



AGENDA

.....for the regular meeting of the Public Utility Commission of the City of Farmington, Wednesday, **May 11, 2016 at 3:00 pm** in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico.

I. GENERAL

- A. Roll Call
- B. Convening of Meeting by Dr. James Spence, Chair
- C. Minutes of April 13, 2016 regular meeting and the April 13, 2016 special Budget Meeting submitted for approval..... 1

II. BUSINESS

- A. Quarterly Financial Report – Andy Mason (5 min) 2
- B. Water/Wastewater Report – Jeff Smaka (5 min) 3
- C. Water/Wastewater Operations Report – Ron Rosen (5 min)..... 4
- D. Action Item: Write offs of Aged Inactive Utility Accounts
Nicki Parks (5 min)..... 5
- E. Compliance Presentation – Linda Jacobson-Quinn (20 min)..... 6
- F. Electric Utility Report– Sue Nipper (5 min) 7
- G. Director’s Report – Rodney Romero (5 min) 8

III. ADJOURNMENT

The next regular meeting will be on June 8, 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, April 13, 2016 at 9:00 a.m., at the Farmington Civic Center, 200 W. Arrington Street, Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

GENERAL

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

- Commission members absent: Marty Johnson

- City Council Liaison: Gayla McCulloch

- City personnel present:
 - Electric Utility Director Rodney Romero
 - Business Operations Manager Susan Nipper Greaves
 - Electric Transmission & Distribution Luke Lugenbeel
 - Electric Generation Manager Britt Chesnut
 - Electric Engineering Manager John Armenta
 - Electric Compliance Manager Linda Jacobson-Quinn
 - Customer Service Nicki Parks
 - 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 9:00 AM with a quorum present to conduct the business of the Commission.

Chair Spence asked for a motion to approve the Minutes of the March 9, 2016 meeting. Commissioner Parkes made the motion to approve the Minutes and Commissioner Standley seconded the motion. The motion passed unanimously.

BUSINESS

- 1. Open Meetings Resolution:

Ms. Breakell presented the Open Meetings Resolution for the open meetings for the Public Utility Commission and stated the meetings would be held the second Wednesday of every month at 3:00 pm in the Executive Conference Room at City Hall. Ms. Breakell asked for recommendation to City Council for the acceptance of the resolution to accept the date, time and place as presented.

The motion to approve the recommendation to the City Council to approve the Open Meetings Resolution No. 2013-1466 was made and seconded and passed unanimously.

2. Water/Wastewater Report:

Mr. Smaka offered a brief review of the activities of the Water/Wastewater division. 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 said staff is looking at a loan amendment with the NMED Financing Group.

Mr. Smaka reported that the electrical improvements project at Water Treatment Plant 2 is complete and the plant is in operation.

Mr. Smaka commented on the status of various water and sewer renewal and replacement projects taking place throughout the city.

3. Water/Wastewater Operations Report:

Mr. Ron Rosen, CH2M, presented the 2015 annual report for CH2M's water/wastewater operations for the City of Farmington. Mr. Rosen noted staff participated in 1,809 total safety training hours and completed 571 safety courses. Mr. Rosen's report also indicated that 13,865 work orders were completed in 2015.

Ms. Monica Peterson detailed two regulatory compliance challenges the City faced in 2015: 1) NPDES permit renewal: CH2M staff and City of Farmington representatives met with EPA personnel to discuss obtaining a waiver for the 400mg/l limit of the TDS levels. B) Gold King Mine River Monitoring: monitoring probes were installed at the two locations where water is pumped from the Animas River into Lake Farmington; if turbidity levels exceed a certain limit the pumps will automatically shut off to prevent contaminated water entering the lake.

Commissioner Glass asked if there was a concern regarding staffing turnover. Mr. Rosen stated the largest concern for obtaining and keeping qualified water/wastewater personnel is retirements of qualified personnel and the lack of younger people who want to enter the water/wastewater field.

Commissioner Hunter requested a report demonstrating Farmington's work order statistics for 2015 compared to previous years as well as a comparison of similar communities.

4. Update on FEUS Director's Search:

City Manager Rob Mayes updated the PUC on current events affecting the City of Farmington. He introduced Julie Baird, who recently accepted the position of Assistant City Manager.

Mr. Mayes discussed the misleading USA Today article about Farmington being the fastest shrinking city in America. Mr. Mayes commented that the majority of these national reports are not talking about the City of Farmington as an incorporated city but rather it talks about the Farmington MSA. The Farmington MSA is a statistical territory established by the federal government. Farmington is a subset of the overall MSA -- Aztec, Kirtland, Bloomfield, Shiprock, unincorporated areas of San Juan County, and parts of the Navajo Nation are also part of the "Farmington MSA." There are only four MSA's in the State of New Mexico; Farmington, Albuquerque, Santa Fe and Las Cruces.

Mr. Mayes offered an update on the San Juan Regional Medical Center's solar project. Mr. Mayes stated the hospital interim CEO contacted him saying the panels have already been purchased and shipped and therefore the hospital will move forward with the project. Mr. Mayes reaffirmed that the Farmington City Council is in favor of solar. The issue brought before the City Council at the April 12, 2016 meeting was regarding a zoning issue involving the property the hospital wants to utilize for its solar facility.

Commissioner Hunter encouraged Mr. Mayes to continue to dialogue with the hospital regarding this issue.

City Manager Rob Mayes discussed the search for a director for the Farmington Electric Utility System. He said the city contracted with another national executive search firm; the search will be open until the end of April. Mr. Mayes commented that finalists for the position will be brought to Farmington to participate in various interview panels. Mr. Mayes invited all the PUC members to participate in the PUC assessment panel.

5. Electric Utility Report:

Ms. Sue Nipper Greaves offered a condensed version of the Electric Utility Report with year to date utility information presented.

6. Director's Report:

Mr. Romero reviewed the activities of the utility for March 2016. Mr. Romero reported the RFP for Cost of Service Study was awarded and this work will begin soon. Mr. Romero stated FEUS received notice from FERC regarding the compliance audits that will take place in July and August 2016.

Mr. Romero said the power transformer for the Aztec substation was delivered; this transformer is the largest and most expensive component of this substation.

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 10:00 a.m.

Approved this 11th day of May, 2016.

James Spence, MD, Chair

BOARD OF PUBLIC UTILITY COMMISSIONERS

The special budget meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS and City Council was held Wednesday, April 13, 2016 at 10:00 a.m., at the Farmington Civic Center, 200 W. Arrington Street, Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

GENERAL

1. Commission members present: James Spence
Jeff Parkes
Rubin Armenta
Gordon Glass
Bill Standley (left meeting at 11:00AM)
Bill Hall
Tory Larsen
Chris Hunter
Carol Cloer

Commission members absent: Marty Johnson

City Council Members Present: Gayla McCulloch
Nate Duckett
Linda Rodgers
Sean Sharer

Mayor: Tommy Roberts

City personnel present:
Acting Electric Utility Director Rodney Romero
Business Operations Manager Susan Nipper Greaves
Electric Transmission & Distribution Luke Lugenbeel
Electric Generation Manager Britt Chesnut
Electric Engineering Manager John Armenta
Electric Compliance Manager Linda Jacobson-Quinn
Customer Service Nicki Parks
PUC Secretary Amy McKinley
Public Works Department Jeff Smaka
CH2MHill Ron Rosen
Administrative Services Andy Mason
Administrative Services Teresa Emerich
Administrative Services Accounting Sheree Wilson
City Manager Rob Mayes
Legal Jennifer Breakell

Guests:

Annette Lobato, Electric Generation
Ed Garcia, Electric System Control
Melvin Serna, Electric System Control

2. Chair Spence called the meeting to order at 10:10 AM with a quorum present to conduct the business of the Commission.

I. BUSINESS

1. Electric Department Budget – Rodney Romero

Mr. Romero reminded the Commission that the philosophy of the Farmington Electric Utility System is to “Provide reliable and low cost electricity to our customers through operational excellence and exceptional customer service”.

