

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, July 19, 2016 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

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

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

constituting all the members of the Governing Body.

Also present were:

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

MOMENT OF SILENCE

Mayor Roberts asked for a moment of silence in remembrance of the slain Police Officers in Dallas, Texas and Baton Rouge, Louisiana.

EMPLOYEE OF THE MONTH PROGRAM AWARD

Employee Council President Kathy Farley recognized Police Officer Nicholas Adegite as the Employee of the Month award recipient for May 2016. Mr. Adegite was presented with a plaque and gift certificate and the Mayor and Council expressed their appreciation for his dedication to the City.

FARMINGTON CONVENTION AND VISITORS BUREAU ANNUAL REPORT

Utilizing a Powerpoint presentation, Farmington Convention and Visitors Bureau ("CVB") Executive Director Tonya Stinson reviewed the 2015 "Visit Farmington" marketing campaign which consisted of television commercials, radio broadcasts, billboards, print and online advertisements and listings. In addition to the marketing campaign, she reported that the CVB launched a new responsive website that works on desktop computers, smart phones and/or tablets and happily announced that the calendar feature of the website receives approximately 1,000 views per day. Ms. Stinson explained that while definitive statistical data is nearly impossible to obtain the CVB measures its success by communicating with local hotels, attractions and shops regarding visitation; analyzing website visitation data; reviewing the Lodgers' Tax collection and occupancy rates; and performing an internal conversion study to measure advertisement performance and visitor trends. Ms. Stinson stated that a CVB-member hotel reported a 40 percent decrease in corporate travel in the fourth quarter of 2015 but overall was only down 5.5 percent due to an increase in leisure travel and she reported that the overall lodging occupancy rate for this month compared to this month last year has increased by 3 percent. She briefly reviewed the meetings, conventions and events that the CVB assisted with in 2015 and provided an update on the entryway monuments, noting that obtaining bids for the construction of the monuments is the next step in the process. Ms. Stinson detailed the newly implemented customer service program entitled Farmington Visitor Journey A2D and happily reported that 136 individuals in Farmington have completed the program to-date. Additionally, she reviewed the 2016 Media Familiarization trip which brought six travel writers to the area and presented the historical projects of the San Juan County Film Office, noting that she is the liaison to the New Mexico Film Office. Ms. Stinson detailed the efforts of the Farmington Branding Alliance to deliver on the promise that Farmington is a community where outdoor lovers and active families thrive; pointed out that community members are continually encouraged to utilize the branding hashtags (#JoltYourJourney, #LiveFarmington, #PlayFarmington, #StayFarmington and #WorkFarmington) when posting on social media; and

noted that the CVB has obtained a canopy tent and special event banners to help promote the "Jolt Your Journey" campaign at community events.

In response to Councilor Duckett's inquiry, Ms. Stinson reported that the lack of activity tour guides and rental facilities (such as those found in communities like Moab, Utah) is the biggest piece of negative feedback that the CVB receives from tourists. Responding to multiple inquiries from Councilor McCulloch, Ms. Stinson confirmed that New Mexico is the number one targeted area for the CVB's marketing campaign and stated that the CVB's marketing material appears in approximately four issues of New Mexico Magazine annually.

Mayor Roberts commended the accomplishments and progress of the CVB after facing adversity from the previous Executive Director and he expressed his appreciation for the key role the CVB has played in creating positive energy within the community. Councilors Rodgers and Duckett echoed the Mayor's sentiments and thanked Ms. Stinson and the CVB staff for their hard work and efforts toward promoting Farmington and the Four Corners area.

CVB President Tom Wheeler thanked the Mayor, Council, City Manager Rob Mayes and Assistant City Manager Julie Baird for their support of the CVB's efforts.

#### PRESENTATION/ENERGY EFFICIENCY UPGRADES TO FORM AN ENERGY SAVINGS PERFORMANCE CONTRACT

Providing opening remarks, City Manager Rob Mayes reported that staff is recommending that the findings of the Investment Grade Audit be separated into phases and stated that staff is seeking approval to proceed with only cost-neutral improvements. Additionally, he pointed out that the next step is to finalize the bonding program and draft the corresponding ordinance and he confirmed that the building expansion and "face-lift" of City Hall is not included in staff's recommendation because the necessary improvements are not cost-neutral.

