

Rogers Waterworks and Sewer Commission

APRIL 17, 2013

Minutes

The Rogers Waterworks and Sewer Commission (RWWSC) held its regular meeting at 4:00 PM on Wednesday, April 17, 2013, in the Rogers Water Utilities Administration Building. Present were Commissioners Don Kendall, Travis Greene, Kathy McClure and Jene' Huffman-Gilreath. Rogers Water Utilities staff in attendance were Craig Noble, Joyce Johnson, Johnny Lunsford, William Evans, Michelle Williams, Vera Hall, David Staib, Pat Sharp, Jordan Waterhouse, Stephen Ponder, and Earl Rausch. Others in attendance were Deputy City Attorney Jim Clark, City Planner Derrel Smith, and Stephen Jeffus of the RJN Group. Chairman Kendall called the meeting to order at 4:00 PM.

There was a motion by Huffman-Gilreath, second by Greene to approve the minutes of the March 25, 2013 regular meeting as submitted. All in favor, motion carried.

Kendall recognized Joyce Johnson, Utilities Controller for the March 2013 Financial Reports. Johnson stated the Water Department year-to-date profit was \$633,000.00 and the Sewer Department year-to-date profit was \$2,000,000.00. Johnson projected that the Water Department will finish the year with a profit of just under \$600,000.00 and the Sewer Department will finish the year with a profit of approximately \$2,500,000.00. Kendall asked if Johnson was confident in the projected profit in the Water Department. Johnson stated that RWU had projected a 2 percent reduction in sales for this fiscal year and has experienced a 4 percent increase in sales.

Kendall recognized Earl Rausch, Engineering Manager for the Engineering Report. The Sanitary Sewer Rehabilitation, Phase 1 is in the final stages of completion. The Sanitary Sewer Rehabilitation, Phase 2 has started on Persimmon Street. The Financial Storage Project is approximately 90 percent complete. The 2013 Water and Sewer Replacement Project has been sent to Arkansas Department of Health (ADH) and the Arkansas Highway and Transportation Department (AHTD) for approval. The 17th Street Lift Station Demolition has been submitted for bids. Rausch presented the Project Review Report which includes grease trap, cross connection control (CCC), civil project review and large scale planning.

Kendall recognized David Staib, Operation Team Leader for the Rogers Pollution Control Facility (RPCF) Report. The phosphorus number was 9.7 lbs/day and the monthly average was still below 0.2 mg/l. Staib stated that the monitoring of Osage Creek at the Hwy 12 Bridge site is continuing and the numbers were good.

Kendall recognized William Evans, Water Field Operations Supervisor. Evans stated that the unaccounted for water rate was 20 percent for the month, 10 percent for the year, and 16 percent for the first quarter of 2013.

Evans stated that Henard Utility Products has proposed a pilot program to try Badger E-Meter radio read meters with a twenty year warranty. These E-Meters are less expensive than the Master radio reads that RWU is installing currently. Badger is the meter of the future, is stainless steel, and has AMI Technology capability. Badger meter reading equipment can read touch read and radio read meters in the same route which eliminates the need to change an entire route to install a radio read meter. RWU will try 50 meters for 90 days on a trial basis before a decision is required to purchase the meters. Kendall asked what the initial costs will be. Evans replied if RWU decides this is the meter of choice, the cost will be \$55,000.00 for the readers plus the cost of the meters which is \$225.00 each. Huffman-Gilreath asked does RWU not need any other updating. Evans stated that RWU would only need towers for communication. This is the easiest way to AMI. Kendall asked if in two months RWU liked the meters, then what happens? Evans stated that RWU can purchase the readers and buy Badger meters going forward and upgrade to AMI at anytime in the future. Noble stated the comments that he had heard in the past were that AMI cost \$8,000,000.00. RWU can test this system for ninety days and if RWU chooses to purchase, the out of pocket expense is \$55,000.00. Then in the future if RWU decides to go AMI, small antennas can be installed around the city on existing towers, buildings, or new towers. Then, RWU can read a route and 30 seconds later have all the reads for that route. The other issue is that the current age of the existing meters are approximately 15 to 20 years with diminishing accuracy. The new meter registers water usage down to one eighth (1/8) of a gallon and that equals revenue. This allows RWU to handle the immediate need to replace dead meters without having to change an entire route. RWU made RWWSC aware last month that the meter of choice needs to avoid being installed using a shot gun approach. The Badger meter allows RWU to continue using the existing touch read meters. Greene asked if we continue to buy Badgers meter, would RWU buy direct from the manufacture. Noble stated that Henard Utility Products has the Badger meter franchise agreement for Arkansas. Kendall asked about the cost of the meter that RWU has been buying. Evans stated that the cost of the Master meter is \$237.00 but requires a booster to go AMI and that would put the cost per meter at \$400.00. Greene asked how many meters does RWU have. Evans stated that RWU has 26,000 meters in the system.

