



AGENDA

..... for the regular meeting of the Public Utility Commission of the City of Farmington, Wednesday, **August 10, 2016 at 3:00 pm** in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico.

I. GENERAL

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

II. BUSINESS

- A. Quarterly Financial Report – Andy Mason (5 min) 2
- B. Customer Service Report – Nicki Parks (5 min)..... 3
- C. Water/Wastewater Report - Jeff Smaka (5 min) 4
- D. Water/Wastewater Operations Report - Ron Rosen (5 min) 5
- E. Update on FEUS Rate Study and Cost of Service Study-Sue Nipper Greaves (10) min 6
- F. Electric Utility Report –Sue Nipper Greaves (5 min) 7
- G. Director's Report – Rodney Romero (5 min) 8

III. ADJOURNMENT

The next regular meeting will be on September 14, 2016

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

BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, July 13, 2016 at 3:00 p.m., in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

GENERAL

Commission members present:	James Spence Jeff Parkes Marty Johnson Bill Standley Bill Hall Tory N. Larsen Chris Hunter Carol Cloer
Commission members absent:	Gordon Glass Rubin Armenta
City Council Liaison:	Gayla McCulloch
City personnel present:	
Electric Business Operations Manager	Sue Nipper Greaves
Electric Generation Manager	Britt Chesnut
Electric Engineering Manager	John Armenta
Electric Transmission and Distribution	Daniel Anglin
Customer Service	Nicki Parks
Public Works Director	David Sypher
Public Works Department	Jeff Smaka
OMI/CH2MHill	Monica Peterson
Administrative Services	Andy Mason
Administrative Services Accounting	Sheree Wilson
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

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

Chair Spence asked for a motion to approve the Minutes of the June 8, 2016 regular PUC meeting. Commissioner Standley made the motion to approve the Minutes as presented and motion was seconded by Commissioner Hunter, and upon voice vote the motion passed unanimously.

BUSINESS

Water/Wastewater Report:

Mr. Smaka offered a review of the various activities of the Water/Wastewater division for June 2016.

Regarding the wastewater treatment plant project, Mr. Smaka said the City Council awarded the bid to RNCI Construction out of Albuquerque for approximately \$20 million for Phase III construction. He said staff is planning a pre-construction meeting to be held the end of July or first of August.

Mr. Smaka updated the Commission on the 2P water line replacement project Phase I saying the city will close on the loan with NM Finance Authority in August and staff is proceeding with submitting plans to the State Highway department waiting for their approval of construction permits in the highway right of way; this is the water line that goes down Sandstone and follows US Highway 64 to Camina Flora and is a new 16" and 18" water line.

Mr. Smaka reported on the Penny Lane Low Head Dam modifications and said staff is preparing to put this project out to bid and anticipates construction this fall so the modifications will be ready for 2017 spring runoff.

Mr. Smaka provided information on the Animas Valley Water situation. He said the City of Farmington is now providing approximately 500 gallons per minute flow to Animas Valley Water; roughly 750 thousand gallons per day.

Chair Spence asked if this is a long term agreement and Mr. Smaka stated Animas Valley Water signed a 20 year contract that is renewable every five years.

Vice-Chair Parkes asked what the percentage of the normal water usage Animas Valley Water is purchasing. Mr. Sypher, Public Works Director, said Animas Valley Water is purchasing approximately 3.75% of the City of Farmington's peak day water usage.

Commissioner Hunter asked if Mr. Smaka sees any situation in the future where the City of Farmington would want to acquire the Animas Valley Water system. Mr. Smaka responded no. Commissioner Hunter asked if Mr. Smaka replied to Commissioner Hunter's question and said the contract with Animas Valley does not include any subsidization to Animas Valley Water customers.

Regarding the RNCI contract for the wastewater treatment plant project, Commissioner Hunter asked for some background about this contractor. Mr. Smaka stated RNCI is quite experienced; this company built the phase I project of the wastewater treatment plant in 2001. Mr. Sypher, Public Works Director, commented that due to the size of this project, a \$20 million contract, it is very appropriate for Mr. Smaka to be an onsite supervisor at this project.

Water/Wastewater Operations Report:

Ms. Monica Peterson offered a report of the operations for Water and Wastewater utilities for June 2016. She noted the Animas River water sampling indicates the lead levels have dropped within the drinking water standards even at high flows and high turbidity events however since the report was printed, new data were received from samples collected on July 2 after a big rain event and that set of data indicated the lead levels did increase again. Ms. Peterson noted the river has seen an increase in flow, not turbidity, just an increase in flow, but with that increase in flow there was an increase in lead levels. She noted that as the flows have decreased, the lead levels also decreased. With the rain event, the lead levels increased once again and staff continues to regularly monitor the water quality of the Animas River.

General discussion ensued about the various water testing procedures and how the river water flows and rain events impact water sampling results.

Electric Engineering Projects Report:

Mr. John Armenta, Engineering Manager, offered a Powerpoint presentation report detailing the various stages of design/construction for the substation projects. He highlighted the Aztec Substation and the Cottonwood Substation.

Mr. Armenta said the original Aztec substation was built in 1958 and no longer meets code; the substation has become dangerous and rather than accommodate every hazard, it makes sense to create a new substation. Mr. Armenta said all of the equipment detailed in Phase I of the project is installed and once the electrical connections are made and the substation tested and commissioned Phase I will be complete and functional to replace the old substation. Mr. Armenta said FEUS has chosen to move forward with Phase II which is to demolish the old substation and install the remainder of the ring bus. This should be complete by the end of 2016. Mr. Armenta said Phase III of this project is an interesting situation as it depends on the City of Aztec and whether Aztec wants to branch out and add another substation. He hopes FEUS can pair up with the City of Aztec and share costs on a 69kV transmission line and related substation to go out to tie to a proposed substation east of Aztec thus creating for FEUS a loop fed system on the 69kV transmission line.

Mr. Armenta said the San Juan Substation upgrade project is being handled in-house. He said the capacity of this station is fine but equipment such as the control building needs to be upgraded.

Mr. Armenta said the grading plan for the Cottonwood Substation project is presently being finalized. He noted the grading plan is quite complex due the existing flooding issues in this area.

Electric Utility Report

Ms. Sue Nipper Greaves offered a condensed version of the Electric Utility Report with year to date utility information presented. She reported that for FY2016 through May FEUS sold 76 GW; the previous year's sales were 83 GW demonstrating a drop in sales. FY2016 revenues through May compared to FY 2015 revenues indicate residential revenue is up 4.5% year to year; the commercial revenue is down approximately 1% and the industrial revenue is down approximately 10% from FY2015.

In responding to Commissioner Hunter's questions, Ms. Nipper Greaves said the 10% drop in industrial revenue is being considered in the IRP.

Ms. Nipper Greaves noted the PCA cost is anticipated to be lowered to \$0.015 in September 2016.

ADJOURNMENT

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

The meeting was adjourned at 4:04 p.m.

Approved this 10th day of August, 2016.

James Spence, MD, Chair

**CITY OF FARMINGTON, NM
UTILITY FINANCIAL STATEMENTS**

Fiscal Year 2016

4th Quarter Ending June 30, 2016



NOTES TO THE UTILITY FINANCIAL STATEMENTS

June 30, 2016

Electric Utility

- ❖ The Electric Utility's net income decreased \$840 thousand from FY2015
- ❖ Operating revenues were \$2.8 million lower
 - Electric Sales had decreased \$2.9 million
 - Industrial customer sales were down \$2.2 million
 - PCA sales decreased \$1.8 million
 - Commercial customer sales were down by \$222 thousand
 - Residential customer sales were up \$1.4 million
 - Surplus sales increased \$103 thousand
- ❖ Operating expenses were lower by \$513 thousand
 - Fuel costs (natural gas and coal combined) increased \$660 thousand. Natural gas was up \$6 million and coal costs were down \$5.3 million.
 - Purchased power decreased \$5.7 million
 - Other operating expenses were up by \$3.1 million
 - San Juan O&M expenses increased \$1.7 million
 - San Juan Coal Reclamation cost were up \$673 thousand
 - Legal cost increased \$415 thousand
 - Engineering costs were \$135 thousand higher
 - Right-of-way studies increased \$115 thousand
- ❖ Non-operating revenues and expenses:
 - Revenues increased \$228 thousand, mainly due to increases in capital contributions
 - Expenses decreased \$1.2 million, due to decreases in the dividend transfer

Water Utility

- ❖ The Water Utility's net income was up by \$347 thousand from last year
- ❖ Operating revenues increased \$1.8 million
 - Water Sales were up \$1.3 million
 - Residential customer sales increased \$637 thousand
 - Commercial customer sales was higher by \$555 thousand
 - Renewal/Replacement fee increased \$501 thousand
- ❖ Operating expenses increased \$404 thousand
 - OMI contract increased \$862 thousand
 - Other operating expenses decreased \$411 thousand
- ❖ Non-operating revenues and expenses:
 - Revenues decreased \$954 thousand, mainly due to no proceeds from grants. The water utility completed the NMFA meter replacement project at the end of FY2015.
 - Expenses increased \$140 thousand

Wastewater Utility

- ❖ The Wastewater Utility's net income increased \$484 thousand from the prior year
- ❖ Operating revenues were up \$596 thousand
 - Wastewater Sales increased \$405 thousand
 - Residential customer sales increased \$338 thousand
 - Commercial customer sales decreased \$54 thousand
 - Other wastewater sales were up \$121 thousand
 - Renewal/Replacement fee increased \$278 thousand
 - Environmental tax was down \$87 thousand
- ❖ Operating expenses were \$284 thousand higher
 - OMI contract was up by \$282 thousand
 - Salaries and benefits increased \$20 thousand
- ❖ Non-operating revenues and expenses:
 - Revenues increased \$198 thousand, mainly due to a one time settlement agreement for lift station #3. The settlement was received at the beginning of FY2016.
 - Expenses increased \$27 thousand