Mr. Romero stated the proposed budget for FY 2017 and FY 2018 budget years projects a flat customer load growth. He said the proposed FY 2017 budget maintains the current staffing level of 180 budgeted employees.

Mr. Romero reported the proposed FY 2017 budget addresses regional economic factors to include lower industrial loads and the fuel contract price which is presently above market rates. Mr. Romero also said that because FEUS is a vertically integrated utility with distribution, transmission and generation, it deals with many of the same compliance demands as larger utilities; these increased compliance requirements are considered in the proposed FY 2017 budget.

Mr. Romero stated FEUS continues to have areas of its system in need of improvement; the proposed FY 2017 budget has committed funding for these improvement projects.

Commissioner Hunter asked about the city's view of the use of CNG for its fleet. Mr. Romero said that FEUS has discussed converting vehicles and equipment to CNG; due to FEUS's extensive service area, along with the lack of CNG infrastructure throughout the service area, converting vehicles and equipment to CNG is not feasible at this time.

Commissioner Hunter observed there is one (1) CNG station on HWY 64 that could be utilized and he would like FEUS to look at using CNG for equipment and trucks. Mr. Romero responded that bucket trucks and other equipment used by FEUS are very expensive; converting each vehicle to CNG and possibly converting back to using traditional fuels would not be cost effective.

City Manager Mayes commented that for many vehicles this technology does not work; buses could be usable with CNG, but for police department vehicles and long distance vehicles CNG is just not feasible. Mr. Mayes also stated CNG infrastructure also continues to be an obstacle.

Vice-Chair Parkes asked about the \$10 million for new generation in the proposed FY 2018 budget projection. Mr. Romero stated this funding is a place holder for funds should a new generation source come into play.

Chair Spence asked if the ongoing issue with Bloomfield was considered when preparing this proposed budget. Mr. Romero stated that FEUS continues to serve the City of Bloomfield and possible loss of electric load has not been considered with this proposed FY 2017 budget. City Manager Mayes commented that while this issue does cause a bit of uncertainty the outcome will not be known for some time and is not a practical consideration for this budget cycle.

Vice-Chair Parkes commented that the drop in industrial sales must make budgeting difficult and asked how volume sales were projected. Mr. Romero stated historical and current numbers are reviewed and staff communicates with industrial customers regarding their projections. Mr. Romero also commented that while industrial losses have occurred, commercial and residential sales have seen slight increases.

Mayor Roberts commented that 22% of FEUS's power supply is from the San Juan Generating Station; he feels it is a fair prediction to make that at the end of five years the San Juan Generating Station will shut down and the utility needs to be thinking about this. Mr. Romero said the utility is thinking about the potential shut down of this plant and this is one of the scenarios being considered within the Integrated Resource Plan being prepared.

Chair Spence asked for a motion to make a recommendation to City Council for the approval of the FY 2017 Electric Department budget. Commissioner Standley made a motion to recommend to City Council the approval of the proposed FY 2017 Electric Department budget and Commissioner Hunter seconded the motion. The motion passed unanimously.

2. Public Works Water/Wastewater Budget – Jeff Smaka

Mr. Smaka reviewed a presentation detailing the proposed FY 2017 Water Utility budget.

Mr. Smaka reported the proposed FY 2017 budget for Water offers a projection of \$20 million in revenue and approximately \$25 million in expenditures which would bring the cash balance down to just under \$6 million. Mr. Smaka said staff assumed a 10% growth in revenue over FY 2016 which was the cost of service revenue projection. He said capital expenditures are budgeted at \$14.8 million. If projection of revenue does not come as anticipated, some capital projects could be postponed.

Commissioner Larsen asked if the San Juan River pump station is routinely exercised. Mr. Smaka said the original San Juan River pump station was permanent and experienced high rates of vandalism, so it was replaced with a portable pump station placed into service when needed.

Vice-Chair Parkes noted the \$5 million excess in expenditures over revenues and asked if the budget reflects the use of cash funds because capital project funds were not spent as anticipated in FY 2016. Mr. Smaka stated that two projects encompassing approximately \$2.5 million were begun but not completed during FY 2016 and will be carried over into FY 2017.

Chair Spence asked if staff anticipates any significant degradation of the Animas River water due to the Gold King Mine spill and if there is a plan to limit the times the city taps into the river for Lake Farmington. Mr. Smaka noted Ron Rosen's report that detailed the monitoring system that has been installed at the two pumping locations that automatically shuts down the pumps should river turbidity reach designated unsafe levels.

Chair Spence asked for a motion to make a recommendation to City Council for the approval of the FY 2017 Water budget. Commissioner Cloer made a motion to recommend to City Council the approval of the FY 2017 Water budget and Commissioner Hunter seconded the motion. The motion passed unanimously.

The PUC/City Council budget meeting adjourned at 11:46 AM for a lunch break.

The PUC/City Council budget meeting re-convened at 12:17 pm.

Mr. Smaka reviewed the proposed FY 2017 Wastewater budget.

Mr. Smaka reported proposed FY 2017 revenues for Wastewater are projected to be \$17.4 million and expenditures are projected to be \$19.8 million; these projections will bring the cash balance down to approximately \$4.1 million.

Councilor Duckett asked if there are plans to install sewer lines in the northern areas of the city where sewer service is not currently in place. Mr. Smaka responded that without detailed study it would be difficult to project the cost effectiveness of installing sewer lines in areas of the city where homes are separated by large parcels of undeveloped land.

Chair Spence asked for a motion to make a recommendation to City Council for the approval of the FY 2017 Wastewater budget. Commissioner Parkes made a motion to recommend to City Council the approval of the FY 2017 Wastewater budget and Commissioner Hall seconded the motion. The motion passed unanimously.

II. 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 12:39 p.m.

Approved this 11th day of May, 2016.

James Spence, MD, Chair

CITY OF FARMINGTON, NM
UTILITY FINANCIAL STATEMENTS

Fiscal Year 2016

3rd Quarter Ending March 31, 2016



NOTES TO THE UTILITY FINANCIAL STATEMENTS

March 31, 2016

Electric Utility

- ❖ The Electric Utility's net income was down \$1.8 million from last year
- ❖ Operating revenues decreased \$413 thousand
 - Electric Sales had a decrease of \$537 thousand
 - Industrial customer sales were down \$1.6 million
 - Commercial customer sales were also down, about \$309 thousand
 - Residential customer sales increased \$837 thousand
 - PCA sales were up \$460 thousand
 - Other Revenues had increased \$108 thousand
 - Fiber optic leasing was \$92 thousand higher
 - Joint use billing was up \$16 thousand
- ❖ Operating expenses increased \$2.4 million
 - Fuel costs (natural gas and coal combined) increased \$1.4 million. Natural gas was up \$5.4 million and coal costs were down \$4 million.
 - Other operating expenses were higher by \$3.3 million
 - Depreciation and amortization costs increased \$1.2 million
 - Purchased power decreased \$3.5 million
- ❖ Non-operating revenues and expenses:
 - Revenues increased \$66 thousand, mainly due to increases in capital contributions
 - Expenses decreased \$931 thousand, due to decreases in the dividend transfer

Water Utility

- ❖ The Water Utility's net income was higher by \$648 thousand from FY2015
- ❖ Operating revenues increased \$1.3 million
 - Water Sales were up \$911 thousand
 - Residential customer sales increased \$363 thousand
 - Commercial customer sales was up \$453 thousand
 - Renewal/Replacement fee increased \$365 thousand
- ❖ Operating expenses decreased \$438 thousand
 - Other operating expenses decreased \$281 thousand
 - OMI contract decreased \$130 thousand
- ❖ Non-operating revenues and expenses:
 - Revenues decreased \$949 thousand, mainly due to no proceeds from grants. The water utility completed the NMFA meter replacement project at the end of FY2015.
 - Expenses increased \$108 thousand

