

Rogers Waterworks and Sewer Commission

December 15, 2014

Minutes

The Rogers Waterworks and Sewer Commission held its regular meeting at 4:00 PM on Monday, December 15, 2014 in the Rogers Water Utilities Administration Building. Present were Commissioners Travis Greene, Roger Surly, Kathy McClure and Jene' Huffman-Gilreath. Chairman Don Kendall did not attend. Rogers Water Utilities staff in attendance was Earl Rausch, Joyce Johnson, Johnny Lunsford, William Evans, Robert Moore, Jennifer Lattin, Randy Watson, Vera Hall, Brian Sartain, Stephen Ponder and Donna Wilson. Others in attendance were John Gore of the Morning News, Robert Frazier of The Frazier Law Firm, and Craig Douthett, Don Rhoads and Steve Ross from Fleming Electric. Commissioner Surly acted as Chairman and called the meeting to order at 4:00 PM.

There was a motion by Commissioner Greene, second by Commissioner McClure to approve the minutes of the October 20, 2014, regular meeting as submitted. All in favor, motion carried.

Acting Chairman Surly recognized Joyce Johnson, Utilities Controller. Johnson presented the November 2014 financial reports. Johnson stated the Water Department reported a loss of \$17,000 compared to a profit of \$33,000 for the same time period in the prior fiscal year. Johnson explained that if we have a wet and cool spring like last year, she predicts the loss for the year could be more than the \$132,000 loss budgeted, due to increased expenses this year. Since last spring was wet and cool, there is a possibility that with drier weather we could do better than the budgeted loss. Johnson stated she feels that the \$132,000 budgeted loss is still attainable.

The Sewer Department had a \$136,000 profit for the month compared to \$157,000 for the prior year. For the first five months of fiscal year 2015, there is a profit of \$1,048,000 while in 2014 there was a profit of \$1,204,000 for the first five months. Johnson stated she feels the \$2,300,000 profit budgeted for fiscal year 2015 is still attainable. Johnson discussed reserves totaling \$29 million, \$15 million in the Water Department and \$14 million in the Sewer Department. Last year the reserves were \$26.6 million because we retired debt in the Sewer Department. However, they have increased by \$2.8 million in the Sewer Department bringing us back to the \$29 million level. Johnson mentioned she is working on a recommendation for a policy for determining the appropriate level of reserves, as well as investing options for Utility reserves. Commissioner Greene asked what other investment options we have and if they have to be FDIC insured. Johnson said that we could invest in any instrument or security authorized by Arkansas State law. She indicated that safety of principal and liquidity are significant to the decision of investing our reserves. Johnson asked if there were other questions. There were none.

Acting Chairman Surly recognized Earl Rausch, Utility Superintendent for the November Staff report. