



# AGENDA

.....for the regular meeting of the Public Utility Commission of the City of Farmington, on Wednesday, September 11, 2019, at 3:00 pm in the Executive Conference Room, City Hall, 800 Municipal Dr., Farmington, New Mexico. Farmington, New Mexico.

## I. GENERAL

- A. Roll Call
- B. Convening of Meeting by Dr. James Spence, Chair
- C. Minutes of August 14, 2019 Special Meeting submitted for approval..... 1

## II. BUSINESS

- A. Water/Wastewater Report – David Sypher (5 min) ..... 2
- B. Water/Wastewater Operations Report – Teresa Brevik (5 min) ..... 3
- C. Electric Utility Report – Brandon Hill (5 min)..... 4
- D. Director’s Report – Nicki Parks (5 min)..... 5

## III. BUSINESS FROM THE FLOOR

## IV. ADJOURNMENT

The next regular meeting will be held October 9, 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.

## BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, August 14, 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 Gordon Glass Alex Uhl Connie Dinning Tory N. Larsen Chris Hunter Kyle Westall
Commission members absent:	Jeff Parkes Marty Johnson Joanne Duckwitz

City personnel present:	
Electric Utility Director	Hank Adair
Electric Engineering	John Armenta
Electric Generation	Britt Chesnut
Electric Utility Operations	Brandon Hill
Public Works Department	Jeff Smaka
Public Works Department	David Sypher
Administrative Services	Teresa Emrich
Administrative Services	Sheree Wilson
Legal	Jennifer Breakell
PUC Secretary	Andrea Jones

Guests:  
Danielle Uhl, Electric Engineering Intern

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 July 10, 2019. Commissioner Glass moved to approve the Minutes and Commissioner Dinning seconded the motion. Upon voice vote, the motion passed unanimously.

### BUSINESS

#### **Quarterly Financial Report, 4<sup>th</sup> Quarter Ending June 30, 2019**

Ms. Teresa Emrich offered a report detailing the quarterly financials for the utilities for the 4<sup>th</sup> quarter ending June 30, 2019.

The Electric Utility Operating Revenues increased by \$9.5 million, primarily due to the increase in the PCA, which increased \$0.01/kWh in May 2019. The utility also experienced an increase in Residential sales by \$855 thousand, while Industrial customer sales decreased \$496 thousand. Electric Utility Operating Expenses saw an increase of \$1.9 million. This increase includes purchased power costs that were \$1.6 million higher than last year due to higher prices during certain days and times as well as outages at Bluffview in the spring, a \$303 thousand increase in fuel costs (coal and natural gas).

The Water Utility's net income decreased \$1.5 million from last year. Operating revenues had an increase of \$624 thousand to include Water Sales of \$51 thousand, and a \$601 thousand increase in Renewal/Replacement fees. Operating expenses increased \$2.3 million mostly due to a \$2.1 million increase in the OMI contract, which was for increased maintenance for pump station, material markups and taxes.

The Wastewater Utility's net income decreased \$122 thousand from the prior year. Operating revenues increased \$1.3 million due in part to \$956 thousand in wastewater sales and \$353 thousand increase in Renewal/Replacement fees. Operating expenses increased \$1.2 million, which includes an increase of \$591 thousand for the OMI contract and an increase in other operating expenses of \$465 thousand, which encompasses increased costs for contract work, property insurance and utility expenses.

#### **Water/Wastewater Report**

Mr. Jeff Smaka offered a review of the water and wastewater activities around the city for the month of July.

Mr. Smaka noted that Phase III of the Waste Water Treatment Plant project is complete and staff is working on loan closeout documents with NMED.

The 2P Waterline Replacement project is in various stages of completion: Phase I is complete and staff is working on project loan closeout documents with NMFA; Phase II is 99% complete with contractor working on punch list items; Phase III should go out for bid fall of 2019 with construction during the winter 2019 through summer 2020.

Mr. Smaka commented that the 4P Pump Station project on Wildflower Parkway is 99.5% complete. A pump station start-up was held on July 29 and substantial completion of the project approximately August 1, 2019.

Mr. Smaka's reported highlighted status of completion of a variety of projects taking place throughout the city.

