

## A G E N D A

. . . for the Regular Meeting of the Farmington City Council to be held at 6:00 p.m., Tuesday, May 24, 2016 in the Council Chamber, City Hall, 800 Municipal Drive, Farmington, New Mexico. . .

1. Roll Call and Convening the Meeting:
2. Invocation: Pastor David Florez of The Journey Church.
3. Pledge of Allegiance:
4. Acceptance of Consent Agenda: Those items on the agenda that are marked with an asterisk (\*) have been placed on the Consent Agenda and will be voted on without discussion with one motion. If any item proposed does not meet with approval of all Councilors or if a citizen so requests, that item will be heard under Business from the Floor.
5. \*Approval of Minutes for:
  - (a) the Regular Meeting of the City Council held May 10, 2016; and -----8
  - (b) the Special Work Session of the City Council held May 3, 2016.-----9
6. \*Approval of Warrants up to and including May 21, 2016.
7. Proclamation declaring May 25, 2016 as "Valedictorian and Salutatorian Recognition Day."
8. New Business:
  - (a) Mayor
    - (1) Reappointments to the Library Board and the Planning & Zoning Commission.
  - (b) Councilors
  - (c) City Manager
    - (1) Resolution No. 2016-1590  
-adopting an official final budget for the City of Farmington, New Mexico for Fiscal Year 2017 and requesting State approval. -----1
  - (d) City Attorney
    - (1) Resolution  
-setting and establishing a regular meeting day, time and place for City Council meetings pursuant to City Council Resolution No. 2013-1466. -----2

- (2) Proposed Ordinance – Permission to Publish  
-amending Section 23-2-7 of the City Code establishing residential  
and commercial charges for sanitation service. -----3
- (3) Proposed Ordinance – Discussion  
- authorizing the execution and delivery of a Loan and Subsidy  
Agreement (“Loan Agreement”) between the City and the New  
Mexico Finance Authority, evidencing a special limited obligation of  
the City to pay a principal amount of no more than \$2,448,240,  
together with interest, expenses and administrative fees, and to  
accept a loan subsidy of no more than \$816,080, for the purpose of  
financing the costs of a water system improvement project;  
providing for the payment of the principal of, administrative fees and  
interest due under the Loan Agreement solely from the net  
revenues of the City’s water system; setting an interest rate for the  
loan; approving the form of and other details concerning the Loan  
Agreement; ratifying actions taken; repealing all action inconsistent  
with this ordinance; and authorizing the taking of other actions in  
connection with the execution and delivery of the Loan Agreement  
(Final action June 14, 2016)-----4
- (4) Ordinance No. 2016-1287 – Final Action  
-amending Ordinance No. 2015-1274 and the loan agreement and  
note authorized thereby, all relating to the wastewater construction  
loan from the New Mexico Environment Department to the City of  
Farmington for the purpose of financing the cost of bettering and  
improving the City’s sanitary sewer system by extending, enlarging,  
bettering, repairing and otherwise improving the City’s existing  
wastewater treatment facility; and otherwise relating to such loan,  
loan agreement, note, project and this ordinance (Published  
April 27, 2016) -----5
- (5) Ordinance No. 2016-1288 – Final Action  
-amending Chapter 6 of the City Code dealing with meetings of the  
Animal Services Advisory Commission (Published April 27, 2016) -----6

(e) City Clerk

9. Business from the Floor:

- (1) Items removed from Consent Agenda for discussion.
- (2) Any other Business from the Floor.

10. Presentation of and direction to staff concerning solid waste collection and street  
pavement impacts (David Sypher)

11. Closed Meeting to discuss request for proposals for solid waste collection  
services, pursuant to Section 10-15-1H(6) NMSA 1978.

12. Proposal: Request from the Chief Procurement Officer to obtain direction from the Council concerning the proposed options related to the pending contract for solid waste collection services (Public Works) between the City and Waste Management of New Mexico as the sole offeror. Proposals opened February 3, 2016. -----7
13. Adjournment.

**AGENDA ITEM SUPPORT MATERIALS ARE AVAILABLE FOR INSPECTION AND/OR PURCHASE AT THE OFFICE OF THE CITY CLERK, 800 MUNICIPAL DRIVE, FARMINGTON, NEW MEXICO.**

**ATTENTION PERSONS WITH DISABILITIES:** The meeting room and facilities are fully accessible to persons with mobility disabilities. If you plan to attend the meeting and will need an auxiliary aid or service, please contact the City Clerk's Office at 599-1106 or 599-1101 prior to the meeting so that arrangements can be made.

RESOLUTION NO. 2016-1590

A RESOLUTION ADOPTING AN OFFICIAL FINAL BUDGET FOR THE CITY OF FARMINGTON, NEW MEXICO FOR THE FISCAL YEAR 2017 AND REQUESTING STATE APPROVAL

WHEREAS, the Governing Body of the City of Farmington, a municipal corporation and political subdivision formed and existing under the laws of the State of New Mexico, has developed a Final Budget for Fiscal Year 2017; and

WHEREAS, said budget was developed on the basis of need, with cooperation from all user departments and elected officials, and with public input accepted at one separate open forum meeting; and

WHEREAS, the official meetings for the review of said documents were duly published and held in compliance with the State Open Meetings Act; and

WHEREAS, it is the majority opinion of the City Council of the City of Farmington that the proposed Final Budget, containing an estimated beginning cash balance of \$100,884,646 with a total revenue projection of \$231,014,889, a total expenditure projection of \$257,237,439 and an ending cash balance of \$74,662,096 meets the City's budgetary requirements as preliminarily determined for Fiscal Year 2017; and

WHEREAS, it is necessary to submit this budget to the New Mexico Department of Finance and Administration by July 31, 2016 for review and approval.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Governing Body of the City of Farmington, State of New Mexico, hereby adopts the FY2017 Final Budget herein above described and requests approval from the Local Government Division of the Department of Finance and Administration.

PASSED, SIGNED, APPROVED, AND ADOPTED this 24<sup>th</sup> day of May 2016.

\_\_\_\_\_  
Tommy Roberts, Mayor

SEAL

ATTEST:

\_\_\_\_\_  
Dianne Smylie, City Clerk

(A) PROPERTY TAX CATEGORY	(B) ESTIMATED VALUATIONS	(C) OPERATING TAX RATE	(D) TOTAL PRODUCTION [C X D]	FOR LOCAL GOVERNMENT USE:
RESIDENTIAL	722,204,327	0.001410	1,018,308	
NON-RESIDENTIAL	390,537,032	0.002225	868,945	
OIL & GAS PRODUCTION	7,203,412	0.002225	16,028	
OIL & GAS EQUIPMENT	1,232,889	0.002225	2,743	
COPPER			-	
	Collection Rate		96.65%	
	TOTAL PRODUCTION		1,842,174	

(E) FUND TITLE	(F) FUND NUMBER	(G) (UNAUDITED) ESTIMATED BEGINNING FUND CASH BALANCE	(H) BUDGETED REVENUES	(I) BUDGETED TRANSFERS	(J) BUDGETED EXPENDITURES	(K) ESTIMATED ENDING FUND CASH BALANCE	(L) LOCAL RESERVES UNAVAILABLE FOR BUDGETING	(M) ADJUSTED ENDING CASH RESERVES
General Fund	101	13,554,745	51,498,604	4,805,018	59,303,622	10,554,745	4,941,969	5,612,777
GRT-Streets	201	4,575,172	7,883,111	(68,275)	11,797,513	592,495		592,495
GRT-Parks	202	891,919	2,430,264	-	3,278,334	43,849		43,849
Parks Development Fees	211	383,440	8,000		75,000	316,440		316,440
Library Gifts and Grants	213	298,800	102,200		75,000	326,000		326,000
PRCA Gifts and Grants	214	383,127	454,415	-	487,648	349,894		349,894
Museum Gifts and Grants	217	161,857	80,500		136,100	106,257		106,257
Red Apple Transit Grant	221	2,818	1,105,746	432,540	1,538,286	2,818		2,818
General Governmental Grants	222	(166,829)	760,165	58,144	651,480	0		0
CDBG Grant	223	128,374	521,034	-	649,408	(0)		(0)
Lodgers Tax	230	316,930	1,285,500	-	1,363,991	238,439		238,439
Convention Center Fee	231	800,500	802,000	(173,832)	-	1,428,668		1,428,668
State Police Protection	240	-	108,650		108,650	-		-
Region II Narcotics	246	(194,661)	595,081	30,000	430,419	1		1
COPS Grant	248	100,091	201,854	86,579	388,433	91		91
Law Enforcement Block Grant	249	(0)	33,477		33,477	(0)		(0)
State Fire	250	-	596,608	(162,206)	310,032	124,370		124,370
Penalty Assessment	251	12,229	155,150		155,000	12,379		12,379
Community Dev. Grant Projects	401	333,156	5,789,766	962,537	6,640,460	444,999		444,999
General Gov'n't Fund 408	408	1,341,070	35,000	-	1,317,358	58,712		58,712
Airport Grants	409	40,110	1,491,481	8,002	1,539,593	(0)		(0)
MRA	411	1,320,984	8,000	-	300,000	1,028,984		1,028,984
Convention Center Capital Project	415	188	-	173,832	174,020	0		0
Sales Tax Bond Retirement	501	207,429	5,000	1,628,769	1,628,769	212,429		212,429
Electric Enterprise	601	54,549,971	101,797,377	(5,339,808)	105,572,941	45,434,599	17,556,218	27,878,381
Water Enterprise	602	10,763,179	20,037,123	(837,068)	24,173,683	5,789,551		5,789,551
Wastewater Enterprise	603	6,531,895	17,397,631	(404,232)	19,424,381	4,100,913		4,100,913
Sanitation Enterprise	604	2,479,357	6,036,152	(1,200,000)	5,952,426	1,363,083		1,363,083
Health Insurance	701	2,068,796	9,795,000	-	9,731,415	2,132,381		2,132,381
<b>Grand Total</b>		<b>100,884,646</b>	<b>231,014,889</b>	<b>-</b>	<b>257,237,439</b>	<b>74,662,096</b>	<b>22,498,187</b>	<b>52,163,909</b>

**City of Farmington  
FY2017 Final Budget  
Changes from Preliminary Budget to Final Budget**

	Fund	Amount
<b>All City of Farmington Revenue Initially Reported</b>		248,185,044
JAG Police Grant Revenue Adjustment	249	(3,676)
<b>Total Adjusted Revenue</b>		<u>248,181,368</u>
<b>All City of Farmington Expenditure Initially Reported</b>		274,407,594
JAG Police Grant Adjustment	249	(3,676)
<b>Total Adjusted Expenditure</b>		<u>274,403,918</u>
<b>Net Change</b>		<u>-</u>

**RESOLUTION**

**A RESOLUTION SETTING AND ESTABLISHING A REGULAR MEETING DAY,  
TIME AND PLACE FOR THE CITY COUNCIL MEETINGS 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, commission or other policy making body of the City of Farmington which holds regular meetings shall annually establish a regular meeting day, time and place; and

WHEREAS, the City Council of the City of Farmington has determined and does recommend to the City Council that the regular meeting day, time and place of the City Council Meetings 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 CITY COUNCIL OF THE CITY OF FARMINGTON:

That the regular meeting day, time and place of the City Council Meetings of the City of Farmington shall be held on the second and fourth Tuesday of each month at 6:00 p.m., in the Council Chambers, Municipal Building, 800 Municipal Drive, Farmington, New Mexico and the location where a copy of the agenda of the regular meeting may be inspected seventy-two (72) hours in advance of such meeting shall be at the City Clerk's Office, Municipal Building, 800 Municipal Drive, Farmington, New Mexico.

