

**CITY OF FARMINGTON
CITY COUNCIL WORK SESSION AGENDA
June 21, 2016 – 9:00 a.m.**

DEPARTMENT HEAD REPORTS

1. Employee of the Month Program award (Employee Council President Kathy Farley)
2. Discussion of and direction to staff regarding Federal Fiscal Year 2016 Community Development Block Grant (“CDBG”) funds for capital projects (Terri Clashin) -----1

Action Requested of Council:

Provide input and give direction for allocating the CDBG funds for capital projects.

Background/Rationale:

The CDBG grant award for Federal Fiscal Year 2016 (October 1, 2016 to September 30, 2017) is \$368,653. The funding available for capital projects is \$239,624.

Staff Recommendation:

Provide direction.

Budgetary Impact:

No impact to the General Fund.

3. Presentation of the conceptual designs and cost estimates for the renovation of the Civic Center (Cory Styron)

Action Requested of Council:

Provide input and direction to staff.

Background/Rationale:

This presentation brings forward the conceptual designs for the renovation of the Civic Center which was authorized by the Council in May of 2015 and awarded to Greer-Stafford Architects. The conceptual plan was delayed due to the energy audit being performed on several City properties and the Civic Center being one of the large energy user. The conceptual plans presented are based on the HVS Global Hospitality Services study, professional evaluation of the system and staff involvement. The

conceptual plans are being shared with multiple stakeholders for comment during this time as well.

Staff Recommendation:

Staff supports the conceptual design that adds an additional 5,000 square feet to the north side of the existing facility. This addition provides a larger hall and greater flexibility for the center.

Budgetary Impact:

The addition will require resources including supplies and staff. The additional space will increase revenue that will offset the additional expenses.

4. Water Purchase Contract between the City and Animas Valley Water (Jeff Smaka) --2

Action Requested of Council:

Approval of contract.

Background/Rationale:

Approximately one year ago, prompted in large part by the Gold King Mine incident, the City invested in a water supply extension line from its municipal system to the boundary of the independent Animas Valley Water ("AVW") system territory. AVW system generally serves residents to the east of Farmington and on Crouch Mesa. This was done in anticipation of AVW either needing or desiring to receive water from the City on an emergency or permanent basis. Construction on this line was completed and ready for operation in October of 2015, enabling us to physically supply water if and when called upon. AVW has requested a contract with the City to supply water to their distribution system.

Staff Recommendation:

Approve contract.

Instructions Upon Approval:

Initiate the contract provisions.

Budgetary Impact:

Rates apply as per the approved cost of service study. The current budget expenses will not require additional adjustments.

5. Adoption of Resolution No. 2016-1592 removing uncollectible and unsecured utility accounts from the City's list of accounts receivable for calendar year 2011 (Sue Nipper Greaves and Nicki Parks)-----3

Action Requested of Council:

Pursuant to our policy and in compliance with State Statutes, Council's approval is required to write-off of any inactive account, aged over four years, with a balance of more than one cent.

Background/Rationale:

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

Staff Recommendation:

Adopt Resolution No. 2016-1592 removing the uncollectible and unsecured utility accounts from the City's accounts receivable in the approximate amount of \$113,380.13.

Instructions upon Approval:

Proceed with aged inactive utility account write-offs for the period of January 1, 2011 through December 31, 2011.

6. Adoption of Resolution No. 2016-1593 ratifying, confirming and establishing regular meeting days, times and places of the various commissions, boards, public bodies and the City Council of the City of Farmington in accordance with Resolution No. 2013-1466 (Jennifer Breakell) -----4

Action Requested of Council:

Adopt Resolution No. 2016-1593.

Background/Rationale:

The various commissions, boards, public bodies and the City Council have adopted days, times and places for regularly scheduled meetings of such public bodies, pursuant to the provisions of Resolution No. 2013-1466 and the Open Meetings Act (Sec. 10-15-1 et seq. NMSA 1978). This resolution will establish, ratify and confirm those regular meeting days, times and places.

Staff Recommendation:

Adopt Resolution No. 2016-1593.

Instructions upon Approval:

Publish the resolution in the Farmington Daily Times and post in the City Hall lobby.

COUNCIL BUSINESS

CLOSED MEETING

7. To discuss requests for proposals for the Community Development Block Grant (CDBG) 2016 Annual Action Plan for public service projects, pursuant to Section 10-15-1H(6) NMSA 1978.
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DEPARTMENT HEAD REPORTS

8. Request from the Chief Procurement Officer to direct staff on how to proceed with allocating the Community Development Block Grant (CDBG) 2016 Annual Action Plan for public service projects (Kristi Benson)-----5

Action Requested of Council:

Provide direction to staff on project selection and budget amounts for the proposed public service projects.

Background/Rationale:

Proposals for the Community Development Block Grant (CDBG) 2016 Annual Action Plan for public service projects (Community Development) opened on May 17, 2016 with eight offerors participating. Presentations were given to the Council at the June 14, 2016 regular City Council meeting.