Commissioner Hunter asked if San Juan Boulevard would be resurfaced at the conclusion of the waterline project. Mr. Smaka said he would verify the plan for paving of San Juan Boulevard.

Commissioner Hunter asked if there would be any way to expedite completion of the project on Butler. Mr. Smaka noted the contractors are working well within the confines of the work hours allotted to them due to the close proximity of residential neighborhoods all along Butler. It is anticipated this project will last three months.

#### **Water/Wastewater Operations Report**

Ms. Monica Peterson offered a presentation regarding water/wastewater operations for July 2019. The report indicated Farmington Lak is at 100% capacity and that both the Farmer's Ditch Pump Station and Animas #2 Pump Station are in use. Water production increased in July when compared to same month last year. Staff installed eight new water meters in July, which is up from last month and the same month last year. July saw repairs of 4 main lines and 15 service lines.

For Wastewater Treatment, flow in July decreased from last month, yet increased from the same month last year.

Environmental Lab quality control data results are in the 97 percentile.

#### **Identification of Feeder Length Reliability-Electric Engineering Intern Project update**

Mr. John Armenta, FEUS Engineering Manager, introduced Ms. Danielle Uhl, summer intern for the FEUS' Electric Engineering division. Mr. Armenta said that one of the facets of his job is to seek ways to improve reliability of the system, and one method for improving reliability is to determine two things: what is a long feeder and what is a short feeder. Off the cuff, this may seem like an easy thing to discover but it is more complicated. Mr. Armenta said he had developed a process, but to implement the process was a project that was bigger than the time the engineering staff had to devote to it, but was too small to consider getting a contractor, so Mr. Armenta thought this was the perfect project for a summer intern.

Using PowerPoint and Excel spreadsheets, Ms. Uhl offered a presentation demonstrating how she developed the mathematical calculation required to identify the long and short feeders within the Farmington Utility Electric System. Ms. Uhl presented her results to other FEUS staff and they indicated that one of the longest feeders lines Ms. Uhl identified, the 842 line, does have a number of problems on it. This feedback validated the results of Ms. Uhl's project.

Mr. Armenta noted that the use of Ms. Uhl's program would aid the utility in determining how to budget for future upgrades throughout the system.

#### **Electric Utility Report**

Mr. Brandon Hill offered information from the Electric Utility Report for the month of June 2019. He reported the total GWh Sales for June was 76GWh; 18GWh for Residential; 32GWh for Commercial; 26GWh for Industrial. Mr. Hill noted that in Revenue, Residential revenue was \$28.42 million, Commercial revenue was \$39.44 million, and Industrial revenue was \$20.37 million. Regarding Capital Expenditures, Mr. Hill's report noted the budgeted capital expenditures for June 2019 was \$648 thousand and actual capital expenditures was \$617 thousand.

#### **Director's Report**

Mr. Adair offered a brief review of the activities of the electric utility. He noted the Aztec Substation Phase II project is officially completed. Regarding electric infrastructure in Aztec, the city of Aztec and FEUS are preparing a Memorandum of Understanding to participate in a 50/50 capacity to complete some substation and transmission projects that will be mutually beneficial to the consumers of both entities. Mr. Adair noted the Ancient Trails substation is a new substation project.

Regarding Distribution/Transmission projects, the US Highway 64 project is scheduled to be back into service the week of August 12. Mr. Adair said FEUS is working with the owners of the Mesa Mobile Home Park to upgrade the electric service that serves this neighborhood. The owners of Mesa Mobile Home Park are financially responsible for this project.

Mr. Adair updated the commission on the various activities regarding generation sources. At the Bluffview plant, factory acceptance tests were complete for the controls project. These controls are set for installation in the fall. The Animas plant has experienced challenges; a troubleshooter was brought in, a solution was determined and this unit was returned to service.

Mr. Adair reported the utility did complete the tri-annual WECC O&P and CIP audits. From these audits, FEUS does have three potential non-compliance findings. FEUS is awaiting WECC's final reports of these audits.

Mr. Adair said staff is working on the Avoided Cost Calculation. This cost calculation is evaluated annually. This will have two effects: one is for the stand-by service net metering customers, so if they over-generate we pay at the avoided cost, currently \$0.035, which is the cost of generation for the utility; the other use for a qualifying facility (QF), which FEUS may have one or more in the future.

