

# **Rogers Waterworks and Sewer Commission**

**March 25, 2013**

## **Minutes**

The Rogers Waterworks and Sewer Commission (RWWSC) held its regular meeting at 4:00 PM on Monday, March 25, 2013, in the Rogers Water Utilities Administration Building. Present were Commissioners Don Kendall, Travis Greene, Kathy McClure, Roger Surly, and Jene' Huffman-Gilreath. Rogers Water Utilities staff in attendance were Craig Noble, Joyce Johnson, Johnny Lunsford, William Evans, Vera Hall, David Staib, Jordan Waterhouse, Stephen Ponder, and Earl Rausch. Others in attendance were Deputy City Attorney Jim Clark, City Planner Derrel Smith, Bob Wright and Nathan Rutledge of Crews and Associates, Jim Fowler and Randy Koontz of Raymond James & Associates and Jill Drewyor of Mitchell Williams. Chairman Kendall called the meeting to order at 4:11 PM.

There was a motion by Surly, second by Huffman-Gilreath to approve the minutes of the February 2013 regular meeting as submitted. All in favor, motion carried.

Kendall recognized Earl Rausch, Engineering Manager for the Engineering report. Rausch presented the engineering report, the Project Review Report which includes grease trap, cross connection control (CCC) and civil project review, and large scale planning projects. The Commissioners had no questions.

Rausch presented a request by TowMate LLC for commercial user water service outside the city limits of Rogers. In accordance with RWU policy, the RWWSC must approve the water request prior to TowMate LLC's presentation to the Rogers City Council. Surly asked if TowMate LLC was requesting a water meter from an existing water main. Rausch replied in the affirmative. There was a motion by McClure, second by Greene to approve the water service request by TowMate LLC. All in favor, motion carried.

Kendall recognized Joyce Johnson, Utilities Controller. Johnson presented the financial reports for February 2013. The Water Department experienced a loss of \$27,000.00 for February which was less than the previous month and less than the prior year. The Sewer Department is doing quite well because the sludge dryer has not been capitalized. The access and impact fees are running ahead of the prior year. Kendall asked where RWU is going to stand financially at the end of the fiscal year in water. Johnson stated that she estimates at least a \$500,000.00 profit. RWU had budgeted a loss in the water department for fiscal year 2013. Greene asked about the sewer department. Johnson stated that in sewer, RWU should end the fiscal year at \$1,300,000.00 or more. Kendall asked how that will compare to the previous year. Johnson stated that RWU is

about \$230,000.00 ahead in sewer and about \$250,000.00 ahead in water. Johnson stated she does not foresee any significant changes that would affect the current trend. Surly asked on the sewer side when did RWU actually budget for the sludge dryer to be placed in service. Johnson stated that the dryer was supposed to be in service the first part of the year. Surly stated that RWU may have incurred more expense since the dryer did not come on line. Johnson noted that RWU has been able to capitalize the bond interest during the construction phase, which has resulted in about \$70,000.00 in reduced expenses.

Kendall recognized David Staib, Operation Team Leader for the Rogers Pollution Control Facility (RPCF) report. Staib stated the plant is running similar to February and the phosphorus number is 7.8 lbs/day. Huffman-Gilreath stated that the numbers look great.

Kendall recognized William Evans, Water Field Operations Supervisor. Evans stated that the unaccounted for water rate is 7 percent (7%) for February and ten percent (10%) for the last twelve months.

Evans stated that January 4, 2014 is quickly approaching and RWU needs to make a decision regarding future meters. These meters will need to be a composite meter (no lead construction). There are several options on the meter horizon; RWU can stay with the touch read meters, go with all radio read meters (we have some now for hard to read areas), or go with the AMI technology which brings the usage reads directly into the water department and to the customer (the customer can access, in real time, the water usage from their own home). Kendall asked if RWU staff is going to come to the RWWSC with a recommendation. Evans replied in the affirmative. Surly asked if the new meters would only be set in new locations or be used to replace failed meters. Evans replied that if a radio read system was in place, the entire meter route would have to be replaced. RWU needs to select a meter that can migrate up to AMI technology if needed.

