

Rogers Waterworks and Sewer Commission

February 28, 2005

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 2:00 PM, Monday, February 28, 2005, in the Rogers City Administration Building. Commissioners present were Jerry Pittman, Donnie Moore, Donna Warren, and Lon Pepple. Dick McLelland, who submitted his resignation earlier in the month, was absent. Rogers Water Utilities staff members in attendance were Tom McAlister, Mark Johnson, Joyce Johnson, William Evans, Everett Balk, Earl Rausch, Stephen Ponder, and Mike Lawrence. Others in attendance were Jason Kelley, Norendra Krushker, Mike Jeram, Pete Patel, Judy Lewis, Don Kendall, John Easterling, Joyce Easley, Jeff Jech, Steve Lewis, Derrel Smith, Mark Dossett, Don Stroope, and Jerry Carmichael. Chairman Moore called the meeting to order at 2:00 PM.

Moore welcomed Donna Warren to the Commission. She was appointed to serve Fred Wanger's unexpired term, ending 2-1-07.

There was a motion by Pittman, second by Pepple, to approve the January minutes as submitted. All in favor, motion carried.

Moore recognized Mark Johnson, Utilities Engineer. Johnson reported that the Southeast Rogers Water Transmission Main project had been parceled into three pieces to save time. Two sections had been bid, and both projects received responsive bidders. The third section was still under design, and would be bid soon, Johnson said. The low bidder for Contract Section One was Leo Journagan Contractors of Springfield, MO, for \$1,667,405. Johnson said that the contract called for two pipe laying crews in order to speed the pipe laying process. There was a motion by Pittman, second by Pepple, to approve the low bid. All in favor, motion carried.

The low bidder for Contract Section Two was Seven Valleys Construction of Cassville, MO, for \$582,992.50. There was a motion by Pittman, second by Pepple, to approve the low bid. All in favor, motion carried.

Continuing, Johnson said that the City's 2003 bond project street improvements (other than New Hope Road, which was well underway) were still waiting final plans for construction, so final water and sewer relocations were not planned. He said that the water relocation on W. New Hope was complete, and that the state highway department's road contractor had started work. Johnson noted that the new, eight million gallon ground storage tank and pump station were "on-line" and operating as designed.

Continuing, Johnson presented the Commission with preliminary drawings for a new, RWU engineering building. He said that the architect estimated the cost at about

\$105/square foot, or about \$1.2 million for a two-story building. He said the cost could be reduced somewhat for a single story structure (\$782,000). Johnson admitted that the cost were more than he had originally thought, and asked the Commission for some guidance.

Pepple asked how much space did he need? Johnson said that the single story building could hold as many as 23 employees ten more than the engineering division had now. Moore asked McAlister if the water office needed more space? He said, "Yes".

Pepple asked Johnson if he had heard of an industrial space model called "5S"? Johnson said he had not. Moore said that the RWU should plan for the future, and look at all the space needs for the entire utility. Johnson said he would take the Commission's comments under advisement, and come back again next month.

Continuing, Johnson presented the Commission with a sketch showing proposed water and sewer extensions to serve a proposed Holiday Inn, between I 540 and Horsebarn Road, north of New Hope Road. He said that the existing water and sewer lines adjacent to the property were inadequate for a large hotel. In a meeting with the owner and his engineers, it was determined that the best alternative was to cross I 540 with both water and sewer extensions, Johnson said. There was other property adjacent that could benefit from the proposed construction, he said. He said the owner had proposed to pay for half of the 12-inch sewer main extension, and the cost for an eight-inch water line extension, and asked that the Commission pay for half of the sewer line, and for the cost to upsize the water main to a 12-inch main. Johnson said that he agreed with the owner's engineers, and suggested the Commission agree to pay up to \$215,000 for both extensions, including engineering and easement acquisition costs.

Moore asked if this might not be a good place to create a mini-improvement district, in order to collect upfront costs from future developers? McAlister said that it was possible, and suggested the future developers pay for their share of facilities based on a per acre charge. There was a motion by Pittman, second by Pepple, to pay up to \$215,000 for the off-site water and sewer extensions to serve the property. All in favor, motion carried.

Continuing, Johnson presented the Commission with a letter from Brian Jackson and a sketch of fifteen acres on Range Road in Prairie Creek. Jackson's letter said that he and his wife and two other couples desired to build homes on the land, and needed a water line extension of 800 to 1000 ft. Jackson said he desired Commission approval so that he might take the matter before the Rogers City Council. McAlister recommended approval, subject to a maximum of 6 5/8-inch water meters. There was a motion by Pittman, second by Pepple, to approve the extension with a maximum of 6 5/8-inch services, contingent upon the approval of the City Council. All in favor, motion carried.