Wastewater Utility

- ❖ The Wastewater Utility's net income increased \$508 thousand from the prior year
- ❖ Operating revenues were up \$411 thousand
 - Wastewater Sales increased \$301 thousand
 - Residential customer sales increased \$210 thousand
 - Commercial customer sales decreased \$9 thousand
 - Other wastewater sales increased \$100 thousand, mainly due to main extensions and septic tank fees
 - Renewal/Replacement fee increased \$202 thousand
 - Environmental tax was down \$92 thousand
- ❖ Operating expenses increased \$94 thousand
 - OMI contract was up by \$90 thousand
 - Other operating expenses increased \$52 thousand
 - Depreciation was lower by \$53 thousand
- ❖ Non-operating revenues and expenses:
 - Revenues increased \$194 thousand, mainly due to a one time settlement agreement for lift station #3. The settlement was received at the beginning of FY2016.
 - Expenses had a small increase of \$3 thousand

**CITY OF FARMINGTON, NEW MEXICO
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF MARCH 31, 2016**

<u>ASSETS</u>	<u>FY 2016</u>	<u>FY 2015</u>
CURRENT ASSETS:		
Pooled cash and investments	\$ 61,942,903	\$ 60,833,303
Accounts receivable (net of allowance for doubtful accounts)	4,666,145	4,225,781
Due from other funds	1,100,000	1,100,000
Regulatory Asset	8,828,359	12,471,074
Inventories	7,094,014	6,878,833
Prepaid expenses and deposits	(143,000)	952,653
Total Current Assets	83,488,421	86,461,644
RESTRICTED ASSETS:		
Customer utility deposits/overpayments	2,034,177	2,061,012
Refundable construction deposits	130,585	254,204
SJCC coal reclamation	1,338,774	571,180
Total Restricted Assets	3,503,536	2,886,396
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	457,673,276	440,758,851
Less accumulated depreciation	(220,951,713)	(213,777,635)
Work in progress	38,624,302	40,391,521
Net Property, Plant, and Equipment	275,345,865	267,372,737
TOTAL ASSETS	\$ 362,337,822	\$ 356,720,777
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 612,284	\$ 1,594,341
Other accrued expenses	1,289,532	1,262,644
Compensated absences	539,502	575,147
Regulatory Liability	674,811	-
Total Current Liabilities	3,116,129	3,432,132
CURRENT LIABILITIES:		
payable from restricted assets	2,164,762	2,315,216
LONG-TERM LIABILITIES:		
SJCC coal reclamation	1,338,774	571,180
Compensated absences, net of current	429,966	403,851
Total Long-Term Liabilities	1,768,740	975,031
TOTAL LIABILITIES:	7,049,631	6,722,379
FUND EQUITY:		
Contributed capital	19,290,981	18,949,090
Retained earnings	328,031,028	321,294,056
Current year net income	7,966,182	9,755,252
Total Fund Equity	355,288,191	349,998,398
TOTAL LIABILITIES AND FUND EQUITY	\$ 362,337,822	\$ 356,720,777

**CITY OF FARMINGTON, NEW MEXICO
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
9 MONTHS ENDING MARCH 31, 2016**

	QTR FY 2016	QTR FY2015	FY YTD CASH CHANGE	YR TO YR CASH CHANGE
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 1,850,825	\$ 4,725,113	\$ 11,018,526	\$ 12,415,420
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation and amortization	4,325,486	4,080,891	12,970,214	17,146,149
Changes in:				
Accounts receivable	300,596	448,060	(750,774)	(489,616)
Inventories	183,549	(49,470)	(185,758)	(128,428)
Prepaid expenses and deposits	1,684,652	(670,679)	(422,471)	(54,726)
Accounts payable	(966,991)	713,312	(1,313,292)	(1,276,379)
Other accrued expenses	44,701	81,109	743,022	793,998
Deferred revenue	4,376,797	(8,006,519)	3,888,537	1,909,155
Net Cash Provided (Used) By Operating Activities	<u>11,799,615</u>	<u>1,321,817</u>	<u>25,948,004</u>	<u>30,315,573</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	(1,407,396)	(1,717,599)	(4,222,188)	(5,939,787)
Net cash provided (Used) by capital and related financing activities	<u>(1,407,396)</u>	<u>(1,717,599)</u>	<u>(4,222,188)</u>	<u>(5,939,787)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(6,062,025)	(4,770,396)	(17,920,362)	(23,902,170)
Change in restricted assets	70,817	1,309	(501,930)	(616,805)
Interest expense	(5)	(5)	(12)	(15)
Aid to construction	189,859	331,462	786,035	899,371
Change in restricted liability	(70,817)	(1,309)	(265,329)	(150,454)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(5,872,171)</u>	<u>(4,438,939)</u>	<u>(17,901,598)</u>	<u>(23,770,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	139,278	132,363	383,821	503,887
NET INCREASE IN POOLED CASH AND INVESTMENTS	<u>4,659,326</u>	<u>(4,702,358)</u>	<u>4,208,039</u>	<u>1,109,600</u>
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>57,283,577</u>	<u>65,535,661</u>	<u>57,734,864</u>	<u>60,833,303</u>
POOLED CASH AND INVESTMENTS, ending	<u>\$ 61,942,903</u>	<u>\$ 60,833,303</u>	<u>\$ 61,942,903</u>	<u>\$ 61,942,903</u>

**CITY OF FARMINGTON, NEW MEXICO
WATER UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF MARCH 31, 2016**

ASSETS	FY 2016	FY 2015
CURRENT ASSETS:		
Pooled cash and investments	\$ 15,057,921	\$ 12,779,070
Accounts receivable (net of allowance for doubtful accounts)	918,967	701,701
Total Current Assets	15,976,888	13,480,771
RESTRICTED ASSETS:		
Customer utility deposits	444,446	427,462
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	90,041,961	86,779,046
Less accumulated depreciation	(41,394,777)	(38,778,127)
Work in progress	10,115,282	8,208,592
Net Property, Plant, and Equipment	58,762,466	56,209,511
TOTAL ASSETS	\$ 75,183,800	\$ 70,117,744
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES:		
Current portion of NMFA loan-Animas Waterline	\$ 48,869	\$ 48,869
Current portion of NMFA loan-Meter Replacement	179,085	179,085
Accounts payable	561,227	203,072
Compensated absences	9,538	10,610
Total Current Liabilities	798,719	441,636
CURRENT LIABILITIES: payable from restricted assets	444,446	427,462
LONG-TERM LIABILITIES:		
NMFA Loan - Animas Waterline	860,815	909,684
NMFA Loan - Meter Replacement	3,717,781	3,689,180
Compensated absences, net of current	40,900	34,511
Total Long-Term Liabilities	4,619,496	4,633,375
TOTAL LIABILITIES:	5,862,661	5,502,473
FUND EQUITY:		
Contributed capital	11,034,181	11,034,181
Retained earnings	54,723,206	50,665,901
Current year net income	3,563,752	2,915,189
Total Fund Equity	69,321,139	64,615,271
TOTAL LIABILITIES AND FUND EQUITY	\$ 75,183,800	\$ 70,117,744

