AGENDA

... for the regular meeting of the Public Utility Commission of the City of Farmington, Wednesday, March 13, 2019 at 3:00 pm in the Executive Conference Room, 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 February 13, 2019 regular meeting submitted for approval...... 1

II. BUSINESS
A. Water/Wastewater Report – Jeff Smaka (5 min)........................................... 2
B. Water/Wastewater Operations Report – Teresa Brevik (5 min)...................... 3
C. Second Amendment to O&M Contract with OMI ...................................... 4
   ACTION ITEM: Review and recommend City Council approval
   of the Second Amendment to the O&M Contract.
D. Electric Utility Report – Brandon Hill (5 min)............................................. 4
E. Director’s Report – Hank Adair (5 min)..................................................... 5

III. ADJOURNMENT

The next regular meeting will be on April 10, 2019

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.
The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, February 13, 2019 at 3:00 p.m., in the Executive Conference Room, 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  
Gordon Glass  
Alex Uhl  
Tory N. Larsen  
Kyle Westall  
Connie Dinning  
Joanne Duckwitz  
Marty Johnson  
Chris Hunter

City personnel present:  
Electric Utility Director  
Hank Adair  
Electric Generation  
Britt Chesnut  
Electric Regulation & Control  
Linda Jacobson-Quinn  
Customer Service  
Nicki Parks  
Electric Business Operations  
Brandon Hill  
Electric Engineering  
John Armenta  
Public Works Department  
David Sypher  
Public Works Department  
Jeff Smaka  
JACOBS  
Teresa Brevik  
Administrative Services  
Teresa Emrich  
Administrative Services  
Sheree Wilson  
PUC Secretary  
Amy McKinley

Guests: Mr. Michael Fisher, Black and Veatch  
Mr. Josh Pauly, Black and Veatch  
Jamie Shockey, Generation Supervisor, FEUS  
Ben Banks, Generation Engineer, FEUS

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

Chair Spence asked for a motion to approve the Minutes of the January 9, 2019 meeting of the Public Utility Commission and Commissioner Hunter made this motion and Commissioner Johnson seconded. Upon voice vote the motion to approve the January 9, 2019 PUC meeting minutes passed unanimously.

BUSINESS

Quarterly Financial Report 2nd Quarter ending December 31, 2018-Electric Utility  
Ms. Sheree Wilson offered a review of the Quarterly Financial Report for the Electric Utility. She indicated the Net Income increased $7.8 million from the prior year. Operating Revenues were up $6.5 million, the majority of which is from electric sales which increased $7.1 million from FY 2018. Ms. Wilson said the majority of this $7.1 million increase was due to the increase in the PCA, which increased $7.2 million. This is because the PCA rate was increased to 1½ cent in August 2018, where the prior year the PCA was zero. The report noted Residential customer sales increased $604 thousand; Commercial sales were up $259 thousand; and Industrial sales decreased $904 thousand.

Ms. Wilson said Operating Expenses were lower by $1.9 million over last year. The majority of this is coming from other operating expenses and some is due to the $2.9 million decrease in the Coal Reclamation cost. Ms. Wilson said the Coal Reclamation cost was a one-time payment due December 2018. Mr. Adair noted that as anticipated FEUS funded the Reclamation Fund for the San Juan Mine in December.
Quarterly Financial Report 2nd Quarter ending December 31, 2018-Water Utility

Ms. Wilson offered a review of the Quarterly Financial Report for the Water Utility. The report noted the Water Utility’s net income decreased $1 million from FY 2018; Operating Revenues increased $116 thousand. Ms. Wilson noted Water Sales were down $141 thousand; Residential customer sales decreased $166 thousand and Commercial customer sales increased $272 thousand. She said Renewal/Replacement fees also increased $272 thousand.

Ms. Wilson confirmed the question by Commissioner Duckwitz that there was an increase in Operating Revenues. Ms. Wilson explained that much of the increase is associated with the water rate increase in December 2018, the final year of the 5 year phased in rate increases.

