

Rogers Waterworks and Sewer Commission

April 16, 2012

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, April 16, 2012, in the Rogers Water Utilities Administration Building. Present were Commissioners Don Kendall, Travis Greene, Guy Cable, Jene' Huffman-Gilreath, and Roger Surly. Rogers Water Utilities staff in attendance were Joyce Johnson, Mark Johnson, Johnny Lunsford, William Evans, Earl Rausch, Michelle Williams, Hortencia Sanchez, and Robert Moore. Others in attendance were Deputy City Attorney Jim Clark, City Planner Derrel Smith, John Gore of the Morning News, and Mark Haguewood, Clay McGill and Tim Schmidt of Hight-Jackson Associates. Chairman Greene called the meeting to order at 4:00 PM.

The first order of business was to reappoint Surly to another term as Commissioner. There was a motion by Cable, second by Huffman-Gilreath, to approve the appointment, subject to confirmation by the Rogers City Council. All in favor, motion carried.

Chairman Greene recognized Michelle Williams, Office Manager. Williams presented a plaque and a gift to Hortencia Sanchez, Customer Service Representative, to commemorate five years of service to RWU and the citizens of Rogers.

There was a motion by Surly, second by Kendall, to approve the minutes of the March 13th Regular Meeting minutes as submitted. All in favor, motion carried.

There was a motion by Chairman Greene, second by Surly, to approve the minutes of the March 26th Special Meeting minutes as submitted. All in favor, motion carried.

Chairman Greene recognized Joyce Johnson, Utilities Controller/Interim Superintendent. Johnson presented financial reports to the Commission for March. Johnson said that the Water Department incurred a net loss of \$98,000 for the month of March, and the Sewer Department had a profit of \$97,000. Johnson said RWU should be able to end the year with a profit in the Water Department, and is currently running \$72,000 ahead of the previous year's income. Johnson stated that RWU had an expensive sewer backup in a retail area in March (115 N Dixieland Road). Johnny Lunsford, Sewer Field Operation Superintendent was available to answer questions about the backup. Kendall inquired about the specifics of the backup. Lunsford said that the main line was obstructed by grease from restaurants and apartments. Kendall asked about the cleanup cost. Johnson stated the cleanup cost was \$23,000. Huffman-Gilreath asked about preventative maintenance. Lunsford said we have stepped up our flushing in problem areas. Lunsford also stated that he had moved employees from his digging crew in order to run both flushing trucks.

Kendall then asked Joyce Johnson about her projection for year-end profit. Johnson stated the Water Department should be at about a \$200,000 profit, ahead of the \$65,000 budget. The dry weather last fall gave RWU a cushion. The Sewer Department should also finish the year ahead of budget. Staff is currently working on the fiscal year 2013 budget, and a draft should be available for the May Commission Meeting. It appears that the fiscal year 2013 budget will reflect a small loss in the Water Department. The Sewer Department will have to stop capitalizing interest on the sludge dryer debt when the dryer is placed in service. That will reduce the sewer income by about \$10,000 a month in fiscal year 2013.

Greene recognized Mark Johnson, Utilities Engineer. Johnson stated that the street project at 24th Street from New Hope Road to Seminole Road to serve the new Aquatic Center (Doc Wheeler Park) has been added to the list of projects. The City wants this street complete before the opening of the aquatic center next year.

Cable asked Mark Johnson about going to California to look at the sludge dryer. Johnson said that he, Robert Moore, Stephen Ponder, and David Staib were going to California this week. The following week, the dryer will be disassembled and shipped to Rogers. Chairman Greene asked how long it will take to setup the sludge dryer. Johnson said that he thinks it will take about a month. The contractor will assemble the dryer, and then construct the metal building around the dryer. It should be operational in 60 days. Kendall asked if the sludge dryer will solve the sludge problem. Johnson stated that the sludge dryer will reduce the moisture content of our sludge to 5 to 10 percent and that will reduce our truck loads of sludge from 10 to 1 load per week.

Johnson then discussed the sewer Capital Improvement Plan (CIP)/preliminary rate study. The study covers the next 5-years with the assumptions that we continue spending \$1,000,000 per year for sewer rehab, starting the easement acquisition for the sewer main to NACA, performing the work made necessary by the City's street program and the automated meter reading program. Current sewer rates are sufficient to fund all the stated projects and the automatic meter reading program. Kendall asked if preventing ground water runoff into the sewer system is accounted for in the CIP. The CIP is concentrating on old concrete pipe that has a tendency to collapse. Indirectly these pipes are allowing ground water to enter the sewer system. Kendall asked how significant of a problem the ground water runoff is at the treatment plant. Johnson stated the normal flow at the plant is 7 MGD and in wet weather flow can be as high as 40 MGD. Kendall asked what it would cost to have a comprehensive study of the entire sewer system. Johnson stated that he would estimate the study to cost about \$2,000,000 and would take 1 ½ to 2 years to complete. Johnson stated the City of Fayetteville has been working on rehabilitating their sewer system for over 40 years. Huffman-Gilreath asked if the Utility needs to add employees to help with the sewer rehabilitation. Johnson stated the Utility is under-staffed on both the sewer and water side. We have equipment setting idle in the yard due to the staff shortage.