Staff Recommendation:

Provide direction to staff on how to proceed with allocating the \$55,297 to the agencies.

Instructions Upon Approval:

Award the contracts based on the Council's direction.

Budgetary Impact:

No impact to the General Fund.

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.

Memo

To: Mayor Roberts and Members of the City Council
From: Teri Clashin, CDBG Associate Planner
Date: June 16, 2016
Re: CDBG Capital Projects Recommendation

For the 2016 Federal fiscal year (October 1, 2016 to September 30, 2017), the CDBG grant award amount is \$368,653. The total funding for capital projects is \$239,624 (65%). In the past, the City has used CDBG capital project funds for both internal and external projects.

Staff met with Council on March 15 to discuss the Federal Fiscal Year 2016 CDBG allocation and to receive input on potential projects. On March 16, an email was sent out to Department Heads and Key Staff requesting suggestions for capital projects to fund in October. Staff specifically asked for projects located in low-to-moderate income areas within the City, and for projects to meet HUD's national objective.

This discussion is intended to review the potential capital projects suggestions and to receive input and direction from Council in regards to the next steps in deciding on which project to fund.

The following five projects are suggestions for the use of CDBG capital project funds:

Community Development: Complete Streets

Apply for HUD Section 108 Loans for Complete Streets Project.

Project Eligibility: the complete streets project is located in the MRA, which meets HUD's national objective to benefit low- and moderate-income persons. It also meets the eligible activity: construction, reconstruction, or installation on public facilities (including street, sidewalk, and other site improvements).

The City can apply for up to five times the approved CDBG amount (For example: FFY 2016 Allocation for capital project fund (65%) is \$239,624 X 5 = \$1,198,120). The maximum repayment period is twenty (20) years. Each annual principal amount will have a separate interest rate associated with it. For FY 2016 the interest rate is at 2.58% of the principal amount of the loan.

The MRA committee has started the RFP process to hire an engineering firm to begin design of the Complete Street project. Section 108 funds could be used for a portion of the construction cost.

General Services: Land Acquisition for Transit Hub

Project Eligibility: Project is eligible for acquisition of real property for any public purpose and does meet HUD's national objective: benefiting low and moderate income persons. The project is located in a CDBG targeted neighborhood (MRA). The purchase of land would be used for the future Transit Hub located in the downtown area.

1. Site A (Downtown site): this site is bounded by an alley to the north, Animas Street to the south, existing construction to the west and Orchard Avenue to the east. The site is about 1.15 acres located on Animas Street, west of Orchard Avenue, in front of the State Building. About one third of the area is owned by the City, one third is vacant/used for parking and one third is used by commercial/religious institution.
2. Site B (Wells Fargo site): this site is composed by two non-adjacent parcels: a 0.7 acre parcel containing a parking lot south of the Wells Fargo ATM, with frontage to Animas the southeast corner of Animas Street and Orchard Avenue, former Greyhound terminal.

Parks, Recreation and Cultural Affairs (PRCA): Park ADA Improvements

Total Estimated Cost of Project = \$160,000

Project Eligibility: Projects for Public Facilities and Improvements including ADA improvements are eligible. Project will address Special Needs Populations and Infrastructure.

1. Patio Renovation at the Aquatic Center
 - a. Purpose: to make ADA compliant. Estimate: \$30,000
 - b. This project is not located in a CDBG targeted neighborhood.
2. Expand Sycamore Park – Skate Park
 - a. Provide more recreational opportunity at the park. Estimate: \$45,000
3. ADA Corrections at various Park Sites (Parking, signage, striping, shelters/restrooms)
 - a. Purpose: Alignment with ADA transition Plan and for compliance. Estimate \$85,000

Public Works: Sidewalk ADA Improvements

Total Estimated Cost of Project = \$169,348.89

Project Eligibility: Project is located in a CDBG targeted neighborhood.

Scope of Work: A sidewalk is proposed to be installed along the south side of Hydro Plant Road from the end of the current sidewalk at the intersection of E. Murray Drive and Hydro Plant Road to connect to the existing sidewalk at the intersection of South Butler Avenue and Hydro Plant Road.

1. Total length of sidewalk with curb and gutter: 2503 feet with a 5-foot wide sidewalk, plus the additional curb and gutter width.
2. Five (5) ADA handicap ramps are proposed for this portion of the sidewalk.
3. Multiple driveways will be crossed by the proposed sidewalk: Total area of concrete drive pad to be installed is 125 SY.

Sidewalk Project (Councilor Rogers Suggestion):

Total Estimated Cost of Project = \$462,417.47

Project Eligibility: Project is not located in a CDBG targeted neighborhood and, therefore would not be eligible for CDBG funding. Project cost would likely increase due to the items not included in the estimate.