Vice-Chair Parkes also asked for clarification on the revenue increase as the rate increase was 10% yet the revenues are flat. Ms. Wilson noted the percentage increase depends on meter size; the majority of Residential is more like 13%. Vice Chair Parkes said he expected more of an increase in revenue. Mr. Sypher noted the different sized meters cause different rate increase percentages.

Commissioner Hunter asked for a review of price increases, R&R and the like. He also would like some information about the impact of the voluntary drought restrictions that were put in place.

Ms. Wilson’s reported indicated the Operating expenses increased $1.3 million much of this amount was due to the OMI contract increase.

Quarterly Financial Report 2nd Quarter ending December 31, 2018-Wastewater Utility

Ms. Wilson offered a review of the finances for the Wastewater Utility. She noted the Wastewater Utility’s net income decreased $123 thousand from last year. Operating Revenues were up $611 thousand. Residential customer sales were $376 thousand higher and Commercial sales were up $108 thousand from last year. The Renewal/Replacement fee increased $168 thousand; the Environmental tax was down $20 thousand. Ms. Wilson noted the Operating expenses increased $495 thousand. The OMI contract was up $307 thousand from last year and other operating expenses increased $133 thousand. Non-operating revenues decreased $109 thousand, mainly due to a decrease in transfers from Water and Expenses increased $20 thousand.

Water/Wastewater Report:

Mr. Jeff Smaka offered a review of the activities for the Public Works Water/Wastewater divisions report for January 2019. Regarding Phase I of the 2P Waterline Replacement Project, the pipeline for this project is complete; service lines are being worked on at this time. He said that Phase II of this project, work on McCormick School Road, is 96% complete and the work on Murray Drive is 60% complete. Mr. Smaka’s report indicated the City Council approved moving forward with the NMFA loan process for Phase III of this project.

Mr. Smaka reviewed the LaPlata Highway Project Phase 1 (Pinon Hills Blvd. to Coyote Drive). He said there are environmental issues being dealt with so the design of this project is lagging. He noted staff is working on the redesign for water line replacement and the NMDOT permitting process.

Mr. Smaka briefly reviewed the status of various renewal and replacement projects are taking place throughout the city.

Commissioner Hunter asked if Murray Drive will be repaved upon completion of the water and sewer line replacements project. Mr. Smaka indicated this is a pipe bursting project so staff does not anticipate any disturbance to the pavement, but any disturbances will be patched as a part of the project.

Water/Wastewater Operations Report:

Ms. Brevik offered a review of the water/wastewater operations activities for January, 2019. She said the Animas River flows remained constant through January; freezing temperatures did cause ice issues. Ms. Brevik noted Farmington Lake is back up to full capacity. The January Water/Wastewater Operations report detailed one new meter installation; 29 water line breaks (mains and service lines). Ms. Brevik’s presentation highlighted a Jacobs Project Review for July through December 2018 noting OMI Contract expenses were at $3,672,977 (OMI Contract - $1,851,623; ASA Work -
$1,821,344). The ASA Work Breakdowns as follows: Capital Improvements was $275 thousand, Water breaks and drought contingency was $817 thousand, and Water system repairs at $729,344.

Commissioner Westall asked for information to be provided at the next meeting regarding the breakdown between water breaks and drought contingency. He also asked about $729,344 for Water system repairs. Ms. Brevik noted that much of this is related to the pump station repair work. Mr. Sypher referred the commissioners back to Jeff Smak's Water/Wastewater report where he details a listing of water line, sewer line, and pump station upgrades and this will provide good information regarding to the ASA contract expenses for this work.

Short Term Generation Presentation:
Mr. Britt Chesnut, FEUS Assistant Director, Generation, introduced representatives from Black and Veatch, Mr. Michael Fisher and Mr. Josh Pauly, who will provide information about the FEUS Short Term Generation project.

Mr. Fisher offered background information detailing how this Short Term Generation project came to be noting the 2017 FEUS IRP showed a need for replacement power. Mr. Fisher said Black and Veatch was contracted to provide a new generation siting study. Two plants were considered; the Animas station and the Bluffview station. Two different technologies were considered: 60 MW combined cycle project (CC), similar to the existing Bluffview unit, and 18 MW Reciprocating Internal Combustion Engine (RICE). Both technologies were considered for both sites. Mr. Fisher noted that at the Animas location a CC unit would fit but was not economically feasible and the RICE unit would also fit but would be expensive due necessary demolition. At the Bluffview location, CC will fit but it is expensive and would require adding water treatment and evaporation ponds; RICE will fit at Bluffview.

