

Rogers Waterworks and Sewer Commission

January 23, 2017

Minutes

The Rogers Waterworks and Sewer Commission held its rescheduled meeting at 4:00 PM Monday, January 23, 2017 in the Rogers Water Administration Building. Present were Commissioners Kathy McClure, Travis Greene, Roger Surly, Mike Watkins, and Don Kendall arrived late. Present was Rogers Water Utilities staff Earl Rausch, Brent Dobler, Todd Beaver, Joyce Johnson, Jene' Huffman-Gilreath, Jennifer Lattin, Johnny Lunsford, Brian Sartain, Randy Watson, Pat Sharp, and Donna Wilson. Others in attendance were Robert Frazier of the Frazier Law Firm, April Wallace of the Northwest Arkansas Democrat-Gazette, Craig Hardin of McGoodwin, Williams, and Yates, and Bill Watkins of Watkins, Boyer, Gray & Noblin PLLC. Chairman Roger Surly called the meeting to order at 4:00 PM.

A motion was made by Commissioner Travis Greene, second by Commissioner Kathy McClure to approve the minutes of the November 21, 2016 meeting as submitted. All in favor, motion carried.

Chairman Surly recognized Jennifer Lattin, Utilities Controller for the presentation of the December 2016 Financial Reports. Lattin stated that water consumption for the month of December 2016 was up 8.47% from December 2015. Billed revenue was up 7.14%. The Water Department reported a loss of \$110,000 for the month ending December 31, 2016, and a profit of \$50,000 for the month ending December 31, 2015. Collections of access and impact fee revenue for F'Y' 17 is \$392,000 and are up from \$341,000 in F'Y'16. Actual access and impact fee revenues are \$102,000 over budget in the Water Department for Fiscal Year 2017.

Sewer consumption for the month of December 2016 was up 0.67% from December 2015. Billed revenue was up 1.24%. The Sewer Department reported a profit of \$88,000 for the month ending December 31, 2016, and \$240,000 profit for the month ending December 31, 2015. Collections of access and impact fee revenue for F'Y' 17 are \$789,000, and are up from \$704,000 in F'Y' 16. Actual access and impact fee revenues are \$189,000 over budget in the Sewer Department for Fiscal Year 2017.

The Restricted and Unrestricted Funds Report show total funds are at \$29.9 million. \$8.6 million is restricted. The unrestricted funds are at \$8.8 million in Water and \$12.5 million in Sewer. Total funds on hand at December 31, 2015 were \$33.0 million. Year to date profit in the Water Department is less than the prior year but ahead of budget. Year to date profit in the Sewer Department is also less than the prior year but ahead of budget. Year to date collections of access and impact fees are over budget in both the water and sewer departments.

The Refunding of the 2006 Water Bonds and 2007 Sewer Bonds occurred in December 2016. GASB 65 states that bond issue costs should be recognized as an expense in the period incurred. As a result, bond issue costs of \$180,000 are recorded as an expense in the Water Department and \$172,000 in the Sewer Department. Bond issue costs explain the reduction in net income for both the Water and

Sewer Departments for December 2016. Chairman Surly asked in what month was the last rate increase. Lattin replied the most recent water rate increase was effective on the August 2016 billing and there was no increase in sewer at that time. Commissioner Travis Greene asked if the actual bond related expenses shown were about the same as expected. Lattin replied yes. There were no further questions.

Chairman Surly recognized Brian Sartain, Utility Engineer for the presentation of the December Engineering Report. Sartain reviewed some of the street and highway project activity as the I-49 and 71 B interchange will include some road widening on Walnut. Water and Sewer relocations are currently underway on Monte Ne Rd. Bellview Rd and Southgate Rd are projected to start in June of this year. The Ground Storage Tank located at Tower Park is scheduled for repainting and also some sanitary sewer rehab projects are in the design phase. Sartain noted on the developer project report that there are three nursing facilities, a trend expected to continue. Commissioner Don Kendall asked about the timeline of work on I-49. Sartain stated that we plan to have the relocation proposal with the cost estimate to AHTD by next month as construction is expected to begin in the fall. Sartain stated the waterline extension to S 52nd St. under I-49 has been completed with the exception of some asphalt work to repave a parking lot. There were no further questions.

Chairman Surly recognized Todd Beaver, RPCF Manager for the presentation of the December RPCF Reports. He stated there was no monitoring required for Osage Creek in December. Southeast Poultry (SEP) has failed to meet CBOD permit limits even after permit limits were increased. There will be a compliance order issued based on five (5) continuous months of CBOD violations. The compliance order will require SEP to make improvements to its pretreatment system. Chairman Surly expressed appreciation for the continued efforts and monitoring on this situation.

Beaver stated that the FOG Inspection Report shows an increase in active Food Service Establishments (FSEs). With this, new staff is currently being trained and continuing to perform inspections on a limited basis. They will continue to maintain and monitor improvements to this program. Beaver noted that with the cooperation of the Sewer Collections Team, they will now be adding Automotive/Boat Repair inspections. This goal is to encourage shops to recycle their used motor oil and help prevent gas and oil leakage into our sewer and storm drains. There were no questions.