PASSED, SIGNED, APPROVED and ADOPTED this \_\_\_\_ day of May, 2016.

By \_\_\_\_\_  
Tommy Roberts, Mayor

AN ORDINANCE AMENDING SECTION 23-2-7 OF THE FARMINGTON CITY CODE ESTABLISHING RESIDENTIAL AND COMMERCIAL CHARGES FOR SANITATION SERVICE

WHEREAS, the City of Farmington has contracted with Waste Management of New Mexico, Inc., to provide solid waste sanitation disposal services for the City; and

WHEREAS, said Contract will become effective July 1, 2016, and certain rates and fees for sanitation service need to be amended to comply with the provisions of the contract; and

WHEREAS, amendments to Section 23-2-7 of the Farmington City Code will allow the City to fulfill its obligations under the Contract.

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

SECTION 1: Sec. 23-2-7(a)(1) of the Farmington City Code (Individual residential solid waste and curbside recycling service - four units or less) is amended to read as follows:

*Individual residential solid waste and curbside recycling service (four units or less).* Individual solid waste service rates under this subsection shall be \$12.30 per month per single-family unit and residential curbside recycling service rates under this subsection shall be \$4.43 per month per single-family unit. These rates shall apply to individual homes, individual mobile homes, duplexes, triplexes, fourplex units, condominiums, small mobile home parks whether or not spaces are occupied, and multifamily or apartment buildings which contain four or fewer single-family units. Each single-family unit which is subject to the individual residential service rate shall be provided with one polycart container in which to place solid waste in accordance with the other regulations provided within this chapter. Each residential family unit that requests recycling service shall be provided with one polycart container for the collection of recyclable materials. Residents who choose not to participate in the recycling program will not be provided a recycling container but will still be assessed the full monthly service fee. This fee shall be based on the actual unit cost attributed to the recycling program. Any single-family residential unit requesting more than one solid waste polycart container shall be provided with the applicable additional container at a rate of \$3.03 per month per single-family unit per additional container. Any single-family residential unit requesting more than one curbside recycling container shall be provided with the applicable additional container at a rate of \$3.94 per month per single-family unit per additional container.

SECTION 2: Sec. 23-2-7(a)(3) of the Farmington City Code (Low income individual residential service) is amended by deleting "\$10.55 per month" at the end of the paragraph and substituting "the standard residential rate."

SECTION 3: Sec. 23-2-7(b) of the Farmington City Code (Business and home occupation service rates) is amended by deleting the figure \$17.41 in the first sentence and substituting the figure \$18.70, and by amending the extra polycart rate by deleting the figure \$15.66 in the last sentence and substituting the figure \$5.50.

SECTION 4: Sec. 23-2-7(c) of the Farmington City Code is amended by deleting the "Container (Bin) Rate Schedule" and substituting the following "Container (Bin) Rate Schedule":

CONTAINER (BIN) RATE SCHEDULE

Container (Bin) Size (Yards) Cu.Yd.	Frequency of Collections Per Week						
	1	2	3	4	5	6	7
1½ or less	43.53	72.79	102.03	131.18	160.44	189.64	219.11
2	57.87	91.67	125.48	159.26	193.08	226.87	260.66
3	68.18	117.75	159.87	205.65	251.49	297.36	343.13
4	81.95	136.92	191.94	246.94	301.93	356.91	411.84
6	108.31	177.02	250.18	314.55	383.22	451.96	520.70
8	143.76	219.46	295.04	370.65	446.22	521.86	597.44

SECTION 5: Sec. 23-2-7(d)(1) of the Farmington City Code (Extra Collections) is amended to read as follows:

*Extra collections.* Extra collection charges requiring more than seven collections per week.

Per Collections	Container (bin) size cubic yards
41.77	1-1/2 or less
56.13	2
66.43	3
80.20	4
106.55	6
142.01	8

SECTION 6: Sec. 23-2-7(d)(4) of the Farmington City Code (Commercial corrugated cardboard collection service) is amended to read as follows:

*Commercial corrugated cardboard collection service.* Charges for commercial corrugated cardboard collection service shall be as follows for all businesses that elect to use and pay for this service:

Container Size in Cubic Yards	Frequency of Collections Per Week Monthly Charges	
	1	2
2	32.53	65.06
4	52.04	104.09
6	71.55	117.11
8	97.58	130.13

SECTION 7: Sec. 23-7-(d)(5) of the Farmington City Code (Cleaning and sanitizing commercial containers) is amended by deleting the figure \$80.54 in the first sentence and substituting \$75.00 and by adding "This charge is for services of repair, washing and maintenance beyond the required standards provided in the contractor agreement with the city" at the end of the paragraph.

SECTION 8: The above rates will become effective the first cycle billing in July, 2016.

SECTION 9: That the remaining provisions of Chapter 23 of the Farmington City Code shall remain unchanged.

PASSED, SIGNED, APPROVED and ADOPTED this 21st day of June, 2016.

\_\_\_\_\_  
Tommy Roberts, Mayor

SEAL

ATTEST:

\_\_\_\_\_  
Dianne Smylie, City Clerk

**Sec. 23-2-7. - Fees for sanitation and curbside recycling service.**

(a) *Residential service rates.* Rates for collection of solid waste and curbside recycling for residential service shall be as follows:

(1) *Individual residential solid waste and curbside recycling service (four units or less).* Individual solid waste service rates under this subsection shall be \$12.30 per month per single-family unit and residential curbside recycling service rates under this subsection shall be \$4.43 per month per single-family unit. These rates shall apply to individual homes, individual mobile homes, duplexes, triplexes, fourplex units, condominiums, small mobile home parks whether or not spaces are occupied, and multifamily or apartment buildings which contain four or fewer single-family units. Each single-family unit which is subject to the individual residential service rate shall be provided with one polycart container in which to place solid waste in accordance with the other regulations provided within this chapter. Each residential family unit that requests recycling service shall be provided with one polycart container for the collection of recyclable materials. Residents who choose not to participate in the recycling program will not be provided a recycling container but will still be assessed the full monthly service fee. This fee shall be based on the actual unit cost attributed to the recycling program. Any single-family residential unit requesting more than one solid waste polycart container shall be provided with the applicable additional container at a rate of \$3.03 per month per single-family unit per additional container. Any single-family residential unit requesting more than one curbside recycling container shall be provided with the applicable additional container at a rate of \$3.94 per month per single-family unit per additional container.

~~Individual residential and curbside recycling service rates under this subsection shall be \$15.20 per month per single-family unit and shall apply to individual homes, individual mobile homes, duplexes, triplexes, fourplex units, condominiums, small mobile home parks whether or not spaces are occupied, and multifamily or apartment buildings which contain four or fewer single-family units. Each single-family unit which is subject to the individual residential service rate shall be provided with one polycart container in which to place solid waste in accordance with the other regulations provided within this chapter. Each residential family unit that requests recycling service shall be provided with one polycart container for the collection of recyclable materials. Residents who choose not to participate in the recycling program will not be provided a recycling container but will still be assessed the full monthly service fee of \$15.20. Any single-family residential unit requesting more than one solid waste polycart container or more than one curbside recycling container shall be provided with the applicable additional container at a rate of \$2.83 per month per single-family unit per additional container.~~

(2) *Multiunit residential service (five units or more).* Multiunit residential service rates under this subsection shall be charged pursuant to the container (bin) rate schedule set forth in subsection (c) of this section and shall apply to all multifamily, apartment or condominium buildings and mobile home parks, whether or not spaces are occupied, which contain five or more units. If the city determines it would be in the best interest of the city and the customer for the contractor to provide service to a mobile home park with five or more units using individual polycart containers, the mobile park or its residents shall be charged for such service in accordance with subsection (a)(1) of this section.

(3) *Low income individual residential service.* Customers who would otherwise pay the individual residential service rate as provided in paragraph (1) of this subsection shall qualify for the low income residential rate if they show proof that they have been accepted to receive benefits under the Low Income Home Energy Assistance Program (LIHEAP). Once qualified, the customer shall be entitled to the low income individual residential service rate for a period of 12 months. The low income individual residential service rate shall be the standard residential rate \$10.55 per month.

(b) *Business and home occupation service rates.* A business service rate of ~~\$17.41~~18.70 per month for businesses and home occupations which are not required to be serviced under the container (bin) rate schedule set forth in subsection (c) of this section, shall be paid by (i) all such businesses, whether they receive service by polycart container or by a city-provided bin or container, as provided by subsection 23-2-8(c), and (ii) all such home occupations if such home occupation generates one or more cubic yards of refuse or trash per week. Each business or home occupation which is subject to the business service rate shall be provided with one polycart container in which to place solid waste in accordance with the other regulations provided within this chapter. Any business or home occupation which requests more than one container shall be provided with additional polycart containers at a rate of ~~\$15.66~~5.50 per month per business or home occupation per additional container.

(c) *Commercial container service rates.* The schedule set forth under this subsection establishes the monthly charge for specific levels of service and applies to multiunit residential service and to all businesses, except those that qualify for the business service rate under subsection (b) of this section due to the small amount of refuse generated, and shall also apply to all customers who elect to use and pay for containers.

CONTAINER (BIN) RATE SCHEDULE							
Container (Bin) Size (Yards) Cu. Yd.	Frequency of Collections Per Week						
	1	2	3	4	5	6	7
1½ or less	<del>\$43.52</del> <u>3</u>	\$72.79	\$102.03	\$131.18	\$160.44	\$189.64	\$219.11
2	<del>57.88</del> <u>7</u>	91.67	125.48	<del>159.25</del> <u>6</u>	193.08	226.87	260.66
3	68.18	117.75	159.87	205.65	<del>251.50</del> <u>49</u>	297.36	343.13
4	81.95	136.92	191.94	246.94	<del>301.92</del> <u>3</u>	<del>356.96</del> <u>1</u>	411.84
6	<del>108.30</del> <u>1</u>	177.02	250.18	314.55	383.22	451.96	520.70
8	143.76	219.46	295.04	370.65	446.22	521.86	597.44

(d) *Miscellaneous fees.* Other fees and rates shall be as follows:

- (1) *Extra collections.* Extra collection charges requiring more than seven collections per week ~~and special collections shall be established by the contractor, subject to review by the customer care manager~~

<u>Per Collections</u>	<u>Container (bin) size cubic yards</u>
<u>41.77</u>	<u>1-1/2 or less</u>
<u>56.13</u>	<u>2</u>
<u>66.43</u>	<u>3</u>
<u>80.20</u>	<u>4</u>
<u>106.55</u>	<u>6</u>
<u>142.01</u>	<u>8</u>

- (2) *Lid lock service charges.* For providing a lid lock for control of unauthorized use of or scavenging from containers, customers shall be charged a lid lock service charge as follows:

- a. Nonautomatic lock—\$3.13 per month per lid lock; and
- b. Automatic locks—\$4.76 per month per lid lock for each polycart, and \$9.52 per month per lid lock for each commercial container or bin.

- (3) *Special access service charge.* For unlocking and locking containers, opening or closing gates, or rolling out containers which require extra time or equipment of the contractor, an additional special access service charge shall be charged per month as follows:

Collections Per Week	Rate
1	\$10.23
2	20.44
3	30.66
4	40.91
5	51.10
6	61.34
7	71.54

(4) *Commercial corrugated cardboard collection service.* Charges for commercial corrugated cardboard collection service shall be as follows for all businesses that elect to use and pay for this service: established by the contractor subject to review by the customer care manager and subject to review on appeal by the administrative review board.

