

Rogers Waterworks and Sewer Commission

October 22, 2001

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, October 22, 2001, in the Rogers Water Utilities Training Center. Commissioners present were Donnie Moore, Beck Scott, and Jerry Pittman. Dick McLelland and Lon Pepple were absent. Rogers Water Utilities staff present were Tom McAlister, Mark Johnson, Earl Rausch, Stephen Ponder, Don Roberts, and Joyce Johnson. Others in the audience were Lori Harrison-Stone, Tom Lonon, Carl Yates, and Kierston Conley. Chairman Moore called the meeting to order at 4:05 PM.

There was a motion by Pittman second by Scott, to approve the minutes of September 17, 2001 as submitted. All in favor, motion carried.

Chairman Moore recognized Mark Johnson, P. E., Utilities Engineer. Johnson told the Commission that H. Epps Construction, the contractor for the 1998 Sewer Bond Fund project called Phase VI-A, had been terminated for convenience, according to the terms of the project. The project, about 40% complete, had been an ongoing problem for the contractor, the engineers, and the property owners in the area. A new contractor, Johnny McClelland and Sons, had agreed to take the remainder of the project for the unit prices agreed to by Epps. Since winter was rapidly approaching, and the property owners in the project area were still waiting for their yards to be cleaned up, Johnson recommended that the Commission pass Resolution No. 02-01. The resolution empowered the RWU staff to waive competitive bidding, and award a contract to Johnny McClelland and Sons, for \$577, 227.35, to finish Phase VI-A. Johnson said that the final payment to Epps would need to be negotiated, based on amount of work finished by Epps. There was a motion by Scott, second by Pittman, to approve Resolution No. 02-01. All in favor, motion carried.

Continuing, Johnson presented the Commission with a spreadsheet showing the status of the many projects in which the Commission had a pecuniary interest. He said that the water line contractor for the 1998 water fund Phase II (Northwest water project), Parker Excavation, had let him know that he would not be back to finish the project. Johnson said that the Utilities would hire a contractor to finish the project and pay him out of unpaid project funds. He said that Phase III of the 1998 water bond fund projects would be bid next month. He said that the Prairie Creek water line project was close to 50% complete.

Johnson said that the Osage Reservation contractor had started the work. Someone asked how the residents in the area were receiving the project? Johnson said that most of the people he talked to just wanted something done about their yards and fences, which had been left in some disrepair by H. Epps, the late sewer line contractor for Phase VI-A.

Chairman Moore recognized Tom Lonon, CPA, with Scarborough & Murtishaw. Lonon presented the Commission with audit reports for Fiscal Year 2001, for the Water Department and the Sewer Department. He read the "management letter" enclosed in the report, which was identical for both departments. He said the audit reports detected no material weaknesses in the financial reports for the departments. There were no questions from the Commission of Lonon. The reports were accepted without comment.

Chairman Moore recognized Joyce Johnson, CPA, RWU Controller. Johnson presented the Commission with financial sheets from September 2001. Johnson said that she was having a little difficulty investing the RWU reserve funds, and that interest income was going to be less than anticipated. She also pointed out that water purchases from Beaver Water District were down as a result of the wet weather, so she predicted revenue from sales would be off next month. Someone pointed out the unaccounted-for-water rate had decreased to 10% for the past twelve months. Pittman asked Don Roberts if the sewer smoke-testing project had found many leaks? Don Roberts, Field Operations Superintendent for RWU, answered in the affirmative.

Chairman Moore recognized Tom McAlister, Utilities Manager. McAlister reported to the Commission on the status of the cooperation initiative with Springdale Water Utilities, given all the coverage in the press and the draft interlocal agreement between the cities of Rogers and Springdale. McAlister said that interlocal agreement was apparently a dead issue, given the action taken by the Springdale Water Commission to hire a consultant to study the different methods of sludge disposal and make a recommendation to the Commission. McAlister gave the Commission a draft copy of the agreement, which specifically called for the engineer to include the Rogers Pollution Control Facility. McAlister said that, although the draft agreement did not have Rogers as a party to the contract, he noted that Springdale was open to the idea. However, Rene Langston, Executive Director for Springdale Water Utilities, did not want to hassle with an interlocal agreement at this time, due to the need for speed in improving Springdale's method of sludge disposal.

McAlister cautioned the Commission against entering into a contract with Springdale at this time, since Springdale was in a big hurry, and Rogers was not. McAlister said that the sewer system was working very well and efficiently, and any change in sludge disposal methods would result in substantial cost increases. He presented the Commission with a spreadsheet that compared five disposal methods, including a proposal from Duke Solutions-Harmony Products to take dewatered sludge from the plant for \$34 dollars a wet ton, and turn the product into fertilizer.

Moore asked Carl Yates, P. E., McGoodwin, Williams, and Yates, Inc., about the proposal from Duke-Harmony. Yates said that Harmony was a fertilizer company specializing in slow release organic products. He said that Duke-Harmony would put up the money, about \$11 million initially, to build a fertilizer plant that would take sludge and poultry litter. Before they would make the investment, Yates said, Duke-Harmony must have assurances of at least 50,000 tons of litter and/or sludge per year.

The meeting adjourned at 4:45 PM, to a 6:00 PM meeting at Beaver Water District, attended by members of the Springdale Commission and Beaver Water District Board of Directors.

Commissioners Jerry Pittman and Donnie Moore attended this later meeting. The Commissioners and staff of the two cities listened to a report given by Don Spiegel, P. E., Montgomery Watson Engineers. Spiegel had been hired by the District to update the District's Master Plan. Spiegel said that rapid growth in Northwest Arkansas had spurred the need to build an additional 60 million gallons per day, bringing the total capacity to 140 MGD. The schedule for construction called for completion of the improvements in 2005, at a cost of about \$82.4 million. Alan Fortenberry, CEO, Beaver Water District, did not venture a guess at the need for additional water rate hikes, since the financing of the project had not been set up yet. He did say that it had been over ten years since the last rate increase.

The meeting adjourned at 7:30 PM.

Respectfully submitted,

Tom S. McAlister, Acting Secretary
Rogers Waterworks and Sewer Commission

File: RWWSC minutes, 10-22-01