**CITY OF FARMINGTON, NEW MEXICO
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
9 MONTHS ENDING MARCH 31, 2016**

	QTR FY 2016	QTR FY2015	FY YTD CASH CHANGE	YR TO YR CASH CHANGE
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 1,031,601	\$ 96,396	\$ 4,124,168	\$ 5,574,895
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation	627,432	660,306	1,983,566	2,646,255
Changes in:				
Accounts receivable	(227,159)	(140,374)	113,498	(424,449)
Accounts payable	90,252	(255,006)	345,800	368,483
Net Cash Provided (Used) By Operating Activities	<u>1,522,126</u>	<u>361,322</u>	<u>6,567,032</u>	<u>8,165,184</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds	(162,761)	(146,467)	(572,955)	(746,174)
Capital Grants	-	50,429	-	63,682
Net cash provided (Used) by capital and related financing activities	<u>(162,761)</u>	<u>(96,038)</u>	<u>(572,955)</u>	<u>(682,492)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(1,575,457)	(528,283)	(4,114,883)	(5,199,206)
Change in restricted assets	(3,950)	(7,309)	(6,563)	(16,984)
Interest expense	(1)	(11,396)	(93,361)	(121,244)
Aid to construction	-	53,810	-	-
Miscellaneous revenue	1,346	2,494	9,977	14,682
Change in restricted liability	3,950	7,309	6,563	16,984
NMFA Loan Proceeds	-	(50,429)	-	191,046
NMFA Loan Payment	-	-	(162,445)	(211,314)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,574,112)</u>	<u>(533,804)</u>	<u>(4,360,712)</u>	<u>(5,326,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>34,016</u>	<u>26,526</u>	<u>95,923</u>	<u>122,195</u>
NET INCREASE IN POOLED CASH AND INVESTMENTS	(180,731)	(241,994)	1,729,288	2,278,851
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>15,238,652</u>	<u>13,021,064</u>	<u>13,328,633</u>	<u>12,779,070</u>
POOLED CASH AND INVESTMENTS, ending	<u><u>\$ 15,057,921</u></u>	<u><u>\$ 12,779,070</u></u>	<u><u>\$ 15,057,921</u></u>	<u><u>\$ 15,057,921</u></u>

CITY OF FARMINGTON, NEW MEXICO

NMED loan - Construction interest of \$1,348,028 was rolled into the loan and combined with draws to date of \$12,830,163, the total loan is \$14,178,191. For the 1st 6 years in addition to the principal and interest payment of \$952,997.13, an annual debt reserve of \$158,832.85 and replacement reserve of \$118,151.59 are required for this loan, making the total annual payment \$1,229,981.58 for years 1 through 6. Even though payments are due on July 1 of the next fiscal year, since the payment will actually be sent in June the principal and interest are shown in the prior fiscal year.

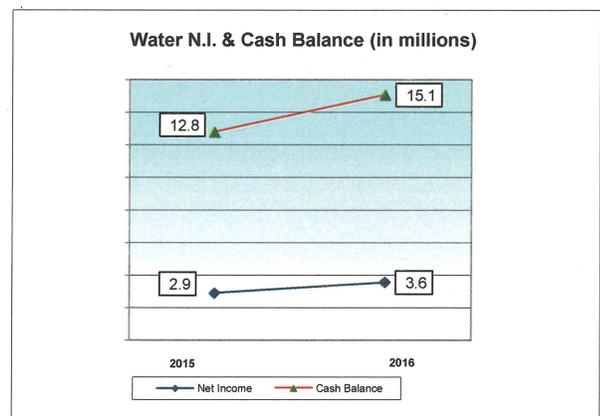
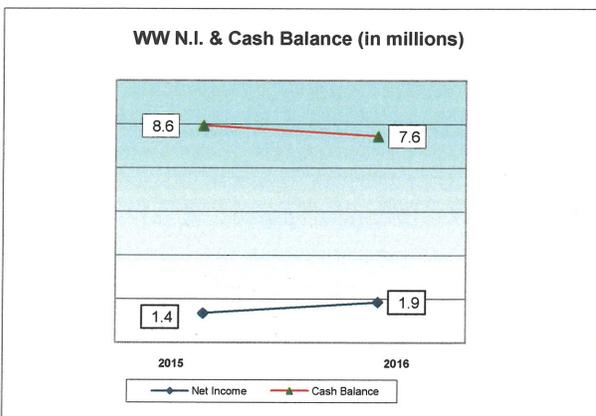
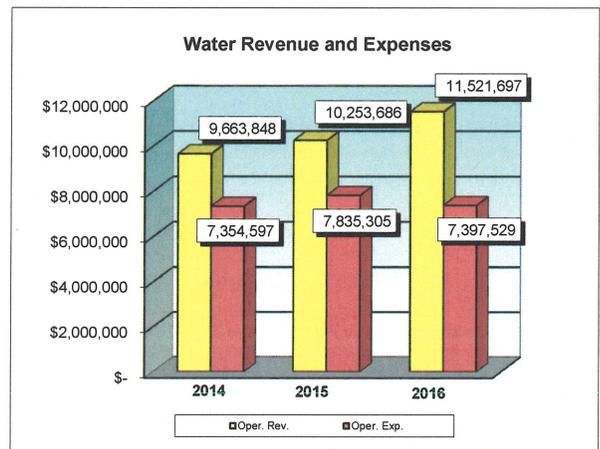
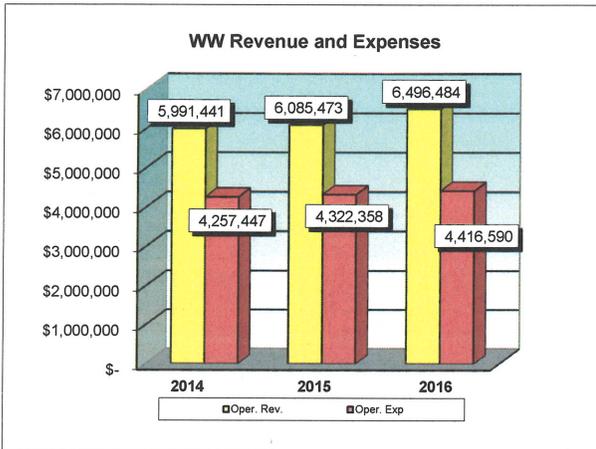
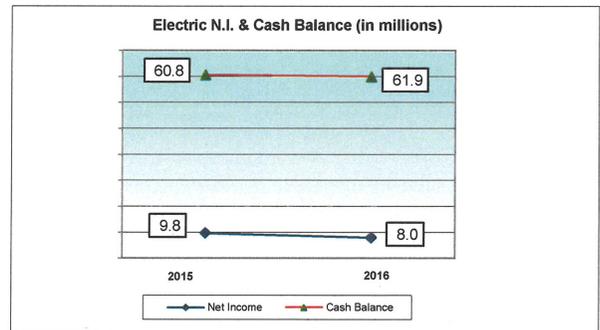
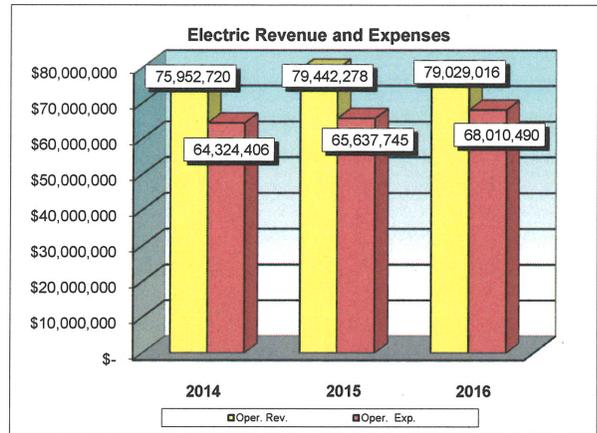
		PRINCIPAL		\$	14,178,191	RATE		3.00%	MTHLY PYMT	\$952,997		
Year Ending 30-Jun	Water		Wastewater		Utility Total							
	Principal	Interest	Principal	Interest	Principal	Interest						
2016	-	-	688,465	264,532	688,465	264,532						
2017	-	-	709,119	243,878	709,119	243,878						
2018	-	-	730,393	222,604	730,393	222,604						
2019	-	-	752,305	200,692	752,305	200,692						
2020	-	-	774,874	178,123	774,874	178,123						
2021	-	-	798,120	154,877	798,120	154,877						
2022	-	-	822,064	130,933	822,064	130,933						
2023	-	-	846,726	106,272	846,726	106,272						
2024	-	-	872,127	80,870	872,127	80,870						
2025	-	-	898,291	54,706	898,291	54,706						
2026	-	-	925,240	27,757	925,240	27,757						
Total	\$	-	\$	-	\$	8,817,724	\$	1,665,244	\$	8,817,724	\$	1,665,244

NMFA Loan (Animas Waterline) - Loan is for \$1,054,844.00 with 1% interest (0.75% interest, 0.25% admin fee).
Loan will be paid by the Water Fund. Interest payments are semi-annual. Principal payment is due every May 1st.