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<u>Container Size in Cubic Yards</u>	<u>Frequency of Collections Per Week Monthly Charges</u>	
	<u>1</u>	<u>2</u>
<u>2</u>	<u>32.53</u>	<u>65.06</u>
<u>4</u>	<u>52.04</u>	<u>104.09</u>
<u>6</u>	<u>71.55</u>	<u>117.11</u>
<u>8</u>	<u>97.58</u>	<u>130.13</u>

(5) *Cleaning and sanitizing commercial containers.* Upon receipt of a written directive from the city or a written request from a customer, the contractor shall clean and sanitize any commercial container requiring such maintenance at the rate of \$80-5475.00 per container, which charge shall be billed to the customer by the contractor and paid by the customer. This charge is for services of repair, washing and maintenance beyond the required standards provided in the contractor agreement with the city.

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- (e) *Commercial compactor units.* Charges for commercial compactor units, roll-off containers and similar collection containers shall be established by the contractor subject to review by the customer care manager and subject to review on appeal by the administrative review board.
- (f) *Service and payment required.* The owners or occupants of all premises in the city are required to receive refuse collection, removal and disposal service and to pay the fee for such service whether utilized by such owner or occupant or not, unless otherwise specifically exempted.
- (g) *Extra service charges.* The customer care manager, subject to review by the administrative review board, shall have authority to direct the imposition of a reasonable extra service charge for special inspection work, the removal of excess amounts of refuse, landfill usage, or special handling, upon an hourly or other cost-related basis.
- (h) *Lien for nonpayment.* The fees provided by this section are assessed against the properties within the city receiving or benefiting from such refuse collection service. If such fees are not paid within 30 days after normal city billing for such service, the amount assessed shall be a lien upon the property receiving or benefiting from such service. Collection of such assessment shall be made in the manner provided by law.
- (i) *Interruption of service.* An interruption of commercial sanitation service due to the request of a customer lasting less than 30 days will be deemed a continuation of service for the entire month and will not be the subject to credit on the customer's billing. Interruptions of service requested by the customer of greater than 30 days will be adjusted on the customer's billing on a pro rata basis.

- (j) *Other utility charges.* The charges for residential sanitation service as provided in this section shall be non-separable from the water and sewer charges imposed by [Chapter 26](#) and shall be subject to [section 26-4-1](#).
- (k) *State and other taxes.* The state governmental gross receipts tax and other taxes, if applicable, shall be added to the rates and charges established by this section.
- (l) *[Additional provisions.]* There shall be no surcharge for loose yardage taken to the landfill by City of Farmington sanitation service customers who pay for "individual residential service," provided such loose yardage is generated from a residence and does not exceed two cubic yards and weighs less than one ton in any calendar month and the customer presents to the landfill or transfer station operator at the gate a current (within the past 60 days) City of Farmington utility bill with proper identification. If a customer cannot produce sufficient evidence of "individual residential service" or if the loose yardage is in excess of two cubic yards/one ton specified above, the landfill or transfer station operator may charge the customer the current gate rate for such material. All other City of Farmington sanitation service customers who elect to transport to the landfill solid waste generated at their place of business shall pay to the landfill or transfer station operator the current gate rate that is charged for disposal of material at the landfill.

ORDINANCE NO. 2016-XXXX

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE CITY OF FARMINGTON, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF NO MORE THAN \$2,448,240, TOGETHER WITH INTEREST, EXPENSES, IF ANY, AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$816,080, FOR THE PURPOSE OF FINANCING THE COSTS OF A WATER SYSTEM IMPROVEMENT PROJECT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE GOVERNMENTAL UNIT'S WATER SYSTEM; SETTING AN INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

Capitalized terms used in the following recitals have the same meaning as defined in Section 1 of this Ordinance, unless the context requires otherwise.

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and the public it serves that the Loan Agreement be executed and delivered and that the financing of the construction of the Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than as described in Exhibit "A" to the Loan Agreement, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, there have been presented to the Governing Body, and there presently are on file with the City Clerk, this Ordinance and the form of the Loan Agreement; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan Agreement is to be used for governmental purposes of the Governmental Unit; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority (or its assigns) for the payment of amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement, which are required to have been obtained by the date of the Ordinance have been obtained or are reasonably expected to be obtained prior to the Closing Date.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF FARMINGTON, SAN JUAN COUNTY, NEW MEXICO:

Section 1. Definitions. Capitalized terms defined in this Section 1 shall, for all purposes, have the meaning herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Administrative Fee" or "Administrative Fee Component" means the 0.25% annual fee payable to the Finance Authority as 0.125% of the Loan Agreement Principal Amount then outstanding as a part of each Loan

Agreement Payment for the costs of originating and servicing the Loan, as shown in the Final Loan Agreement Payment Schedule.

"Aggregate Disbursements" means, at any time after the Closing Date, the sum of all Disbursements.

"Aggregate Forgiven Disbursements" means the amount of Subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date be equal to the product of the Subsidy times the Aggregate Disbursements, up to the Maximum Forgiven Principal.

"Aggregate Repayable Disbursements" means, at any time after the Closing Date, the Aggregate Disbursements less the Aggregate Forgiven Disbursements.

"Approved Requisition" means a requisition in the form of Exhibit "C" to the Loan Agreement, together with supporting documentation submitted to and approved by the Finance Authority pursuant to Section 4.2 of the Loan Agreement.

"Authorized Officers" means the Mayor, Public Works Director, City Manager and City Clerk of the Governmental Unit.

"Bonds" means drinking water state revolving loan fund revenue bonds, if any, issued hereafter by the Finance Authority and related to the Loan Agreement and the Loan Agreement Payments.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement authorized by this Ordinance.

"DWSRLF Act" means the general laws of the State, particularly the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, as amended; NMSA 1978, §§ 3-31-1 through 3-31-12, as amended; and enactments of the Governing Body relating to this Ordinance including the Loan Agreement.

"Debt Service Account" means the debt service account established in the name of the Governmental Unit and administered by the Finance Authority to pay the Loan Agreement Payments under the Loan Agreement as the same become due.

"Disbursement" means an amount caused to be paid by the Finance Authority for an Approved Requisition for costs of the Project, including the Expense Fund Component.

"Drinking Water State Revolving Loan Fund" means the drinking water state revolving loan fund established by the DWSRLF Act.

"Environmental Protection Agency" means the Environmental Protection Agency of the United States.

"Expense Fund" means the expense fund hereby created to be held and administered by the Finance Authority to pay Expenses.

"Expense Fund Component" means an amount equal to one percent (1%) of each Disbursement for the Project, minus any amount forgiven under the Loan Agreement, simultaneously withdrawn and deposited in the Expense Fund to pay Expenses.

"Expenses" means the Finance Authority's costs of issuance of the Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Final Requisition" means the final requisition of moneys to be submitted by the Governmental Unit, which shall be submitted by the Governmental Unit on or before the date provided for in Section 4.1(b) of the Loan Agreement.

"Final Loan Agreement Payment Schedule" means the schedule of Loan Agreement Payments due on the Loan Agreement following the Final Requisition, as determined on the basis of the Aggregate Repayable Disbursements.

"Finance Authority" means the New Mexico Finance Authority, created by the New Mexico Finance Authority Act, NMSA 1978, §§ 6-21-1 through 6-21-31, as amended.

"Fiscal Year" means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the duly organized City Council of the Governmental Unit and any successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Farmington, San Juan County, New Mexico.

"Gross Revenues" means all income and revenues directly or indirectly derived by the Governmental Unit from the operation and use of the System, or any part of the System, for any particular Fiscal Year period to which the term is applicable, and includes, without limitation, all revenues received by the Governmental Unit, or any municipal corporation or agency succeeding to the rights of the Governmental Unit, from the System and from the sale and use of water services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System.

Gross Revenues do not include:

(a) Any money received as (i) grants or gifts from the United States of America, the State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefore or other capital contributions from any source which are restricted as to use;

(b) Gross receipts taxes, other taxes and/or fees collected by the Governmental Unit and remitted to other governmental agencies; and

(c) Condemnation proceeds or the proceeds of any insurance policy, except any insurance proceeds derived in respect of loss of use or business interruption.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire Ordinance and not solely to the particular section or paragraph of this Ordinance in which such word is used.

"Interest Component" means the portion of each Loan Agreement Payment paid as interest accruing on the Aggregate Repayable Disbursements then outstanding, calculated from the date of each Disbursement.

"Interest Rate" means the rate of interest on the Loan Agreement as shown on the Term Sheet.

"Loan" means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement, up to the Maximum Principal Amount.

"Loan Agreement" means the loan and subsidy agreement and any amendments or supplements thereto, including the exhibits attached to the loan agreement.

"Loan Agreement Payment" means, collectively, the Principal Component, the Interest Component, Expenses, and the Administrative Fee Component to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under the Loan Agreement, as shown on Exhibit "B" thereto.

"Loan Agreement Principal Amount" means, as of any date of calculation, the Aggregate Repayable Disbursements (including the Expense Fund Component), up to the Maximum Repayable Amount.

"Maximum Forgiven Principal" means the maximum amount of loan subsidy available in the form of principal forgiveness, which is equal to seventy-five percent (75%) of the Maximum Principal Amount. The Maximum Forgiven Principal is \$816,080.

"Maximum Repayable Principal" means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to the Loan Agreement, and is equal to the Maximum Principal Amount less the Maximum Forgiven Principal. The Maximum Repayable Principal is \$2,448,240.

"Maximum Principal Amount" means \$3,264,320.

"NMSA" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

"Net Revenues" means the Gross Revenues of the System owned and operated by the Governmental Unit minus Operation and Maintenance Expenses of the System, indirect charges, amounts expended for capital replacements and repairs of the System, required set asides for debt and replacement requirements and any other payments from the gross revenues reasonably required for operation of the System.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the System, for any particular Fiscal Year or period to which such term is applicable, paid or accrued, related to operating, maintaining and repairing the System, including, without limiting the generality of the foregoing:

(a) Legal and overhead expenses of the Governmental Unit directly related and reasonably allocable to the administration of the System;

(b) Insurance premiums for the System, including, without limitation, premiums for property insurance, public liability insurance and workmen's compensation insurance, whether or not self-funded;

(c) Premiums, expenses and other costs (other than required reimbursements of insurance proceeds and other amounts advanced to pay debt service requirements on System bonds) for credit facilities;

(d) Any expenses described in this definition other than expenses paid from the proceeds of System bonds;

(e) The costs of audits of the books and accounts of the System;

(f) Amounts required to be deposited in any rebate fund;

(g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water, materials and supplies used for or in connection with the current operation of the System; and

(h) Any fees required to be paid under any operation, maintenance and/or management agreement with respect to the System.

Operation and Maintenance Expenses do not include any allowance for depreciation, payments in lieu of taxes, franchise fees payable or other transfers to the Governmental Unit's general fund, liabilities incurred by the Governmental Unit as a result of its negligence or other misconduct in the operation of the System, any charges for the accumulation of reserves for capital replacements or any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

"Ordinance" means this Ordinance No. \_\_\_\_ adopted by the Governing Body of the Governmental Unit on June 14, 2016, approving the Loan Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet and the Final Loan Agreement Payment Schedule, as supplemented from time to time in accordance with the provisions hereof.

