



AGENDA

.....for the regular meeting of the Public Utility Commission of the City of Farmington, Wednesday, **October 12, 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 September 14, 2016 regular meeting submitted for approval .. 1

II. BUSINESS

- A. Water/Wastewater Report - Jeff Smaka (5 min) 2
- B. Water/Wastewater Operations Report – Monica Peterson (5 min)..... 3
- C. Cost of Service and Rate Design Update
Sue Nipper Greaves (10 min)..... 4
- D. Electric Utility Report - Sue Nipper Greaves (5 min) 5
- E. Director’s Report – Hank Adair (5 min)..... 6

III. ADJOURNMENT

The next regular meeting will be on November 9, 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, September 14, 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 Bill Standley Bill Hall Chris Hunter Carol Cloer
Commission members absent:	Marty Johnson Gordon Glass Rubin Armenta Tory N. Larsen
City personnel present:	
Acting Electric Utility Director	Rodney Romero
Electric Business Operations Manager	Sue Nipper Greaves
Electric Engineering Manager	John Armenta
Electric Transmission and Distribution	Luke Lugenbeel
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
City Manager	Rob Mayes
PUC Secretary	Amy McKinley

Guests:
Jamie Shockey, Generation Superintendent
Hank Adair
Scott Burnham, NewGen Strategies & Solutions
Jessica Terry, NewGen Strategies & Solutions
Jill Sankster, Strategies & Solutions
Joe Mancinelli, NewGen Strategies & Solutions (via phone)

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 August 10, 2016 regular PUC meeting. Commissioner Hunter made the motion to approve the Minutes as presented and Commissioner Cloer seconded the motion, and upon voice vote the motion passed unanimously.

BUSINESS

Water/Wastewater Report:

Mr. Smaka reviewed the Water /Wastewater activities for the month of August, 2016. He said RMCI, Inc. has commenced construction on the Wastewater Treatment Plant Phase III improvements project. He offered a photographic presentation of the ongoing demolition activities of the project. Mr. Smaka reported the 2P Waterline Project Phase I received a loan from NMFA. He said NMED and NMFA are reviewing the final plans and a December 2016 bid date is anticipated with construction to begin spring 2017.

Mr. Smaka reviewed the many renewal and replacement projects taking place throughout the city.

Water/Wastewater Operations Report:

Ms. Peterson, OMI, presented information regarding the water/wastewater operations for the month of August. She reported that at the time of this meeting, the lake level was at 100%. The OMI report indicated four water main breaks and 25 service line breaks occurred in the month of August.

NewGen Presentation – FEUS Cost of Service and Preliminary Rate Design:

Ms. Nipper Greaves introduced the team from NewGen Strategies and Solutions: Scott Burnham, Jessica Terry, Jill Sangster and Joe Mancinelli (via phone). NewGen offered an informational presentation detailing the process used to develop the preliminary results of the class proposed rate design. The NewGen presentation detailed a proposed 3.3% rate increase to be phased in over 3 years.

City Manager Mayes noted that cash reserves are in good shape and needed capital improvements are well funded in the program presented and considering economic factors in the region it may not be the time to raise rates.

Commissioner Hunter commented that he would like to see comparative figures from the previous cost of service studies.

The NewGen presentation also reviewed Net Metering and Rate Options. Discussion ensued regarding how to implement Net Metering and Rate options that improve fixed cost recovery.

Electric Utility Report:

Ms. Nipper Greaves provided a condensed version of the Electric Utility Report with one-month year to date utility information presented. Ms. Nipper Greaves noted the PCA was lowered to \$0.015 on September 1, 2016.

Director's Report:

Mr. Romero reviewed the ongoing electric underground construction taking place along the 20th Street project and noted crews are approximately 90% complete with the installation of conduit, placement of pad mounts and switchbox installations. He said installation of the primary underground cable will begin next week.

Mr. Romero said the Navajo Hydro Plant Unit 2 overhaul will begin on September 26 and is anticipated to last through March 2017; this will be a similar overhaul as that performed on Navajo Unit 1 last year. The Bluffview Plant will be down on October 10 for a scheduled ten - day maintenance outage.

City Manager Mayes introduced Mr. Hank Adair as the new Electric Utility Director. Mr. Mayes thanked Mr. Romero, Ms. Nipper Greaves and the FEUS management team for the tremendous job performed over the past 18 months while a search for a new utility director took place.

Mr. Adair spoke briefly to the Commission and expressed his excitement to begin his new role of Utility Director.

ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned at 5:03 p.m.

Approved this 12th day of October, 2016.

James Spence, MD, Chair

CITY OF FARMINGTON – PUBLIC WORKS DEPARTMENT (PW)**Division: Water-Wastewater****Program: Water & Wastewater****Report Prepared by: Jeff Smaka****Title: Water/ Wastewater Administrator****Reporting Period: Sept 1 through Sept 30,2016****PUC Meeting Date: 12 Oct 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 RMC Inc. from Albuquerque - \$20,303,500; Contractor Mobilized on August 22; Demolition – trickling filter “A” started, silo foundations completed; Medium Rate Activated Sludge (MRAS) Basin #1 – excavation completed, setting forms for foundation. Final Clarifier – excavation started.
- **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 3rd year increase will begin with first billing cycle in Dec 2016
- **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. Plans submitted for review by NMED and NMFA, Submitted permit to NMDOT for construction within US 64 right of way. Anticipate construction to begin spring 2017.
 - 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, received verbal information from NMFA project is being submitted to NMFA board with a 25% grant recommendation for their approval.
 - 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 – Bid Opened Sept 20, 2016 – 3 bidders participated, At the September 27 City Council meeting – Kimo Constructors from Albuquerque was awarded the bid. Anticipate construction to begin in late October – construction 90 days.
 - **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. Property appraisal is scheduled.
 - Foothills Dr. - Holmes to Lakewood - Replace existing 16” steel waterline with a 16” PVC waterline - Completed.
 - Foothills Dr. - Main to Hill n Dale - Replace existing 16” steel waterline with a 16” PVC waterline - Completed.
 - Foothills Dr. - Hill n Dale to Holmes - Replace existing 16” steel waterline with a 16” PVC waterline - design completed, construction summer 2017.
 - 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/ 2017.
 - 20th Street - Schofield Ave. to Hutton Ave. – Replace 10” CI with a 12” PVC waterline – Construction 99% complete
 - 20th Street - Hutton Ave. to Main St. - Replace 10” CI with a 12” PVC waterline –