**CITY OF FARMINGTON, NEW MEXICO
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2016**

<u>ASSETS</u>	<u>FY 2016</u>	<u>FY 2015</u>
CURRENT ASSETS:		
Pooled cash and investments	\$ 60,255,624	\$ 57,739,037
Accounts receivable (net of allowance for doubtful accounts)	4,836,958	3,964,623
Due from other funds	1,100,000	1,100,000
Regulatory Asset	8,074,555	13,696,653
Inventories	7,346,047	6,821,503
Prepaid expenses and deposits	110,820	584,908
Total Current Assets	81,724,004	83,906,724
RESTRICTED ASSETS:		
Customer utility deposits/overpayments	2,015,585	2,177,558
Refundable construction deposits	133,925	252,533
SJCC coal reclamation	1,338,774	571,180
Total Restricted Assets	3,488,284	3,001,271
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	463,687,152	452,787,348
Less accumulated depreciation	(223,561,536)	(216,799,318)
Work in progress	38,757,420	33,535,056
Net Property, Plant, and Equipment	278,883,036	269,523,086
TOTAL ASSETS	\$ 364,095,324	\$ 356,431,081
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 391,622	\$ 1,631,254
Other accrued expenses	1,235,590	1,313,620
Compensated absences	539,502	575,147
Regulatory Liability	2,008,150	-
Total Current Liabilities	4,174,864	3,520,021
CURRENT LIABILITIES: payable from restricted assets	2,149,510	2,430,091
LONG-TERM LIABILITIES:		
SJCC coal reclamation	1,338,774	571,180
Compensated absences, net of current	429,966	403,851
Total Long-Term Liabilities	1,768,740	975,031
TOTAL LIABILITIES:	8,093,114	6,925,143
FUND EQUITY:		
Contributed capital	19,139,047	18,539,762
Retained earnings	328,031,028	321,294,057
Current year net income	8,832,135	9,672,119
Total Fund Equity	356,002,210	349,505,938
TOTAL LIABILITIES AND FUND EQUITY	\$ 364,095,324	\$ 356,431,081

**CITY OF FARMINGTON, NEW MEXICO
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
12 MONTHS ENDING JUNE 30, 2016**

	<u>QTR FY 2016</u>	<u>QTR FY2015</u>	<u>FY YTD CASH CHANGE</u>	<u>YR TO YR CASH CHANGE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 1,935,900	\$ 1,401,067	\$ 12,954,426	\$ 12,950,253
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation and amortization	4,338,311	3,422,131	17,308,525	17,308,525
Regulatory Asset - amortization	-	753,804	-	-
Changes in:				
Accounts receivable	(170,813)	261,158	(921,587)	(921,587)
Inventories	(252,033)	57,330	(437,791)	(437,791)
Prepaid expenses and deposits	(253,820)	367,745	(676,291)	(676,291)
Accounts payable	(220,662)	36,913	(1,533,954)	(1,533,954)
Other accrued expenses	(53,942)	50,976	689,080	689,080
Deferred revenue	1,333,339	(1,979,382)	5,221,876	5,221,876
Net Cash Provided (Used) By Operating Activities	<u>6,656,280</u>	<u>4,371,742</u>	<u>32,604,284</u>	<u>32,600,111</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds	16,512	-	16,512	16,512
Transfer to other funds	(1,465,190)	(1,717,599)	(5,687,378)	(5,687,378)
Net cash provided (Used) by capital and related financing activities	<u>(1,448,678)</u>	<u>(1,717,599)</u>	<u>(5,670,866)</u>	<u>(5,670,866)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(7,273,612)	(5,981,808)	(25,193,974)	(25,193,974)
Change in restricted assets	15,252	(114,875)	(486,678)	(486,678)
Interest expense	(4)	(3)	(16)	(16)
Aid to construction	234,056	113,336	1,020,091	1,020,091
Change in restricted liability	(15,252)	114,875	(280,581)	(280,581)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(7,039,560)</u>	<u>(5,868,475)</u>	<u>(24,941,158)</u>	<u>(24,941,158)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	144,679	120,066	528,500	528,500
NET INCREASE IN POOLED CASH AND INVESTMENTS	(1,687,279)	(3,094,266)	2,520,760	2,516,587
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>61,942,903</u>	<u>60,833,303</u>	<u>57,734,864</u>	<u>57,739,037</u>
POOLED CASH AND INVESTMENTS, ending	<u>\$ 60,255,624</u>	<u>\$ 57,739,037</u>	<u>\$ 60,255,624</u>	<u>\$ 60,255,624</u>

**CITY OF FARMINGTON, NEW MEXICO
WATER UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2016**

<u>ASSETS</u>	<u>FY 2016</u>	<u>FY 2015</u>
CURRENT ASSETS:		
Pooled cash and investments	\$ 13,653,714	\$ 13,330,524
Accounts receivable (net of allowance for doubtful accounts)	1,277,218	1,239,648
Total Current Assets	14,930,932	14,570,172
RESTRICTED ASSETS:		
Customer utility deposits	435,361	437,883
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	92,376,965	89,237,163
Less accumulated depreciation	(41,984,930)	(39,427,187)
Work in progress	10,273,394	6,821,169
Net Property, Plant, and Equipment	60,665,429	56,631,145
TOTAL ASSETS	\$ 76,031,722	\$ 71,639,200
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES:		
Current portion of NMFA loan-Animas Waterline	\$ 49,358	\$ 48,869
Current portion of NMFA loan-Meter Replacement	162,445	179,085
Accounts payable	423,336	225,755
Compensated absences	9,538	10,610
Total Current Liabilities	644,677	464,319
CURRENT LIABILITIES: payable from restricted assets	435,361	437,883
LONG-TERM LIABILITIES:		
NMFA Loan - Animas Waterline	810,968	860,815
NMFA Loan - Meter Replacement	3,734,421	3,880,226
Compensated absences, net of current	40,900	34,511
Total Long-Term Liabilities	4,586,289	4,775,552
TOTAL LIABILITIES:	5,666,327	5,677,754
FUND EQUITY:		
Contributed capital	11,034,181	11,034,181
Retained earnings	54,723,206	50,665,901
Current year net income	4,608,008	4,261,364
Total Fund Equity	70,365,395	65,961,446
TOTAL LIABILITIES AND FUND EQUITY	\$ 76,031,722	\$ 71,639,200

**CITY OF FARMINGTON, NEW MEXICO
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
12 MONTHS ENDING JUNE 30, 2016**

	<u>QTR FY 2016</u>	<u>QTR FY2015</u>	<u>FY YTD CASH CHANGE</u>	<u>YR TO YR CASH CHANGE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 1,187,203	\$ 1,452,618	\$ 5,311,371	\$ 5,309,480
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation	636,390	662,689	2,619,956	2,619,956
Changes in:				
Accounts receivable	(358,251)	(537,947)	(244,753)	(244,753)
Accounts payable	(137,891)	22,683	207,909	207,909
Net Cash Provided (Used) By Operating Activities	<u>1,327,451</u>	<u>1,600,043</u>	<u>7,894,483</u>	<u>7,892,592</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	(228,383)	(173,219)	(801,338)	(801,338)
Capital Grants	50,876	63,682	50,876	50,876
Net cash provided (Used) by capital and related financing activities	<u>(177,507)</u>	<u>(109,537)</u>	<u>(750,462)</u>	<u>(750,462)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(2,539,353)	(1,084,323)	(6,654,236)	(6,654,236)
Change in restricted assets	9,085	(10,421)	2,522	2,522
Interest expense	(4,549)	(27,883)	(97,910)	(97,910)
Miscellaneous revenue	4,702	4,705	14,679	14,679
Change in restricted liability	(9,085)	10,421	(2,522)	(2,522)
NMFA Loan Proceeds	-	191,046	-	-
NMFA Loan Payment	(49,358)	(48,869)	(211,803)	(211,803)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(2,588,558)</u>	<u>(965,324)</u>	<u>(6,949,270)</u>	<u>(6,949,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	34,407	26,272	130,330	130,330
NET INCREASE IN POOLED CASH AND INVESTMENTS	(1,404,207)	551,454	325,081	323,190
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>15,057,921</u>	<u>12,779,070</u>	<u>13,328,633</u>	<u>13,330,524</u>
POOLED CASH AND INVESTMENTS, ending	<u>\$ 13,653,714</u>	<u>\$ 13,330,524</u>	<u>\$ 13,653,714</u>	<u>\$ 13,653,714</u>