"Parity Obligations" means any obligations of the Governmental Unit under the Loan Agreement and any other obligations now outstanding or hereafter issued or incurred, payable from or secured by a pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement, including any such obligations shown on the Term Sheet.

"Pledged Revenues" means the Net Revenues.

"Project" means the project described in the Term Sheet.

"Senior Obligations" means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred, payable from or secured by a pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues superior to the lien created by the Loan Agreement, including any such obligations shown on the Term Sheet.

"State" means the State of New Mexico.

"Subordinated Obligations" means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues subordinate to the lien created by the Loan Agreement and subordinate to any other outstanding Parity Obligations having a lien on the Pledged Revenues, including any such obligations shown on the Term Sheet.

"Subsidy" means the subsidy in the form of principal forgiveness for the Governmental Unit, to be applied proportionally at the time of each Disbursement to the Governmental Unit, being seventy-five (75%) of such Disbursement.

"System" means the public utility designated as the Governmental Unit's water system, and all improvements or additions thereto, including additions and improvements to be acquired or constructed with the proceeds of this Loan Agreement.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Unrequisitioned Principal Amount" means the amount, if any, by which the Maximum Principal Amount exceeds the Aggregate Disbursements at the time the Governmental Unit submits the certificate of completion required pursuant to Section 6.3 of the Loan Agreement.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the acquisition and completion of the Project, and the execution and delivery of the Loan Agreement shall be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Project and the Loan Agreement. The acquisition and completion of the Project and the method of financing the Project through execution and delivery of the Loan Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Governmental Unit.

Section 4. Findings. The Governmental Unit hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. Moneys available and on hand for the Project from all sources other than the Loan Agreement are not sufficient to defray the cost of acquiring and constructing the Project.

B. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

C. It is economically feasible and prudent to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

D. The Project and the execution and delivery of the Loan Agreement in the Maximum Principal Amount pursuant to the DWSRLF Act to provide funds for the financing of the Project are necessary or advisable in the interest of the public health, safety, and welfare of the residents and the public served by the Governmental Unit.

E. The Governmental Unit will acquire and construct the Project, in whole or in part, with the net proceeds of the Loan.

F. Other than as described in Exhibit "A" to the Loan Agreement, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

G. The net effective interest rate on the Maximum Repayable Amount does not exceed the current market rate, which is the maximum rate permitted by federal law.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of at least a two-thirds majority of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public served by the Governmental Unit and acquiring and constructing the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the DWSRLF Act, execute and deliver the Loan Agreement evidencing a special limited obligation of the Governmental Unit to pay a principal amount of \$2,448,240 and interest thereon, and to accept a loan subsidy in the amount of \$816,080 and the execution and delivery of the Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan and Subsidy (i) to finance the acquisition and completion of the Project and (ii) to pay the Administrative Fee and Expenses of the Loan Agreement and the costs of issuance of the Bonds, if any. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement shall be in substantially the form of the Loan Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an amount not to exceed the Maximum Principal Amount of \$3,264,320. The Loan Agreement Principal Amount shall be payable in installments of principal due on May 1 of the years designated in the Final Loan Agreement Payment Schedule and bear interest payable on May 1 and November 1 of each of the years designated in the final Loan Agreement Payment Schedule, at the rates designated in the Loan Agreement, including Exhibit "A" thereto, which rates include the Administrative Fee.

Section 6. Approval of Loan Agreement. The form of the Loan Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the City Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance, and the Loan Agreement shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance nor in the Loan Agreement, nor any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues) or as imposing a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds; Completion of Acquisition and Completion of the Project.

A. Debt Service Account; Disbursements. The Governmental Unit hereby consents to creation of the Debt Service Account to be held

and maintained by the Finance Authority as provided in the Loan Agreement.

The proceeds derived from the execution and delivery of the Loan Agreement shall be disbursed promptly upon receipt of an Approved Requisition (as defined in the Loan Agreement).

Until the acquisition and completion of the Project or the date of the Final Requisition, the money disbursed pursuant to the Loan Agreement shall be used and paid out solely for the purpose of acquiring and constructing the Project in compliance with applicable law and the provisions of the Loan Agreement.

B. Prompt Completion of the Project. The Governmental Unit will complete the Project with all due diligence.

C. Certification of Completion of the Project. Upon the acquisition and completion of the Project, the Governmental Unit shall execute and send to the Finance Authority a certificate stating that the completion of and payment for the Project has been completed.

D. Finance Authority Not Responsible for Application of Loan Proceeds. The Finance Authority shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues; Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. Pledged Revenues shall be paid by the Governmental Unit to the Finance Authority in an amount sufficient to pay principal, interest, Administrative Fees, Expenses and other amounts due under the Loan Agreement, as provided in Section 5.2 of the Loan Agreement.

B. Termination on Deposits to Maturity. No payment shall be made into the Debt Service Account if the amount in the Debt Service Account totals a sum at least equal to the entire aggregate amount of Loan Agreement Payments to become due as to principal, interest on, Administrative Fees and any other amounts due under the Loan Agreement, in which case moneys in such account in an amount at least equal to such principal, interest and Administrative Fee requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided in Section 9.C of this Ordinance.

C. Use of Surplus Revenues. After making all the payments required to be made by this Section and any payments required by outstanding Parity Obligations, any moneys remaining in the Debt Service Account shall be transferred to the Governmental Unit on a timely basis and applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged, and are hereby pledged, and the Governmental Unit grants a lien on the Pledged Revenues and security interest therein, for the payment of the principal, interest, Administrative Fees, and any other amounts due under the Loan Agreement, subject to the uses thereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth herein and therein, and the Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement without the express prior written approval of the Finance Authority.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are

hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan Agreement including, but not limited to, the execution and delivery of closing documents and reports in connection with the execution and delivery of the Loan Agreement, and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary).

Section 12. Amendment of Ordinance. Prior to the Closing Date, the provisions of this Ordinance may be supplemented or amended by ordinance or resolution of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. After the Closing Date, this Ordinance may be amended without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 13. Ordinance Irrepealable. After the Closing Date, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as herein provided.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and City Clerk, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which is of general circulation in the Governmental Unit, and the Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

[Remainder of page intentionally left blank.]

[Form of Summary of Ordinance for Publication]

City of Farmington, New Mexico  
Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. \_\_\_\_\_, duly adopted and approved by the Governing Body of the City of Farmington, New Mexico (the "Governmental Unit"), on June 14, 2016. Complete copies of the Ordinance are available for public inspection during normal and regular business hours in the office of the City Clerk at 800 Municipal Drive, Farmington, New Mexico.

The title of the Ordinance is:

CITY OF FARMINGTON, NEW MEXICO  
ORDINANCE NO. \_\_\_\_\_

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE CITY OF FARMINGTON, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF NO MORE THAN \$2,448,240, TOGETHER WITH INTEREST, EXPENSES, IF ANY, AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$816,080, FOR THE PURPOSE OF FINANCING THE COSTS OF A WATER SYSTEM IMPROVEMENT PROJECT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE GOVERNMENTAL UNIT'S WATER SYSTEM; SETTING AN INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

The title sets forth a general summary of the subject matter contained in the Ordinance.

This notice constitutes compliance with NMSA 1978, § 6-14-6.

[End of Form of Summary for Publication.]

Section 18. Execution of Agreements. The City of Farmington through its Governing Body agrees to authorize and execute all such agreements with the New Mexico Finance Authority as are necessary to consummate the Loan contemplated herein and consistent with the terms and conditions of the Loan Agreement and this Ordinance.

PASSED, APPROVED AND ADOPTED THIS 14TH DAY OF JUNE, 2016.

CITY OF FARMINGTON, SAN JUAN COUNTY,  
NEW MEXICO

By \_\_\_\_\_  
Tommy Roberts, Mayor

[SEAL]

ATTEST:

By \_\_\_\_\_  
Andrea Jones, Deputy City Clerk

[Remainder of page intentionally left blank.]

ORDINANCE NO. 2016-1287

AN ORDINANCE AMENDING ORDINANCE NO. 2015-1274 AND THE LOAN AGREEMENT AND NOTE AUTHORIZED THEREBY, ALL RELATING TO THE WASTEWATER CONSTRUCTION LOAN FROM THE NEW MEXICO ENVIRONMENT DEPARTMENT TO THE CITY OF FARMINGTON FOR THE PURPOSE OF FINANCING THE COST OF BETTERING AND IMPROVING THE CITY'S SANITARY SEWER SYSTEM BY EXTENDING, ENLARGING, BETTERING, REPAIRING AND OTHERWISE IMPROVING THE CITY'S EXISTING WASTEWATER TREATMENT FACILITY; AND OTHERWISE RELATING TO SUCH LOAN, LOAN AGREEMENT, NOTE, PROJECT AND THIS ORDINANCE.

All capitalized terms not defined herein shall have the same meanings as such capitalized terms have in Ordinance No. 2015-1274.

(1) WHEREAS, on January 13, 2015 the City Council ("Council") of the City of Farmington ("City"), New Mexico, adopted and approved Ordinance No. 2015-1274 which authorized the City to enter into a loan with NMED and pursuant thereto the City entered into an Interim Loan Agreement with NMED dated February 3, 2015 and executed and delivered to NMED an Interim Promissory Note dated January 22, 2015 in the maximum principal amount of \$14,000,000 (being Loan No. CWSRF 012); and

(2) WHEREAS, after receipt of construction bids on the Project which were substantially higher than estimated, the City has determined and hereby determines that the scope of the Project requires that the Loan be increased from an aggregate principal amount of not exceeding \$14,000,000 plus construction interest to an aggregate principal amount of not exceeding \$22,000,000 plus construction interest and NMED has agreed that the Loan may be in the higher amount and has provided or will provide its written consent to this ordinance; and

(3) WHEREAS, it is necessary and in the best interests of the City and its citizens that Ordinance No. 2015-1274, the Loan Agreement and Note be amended accordingly and be further amended to update certain provisions thereof; and

(4) WHEREAS, for clarification any references in the Ordinance to "2007 Bonds" shall be to the "2007 NMED Loan" and to the "2015 Loan" shall be to the "Series 2015 Loan."

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY (THE CITY COUNCIL) OF THE CITY OF FARMINGTON, NEW MEXICO:

Section 1. Section 5 of Ordinance No. 2015-1274 is amended to read as follows:

"Section 5. AUTHORIZATION OF PROJECT. The acquisition of the Project and payment of eligible items as set forth in the Regulations from proceeds of the Loan Agreement and Note are hereby authorized at a cost not to exceed the principal amount of \$22,000,000 excluding any cost of the Project to be paid from any source other than the proceeds of the Loan Agreement and Note."

Section 2. The third sentence of Section 6A of Ordinance No. 2015-1274 is amended to read as follows:

"Section 6. AUTHORIZATION OF LOAN AGREEMENT AND NOTE SUBORDINATE BONDS AND OBLIGATIONS.

A. Authorization and Basic Terms of Loan and Loan Agreement

"The aggregate principal amount of the final Note shall not exceed \$22,000,000 plus accrued construction interest without the adoption of another Ordinance by the Council, and the annual interest rate on that principal amount shall be specified in the Loan Agreement and shall not exceed three percent (3.00%) per annum, provided that with respect to the final Loan, the annual interest rate and Administrative Fee shall not exceed three per cent (3.00%) per annum of the principal amount of the final Note."

Section 3. The Note and the Loan Agreement are amended so that the amount of the Loan shall not exceed \$22,000,000 plus accrued construction interest instead of \$14,000,000 plus accrued construction interest.