- design completed, Construction 98% complete.
 - W. Navajo – Airport terminal to Municipal Drive – Replace 6" CI waterline with a 12" PVC waterline.
 - **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 II – Estimated cost \$3,600,000
 - 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%, Contract awarded to RMCI Inc. from Albuquerque - \$20,303,500
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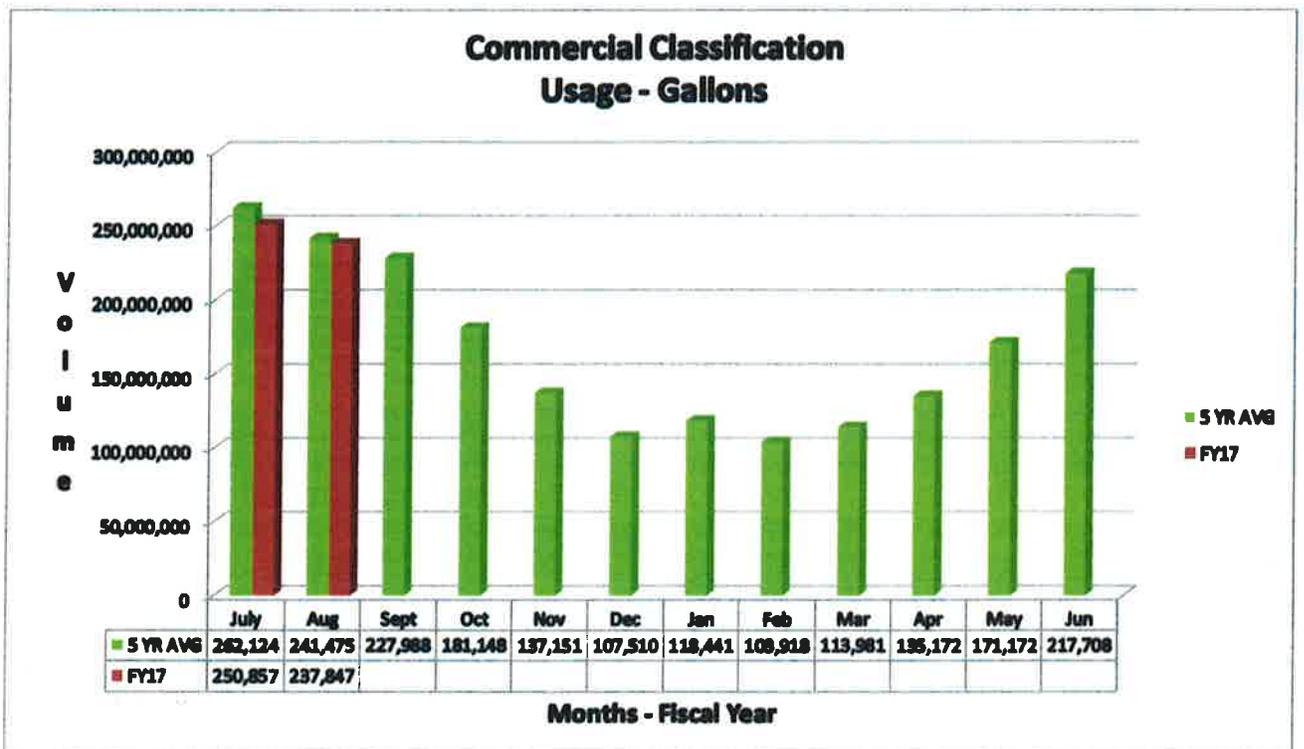
• PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION

- **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 have reviewed the draft permit and have submitted a few comments on 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



WATER

Renewal & Replacement

Water Fund - 602

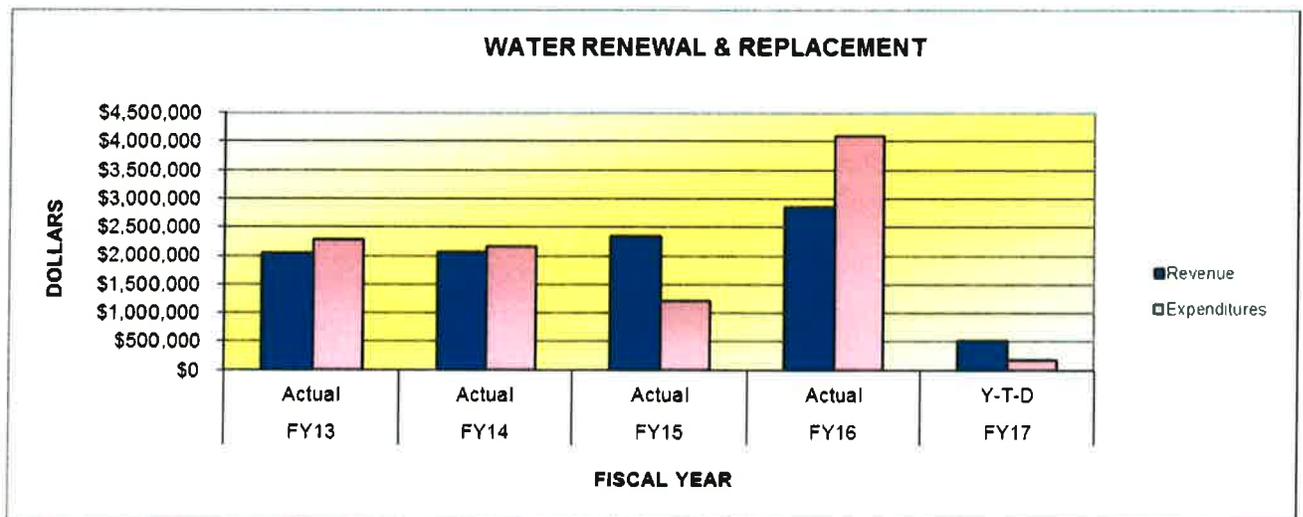
REVENUES	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Y-T-D	FY17 Budget
Renewal /Replacement Fee	\$2,037,806	\$2,057,949	\$2,344,912	\$2,846,357	\$513,736	\$2,892,563
STATE GRANT - \$825,000 REVENUE TODATE				\$18,774,472		
PROJECTED REVENUE FY07 - FY17						\$21,667,035

EXPENDITURES RENEWAL/REPLACEMENT	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Y-T-D	FY17 Budget
Construction	\$2,278,859	\$2,164,752	\$1,212,214	\$4,089,654	\$189,401	\$5,000,000
PROJECTED EXPENDITURES FY07 - FY17				\$17,438,631		\$22,334,618

