

## Rogers Waterworks and Sewer Commission

September 18, 2017

### Minutes

The Rogers Waterworks and Sewer Commission held its regular scheduled meeting at 4:00 PM Monday, September 18, 2017, in the Rogers Administration Building located at 601 S 2<sup>nd</sup> St. Present were Commissioners Kathy McClure, Travis Greene, Roger Surly and Mike Watkins. Commissioner Don Kendall arrived at 4:10 PM. Present was Rogers Water Utilities staff Earl Rausch, Brent Dobler, Johnny Lunsford, Jene' Huffman-Gilreath, Joyce Johnson, Jennifer Lattin, Michelle Williams, Brian Sartain, Todd Beaver, Aaron Short, Mark Landis, Keith Carpenter, Pat Sharp, Kathy Hooper, Randy Watson, and Donna Wilson. Others in attendance were Jamaikhan Dickey of the City of Rogers HR, Robert Frazier of the Frazier Law Firm, Mark Jeffery of Harbor Environmental and Safety, Eric Hoyt of Beall Barclay & Company, PLC, and Will Clark representing the Kathy Jean Buckalew Trust. Chairman Roger Surly called the meeting to order at 4:02 PM.

Utility Superintendent Earl Rausch presented to Joyce Johnson, Business Manager a gift of appreciation and a certificate for (20) twenty years of service. Office Manager Michelle Williams presented Kathy Hooper a gift of appreciation and a certificate for (10) ten years of service. Johnny Lunsford Construction and Maintenance Manager presented Pat Sharp a gift of appreciation and a certificate for (20) years of service. The Commission expressed appreciation to all and recognized a total of (50) years of service.

A motion was made by Commissioner Travis Greene, second by Commissioner Kathy McClure to approve the minutes from the August 21, 2017 meeting as submitted. All in favor, motion carried.

Chairman Surly recognized Jennifer Lattin, Utilities Controller for the presentation of the August 2017 Financial Reports. Lattin stated that water consumption for the month of August 2017 was up 11.45% from August 2016. Billed revenue was up 9.18%. The Water Department reported a profit of \$290,000 for the month ending August 31, 2017. A profit of \$154,000 was reported for the month ending August 31, 2016. Collection of access and impact fee revenue for F'Y' 18 are \$100,000, and are up from \$91,000 in F'Y' 17. Actual access and impact fee revenues are \$18,000 under budget in the Water Department for Fiscal Year 2018.

Sewer consumption for August 2017 was up 9.57% from August 2016. Billed revenue was up 7.58%. The Sewer Department reported a profit of \$280,000 for the month ending August 31, 2017. A profit of \$229,000 was reported for the month ending August 31, 2016. Collections of access and impact fee revenue for F'Y' 18 are \$212,000, and are up from \$206,000 in F'Y' 17. Actual access and impact fee revenues are \$26,000 under budget in the Sewer Department for Fiscal Year 2018.

The Restricted and Unrestricted Funds Report show total funds are at \$34.0 million. \$9.5 million is restricted. The unrestricted funds are at \$9.9 million in Water and \$14.6 million in Sewer. Total funds on hand at August 31, 2016 were \$34.5 million. Year to date profit in the Water Department was

more than the prior year and budget. Year to date profit in the Sewer Department is also more than the prior year and budget. Year to date collections of access and impact fees are more than the prior year and less than budget in the Water and Sewer Departments. There were no questions.

Chairman Surly recognized Brian Sartain, Utility Engineer for the presentation of the August Engineering Report. The utilities portion of the Monte Ne Rd reconstruction project is near 90% complete. The next street project to get underway will be the south portion of Bellview Rd-Pleasant Grove Rd contracted with APAC. Crafton & Tull is expected to present the conceptual design soon for the Pleasant Grove Rd Phase III (formerly Southgate Rd) Project. I-49 and Highway 71B Interchange has been delayed due to some Highway Department revisions. The engineering department has now received and working on the changes to move forward on those plans. The West Walnut St Widening Project from 8<sup>th</sup> Street to Dixieland Rd is ongoing with Crafton & Tull. The Water and Sewer Extension for Shores Avenue design work is complete but are currently acquiring easements. The Stream Stabilization projects are currently under review from the Health Department and will send out to bid upon approval. The recoating project on the Tower Park Ground Storage Tank started today blasting off the old paint. We anticipate having the bids go out later this month for the recoating of the Prairie Creek Ground Storage Tank. We are continuing with McGoodwin, Williams and Yates (MWY) on the Bardenpho Basin Repair Rehab and also with Garver on the Sludge Handling Facility at the RPCF. We expect Garver to present a proposal at the November meeting. Chairman Greene asked about activity on 10<sup>th</sup> Street and Rozell. Sartain noted this project involves the Street Department rebuilding 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> Street and Rozell addressing replacement of some old (AC) water lines. Sartain highlighted on project reviews the hotel Marriott coming to the Promenade area and a new Rogers Elementary School #16 to be located on Garrett Road. Also a new apartment complex will be on Rainbow Road. Sartain referred to a plans review distribution summary, stating that the current total number of reviews is about 70% compared to those in 2006. There were no further questions.

