

May 16, 2011

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, May 16, 2011, in the Commission Room of the Rogers Water Utilities Administration Building. Commissioners in attendance were Travis Greene, Jene Huffman-Gilreath, Guy Cable, and Roger Surly. Don Kendall was absent. Rogers Water Utilities staffers in attendance were Tom McAlister, Mark Johnson, Joyce Johnson, Johnny Lunsford, Earl Rausch, and Robert Moore. Others at the meeting were Alan Wooten and Robert Frazier. Chairman Greene called the meeting to order at 4:02 PM.

There was a motion by Cable, second by Surly, to approve the minutes of the April meeting as submitted. All in favor, motion carried.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a spreadsheet detailing the status of the several capital projects in which the Commission had a pecuniary interest.

Greene asked when the sludge drier project would be complete. Johnson said that the contractor had 420 days after May 5 to be substantially complete. He said that the dryer manufacturer required 40 weeks to deliver the equipment, at such time the contractor will build a building around the equipment.

Cable asked if the waterline just built by Commission in Pleasant Grove Road would have to be reworked for the City's 2011 bond project to widen the road. Johnson replied in the negative. He said that the 24-inch water main was laid in sufficient depth to avoid conflicts with the proposed drainage structures and the five lane street widening.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with a bid for earthquake insurance she obtained from Farris Insurance. She said Farris got a quote for \$5 million maximum benefit, with a \$50,000 deductible, for a premium of \$1000. Cable said he thought the Commission should wait until next year to possibly include earthquake insurance with the rest of the property insurance.

Johnson presented the Commission with financial reports for April 2011. She said that the Water Department showed a loss of \$13,000 for the month, significantly less than the loss of \$65,000 experience in April of last year. She said she was confident that the Water Department would

finish the 2011 fiscal year “in the black”. The Sewer Department was continuing to perform well, with income in excess of the FY ‘2011 budget projection.

Surly asked about the debit entry for “Accounts Payable Water” for the sewer department. Johnson said that at the end of every month, the water department owed the sewer department, or the sewer department owed the water department. In order to keep the books straight, she had to adjust the “Accounts Payable Water” and the “Accounts Payable Sewer” accounts, with a credit or a debit entry, with a corresponding entry in the other payable account.

Continuing, Johnson presented the Commission with a draft budget for FY ’12. She went through the budget page by page, explaining what the different reports indicated. Johnson said the water department “cash basis” budget showed a modest increase in unrestricted funds for the fiscal year. She said the budget reflected slight increases in demand for water, but projected a drop in interest income and impact/access fees. The “accrual budget” included non cash items such as depreciation and bond discount amortization, but did not include capital costs. Capital items were broken out in another schedule, she said, and further broken down by classifying the items as “Funded Depreciation” or “Additions and Improvements”. On another schedule, capital projects were broken down further still. Those projects identified as growth related were eligible for remuneration from the trust funds holding the water and sewer department impact/access fees, she said. The final schedule showed the number of employees in each department and cost related thereto. She said that the water department was dropping half of a person, while the sewer department indicated the need to add a full time operator to operate the sludge dryer when completed.

Greene asked about future rate increases from Beaver Water District. Johnson said that she had budgeted a two-cent per thousand gallons increase effective October 1, 2012. Surly asked if the increased cost might be passed along to the consumer. Johnson said that the Council would have to approve a rate increase.

Huffman-Gilreath asked about the “wage freeze” for RWU employees. Johnson said she did not know about a wage freeze, except to say that there had been insufficient “revenue in excess of expenses” to give raises to employees. However, the hot, dry summer of 2010 provided the funds for a three percent cost of living increase at the first of the calendar year 2012, or a 1.5 percent increase in salary expense for FY ‘12.

There was a motion by Huffman-Gilreath, second by Greene, to approve the budget as submitted. All in favor, motion carried (a copy of the approved budget is attached hereto and incorporated into these minutes as if set out word for word).

Greene recognized Alan Wooten, attorney for the Commission. Wooten said that all the parties to the contempt of court lawsuit had entered pleading and counter pleadings, so that the matter was waiting on the judge to set a hearing. He said that the plaintiff's attorney had asked that the City and the Commission be held in contempt of court (for not adopting lower impact fees for low to moderate income housing by ordinance as agreed to in the court order entered last September). Wooten said that the Commission's response to the lawsuit was to ask the Judge for direction, since the Commission had done all it could do to comply with the order. He said that Judge Clinger, who heard the original illegal exaction case and entered the order, was retiring next month, and he could not predict when the hearing would be set.

Huffman-Gilreath asked if the heavy rains in April had an impact on the discharge at the Rogers Pollution Control Facility. Robert Moore, Plant Manager, said that the plant was back to normal after extreme hydraulic loading during the flood of April/May 2011. The plant responded favorably, and no discharge violations were reported, save for the reported overflow of millions of gallons at the treatment plant.

The meeting adjourned at 4:43 PM

Respectfully submitted,

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

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