

January 23, 2012

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled meeting at 4:00 PM, Monday, January 23, 2012, in the Rogers Water Utilities (RWU) Administration Building. Commissioners in attendance were Travis Greene, Don Kendall, and Roger Surly. Commissioners Guy Cable and Jene` Huffman-Gilreath were absent. RWU staff in attendance were Tom McAlister, Joyce Johnson, Mark Johnson, William Evans, Johnny Lunsford, and Earl Rausch. Also present were Jim Clark, Deputy City Attorney, and Gary Jackson. Chairman Greene called the meeting to order at 4:00 PM.

There was a motion by Surly, second by Kendall, to approve the December minutes as submitted. All in favor, motion carried.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with financial reports for December. Johnson noted that the Water Department incurred a loss in December, which was as expected, due to winter time drop in sales.

Continuing, Johnson said that, in response to a question posed by a Commissioner last month, she had attempted to determine the level of water and sewer reserves in the major cities of Northwest Arkansas. Total water and sewer reserves of RWU were \$31.7 million, as opposed to \$68 million total indebtedness, she said. The Commission had several questions regarding the comparison, but no action was taken.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a short report detailing the status of the several projects in which the Commission had a pecuniary interest. He said that the Commission's contractor had started on the waterline replacement project from Lake Atalanta to Arkansas Street. Johnson said that the contractor for the old administration building renovation, Danny Robinson Builders, Inc., was reorganizing under bankruptcy regulations. He said that Danny Robinson still owed RWU employee lockers under the existing contract.

Continuing, Johnson said that the sludge drier contractor was working on building foundation walls at the wastewater treatment plant, discovering underground obstacles that were not depicted on the plans. He said that several City sales tax bond street improvement projects were

waiting detailed plans from the City's consultants, so that water/sewer relocations and adjustments could be designed and bid.

Johnson presented the Commission with a second draft of the Water Department rate study. After the last Commission meeting, Johnson said that the RWU staff had made some changes in the Capital Improvement Plan (CIP) so that the suggested \$15 million water bond issue proposed for next fiscal year might be reduced to \$5 million. This was done by spreading out the cost for the proposed automated meter reading (AMR) system over five years instead of two. He said that with the bond proceeds and about \$2.7 million from reserves, the Water Department could cash flow the CIP with a fifteen percent rate increase. Johnson said that he had contacted the rate consultant RWU has used extensively in the past to "look at" his model, in order to make sure the proposed rate would generate the required income to embark on the proposed Capital Improvement Plan.

Continuing, Johnson reported that he, Tom McAlister, and Guy Cable had met with the Mayor to seek his input on the rate study. He reported that the meeting had gone well, and that the Mayor had offered some advice on how to brooch the matter with the City Council. The Commission took no action on the draft rate study.

Greene recognized Gary Jackson of Hight – Jackson Associates. Jackson said he had been asked by RWU staff to look at the old metal building to the north of the present administration building, to ascertain costs associated with renovating the space, which was now vacant. Jackson presented the Commission with a conceptual floor plan and an elevation showing a new facade for the building. Jackson's plan showed a large meeting space and renovations to the kitchen area. He also presented the Commission with a cost estimate for the work, which included new roofing, soffit, and fascia in order to keep out the birds and squirrels, and an engagement letter allowing his firm to proceed with the preparation of plans and specifications for bid.

There were a few questions about the proposed use of the building and the estimated renovation cost (\$143,000). Tom McAlister, RWU Manager, said that the building would revert back to its previous use, i. e., for meetings and training, before it had been pressed into use for office space for the engineering staff six years ago. He said that the engineering staff had moved into the renovated administration building last August. He said that the metal building had been originally built in the 1970's and remodeled in 1994 and used for meetings and training until 2006. McAlister said that the block façade built in 1994 had pulled away from the wall and was to be demolished due to a safety hazard.

Someone asked Jackson if the cost per foot (\$87) was reasonable for a remodel. Jackson said that the cost depended on the desired use of the space and the condition of the existing building. He said that the existing wiring and HVAC appeared to be adequate.

There was a motion by Kendall, second by Greene, to hire Hight-Jackson to prepare plans for renovation. All in favor, motion carried.

McAlister said that he planned to start taking the Utilities' financial reports to the Public Works Committee of the City Council starting in February, in order to keep the Council informed on the financial status of RWU. He invited the Commission to come to the meetings and support RWU staff.

The meeting adjourned at 4:40 PM

Respectfully submitted,

A handwritten signature in blue ink that reads "Tom S. McAlister". The signature is written in a cursive style with a large initial "T" and "M".

Tom S. McAlister, Acting Secretary
Rogers Waterworks and Sewer Commission

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