

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, February 16, 2016 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

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

MAYOR	Tommy Roberts
COUNCILORS	Linda Rodgers Mary M. Fischer Gayla A. McCulloch Nate Duckett

constituting all the members of the Governing Body.

Also present were:

CITY MANAGER	Rob Mayes
ASSISTANT CITY MANAGER	Bob Campbell
CITY ATTORNEY	Jennifer Breakell
DEPUTY CITY CLERK	Andrea Jones

ANNUAL AUDIT/COMPREHENSIVE ANNUAL FINANCIAL REPORT

Administrative Services Director Andy Mason introduced Jim Thompson and Jaime Rumbaoa of Moss Adams LLP. Utilizing a Powerpoint presentation, Mr. Thompson reported that the City's Fiscal Year 2015 audit was good and resulted in an unmodified or "clean" opinion. He explained that the role of the external auditor is to be independent, unbiased and nonpolitical and pointed out that the federal government requires an annual audit for entities utilizing federal funds. Mr. Rumbaoa reviewed the aspects of General Accounting Standards Board Statement No. 68 ("GASB 68") and noted that Fiscal Year 2015 was the first year of implementation. He reported that GASB 68 is an estimated net pension liability (including other pension components); stated that it is based on the Public Employees Retirement Association of New Mexico's (PERA) schedule of employer allocations and pension amounts; and pointed out that the implementation of GASB 68 did not impact the City's governmental fund financial statements. Mr. Rumbaoa noted that the two previous audit findings have been resolved and reported that there were no compliance findings and only one internal control finding for this year's audit. Mr. Thompson reiterated that the City received a clean opinion and no adjustments were required and expressed that the City is truly blessed to have its financial staff.

Mr. Mason reported that implementation of GASB 68 was a challenge that staff handled well and he introduced his financial staff: Controller Brooke Quintana, Enterprise Accountant Sheree Wilson, Staff Accountant II Michelle Bedonie, Staff Accountant II Sarah Talley and Staff Accountant I Debi Dalton. City Manager Rob Mayes recognized former Controller Eric Schlotthauer who was present in the audience and expressed his appreciation for his dedication to the City.

Mayor Roberts praised Mr. Mason and his entire staff for their expertise, dedication and efforts. Thereupon, a motion was made by Councilor McCulloch, seconded by Councilor Rodgers to accept the Fiscal Year 2015 annual audit, as presented, and upon voice vote the motion carried unanimously.

PROPOSED REVISIONS TO THE RULES AND REGULATIONS COVERING ELECTRIC SERVICE

Acting Electric Utility Director Rodney Romero stated that the purpose of today's presentation is to provide information to the Council regarding the proposed revisions to the Rules and Regulations covering Electric Service ("Rules") and he introduced Electric Utility Operations Business Manager Sue Nipper. Referring to the large binder distributed to the Council, Ms. Nipper pointed out that a summary of the substantial changes is included at the front and noted that most of the revisions are correcting grammatical and formatting errors. She reported that the

Rules have not been updated in approximately 30 years and stated that this tedious process of revision began three years ago. Additionally, Ms. Nipper reported that the fee schedule has also been revised; noted that the Public Utility Commission ("PUC") recommended approval of the proposed revisions to the Rules at their January 13, 2016 meeting; and stated that adoption of the proposed revisions to the Rules will be requested at the February 23, 2016 regular City Council meeting.

At the direction of the Mayor, Ms. Nipper reviewed the revisions of most concern to the San Juan County Home Builders Association ("SJCHBA") which include revisions to Rule Nos. 13 (Character of Service), 16 (Temporary, Mobile Home, Subdivisions, Multiple Occupancy Units and Special Services) and 17 (Line Extension Policy for Overhead and Underground Distribution). She confirmed that these revised Rules were submitted to SJCHBA with no response to-date and stated that no other entities were supplied with the proposed revisions for comment.

PUC members Tory Larsen and Marty Johnson expressed their appreciation for Mr. Romero and Ms. Nipper's efforts in revising the Rules. Mr. Larsen noted that the PUC voted unanimously to approve the proposed revisions and Mr. Johnson reported that SJCHBA is satisfied that the issues they presented were addressed appropriately by staff.

Following brief discussion, Councilor Fischer requested that staff provide Rule No. 1 to the San Juan County Board of Realtors for review and to provide the Council with the increased revenue projections if the revised fee schedule is approved. Ms. Nipper confirmed that staff would provide the information as requested and guessed that the proposed fee increases may be the only negative impact on the community. In response to Councilor Duckett's inquiry, City Manager Rob Mayes reported that some of the increased fees are punitive in nature while some are recouping direct costs that have increased over the past 30 years.

