

January 24, 2011

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, January 24, 2011, in the Commission Room of the Rogers Water Utilities (RWU) Administration Building. Commissioners present were Guy Cable, Travis Greene, Don Kendall, Roger Surly, and Jene' Huffman-Gilreath. RWU staffers in attendance were Tom McAlister, Mark Johnson, Joyce Johnson, William Evans, Johnny Lunsford, and Earl Rausch. Others at the meeting were Robert Frazier, Alan Wooten, John Gore, and Derrel Smith. Chairman Greene called the meeting to order at 4:02 PM.

Greene recognized Tom McAlister, Utilities Manager. McAlister presented the Commission with copies of a revised version of the minutes for the December meeting. There was a motion by Greene, second by Cable, to approve the minutes as revised. All in favor, motion carried.

McAlister presented Mark Johnson, Utilities Engineer, with a plaque and a gift for twenty years of dedicated service to RWU and the citizens of Rogers.

Greene recognized Joyce Johnson, Utilities Controller. Johnson said she was approached by a local property insurance agent about the possibility of bidding the property insurance for a three-year term instead of the typical one-year term. Kendall said he thought it would be alright, since the staff had historical data to compare rates. Johnson said that the Commission could always refuse the bids and rebid if necessary.

Continuing, Johnson presented the Commission with financial reports for December. She said that the Water Department suffered a \$76,000 loss last month; however, the Water Department showed a profit year-to-date, as opposed to a loss for the same period a year ago. Johnson noted that the Sewer Department revenues were down slightly as demand was down from December 2009. Cable praised Johnson and the RWU staff for significantly lowering operations overhead expenses.

Greene recognized Mark Johnson. Johnson presented the Commission with a spreadsheet detailing the status of the projects in which the Commission had a financial interest. Greene asked about the Gum Street project. Johnson said that the new mayor had added three possible street projects to the list for the 2011 bond issue. Gum Street and Monte Ne Road were to be straightened for safety and to aid access to Veterans Park, he said.

Someone asked about the Eighth Street water tower project. Johnson said that the tower on N. 8th St. was hydraulically submerged, that is, water had to be pumped out of the tank daily to keep the water fresh. He said that the staff envisioned a 24-inch transmission main built on the east side of town to help raise the hydraulic profile downtown, reducing the need for the elevated tank and pump station. He said the tower's paint system made cleaning and repainting the tank very expensive.

Continuing, Johnson addressed the sludge dryer project. He said that the project was advertised to bid, and he had hoped to bring bids with a recommendation to the Commission today, but problems with potential contractors and the specified dryer Vendor, Therma-Flite, caused him to postpone the bids until February 14. He said the contractors were worried about Therma-Flite's insistence that the dryer be paid for in advance, creating financing problems for the contractors. Johnson said that Therma-Flite had also change the product configuration, causing design changes with the building,

Huffman-Gilreath asked Johnson if the staff desired to stick with Therma-Flite as the lone dryer vendor. Johnson said that the Therma-Flite unit was the best product for the intended use; however, other dryer companies would be allowed to bid if the project bids came in out of the money, or, the financing could not be worked out. He said that he was concerned about paying for an expensive piece of equipment in advance of delivery.

Greene recognized Tom McAlister. McAlister presented the Commission with copies of a long, technical review letter, with attachments, addressed to USEPA Region VI, from the Arkansas Department of Environmental Quality (ADEQ). He said the comments were from consultants paid by RWU, since the State had neither the resources nor the expertise to critique the EPA's selection of modeling software for the Total Maximum Daily Load study on the Illinois River and Lake Tenkiller in Oklahoma. McAlister said that he was pleased the ADEQ took the lead and desired that comments be routed through it to EPA.

McAlister said that he brought the matter to the Commission because the cost of hiring engineering consultants was high. He said that documents relating to the Illinois River TMDL had to be critiqued in order to lay the groundwork for possible litigation with EPA regarding the TMDL, which would be used to severely restrict discharge limits for total phosphorus (TP). McAlister emphasized that Rogers must protect its right to discharge some TP, and that even a couple of tenths of a part per million would mean the difference in millions of dollars to the sewer rate payers of Rogers.

Someone asked what the impact would be on the rate payers. McAlister said that, if Rogers was saddled with the same TP limit (0.1 mg/L) as Northwest Arkansas Conservation Authority, the

capital cost could be as much as \$20 million, with additional operating costs for power, chemicals, and sludge removal. He estimated that the sewer user rates might rise 30 to 40 percent. He said that the discharge limit for total phosphorus would be reduced to comply with the Oklahoma Scenic River limit of 0.037 mg/L TP. He said he did not know how much the reduction would be, but the magnitude of the reduction could have a huge impact on the economic future of Rogers and all of Northwest Arkansas.

Continuing, McAlister reported that he has assumed Mayor Womack's position on the Intergovernmental Work Group (IWG), a combine of the five major cities of NWA, to work on common issues facing the Cities as a result of the EPA TMDL mentioned above. He said that the cities had funded the IWG by contributing \$20,000 per city. McAlister said that the IWG had hired a consulting engineer and an environmental attorney to represent it at the public meetings hosted by EPA regarding the status of the TMDL model/study. He said that the consultant had reached the same basic conclusion as the environmental attorney for RWU, that is, the Cities had to "push back" by critiquing the TMDL as needed. McAlister said the IWG consultants had hinted strongly of the need for another contribution, but did not say how much. He noted that the Commission contributed half the City of Rogers contribution previously.

The meeting adjourned at 5:00 PM

Sincerely,

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

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