Kendall recognized Johnny Lunsford, Sewer Field Operation Supervisor for the I/I Report. The estimated I/I flow to the wastewater plant was 30 MGD and the estimated I/I cost was \$63,000. Lunsford stated that the increase was due to 5.10 inches of rainfall in March.

Lunsford presented the Collection System Report. Due to the rain in March, the sewer repair numbers were down but the TVI and flush numbers were up because both flush trucks were running. RWU had a stoppage in a residence in March but the overflow was contained by the homeowner. The cause of the stoppage was roots. Kendall asked the age of the sewer line. Lunsford stated that the sewer line was clay and was located in the Oak Hills Subdivision. The estimated age was approximately 50 years.

Kendall recognized David Staib for the sludge dryer update. On March 16, 2013, RPCF started wet hauling centrifuge sludge. In March, 28 loads were sent for land application and to date 20 loads have been sent in April. Due to concerns regarding a possible oil leak in the dryer, Arkansas Analytical Laboratory of Little Rock, AR tested the sludge and confirmed that oil was not present (TPH test). Therma-Flite contracted with Toni Glymph-Martin of Glymph-Martin Laboratory to examine the sludge due to the sludge performance in the dryer. Glymph-Martin has reported on the sludge since March 20, 2013. RWU obtained the services Sam Gates of McClelland Engineers to also study the sludge. Their lab samples show somewhat conflicting results. The sludge was stockpiled per the request of Therma-Flite due to multiple issues. Once Therma-Flite was ready for the sludge, it had matured causing the bacteria to age. All the start ups and shut downs of the sludge dryer caused the bacteria to get too old. Kendall asked does that mean that the sludge dryer is not working properly. Noble stated that the sludge dryer has not been accepted by RWU. At Therma-Flites request, RWU started stockpiling sludge to insure there would be enough sludge for the 72 hour continuous testing for the dryer. Kendall asked has RWU bought the sludge dryer. Noble stated that RWU has paid \$2.5 million dollars and owes \$1 million dollars. But RWU has not accepted the sludge dryer and still has provision for liquidated damages. Kendall asked will the manufacturer claim that RWU had bad sludge. Noble stated that Therma-Flite has not said that. Jim Clark, Deputy City Attorney stated that Therma-Flite is now falling back to that position while a few weeks ago, they were agreeing that their sludge dryer was not working. Greene asked if the dryer would work if RWU had younger sludge. Staib stated that Therma-Flite feels that way. Huffman-Gilreath asked is RWU testing new sludge. Staib stated yes but Glymph-Martin claims that it will take several sludge ages to remedy the situation. Kendall asked has RWU notified the contractor the dollar amount of damages. Noble stated that RWU has not given Crossland the dollar amount. Clark stated that RWU has notified Crossland that they are responsible and the contract provides liquidated damages of \$1,000.00 per day since July 9, 2012. Kendall asked about the amount of the actual damages. Noble stated that the amount is approximately \$60,000.00.

Kendall recognized Joyce Johnson, Utilities Controller for the Bond Refinance Recommendation. Johnson recommended after reviewing the presentations of the Bond Underwriters that RWU pay off the 1995 Sewer Bonds by June 30, 2013. Johnson also advised that RWU wait until the end of September 2013 and revisit the issue regarding the 1996 Sewer Bonds. Johnson stated that she spoke with Kim Poposky of ADFA and they have a use for the bond money but need it by June 1, 2013. ADFA would waive the ninety day waiting period if RWU can complete payoff by June 1. Johnson stated that she has checked RWU cash flow possibilities and a local bank stated that RWU could cash some CDs early if that were necessary. Johnson stated a resolution from the RWWSC may not be necessary but is a good idea. Kendall stated that he agreed with this approach. Johnson stated that RWU needs to present the resolution at the May 28, 2013 meeting of the Rogers City Council in order to accommodate the ADFA time frame. There was a motion by Huffman-Gilreath, second by Kendall, to prepare a resolution to pay off the 1995 Sewer Bonds as presented. All in favor, motion carried. Kendall asked Noble to retain the legal services of Jill Drewyor as bond council.