Main St - Miller Ave to Orchard Ave.	\$250,000
Foothills Dr - Hill & Dale Dr. to Holmes Dr.	\$565,000
20th St - Hutton Ave to Main St	\$600,000
W. Navajo St - Municipal Dr to Mc Henry Dr.	\$350,000
W. Navajo St - McHenry Dr. to airport bldg	\$630,000
San Juan Blvd - American Ave to Fairview Ave.	\$600,000
Broadway - Auburn Ave to Miller Ave	\$560,000
Broadway - Schwartz Ave to Lake St	\$325,000
Schwartz Ave - Broadway to Apache St.	\$550,000
Northwood Dr - Crescent Ave to 30th St.	\$100,000
Polyline Service Replacement	\$200,000
Line Abandonment	\$150,000
Fire Hydrant 1960 Replacement	\$100,000
	\$4,880,000

PROJECTED EXPENDITURES FY07 - FY17

\$22,276,883



WASTEWATER

Renewal & Replacement

Wastewater Fund - 603

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Y-T-D	FY17 Budget
REVENUES						
Charges for Utility Services						
Renewal /Replacement Fee	\$1,441,591	\$1,456,143	\$1,601,781	\$1,880,232	\$326,000	\$2,006,355

REVENUE TODATE

\$12,595,055

PROJECTED REVENUE FY07 - FY17

\$1,880,232

\$14,601,410

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Y-T-D	FY17 Budget
EXPENDITURES						
RENEWAL/REPLACEMENT						
Construction	\$685,848	\$1,194,237	\$817,221	\$1,869,097		\$2,006,355