1. South Bluffview Avenue
 - a. Estimated Cost: \$297,995.38 (Items not included in the estimate: gas meter relocation, chain-link fence removal and relocate, testing, power poles need to be relocated, four intersections will need ROW/easements for HCR, block walls will need to be relocated, pipe fencing will need to be relocated, irrigation line will need to be undergrounded, and not enough ROW south of Spruce).
 - b. The most critical of the three is S. Bluffview Avenue, because it is a major artery for foot/bike traffic and is also the primary entrance road to the neighborhood.
2. Peach Street
 - a. Estimated Cost: \$103,885.68 (Items not included in the estimate: gas meters need to be relocated, chain-link fence removal and relocation, testing, eight power poles need to be relocated, and corners at Butler and Peach will need ROW/easements for HCR)
 - b. Obstacles: The road will need to be narrowed; therefore no off-site parking will exist.
3. Gullledge Road
 - a. Estimated Cost: \$60,536.41 (Items not included in the estimate: seven gas meters need to be relocated, chain-link fence removal and relocate, testing, two power poles need relocation, corners at Sycamore and Tamarack will need ROW/easements to install HCR, and the street is coldmilled and does not do well with sawcutting)

Staff is looking for direction from Council. How would Council like to proceed with a capital project for the upcoming federal fiscal year? Once the capital project is selected, it will be included in the Draft 2016 Annual Action Plan and will go through a Public Input process.

Thank you for your input and insight in providing direction to staff regarding future projects. If you have any questions, please let me know.

Memo

To: Mayor Roberts and Members of the City Council
From: Teri Clashin, Associate Planner/CDBG
Date: March 15, 2016
Re: CDBG Federal FY 2016 Allocation Project Discussion

For the Federal fiscal year (October 1, 2016 to September 30, 2017), the CDBG grant award amount will be \$368,653. This discussion is intended to explore the available options for the funding and receive input and direction from Council in regards to possible capital project(s) and public service project(s).

The total funding for capital projects is \$239,624 (65%) and public service projects will be \$55,298 (15%). In the past, the City has used CDBG capital project funds for both internal and external projects. In addition, public service funds have been used to assist local social service agencies within the City.

It is important for us to look at additional funding sources offered by HUD for larger City projects. The Section 108 of the Housing and Community Development Act of 1974 provides for a loan guarantee component of the CDBG Program. The Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects including improvements to increase the resilience against natural disasters. The funds can be used by a designated public entity to undertake eligible projects or, alternatively, can be loaned to a third party developer to undertake the project. The program allows local governments to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of renewing entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. The flexibility makes it one of the most potent and important public investments tools that HUD offers to local governments.

Projects funded with Section 108 loans must meet basic CDBG criteria, including meeting a national objective and public benefit standards. Projects are also subject to compliance with all other local, state or federal regulation including cross cutting regulations. All projects and activities must either principally benefit low-and moderate- income persons, aid in elimination or prevention of slums and blight, or meet urgent needs of the community.

Eligible projects under CDBG Section 108 loans include the following:

- Acquisition of real property
- Rehabilitation of publicly owned real property
- Housing rehabilitation eligible under CDBG

- Construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements)
- Related relocation, clearance and site improvements
- Payment of interest on the guarantee loan and issuance costs of public offering
- Debt service reserves
- Finance fees
- Public Works and site improvements in colonias
- In limited circumstances, housing construction as part of community economic development

While local governments borrowing funds guaranteed by HUD through the Section 108 program must pledge their current and future CDBG allocations as security for the loan, the goal is for the proposed project to have sufficient cash flow to repay the loan without any need for current or future CDBG dollars used for the repayment.

As an entitlement city, it can apply for up to five times the approved CDBG entitlement amount (For example: FFY 2016 Allocation for Capital project funds (65%) is \$239,624 x 5 = \$1,198,120). The maximum repayment period for a Section 108 loan is twenty (20) years. HUD has the ability to structure the principal amortization to match the need of the project and borrower. Each annual principal amount will have a separate interest rate associated with it. Interest rates charged on interim borrowing is priced at the three-month London Interbank Offered rate (LIBOR), plus 20 basis points (0.2%). For FY 2016 the interest rate is at 2.58% of the principal amount of the loan, and for FY 2015 the interest rate was 2.42%.

The HUD Section 108 loan is an option for the City to consider now and in the future for large capital projects. For instance, the Complete Streets project is a viable candidate for a Section 108 loan. Since this project is located in within the Metropolitan Redevelopment Area (MRA), it meets one of HUD national objectives, in which a project must benefit low- and moderate-income persons. It also meets the eligible activity: construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements). The Revitalizing Main Street: The Vision and Implementation Plan discuss in detail the importance of bringing the community back to our Main Street.

