

Rogers Waterworks and Sewer Commission

September 19, 2016

Minutes

The Rogers Waterworks and Sewer Commission held its regular scheduled meeting at 4:00 PM Monday, September 19, 2016 in the Rogers Water Administration Building. Present were Commissioners Travis Greene and Mike Watkins. Commissioners Roger Surly and Kathy McClure arrived late. Don Kendall was absent. Present was Rogers Water Utilities staff Earl Rausch, Brent Dobler, Johnny Lunsford, Joyce Johnson, Jennifer Lattin, Brian Sartain, Stephen Ponder, Jordan Waterhouse, Vera Hall, Donna Wilson, Dan Grelle, Shawn McCarty, and Todd Beaver. Others in attendance were Robert Frazier of the Frazier Law Firm, April Robertson of the Northwest Arkansas Democrat-Gazette, Jill Drewyor of the Mitchell Williams Law Firm, Eric Hoyt of the Beall Barclay and Company, Jim Fowler and Jacob White of the Rose Law Firm, Bob Wright of Crews & Associates, Kevin Faught of Stephens, Inc., Craig Hardin of McGoodwin, Williams & Yates and Jene' Huffman-Gilreath. Acting Chairman Travis Greene called the meeting to order at 4:10PM.

Earl Rausch, Utilities Superintendent introduced Mike Watkins as the new Water and Sewer Commissioner. He will fill the unexpired term of Jene' Huffman-Gilreath till February 2023. Also, Todd Beaver was recognized as the new Rogers Pollution Control Facility Manager replacing the deceased Robert Moore. The Commission gave a warm welcome to both additions.

Rausch presented Stephen Ponder, Project Engineer with a gift of appreciation and a certificate to commemorate (15) fifteen years of service. Dan Grelle, Engineering Technician celebrated (25) twenty five years of service receiving a gift of appreciation and a certificate. Brent Dobler, Operations Manager recognized Shawn McCarty, System Analyst with a gift of appreciation and a certificate for (20) twenty years of service.

A motion was made by Commissioner Travis Greene, second by Commissioner Kathy McClure to approve the minutes of the August 15, 2016 meeting as submitted. All in favor, motion carried.

Chairman Surly recognized Jennifer Lattin, Utilities Controller for the presentation of the August 2016 Financial Reports. Lattin stated that water consumption for the month of August 2016 was down 6.65% from August 2015. Billed revenue was down 5.16%. The Water Department reported a profit of \$154,000 for the month ending August 31, 2016. A profit of \$286,000 was reported for the month ending August 31, 2015. Collection of access and impact fee revenue for F'Y' 17 are \$91,000, and are down from \$155,000 in F'Y' 16. Actual access and impact fee revenues are \$6,000 under budget in the Water Department for Fiscal Year 2017.

Sewer Consumption for August 2016 was down 1.16% from August 2015. Billed revenue was down .12%. The Sewer Department reported a profit of \$229,000 for the month ending August 31, 2016. A profit of \$318,000 was reported for the month ending August 2015. Collection of access and impact

fee revenue for F'Y' 17 are \$206,000, and are down from \$283,000 in F'Y' 16. Actual access and impact fee revenues are \$6,000 over budget in the Sewer Department for Fiscal Year 2017.

The Restricted and Unrestricted Funds Report show total funds are at \$34.4 million. \$8.7 million is restricted. The unrestricted funds are at \$8.7 million in Water and \$17.0 million in Sewer. Total funds on hand at August 31, 2015 were \$32.2 million.

As required by GASB 68, June 2016 financials included an adjustment for Rogers Water Utilities' proportionate share of the APERS net pension liability. At the time of closing the June 2016 financials, RWU recorded a conservative APERS adjustment for the Water and Sewer Departments. After further review by RWU staff and confirmation by our auditors, RWU updated the APERS pension adjustment. This adjustment had the effect of increasing net income in the Water Department by \$166,000 and in the Sewer Department by \$271,000 for the Fiscal Year 2016. The audit reports will reflect the higher income in both the Water and Sewer Departments. Chairman Surly ask if the adjustment had any impact on the current year. Lattin stated there was no impact in F'Y' 17. There were no further questions.

Chairman Surly recognized Rausch for the presentation of the Engineering and RPCF Reports. Rausch stated development is continuing along Walnut Street and Interstate 49. Rausch also presented an overview of the active city projects. Approximately 2000 feet of the pipe bursting project in the Rolling Oaks subdivision-Sewer Rehabilitation Project has been completed. The Osage Creek Monitoring Report shows an increase in the conductivity level and a higher level of phosphorus. Rausch reported that Southeast Poultry is attempting to make improvements to get their pretreatment program in compliance. There were no questions.

