

February 23, 2009

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, February 23, 2009, at the Rogers City Hall. Present were Commissioner Travis Greene, Jene` Huffman-Gilreath, Don Kendall, Guy Cable, and Lon Pepple. Rogers Water Utilities staff included Tom McAlister, Mark Johnson, Earl Rausch, Don Siefken, Lloyd Ericson, Joyce Johnson, William Evans, Johnny Lunsford, Kevin Felty, Cary Roth, and Patrick Pruitt. Others in attendance were Alan Wooten and Derrel Smith. Chairman Greene called the meeting to order at 4:03 PM.

There was a motion by Pepple, second by Kendall, to approve the minutes of the November 2008 meeting (there were no meetings in December or January). All in favor, motion carried.

Green recognized Mike Lawrence, Rogers Pollution Control Facility Manager. Lawrence introduced Cary Roth, the new Environmental Services Director at the Pollution Control Facility. Roth recognized Patrick Pruitt, Laboratory Analyst, for five years of service to RWU.

Greene recognized Mark Johnson, Utilities Engineer. Johnson recognized Don Siefken, Engineering Technician, and Earl Rausch, P. E., L. S., Design Engineer, for ten years of service to the Rogers Water Utilities. Johnson recognized Lloyd Ericson, Engineering Technician, for 15 years of service to Rogers Water Utilities.

Continuing, Johnson presented the Commission with a small spreadsheet detailing the status of the several projects in which the Commission had an interest. He reported that the RWU Administration Building project was making progress, but could not guess about a completion date. Johnson said that the 2 million-gallon elevated tank under construction at S. 24th St. at Lilac St. was a little behind schedule due to bad weather, but thought the project would be completed by the end of April 2009.

Continuing, Johnson alluded to the construction in front of the water administration building on S. 2nd St. He said that the contractor was finished with the construction of the water/sewer/storm sewer lines, and was now in the process of rebuilding the street, for repaving sometime soon. He said that the widening of S. 26th St. was ongoing and a place to be avoided. Johnson alluded to the possible construction of the "Fir Street overpass" over I 540. He said that the highway department had yet to give permission to attach a 24-inch water transmission main from the proposed bridge.

Johnson mentioned the widening of Pleasant Grove Road west of Bellview Road. He said that only a few minor adjustments to water/sewer facilities were required. Kendall asked

about the road construction. Johnson said that the plan was to align those portions of Pleasant Grove east and west of Bellview by means of an “S” curve. The widening would “neck down” between the existing subdivisions, and widen again on the west end. to its terminus on Champions Drive.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with financial reports for November and December 2008, and January 2009. She noted that the unaccounted for water rate was 11 percent for the past twelve months. She said that water department cash receipts were down as was revenue. Johnson said that sales were down eight percent for the year, compared to FY '08. Since a two percent growth rate was budgeted last spring, the overall effect on the water department was a \$200,000 shortfall, which, failing an early, prolonged drought, could not be overcome this fiscal year, she said

Continuing, Johnson said that the shortage was due to a lack of sales, not an increase in expenses. Expenses were tracking very close to the budget, except for purchases from Beaver Water District, which were down parallel to water sales. Johnson said that the past year had been very wet, interest income was down, and access and impact fees collections were down. Everything, except the weather, was attributable to the shaky economy, she said.

Johnson said that the Commission’s rate consultant, Tom Gould of HDR, Inc., had developed a preliminary rate proposal based on the FY '09 water department budget. She said that the RWU staff was going to develop an early budget for FY '10, so that Gould’s data would be more current. She said that the critical mission of RWU was to provide water to its customers, and that mission took a lot of money. She said that a water rate increase was the answer to the problem, since that was the only way to assure additional income.

Tom McAlister, Utilities Manager, said that the Utilities would submit a lean, no frills budget, so that he could come to the Commission and the Council and say with certainty that this is the rate increase needed. He said that, in past years, water-rate making had focused on keeping water, a necessary nutrient for life, as affordable as possible; hence, the thin margins in the water industry. He said that Beaver Water District had three more automatic rate increases (\$0.02 per thousand gallons in 2010, \$0.02 in 2011, and \$0.03 in 2012) for the next three January’s. While the increases were budgeted for, it was difficult to pass along to the rate paying public.

