

Rogers Waterworks and Sewer Commission

August 18, 2014

Minutes

The Rogers Waterworks and Sewer Commission held its regular meeting at 4:00 PM on Monday, August 18, 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, Brian Sartain, Randy Watson, Stephen Ponder and Earl Rausch. Others in attendance were Deputy City Attorney Chris Griffin, John Evans and Eric Hoyt of Beall Barclay & Company and Tresia Suggs, Dinah Libberton and William Gerlt of the University of Phoenix. Chairman Kendall called the meeting to order at 4:00 PM.

There was a motion by Commissioner Surly, second by Commissioner McClure to approve the minutes of the July 21, 2014, regular meeting as submitted. All in favor, motion carried.

Chairman Kendall recognized Joyce Johnson, Utilities Controller, to present the July 2014 financial reports. Johnson stated the format of the monthly income comparison report was changed to provide the Commission with an extra year of history. It is now a three year monthly report including FY'13, 14 and 15. Johnson stated the report compares July 2012, July 2013, and July 2014. In July 2012 (FY'13), the Water Department had a profit of \$192,000 and last year in July 2013 (FY'14); there was a profit of \$89,000. In July 2014 (FY'15), we incurred a loss of \$35,000. Consumption and the collection of impact and access fees were down. In the previous years, interest earnings, collections of access and impact fees, and high consumption due to drought conditions have helped the water department generate a profit. In July 2014, none of these things affected the financial statements favorably. While there was a loss in the water department in July, there was a profit in the sewer department. However, we have the same general trend affecting the sewer department. Johnson stated in FY13, in the sewer department, we had a profit of \$318,000, last year \$292,000 and this year \$156,000. Collections of access and impact fees were down \$75,000 from the previous year. Johnson indicated that the July 2014 financial results were dismal. Chairman Kendall said that he is surprised that the impact fees were lower. Johnson stated there was more residential construction last year. Johnson asked if there were any questions. There were none.

Chairman Kendall recognized Earl Rausch, Utility Superintendent, for the July Staff report. Rausch stated in engineering, there are numerous commercial developer projects; many of these projects are remodels. On the city street projects, the Monte Ne water and sewer relocation project is finishing and the City has advertised this street project. The sanitary sewer evaluation study has come to its end and we will be receiving the final report for our future rehabilitation

design. Chairman Kendall asked if RJN Engineers will make a final presentation. Johnny Lunsford, Sewer Field Operation Supervisor, stated RJN Engineers has already presented the preliminary flow study report. The report may have been presented when Chairman Kendall and Commissioner Huffman-Gilreath were not here. Chairman Kendall asked does the report indicate where the money needs to go or have we ever talked about money. Rausch stated the utility will be using the \$1 million annual budget for the program. Commissioner Greene stated the main accomplishment of the study is that there were no major surprises. Chairman Kendall asked are we chipping away at the problems. Rausch stated we have the results of the 49 basins. Lunsford stated our worst areas are the Pinnacle and Promenade areas. Rausch stated we have placed our flow monitor in these areas and we are looking for sewer defects. The Blossom Way sewer project is being executed by the contractor, Fochtman, and the project should start in a couple weeks. A manhole replace/repair contract for bid is advertised and we are receiving interest both locally and out of state. The contract is annual with a job value of approximately \$300,000. The Pollution Control Facility plant report numbers look good; the phosphorus is slightly lower. The monitoring report for Osage Creek for July shows the phosphorus is slightly elevated; this is normal for summer months. Paul Burns and Camille Montgomery designed the cooking oil sign for the Recycle Center. Camille has also worked on a swiffer, H2O and prescription drug disposal bill insert. Commissioner Surly asked if the insert is included with electronic billing also. Johnson stated information is included as a PDF. In the water department, the unaccounted for water was 23% for July due to a short billing month with a 12% average for the last 12 months. The average water usage was 11 MGD (million gallons per day) and the single high usage was 13 MGD. In the sewer department, we had no overflows for the month of July and completed flushing the collection system. Rausch asked if there were any questions. There were none.