Noting that the Council authorized the Investment Grade Audit in October of 2015, Assistant City Manager Julie Baird distributed a handout that illustrates a "snapshot" of the best energy savings package for the City and introduced Energy Control Inc. ("ECI") Regional Development Manager John McAllister. Mr. McAllister recognized ECI General Manager David Frederick and Opterra Energy Services Project Manager George Haramis who were present in the audience and reported that ECI has developed a proposal that will reduce the City's annual electric and gas utility expenditures from approximately \$1 million by \$300,000 with the implementation of the energy efficiency upgrades. He reported that the guaranteed savings would then be used to pay for the energy efficiency upgrades. He noted that the guarantee is secured by a third party through a performance bond.

Utilizing a PowerPoint presentation, Mr. McAllister provided a brief program overview and emphasized that ECI is a stable, well-qualified company with a large staff that has proven its performance with clientele such as McKinley County, the City of Hobbs and the University of New Mexico. He reported that the City's energy use is comprised of natural gas (52 percent) and electricity (48 percent) and stated that the top 12 energy using facilities will save approximately 25 percent in annual energy usage (30 percent in annual costs guaranteed) through the Energy Savings Performance Contract ("ESPC"). He stressed that there is a delicate "balance" when weighing the benefits of annual energy savings versus the expense of installing retrofits and upgrading equipment in an ESPC. Additionally, he explained that the ESPC aims to reduce energy loads, improve controls, downsize or "right-size" high efficiency equipment and systems and integrate systems and he detailed the various energy efficient technologies that are currently available. Mr. McAllister reported that the facility condition assessments revealed opportunities to improve lighting, cooling, boiler and building automation systems and he discussed the various energy efficient solutions which include upgrades such as light-emitting diode ("LED") lighting, variable speed pumps and controls, high efficiency equipment, load matching, direct digital controls, occupancy sensor modes and smart meters. Furthermore, he provided an illustration of a smart meter's interface and detailed its ability to track actual energy usage versus baseline energy usage versus targeted energy usage. Noting that the Farmington Regional Animal Shelter is a new facility and is not included in the recommendations, Mr. McAllister stated that lighting upgrades are recommended for all of the facilities and

specifically reviewed the recommended upgrades for the Aquatics Center, Annex West, Civic Center, Gateway Museum and City Hall.

Responding to multiple inquiries by the Mayor, Mr. Mayes reported that the recommended \$1.2 million in energy efficiency upgrades for the Civic Center are not included in the ESPC and confirmed that they are included in the estimated \$4.5 million required improvements of the Civic Center expansion which is funded by fees collected through the Convention Center Financing Act. In addition, Mr. Mayes reiterated that the City Hall building expansion and "facelift" are not included in the ESPC because they are not cash-neutral and he noted that the cash-funded improvements can be separated into phases and implemented at a later date.

Continuing with the presentation, Mr. McAllister reported that RBC Capital Markets will be working with City staff as the municipal advisor to determine what financing option is best for the City and he provided an illustration on how energy efficiency improvements can be self-funding through ESPC. Additionally, Mr. Mayes pointed out that after the term of the loan (15 years) for the energy efficiency improvements the debt service payments will cease but the annual savings will continue to be realized by the City. Mr. McAllister confirmed that the targeted energy savings of \$300,000 is a conservative projection and stated that any additional energy savings will only accrue to the City. He provided a pro forma of a 15-year financing program with a conservative interest rate of 3.5 percent and total financed amount of \$4.3 million and he illustrated the total annual cash flows over the next 16 years. Mr. McAllister reported that ECI will perform annual measurements and verification, provide web-based electric meter monitoring, review key performance indicators, compare data with utility billing data, perform monthly reviews with City staff and provide an annual report to the Council and the New Mexico Department of Energy, Minerals and Natural Resources for the length of the ESPC and stated that ECI will provide City staff with operation and maintenance training on the energy efficiency upgrades.

In response to Councilor Duckett's inquiry, Mr. McAllister stated that most of the upgrades can be performed with minimal interruption to services and reported that construction scheduling will be coordinated with City staff to minimize any impact. Responding to Councilor McCulloch's concerns, Mr. McAllister stated that the new equipment will have manufacturer warranties but pointed out that the new equipment will likely have more maintenance costs but will be "tunes-up" rather than catastrophic failures. To answer Councilor Rodgers' question, Mr. McAllister reported that the measurement and verification costs on the pro forma are the costs for ECI to oversee and conduct reviews of the ESPC, noting that those costs can be renegotiated in the future. Responding to Mayor Roberts' inquiry, Mr. Mayes reported that the total construction timeline is approximately one year.