Mr. Adair provided general information regarding the San Juan project transfer of non-extender rights between the City of Farmington and Enchant LLC and Enchant Energy Corporation. General discussion ensued regarding this matter.

#### **BUSINESS FROM THE FLOOR**

None.

**ADJOURNMENT**

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting adjourned at 4:44 pm.

Approved this 11<sup>th</sup> day of September 2019.

---

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: August 1 through August 31, 2019****PUC Meeting Date: 11 Sept 2019****ACCOMPLISHMENTS**

**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; Project issued substantial completion June 21, 2018. Working on loan closeout documents with NMED.

- **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, Cost of Service for Water and Wastewater – City Council awarded Cost of Service Study to New Gen Strategies, LLC, kick-off meeting to be scheduled in September.
- **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; Construction completed. Working on project loan closeout documents with NMFA.
  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., Construction completed, held final project walk through on August 20, 2019 and created final punch list. Contractor working on punch list items and final pay estimate.
  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. City submitted contract documents along with construction plans to NMED for approval to go out to bid. Project 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 - 60% complete. CWE working with NMDOT on permitting requirements dealing with the archeology along the proposed waterline replacement alignment. Animas Environmental preparing additional environmental documents required by NMDOT for permitting.
- **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. - Contract awarded to RMCI. Pump station substantial completion was issued on August 1, 2019. Construction completed.
    - 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. Contractor installing waterline along W. Main St. - Construction 98% complete; Contractor bursting sewer line along W. Main St. – Construction 95% complete..
    - San Juan Blvd - Butler to Scott - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction of 12" PVC completed, contractor working on installing new service lines to meters; Construction 92% complete.
    - San Juan Blvd - American to Scott - Replacing 6" C.I. Waterline with a 16" PVC waterline - Construction 80% complete.

- W. Broadway Ave. - Lake St. to W. Main St. - Replacing 6" C.I. waterline with 12" and 8" PVC waterline- Construction completed.
- N. Butler Ave – Cooper St. to Hopi St. - Replacing 6" C.I. waterline with 12" PVC waterline – Construction 29% complete.
- 20<sup>th</sup> St.- Brookside Dr. to Monterey Av- Replacing 16" steel waterline with a 16" PVC waterline - Construction scheduled to spring 2020.
- US 64 Highway Corridor – Relocation of existing sewer force main and water line due to construction activities in NMDOT right-of-way;
- Polyline Replacement - KG Sewer working in Foothill's area -
  - To date 404 polylines replaced

**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., Pumps and equipment have been delivered, Anticipate construction to begin on 2<sup>nd</sup> week in September.
- 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 - completed, Construction in FY20.

- **Budget.** - FY20 – Approved by PUC and City Council.
- **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.

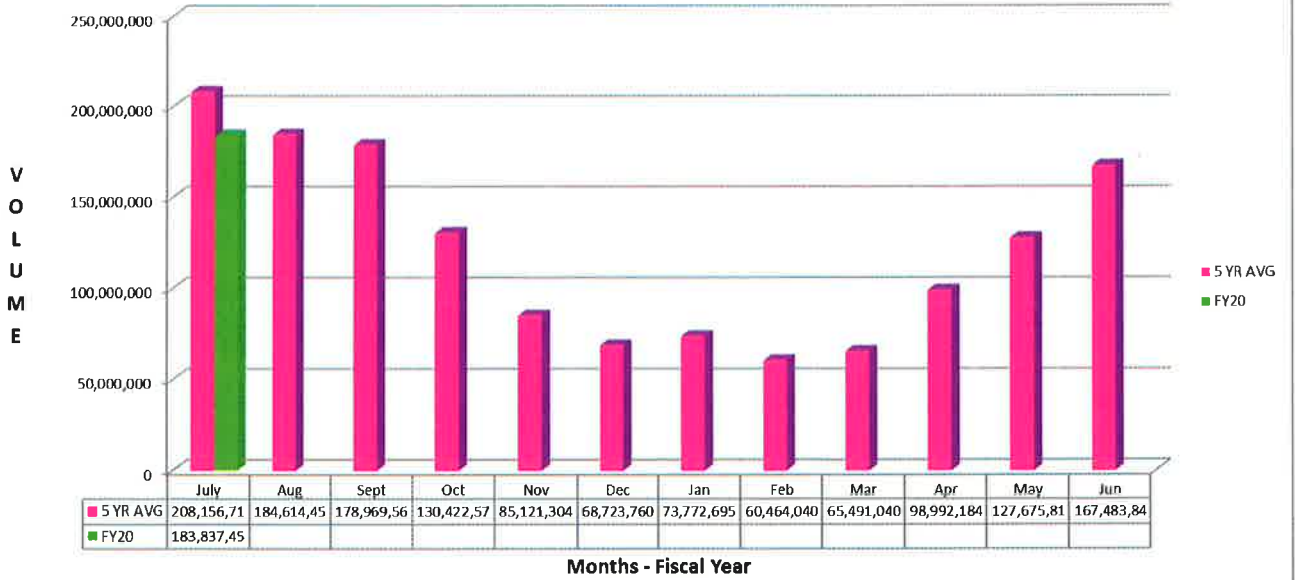
**• PROJECTS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION**