**CITY OF FARMINGTON, NEW MEXICO
WASTEWATER UTILITY ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2016**

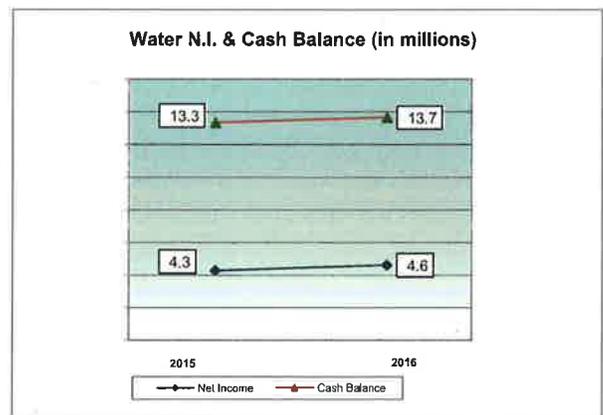
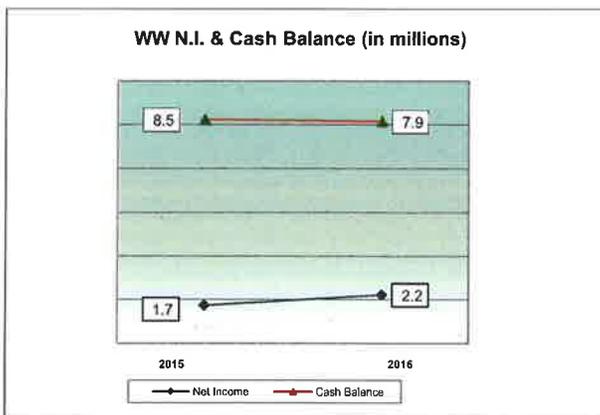
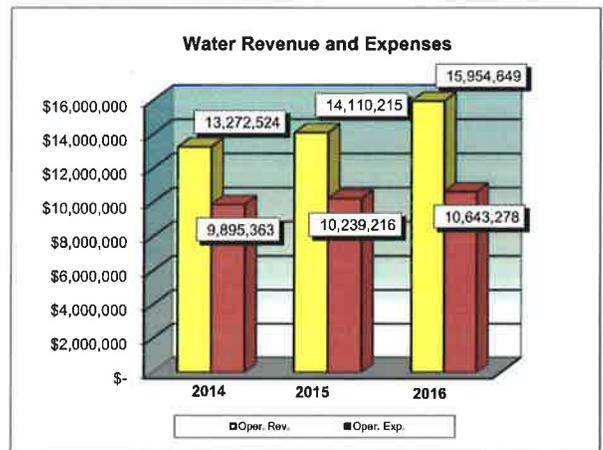
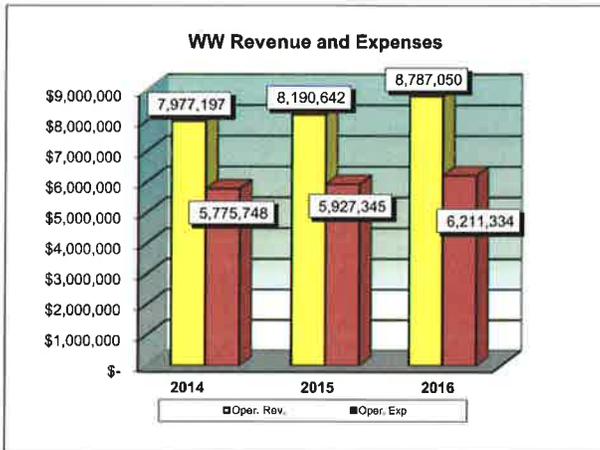
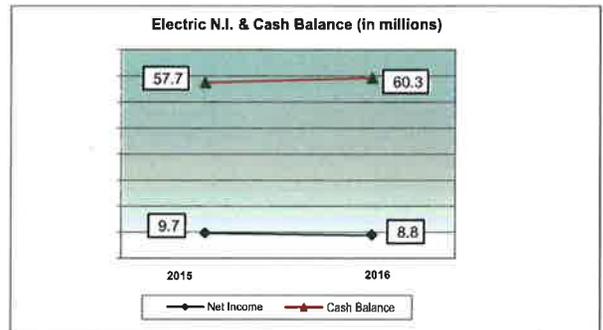
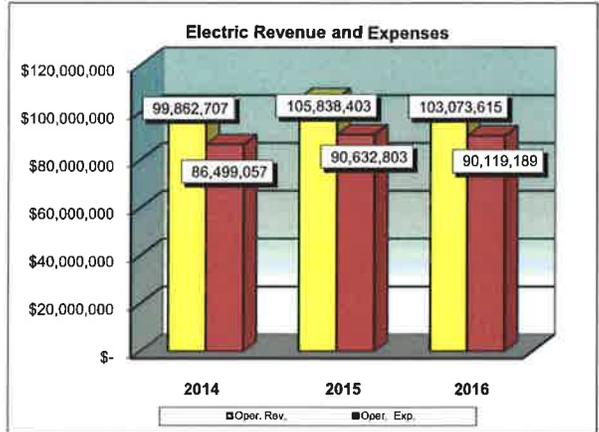
<u>ASSETS</u>	<u>FY 2016</u>	<u>FY 2015</u>
CURRENT ASSETS:		
Pooled cash and investments	\$ 7,930,616	\$ 8,490,837
Accounts receivable (net of allowance for doubtful accounts)	<u>507,754</u>	<u>552,819</u>
Total Current Assets	8,438,370	9,043,656
RESTRICTED ASSETS:		
NMED reserve accounts	1,661,907	1,661,907
PROPERTY, PLANT, AND EQUIPMENT:		
Utility plant-in-service	48,822,649	47,392,599
Less accumulated depreciation	(24,295,619)	(22,904,232)
Work in progress	<u>5,231,249</u>	<u>3,064,036</u>
Net Property, Plant, and Equipment	29,758,279	27,552,403
TOTAL ASSETS	<u><u>\$ 39,858,556</u></u>	<u><u>\$ 38,257,966</u></u>
<u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of NMED loan	\$ 688,465	\$ 668,413
Accounts payable	244,834	34,039
Compensated absences	<u>9,538</u>	<u>10,610</u>
Total Current Liabilities	942,837	713,062
LONG-TERM LIABILITIES:		
NMED loan	7,440,794	8,149,311
Compensated absences, net of current	<u>40,900</u>	<u>34,511</u>
Total Long-Term Liabilities	7,481,694	8,183,822
TOTAL LIABILITIES:	8,424,531	8,896,884
FUND EQUITY:		
Contributed capital	7,862,925	7,862,925
Retained earnings	21,362,669	19,773,468
Current year net income	<u>2,208,431</u>	<u>1,724,689</u>
Total Fund Equity	31,434,025	29,361,082
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 39,858,556</u></u>	<u><u>\$ 38,257,966</u></u>

**CITY OF FARMINGTON, NEW MEXICO
WASTEWATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
12 MONTHS ENDING JUNE 30, 2016**

	<u>QTR FY 2016</u>	<u>QTR FY 2015</u>	<u>FY YTD CASH CHANGE</u>	<u>YR TO YR CASH CHANGE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 495,822	\$ 500,182	\$ 2,575,716	\$ 2,575,174
Reconciliation of operating income to net Cash provided (used) by operating activities:				
Depreciation	356,320	345,754	1,419,482	1,419,482
Changes in:				
Accounts receivable	45,258	(159,542)	(82,789)	(82,789)
Accounts payable	(92,324)	(17,874)	209,020	209,020
Net Cash Provided (Used) By Operating Activities	<u>805,076</u>	<u>668,520</u>	<u>4,121,429</u>	<u>4,120,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer to other funds	(106,148)	(77,637)	(380,597)	(380,597)
Capital Grants	4,715	-	4,715	4,715
Net cash provided (Used) by capital and related financing activities	<u>(101,433)</u>	<u>(77,637)</u>	<u>(375,882)</u>	<u>(375,882)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(138,929)	(450,114)	(3,625,358)	(3,625,358)
Change in restricted assets	714,748	714,748	-	-
Interest expense	(66,133)	(71,146)	(264,532)	(264,532)
Accrued interest payable	(198,399)	(213,438)	-	-
Miscellaneous revenue	-	671	195,914	195,914
NMED loan	(688,465)	(668,413)	(688,465)	(688,465)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(377,178)</u>	<u>(687,692)</u>	<u>(4,382,441)</u>	<u>(4,382,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	20,752	21,059	77,215	77,215
NET INCREASE IN POOLED CASH AND INVESTMENTS	347,217	(75,750)	(559,679)	(560,221)
POOLED CASH AND INVESTMENTS, beginning of Qtr	<u>7,583,399</u>	<u>8,566,587</u>	<u>8,490,295</u>	<u>8,490,837</u>
POOLED CASH AND INVESTMENTS, ending	<u>\$ 7,930,616</u>	<u>\$ 8,490,837</u>	<u>\$ 7,930,616</u>	<u>\$ 7,930,616</u>

CITY OF FARMINGTON, NEW MEXICO
YR TO DATE Ending June 30, 2016
(in millions)

	<u>6/30/16</u>	<u>6/30/15</u>	<u>% Change</u>
Electric			
Oper. Rev.	\$ 103.1	\$ 105.8	-2.6%
Oper. Exp.	90.1	90.6	-0.6%
Net Income	8.8	9.7	-8.7%
Cash Balance	60.3	57.7	4.4%
Water			
Oper. Rev.	\$ 16.0	\$ 14.1	13.1%
Oper. Exp.	10.6	10.2	3.9%
Net Income	4.6	4.3	8.1%
Cash Balance	13.7	13.3	2.4%
Waste Water			
Oper. Rev.	\$ 8.8	\$ 8.2	7.3%
Oper. Exp.	6.2	5.9	4.8%
Net Income	2.2	1.7	28.0%
Cash Balance	7.9	8.5	-6.6%



CITY OF FARMINGTON, NEW MEXICO

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

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

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

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

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

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

Total Debt Service Requirements (NMED & NMFA loan payments)

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

CITY OF FARMINGTON – PUBLIC WORKS DEPARTMENT (PW)	
Division: Water-Wastewater	Program: Water & Wastewater
Report Prepared by: Jeff Smaka	Title: Water/ Wastewater Administrator
Reporting Period: July 1 through July 31,2016	PUC Meeting Date: 10 August 16

ACCOMPLISHMENTS

- **Waste Water Treatment Plant.** Phase III Design – HDR Engineering completed plant design with staff to review the plant layout, equipment selection and design capacity of the proposed improvements. Construction of WWTP Phase III improvements to provide redundancy at the WWTP and maintain compliance with EPA permit. NMED approved funding the waste water treatment plant upgrade through the Clean Water State Revolving Loan Fund (CWSRF) program. Design – Completed ; Contract awarded to RMCI Inc. from Albuquerque - \$20,303,500
- **O& M Contract.** Operation and Maintenance Contract with CH2M - 8 year contract; 2016 - 2023.
- **Utility Rates.** Ordinance 2014-1271 adopted by City Council - Nov 11, 2014. Water and wastewater rates 2nd year increase will begin with first billing cycle in Dec 2015
- **Engineering Design Contract.**
 - 2P Waterline Replacement Project - Phase I – HDR has completed 90% design drawings. Project funding under DWSRF program through NMFA. City Council approved loan application on August 11, 2015; this project is in the City's Infrastructure Capital Improvement Plan submitted to the state. Phase I estimated cost \$3.2 million. City working with NMFA on loan ordinance – loan closing August 2016
 - 2P Waterline Replacement Project - Phase II – US64 – Intersection of Camina Flora to Miller Ave – Submitted preliminary project interest form to NMED – Estimated Cost \$3.6 million
 - LaPlata Highway - Project redesign for water line replacement and NMDOT permitting; staff will be hiring a consultant for this project.
- **Capital Project Review.**
 - **Capital Improvement Project**
 - Penny Lane Low Head Dam Modifications - Riverbend Engineering - Design completed; U.S. Army Corps of Engineers permit has been issued for project - Rebidding project - Late August, Anticipate Construction November to January.
 - **Renewal and Replacement**
 - Wildflower Parkway - 4P Pump Station - Cheney-Walters-Echols (CWE) has completed pump station design. Settled on for new pump station site - Construction of new pump station 2016/2017.
 - Foothills Dr. - Holmes to Lakewood - Replace existing 16" steel waterline with a 16" PVC waterline - Construction 95% complete.
 - Foothills Dr. - Main to Hill n Dale - Replace existing 16" steel waterline with a 16" PVC waterline - Construction 90% complete.
 - Foothills Dr. - Hill n Dale to Holmes - Replace existing 16" steel waterline with a 16" PVC waterline - design completed, construction summer 2016.
 - W. Main Street - W. Murray Dr to Valley Vista Dr - Replace existing 6" CI waterline with a 12" PVC waterline & Replace existing 8" clay tile sewer line with a 18" PVC sewer line - Preparing bid documents, Construction 2016.
 - 20th Street - Schofield Ave. to Hutton Ave. – Replace 10" CI with a 12" PVC waterline – Construction 98% complete
 - 20th Street - Hutton Ave. to Main St. - Replace 10" CI with a 12" PVC waterline – design completed, Construction 50% complete.
 - **Pressure Reducing Valve (PRV)**
 - none
 - **Sewer Lift Stations**

