

# **Rogers Waterworks and Sewer Commission**

**July 17, 2006**

## **Minutes**

The Rogers Waterworks and Sewer Commission held its regularly scheduled meeting at 4:00 PM, Monday, July 17, 2006, in the Rogers City Administration Building. Commissioners present were Donnie Moore, Don Kendall, Lon Pepple, and Donna Warren. Jerry Pittman was absent. Rogers Water Utilities staff in attendance were Tom McAlister, Mark Johnson, Everett Balk, Joyce Johnson, Earl Rausch, Mike Lawrence, Tim House, and William Evans. Others in attendance were Lori Harrison-Stone, Ben Lipscomb, Michael Lindsey, Jim Fowler, and Bob Wright. Chairman Moore called the meeting to order at 4:00 PM.

There was a motion by Pepple, second by Warren, to approve the June minutes as submitted. All in favor, motion carried.

Moore recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a report depicting the status of the several projects in which the Commission had a pecuniary interest. Johnson said the Mt. Hebron/Wallis Road/Champions Drive water line was finished. He said that the sewer line relocation project at the Perry Road/I 540 interchange was complete except for a few minor cleanup details. Johnson noted that water and sewer relocations had been completed on the S. First St. widening project.

Moore asked how much the sewer relocation project at Perry Road/I 540 had cost. Johnson said he thought the final cost was about \$3.95 million. He noted that the contract was still open, since the Commission had approved a change order with Rossetta Construction to extend a 12-inch water main south along Mt. Hebron, from Garrett Road to Shores Avenue.

Continuing, Johnson presented the Commission with a map and a spreadsheet detailing major water projects for RWU in the foreseeable future. He had arranged the projects in order of priority. The list contained four tank projects and several water transmission main projects, all aimed to bolster the water system hydraulics and facilitate the movement of water through the system. All totaled, the projects represented over \$36 million, Johnson said.

In an effort to prioritize the projects, Johnson explained that the most pressing issue was the provision of water and sewer to the proposed Holiday Inn and Staybridge Inn on Horsebarn Road north of New Hope Road. Johnson recounted that the developers had come to the Commission over a year ago with a plan to get water and sewer from the

east, under I 540, and received a commitment of \$215,000 from the Commission. Since then, it had been determined by the project engineers (CEI) that the cost to bring sewer under the highway was prohibitive. Staff determined that the closest sewer with adequate capacity was a quarter mile west on Stoney Point Road. Also, Johnson said, a hydraulic analysis of the water system indicated the need of a large diameter water main on the west side of town. The only obvious route for the water main was also along Stoney Brook Road. In order to minimize disruption to local traffic flow, and to get adequate water and sewer to the site of the hotels, Johnson had proposed that the water and sewer be built simultaneously. He referred to his aerial photograph and his spreadsheet analysis, and referred to the water project(s) as W1 and W2. Johnson said that the sewer project would be paid for by the hotel developer(s), and the cost of the water transmission main (24-inch, W1), would be split between the Commission and the developer. W2 would be paid for by the Commission. Johnson said that he estimated the Commission's share of the construction at approximately \$655,000, and asked the Commission for permission to bid the job. After some discussion, there was a motion by Kendall, second by Pepple, to allow the staff to bid the project. All in favor, motion carried.

There followed some discussion regarding the other projects on Johnson's report. The Commission asked which projects should be funded now rather later. Johnson said that the water department needed capital, and reminded the Commission that they were contractually obligated to pay the City of Bentonville \$5.7 million in the next physical year. He estimated that the cost of the Bentonville buyout, the Holiday Inn water line, and half of an elevated tank (the cost to be split over two fiscal years), was about \$7.6 million. Therefore, an \$8 million bond issue would be spent within one year, Johnson said.

Moore recognized Everett Balk, Project Facilitation Engineer. Balk presented the Commission with a report depicting the activities of his section. He said that plans submitted for review were being reviewed within two weeks of submittal. He noted a slight dip in the number of plans.

Moore recognized Bob Wright of Crews and Associates, a bond underwriting firm located in Little Rock. Wright spent a few minutes telling the Commission of the capabilities of his firm and of their sincere desire to act as the Commission's underwriting firm for the planned water revenue bond. After a few questions, Wright left the meeting. Jim Fowler of Morgan Keegan presented the Commission with a Power Point presentation, showing his companies capability. After Fowler was finished, the Commissioners rated the two firms based on their impressions. In a very close vote, Morgan Keegan was judged the best qualified. Moore praised both firms for their excellent qualifications, and thanked them for their interest in the project. Moore announced that Morgan Keegan would be the bond underwriter for the proposed water revenue bond series 2006.

There followed a lengthy discussion regarding the amount of the bond issue. Tom McAlister, Utilities Manager, said that, during the budget process, the staff had assumed an \$8 million bond issue, in order to make the budget balance. He said that the staff

needed to define the project for the bond issue. Ben Lipscomb, City Attorney, said that the project should be described in broad terms, so that the Commission could have the freedom to select projects to fund deemed a priority. Fowler said that, since the City of Rogers was going to issue \$15 million in sales tax revenue bonds in September, the bond issue could not be “bank qualified”.

Moore recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with financial reports for June 2006. Since these were “fiscal year ending” reports, Johnson spent some time comparing the budget for FY '06 to the actual revenue and expense experienced by the water and sewer departments. In summary, revenue was higher than budgeted, and expenses were slightly less than budgeted. She noted that depreciation expense was up sharply, due to the new practice of booking contributed main lines dedicated to the City by developers. She said that engineering expense was up due to adding additional personnel. Johnson said that the Pollution Control Facility had experienced higher than normal expenses due to the new practice of sludge dewatering.

The meeting adjourned at 5:40 PM

Respectfully submitted,

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

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