- **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: Site down until Nov/Dec 2019
  - Animas River Basin - \_\_\_%
  - San Juan River Basin - \_\_\_%

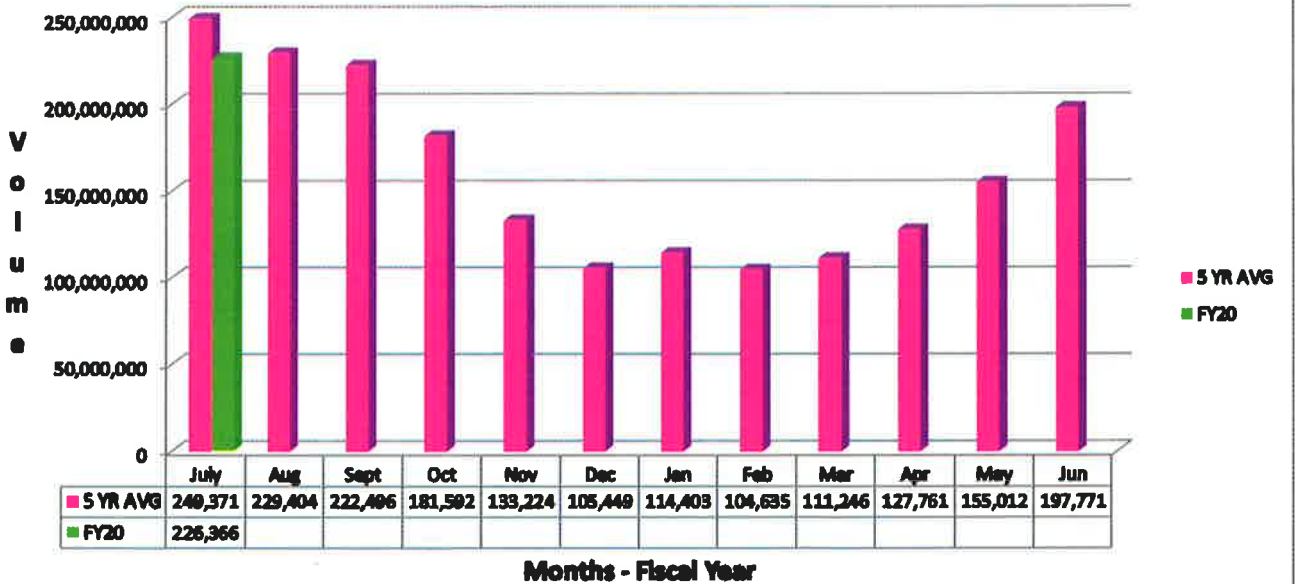
**ATTACHMENTS**

**WATER USAGE - RESIDENTIAL CUSTOMERS**  
**WATER USAGE - COMMERCIAL CUSTOMERS**  
**WATER FUND (602) - RENEWAL & REPLACEMENT**  
**WASTEWATER FUND (603) - RENEWAL & REPLACEMENT**  
**GRAPH WATER REVENUE FY 16 – FY20**