Projects FY07- FY17

\$8,187,975

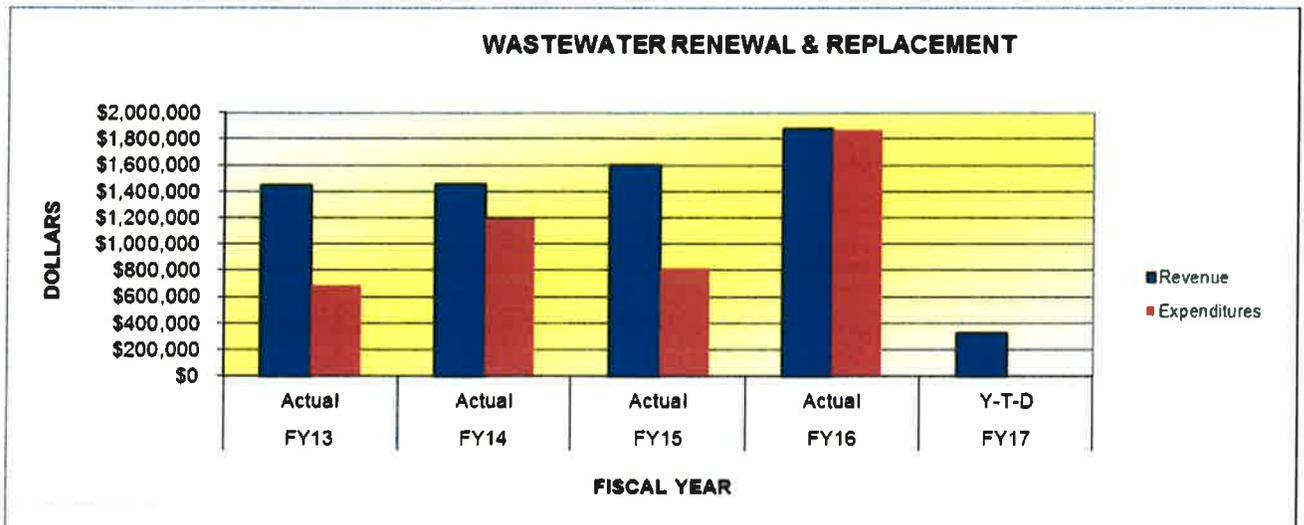
BUDGETED FY 17 PROJECTS

Sewer Rehab - W Main St
Manhole Rehab
Mainline Rehab - Robotic

\$1,750,000
\$150,000
\$350,000
\$2,250,000

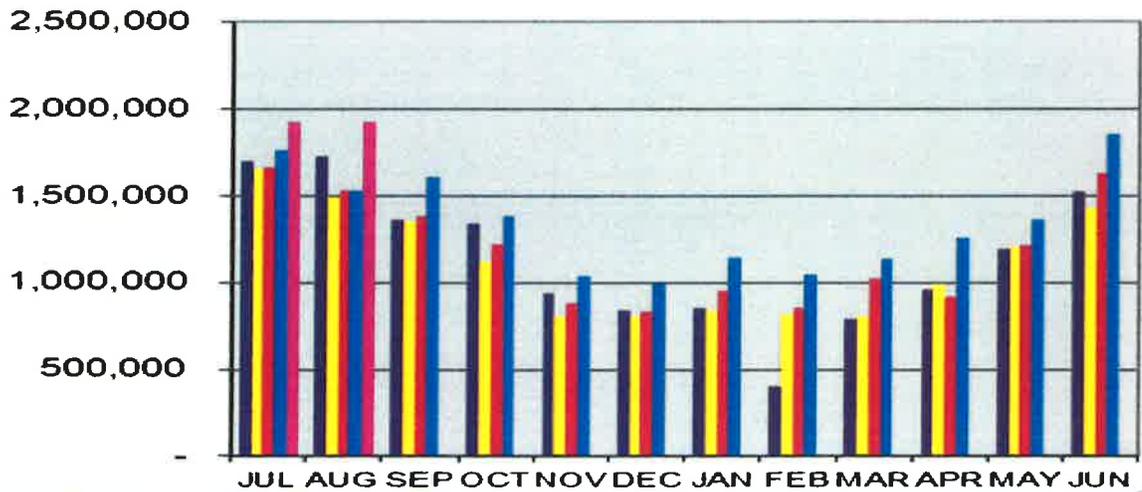
PROJECTED EXPENDITURES FY07 - FY17

\$10,437,975





Total Water Revenue Per Month FY13 - FY17



BUDGET TO ACTUAL COMPARISON PER MONTH

	FY 2013 **		FY 2014 **		FY 2015 **		FY 2016 **		FY 2017 **	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
JUL	1,165,141	1,696,293	1,196,227	1,657,429	1,152,420	1,680,611	1,305,656	1,760,696	1,305,656	1,923,676
AUG	1,165,141	1,725,060	1,196,227	1,495,029	1,152,420	1,525,823	1,305,656	1,530,739	1,305,656	1,920,854
SEP	1,165,141	1,362,607	1,196,227	1,349,906	1,152,420	1,379,367	1,305,656	1,608,774	1,305,656	
OCT	1,165,141	1,338,557	1,196,227	1,123,250	1,152,420	1,222,276	1,305,656	1,379,285	1,305,656	
NOV	1,165,141	936,091	1,196,227	805,566	1,152,420	878,377	1,305,656	1,039,055	1,305,656	
DEC	1,165,141	839,767	1,196,227	813,492	1,152,420	832,341	1,305,656	996,111	1,305,656	
JAN	1,165,141	851,542	1,196,227	838,647	1,152,420	948,366	1,305,656	1,138,593	1,305,656	
FEB	1,165,141	401,518	1,196,227	818,588	1,152,420	850,813	1,305,656	1,041,098	1,305,656	
MAR	1,165,141	788,759	1,196,227	812,113	1,152,420	1,021,237	1,305,656	1,133,244	1,305,656	
APR	1,165,141	958,767	1,196,227	989,646	1,152,420	914,504	1,305,656	1,254,785	1,305,656	
MAY	1,165,141	1,194,193	1,196,227	1,203,797	1,152,420	1,212,303	1,305,656	1,361,525	1,305,656	
JUN	1,165,141	1,520,186	1,196,227	1,433,479	1,152,420	1,630,441	1,305,656	1,855,752	1,305,656	
TOTAL:		13,613,340		13,340,942		14,076,459		16,099,657		3,844,530

REVENUE PER CLASS/CUSTOM

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
R	6,481,728	6,484,202	6,676,180	6,110,737	6,458,000	6,535,453	7,254,451	7,173,050	7,789,369	1,761,664
GS	3,447,238	3,107,129	3,550,655	3,304,044	3,373,100	3,310,784	3,777,872	4,053,707	4,155,659	1,106,867
CU	1,129,104	1,123,093	1,151,686	1,026,032	1,049,500	1,011,584	1,126,982	1,014,390	1,073,680	206,329
REC	225,000	264,196	250,000	244,954	260,000	252,046	273,000	280,394	296,145	95,662
FH	118,750	76,419	118,750	91,668	110,000	87,036	100,000	107,760	117,044	19,442
R & R	2,055,322	2,037,805	2,082,909	2,057,950	2,088,390	2,344,912	2,640,556	2,846,357	2,892,563	513,736
GRANTS	-	2,510	2,107,359	1,449,369	1,800,000	3,963,044	-	50,876	1,000,000	-
OTHER	524,552	2,595,398	587,552	505,557	490,050	539,364	495,020	623,999	2,712,663	182,029
TOTAL:	13,981,694	15,670,752	16,525,091	14,790,311	15,629,040	18,044,223	15,667,881	16,150,533	20,037,123	3,885,729