		PRINCIPAL		\$	1,054,844	RATE		1.00%	ANNUAL PYMT	\$58,455		
Year Ending 30-Jun	Water		Wastewater		Utility Total							
	Principal	Interest	Principal	Interest	Principal	Interest						
2016	49,358	9,097	-	-	49,358	9,097						
2017	49,851	8,603	-	-	49,851	8,603						
2018	50,350	8,105	-	-	50,350	8,105						
2019	50,853	7,601	-	-	50,853	7,601						
2020	51,362	7,093	-	-	51,362	7,093						
2021	51,875	6,579	-	-	51,875	6,579						
2022	52,394	6,060	-	-	52,394	6,060						
2023	52,918	5,536	-	-	52,918	5,536						
2024	53,447	5,007	-	-	53,447	5,007						
2025	53,982	4,473	-	-	53,982	4,473						
2026	54,522	3,933	-	-	54,522	3,933						
2027	55,067	3,388	-	-	55,067	3,388						
2028	55,617	2,837	-	-	55,617	2,837						
2029	56,174	2,281	-	-	56,174	2,281						
2030	56,735	1,719	-	-	56,735	1,719						
2031	57,303	1,152	-	-	57,303	1,152						
2032	57,876	579	-	-	57,876	579						
Total	\$	909,684	\$	84,043	\$	-	\$	-	\$	909,684	\$	84,043

CITY OF FARMINGTON, NEW MEXICO
YR TO DATE Ending March 31, 2016
(in millions)

	<u>3/31/16</u>	<u>3/31/15</u>	<u>% Change</u>
Electric			
Oper. Rev.	\$ 79.0	\$ 79.4	-0.5%
Oper. Exp.	68.0	65.6	3.6%
Net Income	8.0	9.8	-18.3%
Cash Balance	61.9	60.8	1.8%
Water			
Oper. Rev.	\$ 11.5	\$ 10.3	12.4%
Oper. Exp.	7.4	7.8	-5.6%
Net Income	3.6	2.9	22.2%
Cash Balance	15.1	12.8	17.8%
Waste Water			
Oper. Rev.	\$ 6.5	\$ 6.1	6.8%
Oper. Exp.	4.4	4.3	2.2%
Net Income	1.9	1.4	37.6%
Cash Balance	7.6	8.6	-11.5%



**CITY OF FARMINGTON, NEW MEXICO
WASTEWATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
9 MONTHS ENDING MARCH 31, 2016**

	<u>QTR FY 2016</u>	<u>QTR FY 2015</u>	<u>FY YTD CASH CHANGE</u>	<u>YR TO YR CASH CHANGE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 827,504	\$ 547,365	\$ 2,079,894	\$ 2,579,534
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation	354,576	378,326	1,063,162	1,408,916
Changes in:				
Accounts receivable	(135,705)	(48,947)	(128,047)	(287,589)
Accounts payable	71,004	(175,544)	301,344	283,470
Net Cash Provided (Used) By Operating Activities	<u>1,117,379</u>	<u>701,200</u>	<u>3,316,353</u>	<u>3,984,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds	(98,720)	(91,442)	(274,449)	(352,086)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(175,509)	(301,622)	(3,486,429)	(3,936,543)
Change in restricted assets	(238,249)	(238,249)	(714,748)	-
Interest expense	(66,133)	(71,146)	(198,399)	(269,545)
Accrued interest payable	66,133	71,146	198,399	(15,039)
Miscellaneous revenue	2,496	336	195,914	196,585
NMED loan	-	-	-	(668,413)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(411,262)</u>	<u>(539,535)</u>	<u>(4,005,263)</u>	<u>(4,692,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	19,115	20,637	56,463	77,522
NET INCREASE IN POOLED CASH AND INVESTMENTS	626,512	90,860	(906,896)	(983,188)
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>6,956,887</u>	<u>8,475,727</u>	<u>8,490,295</u>	<u>8,566,587</u>
POOLED CASH AND INVESTMENTS, ending	<u>\$ 7,583,399</u>	<u>\$ 8,566,587</u>	<u>\$ 7,583,399</u>	<u>\$ 7,583,399</u>

**CITY OF FARMINGTON, NEW MEXICO
WASTEWATER UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF MARCH 31, 2016**

<u>ASSETS</u>	<u>FY 2016</u>	<u>FY 2015</u>
CURRENT ASSETS:		
Pooled cash and investments	\$ 7,583,399	\$ 8,566,587
Accounts receivable (net of allowance for doubtful accounts)	553,012	393,277
Total Current Assets	8,136,411	8,959,864
RESTRICTED ASSETS:		
NMED reserve accounts	2,376,655	2,376,655
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	47,452,195	46,386,076
Less accumulated depreciation	(23,967,395)	(22,567,542)
Work in progress	6,490,870	3,629,509
Net Property, Plant, and Equipment	29,975,670	27,448,043
TOTAL ASSETS	\$ 40,488,736	\$ 38,784,562
<u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of NMED loan	\$ 668,413	\$ 668,413
Accounts payable	337,158	51,913
Accrued interest payable	198,399	213,438
Compensated absences	9,538	10,610
Total Current Liabilities	1,213,508	944,374
LONG-TERM LIABILITIES:		
NMED loan	8,149,311	8,817,724
Compensated absences, net of current	40,900	34,511
Total Long-Term Liabilities	8,190,211	8,852,235
TOTAL LIABILITIES:	9,403,719	9,796,609
FUND EQUITY:		
Contributed capital	7,862,925	7,862,925
Retained earnings	21,362,669	19,773,468
Current year net income	1,859,423	1,351,560
Total Fund Equity	31,085,017	28,987,953
TOTAL LIABILITIES AND FUND EQUITY	\$ 40,488,736	\$ 38,784,562

NMFA Loan (Meter Replacement) - The original loan was for \$4,469,250.00 with a 2% interest rate and a maturity of 20 years. The Meter Replacement project was completed at the end of FY2015 and the loan was finalized in August 2015. The final loan amount is \$4,059,311. The loan still has an interest rate of 2% and a maturity of 20 years. Principal payment will be paid every August.