On February 9, 2016, City Council approved \$225,000 for the MRA committee to go out for an RFP to hire an engineering firm to begin Phase I of the Complete Streets project. The Section 108 loan can be used to help fund a portion of the construction cost of Phase 1 once the construction drawings are complete. As we move forward with the Complete Streets project, we can begin to plan for future funding sources such as the Section 108 loan to help alleviate the overall cost of the project. With the information provided on Section 108 loans, staff would like to get input from Council on the subject.

Staff requests direction regarding the FFY 2016 allocation for both capital and public service projects. In the past, an RFP for public service projects were issued and presentations by offerors are scheduled for Council to review potential projects to fund. This fiscal year (FFY 2015) we funded seven public service projects that range from \$4,265 to \$9,000. As for capital project, this year the City funded two ADA improvement projects for PRCA and Public Works in the amount of \$226,482. The capital project(s) can be either internal or external. At this time, staff has had limited inquiries, but not complete, from the private sector. Are there any internal projects or should staff send out an RFP to the private sector for potential projects?

Overall, providing direction for both capital projects and public service projects will help guide staff in preparing the 2016 Annual Action Plan document to HUD. Thank you for your input and insight in providing direction to staff regarding future projects.



FOR IMMEDIATE RELEASE

Date: June 16, 2016

**City of Farmington to Supply Bulk Water to
Animas Valley Water Company**

The City of Farmington is pleased to announce that it will supply clean potable water to the Animas Valley Water (AVW) System through a bulk water supply contract. Water will be delivered from Farmington to a main line meter supplying the AVW system itself.

Approximately one year ago, prompted in large part by the Gold King Mine incident, the City of Farmington (of its own initiative) invested in a water supply extension line from its municipal system to the boundary of the independent AVW system territory. AVW system generally serves residents to the east of Farmington and on Crouch Mesa. This was done in anticipation of AVW either needing or desiring to receive water from Farmington on an emergency or permanent basis. **Construction on this line was completed and ready for operation in October of 2015, enabling us physically to supply water if and when called upon.**

In recent days, AV Water has pursued an agreement with Farmington to supply water to their distribution system. The City of Farmington has expedited contracting processes and on Tuesday, June 21, the City Council will consider ratification of a long-term agreement. **In the meantime, City Manager Rob Mayes has authorized delivery of water to the AVW distribution system immediately upon the notification that AV Water Co. LLC has connected to the City's new meter.**

AV Water Co. LLC maintains ownership of its territory and its entire water distribution system including the water lines that supply customers' homes and businesses and all other necessary infrastructure. Farmington is only a contract bulk supplier of treated water at a meter to the AVW system. **AV Water Company retains all legal and customer service responsibilities for delivery of treated water to their customers throughout their independent water distribution system.** The City of Farmington has no control over how many AV Water Company customers will immediately benefit from this new supply of treated water to the AVW main line meter or what improvements may be needed in order to facilitate distribution throughout their entire system. Questions regarding the independent AV Water System should be directed to AVW at 505-325-2435.

-END-

WATER PURCHASE CONTRACT

THIS CONTRACT for sale and purchase of water is entered into as of the ____ day of June, 2016, between the City of Farmington, New Mexico, hereinafter referred to as "City" and AV Water Co., LLC, a Delaware limited liability company authorized to do business in New Mexico, hereinafter referred to as "AV Water" Or "Purchaser."

WITNESSETH:

WHEREAS, AV Water has been organized and established under the laws of the State of New Mexico for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of AV Water and to accomplish this purpose, AV Water will require a supply of treated water, and

WHEREAS, the City owns and operates a water supply distribution system with a capacity currently capable of serving the present and future customers of the City's system and the estimated number of water users to be served by the said AV Water as shown in the plans of the system which are incorporated herein by reference, and

WHEREAS, the City owns water rights in the Animas and San Juan Rivers in an amount currently capable of serving the present customers of AV Water's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

WHEREAS, by motion duly passed, enacted on the ____ day of _____, 2016, by the Council of the City, the sale of water to AV Water in accordance with the provisions of this contract was approved and the execution of this contract by the Mayor and attested by the Clerk was duly authorized, and

NOW, THEREFORE, in consideration of the foregoing and mutual agreements hereinafter set forth,

1. Quality: To furnish AV Water at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the New Mexico Department of Environment, Drinking Water Bureau in such quantity as may be required by AV Water.
2. Quantity: To furnish AV Water treated water in such quantity (there is no minimum) as may be required by AV Water, but shall not exceed 500 gallons per minute or more than 21,600,000 gallons in any month. AV Water shall not take more than this amount and any monthly flow demands by AV Water in excess of the maximum monthly limits will constitute a breach of contract. However, nothing herein shall be construed as to require the City to provide more treated water than that which is specified as the maximum amount as contained in this paragraph.
3. Point of Delivery: Water will be furnished to AV Water at the meter box located at or near the intersection of Wildflower Parkway and Goldenrod Trail. Any changes to the point of delivery will require written agreement by AV Water and the City.