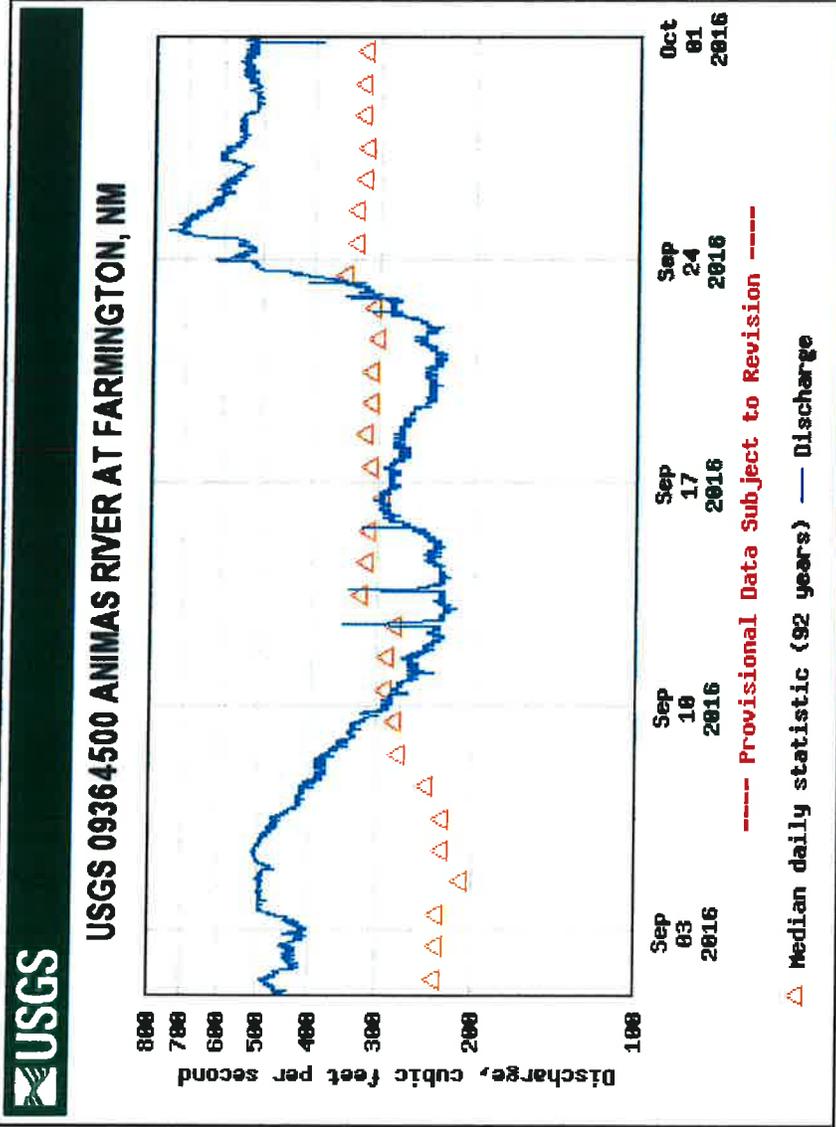
SCHEDULE OF CUSTOMERS

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
October 12, 2016

Animas River



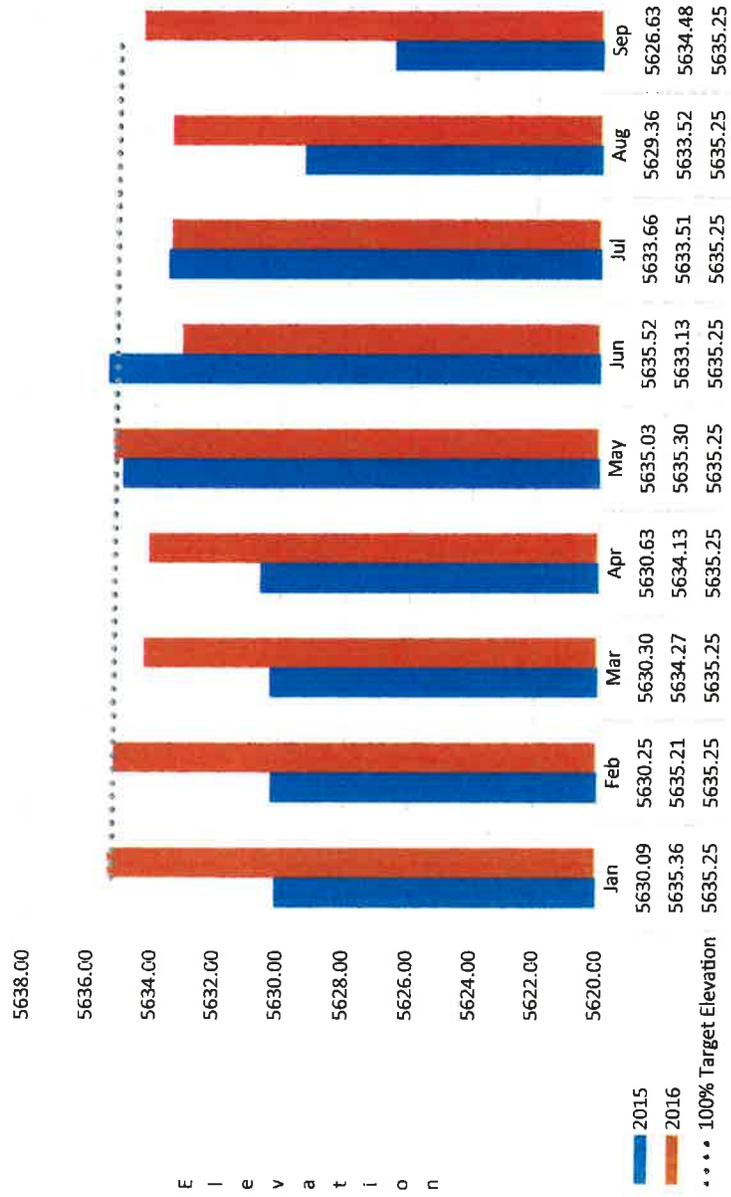
Summary:

Trends were higher than average due to rainy conditions in the watershed

Aug. flows peaked on Sept. 24 @ 754 CFS

Farmington Lake

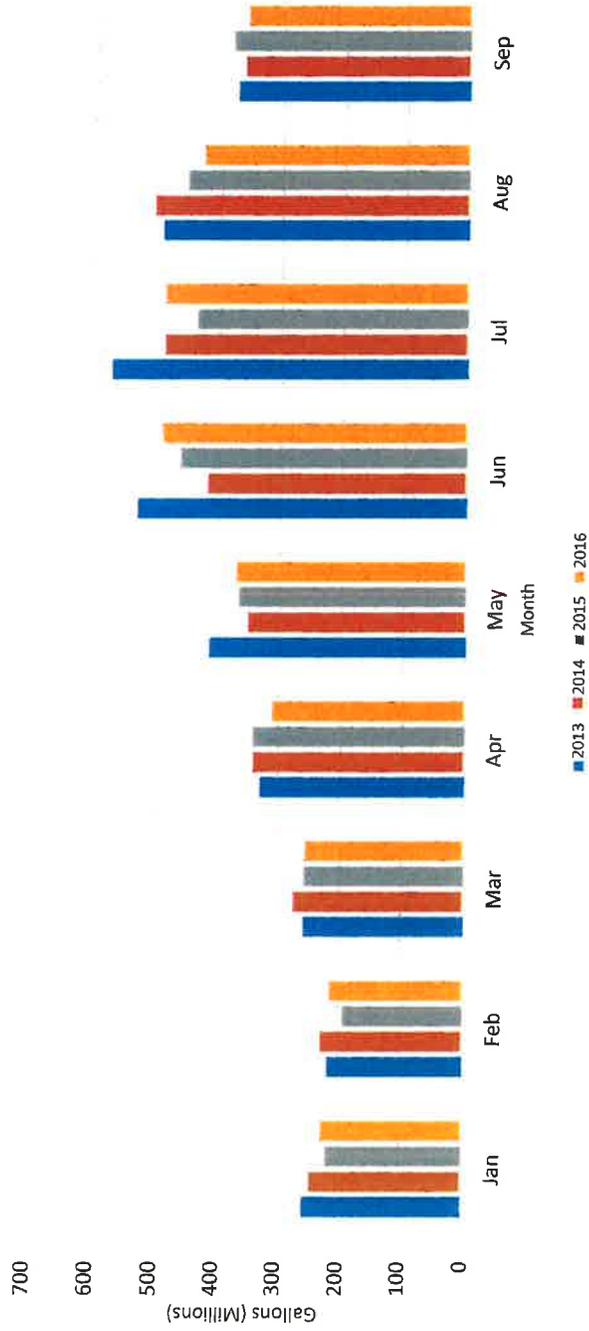
Farmington Lake Elevations - 2015 and 2016 Monthly Average Elevation



Summary:
 Top of the spill way is 5636.4
 Max target is 5635.25
 We are currently decreasing the lake level to perform several projects.
 Current level is 90%

