



AGENDA

..... for the regular meeting of the Public Utility Commission of the City of Farmington, Wednesday, April 13, 2016, at 9:00 AM at the Farmington Civic Center, 200 W. Arrington, Farmington, New Mexico.

I. GENERAL

- A. Roll Call
- B. Convening of Meeting by Dr. James Spence, Chair
- C. Minutes of March 9, 2016 regular meeting submitted for approval..... 1

II. BUSINESS

- A. Open Meetings Resolution – Jennifer Breakell (5 min.)..... 2
- B. Water/Wastewater Report – Jeff Smaka (5) 3
- C. Water/Wastewater Operations Report – Ron Rosen (5 min)..... 4
- D. Discuss FEUS Director Search – Rob Mayes (15 min)..... 5
- E. Electric Utility Report– Sue Nipper (10 min) 6
- F. Director’s Report – Rodney Romero (5 min) 7

III. ADJOURNMENT

The next regular meeting will be on May 11, 2016

The City of Farmington will make every effort to provide reasonable accommodations for people with disabilities who wish to attend a public meeting. If you need to request that an accommodation be made, please notify the Electric Administration office (599-1160) at least 24 hours prior to the meeting.

BOARD OF PUBLIC UTILITY COMMISSIONERS

The special meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, March 9, 2016 at 3:00 p.m., in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

GENERAL

1. Commission members present: James Spence
Jeff Parkes
Marty Johnson
Gordon Glass
Bill Standley
Bill Hall
Tory Larsen
Chris Hunter
Carol Cloer

Commission members absent: Keith Johns
Rubin Armenta

City Council Liaison: Gayla McCulloch

City personnel present:	
Electric Utility Director	Rodney Romero
Electric Transmission & Distribution	Ward Allies
Customer Service	Nicki Parks
Public Works Department	David Sypher
Public Works Department	Jeff Smaka
OMI/CH2MHill	Ron Rosen
Administrative Services	Andy Mason
Administrative Services Accounting	Sheree Wilson
City Manager	Rob Mayes
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

2. Chair Spence called the meeting to order at 3:00 PM with a quorum present to conduct the business of the Commission.

Chair Spence asked if there were any additions or corrections to the Minutes of the February 10, 2016 meeting. Commissioner Parkes made a motion to approve the Minutes and Commissioner Hunter seconded the motion. The motion passed unanimously.

BUSINESS

1. Proposed Sanitation Contract:

Mr. David Sypher, Public Works Director, presented information about the proposed Sanitation Contract. Mr. Sypher reminded commissioners that in the Fall of 2015 he brought before the PUC for informational purposes the RFP for the solid waste program as the contract with Waste Management was nearing completion. Mr. Sypher stated that the RFP was posted and the city received one proposal. Mr. Sypher stated that while the solid waste contract is not a part of the PUC's charter, because Commissioner Hunter sat in on the RFP planning meetings and offered suggestions which were added to the RFP, Mr. Sypher wanted to ask for a recommendation from the PUC to City Council regarding the desire of the Public Works department to engage in contract negotiations with Waste Management. Mr. Sypher briefly reviewed various items that would be included in the negotiation process.

City Manager Mayes reiterated that the Public Utility Commission is not obligated to offer a recommendation because by Ordinance Solid Waste is not under the authority of the Public Utility Commission but it is staff's request that the PUC offer its recommendation to the City Council.

Chair Spence asked for a motion to recommend approval to the City Council regarding the Sanitation contract. Commissioner Standley made the motion and Commissioner Cloer seconded; all present voted aye and the motion passed.

