

Rogers Waterworks and Sewer Commission

May 21, 2012

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, May 21, 2012, in the Rogers Water Utilities Administration Building. Present were Commissioners Travis Greene, Guy Cable, and Jene' Huffman-Gilreath. Rogers Water Utilities staff in attendance was Joyce Johnson, Mark Johnson, Johnny Lunsford, William Evans, Randy Watson, Pat Sharp, and Robert Moore. Others in attendance were Deputy City Attorney Jim Clark, John Gore of the Morning News, and Jordan Waterhouse, Rogers Water Utilities IT Consultant. Chairman Greene called the meeting to order at 4:00 PM.

There was a motion by Gilreath, second by Cable, to approve the minutes of the April 16th Regular Meeting minutes as submitted. All in favor, motion carried.

Chairman Greene recognized Joyce Johnson, Utilities Controller/Interim Superintendent. Johnson presented financial reports to the Commission for April. Johnson indicated the most significant thing to note in the April financial statements was the refunding of the 2004 Water Bonds and issuance of the 2012 Water Bonds on April 18, 2012. No gain or loss on the refunding is recorded in the financial statements. The Deferred Refunding costs resulting from the refunding will be amortized over the term of the new bond issue as a component of interest expense through November 1, 2029. Morgan Keegan calculated a net present value gain of \$480,000 from the refunding. Johnson said that the Water Department incurred a net loss of \$54,000 for the month of April, and the Sewer Department had a profit of \$160,000. She said RWU should be able to end the year with a modest profit in the Water Department. The Water Department is currently running ahead of prior year income as well as the budget. The Sewer Department while running behind the prior year results is ahead of the current year budget.

Commissioner Surly arrived at 4:10 PM.

Greene recognized Mark Johnson, Utilities Engineer. Chairman Greene asked if the sludge dryer had arrived. Johnson stated that it has successfully arrived. The contractor will now continue with the construction phase attaching the ancillary equipment and constructing the building around it. Johnson indicated there will be approximately three months of testing before the product is fully tested and certified. Cable asked if we will know how successful it is by August. Johnson indicated he thought that would be the case unless unforeseen issues occur. Cable indicated the sludge dryer is one of the most exciting things RWU has done and that it should have a huge impact. He suggested a ribbon cutting ceremony when the testing is complete. Greene asked if RWU technology was the same as Fayetteville's. Johnson indicated the technologies are different. RWU has a continuous feed technology, Fayetteville does not.

Greene inquired if Johnson knew what was happening on Pleasant Ridge Road by Breckenridge Subdivision. Greene said there has been a lot of surveying going on there, and there are utility marks everywhere in that area. Johnson said the City of Rogers was trying to correct some drainage issues in that area and that was probably what was going on.

The Commission discussed setting a date for the first meeting to discuss the process for choosing the new Utility Superintendent. The deadline for application is 5:00 PM, May 25, 2012. Greene will pick up the final resumes and applications and disburse them to the other Commissioners. The first meeting is set for Wednesday May 30th at 11:30AM. Jim Clark indicated that procedures for the process should be set in an open meeting. Review of resumes can be done in executive session.

Joyce Johnson, Utilities Controller/Interim Superintendent advised the Commission about compliance issues with HB 1588. Several months ago Jim Clark brought this State law to Tom McAlister's attention. Staff has been working to address compliance with the law. Four sections of the law were noted that needed consideration by the Commission. The first was section 5 a., approval of Petty Cash Funds. RWU currently has two petty cash funds. One is in the office for \$125.00 and one is at Pollution Control for \$150.00. Motion was made by Gilreath, seconded by Greene to formally approve these two petty cash funds. All in favor, motion carried.

The second section is 6 a (1), adoption of a policy defining fixed assets. Johnson indicated that this was not a new policy for RWU. This is more a matter of putting current policy in writing. Motion was made by Cable, seconded by Surly to approve the fixed asset policy. All in favor, motion carried.

The third section is 9 (2), designating an employee to review monthly bank reconciliations. Motion was made by Greene, seconded by Surly to appoint William Evans to review monthly bank reconciliations. All in favor, motion carried.

The fourth section is section 3 (3) c, adoption of an IT policy. The law requires compliance with the Information Systems Best Practices Checklist adopted by the Arkansas Division of Legislative Audit. This is a complex document. Staff has worked on programming, acquired software, developed a written IT policy, and drafted an IT Disaster Recovery Plan in order to come into compliance with this law. These documents and plans have been reviewed by Tom McAlister, the Department heads, and Jim Clark. Gilreath asked how much it will cost to implement these plans. Joyce Johnson indicated the cost consisted mostly of staff time. There was an additional \$1,000 spent for computer software and hardware that was needed. Cable asked if we had tested the backup process and data to see if it is restorable. Jordan Waterhouse, IT consultant said yes it has been tested. Surly asked where the backup data is stored. Waterhouse said offsite. Johnson indicated the Rogers District Count has compatible hardware if we need to back up to other hardware in the event of a disaster. Motion was made by Gilreath, seconded by Cable to adopt the IT Policy. All in favor, motion carried.

Johnson continued with discussion of the Fiscal Year 2013 budget. Both the cash basis and accrual basis budgets for the Water and Sewer Departments were discussed and reviewed by Johnson. She indicated that the overall affect on the restricted and unrestricted cash reserves of the Water Department was a decrease of \$913,000 and the Sewer Department was a decrease of \$757,000. She said the budgets had been prepared assuming no rate increases, no bond issues and no change in the current approved staffing levels. She also indicated using a conservative approach to budgeting revenues, since revenue is affected by weather conditions to a great extent. Expenses were budgeted to increase 1.6% in the Water Department and 5.9% in the Sewer Department.

The Capital Projects budgets were then reviewed for both departments. Gilreath asked what a Vac-Con is. Johnny Lunsford indicated it is a flush truck used to clean sewers. Greene asked about the meters in the capital budgets. William Evans indicated that they were for replacement and growth, and that they would be composite meters with no lead. Gilreath asked about staffing needs. Johnson said there is a strong consensus from the department heads to add a team of two to the Sewer Department and replace an employee that retired last year in the Water Department. However, she felt any recommendation to add new positions should be left up to the new Superintendent. If need be, the budget can be amended if additional staff is added. Gilreath asked if a cost of living increase was considered in the budget. Johnson said yes there was a 4% increase budgeted effective January 1, 2013. The final decision on an increase would be made later in the year. Motion was made by Cable, seconded by Greene to approve the Fiscal Year 2013 budget. All in favor, motion carried.

Cable reminded Johnson about the Public Works Committee meeting at 6:15PM, Tuesday May 22, 2012. RWU is on the agenda to update the committee members on current events at RWU, and all Commissioners are encouraged to attend. Greene asked if this was going to occur on a monthly basis. Cable said that would be up to the Public Works Committee members, but he recommended it be done on a continuing basis.

The meeting adjourned at 5:00 PM.

Respectfully submitted,



Joyce J. Johnson, Acting Secretary
Rogers Waterworks and Sewer Commission
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