Commissioner Glass asked how the cost of producing power with a new unit versus purchasing power on the open market or other sources has changed significantly since the approval of the IRP.

Mr. Adair said that as a part of the project study FEUS staff reviewed and studied the cost of market over the last two years, FEUS’ cost of purchased power, investment costs, maintenance costs, and the estimated future fuel costs. Staff believes the cost of installing the RICE will pay back in six or seven years, depending on gas prices. He said this is purely financial, let alone the economic benefits of the flexibility of future dispatchable or renewable resources. This review prompted staff to move ahead with further development of the project.

Commissioner Glass asked if this power is needed even if the closure of SJGS occurs.

Mr. Adair said the Short Term Generation plan was totally independent of the SJGS matter. Replacing SJGS energy was indicated within the mid-term plan of the IRP calling for a combined cycle unit.

Commissioner Westall asked if new real estate was considered. Mr. Adair commented that this option was considered and if we discuss mid-term generation, and having to install a combined cycle unit, there is no good place within current FEUS real estate so locating other property would be necessary. He said in terms of benefit for the reciprocating engines specifically, if there was a sister unit, the switch yard was already built to handle an additional generation asset at Bluffview so it is very cost effective to take advantage of that location, specific to the reciprocating engines.

There was general discussion regarding benefits of this short term generation.

Commissioner Hunter sought clarification that the RICE units are not connected to SJGS at all. Mr. Adair noted that was correct.

Mr. Adair noted one change from the IRP is that the Animas Plant was included as a resource. Due to other issues there is consideration that the Animas plant would be retired if the RICE was installed.

Commissioner Westall asked if there is any financial benefit to keeping Animas going for emergency. Mr. Adair said that investing the $2 million into making Animas viable does not make it a cost effective option.
Mr. Josh Pauly, Black and Veatch, reviewed the cost differences between the East-West configuration and the North-South configuration for the Bluffview location.

Commissioner Duckwitz observed that placing the units at the Bluffview site would save on staffing issues.

Because these RICE units are quite loud when running Commissioner Larsen asked how the sound of the RICE units will be addressed with regard to building construction. Mr. Pauly agreed that sound is an issue and observed the issue is being addressed using extensive acoustical treatments on the interior. Mr. Pauly said the Black and Veatch acoustic engineer reviewed the project and the COF Code of Ordinances regarding noise level requirements. This acoustic engineer also reviewed decibel levels around the property boundaries. Mr. Pauly confirmed sound will be cause for an expensive building cost when putting the estimate together. He said concerns about sound will be carried through when writing specifications for equipment suppliers.

Following general discussion about project costs, Mr. Adair indicated he would plan to bond 65% and use 35% of cash reserves to fund this project. The cost would be spread over FY 2020 and FY 2021.

Mr. Adair said staff is asking the Commission to recommend to City Council to move ahead with the bidding phase of the project. This step does not mean the project will be fully executed because staff does need to look at the bid prices and specifications against the specific project plans and budget. Mr. Adair reaffirmed the Council has to approve any contracts written.

Chair Spence asked for a motion to recommend to City Council to proceed to the project bid phase of the project. Commissioner Dinning offered such a motion and Commissioner Hunter seconded. Upon voice vote the motion passed unanimously.

Commissioner Larson asked when the presentation would be provided to the City Council and Mr. Adair said the presentation will take place at the Council Work Session on February 19, 2019.

**Electric Utility Report:**
Mr. Brandon Hill offered the electric utility report for the month of December, 2018. He reported the total GWH Sales for December was 87 GWH; 24 GWH for Residential; 35 GWH for Commercial; 27 GWH for Industrial.

The PCA continues at $0.005 per kWh. Mr. Adair commented about potential changes to the PCA. He said the recent replacement power costs have been high so it is possible the PCA will be increased to $0.010 per kWh in April.