Chairman Surly recognized Todd Beaver, RPCF Manager to present the August RPCF Reports. The Discharge Monitoring Report and the Osage Creek Monitoring Report data was not available, but expect to have the report at the next meeting. The purifying equipment in the post aeration building has been out of service, which is used to re-oxygenate the water. We are continuing to troubleshoot the problem and currently working to get the issue resolved, however this resulted in a violation with dissolved oxygen. The BNR train 1 refurbishment is progressing and plans are to get bids to replace some existing mixers and other equipment while it's out of service. There were no questions.

Chairman Surly recognized Brent Dobler, Operations Manager for the presentation of the August Operation Reports. Dobler briefly reviewed the graphs relating to the various departments. For the month was 1001 locates and an increase of 8% YTD from 2016. Service calls remain consistent. Shut offs were fewer last year but we see the robo texting/calls to prove successful. The CCTV inspection had some operational issues, which we are in the process of replacing outdated equipment. We anticipate replacing a water pump on the Vac-con flush truck that has been a continuous problem. Valve exercising and leak detection have no significant changes. We have changed out 632 meters this month with a total YTD of 808 meters for FY 18. Two (2) additional routes have been completed on the change out program giving a total of (7) seven routes finished from a grand total of 65. This

represents approximately over 3,800 meters that have been replaced reducing the read time of (47) forty-seven hours to (8) eight hours. The meter readers are now able to utilize some of their time in other areas such as vegetation control and assisting with changing out meters. There was a sanitary sewer overflow reported at 709 N 12<sup>th</sup> Pl with a damage payment of near \$17,000 to the customer. Commissioner Don Kendall asked what caused the sanitary sewer overflow. Dobler stated damage was primarily due to grease and tree roots in the sewer main line. We advised the customer to relocate a pop off sewer valve to their cleanout (currently located in the garage) to prevent future sewer backups inside the house. The Lost Water Report is at 14% for the last (12) twelve months, and 3% for the month. The August average daily water usage was 10.8 MGD with a single daily use high of 13.2 MGD. There were no more questions.

Chairman Surly recognized Eric Hoyt of Beall Barclay & Company for presentation of the 2017 Water and Sewer Audit Reports. Hoyt reported the effectiveness of internal controls and the detailed written policies in place. This did not identify any significant deficiencies or non-compliance issues. He noted Refunding of the 2006 Water Bonds and the 2007 Sewer Bonds were paid with reserves. Commissioner Don Kendall made a motion, second by Commissioner Mike Watkins to approve the 2017 Water and Sewer Audit Reports. All in favor, motion carried. There were no questions.

Chairman Surly recognized Mark Jeffery of Harbor Environmental and Safety to give a brief summary of an environmental compliance audit that was performed for Rogers Water Utilities and the RPCF located at 4300 S Rainbow Road, Rogers. A full detailed report was provided to identify environmental obligations and compliance status at the time of the site inspection. The evaluation recommended action needed to help obtain compliance requirements. Jeffery stated the (2) two most important recommendations is a) Arc Flash Assessment mandated by the NFPA which is a flash hazard analysis required to be conducted in order to protect personnel from the possibility of being injured by an arc flash and b) control of hazardous energy Lockout/Tagout (LOTO) including a written program and training. Commissioner Don Kendall asked if this was an overall study of the whole utility. Jeffery replied yes. Chairman Surly asked how many man hours were needed for the audit. Jeffery stated he had been on site for (1) one week and the environmental audit took (2) two days, however additional time was needed to finalize the report. He expressed appreciation for the cooperation extended throughout his time spent on the premises. There were no further questions.