2. Water/Wastewater Report:

Mr. Smaka offered a brief review of the activities of the Water/Wastewater division. He pointed to the 2P Waterline Replacement Project stating this project is under current design and that the project is a loan/grant package from New Mexico Finance Authority; the project is estimated at \$3.2 million and the city will receive a \$1 million grant. Mr. Smaka stated the Water Treatment Plant #2 project is approximately 99% complete. Mr. Smaka said the Wastewater Treatment plant project bid opening took place on March 3, 2016 and 3 bids were received. He said the estimate for this project is approximately \$14 million and the lowest bid came in at \$16.7 million. Mr. Smaka staff will be revisiting the engineering behind the estimated cost for this project. Mr. Smaka also said he has reached out the NMED Financing Group to determine if additional funds could be available should staff decide to move forward with the project.

Vice-Chair Parkes asked about estimated timetables about a decision of the wastewater treatment plant #2 project and is staff looking at design changes. Mr. Smaka stated staff is looking into areas where efficiency could be improved on this project. Mr. Smaka stated if the bid must be canceled and re-bid, this could cause an approximate sixty day delay.

3. Water/Wastewater Operations Report:

Mr. Ron Rosen offered a presentation about the new real-time reporting process being implemented by OMI for work orders, preventative maintenance and other reporting items. He said this presentation demonstrated some of the areas he felt were most important for review by the Commission. He asked the Commission to offer feedback regarding the information presented and what information the Commission is interested in reviewing. General discussion ensued about the new report format.

4. Leidos Engineering Community Solar Feasibility Study Presentation:

Mr. Fred Wellington of Leidos Engineering reminded the Commission that in October, 2015 FEUS contracted with Leidos to perform a feasibility study regarding the development of a Community Solar program. He said that following the October presentation, the Leidos team prepared and published a Survey Monkey survey to gauge the public's interest in Community Solar in Farmington. Mr. Wellington said the Survey Monkey survey was open for one month and received 966 responses; roughly half of the respondents would encourage FEUS to support the use of solar. The survey also demonstrated that 505 of the respondents said they have considered rooftop solar and 291 survey respondents indicated a willingness to pay a premium to participate in a solar program. Most survey respondents indicated they prefer a cost-effective option and a monthly premium rather than an up-front lump sum participation payment.

Mr. Wellington's presentation indicated the foremost objective is to procure solar at the lowest cost possible and to do so requires monetizing Federal tax credits. FEUS can monetize such tax credits in one of two ways: by procuring energy directly from a solar project through a power purchase agreement or by entering into a joint venture ownership arrangement with an entity that can monetize Federal tax credits. Mr. Wellington said that during phase three of this feasibility study FEUS could request bids outlining the impacts of ownership and O&M flexibility on pricing.

Chair Spence asked if there is a sunset on the Federal tax credit. Mr. Wellington stated the 30% Federal tax credit was recently extended out to 2020 and then tapers off of to 10% through 2024.

Mr. Wellington's report indicated that directly passing through solar costs and solar value to individual Community Solar participants leads to FEUS' appropriate cost recovery.

Commissioner Hunter asked if the city is able to create a contractual authority to obligate the meter associated with participation in the Community Solar.

In responding to Commissioner Hunter's question, City Manager Mayes commented the real question is what the exit process is for a participant in the Community Solar project. City Manager Mayes said he and City Attorney Breakell have researched this and there does not appear to be a way to attach this obligation to the meter, but it could be a contractual relationship between the customer and FEUS so a part of phase 3 of the study could review an exit policy.

Commissioner Glass observed that it appears that additional power generation is not needed at this time.

5. Director's Report:

Mr. Romero reviewed the activities of the utility for February 2016. He said staff is working diligently on preparing the budget for the next fiscal year which will be presented to the PUC at the April meeting.

Mr. Romero said staff not only reads electric meters but they also read the water meters and we have been experienced water meter read issues so new meters and meter modules are being replaced. He said the meter division has been working with the Public Works department and OMI to resolve these water meter reading issues.

Mr. Romero said that work is moving forward at the Aztec substation; the foundation has been poured and steel has arrived on site and the transformers have been ordered. Mr. Romero reported that construction designs for the Cottonwood substation are being finalized.

