

Rogers Waterworks and Sewer Commission

February 17, 2015

Minutes

The Rogers Waterworks and Sewer Commission held its rescheduled meeting at 4:00 PM on Tuesday February 17, 2015 in the Rogers Water Administration Building. Present were Commissioners Kathy McClure, Travis Greene, Roger Surly, Don Kendall, and Jene' Huffman-Gilreath. Rogers Water Utilities staff in attendance was Earl Rausch, Joyce Johnson, Jennifer Lattin, William Evans, Robert Moore, Randy Watson, Vera Hall, Pat Sharp, Billy Tyler, and Donna Wilson. Others in attendance were Robert Frazier of the Frazier Law Firm and Chris Buntin from Garver Engineering. Chairman Surly called the meeting to order at 4:04 PM.

There was a motion by Commissioner Huffman-Gilreath, second by Commissioner Greene to approve the minutes of the January 20, 2015 meeting as submitted. All in favor, motion carried.

Chairman Surly recognized Joyce Johnson, Utilities Controller for the presentation of the January 2015 financial reports. Johnson pointed out a 3.63 % decrease in the amount of water revenue billed in January 2015 compared to January 2014. This is largely due to weather conditions which can prohibit meter reading on the normal 30 day cycle. Water consumption is down 6.02%. January 2015 sewer revenue billed is \$797,000 compared to \$821,000 in January 2014. Commissioner Huffman-Gilreath asked what the miscellaneous amount on the sewer cash receipts represented. Johnson said that was largely access and impact fees that are recorded as collected, and not billed. Continuing, Johnson said the funds on hand January 31, 2015 were \$30 million combined for both the water and sewer departments, noting that they were \$27 million in 2014. The \$2.8 million increase indicated on the sewer side results from less debt service after paying off the ADFA bonds. Johnson indicated there was a \$66,000 loss in the water department in January 2015 with YTD profit of \$97,000. Depending on the spring weather, it is likely the water department will be operating in a deficit by the end of the fiscal year. The sewer department, with revenues down, but containing expenditures is within \$5,000 of the previous year in YTD profit.

Commissioner Greene asked about the funds restricted for depreciation on the schedule of funds. Johnson explained that bond covenants require setting aside 4% of revenue collected into restricted depreciation funds which can only be used for replacement and improvement of existing assets. Johnson indicated that access and impact fees can only be used for expansion of our system. She indicated all costs are originally paid with unrestricted funds, and then reimbursements are made from the restricted reserves as appropriate.

Johnson asked for permission to move forward with the request for qualifications for bond counsel, with assistance from Robert Frazier, to pursue possibly calling the 2008-B water bonds early. Chairman Greene asked if bond counsel was necessary. Johnson indicated she thought it was a good approach to ensure all legal steps are taken, and proper paperwork including resolutions of the governing bodies, is in place. Johnson then discussed the need for an investment policy that would also address the appropriate level of reserves for the utility. An oversight group to monitor the policy would include Rausch, Utility Superintendent, Casey Wilhelm, City Finance Director and a designated Commissioner. After discussion Chairman Surly agreed to be the representative on the oversight group for the Commission.

Chairman Surly recognized Rausch, Utility Superintendent for the January staff reports. He said plan review numbers remain steady at this time. The construction projects are progressing slowly due to our recent bad weather. There are no City street construction contract bids to be presented this month. Rausch continued with good results of the last quarter test reports from Osage Creek monitoring station.

Unaccounted for water is at 13% for the calendar year and 19% for the month. There was one sanitary sewer overflow reported at 701 S 23rd St. No property damage reported. Chairman Surly asked how the sludge dryer was performing. Rausch answered that a few mechanical parts had to be replaced on the dryer recently. Robert Moore, RPCF Plant Manager stated Therma-Flite will be here next week to perform the final inspection, and to replace the rotary seal bearings which will take the sludge dryer out of service for approximately three (3) days. He hopes to catch up drying sludge the following week. Class A material sales are good and revenue is higher than expected.

Rausch asked the commission if staff needs to make a recommendation for selection of legal counsel. At this time, there is only one (1) firm that has submitted qualifications and the closing of submitting qualifications is scheduled for Friday Feb 20th, 2015 at 2:00 PM. Commissioner Huffman-Gilreath expressed a request to see all the applicant qualifications statement. After discussion, a numbering rating system will be used in calculating the top score within five (5) categories. Rausch assured the Commissioners that he will send the information to them for review before the next Commission meeting.

Rausch recognized Chris Buntin from Garver Engineering as being selected to provide professional services in developing a comprehensive 2015 Water Master Plan. The fee for Garver to provide professional services is \$188,900 which is included in the current budget and will also carry over into the next budget cycle. The final report is expected to be complete around November 2015. Buntin said the study should provide approximately a 5-10 year forecast depending on future growth. Commissioner Kendall made a motion, second by

Commissioner McClure to accept the contract with Garver Engineering for the amount of \$188,900.00. All in favor, motion carried.

Rausch continued with a request to purchase a GPS Base Station from Navigation Electronics in the amount of \$20,832.38 with a cost share with the City of Rogers. Motion was made to waive competitive bidding and approve to purchase a GPS Station from Navigation Electronics in the amount of \$20,832.38 by Commissioner Kendall and second by Commissioner Huffman-Gilreath. All in favor, motion carried.

Rausch informed the Commission of the recent meeting with representatives of Cisco IP phone systems and the City of Rogers with regard to the need of a new phone system. Participation with the City will provide a lot of great opportunities as well as to be able to connect to other computer servers within the City. Ryan Breese, City of Rogers IT Director will present the Cisco IP phone system information at the next Commission meeting.

Chairman Surly recognized William Evans, Water Field Operations Supervisor to discuss the need to replace two (2) trucks. Commissioner Huffman-Gilreath made a motion, second by Commissioner McClure, to purchase two (2) new 2015 Dodge 4x4 trucks from Arkansas State Bid for \$19,877 each, \$39,754 total. All in favor, motion carried.

Chairman Surly adjourned the meeting at 5:00 PM.

Respectfully submitted,



Earl Rausch, Acting Secretary

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