Water Production

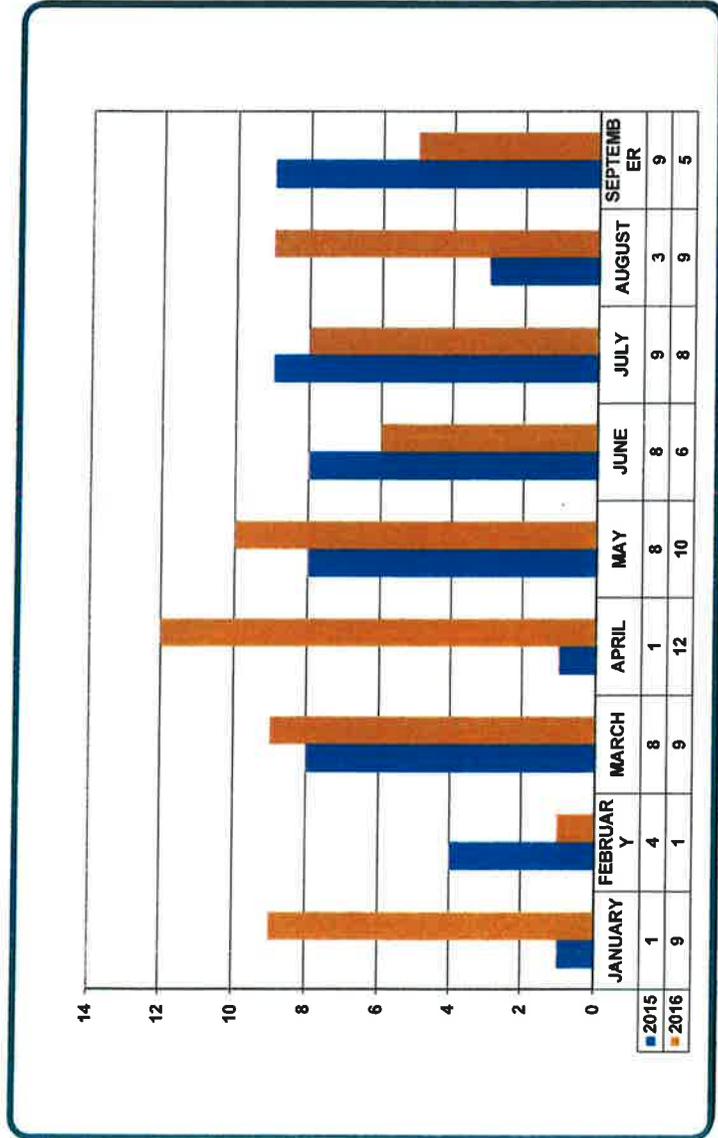
**Total Effluent - WTP No.1 & No.2
January - September
2013 - 2016**



Summary:

Production trend saw a slight drop.

Maintenance New Meter Installations



#/mo.

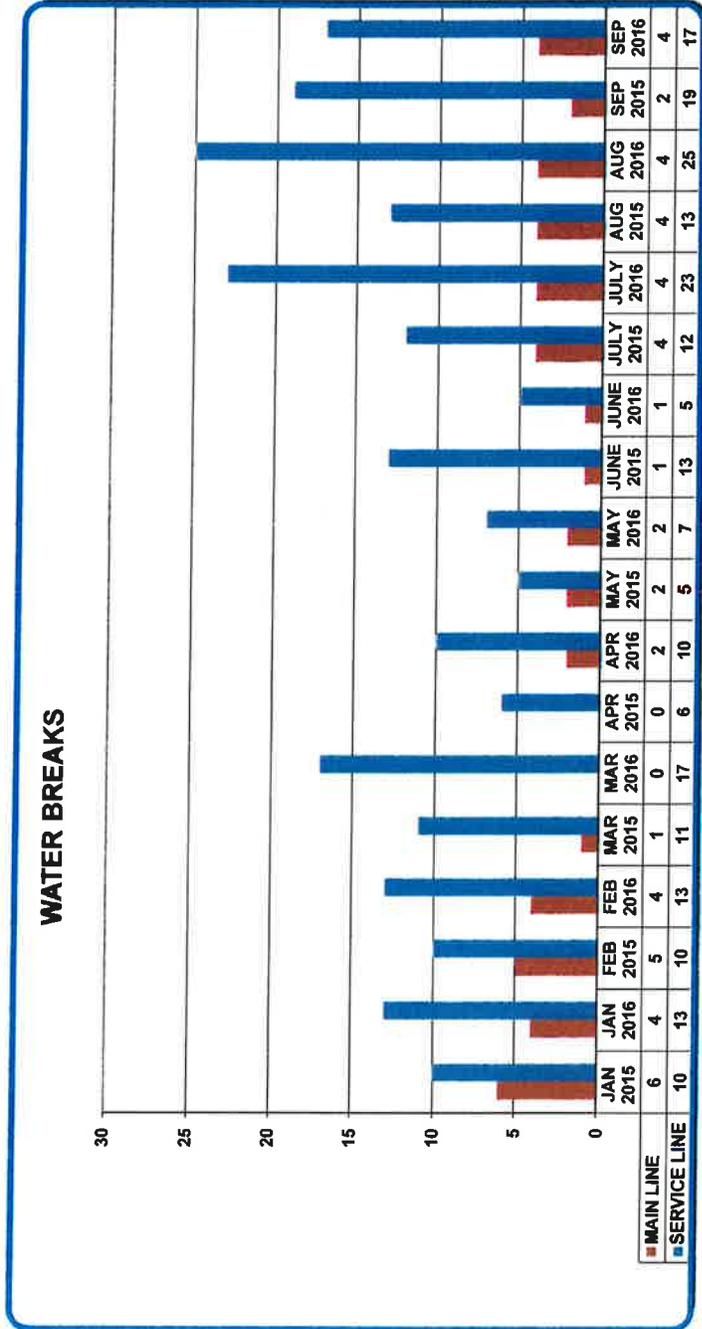
Summary:

51 meters installed in 2015 compared to 71 installed in 2016 during the same time 9 month period.

Average of 8/mo.

Trend level for the year.