Section 4. The Note and the Loan Agreement are amended so that repayment of the final Loan shall be amortized over a twenty year term with twenty substantially equal annual installments of \$1,478,745.57 instead of \$941,019.91.

Section 5. Section III of the Loan Agreement is amended to read as follows:

"III. LOAN AMOUNT:

NMED agrees to loan funds to the City to pay for approved costs to plan, acquire and construct the Project, in an amount not to exceed: Twenty-Two Million Dollars and No Cents [\$22,000,000] ("Loan Amount") plus accrued construction interest at the interest rate of Three Percent (3%) per annum of each loan disbursement to the City during construction upon the terms and conditions set forth in this Agreement and Interim Promissory Note ("Interim Note").

Upon commencement of Loan repayment, the cost of the Loan will be apportioned into annual interest and annual administrative fees for a total annual rate of Three Percent (3%).

Provided the City complies with the Construction Conditions in (Section IV) and the CWSRF Requirements in (Section V) herein, the loan amount will be available until January 1, 2019."

Section 6. Section IV of the Loan Agreement is hereby amended to read as follows:

"IV. CONSTRUCTION CONDITIONS:

The City agrees to the following Construction Conditions:

PROJECT COMPLETION ("Project Completion") means the date that operations of the completed works are initiated or capable of being initiated, whichever is earlier. This also applies to individual phases or segments.

A. Upon execution of this Agreement, the City shall adhere to the schedule below to expeditiously initiate and achieve Project Completion January 31, 2019. The City shall:

Complete Construction by January 31, 2019.

If the City fails to comply with this schedule, then NMED may terminate this Agreement or may withhold Loan funds. If NMED terminates this Agreement, the City shall refund any funds disbursed to the City by NMED within 90 days of termination.

B. The City shall require the Contractor of the Project to post a performance and payment bond approved by NMED in the amount of the bid."

Section 7. Paragraphs B and C of Section VI of the Loan Agreement are amended to read as follows:

"VI. DISCLOSURE STATEMENT

B. FINANCE COSTS IF THE FULL LOAN AMOUNT IN SECTION III IS LOANED:

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate	AMOUNT FINANCED The amount of credit provided	INTEREST CHARGES (2.5644%) The total interest amount	ADMINISTRATIVE FEE PAYMENTS (0.4356%) The total administrative fee amount	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled
3%	\$22,000,000.00	\$6,475,034.29	\$1,099,877.11	\$29,574,911.40

C. REPAYMENT SCHEDULE

Principal, interest and administrative fee payments shall be paid in annual installments due on the anniversary of the first annual installment. The first annual installment shall become due within one year of the Project Completion date, but no later than one year after the date of the warrant of final disbursement from the NMED.

Your repayment schedule will be:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENT	WHEN PAYMENTS ARE DUE
20 annual installments as shown on Attachment C	\$1,478,745.57	Within one year of the Project Completion date, but no later than one year after the date of the warrant of final disbursement from the NMED; and annually thereafter.

Section 8. An Authorized Officer and the City Clerk are authorized to sign and seal with the City seal either an amendment to, or a completely new Interim Loan Agreement, Loan Agreement, interim Note and final Note to reflect the provisions of this ordinance.

Section 9. All other provisions of Ordinance No. 2015-1274, the Note and the Loan Agreement not expressly amended hereby shall remain in full force and effect.

Section 10. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

Section 11. All bylaws, order, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof heretofore repealed.

Section 12. This ordinance, immediately upon its final passage and approval by at least 3/4ths of all members of the Council shall be recorded in the ordinance book of the City kept for that purpose, and shall be authenticated by the signatures of the Mayor and the City Clerk and a notice of adoption of this ordinance with the full ordinance attached, or, alternatively, the title and summary of the subject matter thereof attached, shall be published one time in *The Daily Times*, a newspaper which maintains an office in and is of general circulation in the City. This ordinance shall be in full force and effect five (5) days after such publication.

PASSED, ADOPTED, SIGNED AND APPROVED this 24<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Tommy Roberts, Mayor

(SEAL)  
ATTEST:

\_\_\_\_\_  
Dianne Smylie, City Clerk

ORDINANCE NO. 2016-1288

AN ORDINANCE AMENDING CHAPTER 6 OF THE FARMINGTON CITY CODE  
DEALING WITH MEETINGS OF THE ANIMAL SERVICES ADVISORY COMMISSION

WHEREAS, the Animal Services Advisory Commission believes that animal welfare in Farmington is in a good place with no major issues to work through; and

WHEREAS, the Animal Services Advisory Commission desires to hold regular meetings quarterly instead of monthly; and

WHEREAS, the City Council finds it necessary to amend the Farmington City Code to allow for quarterly meetings of the Animal Services Advisory Commission.

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

SECTION ONE: Section 6-8-6. Meetings, is amended to read as follows:

"The animal services advisory commission shall meet regularly, as determined by the commission, but at least quarterly, shall keep meeting minutes and operate in accordance with the Open Meetings Act."

PASSED, APPROVED, SIGNED AND ADOPTED this 24<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Tommy Roberts, Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
Dianne Smylie, City Clerk

CITY OF FARMINGTON  
INTER-OFFICE MEMORANDUM

TO: Mayor Roberts and City Council  
FROM: Kristi Benson, CPPO, CPPB *KLB*  
Chief Procurement Officer  
DATE: May 19, 2016  
SUBJECT: RFP: Solid Waste Collection Services, RFP #16-112345  
USING DEPARTMENT: Public Works  
=====

A proposal opening was held on February 3, 2016 for Solid Waste Collection Services. One offer was submitted.

The name of the business submitting the sole response is Waste Management of New Mexico, Farmington, NM.

The Central Purchasing Department and the negotiation team are seeking input from the Council. The negotiation team will be presenting contract options to include or omit from the final agreement.

Kristi Benson (Presenter)  
Council Meeting 5/24/16 Close/Reopen

xc: Andy Mason, Administrative Services Director  
David Sypher, Public Works Director  
File - BID #16-112345/KR

Evaluation Committee:  
David Sypher, Public Works  
Bob Campbell, Administration  
Jeff Smaka, Public Works  
Nicki Parks, Electric Utility  
Laurie Richardson, Electric Utility

Regular Meeting of the City Council, City of Farmington, New Mexico, held in the Council Chamber at City Hall at 6:00 p.m. on Tuesday, May 10, 2016. The open regular session was held in full conformity with the laws and ordinances and rules of the Municipality.

Upon roll call, the following were found to be present, constituting a quorum:

MAYOR	Tommy Roberts
COUNCILORS	Linda G. Rodgers Sean E. Sharer Gayla A. McCulloch Nate Duckett

constituting all the members of said Governing Body.

Also present were:

ASSISTANT CITY MANAGER	Julie Baird
CITY ATTORNEY	Jennifer Breakell
CITY CLERK	Dianne Smylie

The meeting was convened by the Mayor. Thereupon the following proceedings were duly had and taken:

MOMENT OF SILENCE

Mayor Roberts asked for a moment of silence in remembrance of Ashlynnne Mike, the 11-year old girl who was kidnapped and murdered on the Navajo Reservation last week.

INVOCATION: The invocation was offered by Men's Ministry Pastor Denver DeWees of Crossroads Community Church.

Dr. John McNeill led the Pledge of Allegiance.

CONSENT AGENDA: The Mayor announced that those items on the agenda marked with an asterisk (\*) have been placed on the Consent Agenda and will be voted on without discussion by one motion. He stated that if any item did not meet with approval of all Councilors or if a citizen so requested, that item would be removed from the Consent Agenda and heard under Business from the Floor.

\*MINUTES: The minutes of the Regular Meeting of the City Council held April 26, 2016 and minutes of the Regular Work Session of the City Council held April 19, 2016.

\*BID: The Acting Procurement Officer recommended that the bid for construction services for the Municipal Operations Center expansion project (Electric) be awarded to B & M Cillessen on its low bid meeting specifications after application of five percent in-state preference of \$1,853,000. Bids opened April 27, 2016 with four bidders participating.

\*BID: The Acting Procurement Officer recommended that the bid for Phase I of the 20<sup>th</sup> Street Sidewalks project (Public Works) be awarded to H.O. Construction on its low bid meeting specifications of \$262,609. Bids opened April 12, 2016 with four bidders participating.

\*BID: The Acting Procurement Officer recommended that the bid for Phase II of the 20<sup>th</sup> Street Sidewalks project (Public Works) be awarded to H.O. Construction on its low bid meeting specifications of \$214,000. Bids opened April 12, 2016 with four bidders participating.

\*BID: The Acting Procurement Officer recommended that the bid for purchase of trucking services (Public Works) be awarded to Envirotech, Inc. (\$83,687.50), Herrera Trucking LLC (\$90,000) and GBL Trucking LLC (\$90,000) as the lowest and best bidders per category after application of the five percent in-state

and Veterans preferences. Bids opened May 3, 2016 with eight bidders participating.

\*QUITCLAIM DEED for conveyance by the City of a 1.00 acre tract of land located in Section 12, Township 29 North, Range 14 West not currently being used by the City to Westerman Realty Interests, LLC.

\*QUITCLAIM DEED for conveyance by Sand and Spring, LLC of Lot 6540 of the Bella Vita Estates Subdivision to the City for use as the La Bella Vita Detention Pond.

\*ADOPTION OF RESOLUTION NO. 2016-1587 requesting a time extension from the New Mexico Department of Transportation for the Foothills Drive Enhancement project (Phase I).

\*LEASE AGREEMENT MODIFICATION between the City and Raymond L. Kysar, Jr. and Patsy Sue Kysar for lease of Lots 6 through 9 of Block Two of the Arrington Addition for public parking purposes (term to April 30, 2019).

\*PUBLIC CELEBRATION PERMIT APPLICATION AND WAIVER to the 300-Foot Separation Requirement from a Church from Wines of the San Juan (License No. 6085) for the Four Corners Federated Republican Women's social and membership drive to be held on June 23, 2016 at Piñon Hills Community Church.

\*PUBLIC CELEBRATION PERMIT APPLICATION AND WAIVER to the 300-Foot Separation Requirement from a Church from Wines of the San Juan (License No. 6085) for a ribbon cutting and business social to be held on May 24, 2016 at 203 West Main Street.

\*WARRANTS PAYABLE for the time period of April 24, 2016 through May 7, 2016, for current and prior years, in the amount of \$5,409,427.93.

Councilor Duckett asked that the Quitclaim Deed between the City and Sand and Spring, LLC be removed from the Consent Agenda.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Duckett to approve the Consent Agenda, with the exception of the Quitclaim Deed between the City and Sand and Spring, LLC, and upon voice vote the motion carried unanimously.

#### NATIONAL PUBLIC WORKS WEEK PROCLAMATION

Mayor Roberts presented Public Works Director David Sypher with a Proclamation declaring May 15 through 21, 2016 as "National Public Works Week."

#### RECOMMENDATION FROM THE PLANNING AND ZONING COMMISSION:

\*CONSENT AGENDA: Community Development Director Mary Holton requested that the Planning and Zoning Commission recommendation marked with an asterisk (\*) be placed on the Planning and Zoning Commission Consent Agenda and voted on without discussion by one motion. She asked that if the item proposed did not meet with approval of all Councilors or if a citizen so requested, the item would be removed from the Consent Agenda and heard in regular order.

\*(1) Adoption of the recommendation from the Planning and Zoning Commission as contained within the Community Development Department Petition Report to approve Petition No. ZC 16-03 from Carolyn Crowley requesting a zone change from the RA, Rural Agricultural, District to the OP, Office Professional, District for 1.7 acres of property located at 4951 North Butler Avenue.