Mr. Romero stated the Navajo Hydro Plant Unit 1 has returned to service and is producing approximately 12 MW due to high flows.

ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned.

The meeting was adjourned at 4:57 p.m.

Approved this 13th day of April, 2016.

James Spence, MD, Chair

RESOLUTION

A RESOLUTION SETTING AND ESTABLISHING A REGULAR MEETING DAY, TIME AND PLACE FOR THE BOARD OF PUBLIC UTILITY COMMISSIONERS PURSUANT TO CITY COUNCIL RESOLUTION NO. 2013-1466 AS RATIFIED

WHEREAS, pursuant to the provisions of Resolution No. 2013-1466 as ratified, each board, commission, committee or other policy making body of the City of Farmington which holds regular meetings shall annually, subject to the ratification and approval of the City Council of the City of Farmington, establish a regular meeting day, time and place; and

WHEREAS, the Board of Public Utility Commissioners of the City of Farmington has determined and does recommend to the City Council that the regular meeting day, time and place of the Board of Public Utility Commissioners of the City of Farmington and the location where a copy of the agenda of such meetings may be obtained shall be as set forth in this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITY COMMISSIONERS OF THE CITY OF FARMINGTON:

That the regular meeting day, time and place of the Board of Public Utility Commissioners of the City of Farmington shall be held on the second Wednesday of each month at 3:00 p.m., in the Executive Conference Room, Municipal Building, 800 Municipal Drive, Farmington, New Mexico and that the location where a copy of the agenda of the regular meeting may be inspected seventy-two (72) hours prior to such meeting shall be at the Office of the Director of the Farmington Electric Utility System, Municipal Operations Center, 101 North Browning Parkway, Farmington, New Mexico.

PASSED, SIGNED, APPROVED and ADOPTED this _____ day of April, 2016.

By: _____
Chairperson, Board of Public Utility Commissioners

CITY OF FARMINGTON – PUBLIC WORKS DEPARTMENT (PW)	
Division: Water-Wastewater	Program: Water & Wastewater
Report Prepared by: Jeff Smaka	Title: Water/ Wastewater Administrator
Reporting Period: March 1 through March 31,2016	PUC Meeting Date: 13 April 16

ACCOMPLISHMENTS

- **Waste Water Treatment Plant.** Phase III Design – HDR Engineering is working on the plant design with staff to review the plant layout, equipment selection and design capacity of the proposed improvements. Construction of WWTP Phase III improvements to provide redundancy at the WWTP and maintain compliance with EPA permit. NMED approved funding the waste water treatment plant upgrade through the Clean Water State Revolving Loan Fund (CWSRF) program. Design – Completed ; Bid Opening March 3, 2016
- **O& M Contract.** Operation and Maintenance Contract with CH2M - 8 year contract; 2016 - 2023.
- **Utility Rates.** Ordinance 2014-1271 adopted by City Council - Nov 11, 2014. Water and wastewater rates 2nd year increase will begin with first billing cycle in Dec 2015
- **Engineering Design Contract.**
 - 2P Waterline Replacement Project - Phase I – HDR has completed 60% design drawings. Project funding under DWSRF program through NMFA. City Council approved loan application on August 11, 2015; this project is in the City's Infrastructure Capital Improvement Plan submitted to the state. Phase I estimated cost \$3.2 million.
 - 2P Waterline Replacement Project - Phase II – US64 – Intersection of Camina Flora to Miller Ave – Submitted preliminary project interest form to NMED – Estimated Cost \$3.6 million
 - LaPlata Highway - Project redesign for water line replacement and NMDOT permitting; staff will be hiring a consultant for this project in FY16.
- **Capital Project Review.**
 - **Capital Improvement Project**
 - WTP#2 - Electrical Improvements - HDR Engineering completed the design of the improvements to the motor control center and HVAC for the electrical equipment room which includes the mechanical, electrical motors and electrical systems. Project bid awarded to Nightlight Electrical by City Council. Construction began on November 16. Construction 99% complete. Startup scheduled for April 12.
 - Penny Lane Low Head Dam Modifications - Riverbend Engineering - Design completed; Project on hold pending issuance of permit from U.S. Army Corps of Engineers - anticipate rebidding project fall of 2016.
 - **Renewal and Replacement**
 - Wildflower Parkway - 4P Pump Station – Cheney-Walters-Echols (CWE) has completed pump station design. Due to property issues looking for new pump station site - Construction of new pump station 2016/2017.
 - Foothills Dr. - Holmes to Lakewood - Replace existing 16" steel waterline with a 16" PVC waterline - Construction 35% complete.
 - Foothills Dr. - Main to Holmes - Replace existing 16" steel waterline - design in process – plans 99% complete
 - English Rd - WTP#2 to Main St. – Installation of new 12" waterline - design complete – 99% complete
 - W. Main Street - W. Murray Dr to Valley Vista Dr - Replace existing 6" CI waterline with a 12" PVC waterline & Replace existing 8" clay tile sewer line with a 18" PVC sewer line - Preparing bid documents, Construction summer 2016.
 - W. Main Street – Troy King Rd. to Viento St – Replace 6" CI waterline with a 12" PVC waterline – Construction 30 complete.
 - San Juan Place, Glade Place & Douglas St - Replace 4" CI waterline with a 8" PVC waterline – Construction 98% complete