Chairman Surly recognized Earl Rausch, Utility Superintendent for presentation of the RWU Salary Study Adjustment Report. Rausch stated that the Compensation Administration Policy (Resolution No. 17-23) was previously approved to serve as a tool needed to complete the salary study. After meeting with staff and the HR Dept, there were (4) four employees that received an increased salary adjustment totaling \$3,784 to meet minimum pay as listed in the Compensation Administration Policy that was adopted August 21, 2017 and a total of (14) fourteen positions that received a longevity salary adjustment for a total of \$9,886 in both the water and sewer departments. There were (5) five positions with advancement for a total of \$14,880 in both the water and sewer departments for a grand total of \$28,550 that will affect the FY 18 Budget. Commissioner Kathy McClure asked if this amount was representation of an increase to reach a fair market. Rausch replied yes, a total of (14)

fourteen employee salary adjustments were made per the guidelines of the Johanson Study. There were no further questions.

Chairman Surly recognized Jene' Huffman-Gilreath Shared Services Manager to request approval of Resolution No. 17-24 as the Education Assistance Plan and Program for RWU. The Commission believes the adoption of this Plan and Program is in the best interest of RWU and also provide career development and training opportunities for its employees. The employee must have (12) twelve months employment with full-time status to qualify. Chairman Surly asked how much impact to expect in the budget. Huffman-Gilreath stated \$35,000 each was budgeted in both the water and sewer departments. She also added that she would offer assistance to any employee seeking financial aid. A motion was made by Commissioner Kathy McClure, second by Commissioner Don Kendall for the maximum amount of \$5,250 per calendar year per employee for Education Assistance. All in favor, motion carried. There were no further questions.

Chairman Surly recognized Brent Dobler for the approval to replace (2) two passenger trucks matching state bid from Superior Automotive in Siloam Springs. The purchase price for the 2018 Ram 1500 4x4 Regular Cab is \$22,230.00 and the 2018 Ram 15 4x2 Crew Cab is \$24,488.00. This is a budgeted item. Commissioner Travis Greene made a motion, second by Commissioner Don Kendall to approve the total purchase of \$46,718.00 from Superior Automotive for (2) two 2018 Ram trucks replacing (2) two existing trucks on our fleet.

Chairman Surly recognized Earl Rausch to present Resolution No. 17-25, a Resolution Authorizing and Approving an Agreement with XNA Real Estate, LLC Concerning a Wall on Lot 17 Crow's Nest First Addition, Benton County, Arkansas. Earl Rausch gave a general description of the proposed agreement with XNA Real Estate, LLC. Robert Frazier then informed the Commission of a lawsuit against Rogers Water Utilities, the Commission, the Benton County Planning Board, and XNA Real Estate, LLC brought by The Kathy Jean Buckalew Revocable Trust Dated January 28, 2016, a copy of which he had just received at the meeting and given to him by Will Clark, an attorney for the Buckalew Trust. Mr. Frazier then introduced Mr. Clark, who gave his description of the lawsuit.

Mr. Frazier gave the Commission some additional background on the events leading up to the proposed agreement, much of which are reflected in the demand letter from Mr. Frazier attached as Exhibit 2 to the proposed agreement. Mr. Frazier recommended that the Commission approve the proposed agreement, noting, among other things, that the agreement contained an indemnity provision whereby RWU and the Commission could look to XNA Real Estate, LLC for reimbursement for legal fees in defending against the Buckalew Trust lawsuit and that the proposed agreement would settle the dispute with XNA Real Estate, LLC and prevent any litigation with XNA Real Estate, LLC.

Mr. Frazier and Mr. Clark addressed several questions asked by the Commissioners. Mr. Clark indicated his opposition to the proposed agreement.

The Commission asked whether staff recommended approval of the proposed agreement. Mr. Rausch indicated that staff did recommend approval of the agreement, noting that the approach used in the agreement with XNA Real Estate, LLC was similar to the approach taken in other cases of

encroachments on water line easements, and that the City of Rogers has previously entered into similar agreements.

Commissioner Don Kendall moved to approve the Resolution, Commissioner Travis Greene seconded the Motion. The Resolution passed with 4 Commissioners in favor, no Commissioners opposed, and with Commissioner Kathy McClure abstaining.

With no further business, Chairman Surly adjourned the meeting at 5:26 PM.

Respectfully submitted,

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

Earl Rausch, Acting Secretary/djw

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