There being no requests to remove the item, a motion was made by Councilor Duckett, seconded by Councilor Rodgers to approve the Planning and Zoning Commission Consent Agenda, as presented, and upon voice vote the motion carried unanimously.

ENTRYWAY MONUMENTS/APPROVAL OF LOCATIONS

Utilizing a Powerpoint presentation, General Services Director Eddie Smylie reported that the Council approved the design of the entryway monuments on September 8, 2015 and stated that staff is now seeking approval to erect the monuments at the four entry points located on Highway 64 West, Highway 64 East, Highway 516 and at the intersection of Highway 371 and Mission Avenue. He assured the Mayor and Council that the proposed sites have been fully vetted based upon driver visibility, intersections with multiple roadways and who owns the land. He also noted that the bid for construction of the monuments will be issued once the property owners have been contacted and the New Mexico Department of Transportation has given their approval of the selected sites.

Following further discussion and consideration, a motion was made by Councilor Rodgers, seconded by Councilor Duckett to approve the four final locations for construction of the Entryway Monuments, as proposed, and upon voice vote the motion carried unanimously.

REAPPOINTMENTS TO THE COMMUNITY RELATIONS COMMISSION

Mayor Roberts asked the Council's consideration of the reappointments of Cathryn Abeyta, Melissa Meechan, Mark Marquez and Charles Kromer (terms to April 2018) to the Community Relations Commission.

Thereupon, a motion was made by Councilor McCulloch, seconded by Councilor Rodgers to confirm the reappointments of Cathryn Abeyta, Melissa Meechan, Mark Marquez and Charles Kromer to the Community Relations Commission, as recommended by the Mayor, and upon voice vote the motion carried unanimously.

COUNCIL BUSINESS

Reconsideration of Petition No. ZC 16-02/San Juan Regional Medical Center

- (1) Denial of Petition No. ZC 16-02 from San Juan Regional Medical Center requesting a zone change from the OP, Office Professional, District and MU, Mixed-Use, District to the PD, Planned Development, District for 12.32 acres of property located at 804F South Drake Avenue and 710 South Lake Street, subject to:
  - (a) fencing being installed along West Murray Drive (similar to that of Navajo Preparatory School's fencing along Apache Street); and
  - (b) an agreement being finalized regarding the landscape screening with the neighboring businesses surrounding the property.

In accordance with Section IV.E. of the Governing Body Rules of Procedure, Councilor Rodgers made a motion to reconsider the action taken by the Council at the April 12, 2016 regular City Council meeting to deny Petition No. ZC 16-02 concerning a request from San Juan Regional Medical Center ("SJRMC") to rezone property located at 804F South Drake Avenue and 710 South Lake Street. Councilor Duckett seconded the motion. The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Nate Duckett
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Those voting nay:	Gayla A. McCulloch
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The presiding officer thereupon declared that three Councilors having voted in favor thereof, the said motion carried.

Mayor Roberts announced that the reconsideration of the subject petition is a quasi-judicial proceeding which requires the decision to be based upon the evidence that was presented at the April 12, 2016 regular City Council meeting and, as result, he explained that no new testimony or commentary will be allowed. However, he noted that clarifying questions from the Council are permitted. There was no response to Mayor's call for questions from the Council.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Duckett to overturn the denial of Petition No. ZC 16-02 from San Juan Regional Medical Center and to grant a zone change from the OP, Office Professional, District and MU, Mixed-Use, District to the PD, Planned Development, District for 12.32 acres of property located at 804F South Drake Avenue and 710 South Lake Street, subject to conditions (a) and (b).

Mayor Roberts called for discussion from the Council.

Councilor Rodgers explained that she has requested reconsideration of the subject petition because she has thoroughly reviewed the evidence that was presented at the April 12, 2016 regular City Council meeting, inspected the subject property and surrounding area and has determined that the land use proposed in the Planned Development is 1) consistent with the surrounding property uses and zone designations; 2) is ancillary to SJRMCs operation; and 3) is not located within the boundary of the Metropolitan Redevelopment Area ("MRA"). Furthermore, she stated that she does not believe that the proposed solar farm will have an adverse effect on the advancement of the MRA vision.

There being no further discussion, the Mayor called for the vote upon the motion to overturn the denial of Petition No. ZC 16-02 from San Juan Regional Medical Center and to grant a zone change from the OP, Office Professional, District and MU, Mixed-Use, District to the PD, Planned Development, District for 12.32 acres of property located at 804F South Drake Avenue and 710 South Lake Street, subject to conditions (a) and (b). The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Nate Duckett
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Those voting nay:	Gayla A. McCulloch
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The presiding officer thereupon declared that three Councilors having voted in favor thereof, the said motion carried.

The Mayor asked each Councilor to explain the reasons for their vote.

Councilor Duckett pointed out that his position has not changed and stated that he explained his reasons at the April 12, 2016 regular meeting. However, he restated that he believes that the land use is consistent with the surrounding area.

Councilor McCulloch explained that she is opposed to the subject petition because she does not believe that the PD zone designation is the right decision for the Animas District of the MRA since the City has been working to redevelop this area for more than 20 years. She reiterated that SJRMC owns 15.5 acres of land that is located less than one block away from the subject property and pointed out that there is also a City-owned parcel in that same area and that both parcels are already zoned industrial and are better suited for a solar project. Furthermore, Councilor McCulloch took exception to the article that was published in yesterday's edition of the *Daily Times* inferring that the Council denied the petition because they are against solar projects.

Councilor Rodgers restated that she has determined that the land use proposed in the Planned Development is 1) consistent with the surrounding property uses and zone designations; 2) is ancillary to SJRMCs operation; and 3) is not located within the boundary of the MRA.

Councilor Sharer announced that he reversed his decision on the matter because he believes that SJRMC has the right to develop their property as they see fit and contended that they have served as good neighbors to the surrounding property owners.

With regard to the article published in the *Daily Times*, Mayor Roberts took exception to the comments made by Mariel Nanasi, Executive Director of New Energy Economy, a Santa Fe-based advocacy group for renewable energy, which stated, "Farmington's oil and gas-focused government has a history of obstructing solar projects, even though Northern New Mexico has plentiful sunshine." He stated that he has been involved in local government for 14 plus years and cannot recall a single instance where City government obstructed a solar project and he

challenged Ms. Nanasi to cite an example where this occurred. He acknowledged that the City Council is an advocate for the extractive industries, but stated that he believes that most residents of Farmington do not share the extreme perspectives and world views of the New Energy Economy whose mission is to immediately eliminate the use of all fossil fuels. He argued that a more rationale and reasonable perspective is to embrace the short- and long-term use of all power sources including coal, oil, natural gas, solar, wind and nuclear. He stated that he has seen New Energy Economy employ this strategy in the past when it attempted to convince the people of New Mexico that Public Service Company of New Mexico was doubling-down on coal when, in fact, their plan for San Juan Generating Station will result in a 30 to 39 percent reduction in the reliance on coal. He contended that it is important to contest extreme activism because he believes that it is an attempt to mislead the public. He also pointed out that the Farmington City Council has embraced the concept of a community solar project and noted that the Electric Utility Department has also been considering certain solar projects, which contradicts the falsehoods of the newspaper article.

#### CITY ATTORNEY BUSINESS

City Attorney Jennifer Breakell presented for discussion a proposed ordinance pertaining to a loan from the New Mexico Environment Department for improvements to the City's wastewater treatment facility. The title of such proposed ordinance being:

AN ORDINANCE AMENDING ORDINANCE NO. 2015-1274 AND THE LOAN AGREEMENT AND NOTE AUTHORIZED THEREBY, ALL RELATING TO THE WASTEWATER CONSTRUCTION LOAN FROM THE NEW MEXICO ENVIRONMENT DEPARTMENT TO THE CITY OF FARMINGTON FOR THE PURPOSE OF FINANCING THE COST OF BETTERING AND IMPROVING THE CITY'S SANITARY SEWER SYSTEM BY EXTENDING, ENLARGING, BETTERING, REPAIRING AND OTHERWISE IMPROVING THE CITY'S EXISTING WASTEWATER TREATMENT FACILITY; AND OTHERWISE RELATING TO SUCH LOAN, LOAN AGREEMENT, NOTE, PROJECT AND THIS ORDINANCE.

There being no discussion, Ms. Breakell announced that the proposed ordinance will be presented for final action at the May 24, 2016 regular City Council meeting.

Ms. Breakell presented for discussion a proposed ordinance dealing with regular meetings of the Animal Services Advisory Commission. The title of such proposed ordinance being:

AN ORDINANCE AMENDING CHAPTER 6 OF THE CITY CODE DEALING WITH MEETINGS OF THE ANIMAL SERVICES ADVISORY COMMISSION.

There being no discussion, Ms. Breakell announced that the proposed ordinance will be presented for final action at the May 24, 2016 regular City Council meeting.

Ms. Breakell also presented a proposed ordinance dealing with recreational swimming at Lake Farmington and stated that notice of intent to consider said ordinance has been published two weeks prior to final action upon the ordinance as required by Section 3-17-3 NMSA 1978 Compilation. She recommended the ordinance, if adopted, be given the number 2016-1285. The title of the ordinance being:

AN ORDINANCE AMENDING CHAPTER 20 OF THE CITY CODE DEALING WITH LAKE FARMINGTON.

After consideration of Ordinance No. 2016-1285, a motion was made by Councilor Duckett, seconded by Councilor McCulloch that said ordinance be passed and adopted as presented. The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Gayla A. McCulloch Nate Duckett
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Those voting nay:	None
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The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried and Ordinance No. 2016-1285 was duly passed and adopted.

Lastly, Ms. Breakell presented a proposed ordinance dealing with recreational off-highway motor vehicles ("OHVs") and stated that notice of intent to consider said ordinance has been published two weeks prior to final action upon the ordinance as required by Section 3-17-3 NMSA 1978 Compilation. She recommended the ordinance, if adopted, be given the number 2016-1286. The title of the ordinance being:

AN ORDINANCE ENACTING A NEW CHAPTER 25, ARTICLE 3, DIVISION 5 OF THE CITY CODE REGARDING OFF-HIGHWAY MOTOR VEHICLES.

Ms. Breakell directed the Council's attention to two handouts; one being an email from Jeremiah Ritchie who is the Deputy Chief of Staff for Governor Susana Martinez and the other being recommendations from the Mayor proposing the rewording of the first and fourth recital paragraphs. She also recommended that Section 12-3-138 of the proposed ordinance be amended to state that OHVs traveling on a paved street shall travel at a speed that complies with the Off-Highway Motor Vehicle Act.

With regard to the email from Mr. Ritchie, Councilor Duckett stated that he is favorable to adding the two proposed recital paragraphs, but announced that he is not favorable to amending paragraph C which would limit the use of OHVs on paved streets to gaining direct access to private or public property or accessing incidental services such as fuel, food, etc. because this provision will be impossible for the Police Department to enforce.

Councilor McCulloch reported that she received a telephone call from Butch Matthews, Commissioner for the New Mexico State Highway and Transportation Department, who indicated to her that he is supportive of the amendments being proposed by the Governor's office. In response to inquiry from Councilor McCulloch, Police Chief Steve Hebbe confirmed that it will be more difficult for officers to ascertain whether a driver was traveling on the roadway for an ancillary service versus heading directly to a trailhead. However, he stated that if it is the intent of the Council to allow drivers to access ancillary services, he prefers the verbiage currently written in the ordinance versus that proposed by Mr. Ritchie.