Following further discussion, a motion was made by Councilor McCulloch, seconded by Councilor Rodgers to direct staff to proceed with bonding options to finance the construction phase of the Energy Savings Performance Contract and to draft the corresponding ordinance.

Responding to Councilor McCulloch's question, Mr. Mayes confirmed that the guaranteed energy savings will fund the debt service of the bond in its entirety.

The Mayor called for the vote upon the motion to direct staff to proceed with bonding options to finance the construction phase of the Energy Savings Performance Contract and to draft the corresponding ordinance, and upon voice vote the motion carried unanimously.

#### BID/TESTING AND COMMISSIONING OF THE AZTEC SUBSTATION

Chief Procurement Officer Kristi Benson reported that bids for the testing and commissioning of the Aztec Substation (Electric) opened on July 12, 2016 with six bidders participating. She recommended that the bid be awarded to Electric Power Systems on its low bid meeting specifications of \$128,700 and that the bids received from Manta IV Engineering and Western Electrical Services be rejected for not meeting specifications.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Duckett to award the bid for testing and commissioning of the Aztec Substation to Electric Power Systems as the lowest responsible bidder and that the bids received from Manta IV Engineering and Western Electrical Services be rejected for not meeting specifications, and upon voice vote the motion carried unanimously.

COUNCIL BUSINESS

First Responders Appreciation Coffee

Councilor Duckett reminded Police Chief Steve Hebbe and Fire Chief Terry Page of the First Responders Appreciation Coffee hosted by the Farmington Branding Alliance "Live" Committee to be held at 8:00 a.m. on July 20 at 302 Main Espresso in appreciation of the first responders who make Farmington and San Juan County a safe place to live, stay, work and play.

Automated traffic light system on Main Street

Councilor McCulloch voiced her frustration that the automated traffic light system on Main Street allows very little traffic to flow from intersecting side streets. Noting that priority has been placed on increasing traffic flow along Main Street, City Manager Rob Mayes stated that staff will investigate the automated settings to reach a more equitable traffic flow rate between Main Street and its intersecting side streets.

34<sup>th</sup> Annual Rod Run

Councilor Duckett questioned whether there is a way to gauge the annual Rod Run's success this year versus previous years. City Manager Rob Mayes reported that obtaining an accurate participant count is extremely difficult because of the "come and go" nature of the event and Parks, Recreation & Cultural Affairs Director Cory Styron stated that anecdotally there were more participants this year versus last year even though there were fewer cars. In response to the Mayor's request, Mr. Styron confirmed that staff would compile an "after-action" summary of the event and distribute it to the Council for review.

VOTING DELEGATE AND ALTERNATE FOR THE 2016 NEW MEXICO MUNICIPAL LEAGUE ANNUAL BUSINESS MEETING

A motion was made by Councilor McCulloch, seconded by Councilor Duckett to designate City Manager Rob Mayes as the voting delegate and City Attorney Jennifer Breakell as the alternate voting delegate to represent the City of Farmington at the New Mexico Municipal League Annual Business Meeting to be held in Hobbs, New Mexico on September 1, 2016, and upon voice vote the motion carried unanimously.

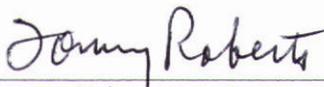
APPOINTMENT TO THE ANIMAL SERVICES ADVISORY COMMISSION

Mayor Roberts asked the Council's consideration of the appointment of Andrea Utton (2<sup>nd</sup> Alternate) (term to August, 2017) as a member of the Animal Services Advisory Commission.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Duckett to confirm the appointment of Andrea Utton (2<sup>nd</sup> Alternate) as a member of the Animal Services Advisory Commission, as recommended by the Mayor, and upon voice vote the motion carried unanimously.

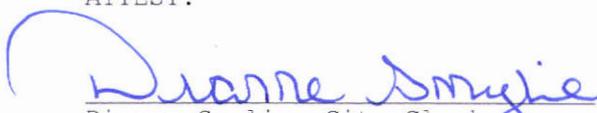
There being no further business to come before the Council, the meeting was adjourned at 10:49 a.m.

APPROVED this 9<sup>th</sup> day of August, 2016.

  
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Tommy Roberts, Mayor

SEAL

ATTEST:

  
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Dianne Smylie, City Clerk