

Rogers Waterworks and Sewer Commission

June 18, 2018

Minutes

The Rogers Waterworks and Sewer Commission held a regular meeting at 4:00 PM Monday, June 18, 2018, in the Rogers Water Utilities Administration Building located at 601 S 2nd St. Present were Commissioners Kathy McClure, Travis Greene, Roger Surly, Don Kendall and Mike Watkins. Present was Rogers Utilities staff Earl Rausch, Brent Dobler, Johnny Lunsford, Jennifer Lattin, Jene' Huffman-Gilreath, Joyce Johnson, Todd Beaver, Aaron Short, Randy Watson, Debbie Putman and Vera Hall. Robert Frazier of the Frazier Law Firm was also in attendance. Chairman Roger Surly called the meeting to order at 4:01 PM.

Chairman Surly recognized Earl Rausch, Utility Superintendent and Mr. Rausch announced that there were no anniversaries this month.

A motion was made by Commissioner Don Kendall, second by Commissioner Kathy McClure to approve the minutes from the May 21, 2018 meeting and the June 6, 2018 special meeting as submitted. All in favor, motion carried.

Chairman Surly recognized Jennifer Lattin, Utilities Controller for the presentation of the May 2018 Financial Reports. Water consumption for the month of May 2018 was up .98% from May 2017. Billed revenue was up 2.07% The Water Department reported a loss of \$8,000 for the month ending May 31, 2018, and a profit of \$41,000 for the month ending May 31, 2017. Collections of access and impact fee revenue for F'Y'18 are \$692,000, and are up from \$643,000 in F'Y'17. Actual access and impact fee revenues are \$41,000 over budget in the Water Department for fiscal year 2018. Lattin indicated the reason for the change in income from May 2017 for the Water Department is largely due to the timing of water purchases and customer billing; since RWU bills customers in arrears and the area has experienced a dry season, water purchased from Beaver Water District in May will not be bill to customers until June. Although May 2018 indicates a loss for the Water Department, year to date profit more than the prior year and ahead of budget.

Sewer consumption for May 2018 was up .72% from May 2017 as indicated on the second page of the End of Month Cash Report. Billed revenue was up 1.62%. The Sewer Department reported a profit of \$279,000 for the month ending May 31, 2018, and \$127,000 profit for the month ending May 31, 2017. Collections of access and impact fee revenue for F'Y' 18 are \$1,367,000, and are up from \$1,303,000 in F'Y' 17. Actual access and impact fee revenues are \$56,000 over budget in the Sewer Department for fiscal year 2018. Higher income in May 2018 compared to May 2017 largely results for the absence of expenses this year that were incurred for sludge hauling and other repairs at the pollution control facility in May 2017. Year to date profit in the Sewer Department is more than last year and ahead of budget. There were no further questions.

Chairman Surly recognized Brent Dobler, Operations Manager for the presentation of the May Operation Reports. Dobler reviewed two graphs depicting the number of locates the Utility was required to complete. The graphs showed two consecutive months of record locates. He explained that these locates are for various reasons such as laying communication lines, and gas lines, but they indicate that construction activities are not slowing down at this point and that we basically have two

full time employees doing nothing but locating our water and sewer lines. He also updated the commission on activities relating to underground boring companies. These companies have been made aware of the Arkansas Underground Facilities Damage Prevention Act and several have been reported to the Public Service Commission for failing to abide by the Act. The result, at least preliminarily, has been a marked reduction in boring companies striking our water and sewer mains. This is encouraging and we hope it continues. Dobler then presented another graph showing Beaver Water District water daily water purchases for 2015, 2016, 2017, and year to date 2018. The graph shows that YTD 2018 has seen larger use about a month earlier than the prior years and we will continue to monitor. He then followed up on industrial usage at our largest customer. The YTD amount of water usage over all of their water meters is down from 102 million gallons in FY 2017 to 86 million gallons over the same period in FY 2018. Water loss is at 16%, so repairs are limited to 2 hours if water line must be shut down. If loss was below this, we would have 4 hours. We repair most of our line breaks under pressure, but occasionally we do have to de-pressure a line to repair. Field operations is aware of this requirement. There were no more questions.