- **Pressure Reducing Valve (PRV)**
 - none
- **Sewer Lift Stations**
 - Lift Station 9 Improvements (109 Meadow View Dr.) – The project is to rehab of the existing lift station which includes the mechanical, pumping equipment and electrical systems of lift station 9. Project is in design – 25% complete, Construction in FY17.
 - Lift Station 12 Improvements (1214 Mossycup Dr.) – The project is to rehab of the existing lift station which includes the mechanical, pumping equipment and electrical systems. Design in FY16, Construction in FY17.
- **Budget.** - FY17 – working on FY17 budget
- **COF Department Support.** Survey support to acquire manhole data for future sewer collection system model continues
- **Annual Utility Contract.** – Contract awarded to TRC Construction Inc. from Flora Vista, NM
- **Federal Funding –**
 - Water Projects – 2P Waterline Improvement Project
 - Staff submitted a funding request to NMED (DWSRLF) for the project to replace the existing 6” and 8” cast iron waterline (approximately 30,000 LF) along US 64 and various side streets. Estimated probable cost \$8,160,000. – Project has been broken into three phases – Phase I – Estimated cost \$3,200,000
 - Wastewater Projects – submitting for funding in 2014 -
 - WWTP – MRAS Basin, Final Clarifier, Solids Handling Facility & UV Disinfection – NMED funding source is the Clean Water State Revolving Loan Fund (CWSRF) Program – Project approved by NMED, Loan amount \$14,000,000.00, - Term 20 years, Interest Rate 3%, Bid Opening – March 3, 2016;

