

Rogers Waterworks and Sewer Commission

March 24, 2003

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled meeting at 4:00 PM, Monday, March 24, 2003, in the Rogers Water Utilities Training Center. Commissioners present were Donnie Moore, Dick McLelland, Jerry Pittman, and Fred Wanger. Lon Pepple was absent. Rogers Water Utilities staff in attendance were Tom McAlister, Mark Johnson, Joyce Johnson, Earl Rausch, Don Roberts, Mike Lawrence, Stephen Ponder, and Dave Martin. Others in the audience were John Moore, Everett Balk, Tom Hopper, David Cauldwell, Mike Watts, Billinda Watts, Darrell Stowe, E. J. Miller, Barbara Miller, and Jason Kelley. Chairman Moore called the meeting to order at 4:00 PM.

There was a motion by McLelland, second by Pittman, to approve the February 17, 2003, Commission minutes, as submitted. All in favor, motion carried.

Moore recognized Donald Roberts, Superintendent of Field Operations. Roberts recognized David Martin, Warehouse Manager, for 15 years of dedicated service to Rogers Water Utilities.

Moore recognized Mark Johnson, Utilities Engineer. Johnson gave the Commission a brief report regarding the several projects in which the Commission had a pecuniary interest. Johnson reported that the remaining water and sewer projects funded by the 1998 water/sewer revenue bonds were either completed or virtually so. He said some clean up issues were pending due to inclement weather.

Johnson reported that he was continuing to pursue funding for the revolving loan fund administered by Arkansas Soil and Water Conservation Commission. He said that the Commission had agreed to list the proposed ground storage tank/pump station and the proposed buy-out of Bentonville's interest in the existing transmission mains, as eligible for loans, for a total of \$12 million. Moore asked what is the interest rate on the money? Johnson said the rate was 3.25% for 20 years.

McLelland asked about the status of any lawsuits pending from the construction of the sewer main in southwest Rogers. Johnson said that the only lawsuit on-going was the suit/counter suit with H. Epps Construction, the original contractor on Phase VI of the 1998 sewer bond fund project. Pittman asked about the contract with McClinton-Anchor

for Phase VIII. When was the contract completion date? Johnson replied that he was not sure, but the cleanup efforts had been stalled for several weeks due to bad weather.

Johnson reported that the sewer rehabilitation project with Insituform (Phase 4 of the 1997 RLF project) was complete. He said that he was generally pleased with the project performance of the contractor.

Moore recognized Superintendent McAlister. McAlister presented the Commission with a final draft copy of the proposed sewer service agreement with Lowell. Jason Kelley, Deputy City Attorney, stated that he had read it and that Lowell had approved it. There was a motion by McLelland, second by Pittman to recommend the contract to the Council for approval. All in favor, motion carried.

Moore recognized McAlister again, who brought up the issue of connection fees in the area of Beaver Lake. McAlister presented the Commission with a map showing the water system owned by Rogers. The service area in the county near the lake area was very large and difficult to improve hydraulically, he said. McAlister said that there were many lots in the area that might be developed, further exacerbating the need for additional facilities. He estimated that the cost for necessary facilities would eventually exceed six million dollars.

McAlister presented the Commission with a proposed resolution and two maps that defined generally the area in which the Commission should start collecting connection fees immediately. The resolution called for connection fees of \$4000 per connection in the area of Pleasant Ridge Road and Highway 94 East to the Beaver Lake. McAlister said he did not include the area of Prairie Creek or Beaver Shores, but conceded that these areas would benefit from the necessary improvements to the system. Kelley said that he was concerned by the vague description of the improvement district. Moore said that the Commission was not opposed to connection fees. However, he recommended that McAlister touch base with affected developers and builders, and rethink the description of the affected area, possibly to include all areas outside the City of Rogers, except for Lowell, with which the Commission already had a contract. There was no action on the proposed resolution.

Moore recognized Mike Watts, who was in the process of purchasing land on Highway 94 East for a home. He had come to the Commission last month, when the Utilities had raised the issue of a \$4000 connection fee. McAlister said that, since the Commission had no remembrance of setting a connection fee of \$4000 at the September meeting, the fees to extend water across the highway were set at \$4903.55, including a \$2000 fee to retire the debt of the defunct Highway 94 E – Horseshoe Bend Water Association.

Chairman Moore recognized Mark Johnson again. Johnson presented the Commission with a resolution of intent that he planned to take to the Council for approval. Johnson said that the resolution was required if the Commission desired to pay itself back for expenses incurred prior to the closing of the loan with the Arkansas Soil

and Water Conservation Commission. The resolution spoke of the intent of the City to borrow up to \$12 million for the tank project and the buy-out of Bentonville's interest in the two existing transmission lines from Beaver Water District. Moore questioned why the Commission would approve the resolution, since the agreement with Bentonville had not been signed yet? McAlister reminded the Commission that the agreement was very close to approval, pending resolution of the City's liability (if any) for the required Bentonville pump station at Beaver Water District.