Chairman Surly recognized Brent Dobler, Operations Manager for presentation of the August Operation Reports. Dobler addressed the different departments referring to the informational graphs. Dobler stated that with the increase in locates, existing personnel have had to help with locating. A good downward trend shows shutoffs are lower. TV inspection reported 17,689 feet. The Vac-Con reports show flushing 129,870 feet of sewer lines, a three year high. The Leak detection of 84,014 ft is concentrated mostly in the lake area. The Lost Water Report is at 15% for the last twelve months, while being at 20% for calendar 2016 and 14% for the month. A 50,000 gallon per day leak was found and repaired at Craig Circle and New Hope Road. The August average daily water usage was 11.28 MGD with a single daily use high of 13.23 MGD. There were no questions.

Chairman Surly recognized Joyce Johnson, Business Manager for presentation of the Bond Underwriters recommendation for Water and Sewer Bond Refunding. Johnson provided a summary of the estimated debt service savings in both Water and Sewer Departments. Johnson explained management preferred to keep the debt service requirements at current levels. Reducing debt service lengthens the term to pay off bonds. The net proposed reduction in overall debt service is estimated to be \$3.1 million in Water and \$14.3 million in Sewer. Johnson requested the commission select bond counsel in order to proceed. Bob Wright of Crews & Associates, and Kevin Faught of Stephens, Inc. addressed the commission to provide additional details of the conservative approach

used to maximize net cash flow savings. Johnson added that once final numbers are available there will need to be budget amendments, including expensing bond issue costs of approximately \$300,000 in both Water and Sewer Departments, and changes in amortization and interest expense. Commissioner Travis Greene made a motion, second by Commissioner Kathy McClure to approve proceeding with recommendation of the Underwriters subject to approval by Bond Counsel. All in favor, motion carried.

Joyce Johnson requested selection of Bond Counsel for Water and Sewer Bonds. The (3) three firms that responded are Mitchell Williams Law Firm, Rose Law Firm and Kutak Rock LLP. After the Commissioners completed rating tabulation sheets it was announced that Jill Drewyor of Mitchell Williams, Selig, Gates & Woodyard, PLLC was selected to represent Rogers Water Utilities as Bond Counsel. Chairman Surly expressed appreciation to all the firms that participated. A motion was made by Commissioner Kathy McClure, second by Commissioner Mike Watkins to approve Mitchell, Williams Law Firm for representation as Bond Counsel. All in favor, motion carried.

Chairman Surly recognized Eric Hoyt of Beall Barclay Company to present the 2016 Water and Sewer Audit Reports. Hoyt reported there were no exceptions or non-compliance issues. He noted the inclusion of Net Pension Liability in implementing the financial reporting requirements of GASB 68. There were no questions. Commissioner Travis Greene made a motion, second by Commissioner Kathy McClure to accept the 2016 Water and Sewer Audit Reports. All in favor, motion carried.

Chairman Surly recognized Brian Sartain, Design Engineer to present a professional services agreement for a preliminary engineering study of RPCF Structural Analysis and Improvements. Staff recommends approval for McGoodwin, Williams and Yates to provide professional services in the amount of \$26,098. A motion was made by Commissioner Kathy McClure, second by Commissioner Mike Watkins to approve the professional services agreement with McGoodwin, Williams and Yates for \$26,098. All in favor, motion carried.

Rausch presented Resolution No. 16-15 approving the purchase of certain impeller pumps for use at the RPCF, waiving competitive bidding. These Flygt impeller pumps will be purchased from Jack Tyler Engineering, Inc. for \$103,827 plus shipping and applicable taxes. This is not a budgeted item. Commissioner Travis Greene made a motion, second by Commissioner Kathy McClure to purchase (3) three Flygt impeller pumps from Jack Tyler Engineering, Inc. in the amount of \$103,827. All in favor, motion carried.

Rausch continued with the request to approve the purchase of a cooling screw for the sludge dryer at RPCF, waiving competitive bidding as submitted in Resolution No. 16-16. This authorizes the purchase of a cooling screw from KWS Mfg Co. in the amount of \$64,125 plus applicable taxes. The installation cost is not included with this price and a contractor will be performing installation of the cooling screw. The cooling screw is not a budgeted item. Commissioner Travis Greene made a motion, second by Commissioner Kathy McClure to approve the purchase of the replacement dryer discharge screw from KSW Mfg Co. in the amount of \$64,125. All in favor, motion carried.

Rausch also presented Resolution No. 16-17. It is to purchase and install a rooftop exhaust fan in the sludge dryer building at RPCF by Multi-Craft Contractors, Inc. in the amount of \$21,508, waiving competitive bidding. The rooftop exhaust fan is not a budgeted item. Commissioner Kathy McClure made a motion, second by Commissioner Mike Watkins to approve the purchase and installation of a rooftop exhaust fan by MCC in the amount of \$21,508 at RPCF, waiving competitive bidding. All in favor, motion carried.

Brent Dobler requested approval to purchase a replacement truck for one that was lost in an accident from Superior Auto Group. RWU has received \$25,000 for the insurance claim. Commissioner Travis Greene made a motion, second by Commissioner Kathy McClure to approve purchase of a Dodge Ram 1500 truck from Superior Auto Group that is matching state bid. All in favor, motion carried.

With no further business, the meeting was adjourned at 5:35 PM.

Respectfully submitted,

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

Earl Rausch, Acting Secretary/djw

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