- Lift Station 9 Improvements (109 Meadow View Dr.) – The project is to rehab of the existing lift station which includes the mechanical, pumping equipment and electrical systems of lift station 9. Project is in design – 75% complete, Construction in FY17.
- Lift Station 12 Improvements (1214 Mossycup Dr.) – The project is to rehab of the existing lift station which includes the mechanical, pumping equipment and electrical systems. Design in FY17, Construction in FY18.
- **Budget. - FY17 –**
- **COF Department Support.** Survey support to acquire manhole data for future sewer collection system model continues
- **Annual Utility Contract.** – Contract awarded to TRC Construction Inc. from Flora Vista, NM
- **Federal Funding –**
 - Water Projects – 2P Waterline Improvement Project
 - Staff submitted a funding request to NMED (DWSRLF) for the project to replace the existing 6” and 8” cast iron waterline (approximately 30,000 LF) along US 64 and various side streets. Estimated probable cost \$8,160,000. – Project has been broken into three phases – Phase I – Estimated cost \$3,200,000
 - Wastewater Projects - WWTP – MRAS Basin, Final Clarifier, Solids Handling Facility & UV Disinfection – NMED funding source is the Clean Water State Revolving Loan Fund (CWSRF) Program – Project approved by NMED, Loan amount \$22,000,000.00, - Term 20 years, Interest Rate 3%, RE-Bid Opening – June 21, 2016; Received five bids, Contract awarded to RMCI Inc. from Albuquerque - \$20,303,500

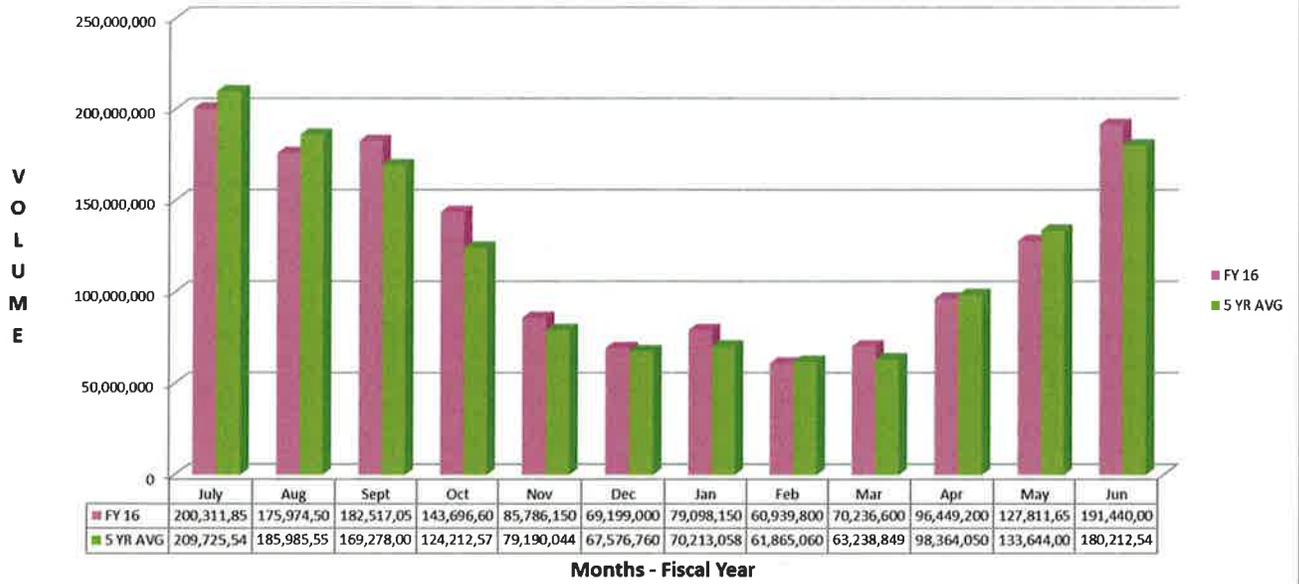
• PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION

- **Farmington Reach – Navajo Municipal Pipeline.**
 - Working with Bureau of Reclamation and Navajo Tribe for agreements to transfer title to the City for the tank and pipeline project along with an Operation, Maintenance and Replacement (OM&R) agreement as required by Federal law - March 2009.
- **WWTP NPDES PERMIT – EPA.** Existing NPDES permit went into effect on November 1, 2010 permit expires October 31, 2015. Received Draft permit from EPA on August 1 – Comment period closes August 28, 2016. City staff, CH2M and HDR Engineering are reviewing draft permit for possible comments to draft permit.
- **Snowpack - Water Year 2016 - BOR reporting site: Site offline until fall**
 - Animas River Basin – 0%
 - San River basin - 0%

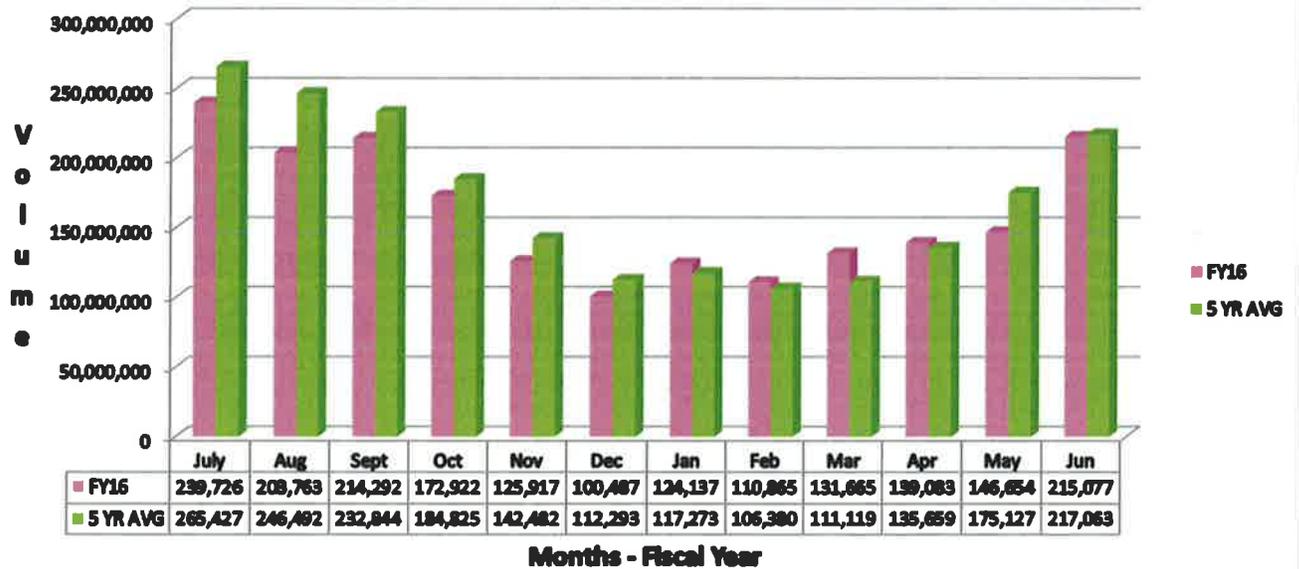
ATTACHMENTS

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

Residential Classification Usage - Gallons



Commercial Classification Usage - Gallons



WATER

Renewal & Replacement

Water Fund - 602

REVENUES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
Renewal /Replacement Fee	\$2,018,436	\$2,037,806	\$2,057,949	\$2,344,912	\$2,846,357	\$2,640,556
STATE GRANT - \$825,000				\$15,459,862		
REVENUE TODATE						
PROJECTED REVENUE FY07 - FY16						\$18,100,418

EXPENDITURES	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
RENEWAL/REPLACEMENT						
602-5543 Construction	\$1,720,082	\$2,278,859	\$2,164,752	\$1,212,214	\$4,089,654	\$3,750,000
651.70-60						
PROJECTED EXPENDITURES FY07 - FY16				\$13,348,977		