### Residential Classification Usage - Gallons



### Commercial Classification Usage - Gallons





# WATER

## Renewal & Replacement

### Water Fund - 602

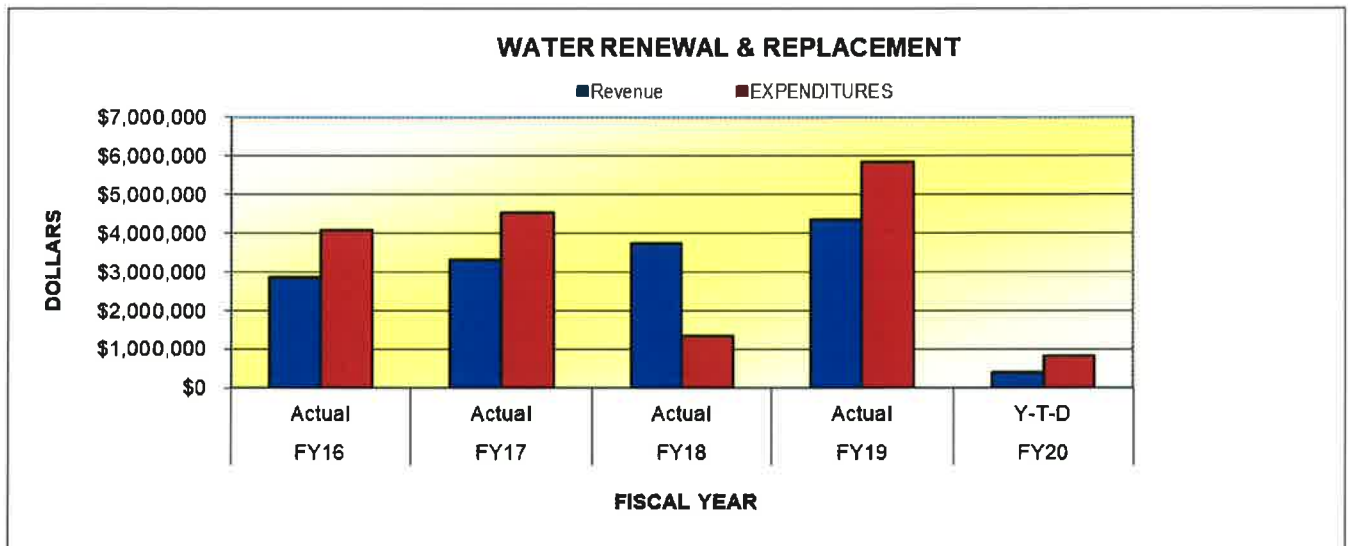
REVENUES	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Y-T-D	FY20 Budget
Renewal /Replacement Fee	\$2,846,357	\$3,315,616	\$3,742,289	\$4,343,572	\$389,718	\$4,313,000
STATE GRANT - \$825,000 REVENUE TODATE				\$30,175,949		
PROJECTED REVENUE FY07 - FY20						\$34,488,949

EXPENDITURES	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Y-T-D	FY20 Budget
RENEWAL/REPLACEMENT						
Construction	\$4,089,654	\$4,520,490	\$1,333,849	\$5,847,205	\$828,267	\$7,500,000
PROJECTED EXPENDITURES FY07 - FY20				\$29,140,175		

Main St. - Miller St to Auburn Ave.	\$2,200,000
30th St. - Farmington Ave to Tulane Ave	\$1,500,000
Main St. - Hallmarc Dr. to Kira Sr.	\$1,800,000
Butler Av- Cooper to Hopi St.	\$800,000
Dustin Av. - Ute to Hopi St.	\$600,000
Northwood Dr - Cresent Ave to 30th St.	\$150,000
Polyline Service Replacement	\$400,000
Fire Hydrant 1960 Replacement	\$50,000
	<hr/>
	\$7,500,000

PROJECTED EXPENDITURES FY07 - FY20

\$36,640,175



# WASTEWATER

## Renewal & Replacement

### Wastewater Fund - 603

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Y-T-D	FY20 Budget
<b>REVENUES</b>						
Charges for Utility Services						
Renewal /Replacement Fee	\$1,880,232	\$2,124,043	\$2,387,991	\$2,740,639	\$238,957	\$2,653,718

REVENUE TODATE

\$19,847,728

PROJECTED REVENUE FY07 - FY20

\$22,501,446

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Y-T-D	FY20 Budget
<b>EXPENDITURES</b>						
<b>RENEWAL/REPLACEMENT</b>						
Construction	\$1,869,097	\$473,211	\$2,355,815	\$1,158,432	\$786,281	\$3,500,000