	PRINCIPAL	\$ 4,059,311	RATE	2.00%	ANNUAL PYMT	\$248,254
Year Ending 30-Jun	Water		Wastewater		Utility Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	162,445	82,845	-	-	162,445	82,845
2017	173,363	77,937	-	-	173,363	77,937
2018	176,830	74,470	-	-	176,830	74,470
2019	180,366	70,933	-	-	180,366	70,933
2020	183,973	67,326	-	-	183,973	67,326
2021	187,653	63,647	-	-	187,653	63,647
2022	191,406	59,894	-	-	191,406	59,894
2023	195,234	56,066	-	-	195,234	56,066
2024	199,139	52,161	-	-	199,139	52,161
2025	203,121	48,178	-	-	203,121	48,178
2026	207,184	44,116	-	-	207,184	44,116
2027	211,328	39,972	-	-	211,328	39,972
2028	215,554	35,745	-	-	215,554	35,745
2029	219,865	31,434	-	-	219,865	31,434
2030	224,263	27,037	-	-	224,263	27,037
2031	228,748	22,552	-	-	228,748	22,552
2032	233,323	17,977	-	-	233,323	17,977
2033	237,989	13,310	-	-	237,989	13,310
2034	242,749	8,551	-	-	242,749	8,551
2035	184,779	3,696	-	-	184,779	3,696
	4,059,311	897,846	-	-	4,059,311	897,846

Total Debt Service Requirements (NMED & NMFA loan payments)

Year Ending 30-Jun	Water		Wastewater		Utility Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	211,803	91,942	688,465	264,532	900,268	356,473
2017	223,214	86,541	709,119	243,878	932,333	330,418
2018	227,180	82,575	730,393	222,604	957,573	305,179
2019	231,219	78,535	752,305	200,692	983,524	279,227
2020	235,335	74,419	774,874	178,123	1,010,209	252,542
2021	239,528	70,226	798,120	154,877	1,037,648	225,103
2022	243,800	65,954	822,064	130,933	1,065,864	196,887
2023	248,152	61,602	846,726	106,272	1,094,878	167,873
2024	252,586	57,168	872,127	80,870	1,124,713	138,038
2025	257,103	52,651	898,291	54,706	1,155,395	107,357
2026	261,706	48,049	925,240	27,757	1,186,946	75,806
2027	266,395	43,360	-	-	266,395	43,360
2028	271,171	38,582	-	-	271,171	38,582
2029	276,039	33,715	-	-	276,039	33,715
2030	280,998	28,756	-	-	280,998	28,756
2031	286,051	23,704	-	-	286,051	23,704
2032	291,199	18,556	-	-	291,199	18,556
2033	237,989	13,310	-	-	237,989	13,310
2034	242,749	8,551	-	-	242,749	8,551
2035	184,779	3,696	-	-	184,779	3,696
Total	\$ 4,968,995	\$ 981,889	\$ 8,817,724	\$ 1,665,244	\$ 13,786,719	\$ 2,647,133

CITY OF FARMINGTON – PUBLIC WORKS DEPARTMENT (PW)	
Division: Water-Wastewater	Program: Water & Wastewater
Report Prepared by: Jeff Smaka	Title: Water/ Wastewater Administrator
Reporting Period: April 1 through April 30, 2016	PUC Meeting Date: 11 May 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 ; Re-Bid Opening June 21, 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. City working with NMFA on loan ordinance – loan closing July 22, 2016
 - 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.
- **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 completed. Startup completed, WTP#2 is in operation.
 - Penny Lane Low Head Dam Modifications - Riverbend Engineering - Design completed; U.S. Army Corps of Engineers permit has been issued for project - anticipate rebidding project summer/ 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 45% complete.
 - Foothills Dr. - Main to Holmes - Replace existing 16" steel waterline - design in process - design completed, construction summer 2016.
 - English Rd - WTP#2 to Main St. - Installation of new 12" waterline - design complete; Construction - 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 2016.
 - W. Main Street - Troy King Rd. to Viento St – Replace 6" CI waterline with a 12" PVC waterline - Construction 95% complete.
 - San Juan Place, Glade Place & Douglas St - Replace 4" CI waterline with a 8" PVC waterline - Construction 98% complete
 - 20th Street - Schofield Ave. to Hutton Ave. – Replace 10" CI with a 12" PVC waterline – Construction 2% 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 FY17, Construction in FY18.

- **Budget.** - FY17 – Presented to PUC on April 13, 2016
- **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%, RE-Bid Opening – June 21, 2016;

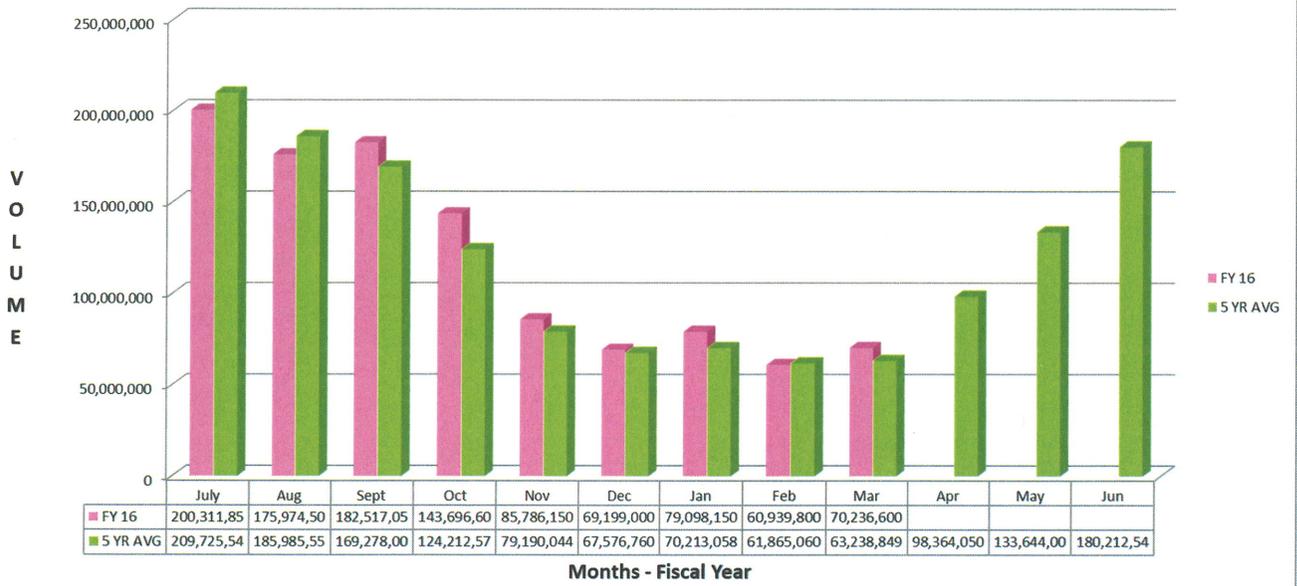
● PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION

- **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 – 89%
 - San River basin - 87%

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	\$2,051,287	\$2,640,556
STATE GRANT - \$825,000						
REVENUE TODATE				\$15,459,862		
PROJECTED REVENUE FY07 - FY16						\$18,100,418

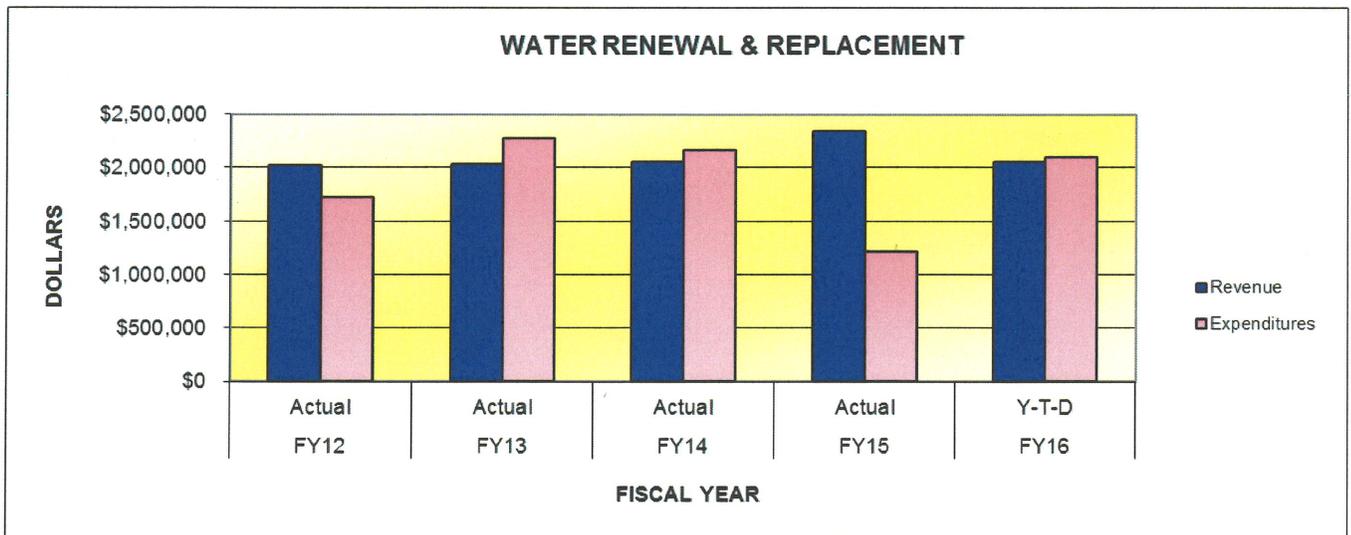
EXPENDITURES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
602-5543 RENEWAL/REPLACEMENT						
651.70-60 Construction	\$1,720,082	\$2,278,859	\$2,164,752	\$1,212,214	\$2,095,815	\$3,750,000
PROJECTED EXPENDITURES FY07 - FY16				\$13,348,977		