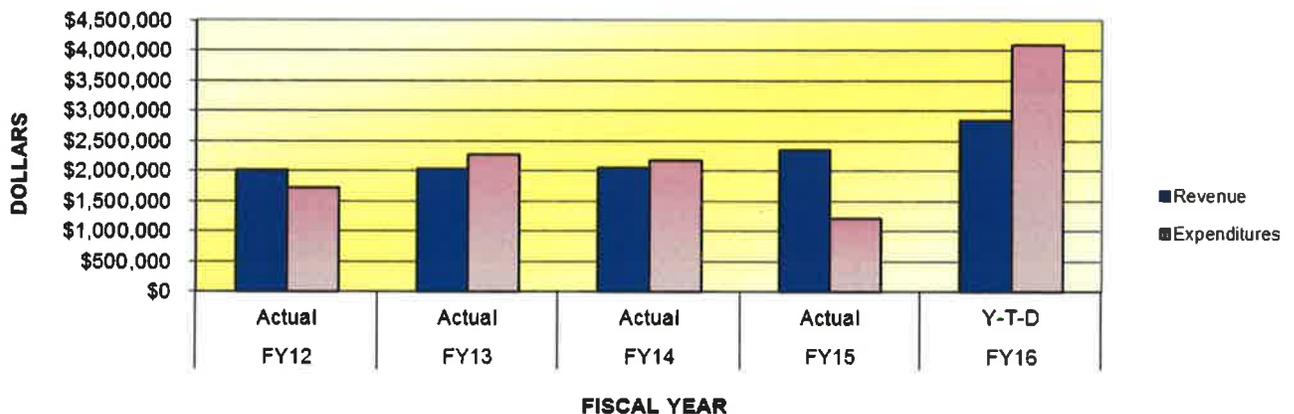
BUDGETED FY 16 PROJECTS

Foothills Dr - Hill N Dale to Main St	\$800,000
Foothills Dr - Holmes Dr to Lakewood	\$1,900,000
20th St - Schofield Ave. to Hutton Ave.	\$870,000
Clayton Ave - Main St to 20th St	\$193,252
Troy King - Piedras St to Main St	\$475,000
US64- Troy King to Viento	\$300,000
Polyline Service Replacement	\$200,000
Fire Hydrant 1950 Replacement	\$100,000
	<u>\$4,838,252</u>

PROJECTED EXPENDITURES FY07 - FY16

\$18,187,229

WATER RENEWAL & REPLACEMENT



WASTEWATER

Renewal & Replacement

Wastewater Fund - 603

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
REVENUES						
Charges for Utility Services						
Renewal /Replacement Fee	\$1,436,495	\$1,441,591	\$1,456,143	\$1,601,781	\$1,880,232	\$1,703,688

REVENUE TODATE

\$10,714,823

PROJECTED REVENUE FY07 - FY16

\$12,418,511

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Y-T-D	FY16 Budget
EXPENDITURES						
603-5543 RENEWAL/REPLACEMENT						
751.70-60 Construction	\$501,814	\$685,848	\$1,194,237	\$817,221	\$1,869,097	\$1,650,000

Projects FY07- FY16

\$6,318,878

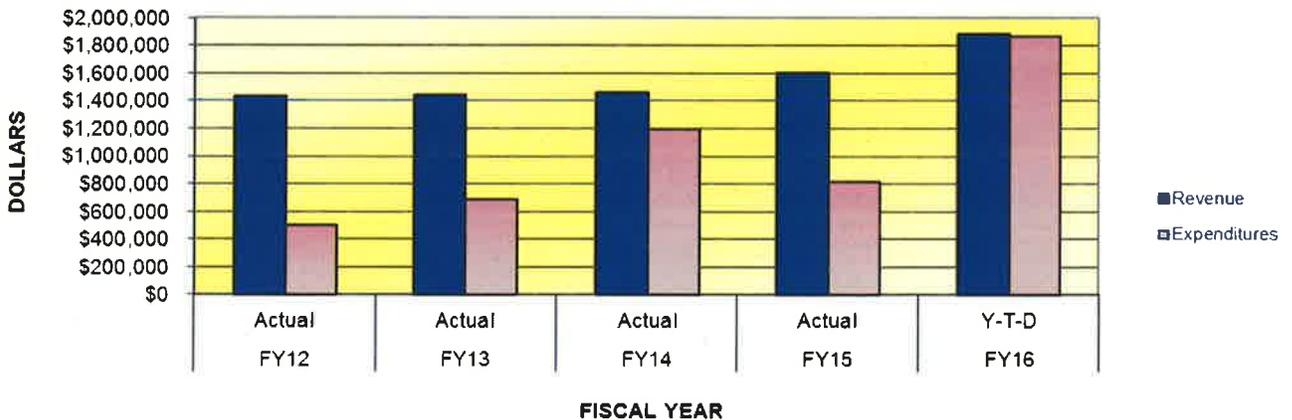
BUDGETED FY 16 PROJECTS

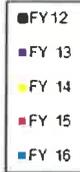
Lift Station # 3 Rehab	\$940,000
Lift Station #2 Rehab	\$1,120,000
MRAS Basin	\$1,750,000
Sewer Rehab - W Main St	\$1,500,000
Manhole Rehab	\$150,000
Mainline Rehab - Robotic	\$350,000

PROJECTED EXPENDITURES FY07 - FY16

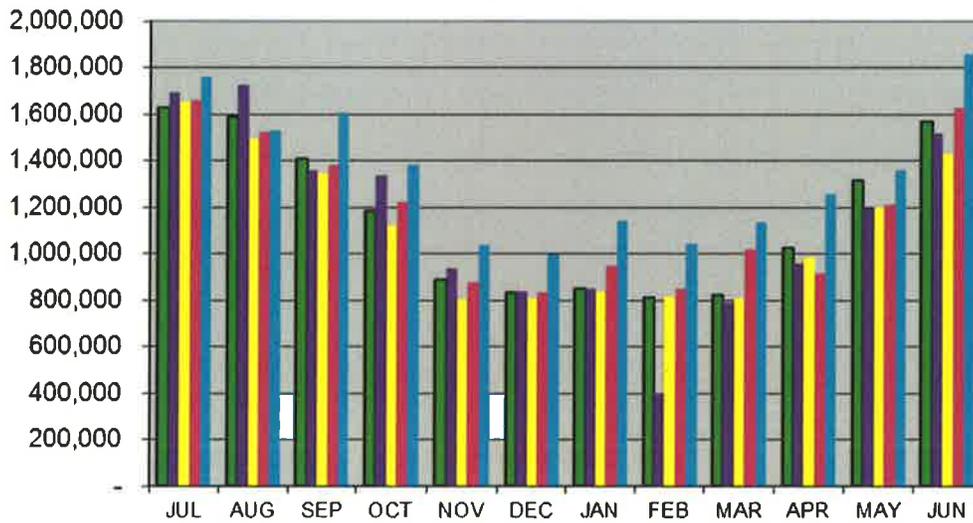
\$12,128,878

WASTEWATER RENEWAL & REPLACEMENT





Total Water Revenue Per Month FY12 - FY16



BUDGET TO ACTUAL COMPARISON PER MONTH

	FY 2012 **		FY 2013 **		FY 2014 **		FY 2015 **		FY 2016 **	
	Budget	Actual								
JUL	1,176,228	1,630,402	1,165,141	1,696,293	1,196,227	1,657,429	1,152,420	1,660,611	1,305,656	1,760,696
AUG	1,176,228	1,588,665	1,165,141	1,725,060	1,196,227	1,495,029	1,152,420	1,525,823	1,305,656	1,530,739
SEP	1,176,228	1,410,448	1,165,141	1,362,607	1,196,227	1,349,906	1,152,420	1,379,367	1,305,656	1,608,774
OCT	1,176,228	1,184,374	1,165,141	1,338,557	1,196,227	1,123,250	1,152,420	1,222,276	1,305,656	1,379,285
NOV	1,176,228	887,002	1,165,141	936,091	1,196,227	805,566	1,152,420	878,377	1,305,656	1,039,055
DEC	1,176,228	832,980	1,165,141	839,767	1,196,227	813,492	1,152,420	832,341	1,305,656	996,111
JAN	1,176,228	851,299	1,165,141	851,542	1,196,227	838,647	1,152,420	948,366	1,305,656	1,138,593
FEB	1,176,228	813,970	1,165,141	401,518	1,196,227	818,588	1,152,420	850,813	1,305,656	1,041,098
MAR	1,176,228	823,706	1,165,141	788,759	1,196,227	812,113	1,152,420	1,021,237	1,305,656	1,133,244
APR	1,176,228	1,028,028	1,165,141	958,767	1,196,227	989,646	1,152,420	914,504	1,305,656	1,254,785
MAY	1,176,228	1,317,793	1,165,141	1,194,193	1,196,227	1,203,797	1,152,420	1,212,303	1,305,656	1,361,525
JUN	1,176,228	1,570,209	1,165,141	1,520,186	1,196,227	1,433,479	1,152,420	1,630,441	1,305,656	1,855,752
TOTAL:		13,938,876		13,613,340		13,340,942		14,076,459		16,099,657

REVENUE PER CLASS/CUSTOMERS

	FY 2012		FY 2013		FY 2014		FY 2015		FY 2016	
	Budget	Actual								
R	6,275,000	6,509,749	6,481,728	6,464,202	6,676,180	6,110,737	6,458,000	6,535,453	7,254,451	7,173,050
GS	3,458,704	3,441,527	3,447,238	3,107,129	3,550,655	3,304,044	3,373,100	3,310,784	3,777,872	4,053,707
CU	1,117,925	1,096,582	1,129,104	1,123,093	1,151,686	1,026,032	1,049,500	1,011,584	1,126,982	1,014,390
REC	210,000	264,281	225,000	264,196	250,000	244,954	260,000	252,046	273,000	280,394
FH	125,000	112,642	118,750	76,419	118,750	91,668	110,000	87,036	100,000	107,760
R & R	1,910,000	2,018,437	2,055,322	2,037,805	2,082,909	2,057,950	2,088,390	2,344,912	2,640,556	2,846,357
GRANTS	500,000	284,788	-	2,510	2,107,359	1,449,369	1,800,000	3,963,044	-	50,876
OTHER	1,018,114	747,207	524,552	2,595,398	587,552	505,557	490,050	539,364	495,020	623,999
TOTAL:	14,614,743	14,475,213	13,981,694	15,670,752	16,525,091	14,790,311	15,629,040	18,044,223	15,667,881	16,150,533