**Director's Report:**
Mr. Hank Adair offered information on the activities of the utility. He said crews are working to upgrade the electrical infrastructure along back alleys and side streets in downtown as part of the Main Street project.

As part of the Main Street project, Mr. Adair said FEUS will install an electric charging station in the parking lot behind Browns Shoe Fit.

Commissioner Glass asked why this location was selected. Mr. Adair noted there is infrastructure in this location and is a convenient location with regard to downtown shopping and restaurants.

Commissioner Glass asked if FEUS uses all of its power. Mr. Adair commented FEUS uses approximately 90% of its load.

Commissioner Uhl asked about the Kirtland Substation time frame. Mr. Adair said this project should begin in Spring 2019.

Ms. Parks, Customer Care Manager reminded the commission the city recently contracted with a new vendor to provide billing services. The new vendor is DataPros from Texas. The new vendor offers a variety of billing formats and Ms. Parks distributed sample utility bill designs for review and comment by the commission. Staff will
continue to review the designs and work with DataPros to create an clear and informative utility bill.

ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned at 4:46 pm.

Approved this 13th day of March, 2019.

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James Spence, MD, Chair
Waste Water Treatment Plant. Phase III - Construction of WWTP Phase III improvements to provide redundancy at the WWTP and maintain compliance with EPA permit. NMED approved funding the wastewater treatment plant upgrade through the Clean Water State Revolving Loan Fund (CWSRF) program. Contract awarded to RMCI Inc. from Albuquerque; Contractor Mobilized on August 22, 2016; Medium Rate Activated Sludge (MRAS) Basin #1 - MRAS basin placed into service September 12th, 2017; MRAS Basin #2 - Basin placed into service November 13, 2017; MRAS Basin #3 - completed; Final Clarifier #1 - Placed into service November 15, 2017; Final Clarifier #2 - Placed into service August 29th; Final Clarifier #3 - Placed into service November 15, 2017; DWAS Tank - Placed into service March 14, 2018; Solids Handling Building - placed into service; UV Building - placed into service. Primary Clarifier B - Placed into service February 2018. Primary Clarifier A - Placed into service in March 2018. Project issued substantial completion June 21, 2018. RMCI working on as-built drawings and project closeout documents.

- **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 5th year increase began with first billing cycle in Dec 2018
- **Engineering Design Contract.**
  1. 2P Waterline Replacement Project - Phase I - Project funding under DWSRF program through NMED/ NMFA. City Council awarded contract to TRC Construction, Flora Vista, NM for $3,040,950.71; Estimated completion June 2019; On (US 64): waterline installation completed; NMFA approved change order - added the following streets to the project: (S. Graham, Sycamore, Griffin, Bramble, Plum, Dustin) to expend the projected cash balance on streets adjacent to the project. TRC Construction working on Griffin - 98% complete, S. Graham Rd. - 98% complete; Sycamore - 98% complete; Plum St - 98% complete; Bramble - 100% complete; Poplar - 98% complete; Dustin - 82% complete; Contractor working on service lines on Dustin Ave.
  2. 2P Waterline Replacement Project - Phase II - funding under DWSRF program through NMED/ NMFA; NMFA board approved a 25% grant recommendation ($898,900) - Construction contract awarded to TRC Construction Inc., NTP July 9th: Contract time 270 days; McCormick School Road - 96% complete, Contractor working on installing waterline in Murray Drive - 70% complete.
  3. 2P Waterline Replacement Project - Phase III - Beginning at the intersection of US64/Camina Flora along Bloomfield Blvd to McCormick School Rd., Hutton Ave. from US64 to Southside River Rd., Don Roven from US64 to end of street, Carlton Ave from US64 to Bloomfield Blvd. - Project funding under DWSRF program through NMED/ NMFA; 25% ($725,000) grant recommendation. City Council approved moving forward in the NMFA loan process. Estimated Cost $2.9 million. CWE design completed. City and NMFA loan documents process completed. Project set for construction in 2019.
  4. La Plata Highway (Phase I) Pinon Hills Blvd to Coyote Dr. - Project redesign for water line replacement and NMDOT permitting; CWE working on waterline design - 30% complete. CWE working with NMDOT on permitting requirements dealing with the archeology along the proposed waterline replacement alignment.