4. Pressure: Water will be furnished at a reasonably constant normal pressure calculated at approximately fifty (50) pounds per square inch (p.s.i.). If a greater pressure than that normally available at the point of delivery is required by AV Water, the cost of providing such greater pressure shall be borne solely by AV Water. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fires, earthquake or other unforeseen catastrophe events shall excuse the City from this provision for such reasonable period of time as may be necessary to restore service.

5. Metering Equipment: The City shall install, operate and maintain at the point of delivery the necessary metering equipment, including a three-inch meter and a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to AV Water. The cost of installation of the piping and metering equipment shall be paid for by AV Water. The City shall calibrate such metering equipment whenever requested by AV Water, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to failure, unless the City and AV Water shall agree upon a different amount, shall be deemed to have been furnished by the City to AV Water. The metering equipment shall be read monthly in a normal billing cycle.

6. Rates and Payment Schedule: To pay the City not later than the 14 days after the receipt of the bill each month for water delivered in accordance with the following schedule of rates:
 - a. A base charge of \$300 per month and a volume rate as described in Table 1 City of Farmington- AV Water Rate Structure

Table 1. City of Farmington – AV Water Rate Structure

From:	To:	Rate
Present to	November 30, 2015	\$1.99 per 1,000 gallons
December 1, 2015	November 30, 2016	\$2.03 per 1,000 gallons
December 1, 2016	November 30, 2017	\$2.12 per 1,000 gallons
December 1, 2017	November 30, 2018	\$2.18 per 1,000 gallons
December 1, 2018	Until a rate adjustment occurs as provided below	\$2.29 per 1,000 gallons

- b. The City may propose to adjust AV Water’s treated water rate based on its own internal study or on a cost of services study by an outside consultant. Should the City elect to conduct a cost of services study, the City will notify AV Water that the cost of services study is occurring. A study shall address the cost of providing water to AV Water and may include system losses, and other considerations. After completion of the study the

City will notify AV Water of any proposed rate changes and provide a copy of the study to AV Water.

- c. If AV Water does not file a written objection to the new proposed rate with the City within sixty (60) days, AV Water will be deemed to have accepted the new proposed rate and the new rate will go into effect ninety (90) days after the date AV Water was first notified of the proposed new rate.
 - d. If AV Water files a written objection within sixty (60) days, AV Water may initiate at its expense a cost of services study specifically for this Contract to determine the rate to be charged by the City. This study shall address the costs of providing treated water to AV Water, system losses, and other considerations. Upon completion of AV Water's study, AV Water will provide a copy to the City. If the results of the two studies differ, the parties shall have sixty (60) days from the date a copy is received by the City for the parties to negotiate a resolution to these differences. If a resolution cannot be reached, an Arbitration Board as described in section 15 shall be convened.
 - e. **Transfer of Water:** AV Water shall not assign or transfer any of its rights to receive treated water pursuant to this Contract to any third party without the City's written approval, nor shall AV Water sell any water to a third party for the purpose of re-selling it.
7. **Water Supply and Shortages:** In the event of an extended shortage of water or the supply of water available to the City is otherwise diminished over an extended period of time, the supply of water to AV Water and its consumers shall be reduced or diminished in the same ratio or proportion as the supply to City consumers is reduced or diminished.
- a. These water deliveries may be adjusted downward due to normal system-wide losses attributed to evaporation, treatment and unaccounted for leakage and/or drought. The City will not be obligated to provide more water or water pressure than specified in this contract.
 - b. In the event of an emergency that impacts the City's water treatment or conveyance capacity, the supply of water to AV Water will be reduced in the same ratio or proportion that the supply of water to the City's other customers is reduced per the City Ordinance Chapter 26 Article 2 Division 2 – Conservation of Water in Emergencies.
 - c. AV Water and the City recognize that AV Water and the City depend on the Animas and San Juan Rivers for water. The supply of water in these rivers varies in quantity, which is beyond the control of the City. No liability will attach to the City due to the failure of the City to anticipate availability of water or because of failure of water supply due to inadequate snowfall, runoff, rainfall or occurrences beyond the reasonable control of the City.
 - (d) In the event that the water supply available to the City is otherwise reduced over an extended period of time due to system growth, emergency disaster or other situations such as drought, the supply of water treated and conveyed to AV Water will be reduced based on the ability of AV Water to furnish the necessary water rights to

adequately cover AV Water's request for treated water. For the purposes of this Contract, droughts are defined as periods when the water storage level of Farmington Lake, the City's raw water storage facility, is less than 60 percent of capacity and the Influent/Effluent Ratio of the lake (i.e., the ratio of the inflow into the lake and the outflow from the lake) is projected to be less than 150 percent for the following 30 or more days, or when the Secretary of the Interior declares a shortage in the Navajo Reservoir or Animas La Plata Project water supplies. During periods of drought the parties may consider a shortage-sharing agreement.