SCHEDULE OF CUSTOMERS

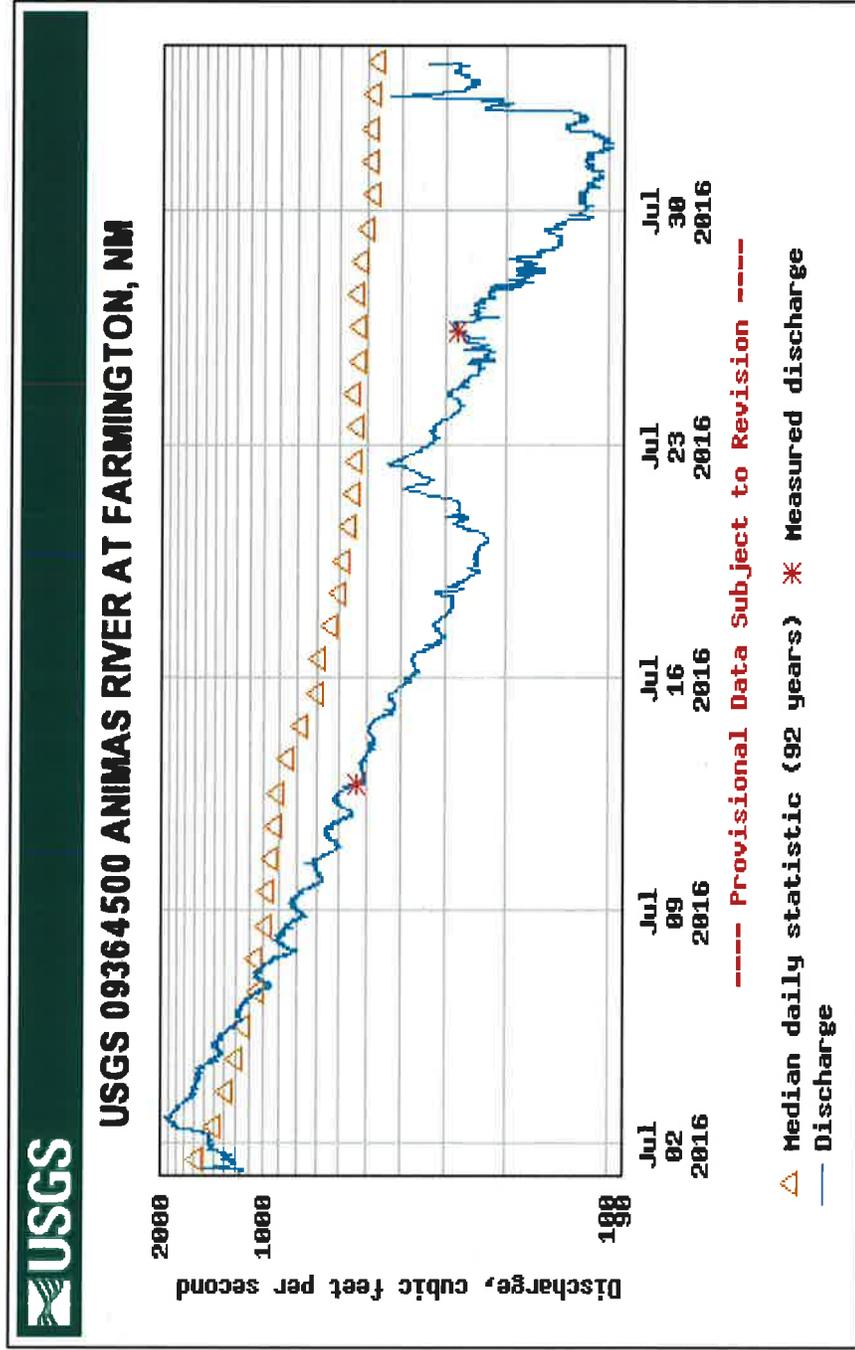
R	=	Residential
GS	=	General Service, Single (commercial)
CU	=	Contract Users (bulk water users)
REC	=	Recreational/Raw Water/Water Users (city facilities and
FH	=	Fire Hydrants
R & R	=	Renewal & Replacement
OTHER	=	Miscellaneous

Public Utility Commission City of Farmington's Water and Wastewater Utilities

Monthly Report

August 10, 2016

Animas River



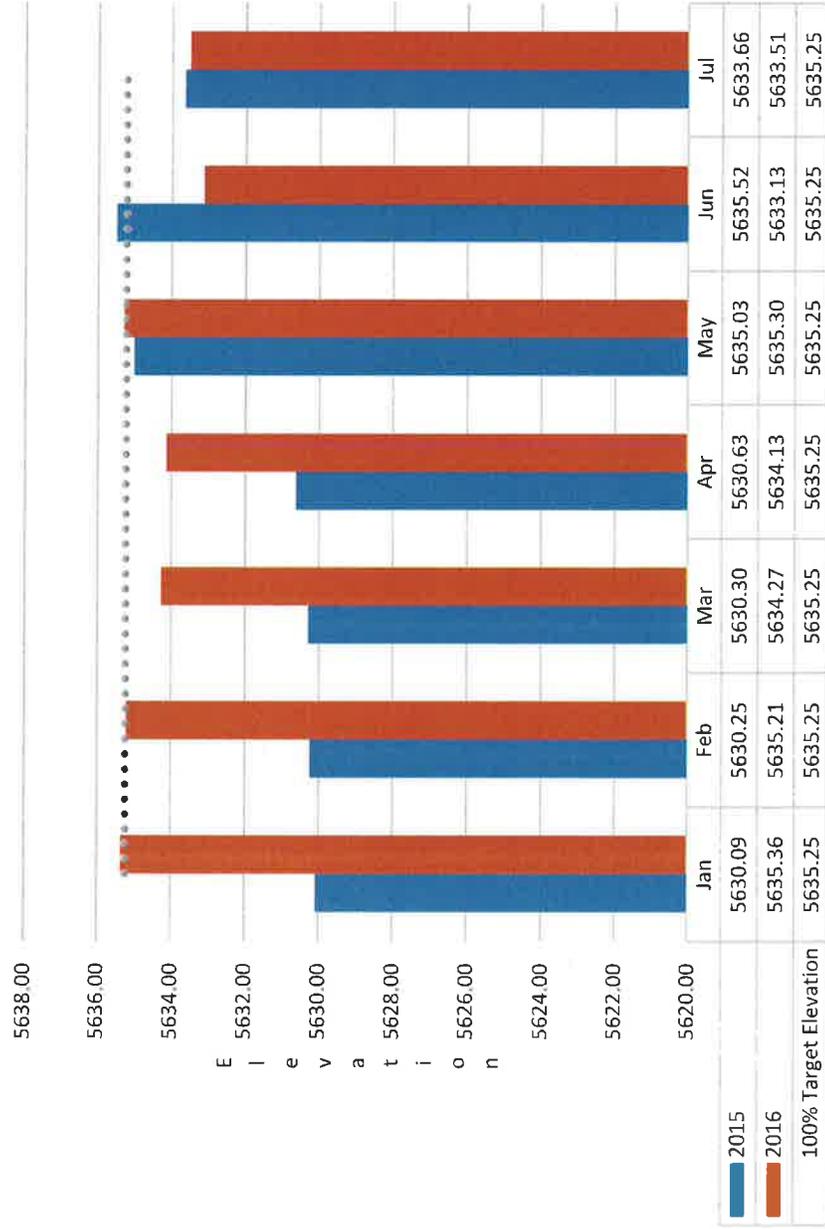
Summary:

Trends are normal for seasonal flows as spring runoff subsides
July flows peaked on July 2 1800 CFS

Note: Peaks in flow are caused by rain events.

Farmington Lake

Farmington Lake Elevations - 2015 and 2016
Monthly Average Elevation



Summary

Top of the spill way is 5636.4

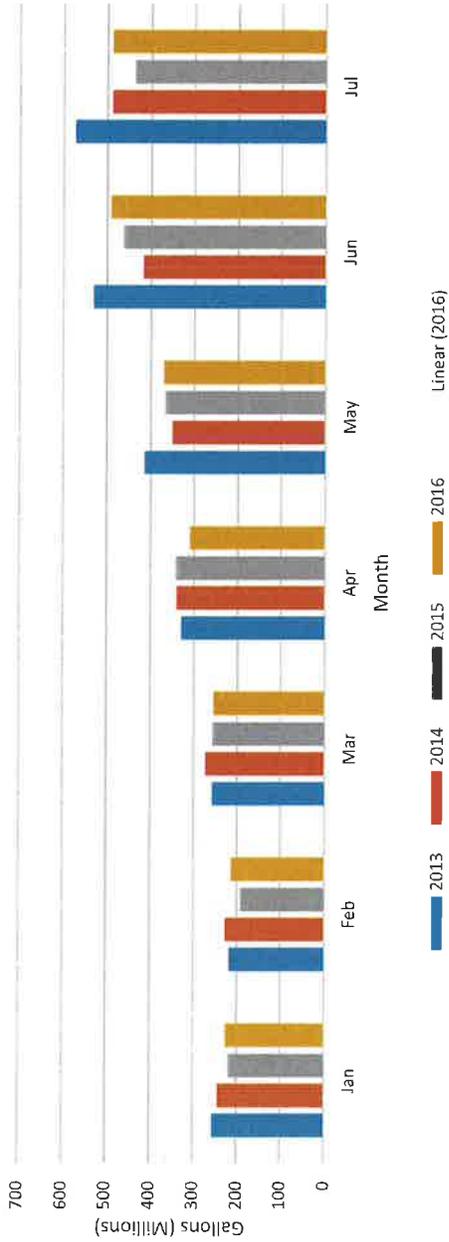
Max target is 5635.25

We are steadily increase lake level throughout July and expect to be at 100% later in August.