Maintenance Water Line Repairs

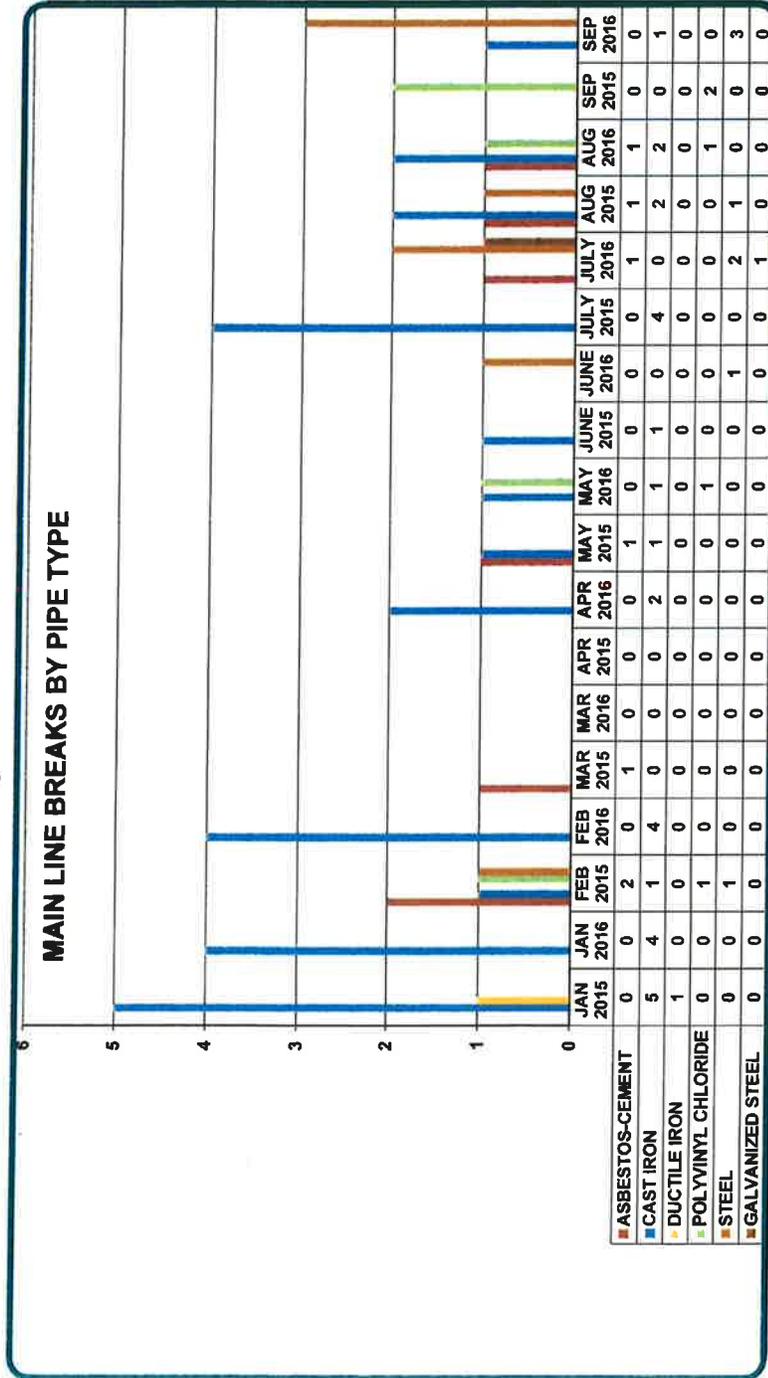


Summary:

Chart indicates that there are 81% more service line breaks than main lines

Service lines trending up for 2016.

Maintenance Water Line Repairs

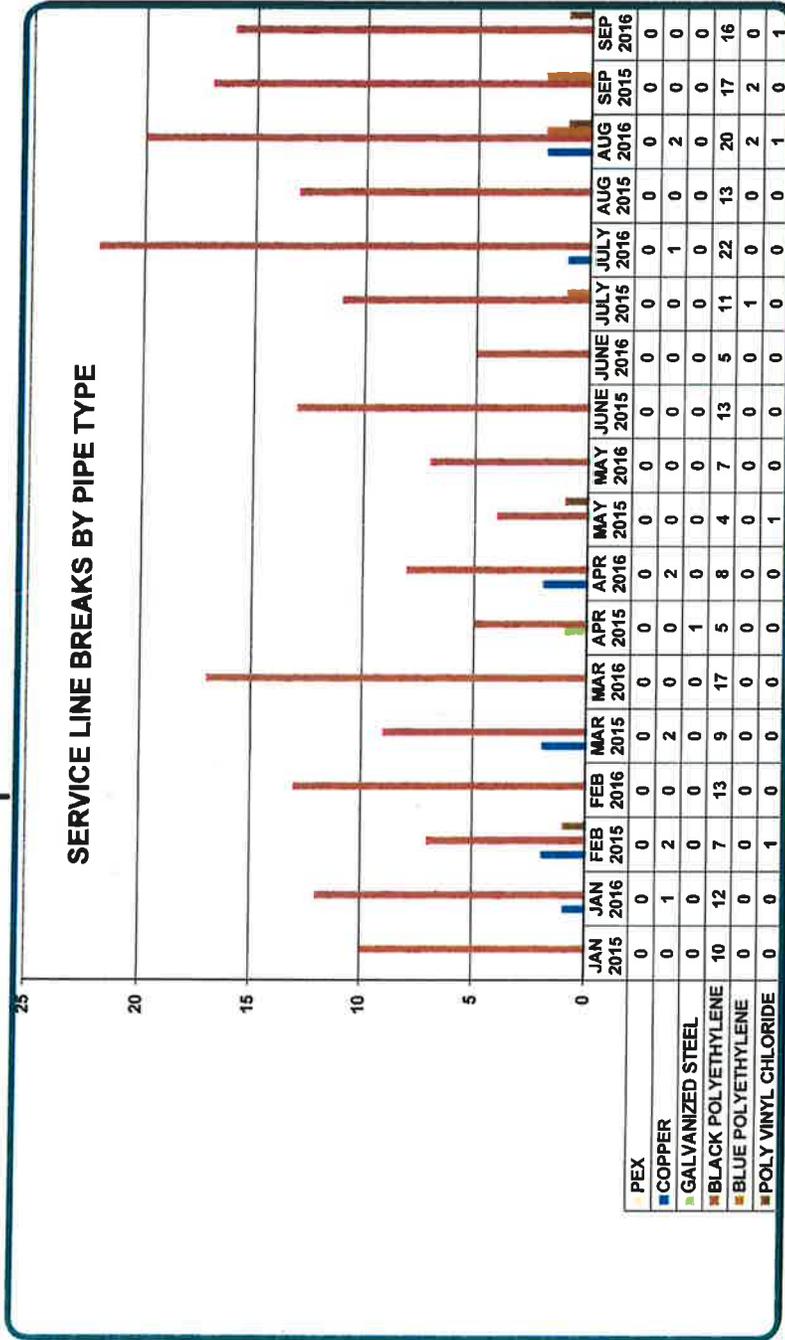


Summary:

