

Rogers Waterworks and Sewer Commission

Minutes

April 19, 2010

The Rogers Waterworks and Sewer Commission held its regularly scheduled meeting at 4:00 PM, Monday, April 19, 2010, in the Rogers Waterworks and Sewer Commission room at the Rogers Water Utilities. Commissioners present were Guy Cable, Travis Greene, Don Kendall, and Jene` Huffman-Gilreath. Lon Pepple was absent. Rogers Water Utilities staff in attendance were Tom McAlister, Joyce Johnson, Mark Johnson, Johnny Lunsford, Robert Moore, William Evans, and Mike Lawrence. Others in attendance were John Gore, Robert Frazier, Alan Wooten, and Steve Batchelor. Chairman Greene called the meeting to order at 4:02 PM.

There was a motion by Huffman-Gilreath, second by Kendall, to approve the minutes of the February 22, 2010 Commission meeting (there was no March meeting). All in favor, motion carried.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with financial reports for February and March. She noted that, in March, the Water Department showed a loss for the month and the year, which was not unexpected. She also said that the Rogers Water Utilities had lost a major industrial customer, which had left a large payable.

Continuing, Johnson said that she had consulted with the auditors on how to account for the illegal exaction lawsuit settlement. She said that the expense would need to be estimated and booked for the current fiscal year, and carried on the books as a liability for approximately five years, until the vouchers issued to the class (those who paid the access fees and impact fees, from June 27, 2008 through the notification period, about September 2010) were exhausted.

Greene asked about why the sludge disposal costs were higher than the budgeted amount. Robert Moore, Operations and Maintenance Team leader at the Rogers Pollution Control Facility (RPCF), explained that the cost for polymer (a chemical used to thicken sludge before dewatering) was now added to the sludge disposal costs, instead of being broken out separately on the budget, in order to inclusively determine sludge disposal costs.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a spreadsheet detailing the status of the several projects in which the Commission had a pecuniary interest. In sum, there was little change since the February Commission meeting.

Continuing, Johnson presented the Commission with an aerial photograph of the older part of Rogers (East of 13th St., north of Olrich Street, west of Arkansas Street, and south of Hudson Road). He estimated that there existed in the area about 240,000 feet of sewer collection mains. He estimated that about half of that sewer system would need to be replaced or rehabilitated over the next ten years. Johnson estimated that the cost of rehabilitation or replacement was between \$100 and \$200 per linear foot. Therefore, the cost estimate to rehab the sewer in the older part of town would be between \$12 million and \$24 million. In order to more closely define the cost, he would have to take all his personnel and work for months, or hire a consulting engineer to do the work. But, he recommended another option.

Johnson said that RWU had sufficient data to determine which sewer mains were a priority and the preferred sewer rehabilitation method to use to fix them. He recommended that the Commission allow him to use RWU engineering personnel to design and bid approximately \$1,000,000 per year in sewer rehab projects. Johnson said that he had enough engineers to perform the necessary design work in-house.

Cable said he was satisfied that there was a plan, that the Commission would not be caught by surprise with high costs associated with emergency sewer rehabilitation. Huffman-Gilreath asked Johnson if the Utilities should buy the equipment to do cast in place pipe (CIPP) lining projects (Insituform, Inc. or others). Johnson replied in the negative, explaining that the equipment was too expensive and specialized to be used by existing personnel. Johnson asked to submit an updated Capital Improvement Plan to demonstrate the Commission's desire to commit to a systematic sewer rehab program, for about \$1 MM per year for the next ten years.

There was a motion by Huffman-Gilreath, second by Kendall, to direct staff to develop an updated CIP for review by the Commission. All in favor, motion carried.

Continuing, Johnson presented the Commission with a spread sheet, detailing the cost associated with an asphalt overlay of W. Polar Street, from S. 7th St. west to the back entrance to Wal-Mart Risk Management Center. He recounted that a failure of the sewer system necessitated the replacement of over 1000 ft. of sewer main. In order to fix the paving, the City of Rogers required that the entire street be milled and overlaid with HMA. The low price for the work was submitted by DECCO Contractors, Inc. of Rogers at \$61,611.50. The Rogers City Council voted to pay for the half the cost, provided the Commission paid for the other half.

There was a motion by Greene, second by Cable, to approve the low bid of DECCO, and pay \$30,805.75 for paving repairs to Poplar St. All in favor, motion carried.

Green recognized Joyce Johnson again. Johnson said that the Commission's "red flag" policy had been instituted, and that the measures taken to protect the personal data of the RWU customers seemed to be working. She said that she had received no complaints from customers.

Continuing, Johnson presented Commission with a spreadsheet depicting the three bids received for property insurance. Johnson said that the current carrier, Farris Insurance of Springdale the low cost at all deductible levels bid. She said that the cost had dropped about \$16,000 from the previous year, even with more assets covered. Kendall asked if \$10,000 deductible was satisfactory. McAlister said that the deductible seemed adequate, considering the losses experienced by RWU over the years.

There was a motion by Greene, second by Kendall, to approve the low bid of Farris Insurance, for \$33,849. Greene, Huffman-Gilreath, and Kendall voted, "Aye". Cable abstained. Motion carried.

Tom McAlister, RWU Manager, asked for permission to file a lawsuit in an effort to collect money owed by Collins Haynes regarding Metro Park Addition. He said that RWU staff had tried to develop an alternate contract for Haynes, but found out through the print media that Chambers Bank had already filed suit on Metro Park and its ownership. McAlister said that, although there was little hope for recovery from Haynes, he planned to seek payment from those attempting to secure water and sewer service for future development in Metro Park. He said that RWU's attorney, Robert Frazier, had indicated that a judgment might help RWU collect the money.

Can we do that legally? Cable asked. Frazier answered that we could try.

How much would the legal fees be? Kendall asked. He noted that, if Haynes filed for bankruptcy, any judgments would be wiped out by the court. Frazier said that, excluding a legal battle, the lawsuit might be handled in Warner, Smith, and Harris's monthly retainer. He agreed that the expected bankruptcy would render any judgment void, but explained that a judgment might help the Utilities' argument that the money was owed before service was established. Kendall said he was OK with the suit proceeding, unless it became a protracted legal battle.

The meeting adjourned at 4:40 PM.

Respectfully submitted,

Tom S. McAlister, Acting Secretary

Rogers Waterworks and Sewer Commission

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