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

BID/PURCHASE OF BATTERIES, RACK AND CHARGER

Purchasing Supervisor Kristi Benson reported that bids for the purchase of batteries, rack and charger (Electric Utility) opened on February 9, 2016 with eight bidders participating. She recommended that the bid be awarded to McKinley Sales Company, Inc. on its low bid meeting specifications after application of five percent in-state preference of \$36,234.80 and that the bid received from Summit Electric be rejected for being non-responsive and not meeting specifications.

Thereupon, a motion was made by Councilor McCulloch, seconded by Councilor Duckett to award the bid for purchase of batteries, rack and charger to McKinley Sales Company, Inc. as the lowest responsible bidder and that the bid received from Summit Electric be rejected for being non-responsive and not meeting specifications, and upon voice vote the motion carried unanimously.

SEMI-ANNUAL FINANCIAL UPDATE FOR FISCAL YEAR 2015

Utilizing a Powerpoint presentation, Administrative Services Director Andy Mason reported that for the six months ending December 31, 2015 gross receipts tax revenues ("GRT") for all funds are 2.6 percent (or \$683,000) below the prior year. Mr. Mason reviewed the graph showing the 25 year GRT revenue history; reported that expenditures in the General Fund for Fiscal Year 16 are running at 98 percent of the budget; noted that revenues in the Electric Utility Fund are \$2.75 million over budget and that expenditures are \$6.1 million under budget; pointed out that revenues in the Water Fund are \$1.41 million higher than expenditures; and stated that revenues in the Wastewater Fund are \$1.41 million less than expenditures.

Councilor Fischer announced that she recently saw something on the news regarding a permanent prohibition against taxing internet sales. Mr. Mason reported that a moratorium has been put into place that has been continually extended and confirmed that he would research the matter.

Councilor Fischer left the meeting at 10:02 a.m.

In response to Councilor Duckett's inquiry, City Manager Rob Mayes reported that the power cost adjustment ("PCA") is the actual cost to purchase power and reiterated that it is not purchase power. He pointed out that typically when PCA goes up that operation and generation costs go down in an offset and stated that it is ultimately breakeven accounting.

APPOINTMENT TO THE CITIZEN POLICE ADVISORY COMMITTEE

Mayor Roberts asked the Council's consideration of the appointment of Rebekah Hernandez (term to June 2018) as a member of the Citizen Police Advisory Committee.

Thereupon, a motion was made by Councilor Duckett, seconded by Councilor Rodgers to confirm the appointment of Rebekah Hernandez as a member of the Citizen Police Advisory Committee, as recommended by the Mayor. The roll was called with the following result:

Those voting aye:	Linda Rodgers Gayla A. McCulloch Nate Duckett
Those voting nay:	None
Those absent:	Mary M. Fischer

The presiding officer thereupon declared that three Councilors having voted in favor thereof, the said motion carried.

COUNCIL BUSINESS

Bureau of Land Management Public Forum

Mayor Roberts announced that the Bureau of Land Management ("BLM") will be hosting a public forum today at San Juan College to receive public comment on its proposed rule to reduce waste of natural gas from venting, flaring and leaks. He reported that if implemented, the rule would add significant operational costs to thousands of marginally producing wells which would ultimately result in the permanent plugging of those unprofitable wells. It was the consensus of the Council to allow Mayor Roberts to speak on behalf of the Council at that public forum.

CLOSED MEETING

A motion was made by Councilor Duckett, seconded by Councilor Rodgers to close the meeting to discuss acquisition of water rights (Farmer's Mutual Ditch), pursuant to Section 10-15-1H(8) NMSA 1978, and to discuss limited personnel matters pursuant to Section 10-15-1H(2) NMSA 1978 (City Clerk, City Manager and City Attorney annual evaluations). The roll was called with the following result:

Those voting aye:	Linda Rodgers Gayla A. McCulloch Nate Duckett
Those voting nay:	None
Those absent:	Mary M. Fischer

The presiding officer thereupon declared that three Councilors having voted in favor thereof, the said motion carried.

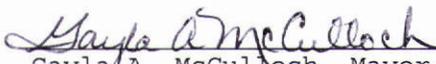
The Mayor convened the closed meeting at 10:19 a.m. with Councilors Rodgers, McCulloch and Duckett being present.

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

The open meeting was reconvened by the Mayor at 11:39 a.m. with Councilors Rodgers, McCulloch and Duckett being present.

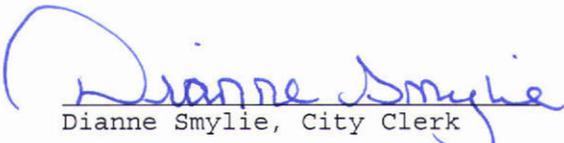
There being no further business to come before the Council, the meeting was adjourned at 11:40 a.m.

APPROVED this 8th day of March, 2016.


Gayla A. McCulloch, Mayor Pro Tem

SEAL

ATTEST:


Dianne Smylie, City Clerk