Kendall recognized Johnny Lunsford, Sewer Field Operation Supervisor. Lunsford presented the collection system report. Lunsford stated due to the weather and equipment break downs, RWU is down in flush numbers, camera numbers and sewer repairs. The numbers for February, 2013 have improved over January, 2013. The white Vac-Con is back from the repair shop so now two crews are available to complete tasks in the system. Kendall asked if the sewer department has been short staffed. Lunsford stated that the Field Department was short staffed but the Sewer Department is now fully staffed and the Water Department has one (1) vacant position.

The I/I report shows the estimated I/I flows into the plant in February were 7 million gallons and most of that flow went into the plant in two (2) days after a 2.5 inch storm event in eight (8) hours. RWU had an overflow into a house that was being remodeled and the repair cost was \$250.00. Greene asked if the overflows are becoming more common. Lunsford stated that overflows are becoming a little more common because RWU is behind in sawing and cleaning the sewer lines and the drought condition is causing roots to seek a water source, such as sewer mains. Huffman-Gilreath asked if RWU could have the City of Rogers Building Codes

Enforcement require automatic backflow cleanouts on the customers sewer service lines. Lunsford stated that the City of Rogers felt that this requirement would be difficult to enforce. Kendall inquired about how the policy would be initiated. New construction such as a business or a home would require an automatic backflow cleanout. Jim Clark, Assistant City Attorney stated that the city would need to change its' design standards to accomplish this. Lunsford stated, at present, existing structures that experience a sewer overflow are given an automatic backflow cleanout for customer installation.

Kendall recognized David Staib for the sludge dryer update. Staib stated that Therma-Flite is still making changes to the sludge dryer. RWU has been running wet centrifuge sludge the past week due to so many issues with the dryer. Staib stated the RPCF was starting experience difficulties due to the high levels of sludge which were beginning to cause concerns regarding meeting the NPDES permit. By wet hauling the sludge, levels are looking a lot better. Therma-Flite has made program changes to their equipment to allow RWU to use the centrifuge for wet hauling and plans to restart the sludge dryer on Thursday, March 28, 2013. Kendall asked when this equipment was supposed to have been up and running correctly. Noble stated July 9, 2012. RWU has made the contractor (Crossland Heavy Contractors, Inc.) aware of the concerns with performance and in turn; Crossland has made their sub-contractor (Therma-Flite) aware of their concerns. RWU has sent letters requesting information through the City of Rogers Attorney's Office. Noble stated that RWU has put the contractor on notice and asked them to be aware that they are liable for all of the additional expense. Since Saturday, March 23, 2013, the RPCF has removed sixteen (16) semi-loads of wet product to be land applied in Kansas. RWU is not going to stop hauling product until Therma-Flite feels that the sludge dryer can run continuously. Kendall asked the cost of this transportation. Noble stated that the cost is approximately \$40,000.00 and RWU will be sending Therma-Flite the invoice. Kendall asked has RWU put all parties on notice that the sludge dryer is not working. Clark stated that Crossland Heavy Contractors, Inc has been notified in writing of their default and that RWU is going to hold them responsible. Kendall asked if the damages could be itemized. Noble stated that labor and hauling can be determined. Kendall stated that RWU needs to take a hard stand with the dollar amount of these damages.

Chairman Kendall had an emergency situation and left the RWWSC Meeting at 4:43 PM. Co-Chairman Greene took over as the chair.

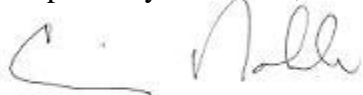
Greene recognized Craig Noble for the Bond Underwriter interviews. Noble stated representatives for various Bond Underwriters were invited to share any refinancing options regarding bonds, both now and in the future. The following Underwriters made presentations:

1. Dennis Hunt and Kevin Faught presented Stephens, Inc. Statement of Qualifications and refinancing options.
2. Bob Wright and Nathan Rutledge presented Crews and Associates Statement of Qualifications and refinancing options.

3. David Cravens, Jaclyn Henderson and Jerry Vest presented Regions Bank Statement of Qualifications and refinancing options.
4. Jim Fowler and Randy Knootz presented Raymond James and Associates, Inc. Statement of Qualifications and refinancing options.

.  
There being no other business, the meeting adjourned at 6:13 PM.

Respectfully submitted,



Craig Noble, Acting Secretary  
Rogers Waterworks and Sewer Commission  
File: RWWSC minutes, 3-25-2013