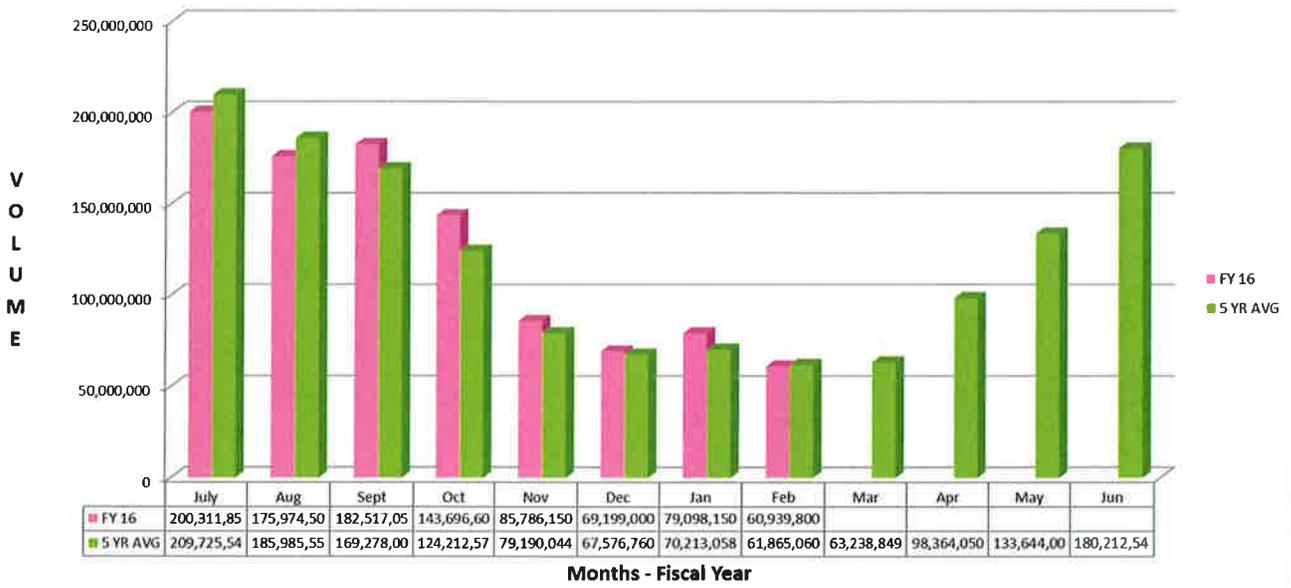
● PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION

- **Farmington Reach – Navajo Municipal Pipeline.**
 - Working with Bureau of Reclamation and Navajo Tribe for agreements to transfer title to the City for the tank and pipeline project along with an Operation, Maintenance and Replacement (OM&R) agreement as required by Federal law - March 2009.
- **WWTP NPDES PERMIT – EPA.** Existing NPDES permit went into effect on November 1, 2010 permit expires October 31, 2015. City staff and CH2M have submitted a renewal application for the WWTP NPDES permit.
- **Snowpack - Water Year 2016 - BOR reporting site:**
 - Animas River Basin - 75%
 - San River basin - 78%