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 - Schofield Ave. to Hutton Ave.	\$870,000
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
	<u>\$4,838,252</u>

PROJECTED EXPENDITURES FY07 - FY16

\$18,187,229



WASTEWATER

Renewal & Replacement

Wastewater Fund - 603

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
REVENUES						
Charges for Utility Services						
Renewal /Replacement Fee	\$1,436,495	\$1,441,591	\$1,456,143	\$1,601,781	\$1,374,170	\$1,703,688

REVENUE TODATE

\$10,714,823

PROJECTED REVENUE FY07 - FY16

\$12,418,511

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
EXPENDITURES						
603-5543 RENEWAL/REPLACEMENT						
751.70-60 Construction	\$501,814	\$685,848	\$1,194,237	\$817,221	\$1,678,502	\$1,650,000

Projects FY07- FY16

\$6,318,878

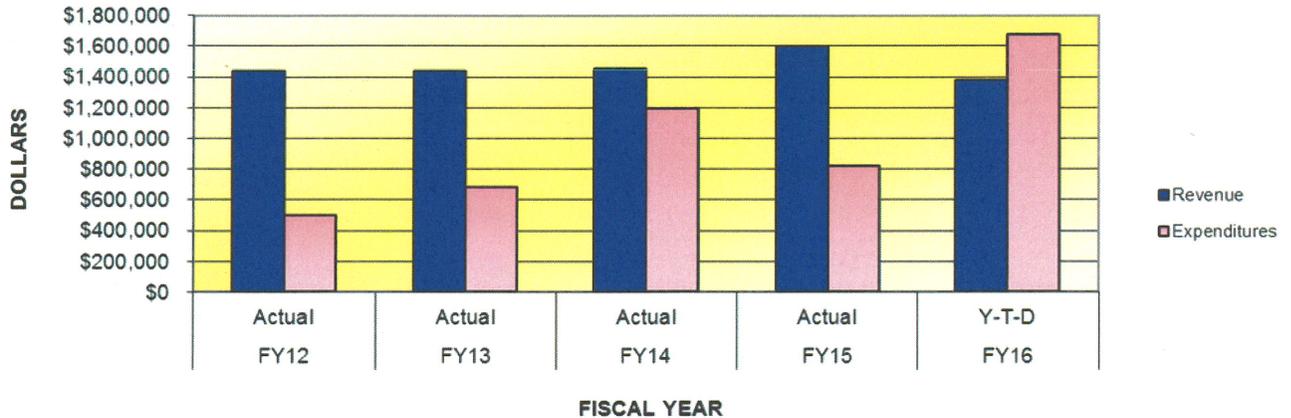
BUDGETED FY 16 PROJECTS

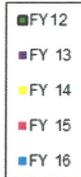
Lift Station # 3 Rehab	\$940,000
Lift Station #2 Rehab	\$1,120,000
MRAS Basin	\$1,750,000
Sewer Rehab - W Main St	\$1,500,000
Manhole Rehab	\$150,000
Mainline Rehab - Robotic	\$350,000

PROJECTED EXPENDITURES FY07 - FY16

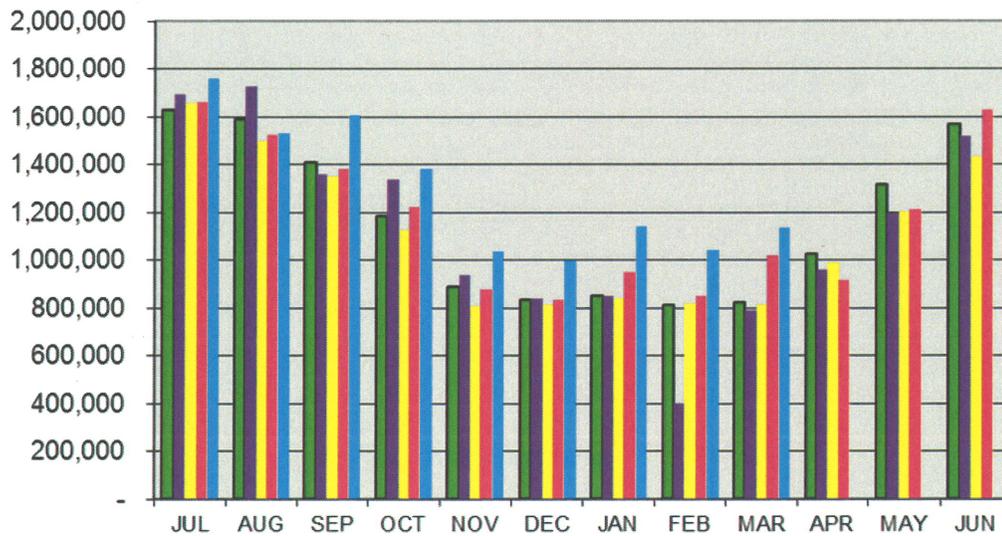
\$12,128,878

WASTEWATER RENEWAL & REPLACEMENT





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	1,133,244
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		11,627,595

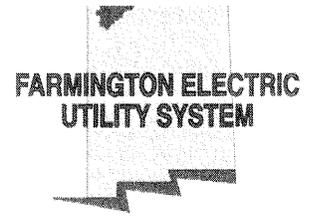
REVENUE PER CLASS/CUSTOMERS

	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	5,159,742
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	2,936,305
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	777,847
REC	210,000	264,281	225,000	264,196	250,000	244,954	260,000	252,046	273,000	164,985
FH	125,000	112,642	118,750	76,419	118,750	91,668	110,000	87,036	100,000	84,217
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	2,051,288
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	453,211
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	11,627,595

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

PUC ACTION ITEM REQUEST



DATE: April 27, 2016

DEPARTMENT: Electric Utility

MEETING DATE: May 11, 2016

1. ITEM/TOPIC:

Recommendation for approval to write off aged inactive utility accounts for January 1, 2011 through December 31, 2011.

2. ACTION REQUESTED OF PUC:

Pursuant to our policy and in meeting with state statute authorization, a recommendation to City Council is requested to write off any inactive account, aged over four years, with a balance of more than one cent.

Request the adoption of Resolution No. 2016-____ removing the uncollectible and unsecured utility accounts from the City's accounts receivable in the approximate amount of \$ 113,380.13.

3. BACKGROUND / RATIONALE:

Each year a list of all utility accounts over four years old with a balance due is reviewed and processed for write off. During that review, any bankrupt accounts for which payments are being received or are expected to be received, are not written off.

4. STAFF RECOMMENDATION:

Recommend to City Council the authorization to write off uncollectible and unsecured utility accounts by resolution.

5. INSTRUCTIONS UPON APPROVAL:

Instruct staff to proceed to City Council with recommendation.