- **Capital Project Review.**
  1. **Capital Improvement Project**
  2. **Renewal and Replacement**
    - Wildflower Parkway - 4P Pump Station - Cheney-Walters-Echols (CWE) design completed. Bids opened June 26, 2018. - Contact awarded to RMCI. Contractor working on building pad & site grading - 90% complete. Contractor to begin work on building in March - depending on pump delivery.
    - 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 15" PVC sewer line - City Council awarded contract on Nov 27 to AUI Inc. of Albuquerque.
Pre-construction meeting held on January 17, 2019. Anticipate construction to begin end of March 2019; depending on material delivery.

- W. Broadway - Miller to Auburn - Replacing 6” C.I. waterline with a 12” PVC waterline - Construction 98% complete.
- W. Broadway - Schwartz to Lake Street - Replacing 6” C.I. waterline with a 12” PVC waterline - Construction 98% complete.
- S. Behrend Ave. - Main St to Broadway - Replacing 6” C.I. waterline with a 8” PVC waterline - Construction 99% complete.
- E. Main St. - Intersection of Pinion Hills Blvd - Replacing 16” steel waterline with 16” PVC waterline - Construction 95% complete.
- San Juan Blvd - Butler to Scott - Replacing 6” C.I. waterline with a 12” PVC waterline - Construction started in the Intersection of San Juan Blvd/ Butler Ave.; Construction 68% complete.
- San Juan Blvd - American to Scott - Replacing 6” C.I. Waterline with a 16” PVC waterline - Construction in spring 2019.
- Sullivan Ave. - 20th St. to Cliffside - Replacing 6” C.I. waterline with a 12” PVC waterline - Construction in spring 2019.
- Polyline Replacement
  - KG Sewer working in Westland Park Subd. - 80% complete

3. Pressure Reducing Valve (PRV)
   - None

4. 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, piping and electrical system. Contract awarded to TRC Construction, Inc., Pre-construction meeting held on January 9th, 2019. Anticipate construction to begin in March 2019; depending on pump delivery.
   - 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 - 75% complete, Construction in FY19.

- Budget. - FY19 – PUC/City Council approved budget
- COF Department Support. Survey support to acquire manhole data of sewer collection system.
- Annual Utility Contract. - 2019 contract – City Council awarded contract to TRC Construction; Flora Vista, NM.
- Federal Funding -
  1. Water Projects – 2P Waterline Improvement Project
     - Project to replace the existing 6” and 8” cast iron waterline (approximately 30,000 LF) along US 64 and various side streets. Project has been broken into three phases - Phase I - Estimated cost $3.2M, Phase II - Estimated cost $3.6M, Phase III - Estimated cost $2.9M.

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**PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION**

- Farmington Reach – Navajo Municipal Pipeline.
  1. Final agreements on hold, pending Bureau of Reclamation (BOR) completion of pipeline.
- **WWTP NPDES PERMIT** - EPA. New NPDES permit went into effect on November 1, 2016 permit expires October 31, 2021. New NPDES permit modified total dissolved solids (TDS) requirement from 400 mg/l incremental increase to 497 mg/l incremental increase for WWTP effluent.
- **Snowpack** - Water Year 2019 - BOR reporting site:
  - Animas River Basin - 139%
  - San Juan River Basin - 131%

**ATTACHMENTS**

- WATER USAGE - RESIDENTIAL CUSTOMERS
- WATER USAGE - COMMERCIAL CUSTOMERS
- WATER FUND (602) - RENEWAL & REPLACEMENT
- WASTEWATER FUND (603) - RENEWAL & REPLACEMENT
- GRAPH WATER REVENUE FY 15 - FY19
## WATER

### Renewal & Replacement

**Water Fund - 602**

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Main St. - Miller Ave to Auburn Ave. | $2,500,000  |
Main St. - Hallmarc Dr. to Kira Sr. | $1,800,000  |
San Juan Blvd - American Ave to Scott Ave. | $1,400,000  |
San Juan Blvd - Scott Ave to Butler Ave | $600,000    |
Dustin Av. - Ute to Hopi St. | $830,000    |
Butler Av. - Cooper to Hopi St. | $530,000    |
Sullivan Ave - 20th St to Cliffside | $400,000    |
Sullivan Ave - Cliffside to 30TH St. | $300,000    |
Northwood Dr - Crescent Ave to 30th St. | $130,000    |
Polyline Service Replacement | $350,000    |
Line Abandonment | $100,000    |
Fire Hydrant 1960 Replacement | $60,000     |