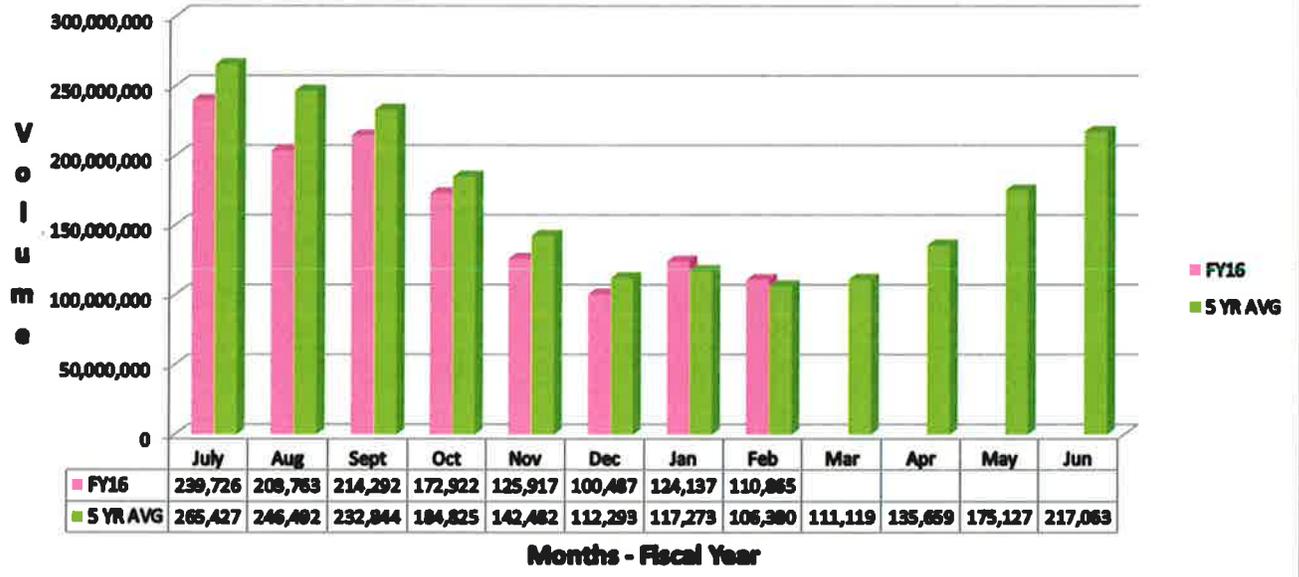
ATTACHMENTS

WATER USAGE - RESIDENTIAL CUSTOMERS
WATER USAGE - COMMERCIAL CUSTOMERS
WATER FUND (602) - RENEWAL & REPLACEMENT
WASTEWATER FUND (603) - RENEWAL & REPLACEMENT
GRAPH WATER REVENUE FY 12 – FY16

Residential Classification Usage - Gallons



Commercial Classification Usage - Gallons



WATER

Renewal & Replacement

Water Fund - 602

REVENUES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
Renewal /Replacement Fee	\$2,018,436	\$2,037,806	\$2,057,949	\$2,344,912	\$1,804,407	\$2,640,556
STATE GRANT - \$825,000 REVENUE TODATE				\$15,459,862		
PROJECTED REVENUE FY07 - FY16						\$18,100,418

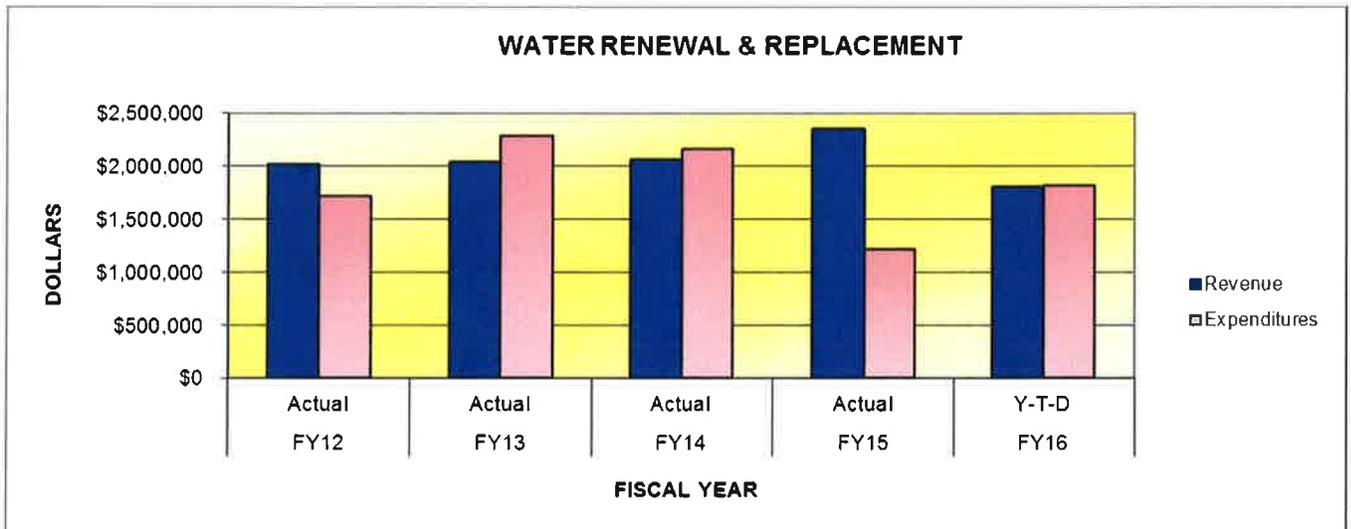
EXPENDITURES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
RENEWAL/REPLACEMENT						
602-5543 Construction	\$1,720,082	\$2,278,859	\$2,164,752	\$1,212,214	\$1,820,797	\$3,750,000
651.70-60						
PROJECTED EXPENDITURES FY07 - FY16				\$13,348,977		