6. BUDGETARY IMPACT:

Positive. Original estimate of 2011 aged inactive utility accounts totaled \$120,524.12. At the time of this report, \$7,143.99 had been collected.

Recommendation to Public Utility Commission

Aged inactive utility accounts write off January 1, 2011 through December 31, 2011

A resolution specifying the accounts to be written off is presented for your review and recommendation to the City Council for approval at the June 21, 2016 City Council work session.

These accounts, incurred by and left unpaid by utility customers, have met the aging write off requirements. Accounts eligible for write off have been through the City of Farmington's collection process, which includes collections from customers that can be contacted by mail or phone, transfer of balances to active customer accounts, and credit agency reporting. Every possible means has been taken to collect the money owed to the City of Farmington.

Revenues:

January 1, 2011 – December 31, 2011 (all utilities) \$ 113,380.13

Accounts to write off:

Regular: \$ 107,919.09
Bankruptcy: \$ 5,461.04

Write off total: \$ 113,380.13

2011 write-off percentage of revenue: 0.093237%

City of Farmington Write-off - Historical Comparison

Calendar Year	Write-off Total	Total Revenue	% Uncollectible per Revenue Dollar
1994	\$ 96,951.72	\$ 55,857,642.00	0.17
1995	\$ 104,425.17	\$ 59,741,046.00	0.17
1996	\$ 113,348.54	\$ 61,078,063.00	0.19
1997	\$ 144,970.32	\$ 62,521,076.00	0.23
1998	\$ 119,231.41	\$ 66,074,126.00	0.18
1999	\$ 83,185.88	\$ 72,229,796.00	0.12
2000	\$ 107,265.40	\$ 78,888,664.00	0.14
2001	\$ 184,843.50	\$ 99,005,210.00	0.19
2002	\$ 115,631.79	\$ 91,848,563.00	0.13
2003	\$ 106,056.29	\$ 95,535,276.00	0.11
2004	\$ 119,659.50	\$ 104,889,533.00	0.11
2005	\$ 131,338.15	\$ 101,819,085.00	0.13
2006	\$ 93,426.34	\$ 106,812,330.00	0.09
2007	\$ 119,166.34	\$ 118,188,807.00	0.10
2008	\$ 128,916.26	\$ 122,004,202.00	0.11
2009	\$ 175,942.32	\$ 122,573,326.00	0.14
2010	\$ 164,154.61	\$ 120,578,429.00	0.14
2011	\$ 113,380.13	\$ 121,604,741.00	0.09

UTILITY WRITE OFF WORKSHEET

2011

**WARNING
TAGS**

		REVENUE	LATE FEES	WARNING TAGS
*	6/30/11 (7/1/10 TO 6/30/11)			
	601	94,747,014.00	114,240.00	239,902.00
	602	14,045,986.00	22,781.00	35,488.00
	603	6,517,876.00	8,037.00	17,744.00
	604	5,009,740.00	8,913.00	0.00
	SUBTOTAL 6/30/11	120,320,616.00	153,971.00	293,134.00
*	Less: YTD 12/31/10 (7/1/10 TO 12/31/10)			
	601	-47,387,346.00	-55,561.00	-124,172.00
	602	-8,095,664.00	-12,718.00	-18,172.00
	603	-3,428,688.00	-4,127.00	-9,086.00
	604	-2,495,807.00	-4,613.00	0.00
	SUBTOTAL 12/31/10	-61,407,505.00	-77,019.00	-151,430.00
	Add: YTD 12/31/11 (7/1/11 to 12/31/11)			
	601	49,295,684.00	60,352.00	125,431.00
	602	7,496,739.00	13,739.00	18,356.00
	603	3,260,989.00	4,361.00	9,178.00
	604	2,638,218.00	4,739.00	0.00
*	SUBTOTAL 12/31/11	62,691,630.00	83,191.00	152,965.00
TOTAL	601	96,655,352.00	119,031.00	241,161.00
TOTAL	602	13,447,061.00	23,802.00	35,672.00
TOTAL	603	6,350,177.00	8,271.00	17,836.00
TOTAL	604	5,152,151.00	9,039.00	0.00
GRAND TOTAL		121,604,741.00	160,143.00	294,669.00
Write Off Amount	**	113,380.13		
Write Off % Of Revenue		0.093237%		

WRITE-OFF AMOUNTS

1990	60,228.03
1991	113,311.52
1992	62,896.66
1993	62,741.52
1994	96,951.72
1995	104,425.00
1996	113,349.00
1997	144,970.32
1998	119,231.00
1999	83,186.00
2000	107,265.40
2001	183,843.59
2002	115,631.79
2003	106,056.29
2004	119,659.50
2005	131,338.15
2006	93,426.34
2007	119,166.34
2008	128,916.26
2009	175,942.32
2010	164,154.61
2011	113,380.13

* Source: Detail Budget Books
 * Includes: 601 / 602 / 603 / 604 Funds
 ** Write off number provided by Customer Ser.
 Late Fees 601-0000-301-70.35
 Late Fees 602-0000-302-70.35
 Late Fees 603-0000-303-70.35
 Late Fees 604-0000-304-70.35
 Warning Tags 601-0000-301.70-45

AFFIDAVIT OF H. ANDREW MASON

STATE OF NEW MEXICO)

)ss

COUNTY OF SAN JUAN)

I, H. Andrew Mason, being duly sworn, depose and say:

1. I am the Administrative Service Director of the City of Farmington, and as such I have supervision over the accounting and finance procedures for the City of Farmington.

2. The attached list is an accounting of utility accounts that have been uncollectible and owed to the City of Farmington for more than four years.

3. The attached accounts were incurred by utility customers who received City of Farmington utility services and never paid for them.

4. The City has made diligent efforts to collect on the inactive accounts and to locate the debtor through in-house collection efforts but was unsuccessful in collecting on these accounts.

5. It is my opinion that the attached accounts totaling \$113,380.13 are uncollectible.

Further I state not.



H. Andrew Mason

Subscribed and sworn to before me this 26th day of April, 2015, by H. Andrew Mason, Administrative Service Director of the City of Farmington.

Sharon E. Dunn

Notary Public

My commission expires:

February 6, 2019

RESOLUTION NO. 2016-_____

**A RESOLUTION REMOVING UNCOLLECTIBLE AND UNSECURED UTILITY
ACCOUNTS FROM THE CITY'S LIST OF ACCOUNTS RECEIVABLE**

WHEREAS, there is approximately \$113,380.13 owed to the City from utility accounts that are uncollectible even after diligent collection efforts were initiated; and

WHEREAS, said accounts have been owed and uncollectible to the City for more than four (4) years; and

WHEREAS, Sec. 3-37-7 NMSA 1978, gives the governing body of a municipality the authority to remove certain accounts from its accounts receivable provided that the City's Finance Officer verifies the accounts to be uncollectible; and

WHEREAS, pursuant to said Sec. 3-37-7 NMSA, the Finance Officer of the City of Farmington has verified on the attached Affidavit that the accounts listed are uncollectible as well as the total amount to be removed from the City's list of accounts receivable.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF FARMINGTON:

That the City of Farmington has complied with Sec. 3-37-7 NMSA which authorizes the governing body to write off uncollectible accounts.

That after reviewing the attached Affidavit of Administrative Service Director H. Andrew Mason, the City Council of the City of Farmington does hereby authorize the removal from its accounts receivable uncollectible utility accounts in the sum of

\$113,380.13 with reasonable adjustment allowance, as described on the Affidavit.

That the City will consider a Resolution addressing uncollectible account write-offs on an annual basis.

PASSED, SIGNED, APPROVED AND ADOPTED this ____ day of _____, 2016.

—

Tommy Roberts, Mayor

SEAL

ATTEST:

Dianne Smylie, City Clerk