McLelland asked when the loan money would arrive? Mark Johnson said that RWU could not get any of the money for several months, as there were several required reports and public hearings pending. McLelland asked why would RWU borrow the money at the published rate, with no place to put the money at a similar or higher rate? McAlister said that the revolving loan fund was like a "construction draw" loan, with dispersals made to contractors. Only then would the "interest meter" start running. There was a motion by McLelland, second by Pittman, to recommend the resolution of intent to Rogers City Council. All in favor, motion carried.

Moore recognized Tom Hopper, P. E., Crafton, Tull, and Associates. Hopper said he was representing Rogers Public Schools, who owned land in Lowell on Concord Road. The Schools desired to open a new elementary and a new middle school on the property by fall of 2004. His investigation into public water and sewer utilities for the property had indicated that a gravity sewer line, paralleled by a water main, from the planned Pleasant Crossing development, was preferable to a grinder pump station/force main from Springdale Water Utilities, the existing public utility.

Hopper presented a series of maps, indicating the preferred water/sewer route across Pleasant Crossing. Hopper explained that the developer of Pleasant Crossing, Charles Reaves, was willing to pay for the cost of an eight-inch sewer line along his border with I 540 highway. He was also willing to pay the cost of an eight-inch water line across the development. With this in mind, Hopper had developed a cost-sharing scenario with Reaves, RWU, and the Schools. Water and sewer lines were upsized to 12-inch to accommodate future growth and expansion. The water and sewer lines were divided into three sections each, with cost allocations for each entity. The total cost for the water main was estimated at \$194,000. The total cost for the sewer main was \$390,000.

There followed a lengthy discussion regarding Hopper's assumption's regarding cost allocations. Hopper said that he had assumed a "contribution" from the Commission, since the project would open a large area of north Lowell to gravity sewer service. At issue were the cost allocations for Section 2 of the proposed sewer line. The cost allocations were skewed in the schools' favor, according to Moore. He opined that the Commission should pay the difference in cost between an eight-inch line and a twelve-inch. David Cauldwell, Rogers Public Schools Business Manager, said that he might have to reconsider service from Springdale if the cost shifted toward the school, but expressed his chagrin that so much time had been wasted pursuing the gravity option from Rogers. McAlister suggested splitting the cost with the School for the sewer line designated Section No. 2. Cauldwell said he thought he could recommend that to the School Board.

There was a motion by Pittman, second by McLelland, to approve the cost share scenario as amended, provided the School was able to move the service boundary (see below). The total liability to the Commission would not exceed \$186,000. All in favor, motion carried.

Continuing, Hopper presented the Commission with a map showing the status of the current service boundary between Lowell and Rogers. The property the school had purchased was completely inside the Lowell service boundary. In order that Rogers serve the property, the line would have to be moved, he said. Rogers, Lowell, and Springdale would all have to agree to move the line, McAlister said.

To that end, McAlister presented the Commission with a resolution, No. 03-05, which recommended the change to the Rogers City Council. There was a motion by McLelland, second by Wanger, to approve the resolution. All in favor, motion carried.

Moore recognized Darrell Stowe, who is building a house at 4637 Pleasant Grove Road. Stowe said he had approached the city for water and sewer service for his property, and had been told to get an engineer to design main extensions. He had complied, and the prices from contractors were twice (about \$30,000) what he had been led to believe. He asked for unspecified amount of help from the Commission. McAlister said that he could see little benefit to the City by helping with the extensions. The Commission took no action, but directed Stowe to deal with the RWU staff to see if any aid could be offered.

Moore recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with financial sheets for February 2003. No exceptions were taken with the statements.

McAlister reported to the Commission on his recent trip to Little Rock. McAlister said that he was led to believe that the talks with Oklahoma were back on after a hiatus of four months, and that new players in Oklahoma had been more conciliatory in their tone with Northwest Arkansas. However, when he arrived at the meeting with ADEQ, ASWCC, and the Arkansas Attorney General, he was given a copy of a letter from the Oklahoma Secretary of Environment. In the letter, the Secretary demanded a phosphorus loading cap equal to 1 mg/l for all existing plants in the Illinois River watershed, based on the current design capacities, with no additional loading allowed from new or planned sources. McAlister said that the loading cap was unsatisfactory to all the cities, so there was no agreement in the offing.

Moore expressed his frustration over the lack of progress toward a workable solution with Oklahoma. He said, "We are in the same place we were a year ago", in terms of our combined liability over the Oklahoma phosphorus regulations. Moore said that the cities were not being well served by the state agencies in Little Rock, and he wanted the Commission's permission to allow McAlister to seek advice from expert environmental legal council, preferable one with no ties to Arkansas, Oklahoma, or poultry. The Commission agreed that they needed some expert advice on how to proceed, and directed McAlister to talk to some legal experts in the environmental law field.

The meeting adjourned at 5:30 PM.

Respectfully submitted,

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

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