

# **Rogers Waterworks and Sewer Commission**

**May 18, 2015**

## **Minutes**

The Rogers Waterworks and Sewer Commission held its regular scheduled meeting at 4:00 PM Monday May 18, 2015 in the Rogers Water Administration Building. Present were Commissioners Kathy McClure, Travis Greene, Roger Surly, and Jene' Huffman-Gilreath arrived at 4:06 PM. Commissioner Don Kendall was not present. Rogers Water Utilities staff in attendance was Earl Rausch, Brent Dobler, Joyce Johnson, Jennifer Lattin, William Evans, Johnny Lunsford, Robert Moore, Stephen Ponder, Brian Sartain, Pat Sharp, Randy Watson, Armando Garcia, David Staib, Vera Hall, and Donna Wilson. Others in attendance were Robert Frazier of the Frazier Law Firm, and Senior City Planner Derrel Smith. Chairman Surly called the meeting to order at 4:02 PM.

There was a motion by Commissioner Travis Greene, second by Commissioner Kathy McClure to approve the minutes of the April 20, 2015 meeting as submitted. All in favor, motion carried.

David Staib presented a certificate to Armando Garcia to commemorate his ten (10) year anniversary with Rogers Water Utilities. The Commission expressed appreciation to Garcia for his service.

Chairman Surly recognized Joyce Johnson, Utilities Controller for the presentation of the April 2015 financial reports. Johnson indicated that water consumption for the month of April 2015 was up 6.78% from April 2014. Billed revenue was up 6.98%. The Water Department reported a loss of \$80,000 for the month ending April 30 2015, and a loss of \$98,000 for the month ending April 30, 2014. Collections of access and impact fee revenue for F'Y' 2015 are \$434,000 up from \$427,000 in 2014.

Sewer consumption for April 2015 was up 5.19% from April 2014. Billed revenue was up 4.33%. The Sewer Department reported a profit of \$171,000 for the month ending April 30, 2015, and a \$160,000 profit for the month ending April 30, 2014. Collections of access and impact fee revenue for F'Y' 2015 are \$934,000 up from \$840,000 in 2014. Actual access and impact fee revenues are over budget in the water and sewer departments for fiscal year 2015.

As shown on the Lost Water Report the unaccounted for water is 20% for the calendar year and 17% for the month. The Restricted and Unrestricted Funds Report show total funds are at \$30.5 million. \$9.9 million is restricted. The unrestricted funds are at \$9.2 million in Water and \$11.4 million in Sewer. Total funds on hand at April 30, 2014 were \$27.5 million. Johnson asked if anyone had questions. There were none.

Chairman Surly recognized Earl Rausch, Utility Superintendent for the April staff reports. He presented a limited report as he briefly discussed some "highlights" on the various active engineering projects. Chairman Greene asked about the status of Lake Atalanta, if the necessary dredging permit was received from the Corps of Engineers. Rausch confirmed the permit was obtained and the city project was advertising for bids to build restrooms and trails around the lake. The Osage Creek monitoring report is

not available but will have the results next month. Commissioner Travis Greene inquired about the Scissortail Subdivision which is located West of Hwy 112. Rausch stated the subdivision consists of approximately 400 lots with no water or sewer within the area at this time. The developer will be installing a temporary water and sewer line across the golf course, but now waiting on the Southgate Road construction for the permanent water and sewer line. The Developer plans are to build a small lift station that will serve this subdivision and later connected to a regional lift station. Chairman Surly questioned the sludge drier performance. Rausch said that Thermaflite has completed the recent scheduled maintenance and all seems to be in good working order including the pickup and sale of the sludge. All of the sludge is currently being sold under a local contract for \$17.60/ton.

Chairman Surly recognized Brian Sartain, Design Engineer to discuss the results of the City bid opening held April 30, 2015 for the realignment/widening of Pleasant Grove Road from Bellview to Champions Drive. Nabholz Construction Corporation was the low bidder for the total street project that was approved by the Rogers City Council in the amount of \$8,843,950.80. The cost to relocate approximately 5,100 ft of waterline only is \$518,713. A motion was made by Commissioner Jene' Huffman-Gilreath and second by Commissioner Kathy McClure to approve reimbursement to the City of Rogers for \$518,713 which will be paid from invoices that are approved by staff. Commissioner Travis Greene abstained, all in favor motion carried.

Sartain continued with presentation of a change order on the Pinnacle Hills Pkwy Street Project that was previously approved by the Rogers City Council for extension of the waterline. The change order will be for a sanitary sewer extension of approximately 420 linear feet on Perry Road. Since Fochtman Enterprises is already under contract in close proximity, staff recommends approval to reimburse the City of Rogers for Change Order #1 in the amount of \$61,420. A motion was made by Commissioner Kathy McClure and second by Commissioner Travis Greene to reimburse the City of Rogers for Change Order #1, a sanitary sewer extension on Perry Rd in the amount of \$61,420. All in favor, motion carried.

Chairman Surly addressed Joyce Johnson for a report on the proposed Budget for Fiscal Year 2016. She briefed the Commission and answered questions on a Meter Change-Out Program, Staffing Changes, Optional Bond Call, Significant Future Capital Outlay Needs, Reserve Levels, and Discussion Points for a Proposed Rate Increase. She pointed out specific areas of information and changes deemed necessary for the utility to reach its goals. After much discussion on the budget highlights, Johnson asked if there were any further questions, and if none, asked for the Commission to approve the Fiscal Year 2016 budget. With no further questions, Commissioner Travis Greene made a motion and Jene' Huffman-Gilreath second to approve the proposed Budget for Fiscal Year 16. The Commission praised Johnson for her hard work on a well prepared budget.

Rausch addressed the Commission using a comparison chart with detailed information from the surrounding Northwest Arkansas Major Cities that provides the class, size, and current rates. This comparison was carefully researched to help determine a new proposed rate schedule for water only. Rausch indicated that the last water rate increase was in 2009. Since that time, Rogers Water Utilities has absorbed three (3) water rate increases from the Beaver Water District; the cost going from \$1.20 to \$1.26 per thousand gallons. The purchase cost from Beaver Water District is expected to raise twelve

(12) cents more over the next five (5) years. The example shows Rogers with an increase of \$2.30 on the residential side, still to be the lowest rate in comparison to the other cities with the exclusion of Springdale. Rausch stated if the proposed new rates are approved, the increase does apply to both inside and outside city limits. He also noted that the fire line charges have not changed since 1986. The new proposed rate would be a \$20.00 per month flat fee per fire line (unmetered water), and \$5.00 per month flat fee per Private Fire Hydrant. Chairman Surly reaffirmed that an average residential customer would see an overall estimated increase of \$2.30 per month (4,500 Gallons Consumption). He also questioned how many large commercial/industrial users at this time. Rausch said its approximately 2,600 commercial/industrials customers that would be impacted by larger bills each month. Rausch shared that a fifteen (15) % rate increase was proposed in 2009 but resulted in six (6) %. After continued discussion, a motion was made by Commissioner Jene' Huffman-Gilreath and second by Commissioner Kathy McClure to approve the requested new proposed rate schedule as presented. All in favor, motion carried. With no further business, Chairman Surly adjourned the meeting at 5:30 PM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Earl Rausch".

Earl Rausch, Acting Secretary

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