

Rogers Waterworks and Sewer Commission Meeting

November 15, 2004

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, November 15, 2004, in the City Council Chambers of the Rogers City Administration Building. Commissioners in attendance were Donnie Moore, Dick McLelland, Jerry Pittman, Lon Pepple, and Fred Wanger. Rogers Water Utilities staff in attendance were Tom McAlister, Mark Johnson, Joyce Johnson, Mike Lawrence, William Evans, Everett Balk, Stephen Ponder, and Tim House. Others at the meeting were Deputy City Attorney Jason Kelley, Michael Rowe, and John Moore. Chairman Moore called the meeting to order at 4:00 PM.

There was a motion by Pittman, second by McLelland, to approve the minutes of the October 18 and November 2 Commission meetings. All in favor, motion carried.

Moore recognized Mark Johnson, P. E., Utilities Engineer. Johnson addressed two agenda items for the Commission. He said that the data from the engineers for Warren Glen addition did not submit their documentation in time to be adjudged by the Commission. Johnson said that the request for extension of a water main into the county from Phil Swope, the engineer for the project, had no one in the audience to speak for the project, since he had neglected to inform the engineer in question about the need to be in attendance. McLelland asked if it were necessary, since there seemed to be no objection from staff, for the engineer to be present? Johnson said that it wasn't necessary, since City Council would have to approve the extension. There was a motion by Pittman, second by McLelland, to approve the subject extension, contingent upon approval by Council and with the restriction of a maximum of 5 5/8-inch services. All in favor, motion carried.

Johnson presented the Commission with a spreadsheet depicting the status of the several projects in which the Commission had a pecuniary interest. He said that all but three residences in the 1998 sewer bond Phase VIA project had connected to the new sewer. One resident had flatly refused to comply with an order to connect. Another resident had a special problem with the septic tank under her house. Jason Kelley said that he planned to send the former a letter in an attempt to force compliance with state and city code.

Continuing, Johnson mentioned that the proposed Pleasant Grove Road sewer extension was waiting for written commitments from landowners in the area of Pleasant Grove and Concord Drive. RWU staff had designed a sewer extension and bid the project earlier in the year, but no bids had been awarded, he said.

Johnson said that the Lilac Street pump station and ground storage tank were essentially complete. He said the same about the Pleasant Grove Road water extension and the utility extensions to the new Elza Tucker School in Lowell.

Johnson said that the proposed water system improvements in southeast Rogers would be split into three contracts, in order to shorten the time required for construction. Phase 1 would be a 12-inch main on S. First Street between Olrich St. and Post Road. Phase 2 would be a 24-inch main from south of Pleasant Grove Road and the railroad tracks east and north to Post Road and Old Wire Road. Phase 3 would be 24-inch as well, extending north and east from Old Wire Road to McCann Road, then north on "M" St. to E. New Hope Road. Funding for this work was secured through an \$8 million dollar water revenue bond issue approved by City Council the week prior.

McLelland asked about sewer for Prestwick Place? Johnson said that project was being accomplished through the New Hope Road utilities contractor, Journagan Contractors, Inc. He noted that the proposed sewer on the south side of West New Hope Road was being deleted from the contract, since the homeowners did not want the service, and that condemnations would have been necessitated, in Johnson's opinion.

Moore recognized Everett Balk, P. E., newly installed as the head of Project Facilitation for RWU. Balk gave a brief update on the efforts of the PF section. He said that an additional engineer had been hired, and that a secretary was still needed. Balk introduced Tim House, P. E., RWU's newest engineer, who would be helping he and Stephen Ponder process the many engineering plans submitted to RWU for review and approval.

Moore asked if Balk had conducted any predesign meetings? Balk said that there had been several designers come in the office to look at maps and discuss projects. Wanger said that he had heard some good things from the development community in regard to the changes that had been made in general and regarding Balk's performance in particular.

Moore recognized Jason Kelley, Deputy City Attorney. Kelley presented the Commission with a proposed settlement agreement between the City of Rogers and Benton County Rural Water District No. 1. In the proposal, BCRWD No. 1 agreed to cede its rights to serve water to Camden Way addition, for a fee of \$27,000, providing the agreement was acceptable to the US Dept. of Agriculture, which held outstanding debt on the rural water district. There was a motion by Pittman, second by McLelland, to approve the settlement agreement. All in favor, motion carried.

Moore recognized Tom McAlister, Superintendent, Rogers Water Utilities. McAlister presented the Commission with a short report from rate consultant, Tom Gould, and a suggestion for a connection fee policy. McAlister reminded the Commission of the report heard from Gould last September, in which the consultant set maximum system development charges (SDC's) at \$1300 for water and \$4210 for sewer, for a

single, 5/8-inch service. McAlister said that he had asked Gould to predict the impact on water and sewer fees if the connection fees were not implemented, 25% implemented, 50% implemented, and 100% implemented. He said Gould concluded that, even if the SDC's were implemented at 50%, connection fees would help protect existing water users from rate increases due to growth.

Continuing, McAlister recommended that a two-tiered approach be implemented: 1. Continue to collect access fees from developers at the time water service was desired, and 2. Collect hookup fees from builders and plumbers at the time service is required. He recommended that the access fee begin in 2006, since most developments needed time to build the additional cost into their financing structure. The hookup fee might be instituted mid next year, since homes and businesses required less time to plan and build. McAlister suggested that the Commission start the fees low, and increase the fees over time.

Some Commissioners thought that the time frame was too long, and that potential revenue would be lost. The need for an expansion to the wastewater treatment facility was immediate, someone said. Others thought the proposed fees were too low. There ensued a lot of discussion about the timing and fairness of access/hookup fees. Jason Kelley opined that the Commission could not go back and charge developers retroactively. He said, if the Commission merely continued its policy of collecting "connection fees", the fees would not be subject to the "Bisbee" law, which required municipalities to track fees for every project, and returned unused fees after a set period. Kelly said that the Commission could raise the fees without Council action.

McLelland said that the current method of exacting access fees from developers was already onerous, since the developer had to pay for every lot, before he could get service to one lot. The lots might not be developed for years, he said. McLelland also said that most lots in a development were presold, and that additional fees to developers or builders might adversely affect the sale of lots. Moore said that the ultimate consumer would have to bear the fees, which must be passed through in the cost of the lots/homes.

Finally, there was a motion by Pittman, second by Pepple, to adopt the following connection fees:

1. Access fees: Beginning January 1, 2005, all subdivision projects with final plat approval after this date, would have to pay a \$300 water, \$300 sewer access fee for every residential (5/8-inch service). This fee was to be collected from the developer before water service is established.
2. Hookup fees: Beginning January 1, 2006, all builders, plumbers, sprinkler contractors, owners or their agents, requesting new water service from RWU, must pay a one-time connection fee of \$700 for water, \$2200 for sewer, before the meter is set. Larger meters would cost extra, prorated on the demand placed on the system. All meters would require a separate fee.

All in favor, motion carried. McAlister said that he would put together a formal resolution for the Commission at its next meeting.

Moore recognized Joyce Johnson, CPA, Utilities Controller. Johnson presented the Commission with financial statements for October. No exceptions were taken to the statements.

McAlister announced that employee Christmas bonuses would be given at the rate of \$125 for full time employees who worked for the entire year. He said that this policy mirrored the policy of the City of Rogers.

The meeting adjourned at 5:30 PM.

Respectfully submitted,

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

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