buy Board Cooperative Purchasing Network Contract# 515-16; providing for the expenditure of funds therefor; and providing an effective date (File 6684-awarded to RDO Equipment Company in the not-to-exceed amount of \$215,236.57).

There was a motion by Board Member Parker with a second by Board Member Bynum to approve items PUB18-003 and PUB18-006. Vote 7-0 approved.

2. ITEMS FOR INDIVIDUAL CONSIDERATION

- A. **PUB17-248** Consider approval of the Public Utilities Board Meeting minutes of December 11, 2017.

Minutes – approved

- B. **PUB17-229** Consider recommending adoption of an ordinance of the City of Denton, a Texas home rule municipal corporation ("City"), approving a Real Estate Exchange and Abandonment Agreement ("Agreement") between the City and Marsam Enterprises, Inc., a Texas corporation ("Marsam"), for (I) the conveyance to Marsam of a 0.098 acre fee tract, with a drainage and utility easement reserved by the City therein, (II) the conveyance to Marsam of a 0.016 acre fee tract, with a drainage and utility easement reserved by the City therein, (III) the abandonment and release by the City of (A) a 0.063 acre drainage easement, and (B) a 285 square feet drainage easement, and (IV) the payment by the City to Marsam of \$5,000.00, all in exchange for the conveyance to the City of (I) a 0.031 acre fee tract, and (II) a 0.047 acre drainage easement, all cited tracts situated in the W. Loving Survey, Abstract No. 759, City of Denton, Denton County, Texas, generally located at the northeast corner of Myrtle Street and Eagle Drive; authorizing the City Manager in accordance with Local Government Code 272.001(B)(3) to execute the Agreement; authorizing the expenditure of funds therefore; and providing an effective date. (Eagle Drive Drainage project - Phase II - Marsam tract (Briscoe Tire))

Paul Williamson, Real Estate Manager, gave the presentation. The location map was shown first with explanations.

Chair Robinson asked if this is the completion of drainage to Pecan Creek. Williamson agreed it does.

Williamson showed the site map and pointed out where the drainage boxes will be located.

Williamson then showed the proposed exchange from Marsam to the City and from the City to Marsam.

Board Member Bishop asked for further explanation of the exchange between Marsam and the City. Williamson explained by looking at the site map.

There was a motion by Board Member Jackson with a second by Board Member Bishop to approve item PUB17-229. Vote 7-0 approved.

- C. PUB18-002** Consider recommending adoption of an ordinance revising parameters within the Credit and Collection Policy of the City Utility System.

Tiffany Thomson, Customer Service Manager gave the presentation starting with the background. One of the first changes is to update the PLUS One Program, information was shown to the Board. A new Homelessness Deposit Waiver has been added. Updated Credit & Collection Parameters was explained.

Disconnection procedures was shown and will be added as an ordinance. The discussion of what Holidays and weekends took place including extreme weather.

Implementation timeline for the new/updated items was shown:

PLUS One – July 2018

Homelessness Deposit Waiver – Immediately after City Council approval.

Credit and Collection Policy Changes – February 2018

Board Member Parker asked how many customers would be affected on the credit rating scale moves. Thompson answered about 1,800 customers for one month deposit and 710 would not need a deposit, this is the initial assessment.

Board Member Carroll asked if the weekend and holiday policy is new. Thompson answered it is not a change only added extreme weather. Clarification regarding a ‘staff member present’ will be added along with clarifying which holidays.

Armintor asked to clarify if someone’s power already is already disconnected before the heat advisory it would stay disconnected. Thompson agreed it would, there will be no new disconnects.

Armintor then thanked staff for working and improving on this item. She is still in favor of no deposit for low income.

There was a motion by Board Member Parker with a second by Board Member Bynum to approve item PUB18-002. Vote 7-0 approved.

- D. PUB18-005** Consider recommending adoption of an ordinance approving a contract for the supply of Wärtsilä Gas Engine Lubrication Oil and Cooling System Glycol for the Denton Energy Center; providing for the expenditure of funds therefor; and providing an effective date (IFB 6632-awarded to the lowest responsive bidder for each line item, Reeder Distributors, Inc. for gas engine lubrication oil in the not-to-exceed amount of \$330,030 and O’Rourke Dist. Co., Inc. dba O’Rourke Petroleum for cooling system glycol (antifreeze) in the not-to-exceed amount of \$79,953 for a total award not-to-exceed \$409,983).

Chris Lutrick, DEC Project Manager, started the presentation. He started with the 'Internal combustion engine overview'.

The bid summary consisted of seven bids received for lube oil and seven bids for MPG. The oil bids ranged from \$5.79 to \$7.39 per gallon. The MPG bids ranged from \$79,953 to \$172,825.60. This will be a single purchase of 57,000 gallons of lube oil and a single purchase of 8,700 gallons of glycol.

Staff recommendations are for the engine oil, lowest cost bid submitted by Reeder Distributors, Inc. not to exceed \$330,030. For the glycol lowest cost bid submitted by O'Rourke Distribution Co., Inc. not to exceed \$79,953.

Carroll in the documentation there are specific specifications for oil but not much for glycol. Lutrick agreed. Lutrick explained the choices.

Carroll asked why the difference in prices. Lutrick answered most bid on oil, some may have had to go out to for pricing on glycol.

Armintor asked about cutting costs, and that the lube oil is for one to two years. Did you look at pricing for a smaller time frame to save costs? Lutrick this oil purchase is for 4,000 per each engine all have to be filled with oil. The oil provides protection for the engines. They will be filled with oil even if the engines do not run, the remainder is for maintenance. Staff maximized cost. There will be 10,000 gallons in the maintenance tank.

There was a motion by Board Member Bishop with a second by Board Member Parker to approve item PUB18-005. Vote 7-0 approved.

- E. PUB17-257** ACM Update:
1. 2017 DME Transmission Cost of Service Rate Filing
 2. Future Agenda Items
 3. Matrix

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

New Items: none

CLOSED MEETING

A. PUB18-007 - Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code Section 551.086; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive a presentation from staff regarding public power competitive and financial matters pertaining to the natural gas fuel supply for the Denton Energy Center (“DEC”); discuss and deliberate strategies and opportunities for the City to acquire natural gas for the DEC and enter into agreements regarding the same including a Contract for Sale and Purchase of Natural Gas with Enterprise Products Operating, LLC, a Texas limited liability company. Consultation with the City’s attorneys regarding legal issues associated with the agreements described above where discussion of these legal matters in an open meeting 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. Make a recommendation to City Council on a Contract for Sale and Purchase of Natural Gas with Enterprise Products Operating, LLC, a Texas limited liability company.

There was a motion by Board Member Parker with a second by Board Member Carroll to approve item PUB18-007. Vote 7-0 approved.

Adjournment: 10:34 am