Daryl Dunlap addressed the Council as the owner of Dunlap Motor Sports and as a board member for the Off-Highway Vehicle Alliance and the Convention & Visitors Bureau and spoke in favor of the comments made by Councilor Duckett and Chief Hebbe.

With regard to the restrictive verbiage suggested by Mr. Ritchie, Mayor Roberts stated that he would prefer to allow OHV travel only for the purpose of getting to and from the trailheads, but understands that it is possible to be too restrictive. He pointed out that the subject ordinance, if adopted, can be amended at a later date if OHV travel becomes a nuisance.

Councilor Duckett announced that he has received numerous telephone calls and emails concerning the proposed ordinance and stated that he wants to assure his constituents that he will be proposing a partnership between the City, San Juan County and the Bureau of Land Management to establish accesses to trailheads from City streets and to document those trailheads on a map to prevent unauthorized travel on private property.

There being no further discussion, a motion was made by Councilor Duckett, seconded by Councilor Rodgers to pass and adopt Ordinance No. 2016-1286 subject to the addition of the two recital paragraphs recommended by the Governor's office, the amendment of the two recital paragraphs as proposed by Mayor Roberts, and the amendment of Section 12-3-138 concerning speed limits as suggested by the City Attorney. The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Gayla A. McCulloch Nate Duckett
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Those voting nay:	None
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The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried and Ordinance No. 2016-1286 was duly passed and adopted.

DISCUSSION OF AND ACTION ON THE ITEM REMOVED FROM THE CONSENT  
AGENDA:

- (1) Quitclaim Deed for conveyance by Sand and Spring, LLC of Lot 6540 of the Bella Vita Estates Subdivision to the City for use as the La Bella Vita Detention Pond.

Councilor Duckett announced that he requested that this item be removed from the Consent Agenda for the purpose of granting Public Works Director David Sypher an opportunity to explain the reasons why the detention pond is necessary, to review the proposed improvements, provide a timeline on when the project will be complete and identify how the project will be funded.

Following the presentation, a motion was made by Councilor Duckett, seconded by Councilor Sharer to approve the Quitclaim Deed for conveyance by Sand and Spring, LLC to the City of Lot 6540 of the Bella Vita Estates Subdivision for the purpose of construction the La Bella Vita Detention Pond, and upon voice vote the motion carried unanimously.

BUSINESS FROM THE FLOOR

Solar Rights Legislation

David Fosdeck, 209 N. Locke Avenue, provided the Council with a copy of a brochure published by the Energy Conservation and Management Division regarding solar energy and individual rights. He advised the Council that the State of New Mexico has adopted the Solar Rights Act of 1978 which states that solar energy is a property right and that New Mexicans have the authority to use solar energy without interference from county or municipal code, covenant or deed restriction. In response, Mayor Roberts assured him that staff is aware of the law and City Attorney Jennifer Breakell pointed out that there is an internal conflict within the statute that will require judicial interpretation.

CLOSED MEETING

A motion was made by Councilor Duckett, seconded by Councilor Rodgers to close the meeting to discuss request for qualification-based proposals for professional engineering services for the Villa View detention ponds, pursuant to Section 10-15-1H(6) NMSA 1978. The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Gayla A. McCulloch Nate Duckett
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Those voting nay:	None
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The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried.

The Mayor convened the closed meeting at 7:00 p.m. with all members of the Council being present.

Following the closed meeting, during which meeting the matter discussed was limited only to that specified in the motion for closure, a motion was made by Councilor Rodgers, seconded by Councilor McCulloch to open the meeting for further business, and upon voice vote the motion carried unanimously.

The open meeting was reconvened by the Mayor at 7:10 p.m. with all members of the Council being present.

QUALIFICATION-BASED PROPOSAL/ENGINEERING SERVICES FOR THE VILLA  
VIEW DETENTION PONDS

Acting Procurement Officer Kristi Benson reported that proposals for professional engineering services for the Villa View Detention Ponds (Electric) opened on February 2, 2016 with four offerors participating. She recommended that the proposal be awarded to Bohannon-Huston, Inc. as the top evaluated firm after application of the five percent in-state preference.

Thereupon, a motion was made by Councilor Duckett, seconded by Councilor Rodgers to award the proposal for professional engineering services for the Villa View Detention Ponds to Bohannon-Huston, Inc., as recommended by the Acting Procurement Officer, and upon voice vote the motion carried unanimously.

There being no further business to come before the Council, the meeting was adjourned at 7:11 p.m.

The City Clerk certified that notice of the foregoing meeting was given by posting pursuant to Resolution No. 2013-1466, et seq.

Approved this 24<sup>th</sup> day of May, 2016.

Entered in the permanent record book this day of , 2016.

\_\_\_\_\_  
Tommy Roberts, Mayor

SEAL

ATTEST:

\_\_\_\_\_  
Dianne Smylie, City Clerk

Special Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, May 3, 2016 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

At such meeting the following were present, constituting a quorum:

MAYOR	Tommy Roberts
COUNCILORS	Linda G. Rodgers Sean E. Sharer Gayla A. McCulloch Nate Duckett

constituting all the members of the Governing Body.

Also present were:

CITY MANAGER	Rob Mayes
ASSISTANT CITY MANAGER	Julie Baird
CITY ATTORNEY	Jennifer Breakell
CITY CLERK	Dianne Smylie
DEPUTY CITY CLERK	Andrea Jones

#### FISCAL YEAR 2017 PROPOSED BUDGET

Providing opening remarks, City Manager Rob Mayes reminded the Council that this is the third formal meeting that the Council has participated in with regard to the Fiscal Year 2017 ("FY17") proposed budget and noted that the first two pertained to water, wastewater and electric operations and the Capital Improvement Plan. He reviewed the historical gross receipts tax ("GRT") revenue data, noting that the current level of revenue is projected to be 11 percent below the 2009 GRT peak and pointed out that because of the continual increase in the CPI (Consumer Price Index) the City is actually operating with 22 percent less revenue dollar-per-dollar than in 2009. Mr. Mayes explained that staff is projecting FY17 GRT revenues to be 10.67 percent less than the budgeted FY16 GRT revenues and contended that this conservative estimate is a reasonable balance between underreacting and overreacting to the economic instability. In response to Councilor Duckett's inquiry, Mr. Mayes stated that there is no science to projecting revenue and noted that it is a mixture of "gut feeling" and comparison to past trends. Furthermore, he reported that the projections can change as revenues actually materialize throughout the fiscal year.

Utilizing a Powerpoint presentation, Mr. Mayes proudly announced that the City is one of only two entities in New Mexico that have received all three Government Finance Officers Association ("GFOA") awards. Reviewing the budget process, Mr. Mayes compared the City's annual budget to those throughout the state and provided the Council with the current Fiscal Year 2016 ("FY16") financial status. Responding to the Mayor's inquiry, Mr. Mayes stated that staff is projecting total FY16 expenses at 97-98 percent of the budgeted amount and revenue at 3.3 percent below the budgeted amount, noting that four months of the recently implemented new tax revenue is included in that figure. Furthermore, he reported that the difference boils down to salary slippage and emergency contingency funds and pointed out that if FY17 revenues are below the projected 10.67 percent reduction in revenue, then a 10 percent contingency reduction across the board will need to be implemented quickly. Noting that the base GRT must grow two percent per year to fund the employee pay plan, Mr. Mayes pointed out that the proposed budget was unable to include a recommendation for pay increases in FY17.

Mr. Mayes noted that the proposed FY17 budget includes a \$3 million transfer from the Cash Reserve account to balance the budget and briefly reviewed the significant variances between the FY16 adjusted budget and the proposed FY17 budget. Mayor Roberts announced that he is passionate about funding the Metropolitan Redevelopment Agency ("MRA") at an amount of \$500,000 this year and stated that he will be looking for

opportunities since it has not been included in the FY17 budget. Councilor McCulloch questioned the significant increase to the Library's operating budget. In response, Mr. Mayes reported that the Library's budget was cut by 20 percent in 2009 and is operating at a 10 percent reduction including this increase. In addition, Library Director Karen McPheeters pointed out that new library book purchases (approximately 5,000 titles) and programming have been reduced to balance the budget which has resulted in a decrease in the number of library patrons. She stated that the Library has experienced a decrease in the number of summer reading participants and reported that usage of the facility is down 29 percent and the circulation of books is down 18 percent. Mr. Mayes also pointed out that the monetary increase goes directly to the members of the community and stated that there is a 10 percent contingency plan in place for the Library if revenues do not meet the budget.

Responding to Mayor Roberts and Councilor Rodgers' inquiries, Mr. Mayes reported that the City is insured through the State for worker's compensation, noting that this expense may rise due to the recent tragic events, and he confirmed that the detention fees are budgeted at \$1.6 million with a projection of actual expenses of \$1.3 million.

At the request of Mayor Roberts, Mr. Mayes briefly reviewed the history of the Hold Harmless GRT phase-out and pointed out that San Juan County ("SJC") has implemented two 1/8 percent tax increases which result in approximately \$8.8 million in additional revenue to compensate for their \$2.3 million of lost revenue due to the phase-out. He also reported that the City will be requesting a \$165,641 increase in the SJC animal services reimbursement but pointed out that SJC is in the process of determining whether they will continue to utilize the Farmington Regional Animal Shelter ("FRAS") or contract solely with the Aztec Animal Shelter.

Mr. Mayes reported that the City is six percent behind the state average for employer's contribution to the Public Employees Retirement Association ("PERA") for firefighters and police officers and reminded the Council that the firefighters elected to receive a two percent increase in employer's contribution to PERA in lieu of the two percent annual pay increase approved in FY16. Furthermore, he noted that SJC increased their employer's contribution to PERA for police officers by four percent last year and explained that in order to work towards meeting the state average and to be more competitive with SJC he proposes to increase the City's FY17 PERA contribution for police officers by 1.33 percent (or \$146,000) which is built into the unanticipated expenditures line item. Following lengthy discussion, it was the consensus of the Council to approve the 1.33 percent increase in the FY17 budget.

Continuing with the presentation, Mr. Mayes reviewed the FY17 projected Cash Reserve and restated that the proposed FY17 budget includes a \$3 million transfer from the Cash Reserve account to the General Fund to bridge the gap between revenue and expenditures. Additionally, he reviewed the history of the previous transfers and answered various questions from the Council. At the request of the City Manager, it was the consensus of the Council to approve a \$3 million transfer from the Cash Reserve account to the General Fund for the FY17 budget.

Directing the Council's attention to the Public Information slides, Mr. Mayes proudly reported that Administration and the "support departments" only comprise 2.35 percent of the City's total budget. He also reviewed statistical and historical information relative to the operation of each department and division and the Mayor and Council asked relevant questions. In response to inquiries by the Mayor, Mr. Mayes reported that the decrease in Red Apple Transit revenue is a result of previous grant funding that purchased vehicles in FY16 and Transit Manager Andrew Montoya stated that ridership has increased but stated that projected revenue from fares is remaining level based on historical figures. Regarding Piñon Hills Golf Course, Parks, Recreation & Cultural Affairs Director Cory Styron stated that up-to-date equipment is the short-term capital priority with long-term capital priorities including improvements to the tee boxes, greens and outdoor functionality for small tournaments and/or rental space. He also confirmed that staffing and operational costs are historically "flat" and contended that they are at an acceptable level to maintain current operations. Mr. Styron confirmed that the Aztec Animal Shelter is presenting an animal services proposal

to SJC for consideration and stated that the proposed revenue increase at the Bonnie Dallas Senior Center is the result of meeting space rentals.