**PROJECTED EXPENDITURES FY07 - FY19** | $32,292,970 |

### WATER RENEWAL & REPLACEMENT

![Bar Chart](chart.png)

**FISCAL YEAR**

- Actual FY15
- Actual FY16
- Actual FY17
- Actual FY18
- Y-T-D FY19
# WASTEWATER

## Renewal & Replacement

### Wastewater Fund - 603

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**REVENUE TO DATE**

$17,107,089

**PROJECTED REVENUE FY07 - FY19**

$19,599,170

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$11,017,001

### BUDGETED FY 19 PROJECTS

- East Trunk Sewer Rehab - Phase 2 $2,000,000
- West Trunk Sewer Rehab $2,500,000
- Manhole Rehab $150,000
- Mainline Rehab - Robotic $350,000

**PROJECTED EXPENDITURES FY07 - FY19**

$16,017,001

### WASTEWATER RENEWAL & REPLACEMENT

![Graph showing Wastewater Renewal & Replacement](image)

**FISCAL YEAR**

- FY15
- FY16
- FY17
- FY18
- FY19 (Y-T-D)

**DOLLARS**

- $0
- $500,000
- $1,000,000
- $1,500,000
- $2,000,000
- $2,500,000
- $3,000,000
BUDGET TO ACTUAL COMPARISON PER MONTH

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REVENUE PER CLASS/CUSTOMERS

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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 fire hydrants)
PH = Water/Water Users (city facilities and fire hydrants)
R & R = Renewal & Replacement
OTHER = Miscellaneous
Public Utility Commission
City of Farmington's Water and Wastewater Utilities

Monthly Report
Wednesday, March 13, 2019
Animas River

- Summary:
- River flows remained constant through February with multiple rain and snow events causing some spikes in the flows.

USGS

USGS 09364500 ANIMAS RIVER AT FARMINGTON, NM

Discharge, cubic feet per second

--- Provisional Data Subject to Revision ---

△ Median daily statistic (95 years) — Discharge
Farmington Lake Capacity
2018 & 2019
January - December

Summary:
Graph indicates the average monthly levels, in percent capacity.

Pumping has continued to fill the lake to 100%. The goal is to keep the lake as full as possible through the winter.
Water Production History

Total Effluent - WTP No. 1 & No.2
January - January
2016 - 2019

Summary:
February water production decreased compared to last month and increased from February last year.
Maintenance
New Meter Installations/ System Growth

Summary:
2 new meters were installed in February. This is up from last month and same as last year.
Maintenance Water Line Repairs (Mains and Service Lines)

Summary:
There were 13 breaks in February; 6 main lines and 7 service lines.
Maintenance

# Water Line Repairs by pipe type

Summary:
Main line breaks in February consisted of 4 cast iron lines, 1 PVC, and 1 AC line.
Maintenance Water Line Repairs

Summary: Service line breaks in February consisted of 5 black poly lines, 1 galvanized steel line, and 1 PVC line.
Summary:

Flow in February was just barely down from last month and up from the same month last year.
Lab Quality Control Statistics
1. ITEM/TOPIC:
   Agreement for Operations and Maintenance of the City of Farmington’s Water and Wastewater plants, collection and distribution systems, and maintenance of selected storm water and irrigation system components.