Johnson then discussed preliminary plans for the sewer pipe line from the Rogers Pollution Control Facility to NACA. The plans show about 9 miles of piping on the most recent aerial topography available from Benton County. The next step, if the Commission chooses, would be

having an environmental consultant take a look at the route followed by staff preparing easement documents and beginning the easement acquisition process by contacting and negotiating with approximately 136 property owners. The estimated easement acquisition cost is \$1,000,000 based on previous projects. Johnson stated that the present average daily flow to our treatment plant is 7 MGD and the plant capacity is 14 MGD. The present plant has room for growth. The cost for the Utility would include the pipe line to NACA and expanding the NACA plant. NACA is currently operating under a 0.1 MG/L phosphorus limit permit while Rogers and Springdale permits have expired (1.0 MG/L phosphorus limit permit). New permits will not be issued until the TMDL study is completed. Cable asked about the expected study completion date. Johnson expects about another year and stated the study results will likely be challenged in court. Surly asked if the court ruling is unfavorable, how long we would have to comply. ADEQ/EPA will budget enough time for design and construction Johnson stated.

Johnson also spoke concerning the bid opening for the training center remodel. Staff asked the Commission in January to hire Hight-Jackson Associates to design and obtain bids for the remodel. Hight-Jackson provided a preliminary estimate of \$196,000 and prior to bid opening provided a revised estimate of \$287,000. The project received five bids ranging from \$277,300 to \$360,000. Higher costs are partially attributed to plumbing modifications and HVAC system replacement. Staff and Hight-Jackson recommended that the Commission reject all bids. Staff and Hight-Jackson will go back and look for cost savings. There was a motion by Kendall, second by Huffman-Gilreath, to reject all bids for the training center. All in favor, motion carried.

Johnson then discussed the technical review performed by Tom Gould/HDR Engineering of the 2012 Water Rate Study prepared by staff. The Commissioners asked previously if the staff's study had been reviewed by anyone outside of the Utility. Mr. Gould reviewed our study and he basically concurs with the magnitude of the rate increase. Kendall asked if the review took in to count the CIP? Johnson said yes. Surly stated he likes the 6 percent over 3 years versus the 15 percent increase. Johnson stated he thought 3 percent yearly for 5 years should be a lot easier to sell. Kendall asked about coordination between the Utility and the City Council. Johnson said that has not happened to his knowledge, but there has been a meeting with the Mayor. Cable stated the Commission should review the information for a while. Johnson stated the rate increase should be addressed when the permanent manager is in place. Chairman Greene stated that Commissioners needs to start attending City Council meetings on a more regular basis.

Chairman Greene recognized Joyce Johnson. She said the "red flag policy" report updated the Commission on the Utilities' efforts to comply with the Identity Theft Program. Johnson informed the Commission that the Utility had no recommended changes to the policy, and Michelle Williams, Office Manager, is available to answer any questions. There was a motion by Chairman Greene, second by Surly, to approve the "red flag policy report" as presented. All in favor, motion carried.

Chairman Greene recognized Johnny Lunsford, Sewer Field Operation Superintendent. Lunsford said there was a bid opening for property insurance on Wednesday, April 11, 2012. The low bid was submitted by Rogers Insurance Agency. Cable asked what deductible the Utility currently has? Lunsford stated that the current deductible is \$10,000. Joyce Johnson stated the Utilities' property insurance value is \$58,000,000. There was a motion by Huffman-Gilreath, second by Surly, to approve the low bid of Rogers Insurance Agency for \$36,289 including earthquake coverage as presented. All in favor, motion carried.

Chairman Greene again recognized Mark Johnson. Johnson discussed the bid tabulation for the 21st street water main replacement project from New Hope Road to Perry Road. Johnson said that the City of Rogers is in the process of bidding the street project, and has asked all utilities to move their facilities that are in conflict with the street project. This water project was designed in-house. Six bids were received with DECCO Contractors-Paving, Inc. submitting the low bid of \$269,267.87. DECCO Contractors-Paving, Inc. is a local contractor, and RWU has done business with them in the past. Johnson asked the Commission to approve the low bid. There was a motion by Kendall, second by Chairman Greene, to approve the low bid from DECCO Contractors-Paving, Inc. All in favor, motion carried.

Chairman Greene recognized Joyce Johnson. Johnson asked the Commission if they desire additional Superintendent Job posting beyond AWWA, WEF, AWWA Southwest Section, Monster.com, and the Morning News Online. The job posting was in the Morning Newspaper Sunday edition on April 8, 2012. Cable asked about the number of responses? Johnson stated that the City of Rogers HR department has received seven complete responses and another four responses that had incomplete information. The expiration date is May 25, 2012. Johnson said Angela Brewer, City of Rogers HR Director wants to know how the Commission wants to receive the job applications. Chairman Greene asked the other Commissioners how they wanted to review the responses. Should they be reviewed as received or should they review all the responses after the job application closing? After discussion, the Commission elected to review the responses as they are received, and Chairman Greene will e-mail the responses to the other Commissioners. Chairman Greene also stated the Commission should schedule a Special Meeting in May for review of resumes and applications.

The meeting adjourned at 5:00 PM.

Respectfully submitted,



Joyce J. Johnson, Acting Secretary
Rogers Waterworks and Sewer Commission
File: RWWSC minutes, 4-16-12