Pepple asked if there was any choice rather than just take the rate increases from Beaver Water District? McAlister said that the Beaver Water District Board of Directors had authority to set the rates. Pepple suggested the RWU “push back” a little, since everyone was feeling the pinch of the recession. McAlister said that BWD’s income was down as were the other cities’ sales in the region. Someone asked about BWD’s cash reserves. McAlister said that its annual report indicated substantial reserves. There was a motion by Pepple, second by Cable, to ask Beaver Water District to consider waiving the next, automatic increase. All in favor, motion carried.

Greene asked Johnson if the RWU reserves were secure? Johnson said that the reserves were slowly being transferred to banks with the CDARS program. She said that the FDIC had increased its insurance coverage (temporarily, at least), and those amounts in excess of the coverage maximum were “spread out” to other banks automatically. Cable said that he thought the CDARS investments much more secure than backing investments with mortgage products. Huffman-Gilreath asked about the term of the investments. Johnson said the typical term was for one year.

Greene asked Tom McAlister about the status of the sludge disposal project. McAlister said that the staff, lead by Everett Balk, had evaluated six different sludge disposal schemes, and he was still not ready to make a recommendation to the Commission. Greene asked, since Balk had retired, was there anyone on staff to continue the work. McAlister said that there were several qualified engineers on staff who could take the project lead.

Greene recognized Mark Johnson again. Johnson presented the Commission with a bid tabulation for the replacement of about 2600 feet of sewer mains in Rogers Heights addition. The low bid was from GN Contractors of Lowell, for \$238,908.10. He said that the engineer’s estimate was \$511,000. He said that seven bids were received, and the contractors were very anxious for jobs, since development has dried up in the region. There was a motion by Greene, second by Cable, to approve the low bid from GN. All in favor, motion carried.

Continuing, Johnson asked the Commission for permission to bid new furnishings for the new building addition. He said that most office furniture would be retained except for some chairs that needed to be replaced. He said the staff wanted new furniture in the new meeting rooms and the waiting area. Johnson estimated the cost at around \$40,000. There was a motion by Kendall, second by Cable, to permit the letting of bids for new office furnishings. All in favor, motion carried.

Continuing, Johnson asked for permission to allow RWU staff to design and bid replacement sewer mains for the area encompassed by “B” Street and Spruce St. in northeast Rogers. He said the pipe was old and dilapidated and was past due for replacement. He estimated the value of the project at \$600,000. He said that the City of Rogers Street Department would lay down the asphalt in the streets, if the Commission would pay for the hot mix, saving the Commission about \$30,000. There was a motion by Huffman-Gilreath, second by Greene, to allow the staff to move forward on the project. All in favor, motion carried.

Kendall asked what was the budget for all this sewer rehab work? McAlister said that there was approximately \$700,000 in the capital budget for FY '09.

Continuing, Johnson said that the residents in the area of S. 26th St. and Perry Road had expressed for desire for sewer service when approached by the Planning Department of the City. Derrel Smith, Senior Planner, said that the City of Rogers had a engineering

contract to design the widening of Perry Road as part of the City's 2010 general tax revenue bond projects, so that the plans might be ready, assuming the public voted for the project next year. McAlister suggested the Commission wait for the plans for the street to be developed before making any plans to extend sewer service. There was no action by the Commission on the matter.

Continuing, Johnson said that the sewer lines in the alley between Cypress and Pecan at S. 5th St. needed to be replaced. He said that RWU's contractor working in S. Second St., Seven Valleys Construction, had agreed to replace the sewer mains and manholes for \$53,041, as a change order to the existing contract. There was a motion by Pepple, second by Kendall, to approve the change order as described. All in favor, motion carried.

Lastly, Johnson said that there was some 2006 bond money remaining in the construction fund that needed to be spent before the end of the year. He suggested the most meaningful water project was the closing of a large, hydraulic loop, by extending the 24-inch transmission main from Pleasant Grove Road and Bellview Road, west to the existing 24-inch water main in Champions Drive. He estimated that the cost would be about \$1.75 million, which should close out the 2006 bond money construction account. Johnson said the work would be in the street, so no easement acquisitions were required. He noted that the work would need to be done in the summer, when school was out. There was a motion by Huffman-Gilreath, second by Kendall, to allow the staff to proceed with the design and advertisement of the project as described. All in favor, motion carried.

The meeting adjourned at 5:10 PM.

Respectfully submitted,

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

File: RWWSC minutes, 2-23-09