8. **Billing Procedure:** By the 15th of each month, the City shall furnish to AV Water at P.O. Box 5520, Farmington NM, 87499, a monthly itemized billing statement of the account for water furnished to AV Water during the preceding month.
9. **Failure to Deliver:** The City will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish AV Water with quantities of water required by AV Water. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. Emergency failure of pressure or supply due to main supply line breaks, power failures, flood, fire, force majeure, or other catastrophic event will excuse the City from delivery for such reasonable period of time as may be necessary to restore service.
10. **Contract Term:** This Contract shall be for a term of five (5) years from the date of this Contract but shall automatically renew for up to three (3) additional five-year periods unless one of the parties gives the other party written notice of termination. Written notice of termination by either party shall be given no later than one (1) year prior to the expiration of the current five (5) year term.
11. **Modification of Contract:** The provisions of this contract pertaining to the schedule of rates to be paid by AV Water for water delivered are subject to modification at the end of every five (5) year period or upon a cost of services study or an internal City cost analysis. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder. Other provisions of this contract may be modified or altered by mutual agreement.
12. **WATER RIGHTS.** The City presently has sufficient water rights to provide the water that is the subject of this Contract. However, in the future as water use on the City's system increases, or as water rights are further defined and possibly limited by the Office of the State Engineer and the courts, the City may not have sufficient rights to meet the terms of this or future Contracts. The City may require AV Water to provide the necessary water rights to cover the amount of treated water supplied to AV Water by notifying AV Water in writing at least one (1) year in advance of that need. The City may require AV Water incur any costs of conveying these water rights directly or reimburse the City for any such costs incurred by the City. AV Water agrees to supply to the City, transfer of water rights, change in point of diversion, or other method agreeable to the parties, and approved by the State Engineer, water rights in sufficient quantity and priority to assure that the City will receive deliverable water equal to the amount of water which is supplied by the City to AV Water under this Contract. If AV Water provides water rights for delivery under this Contract, and if the Office of the State Engineer and AV Water identify suitable points of diversion for this purpose, the City will not object to those points of diversion to be used by the City to divert, process and treat AV Water water for distribution in

accordance with this Contract. To allow for the provisions in section 7d above, AV water LLC shall maintain, and not transfer their water rights to another entity without first providing the City of Farmington first right of refusal. In the event AV Water sells its water rights to another entity and does not retain an amount sufficient to fulfill its obligations under this Contract (21,600,000 gallons per month), the City reserves the right to immediately terminate this agreement to provide water services.

13. Return Flow: As the City has water permits from the State Engineer articulating certain requirements to limit the diversion, consumptive use, and return flows, it is understood between the parties AV Water shall cooperate with the City in documenting return flow by AV Water of that proportion attributable to what the City conveys to AV Water.
14. Regulatory Agencies: That this contract is subject to such rules, regulations or laws as may be applicable to similar agreements in the State of New Mexico and the City and AV Water will collaborate in obtaining such permits, certificates or the like, as may be required to comply therewith.
15. Miscellaneous: If the City and AV Water cannot agree to any modifications in the water rate, the question as to whether or not there should be a decrease or increase and the amount shall be submitted to a board of arbitration composed of three (3) residents of the County of San Juan, State of New Mexico, one of whom shall be appointed by the City, one of whom shall be appointed by AV Water, and the third person shall be selected by the two appointees or, upon their failing to agree, by the presiding District Judge of the Eleventh Judicial Court.
16. Successor to AV Water: In the event of any occurrence rendering AV Water incapable of performing under this contract, any successor of AV Water, whether the result of legal process, assignment or otherwise, shall succeed to the rights of AV Water hereunder.
17. City's Powers: None of the provisions of this contract are to be construed as limiting the powers of the City of Farmington as given it by the statutes of the State of New Mexico, especially (although not limited to) its rights of annexation, zoning, eminent domain and competing utility services.
18. Indemnification: To the fullest extent permitted by law, Animas Valley Water (AVW) shall (1) immediately defend, and (2) indemnify the City of Farmington, and its directors, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from AVW's performance under this contract; any negligent or wrongful act or omission of AVW or AVW's officers, employees, agents, or subcontractors; and failure to pay as set forth in this contract. Liabilities subject to the duties to defend and indemnify include, without limitation all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. AVW's obligation to indemnify applies unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, AVW's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

19. Default: Any one of the following occurrences shall constitute an "Event of Default" under this

Note: (a) Animas Valley Water (AVW) shall fail to pay any payment of principal or interest when due in accordance with the terms hereof; (b) Grantee becomes insolvent or bankrupt, commits any act of bankruptcy, generally fails to pay its debts as they become due, becomes the subject of any proceedings or action of any regulatory agency or any court relating to bankruptcy or insolvency; or (c) defaults any provision of the contract and fails to cure the default within the contractually required time period. Upon the occurrence of any Event of Default hereunder, the City shall have and may exercise any and all rights and remedies available to it at law or in equity and AVW shall be responsible for attorney fees and costs that the City accrues due to the default.

