

Rogers Waterworks and Sewer Commission

July 21, 2014

Minutes

The Rogers Waterworks and Sewer Commission held its regular meeting at 4:00 PM on Monday, July 21, 2014, in the Rogers Water Utilities Administration Building. Present were Commissioners Don Kendall, Kathy McClure, Roger Surly, Travis Greene and Jene' Huffman-Gilreath. Rogers Water Utilities staff in attendance were Joyce Johnson, Johnny Lunsford, William Evans, Jennifer Lattin, Robert Moore, Vera Hall, Brian Sartain, Randy Watson and Earl Rausch. Others in attendance were Deputy City Attorney Chris Griffin, City Planner Derrel Smith and Todd Beaver of McClelland Consulting Engineers. Chairman Kendall called the meeting to order at 4:00 PM.

There was a motion by Surly, second by McClure to approve the minutes of the June 16, 2014, regular meeting as submitted with a minor change. All in favor, motion carried.

Chairman Kendall recognized Joyce Johnson, Utilities Controller, to present the year-end financial reports for fiscal year 2014. Johnson reviewed the condensed profit and loss statement for the water department. The water department ended the year with a profit of \$243,000. The prior year ended with a profit of \$440,000. RWU exceeded the budgeted profit of \$22,000 in the water department in spite of the cooler, wet weather. Residential and industrial sales were under budget, while commercial sales were slightly over budget. Chairman Kendall asked if we were under budget in sales due to the wet year. Johnson stated the weather did impact our sales revenue. Our water consumption was down 3.9 percent from the previous year, and our revenue was down 3.7 percent. Access and impact fees were stronger than budgeted, and were \$105,000 ahead of budget. Without collection of access and impact fees the Water Department would have had an operating loss for the year. Also impacting the financial statements favorably was the actual office expenses of \$420,000 which were budgeted to be \$545,000. The main reason was the superintendent position vacancy for nine months. Commissioner McClure asked about the financial impact if the superintendent position had been filled. Johnson stated the impact would have been approximately \$130,000 less profit.

The Sewer Department debt at June 30, 2014 is \$27 million which is down from \$32 million the previous year. In calendar year 2013, both the 1995 and 1996 ADFA bonds were paid off early. The Sewer Department profit for the year was \$2.5 million, down from \$2.7 million the prior year. RWU was well over the budget of \$1.7 million. Residential, commercial and industrial sales combined we were ahead of budget by \$100,000. Sewer sales revenue is not affected by wet weather to the extent water sales are. Chairman Kendall asked what caused the increase in sewer

sales. Johnson stated the increase is from actual growth in number of customers and consumption. RWU is growing 2 to 3 percent per year in number of customers. Collection of access and impact fees were strong and \$198,000 ahead of budget. Sewer consumption, the number of gallons we base our sewer sales on, was up 1.5 percent from the previous year. Commissioner Surly asked if the water residential sales and sewer residential sales go hand in hand. Johnson stated RWU has customers with irrigation meters for which there is no sewer billing. Also, RWU has customers in Prairie Creek and other areas that do not have sewer service. Another factor helping the financial position of the Sewer Department was the vacant position in the engineering department throughout fiscal year 2014. This engineering position is still vacant.

Total funds on hand at the end of the fiscal year were \$28.0 million. RWU has \$15.2 million in water and \$12.8 million in sewer. A year ago RWU had \$29.7 million. While sewer funds are down \$1.7 million, sewer debt is down \$5.0 million. Johnson asked if there were any questions. There were no additional questions. Johnson said the auditors are here and should complete the audit field work by the end of July.

Chairman Kendall recognized Earl Rausch, Utility Superintendent, for the July Staff report. Rausch stated in engineering, RJN is still smoke testing in the Garrett Road lift station area and has found a major inflow issue. The Monte Ne water and sewer relocation is the only major active street project and the City has advertised the street portion of this project. The Pollution Control Facility plant report numbers look good. There was no collection data for Osage Creek for this month. The water department reported 8 percent unaccounted for water and the sewer department had no overflows for the month of July. Rausch asked if there were any questions. There were none.