Moore recognized Mark Dossett, attorney for Benton County Water Authority No. 4. Dossett presented the Commission with a letter stating the concerns of the BCWA No. 4 board of directors, regarding the last two rate increases to the Authority. He said that the contract between Rogers and the Authority allowed for no increases; however, in

light of the rate increase from Beaver Water District of 16%, Dossett said that the Board agreed to accept a rate increase of 16%, rather than the 37% passed along by Rogers.

Jason Kelley, Deputy City Attorney, said that the current contract was subject to different interpretations. McAlister said that he would be in favor of renegotiating a contract, and bringing the contract back to both boards for their approval. Dossett said that the contract would have to be approved by the Board's lending agency. The Commission instructed McAlister to work with Kelley to bring another contract for approval.

Moore recognized Don Kendall, Chairman of the 2005 Ad Hoc Committee, appointed by Moore to study the fairness of the hookup fees approved by the Commission last December (Resolution No. 05-05). Kendall reported that the Committee had met five (four, actually) times, and that he had not been able to attend all the meetings. He said that all the participants agreed that the capital improvements outlined by Rogers Water Utilities were needed. Kendall said that all available options to raise the necessary funding had been studied, and that the Committee had, by process of elimination, come to a point whereby the hookup fees passed by the Commission had been deemed reasonable by the Committee. He said that the Committee did not unanimously approve the fees, but all had agreed that the existing ratepayers should pay at least a part of the cost to develop system capacity. By a vote of 5 to 2, the Committee agreed that the costs for system development should be partially paid for by growth.

McAlister thanked the Committee for its work, and opined that there would be many more questions to resolve as the Utilities staff implemented the resolution. Moore asked about collecting fees from builders later in the process instead of upfront, in order to allow the builders to keep their money longer? McAlister said that was possible, but warned that the Utility had no ability to collect money after the meter had been set. Moore said that, if a builder failed to pay, then he would get no more meters until he did pay. Moore asked the Commissioners to look at the resolution and be thinking of ways to implement it.

Pittman asked when the fees were effective? McAlister said that the increased access fees took effect in April 2005. He said the hookup fees to the builders would be effective a year later.

Moore recognized Jeff Jech and Donna Easley from Farris Insurance Agency, Springdale. Easley presented the Commission with a proposal for property insurance. Easley said that the insurer, Great American Insurance, was willing to write the policy using existing rates, but that the property evaluation had increase about \$4.5 million. The premium was \$23,057 for \$2500 deductible. There was a "terrorism" rider available for \$1152, Easley said. McAlister said that RWU had advertised for bids, and called local insurance carriers, but this was the only proposal received. Pittman asked if there were any claims? William Evans said that lightening had damaged his SCADA system, and a claim had been paid for a few thousand dollars. Pittman commented that insurance premiums were simultaneously a good investment and a waste of money, and made a

motion to approve the property insurance proposal from Farris Insurance Agency, plus terrorism insurance. Second by Pepple, all in favor, motion carried.

Moore recognized Everett Balk, P. E., Project Facilitation Engineer. Balk informed the Commission of his efforts to streamline the plan approval process, but commented that the quality of plans from consulting engineers continued to be lacking. He said that he was making his “redlined” plans available to engineers, and having meetings with engineers to go over the redlines, in order to aid understanding of what is needed for approval.

Moore wondered if it was time for another meeting with the design community, since another meeting had been promised? Balk said he would visit with some of the engineers that had attended the previous meetings, to see if another meeting would be well received.

Moore recognized Joyce Johnson, CPA, Utilities Controller. Johnson presented the Commission with copies of the January financial sheets, and pointed out that demand was flat, even though the total number of meters had increased. She said that a rebate of \$50,900 had been received from Beaver Water District, which saved the water department from showing another loss. Johnson said that she and McAlister had looked at a budget amendment, but decided against one, since the increase in revenue balanced out the unforeseen costs.

Moore asked if RWU was booking contributed assets from developers, as suggested by the auditors? Joyce said, “Yes”, and pointed to the ledger accounts that were being updated continuously, based on costs turned in by water/sewer contractors.

There was a motion by Pittman, second by Wanger, to appoint Don Kendall to serve out Dick McLelland’s unexpired term on the Commission. All in favor, motion carried. Kendall term expires 2-1-06.

McAlister noted that the next scheduled meeting of the Commission was March 21, which was the first day of Spring Break. He said that Tom Gould was scheduled to come back on the 28th, if needed. The Commissioners present agreed that the next meeting would be on March 28, 2005.

The meeting adjourned at 3:25 PM.

Respectfully submitted,

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

File: RWWSC, 2-28-05