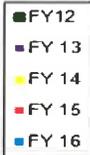
BUDGETED FY 16 PROJECTS

Foothills Dr - Hill N Dale to Main St	\$800,000
Foothills Dr - Holmes Dr to Lakewood	\$1,900,000
20th St - Hutton Ave to Main St	\$650,000
Clayton Ave - Main St to 20th St	\$193,252
Troy King - Piedras St to Main St	\$475,000
US64- Troy King to Viento	\$300,000
Polyline Service Replacement	\$200,000
Fire Hydrant 1950 Replacement	\$100,000
	\$4,618,252

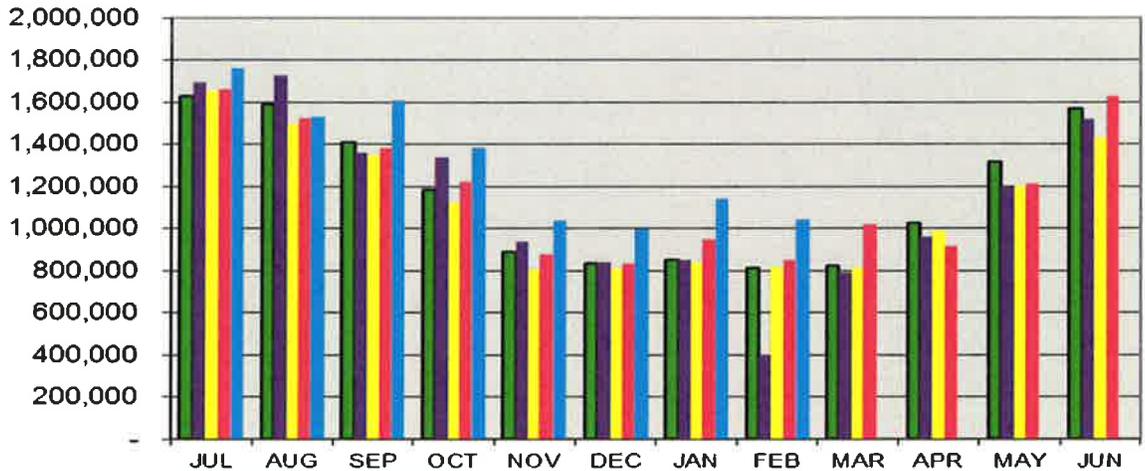
PROJECTED EXPENDITURES FY07 - FY16

\$17,967,229





Total Water Revenue Per Month FY12 - FY16



BUDGET TO ACTUAL COMPARISON PER MONTH

	FY 2012 **		FY 2013 **		FY 2014 **		FY 2015 **		FY 2016 **	
	Budget	Actual								
JUL	1,176,228	1,630,402	1,165,141	1,696,293	1,196,227	1,657,429	1,152,420	1,660,611	1,305,656	1,760,696
AUG	1,176,228	1,588,665	1,165,141	1,725,060	1,196,227	1,495,029	1,152,420	1,525,823	1,305,656	1,530,739
SEP	1,176,228	1,410,448	1,165,141	1,362,607	1,196,227	1,349,906	1,152,420	1,379,367	1,305,656	1,608,774
OCT	1,176,228	1,184,374	1,165,141	1,338,557	1,196,227	1,123,250	1,152,420	1,222,276	1,305,656	1,379,285
NOV	1,176,228	887,002	1,165,141	936,091	1,196,227	805,566	1,152,420	878,377	1,305,656	1,039,055
DEC	1,176,228	832,980	1,165,141	839,767	1,196,227	813,492	1,152,420	832,341	1,305,656	996,111
JAN	1,176,228	851,299	1,165,141	851,542	1,196,227	838,647	1,152,420	948,366	1,305,656	1,138,593
FEB	1,176,228	813,970	1,165,141	401,518	1,196,227	818,588	1,152,420	850,813	1,305,656	1,041,098
MAR	1,176,228	823,706	1,165,141	788,759	1,196,227	812,113	1,152,420	1,021,237	1,305,656	
APR	1,176,228	1,028,028	1,165,141	958,767	1,196,227	989,646	1,152,420	914,504	1,305,656	
MAY	1,176,228	1,317,793	1,165,141	1,194,193	1,196,227	1,203,797	1,152,420	1,212,303	1,305,656	
JUN	1,176,228	1,570,209	1,165,141	1,520,186	1,196,227	1,433,479	1,152,420	1,630,441	1,305,656	
TOTAL:		13,938,876		13,613,340		13,340,942		14,076,459		10,494,351

REVENUE PER CLASS/CUSTOMERS

	FY 2012		FY 2013		FY 2014		FY 2015		FY 2016	