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

Cast Iron has the highest failure rate due to age

Maintenance Water Line Repairs



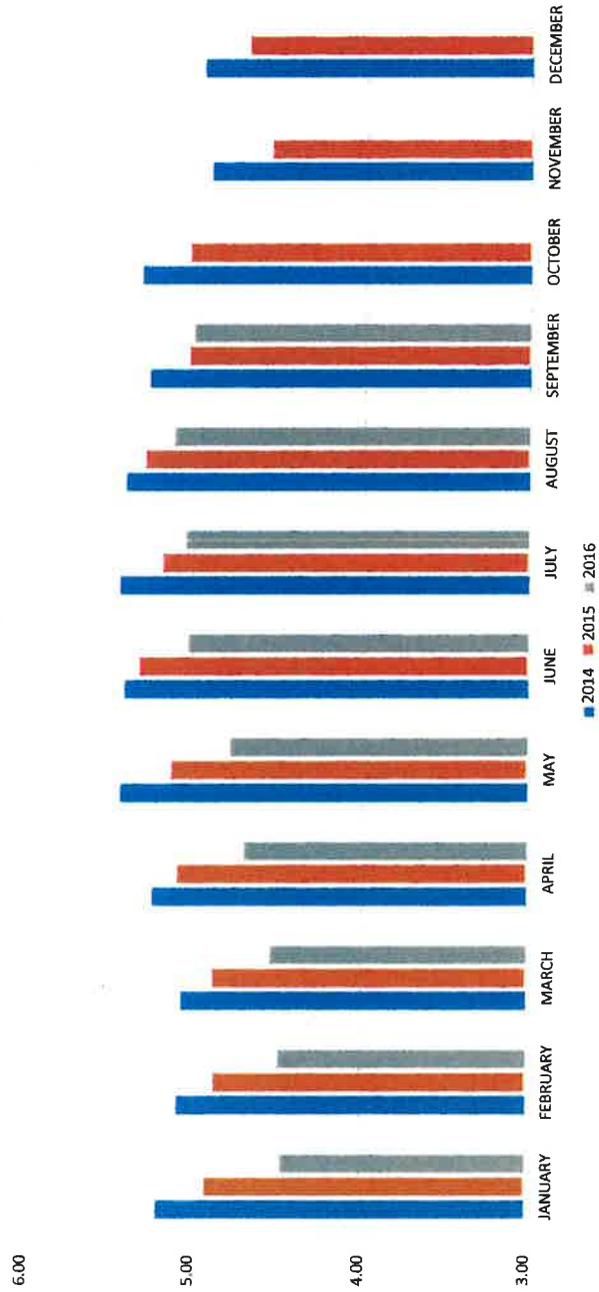
Summary:

Black Poly line has the highest rate of failure due to short product life expectancy and is no longer used in the industry

Total breaks YTD = 129 compared to 97 the same time period in 2015.

Wastewater Treatment

Influent Flows / Wastewater

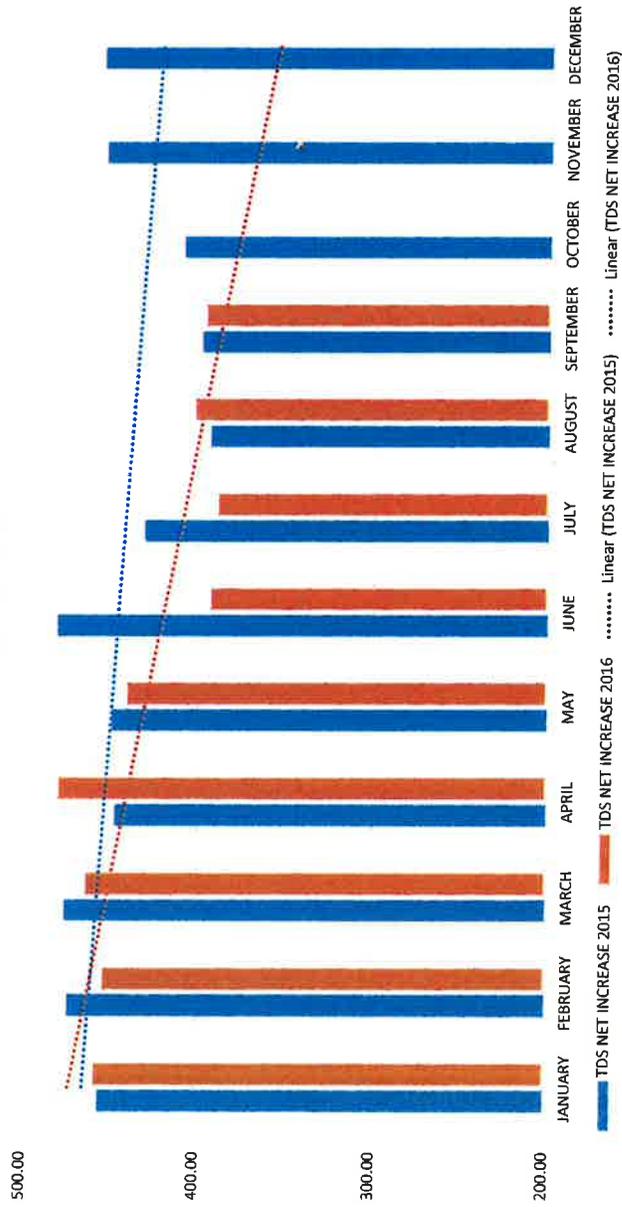


Summary:

Flows have decreased over the last three years.

Total Dissolved Solids

Total Dissolved Solids
2015 - 2016 Trend



Summary:

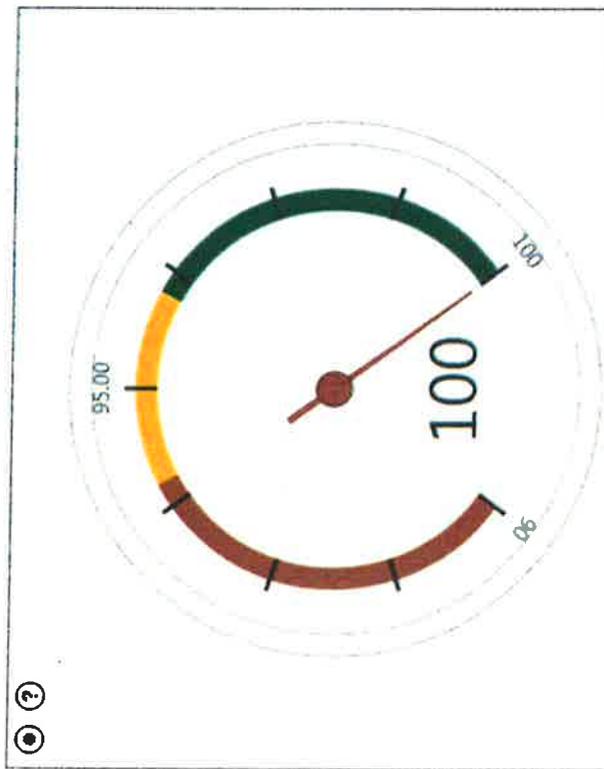
The Permit Limit is 400 MG/L

Comparison of 2015 to 2016 shows slight decrease

Data shows trend consistent with seasonal variance

EPA has issued draft permit with new limit of 497mg/l

Lab Quality Control Statistics



September 2016 QC Dashboard
220 Data Points

2016 Trending