Current level is 98%

Water Production

**Total Effluent - WTP No.1 & No.2
January - July
2013 - 2016**



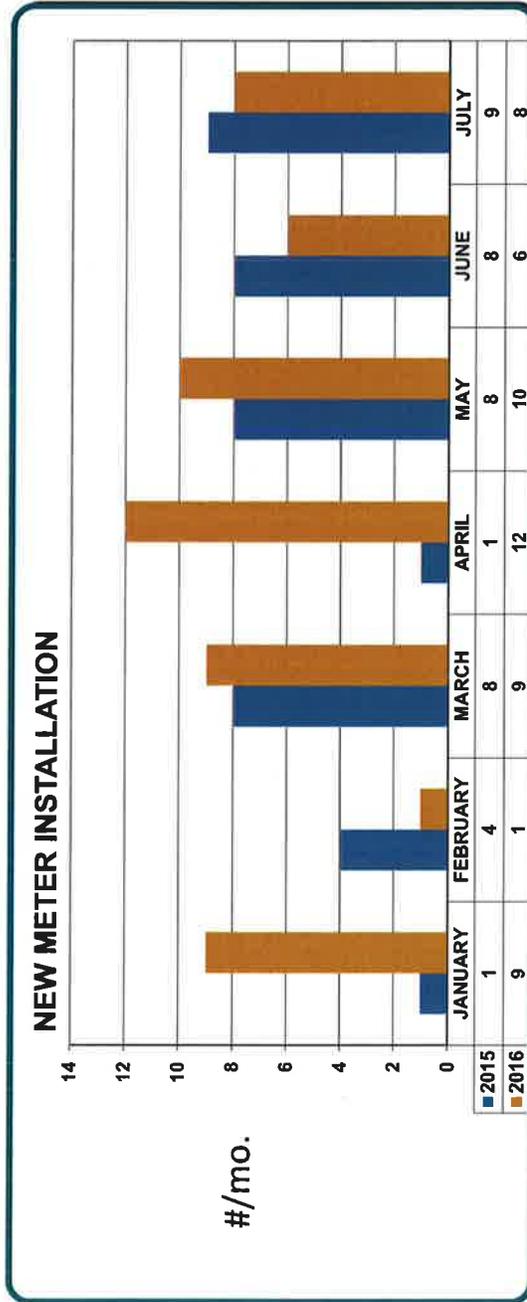
Summary:

Production trending up is normal for this time of year with the onset of Summer.

Production in July slightly higher then same time last year

Maintenance

New Meter Installations



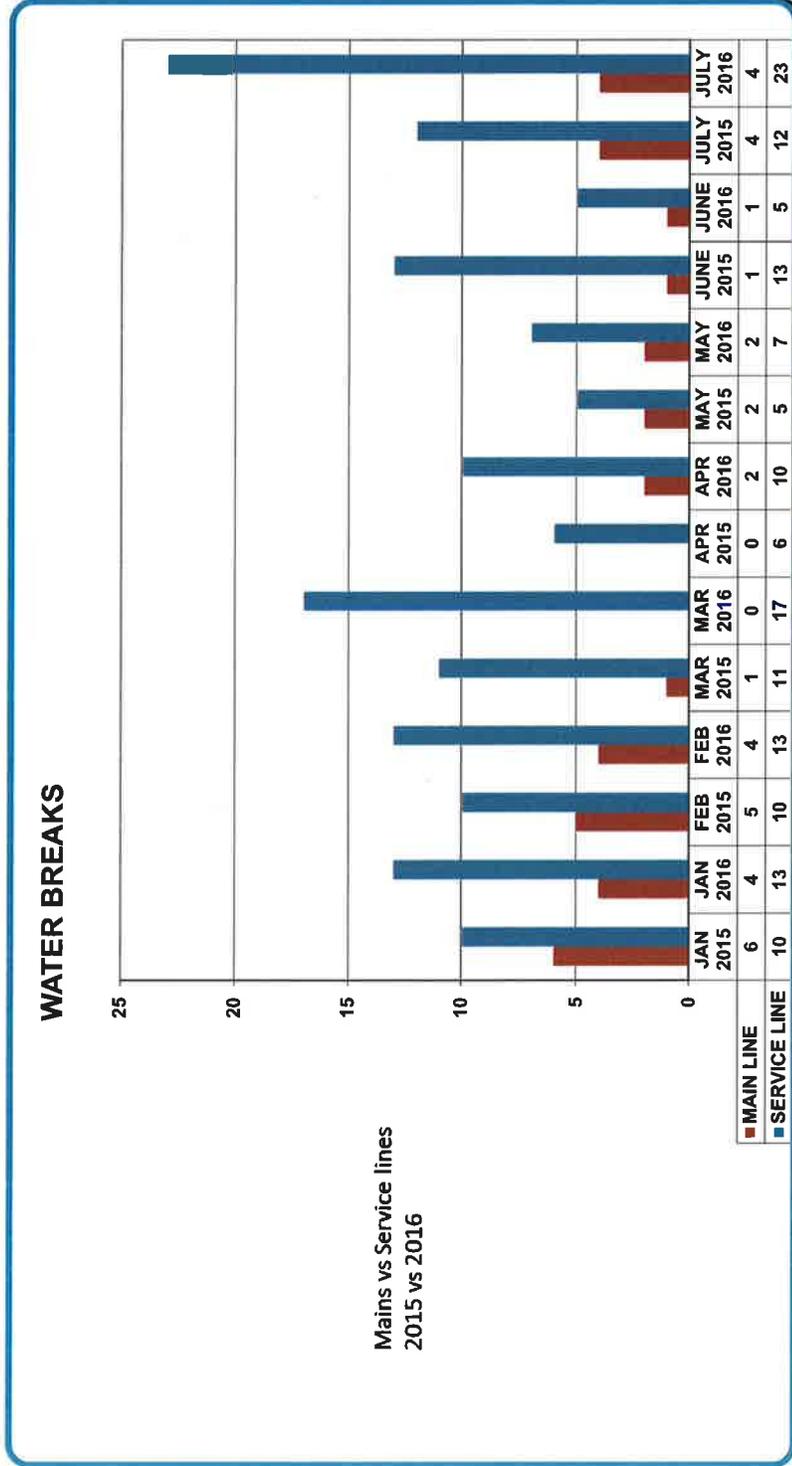
Summary

39 meters installed in 2015 compared to 55 installed in 2016 during the same time 5 month period.

Average of 8/mo.

Level trend

Maintenance Water Line Repairs

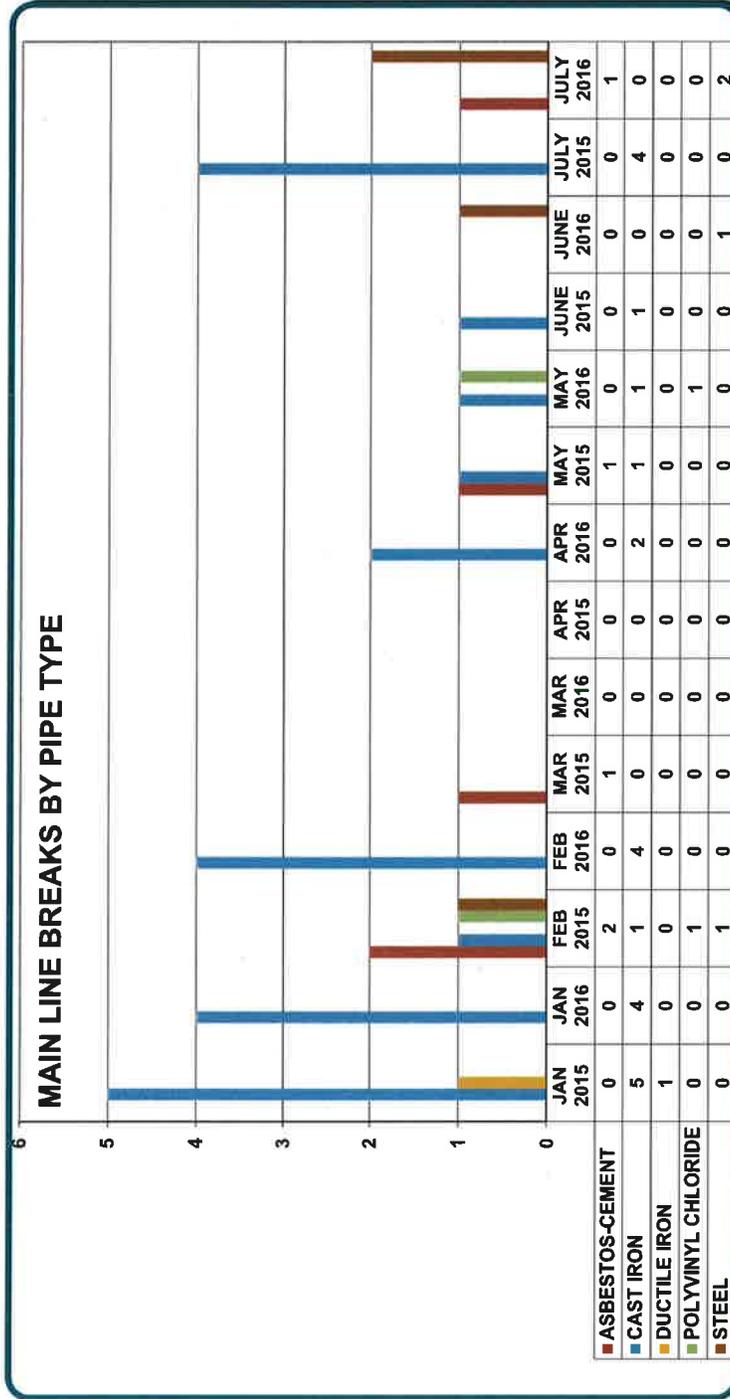


Summary

Chart indicates that there are 80% more service line breaks than main lines

Service lines trending up for 2016 big jump in breaks do to higher demands.