Chairman Surly recognized Brent Dobler, Operations Manager for the presentation of the December Operations Reports. Dobler highlighted the graphs relating to the various departments. He noted that locates reflect a 5% increase from 2015. The service calls remain consistent and the shutoffs went down around 20% partly due to the courtesy calls. Commissioner Kathy McClure asked when the courtesy calls were initiated. Dobler said October 2016. The TV inspection graph has a 14% increase over 2015 and we are currently awaiting delivery of a new camera truck. The Vac-Con Report shows a 10% increase and leak detection has logged approximately 183 miles or 37% of the water system mostly concentrated in the lake area. The Lost Water Report is at 16% for the last twelve months, which also is calendar 2016 and 13% for the month. The December average daily water usage was 7.52 MGD with a single daily use high of 8.65 MGD. The meter change out program is still ongoing with approximately 2,300 new meters that have been changed out which keeps this program

on budget and on schedule. Chairman Surly asked if we currently utilize social media for notification of possible water leaks. Dobler stated that we do not currently utilize social media for this purpose, but will look into doing so. He also noted that we have utilized Ben Cline, Public Relations Specialist for the City of Rogers when we have a public notice. There were no more questions.

Chairman Surly recognized Todd Beaver, RPCF Manager to report on the status of the Treatment Train Repair and Sludge Dryer Discharge Screw at the RPCF. He stated that after receiving the consultant's initial report, an in-house review is scheduled and a finalized report will follow. Beaver introduced Craig Hardin of McGoodwin, Williams, and Yates to provide a brief report on their findings of the Treatment Train Repair. He stated the floor and wall joints need significant repair. The basin walls indicate some cracks that also need repair; the railing that provides safety to personnel is in need of replacement. There are pumps and valves that require replacement. Rausch said we will be negotiating a contract to be presented at a later date. Beaver stated that Crossland Heavy has been contacted to coordinate construction with the scheduled delivery of the Discharge Screw for mid February. There were no questions.

Chairman Surly acknowledged Joyce Johnson, Business Manager to request approval for a Water and Sewer Budget Amendment. The budget amendments requested are for the bond refunding of the 2006 Water Bonds and the 2007 Sewer Bonds. The net effects for each bond refunding, and requested budget amendments, are a \$94,000 reduction of budgeted income in the Water Department and a \$30,000 increase of budgeted income in the Sewer Department. A motion was made by Commissioner Don Kendall, second by Commissioner Mike Watkins to approve the Water and Sewer Budget Amendment as submitted. All in favor, motion carried.

Earl Rausch requested approval for the Shared Services Manager Position to review the Monthly Bank Reconciliations (HB 1588). A motion was made by Commissioner Travis Greene, second by Commissioner Kathy McClure to approve the Shared Services Manager Position to review the Monthly Bank Reconciliations (HB 1588). Commissioner Don Kendall asked if this is a new position. Rausch stated it's a request for an appointment of a position, not a name, as had been in the past. There were no further questions. All in favor, motion carried.

Chairman Surly recognized Bill Watkins, representing April M. and Mike D. Hultquist concerning Lot 162 in the Shadow Valley Subdivision. Resolution No. 17-01 is recommending provisional extension of water service and sewer service to "Tract 1" of Lot 162 of the Shadow Valley Subdivision pending efforts to annex "Tract 1" into the City of Rogers, Arkansas; recommending shutoff and termination of water and sewer service in the event efforts to annex "Tract 1" into the City of Rogers are not successfully completed within 18 months from the date of commencement of water service and sewer service. After discussion, Commissioner Don Kendall made a motion, second by Commissioner Kathy McClure to approve Resolution No. 17-01 including the Contract (Exhibit 2 attached) that will be submitted as a recommendation to the City Council for approval. All in favor, motion carried.

Brent Dobler requested approval of Resolution No. 17-02 for the trade-in of a 1999 Ford Econoline E350 Cargo Van Camera Truck in connection with the purchase of a new vehicle. Commissioner Travis

Greene made a motion, second by Commissioner Don Kendall to approve Resolution No. 17-02 as submitted. All in favor, motion carried.

Earl Rausch presented Resolution No. 17-03 for approval designating "Risk Management Consulting Services," and/or equivalent and/or inclusive services, as Professional Services which will not be procured through competitive bidding. After discussion, Commissioner Don Kendall made a motion, second by Commissioner Kathy McClure to approve Resolution No. 17-03 as submitted. All in favor, motion carried. Rausch stated that Municipal H2O from Little Rock, AR was selected as the Professional Service Firm from the submitted Request for Qualifications.

Chairman Surly announced that his two (2) yr term as Chairman of the RWWSC has been fulfilled. Commissioner Don Kendall asked Commissioner Kathy McClure if she wanted to accept this position. Commissioner McClure declined the position of Chairman and praised Chairman Surly for his efforts. Chairman Surly agreed to serve another two (2) yr term as Chairman of the RWWSC. Commissioner Don Kendall made a motion, second by Commissioner Kathy McClure to approve Chairman Surly for another two (2) yr term as Chairman of the RWWSC. All in favor, motion carried.

With no further business, the meeting was adjourned at 4:57 PM.

Respectfully submitted,



Earl Rausch, Acting Secretary/djw

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