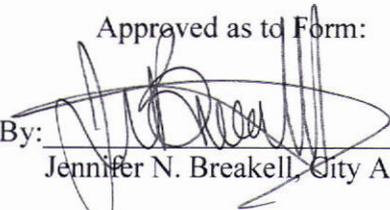
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

THE CITY OF FARMINGTON,
NEW MEXICO:
SEAL

by: _____
Mayor

Attest: ~~Dianne Fuhrman, City Clerk~~
Andrea Jones, Deputy City Clerk

Approved as to Form:

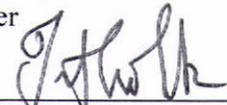
By: 
Jennifer N. Breakell, City Attorney

AV WATER CO., LLC, a Delaware limited liability company

By: Animas Valley Land & Water Mezzanine Co., LLC, a Delaware limited liability company, its Sole Member

By: HD Partners Farmington I, LLC, a Delaware limited liability company, its Sole Member

By: Aspen Management, LLC, a Delaware limited liability company, its Manager

By: 
Name: Fred Whistle
Its: General Manager

RESOLUTION NO. 2016-1592

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

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

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

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

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

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

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

That after reviewing the attached Affidavit of Administrative Service Director H. Andrew Mason, the City Council of the City of Farmington does hereby authorize the removal from its accounts receivable uncollectible utility accounts in the sum of \$113,380.13 with reasonable adjustment allowance, as described on the Affidavit.

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

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

Tommy Roberts, Mayor

(SEAL)

ATTEST:

Andrea Jones, Deputy City Clerk

AFFIDAVIT OF H. ANDREW MASON

STATE OF NEW MEXICO)

)ss

COUNTY OF SAN JUAN)

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

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

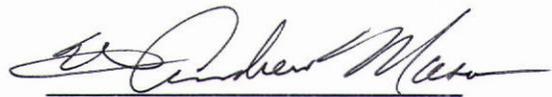
2. The attached list is an accounting of utility accounts that have been uncollectible and owed to the City of Farmington for more than four years.

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

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

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

Further I state not.



H. Andrew Mason

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

Sharon E. Dunn

Notary Public

My commission expires:

February 6, 2019

UTILITY WRITE OFF WORKSHEET

2011

**WARNING
TAGS**

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

WRITE-OFF AMOUNTS

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

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

Recommendation to Public Utility Commission

Aged inactive utility accounts write off

January 1, 2011 through December 31, 2011

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

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

Revenues:

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

Accounts to write off:

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

Write off total: \$ 113,380.13

2011 write-off percentage of revenue: 0.093237%

City of Farmington Write-off - Historical Comparison

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

RESOLUTION NO. 2016-1593

A RESOLUTION RATIFYING, CONFIRMING AND ESTABLISHING REGULAR MEETING DAYS, TIMES AND PLACES OF THE VARIOUS COMMISSIONS, BOARDS, PUBLIC BODIES AND THE CITY COUNCIL OF THE CITY OF FARMINGTON IN ACCORDANCE WITH RESOLUTION NO. 2013-1466

WHEREAS, the various commissions, boards, public bodies and the City Council of the City of Farmington have adopted days, times and places for regularly scheduled meetings of such public bodies, pursuant to the provisions of Resolution No. 2013-1466 and the Open Meetings Act (Sec. 10-15-1 et seq. NMSA 1978); and

WHEREAS, the City Council of the City of Farmington finds that such regular meeting days, times and places should be established, ratified, confirmed and permanently posted by the City Clerk of the City of Farmington as provided in Resolution No. 2013-1466.

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

1. That the regular meeting days, times and places of the various commissions, boards, public bodies, and the City Council of the City of Farmington be, and the same hereby are ratified, confirmed and established as follows, to-wit:

NAME:	REGULAR MEETING(S) HELD ON:	REGULAR MEETINGS HELD AT:	LOCATION WHERE A COPY OF AGENDA MAY BE INSPECTED PRIOR TO MTG:
Administrative Review Board	1 st Thursday following the 1 st Tuesday of each month, 6:00 p.m.	Council Chambers*	Community Development Dept., Municipal Annex, 805 Municipal Drive
Airport Advisory Commission	2 nd Tuesday of each month, 4:00 p.m.	Executive Conference Room*	Airport Manager's Office, Four Corners Regional Airport, 1296 W. Navajo St.
Animal Services Advisory Commission	1 st Tuesday of months of January, April, July, and Oct., 6:00 p.m.	Executive Conference Room*	Parks, Rec., & Cultural Affairs Office, 901 Fairgrounds Road
Cable and Communications Commission	On Call**		
Capital Improvements Advisory Commission	On Call**		
Citizen Police Advisory Committee	3 rd Tuesday of months of January, March, May, July, Sept., and Nov., 6:00 p.m.	Executive Conference Room*	Administration Office*
City Council	2 nd & 4 th Tuesday of each month, 6:00 p.m.	Council Chambers*	City Clerk's Office*
City Council Work Session	3 rd Tuesday of each month, 9:00 a.m.	Executive Conference Room*	City Clerk's Office*
Community Relations Commission	1 st Monday of each month, 4:00 p.m. unless this day is a City of Farmington Holiday, then the following Monday at 4:00 p.m.	Civic Center, 200 West Arrington	Administration Office*