Chairman Kendall recognized Earl Rausch, Utility Superintendent, for the additional adjustment for the catastrophic water leak of Heather Adams-2804 Seminole Court. Rausch stated Adams, who is not present today, has made a request for additional compensation as stated in our catastrophic water leak policy (Utility Superintendent or Water & Sewer Commission). Rausch requested the Commission provide guidance on what exception to the leak policy could be made. Chairman Kendall inquired about the amount of her water bill. Rausch stated Adams had a water bill over two months totaling \$888.41 and received an adjustment of \$124.50. Chairman Kendall asked do we know the circumstances of the leak. Rausch stated not the details however Adams was notified by us of high water consumption. Commissioner McClure asked when was Adams notified. William Evans, Water Field Operation Supervisor, stated she was notified when her meter first failed audit during the billing read. If it is a high or low read, we go and recheck the meter. If there is a leak we shut the meter off if no one is home and leave a door hanger. If someone is home, the customer must sign if the meter is to be left on. Commissioner McClure asked did Adams sign the paper. Evans stated she did. Commissioner Surly asked how the water adjustment was made. Rausch stated the adjustment was made in accordance with the water leak policy. Chris Griffin, Deputy City Attorney asked if this water leak policy ever went to City Council. Rausch stated the water leak policy was only approved by the Commission. Griffin stated with the Commission approval, he would like to review the water leak policy before the next Commission meeting. There was a motion by Commissioner Greene, second by

Commissioner Surly, to table the Heather Adams request for additional adjustment and have the catastrophic water leak policy reviewed by Chris Griffin, Deputy City Attorney. All in favor, motion carried.

Chairman Kendall recognized Joyce Johnson. Johnson introduced Eric Hoyt of Beall Barclay to present the 2014 water and sewer audit reports. Hoyt stated the audit went well because everything was well laid out for them. We were at the water department for about four days, Hoyt stated. There were no misstatements, no accounting issues and no adjustments. Hoyt asked if the Commission had any questions. Commissioner Surly asked if there were any new accounting rule changes. Hoyt stated GASB 67 and GASB 68 deal with the financial reporting of pension funds, and will be coming up this year. No one really knows how they will be implemented at this time. We are not sure how the liability will be reported through APERS. Chairman Kendall asked if this requirement is because there have been financial problems. Hoyt stated some municipalities do not have the funds to support their pension plan. Johnson stated much of the work to implement the requirements of GASB 67 and 68 will be at the APERS level. We will have to find out what percentage of the total APERS liability applies to Rogers Water Utilities and record the liability on our balance sheets. We have two entities (water and sewer) to account for, and the liabilities would be separate for each, based on retired as well as current employees. The Sewer Department has more employees so would likely have a larger liability to record. We will have a year delay because APERS has the same year end as we do, and the information would not be available in time to include next year. Hoyt asked if there were any questions. There were none.

Chairman Kendall recognized Earl Rausch, Utility Superintendent, for the approval of the utility credit card policy. Rausch stated at the request of the Commission, we have created a credit card policy for approval. This credit card policy is very similar to the city's proposed credit card policy. Commissioner Huffman-Gilreath asked how the approval process is going to work for purchases over \$500. Johnson stated our credit card system is that anybody that has a credit card is responsible for it. Some people are responsible for two cards. Each has a billing with detail and the billing closes out at the end of the month to a billing statement. The bill goes through the department heads and the superintendent for approval. Commissioner Huffman-Gilreath asked about approval prior to purchase for items over \$500. Rausch replied that at present verbal approval is required. Rausch asked the Commission if the \$500 preapproval is necessary since the credit card maximum is \$2,000. Chris Griffin, Deputy City Attorney, stated the purpose of the \$500 preapproval is oversight because this form requires the employee to gain approval before the purchase. Commissioner McClure stated we need the \$500 preapproval purchase form for a paper trail. Rausch stated we will create a \$500 preapproval form. Johnson stated the \$500 preapproval purchase form should also be attached to the receipt with the credit card billing. There was further discussion on the credit card policy. There was a motion by Commissioner Huffman-Gilreath, second by Commissioner McClure, to approve the utility credit card policy. All in favor, motion carried. Commissioner Huffman-Gilreath requested to see the \$500 preapproval purchase form.

Chairman Kendall recognized William Evans, Water Field Operation Supervisor, for purchase of Badger water meters with a Trimble Ranger meter reader at no cost. Evans stated the Badger meter supplier (Henard Utility Products Inc.) has offered to include a Badger Trimble meter reader at no cost if we purchase 400 meters for \$96,469.50. Commissioner Huffman-Gilreath asked how long 400 water meters would last. Evans stated this number of water meter could take us through November. There was a motion by Commissioner Huffman-Gilreath, second by Commissioner McClure, to purchase the Badger water meters with meter reader for \$96,469.50. All in favor, motion carried.

All in favor, motion carried.

Chairman Kendall adjourned the meeting at 5:00 PM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Earl Rausch".

Earl Rausch, Secretary
Rogers Waterworks and Sewer Commission
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