Chairman Kendall recognized Johnny Lunsford, Sewer Field Operation Supervisor, to discuss the purchase of a Flygt pump for the Garrett Road sewer lift station and to request to waive competitive bids. Lunsford stated we have already installed a Flygt pump at the Shadow Valley sewer lift station and the pump has not clogged for the last six months or longer. We would like to install a Flygt pump at the Garrett Road sewer lift station to solve the cleaning wipe problems at this station. Chairman Kendall asked if it was acceptable to waive competitive bidding. Deputy City Attorney Chris Griffin stated it is acceptable to waive competitive bidding if the equipment is unique. Commissioner Surly asked if this pump price was the same as the Shadow Valley pump price. Lunsford stated the Garrett Road pump is more because it is 70 horsepower while the Shadow Valley pump was a 25 horsepower. This pump order also has high temperature and pump failing sensor components that will be connected to our SCADA. Chairman Kendall asked if this is the pump that can handle the swiffer problem. Lunsford stated this pump can handle the large amount of swiffers without pump failure. Commissioner Surly asked if the service area is still growing around the Garrett Road lift station. Lunsford stated the Garrett Road lift station area is one of our largest growth areas. Commissioner Huffman-Gilreath asked if the 70 horsepower pump was going to be sufficient. Lunsford stated the lift station is setup for 70 horsepower pumps. The lift station only has two pumps but is designed for three pumps. The new

pump will give the lift station three pumps that would help with the growth. There was a motion by Greene, second by Surly, to purchase the Flygt pump for \$40,761. All in favor, motion carried.

Chairman Kendall recognized Brian Sartain, Design Engineer, to discuss the award of the Blossom Way Creek Improvement project. Sartain stated a bid opening was held on Thursday, July 17, 2014, for the Blossom Way Creek Improvements. This project is located on the South side of the Pauline Whitaker Parkway and I-49 on ramp. We have a 42-inch fiberglass sewer line crossing Blossom Way Creek. Over the years this sewer trench has eroded but is not yet exposed. The purpose of this project is to reline the channel and prevent the sewer line from being exposed. Chairman Kendall asked if this line goes under the bridge. Sartain stated the sewer line does go under the highway bridge. We received three bids and Fochtman Enterprises, Inc. was the low bidder at \$30,980. The next lowest bidder was General Construction Solution with a bid of \$37,928. The engineer's estimate was \$28,760. Surly asked if we had used this contractor before. Sartain stated we have used Fochtman on other water and sewer replacement projects. There was a motion by Huffman-Gilreath, second by McClure, to award the Blossom Way Creek Improvement project to Fochtman Enterprises, Inc. in the amount \$30,980. All in favor, motion carried.

Chairman Kendall recognized Johnny Lunsford, Sewer Field Operation Supervisor, to discuss the purchase of a 2015 Ford F-750 dump truck from the Texas Municipal Equipment Bid. Lunsford stated we are requesting to replace a 1988 dump truck that has become a maintenance problem. The Texas Municipal Equipment Bid is the same group that we purchased the vac-con truck through. We budgeted \$70,000 for the dump truck which was based upon local pricing and the Texas group can provide the dump truck for \$60,996. Huffman-Gilreath asked if we had looked at the State of Arkansas bid. Lunsford stated the Highway Department bid offers only the big tri-axle dump trucks that are too big for our needs. The dump truck that best fits our need is a single axle truck like the one we are requesting to purchase. There was a motion by Huffman-Gilreath, second by Greene, to purchase a 2015 Ford F-750 dump truck from the Texas Municipal Equipment Bid for \$60,996. All in favor, motion carried.

Chairman Kendall adjourned the meeting at 4:24 PM.

Respectfully submitted,



Earl Rausch, Secretary
Rogers Waterworks and Sewer Commission
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