PROJECTED EXPENDITURES FY07 - FY20

\$12,175,433

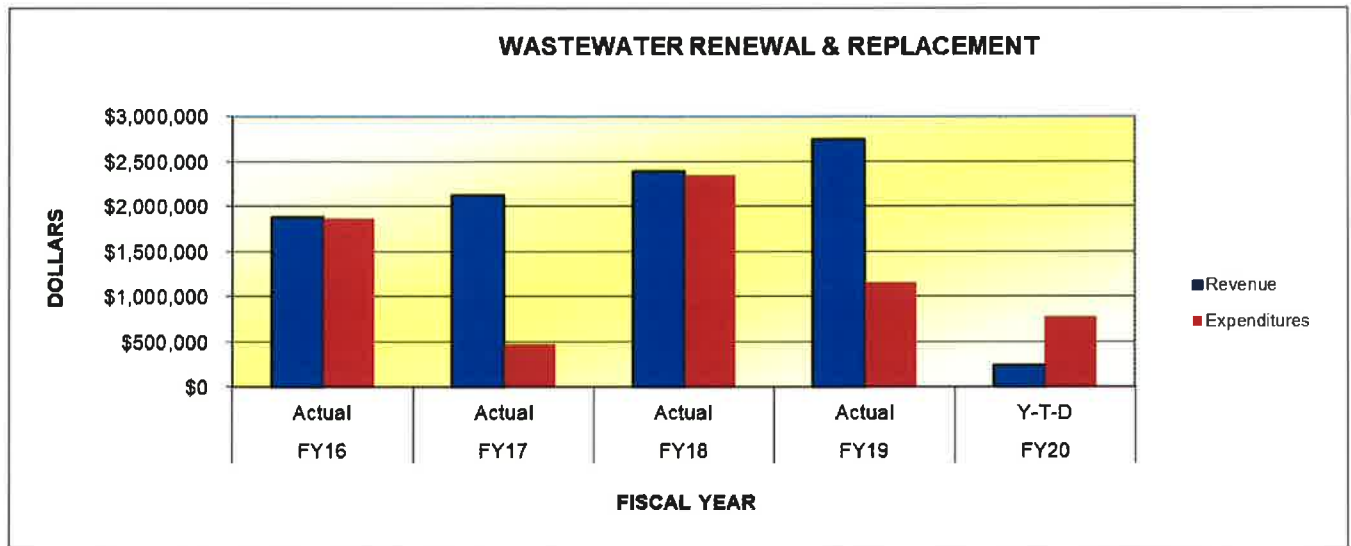
BUDGETED FY 20 PROJECTS

East Trunk Sewer Rehab - Phase 3  
Sewer Rehab - 8" Lines  
Manhole Rehab  
Mainline Rehab - Robotic

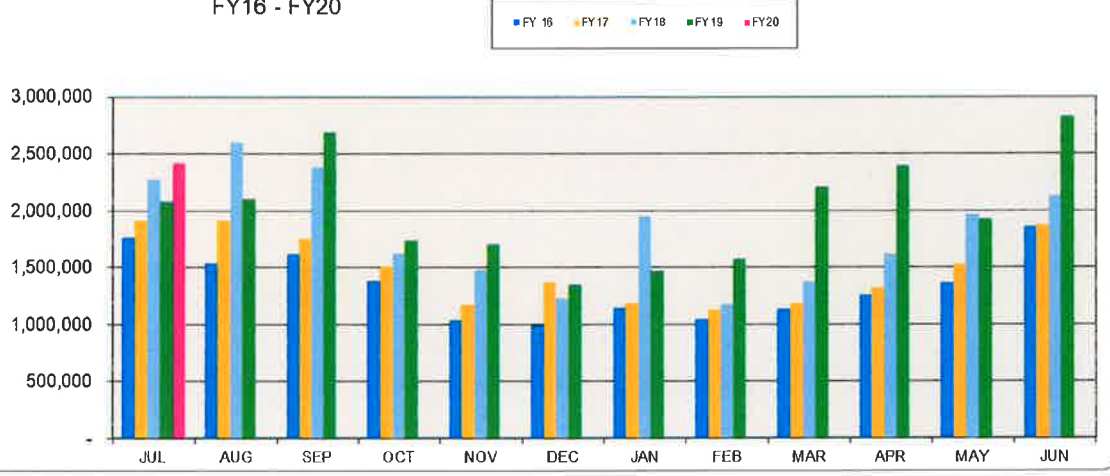
\$1,750,000  
\$1,200,000  
\$150,000  
\$400,000  
\$3,500,000