Chairman Surly recognized Brent Dobler, Operations Manager for the presentation of the May Engineering Report. Engineering reviews are scattered across the Rogers area, but there is a higher concentration of activity in the Promenade area. The Monte Ne Rd project is complete. The Bellview Rd project is well underway and the new water main between Pleasant Grove Rd and Garrett Rd has been installed, tested, and our customers are now connected to the new water main. The remaining water main will be east and west along Garrett Rd and will include the new elementary school. The stream stabilization project has been completed as well. The Blossom Way sewer main repair pre-construction meeting has taken place and the contractor will be mobilizing immediately. The 30" ductile iron lined pipe for this project will have an approximate three week lead time. Commissioner Kendall asked if the failure was due to the type of pipe that was used. Dobler responded by saying that any type of flexible pipe will fail if the pipe bedding is compromised. All flexible pipe materials are dependent on the bedding and backfill material to achieve their strength. The original contractor mentioned to RWU during our interview several weeks ago, that his crews had encountered a significant amount of underground water at this exact location when the pipe was originally installed. Chairman Surly asked Dobler if the bedding could have been compromised by the underground water flow. Dobler stated that RWU, at least at this time, believes that this underground water flow did indeed remove the fines in the bedding material which ultimately resulted in the loss of pipe support and ultimate failure of the fiberglass pipe. Dobler stated that RWU engineers were moving forward with ductile iron pipe that, while technically flexible, is much stronger than any flexible pipe if the bedding was compromised, and that it will also be installed with a "high water table cradle" trench detail design. This design wraps the bedding and backfill in a geotextile fabric which will mitigate any removal of the bedding by the continuous flow of groundwater. It is a belt and suspenders repair. He also mentioned that the parallel pipe in this exact location is ductile iron pipe and has not failed. The Train Rehab project at the pollution control facility is ongoing and the engineer delivered the 60% design plans on June 12th. We should have a guaranteed maximum price from the engineer to present to the Commission in July. Commissioner Greene asked if RWU had any updates on the Pleasant Grove project. Dobler responded that we had not heard a bid date at this time. There were no further questions.

Chairman Surly recognized Todd Beaver, RPCF Manager, to present the May RPCF Reports. Beaver stated, the plant is operating well and easily met permit requirements. Equipment reliability is improving. Spare parts inventory is improving to assist in that. As part of our community outreach, Paul Burns, with our pretreatment team, participated in Lingle Middle School's outdoor classroom day. Burns has a fantastic program he goes through with the kids. Benton County Solid waste has begun bringing us water which is primarily rain water. Lab new hire is doing very well. Nitrification experiment results were promising that we can improve our nitrogen treatment with chemical augmentation if needed. There was no significant negative reaction on the phosphorus. Beaver included the complete report so that it can be seen the amount of chemical used for significant return. Beaver reviewed the results of the report only with a practical min effluent using this method of 2mg/L

Chairman Surly recognized Brent Dobler for presentation of a Resolution to renew existing agreements for purchase of certain components of RWU's Automated Meter Reading System (AMRS) including water meters from Henard Utility Products, Inc. and transmitters directly from Itron, Inc. Mr. Dobler noted that the prices for most of the items to be purchased had remained unchanged and, in the case of the water meters, Henard Utility Products Inc. is the only authorized supplier of Badger water meters in Arkansas. A motion was made by Commissioner Kendall, second by Commissioner Greene to approve Resolution No. 18-05, styled "A RESOLUTION RENEWING EXISTING AGREEMENTS FOR PURCHASE OF CERTAIN COMPONENTS OF ROGERS WATER UTILITIES' AUTOMATED METER READING SYSTEM (AMRS); AUTHORIZING PURCHASE OF ITEMS; WAIVING COMPETITIVE BIDDING; AND FOR OTHER PURPOSES." All in favor, motion carried.