Electrical Code Advisory Committee	2 nd Tuesday of months of February, May, August and November, 1:30 p.m.	Executive Conference Room*	Community Development Dept., Municipal Annex, 805 Municipal Drive
Farmington Parking Authority	On Call**		
Fire Prevention Advisory Committee	On Call**		
Labor/Management Relations Board	1 st Tuesday of months of February, May, August, and November, 3:00 p.m.	Executive Conference Room*	Administration Office*
Farmington Public Library Board	3 rd Tuesday of months of February, April, June, August, October, and December, 4:00 p.m.	Farmington Public Library - Staff Conference Room, 2101 Farmington Avenue	Librarian's Office, 2101 Farmington Avenue
Lodger's Tax Advisory Board	On Call**		
Metropolitan Redevelopment Agency	3 rd Thursday of each month, 4:00 p.m.	Executive Conference Room*	Community Development Dept., Municipal Annex, 805 Municipal Drive
Oil & Gas and Geologic & Engineering Hazards Advisory Commission	On Call**		
Parks, Rec., and Cultural Affairs Commission	3 rd Thursday of each month, 6:15 p.m.	Executive Conference Room*	Parks, Rec., & Cultural Affairs Office, 901 Fairgrounds Road
Planning and Zoning Commission	Each Thursday following each 2 nd and 4 th Tuesday of each month, 3:00 p.m.	Council Chambers*	Community Development Dept., Municipal Annex, 805 Municipal Drive
Board of Public Utility Commissioners	2 nd Wednesday of each month, 3:00 p.m.	Executive Conference Room*	Office of the Director of the Farmington Electric Utility System, MOC, 101 N. Browning Parkway

The City of Farmington will make every effort to provide reasonable accommodations for people with disabilities who wish to attend a public meeting. If you need to request that an accommodation be made, please notify the City Clerk's office (599-1106) at least twenty-four (24) hours before the meeting.

*Located in the Municipal Building, 800 Municipal Drive, Farmington, New Mexico, unless otherwise specified.

**Notice will be given as if for a special meeting pursuant to the provisions of Resolution No. 2013-1466.

2. The City Clerk is directed to permanently post a list of meetings aforesaid upon the bulletin board in the entrance to the Council Chambers in the Municipal Building, 800 Municipal Drive, Farmington, New Mexico and the City Attorney is directed to publish a list of meetings aforesaid in a newspaper of general circulation in San Juan County, New Mexico, which shall constitute notice of such regular meetings under Resolution No. 2013-1466 and the Open Meetings Act (Sec. 10-15-1 et seq. NMSA 1978).

3. That all notices, actions, postings and publications heretofore done or made to affect compliance with Resolution No. 2013-1466 be, and the same hereby are, ratified and confirmed.

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

Tommy Roberts, Mayor

SEAL

ATTEST:

Andrea Jones, Deputy City Clerk

CITY OF FARMINGTON
INTER-OFFICE MEMORANDUM

TO: Mayor Roberts and City Council

FROM: Kristi Benson, CPPO, CPPB *KJB*
Chief Procurement Officer

DATE: June 15, 2016

SUBJECT: RFP: Community Development Block Grant (CDBG) 2016 Annual Action Plan, RFP #16-115180

USING DEPARTMENT: Community Development
=====

A proposal opening was held on May 17, 2016 for the Community Development Block Grant (CDBG) 2016 Annual Action Plan. Eight (8) offers were submitted for *public service projects*. Presentations were given to Council from all eight (8) of the Offerors on June 14, 2016.

The Central Purchasing Department concurs with the recommendation from the evaluation committee to submit all eight (8) offers to City Council for project, budget and award consideration. Offerors rankings are listed below:

Big Brothers Big Sisters of Central New Mexico
People Assisting the Homeless (PATH)
San Juan County Partnership
San Juan College Daycare
Navajo United Methodist Center
Northwest New Mexico Seniors, Inc.
Frontline Mission, Inc.
Identity, Inc.

Kristi Benson, CPPO, CPPB (Presenter)
Work Session Meeting June 21, 2016 Close/Reopen

xc: H. Andrew Mason, CPFO, Administrative Services Director
Mary Holton, Community Development Director
Teresita Clashin, Associate Planner
File – 16-115180

Evaluation Committee:
Derrick Childers
Tim Conyers
Melody Coyner