PROJECTED EXPENDITURES FY07 - FY20

\$15,675,433



Total Water Revenue Per Month  
FY16 - FY20



BUDGET TO ACTUAL COMPARISON PER MONTH

	FY 2016 **		FY 2017 **		FY 2018 **		FY 2019 **		FY 2020 **	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
JUL	1,305,656	1,760,696	1,669,760	1,923,676	2,016,058	2,265,673	2,273,051	2,073,272	2,135,917	2,422,173
AUG	1,305,656	1,530,739	1,669,760	1,920,854	2,016,058	2,596,894	2,273,051	2,102,477	2,135,917	-
SEP	1,305,656	1,608,774	1,669,760	1,756,407	2,016,058	2,377,605	2,273,051	2,686,873	2,135,917	-
OCT	1,305,656	1,379,285	1,669,760	1,518,135	2,016,058	1,617,842	2,273,051	1,735,121	2,135,917	-
NOV	1,305,656	1,039,055	1,669,760	1,184,943	2,016,058	1,477,183	2,273,051	1,700,559	2,135,917	-
DEC	1,305,656	996,111	1,669,760	1,377,778	2,016,058	1,225,036	2,273,051	1,345,168	2,135,917	-
JAN	1,305,656	1,138,593	1,669,760	1,188,903	2,016,058	1,940,691	2,273,051	1,464,284	2,135,917	-
FEB	1,305,656	1,041,098	1,669,760	1,129,860	2,016,058	1,173,183	2,273,051	1,568,081	2,135,917	-
MAR	1,305,656	1,133,244	1,669,760	1,189,603	2,016,058	1,369,104	2,273,051	2,202,047	2,135,917	-
APR	1,305,656	1,254,785	1,669,760	1,329,406	2,016,058	1,607,818	2,273,051	2,391,386	2,135,917	-
MAY	1,305,656	1,361,525	1,669,760	1,526,594	2,016,058	1,964,759	2,273,051	1,922,539	2,135,917	-
JUN	1,305,656	1,855,752	1,669,760	1,875,671	2,016,058	2,120,328	2,273,051	2,824,317	2,135,917	-
<b>TOTAL:</b>		<b>16,099,657</b>		<b>17,921,830</b>		<b>21,736,116</b>		<b>24,016,124</b>		<b>2,422,173</b>

REVENUE PER CLASS/CUSTOMER

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
R	7,254,451	7,173,050	7,789,369	7,585,241	8,515,613	8,425,011	9,405,070	8,317,676	9,486,000	1,019,996
GS	3,777,872	4,053,707	4,155,659	4,355,258	4,571,225	5,031,596	5,365,700	5,318,927	5,983,000	759,193
CU	1,126,982	1,014,390	1,073,680	1,314,165	1,426,831	1,336,481	1,549,943	1,349,881	1,585,000	95,092
REC	273,000	280,394	296,145	290,856	342,154	377,103	345,000	302,239	383,000	67,725
FH	100,000	107,760	117,044	92,881	115,000	130,392	125,000	105,565	125,000	7,969
R & R	2,640,556	2,846,357	2,892,563	3,315,616	3,277,128	3,742,390	4,009,905	4,343,572	4,313,000	389,718
GRANTS	-	50,876	1,000,000	260,919	1,500,000	-	1,622,000	-	732,000	-
OTHER	495,020	623,999	2,712,863	706,894	4,444,750	2,693,143	4,854,000	4,278,264	3,024,000	82,480
<b>TOTAL:</b>	<b>15,667,881</b>	<b>16,150,533</b>	<b>20,037,123</b>	<b>17,921,830</b>	<b>24,192,701</b>	<b>21,736,116</b>	<b>27,276,618</b>	<b>24,016,124</b>	<b>25,631,000</b>	<b>2,422,173</b>

**SCHEDULE OF CUSTOMERS**

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