Chairman Surly recognized Robert Frazier, Utility General Counsel, to present a report concerning the Paymentus Credit Card Contract. Mr. Frazier reported that the negotiating with Paymentus is not going that well. Mr. Frazier stated that the Utility and Paymentus are disagreeing on the length of the initial term of the agreement. In April when the Commission granted permission to negotiate with Paymentus, Commissioner Kendall asked what the agreement's term would be and the Commission was informed that it would be a one-year term with multiple options to renew for one year up to a maximum of seven years (the maximum length under state statute) per the RFP. However, during the negotiation period, Paymentus first asked for a five-year initial term and had recently come down to a four-year initial term. RWU has proposed a two-year initial term with an option to renew for five additional one-year terms for a total of seven years (the maximum under state statute), subject to consultation with the Commission. Mr. Frazier noted that the Commission had already authorized RWU management to negotiate a contract, but wanted to poll the Commission to see if there was any objection to a two-year initial term. There was no objection. The other issue is the convenience fees for industrial and commercial customers, and other utility charges, which Paymentus initially proposed, but had left out of its latest proposed agreement. Since the convenience fees are very important to RWU, RWU has placed the convenience fees back into the agreement and returned the agreement to Paymentus for review. If we do not reach agreement with Paymentus by the end of the week, then RWU will declare Paymentus nonresponsive and begin negotiations with the next highest ranked bidder. That is the report and no action by the Commission is necessary. Chairman Surly said that it sounds like Mr. Frazier has a good plan.

Chairman Surly recognized Earl Rausch, Utility Superintendent to present the status of a new Human Resources Department for RWU. Mr. Rausch stated that on May 7 at a meeting at City Hall, the City

Human Resources (HR) Director informed him that RWU needs to take a different direction on providing our employees with HR services. It was suggested that RWU create an HR department and RWU has added an administration position in the upcoming budget for this purpose. Also the City/RWU HR agreement will expire on December 31, 2018 and the City HR has put together a list of administrative tasks that it would be willing to continue to perform when RWU has its own HR director. RWU will need to prepare an RWU HR job description and many of the administrative tasks listed by City HR will be included in the job description. Once RWU has an HR director in place, RWU and the City HR can specify in a new agreement which HR functions will remain at the City and which will be performed in house at RWU. RWU can obtain an HR job description from Springdale Water Utilities and Beaver Water District since these organizations are similar in size and type. The current agreement with the City for RWU's HR functions costs RWU \$86,400 annually and a new City/RWU HR agreement will have a reduced cost since many of the administrative tasks will be performed by the RWU HR position. Also, the City HR plans to continue administering the insurance benefits. The future plan is to advertise the RWU HR position and the new Utility Superintendent will fill this position. Robert Frazier, Utility General Counsel, stated the HR transition is in progress and since the agreement is expiring, RWU needs to develop an HR department and to determine the requirements of the new City/RWU HR agreement. Chairman Surly stated it sounds like we have a little time to work this out.

At 4:34 PM, there was a motion by Commissioner McClure, second by Commissioner Greene to adjourn to executive session to discuss the filling of the Utility Superintendent position. All in favor, motion carried.

At 5:01 PM, the Commission came out of executive session concerning the discussion of the filling of the Utility Superintendent position. Chairman Surly stated the Commission would like to thank all the candidates who had interviewed for the position and praised their qualifications. Commissioner Kendall made a motion to appoint Brent Dobler as the new Utility Superintendent and the compensation will be negotiated between the Chairman of the Commission and Brent Dobler, second by Commissioner Greene. All in favor, motion carried. Robert Frazier, Utility General Counsel asked if the new Utility Superintendent will be in charge immediately or will there be a transition period. Chairman Surly stated in his mind, there will be a transition period until Earl Rausch retires, and indicated that on a date, to be announced later, Brent Dobler will fully take over the Superintendent position.

With no further business, Chairman Roger Surly adjourned the meeting at 5:06 PM.

Respectfully submitted,



Earl Rausch, Acting Secretary

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