

July 19, 2010

Rogers Waterworks and Sewer Commission

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, July 19, 2010, in the Commission Room of the Rogers Water Utilities Administration Building. Commissioners in attendance were Guy Cable, Travis Greene, and Jene` Huffman-Gilreath. Don Kendall was absent. Others in attendance were Rogers Water Utilities (RWU) staff Tom McAlister, Mark Johnson, Joyce Johnson, Johnny Lunsford, William Evans, Earl Rausch, Buddy Shook, Mark Landis, and Robert Moore. Others in the audience were Robert Frazier, Gary Jackson, Derrel Smith, Stuart Ghan, Randy Ghan, Lindi Johnson, and John Gore. Chairman Greene called the meeting to order at 4:01 PM.

There was a motion by Cable, second by Huffman-Gilreath, to approve the minutes of the June 28 Commission meeting as submitted. All in favor, motion carried.

Greene recognized William Evans, Water Distribution Supervisor. Evans recognized Buddy Shook, Field Technician II, for 15 years of service to RWU.

Greene recognized Johnny Lunsford, Sewer Collection System Supervisor. Lunsford recognized Mark Landis, Sewer System Team Leader, for 15 years of service to Rogers and RWU.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented the Commission with copies of the financial reports for June 2010, which are also the year ending financial statements. Johnson noted that sales were up slightly over the previous year. She said that the net loss for the water department was impacted by the \$400,000 expense booked in FY 2010 for the settlement of the Burckart lawsuit. Despite the loss in the water department and the expenditure of \$1.9 million in capital improvements, total fund balances were unchanged from last year, she said.

Johnson said that the auditors would be on-site soon to finish their audit report. She said that the Burkhart lawsuit should be finalized in September, and the final expense amounts for the lawsuit would be known, and the audit report could be adjusted before the reports are published in October. The budgeted expense amounts for water and sewer are, respectively, \$400,000, and \$750,000, which includes the voucher expense and the attorney fees.

Greene asked if the Commission's funds were adequately secured. Johnson said that most of RWU's investments were secured by the federal program known by the acronym CDARS, which secures all CD's larger than \$100,000. She said that RWU had two CD's smaller than \$100,000, and that these were backed by the FDIC.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a spreadsheet detailing the status of on-going projects in which the Commission had a monetary

interest. He noted that the plans for the proposed sludge drier for the Rogers Pollution Control Facility would be complete by the end of the current month and ready to advertise.

Huffman-Gilreath asked about the status of the lawsuit with Collins Haynes. Robert Frazier, counsel for the Commission, said that the suit had been filed and a judgment had been awarded in favor of the Commission; however, the ownership of Park South was in bankruptcy court, and he doubted that the Commission would be able to receive monies from the court, since there were other creditors involved. He noted that the largest creditor, Chambers Bank, was also a client of Warner, Smith, and Harris, a fact which needed to be disclosed in the event of any more legal actions taken on behalf of the Commission in the Park South case.

Chairman Greene addressed the need for a replacement Commissioner for the deceased Lon Pepple. He said that he had been in touch with Tyson's headquarters in Springdale, but both possible candidates offered by Tyson's were unqualified due to their current residence outside the City of Rogers. Greene said that Tyson's was interested in the possibility of putting forth a good candidate for Commissioner, but needed more time. Tom McAlister, Utilities Manager, noted that the opening on the Commission had been advertised, but he had received no expression of interest.

Greene recognized Mark Johnson again. Johnson presented the Commission with a bid tab form February 2009 and an aerial photo showing the proposed relocation/replacement of sanitary sewer mains in the area of N. 10th St. and Will Rogers Drive. Johnson said that the contract had been awarded last year to GN Contractors, the low bidder. Almost immediately, GN filed for bankruptcy and asked to be released from the contract. Now, 18 months later, the second low bidder, Fotchman Enterprises, has agreed to hold the price for the 2009 bid (\$283,298.00). Johnson said that, in the interim between the original bid and now, he has reviewed the data from Sewer Field Ops and agreed with the need to replace the lines in question, as well as other projects for sewer replacement (see revised CIP).

Cable asked about the time period or the delay in letting of the contract. Johnson replied GN was unable to obtain a surety bond, which delayed the project several weeks. Johnson opined it was better for RWU that GN filed for bankruptcy *before* the contract was started. There was a motion by Greene, second by Huffman-Gilreath, to approve the bid from Fotchman Enterprises. All in favor, motion carried.

Huffman asked about a schedule for sewer line replacement work. Johnson said that he did not have one as yet, but that the question was a good segue into the matter of the updated Sewer System Capital Improvement Plan, which he presented to the Commission. Johnson said that the revised CIP was originally developed in 2004. IN recent Commission meetings, the Commission expressed a desire to become increasingly aggressive regarding sewer replacement work. To that end, the revised CIP called for \$1 million in sewer replacement and rehab work. Some of the

large items had fallen off the CIP, such as the recent wastewater treatment plant expansion, he said.

There were a few questions regarding the items in the CIP. What was the \$1 million project in 2015? Someone asked. Johnson said that that item referred to the acquisition of right-of-way from the Rogers Pollution Control Facility to the Northwest Arkansas Conservation Authority (NACA) treatment plant now under construction. How about the \$9 million in 2020? Johnson said that item referred to building a sewer line to NACA. The revised CIP was accepted without further comment.

Greene recognized Gary Jackson of Hight Jackson AIA. Jackson explained that he was approached by RWU staff to develop a plan to keep water from coming into the old building. He said that the plan was to remove the old south wall and waterproof the new common wall. He said that he had received five bidders. The lowest qualified bidder was Danny Robinson of Garfield, for \$85,000. There was a motion by Greene, second by Cable, to approve the bid from Danny Robinson. All in favor, motion carried.

Greene recognized Randy Ghan of Westbrook Development LLC. He said that he needed approval of the Commission to take his request to the Rogers City Council. His company was building a Dollar General store in Prairie Creek on Highway 12 East, and he needed water service, Ghan said. McAlister said that the Council had reserved the right to approve or disapprove any water or sewer service to commercial development in the County. Cable wanted to know where the water line was. McAlister said the main was in the front of the development, that no main extension was required. There was a motion by Huffman-Gilreath, second by Greene, to approve the water service to Dollar General, provided the Council approved the connection. All in favor, motion carried.

The meeting adjourned at 4:30 PM.

Respectfully submitted,

Tom S. McAlister, Acting Secretary

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