Following discussion regarding potential funding for the MRA, it was the consensus of the Council to look for the opportunity throughout the year and to elevate it as a priority if additional monies are realized.

Councilor McCulloch questioned if staff is investigating the purchase of Compressed Natural Gas ("CNG") vehicles. In response, Mr. Mayes stated that the economics have "turned on their head" because of the decrease in gasoline prices and the increased cost to purchase the vehicles and noted that there is only one CNG fueling station in the area. He pointed out that staff is encouraging Waste Management to convert their fleet to CNG vehicles and Mayor Roberts stated that he believes that it is prudent for the City to simply remain in the advocacy realm at this time. Responding to Councilor Rodgers' inquiry, Mr. Mayes stated that the Fleet Manager evaluates the City's vehicles based on age, cost of maintenance and mileage and recommends a replacement schedule which costs approximately \$1 million annually.

Mr. Mayes briefly reviewed the FY17 Revenue Fund summary; illustrated relevant revenue sources; provided historical GRT tax rate information for the State, SJC and the City and explained how they combine to create the "total tax rate"; and pointed out that there are unimposed local option GRT increments available to the City. Mr. Mayes also reviewed the process and the negative effects of the Hold Harmless GRT reduction; illustrated how property tax revenue is distributed and noted that there are unimposed property tax increments available to the City.

Noting that the total expenses in the proposed FY17 budget are approximately \$271 million, Mr. Mayes pointed out that the Budget Evaluation sheets detail the Department/Division fluctuations in comparison to the FY16 adjusted budget and he reviewed the various contracts and agreements included in the proposed FY17 budget. In response to Councilor McCulloch's inquiries, Mr. Mayes confirmed that the Crouch Mesa Community Center is being privatized instead of being operated by the City; stated that this will be the third year that the City has funded the San Juan Symphony; reported that the Northwest New Mexico Council of Governments is funded at the lowest level (\$5,000 per year); and contended that the City receives a "good value" from its participation in the New Mexico Municipal League. Concluding the presentation, Mr. Mayes directed the Council's attention to the FY2014-FY2017 Authorized Regular Positions sheet and reported that the proposed FY17 budget removes five vacant and unfunded positions (IT Programmer/Analyst; Purchasing Agent; Custodian; Long-Range Planner; and an Associate Project Engineer), but he noted that these positions are still priorities.

There was no response to the Mayor's call for comments from the audience.

There being no further discussion, Mr. Mayes reported that the Council will be asked to consider adopting the preliminary budget at the May 17, 2016 City Council Work Session.

#### RECESS

The Mayor called a recess at 11:39 a.m.

The meeting was reconvened by the Mayor at 12:16 p.m. with all members of the Council being present.

#### STRATEGIC PLANNING

City Manager Rob Mayes explained that staff will be making several presentations on a variety of projects that are currently underway or have been identified as unfunded high priorities. He advised the Council that he will be presenting a financing option that will not require a tax increase and will generate approximately \$5 million and he encouraged the Council to provide input regarding the projects to be included in the financing package.

#### Foothills Drive Enhancement

Public Works Director David Sypher provided a summary of the Foothills Drive Enhancement project which includes three phases. He reported that Phase I (Holmes Drive to Rinconada Street) is fully funded and that Phases II (Rinconada Street to Mesa Del Oso) and III (Mesa Del Oso to Cheva Court) are unfunded at this time. He noted that all three phases of the project have been designed and stated that staff will continue to apply for grants to obtain the necessary \$2.5 million in funding for the completion of the remaining phases.

#### Piñon Hills Boulevard Extension

Public Works Director David Sypher reminded the Council that this project was initially started in the 1990's and he reported that the actual property acquisition took place in the 2000's. He reported that the project includes three phases and he discussed the challenges staff is encountering with the State's grant program. Mr. Sypher indicated that Phase I (NM 516 to Hubbard Road) is fully funded and pointed out that the State has agreed to provide grant funding of approximately \$9 million in Federal Fiscal Years 2020/2021 for Phase II (Hubbard Road to Road 3000), noting that the local match of \$4 million for Phase II is currently unfunded. He also reported that Phase III is San Juan County's portion of the project and stated that they may have funding available through the recent Hold Harmless GRT tax increase that they imposed.

#### Bus Terminal Building

General Services Director Eddie Smylie contended that he observed firsthand the valuable service that Red Apple Transit provides to the community and Transit Manager Andrew Montoya reported that the current transit "hub" located at Orchard Plaza lacks basic amenities. He reviewed several possible locations for a new hub facility along with their corresponding preliminary layouts and he noted that a new facility is roughly estimated at \$1.5 to \$3 million which includes property acquisition. Mr. Montoya reported that this project is currently unfunded and stated that any grant funds will likely require a 20 percent local match from the City. At the request of staff, it was the consensus of the Council to direct staff to research the potential revenue that could be incurred by allowing businesses to advertise on the Red Apple Transit buses and shelters.

#### Entryway Monuments

General Services Director Eddie Smylie presented the specific locations for the entryway monuments and Farmington Convention and Visitors Bureau ("CVB") Executive Director Tonya Stinson announced that the CVB is fully funding the monuments. Additionally, she stated that once the Council approves the selected sites and the monuments are constructed, the City will assume ownership and be responsible for their maintenance.

#### Police Department Building

City Manager Rob Mayes emphasized the need for a new Police Department building in the near future and Assistant City Manager Julie Baird reviewed possible square footage needs, location options and the estimated cost for the facility (\$19-22 million). Additionally, she reported that a needs study which will assess specific criteria unique to the City's Police Department will cost approximately \$30,000. Mr. Mayes stated that the project is unfunded at this time and noted that possible funding options include a capital outlay appropriation from the State and/or a 25-30 year GRT bond. It was the consensus of the Council to direct staff to proceed with the needs study.

#### Complete Streets

Community Development Director Mary Holton reviewed that status of the project and the "in place" funding (\$1.3 million) and reported that the remaining delta of \$3.7 million is currently unfunded. She pointed out that there is approximately \$1 million in undesignated funds within the MRA Fund; noted that a Section 108 Loan Fund from the Community Development Block Grant ("CDBG") could generate approximately \$1.2 million; and stated that staff has submitted an application for funding under the U.S. Tiger Grant and is currently working with the Metropolitan

Planning Organization to add this project to the Transportation Alternatives Program.

#### US 64 Annexation

City Manager Rob Mayes explained that the "petition method" of annexing land requires 51 percent of land owners to sign the petition and stated that it is extremely unlikely for staff to obtain those signatures. Community Development Director Mary Holton briefly reviewed the area being considered for annexation and detailed the estimated costs and revenues associated with the potential annexation. She explained the "boundary method" of annexing land and reported that it is staff's recommendation to proceed with the annexation utilizing this method. It was the consensus of the Council to direct staff to proceed with the annexation through the boundary method as quickly as possible.

#### Energy Audit

Assistant City Manager Julie Baird provided a status update for this project and noted that the original \$2.5 million "package" of upgrades has increased to \$3-4 million. Mayor Roberts reminded the Council that this project will be funded through bonds with debt service payments contractually secured by the energy savings realized from the upgrades.

#### City Hall Improvements

Noting that the anticipated completion date of this project is December 2016, Assistant City Manager Julie Baird briefly reviewed the status of the improvements and reiterated that this project is funded utilizing approved Fiscal Year 2016 408 Fund monies.

#### Convention Center Fee

Administrative Services Director Andy Mason reported that revenue from the Convention Center Fee for the first year (March 2015 through February 2016) totals \$817,000 and he discussed available options to leverage a loan or bond ranging from \$6.5-\$12 million for the Civic Center expansion project.

#### Civic Center

Parks, Recreation & Cultural Affairs Director Cory Styron reviewed the recommended upgrades to the Civic Center and stated that the total estimated cost is \$9.8 million. He noted that the project will utilize the funds discussed earlier by Administrative Services Director Andy Mason and pointed out that \$1 million has been spent on land acquisition and demolition to-date. Furthermore, Mr. Styron confirmed that additional public input meetings will be held once the engineering phase has been completed.

#### River Trails

Noting that land acquisition is substantially complete for the river trails system, Parks, Recreation & Cultural Affairs Director Cory Styron provided illustrations of the different phases of the system and their corresponding estimated costs. He reported that the total cost for all phases is approximately \$2.7 million and stated that \$120,000 is dedicated to the river trails system annually from the 202 Fund.

#### Lake Farmington

Parks, Recreation & Cultural Affairs Director Cory Styron briefly reviewed the recent improvements at Lake Farmington to provide for recreational swimming and noted that the Red Apple Transit will provide transportation from Brookside Park to the lake since the Council made the decision to close Brookside Pool.

#### Miniature Golf Center

Parks, Recreation & Cultural Affairs Director Cory Styron reported that the desired location for this project is next to Civitan Golf Course requiring the relocation of the horseshoe pits to Kiwanis Park and he stated that it would be a revenue neutral project. He illustrated various "themed" miniature golf courses and noted that the feasibility

study will cost approximately \$35,000 and has been programmed in the FY17 proposed budget.

Brookside Family Water Park

After providing various examples of possible water parks and price points, Parks, Recreation & Cultural Affairs Director Cory Styron stated that this will be a two phase process that includes community input and noted that a feasibility study is the first step. City Manager Rob Mayes confirmed that a formal process will be followed and happily announced that the Farmington Convention & Visitors Bureau ("CVB") has offer to pay for the feasibility study which is an approximate cost of \$60,000. Following further discussion, it was the consensus of the Council to direct staff to move forward with the feasibility study funded by the CVB.

Fire Department Apparatus

Following City Manager Rob Mayes' explanation of how fire apparatus purchases are funded, Fire Chief Terry Page detailed the life expectancy of fire engines and ladder trucks; reported that one fire engine will be purchased with approved 408 Fund monies from Fiscal Year 2016; noted that a second fire engine is scheduled for replacement; and stated that a "lemon" ladder truck needs to be replaced as soon as possible. Mr. Mayes pointed out that the second fire engine and ladder truck could be purchased by refinancing the 2005 Sales Tax Bond Issue.

Bond Refinancing

City Manager Rob Mayes reported that the 2005 Sales Tax Bond Issue ("2005 Bonds") which provides revenue to both the General and Fire Funds cannot be separated or partially refunded and Administrative Services Director Andy Mason explained that the goal of refunding and reissuing the 2005 Bonds is to keep the annual debt service close to the current level while extending the repayment terms. He reported that a 25-year issue would total \$8.4 million and illustrated a possible scenario that would provide \$5 million for construction of the Brookside Family Water Park, \$1.1 million to purchase a ladder truck, \$600,000 to purchase a fire engine and \$200,000 in issuance costs. Mr. Mason reviewed the purchases from the 2005 Bonds and provided the new issue bond debt service breakdown. Following further discussion, Mr. Mayes stated that this refinancing option will be presented to the Council at a future meeting for further consideration.

There was no response from the Council to the Mayor's request for additional project ideas.

Councilor Duckett thanked staff for today's discussions and recommended that a strategic planning session be held on an annual basis. Mayor Roberts expressed his appreciation to staff for the in-depth budget presentation.

There being no further business to come before the Council, the meeting was adjourned at 4:03 p.m.

APPROVED this 24<sup>th</sup> day of May, 2016.

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Tommy Roberts, Mayor

SEAL

ATTEST:

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Dianne Smylie, City Clerk