	Budget	Actual								
R	6,275,000	6,509,749	6,481,728	6,464,202	6,676,180	6,110,737	6,458,000	6,535,453	7,254,451	4,707,793
GS	3,458,704	3,441,527	3,447,238	3,107,129	3,550,655	3,304,044	3,373,100	3,310,784	3,777,872	2,649,970
CU	1,117,925	1,096,582	1,129,104	1,123,093	1,151,686	1,026,032	1,049,500	1,011,584	1,126,982	710,259
REC	210,000	264,281	225,000	264,196	250,000	244,954	260,000	252,046	273,000	148,537
FH	125,000	112,642	118,750	76,419	118,750	91,668	110,000	87,036	100,000	76,724
R & R	1,910,000	2,018,437	2,055,322	2,037,805	2,082,909	2,057,950	2,088,390	2,344,912	2,640,556	1,804,407
GRANTS	500,000	284,788	-	2,510	2,107,359	1,449,369	1,800,000	3,963,044	-	-
OTHER	1,018,114	747,207	524,552	2,595,398	587,552	505,557	490,050	539,364	495,020	396,661
TOTAL:	14,614,743	14,475,213	13,981,694	15,670,752	16,525,091	14,790,311	15,629,040	18,044,223	15,667,881	10,494,351

SCHEDULE OF CUSTOMERS

R	=	Residential
GS	=	General Service, Single (commercial)
CU	=	Contract Users (bulk water users)
REC	=	Recreational/Raw Water Users (city facilities and)
FH	=	Fire Hydrants
R & R	=	Renewal & Replacement
OTHER	=	Miscellaneous

WASTEWATER

Renewal & Replacement

Wastewater Fund - 603

	REVENUES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
	Charges for Utility Services						
	Renewal /Replacement Fee	\$1,436,495	\$1,441,591	\$1,456,143	\$1,601,781	\$1,206,695	\$1,703,688

REVENUE TODATE

\$10,714,823

PROJECTED REVENUE FY07 - FY16

\$12,418,511

	EXPENDITURES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
603-5543	RENEWAL/REPLACEMENT						
751.70-60	Construction	\$501,814	\$685,848	\$1,194,237	\$817,221	\$1,676,580	\$1,650,000

Projects FY07- FY16

\$6,318,878

BUDGETED FY 16 PROJECTS

Lift Station # 3 Rehab	\$940,000
Lift Station #2 Rehab	\$1,120,000
MRAS Basin	\$1,750,000
Sewer Rehab - W Main St	\$1,500,000
Manhole Rehab	\$150,000
Mainline Rehab - Robotic	\$350,000

PROJECTED EXPENDITURES FY07 - FY16

\$12,128,878