2. ACTION REQUESTED OF PUC:
   Review and recommended approval of the Second Amendment to the O&M Contract.

3. BACKGROUND / RATIONALE:
   To enhance scope of work while proving greater efficiency with the City’s O&M contractor.

4. STAFF RECOMMENDATION:
   To recommend Council approval to authorize the Mayor to sign the attached amended agreement.

5. INSTRUCTIONS UPON APPROVAL:
   Instruct staff to proceed to City Council with recommendation to approve.
AGREEMENT FOR OPERATION AND MAINTENANCE
OF THE CITY OF FARMINGTON’S WATER AND WASTEWATER PLANTS, COLLECTION AND DISTRIBUTION
SYSTEMS, AND MAINTENANCE OF SELECTED STORM WATER AND IRRIGATION SYSTEM COMPONENTS

SECOND AMENDMENT

This Second Amendment to the Agreement for Operations and Maintenance of the City of Farmington’s Water and Wastewater Plants, Collection and Distribution Systems, and Maintenance of Selected Storm Water and Irrigation System Components dated September 22, 2015 ("Agreement") is made and entered into this ___ day of __________, 2019 between the City of Farmington, New Mexico (the “City”), and Operations Management International, Inc. ("Company").

This Second Amendment is issued to modify the Agreement for contract year January 1, 2019 – December 31, 2019.

Now therefore, City and Company agree to amend the Agreement as follows:

1. Section 7.02 (D) (8) (d), Water Distribution Valve Abandonment is deleted in its entirety.

2. Section 7.02 (D) (13) (b) is deleted in its entirety and replaced with the following:

   Section 7.02 (D) (13) (b) – Uni-Directional Flushing (UDF)
   The Company shall perform uni-directional flushing (UDF) of the City’s distribution system every 3 years in accordance with the City of Farmington Uni-Directional Flushing Plan published March 2018 and including unidirectional flushing methods and appropriate equipment as per described in the plan. Additionally, the Company shall provide a NO-DES unidirectional flushing truck to treat and return the flushed water back into the distribution system. Approximately one-third or 33.3% of the flushing zones will be flushed annually. Records of this maintenance shall also be provided by the Company on a monthly basis and an annual report shall be submitted in December in Excel format to the Public Works Department.

3. Section 7.02 (F) (6) (f) is modified to reduce the video inspections from 100 to 6 indexed and reduce the linear feet from 22,500 feet to 2,000 feet as follows:

   Section 7.02 (F) (6) (f) Upon request by the City’s authorized representative, inspect the wastewater collection system using video techniques for identification of problems including, but not limited to, slip lining-related problems, street settlement over the main lines, and sections where blockages have occurred in the system. Up to six (6) indexed and cataloged with summary sheets cleaning and video inspections, not exceeding a cumulative length of 2,000 lineal feet shall be provided each year at no additional cost to the City. Additional City requests for video inspection shall be charged according to Section 8.02. Records of this video inspections shall also be provided by the Company on a monthly basis and an annual report shall be submitted in December in Excel format to the Public Works Department.

4. Section 8.01 (B.1) is hereby deleted and replaced with the following:

   (B.1) Base Fee
   The City shall pay the Company as a Base Fee for the services performed January 1, 2019 through December 31, 2019 as described in Section 7, Scope of Services, of this Agreement, the sum of

- 4.1 -
Seven Million Three Hundred Sixty-Three Thousand Two Hundred Ninety-Nine Dollars ($7,363,299). This revised base fee represents the following:

Adjusted base fee applying a 2.875% increase $6,833,299  
Additional scope noted in Section 7.02 (D) (13) (b) $ 98,503*  
Reduction in scope noted in Sections 7.02 (D) (8) (d) and 7.02 (F) (6) (f) $ (98,503)*  
Maintenance and repair included in Section 8.02 (B) $ 530,000  
Revised Base Fee $7,363,299

*Scope changes effective March 1, 2019

Monthly payments for base fee and maintenance and repair will be Six Hundred Thirteen Thousand Six Hundred Eight Dollars and Twenty-Five Cents ($613,608.25.) with additional compensation adjustments as specified herein and hereinafter. Monthly payments will be due and payable in accordance with Section 8.04.

All other terms and conditions of the original Agreement referenced in this Amendment shall remain in effect in accordance with said original Agreement.

The parties indicate their approval of this Amendment by their signatures below.

OPERATIONS MANAGEMENT  CITY OF FARMINGTON, NEW MEXICO
INTERNATIONAL, INC.

By:  
Title:  
Date:  

By:  
Title:  
Date:  

Legal Department
Approved and signed by
By:  
Date: