

April 20, 2009

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, April 20, 2009, in the Rogers City Hall. Commissioners present were Jene` Huffman-Gilreath, Guy Cable, and Travis Greene. Don Kendall and Lon Pepple were absent. Rogers Water Utilities staff present were Tom McAlister, Mark Johnson, Joyce Johnson, William Evans. Johnny Lunsford, Mike Lawrence, Robert Moore, and Earl Rausch. Others in attendance were Robert Frazier, Alan Wooten, Jeff Jech, Steve Batchelor, Jack Hales, Lance Johnson, John Keller, Doug Bronson, Mike Laird, and Doug Christopher. Chairman Greene called the meeting to order at 4:08 PM, and declared a quorum present.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented a plaque and a gift to Randy Watson, Meter Reader Supervisor and IT Tech, for twenty years of service to Rogers Water Utilities (RWU).

Chairman Greene recognized Tom McAlister, Utilities Manager, for 25 years of service to RWU with a plaque and a gift.

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

Greene recognized Joyce Johnson again. Johnson presented the Commission with copies of the water and sewer department financial statements for February and March 2009. She told the Commission that total billings were off over six percent from the prior year. She noted that the water department showed a deficit of \$213,000 for the year. Johnson said that the rate consultant would be appear before the Commission at the June 15 meeting to present his recommendations regarding a water rate increase.

Greene asked if the sewer rates were where they needed to be? Johnson said that the preliminary budget forecast for FY'10 showed the sewer department to have adequate revenue. She said that the sewer department expenses would jump dramatically to reflect depreciation and interest on the \$21 million expansion to the wastewater treatment plant, a project that recently was completed.

Greene asked McAlister if he had any response from the letter to Beaver Water District (asking it to forego the planned rate increase since the water department was operating at a deficit)? McAlister admitted that he had forgotten to send such a letter, but would send such a letter soon.

Greene recognized Mark Johnson, Utilities Engineer, who presented the Commission with a short report detailing the status of the several projects in which the Commission had a pecuniary interest. He said that the planned 24-inch water main from Bellview to Champions along Pleasant Grove Road was in the planning stages for construction this summer.

Johnson said that the RWU Building expansion project was progressing slowly. He said the contractor, Bossler Construction, had fired a couple of subcontractors, and that replacement subs had yet to be named to complete the job. Johnson said that, at this stage in the project, the only feasible action would be to allow Bossler to finish. He noted that S. Second Street was finished, with new water, sewer, and storm sewer facilities, as well as new pavement.

Referring to the City of Rogers list of 2010 bond projects, Johnson said that S. 26th St. water and sewer improvement were complete except for a stretch of sewer across a property owner that was unwilling to give an easement. He said that Arkansas Highway and Transportation Department staff were treating the proposed 24-inch water line crossing I 540 at W. Fir Street negatively, because, in his opinion, the hanging of a large water main on a bridge over a major highway was something new and innovative, and bureaucrats (like himself) had an aversion to such things. He said that that he would continue up the chain of command if denied by staff engineers.

In a new project, Johnson said that the City planned to lower Arapaho Drive at Osage Road, which would necessitate the relocation of a twelve-inch water main.

Continuing, Johnson informed the Commission that the State of Arkansas had received “stimulus” money from the federal government, to be administered by the Arkansas Natural Resources Commission. He said that RWU staff was investigating the use of a sludge drier to reduce or eliminate sludge haul costs and landfill tipping fees, and that the cost for a drier could be funded by a low cost loan or a grant, if he and his staff engineers could design the project for bid by Fall 2009. He estimated that the drier would save the RWU about \$3 million in today’s dollars, over a twenty year project life.

Huffman-Gilreath asked if the dried sludge would be a commercial grade fertilizer? Johnson said that fertilizer companies would likely be interested in the product for its organic matter, and might even pay for the material. In any event, the sludge volume would be decrease by 80%, as would haul fees and tipping fees if RWU had to continue to go to a landfill.

Johnson said that he wanted to publicly thank BRB Contractors, the contractor for the wastewater treatment plant expansion and improvements, for doing such a good job on the plant and working so well with the staff. He recognized Mike Laird, Doug Christopher, and Doug Bronson of BRB for coming to the meeting.

Greene recognized Joyce Johnson again. Johnson explained that RWU had advertised for bids for property insurance. One bid was received, that from the existing insurance carrier, Farris Insurance of Springdale. Since the property valuation had increased over the last year, premiums were up significantly from last year. She recommended the Commission approve the \$10,000 deductible, and save approximately \$12,000 in premiums over the next year. There were a few questions regarding the advisability of increasing the deductible. McAlister opined that the Utilities could save money with a higher deductible, since the risk was minimal (an extra \$5000 per occurrence). He said that RWU's losses were usually related to lightening strikes on sensitive electronic equipment, but these were seldom expensive items and rarely exceeded the deductible. Finally, there was a motion by Cable, second by Huffman-Gilreath, to approve the bid of \$49,592 from Farris Insurance. All in favor, motion carried.

Green recognized Mark Johnson again. Johnson explained that the Commission had given staff permission two months ago to advertise for new office furnishings. He said that, wherever possible, existing furnishings would continue to be used, but said that new waiting room furniture and furnishings for the Commission room would be new, as would several desk chairs for staff. He said that two bids were received, one from Today's Office in Springdale, and one from Moser Corporation in Rogers. The low bid was from Moser, he said. Johnson said that Today's Office had been very helpful in developing ideas and bid specs. There was a motion by Greene, second by Huffman-Gilreath, to approve the bid of \$31,807.61 from Moser. All in favor, motion carried.

Green recognized Tom McAlister. McAlister told the Commission of what appears to be a concerted effort by USEPA to impose an unjustifiably low Total Phosphorus (TP) limit on the proposed NACA wastewater treatment plant, and thus, eventually, on all the dischargers in the Illinois River basin in Arkansas. He said that NACA had been issued a draft permit, but after the plant was already designed and bid, EPA rejected the permit, saying that the plant had to meet a 0.1 mg/L TP limit, because Osage Creek was impaired and the Illinois River water quality criterion of 0.037 mg/L TP had to be met at the state line. While he admitted the NACA had very little choice but to comply with EPA if it was to build a treatment facility, he had hoped for a more regionally minded response. McAlister reminded the Commission of the on-going study performed by the University of Arkansas on the Osage Creek and Spring Creek, into which the cities of Rogers and Springdale, respectively, discharge treated effluent. He said that early indications from the researches were that the streams were not impaired, and that a low TP limit was not justified by the data. He said that EPA would try to set the new, ultra low TP standard on every discharger as they sought to renew their discharge permits, effectively "picking off" the cities of NWA one by one. McAlister said he was frustrated that there was no regional response to EPA.

Greene, who is also on the NACA Board of Directors, said that he was concerned that no one knew of, or really cared about the perceived threat to industry and jobs, or that potential sewer rate increases would be necessary. Cable wanted to know what could be done. McAlister said that the more people knew, the better, and perhaps the Arkansas Congressional delegation could bring some pressure to bear upon EPA. Otherwise, a

lawsuit might slow the process down. He said he thought the stream study, due this December, would help the politicians when they speak to EPA.

Greene recognized John Keller of Black and Veatch Engineers, Kansas City. Keller presented a short Power Point with photographs of the completed wastewater treatment plant expansion. He recouped the project, from its start in August 2007 to date. He said that new, improved inlet facilities with improved grit removal, fine screens, and odor control had been added. Keller said that the plant had been upgraded from 6.7 million gallons per day (MGD) to 14 MGD. Filters had been added to polish the effluent and help plant personnel achieve the 1.0 mg/L TP currently in force. The existing treatment basins were fitted with new, efficient mixers and clarifier mechanisms.

Keller presented the Commission with Change Order No. 2, an increase in the contract amount of \$16,289.70. He detailed the work change directives that lead to that sum. He remarked that, out of a \$20.9 million project, the two change orders had totaled about 0.5 percent, a very small amount from his experience. McAlister said that, since the amount of CO. No. 2 was less than \$20,000, he could approve the payment himself, and no action was required of the Commission.

Greene recognized Joyce Johnson again. Johnson presented the Commission with a copy of a proposed “Red Flag” policy, which was required by Federal law to protect customers from potential identity theft. She said that the policy had to be approved by the Commission and in place by May 1, 2009. She said that the office staff would undergo training on Wednesday. Robert Frazier, of Warner, Smith, and Harris, LLC, said that the policy had to be adopted by the highest board of directors of the organization, and he prepared a resolution that, if passed, would indicate RWU had a suitable policy. There was a motion by Cable, second by Huffman-Gilreath, to waive the formal reading of Resolution No. 09-02, and adopt the policy and the resolution as submitted. All in favor, motion carried.

Moe Torabi did not appear to bring his appeal to the Commission, so no action was taken.

The meeting adjourned at 5:34 PM.

Respectfully submitted,

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

Cc: RWWSC minutes, 4-20-09