Kendall recognized Noble. Noble stated that a Sanitary Sewer Evaluation Study (SSES) is a study that is respected and often mandated by EPA and ADEQ. The SSES is a diagnostic tool used by communities to evaluate inflow and manhole overflow problem areas. Noble introduced Stephen Jeffus of RJN Group for a presentation of an SSES.

Kendall recognized Johnny Lunsford, Sewer Field Operation Supervisor for the Granite XP purchase request. Lunsford stated after his research he recommends that RWU purchase the Granite XP with the Hanson upgrade and SQL server for a total cost of \$128,775.00. The Granite XP will be purchased under the H-GAC contract eliminating the requirement for competitive bidding and the Hanson software is an upgrade. There was a motion by McClure, second by Huffman-Gilreath, to approve the purchase of the Granite XP with the Hanson upgrade and SQL server for \$128,775.00 as presented. All in favor, motion carried.

Kendall recognized Earl Rausch, Engineering Manager for the service boundary adjustment request with Benton County Water District No. 1's service area. Rausch stated that the property is located at 3050 N. 13th Street and adjoins Dixieland Crossing Subdivision in the City of Rogers. The property owner requested water service from RWU for his residence but our service boundary maps shows that the property is within Benton County Water District No. 1. RWU has a Letter of Release from Benton County Water District No. 1. This property is located within 25 feet of a fire hydrant and the property owner must extend the water main to his property line in accordance with RWU policy. This will not require a water main extension outside the city limits of the City of Rogers. Kendall asked if this was normal procedure. Rausch stated that RWU would need a resolution from the RWWSC and the service boundary adjustment will need to be presented to the Rogers City Council. Noble stated that presenting the service boundary adjustment is a courtesy to the City Council. Clark stated that a resolution was not necessary; just a motion was needed. There was a motion by McClure, second by Huffman-Gilreath, to approve the service boundary adjustment as presented. All in favor, motion carried.

Rausch presented the West Laurel Avenue Street project to be built in the summer of 2014 and the request to hire the City of Rogers engineer. The City of Rogers has already hired two separate engineers to complete this project. EDA is the engineer to design the street from 8th Street to Dixieland Road and McClelland Engineers is the engineer to design the street from Dixieland to 26th Street. RWU requests approval to hire these engineers to design the water and sewer relocation and will need to amend the City of Rogers design contracts to include RWU design work. The City of Rogers would then bill RWU for their engineering work on the water and sewer design. EDA has presented a proposal of \$20,000.00 for their design and McClelland Engineers has presented a proposal of \$11,460.00 for their design. Kendall asked doesn't RWU normally obtain our own engineers but since they are already there, RWU wants to use the City of Rogers engineers. Noble stated that we would be piggy backing on the city contract since their engineer would be designing the storm drain. Rausch stated that this would also gain the City of Rogers some construction time. There was a motion by Greene, second by Huffman-Gilreath, to

approve the design proposal of EDA and McClelland Engineers for West Laurel Avenue as presented. All in favor, motion carried.

Kendall recognized Michelle Williams, Red Flag Compliance Officer. Williams stated that the “Red Flag Policy” Report on RWU efforts to comply with the Identity Theft Program has been included in the E-Packet and she is available to answer any questions. Noble stated as part of the annual Red Flag Report that Williams as Office Manager reports to the General Manager any violations of the Red Flag Rule. RWU is not recommending any changes in the Red Flag Rule. There was a motion by Greene, second by Huffman-Gilreath, to approve the “Red Flag Policy Report” as presented. All in favor, motion carried.

Kendall recognized Joyce Johnson, Utilities Controller. Johnson stated there were three (3) bids this year from property insurance carriers. Johnson recommended that RWU accept the lowest bid of \$38,489.00 from Rogers Insurance Agency. There was a motion by Huffman-Gilreath, second by McClure, to approve the low bid from Rogers Insurance Agency for \$38,489.00 including earthquake coverage as presented. All in favor, motion carried.

There being no other business, the meeting adjourned at 6:00 PM.

Respectfully submitted,



Craig Noble, Acting Secretary
Rogers Waterworks and Sewer Commission
File: RWWSC minutes, 4-17-2013