Maintenance Water Line Repairs

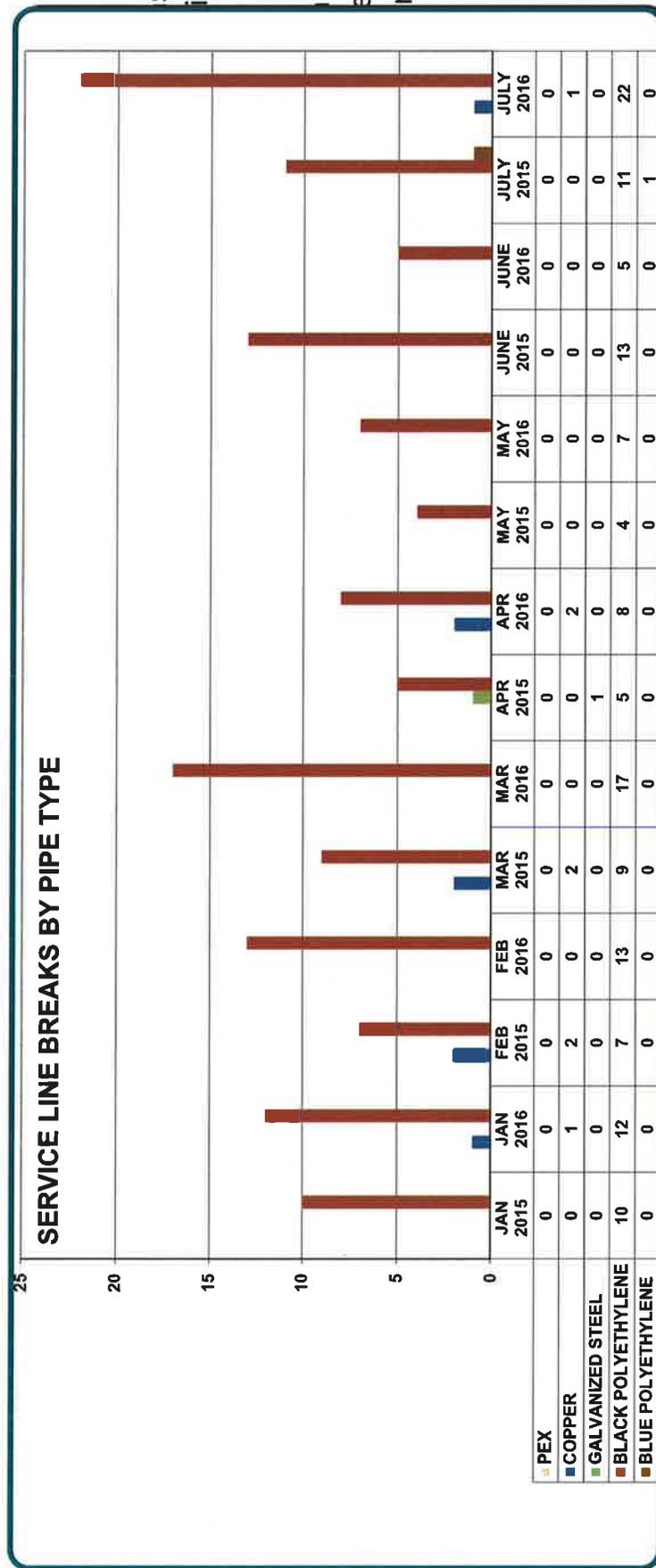


Summary

Data indicates majority of main line breaks occur in winter months.

Cast Iron has the highest failure rate do to age

Maintenance Water Line Repairs



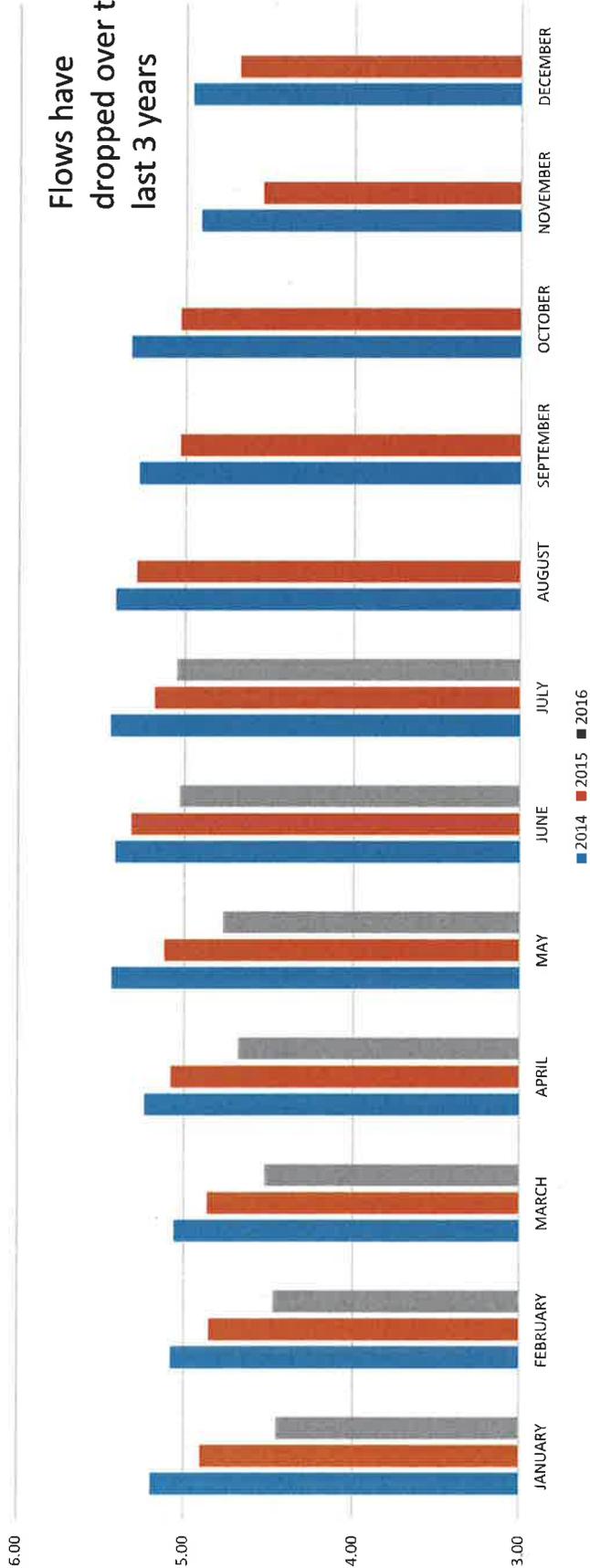
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Wastewater Treatment

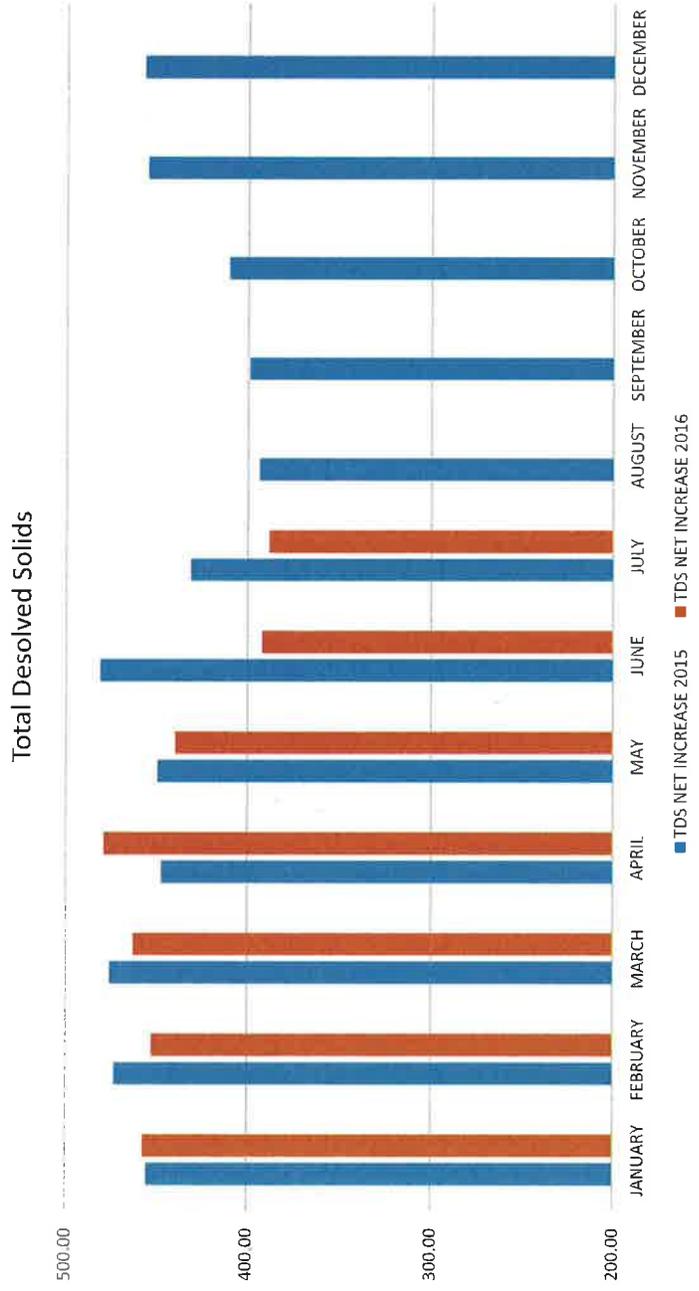
Influent Flows / Wastewater

Summary

Flows have dropped over that last 3 years



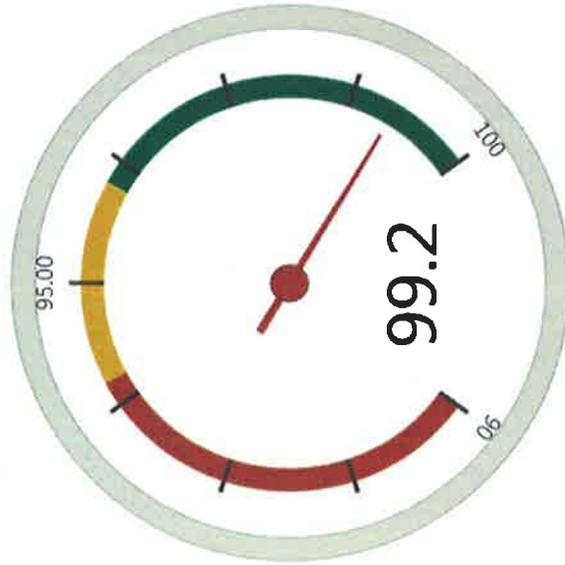
Total Dissolved Solids



Summary

The Permit Limit is 400 MG/L
 Comparison of 2015 to 2016 shows slight decrease
 Date shows trend consistent seasonal variance
 EPA has issued draft permit with new limit of 497mg/l

Lab Quality Control Statistics



June 2016 Dashboard

Note: July Data was not available when report was prepared.

2016 Trending

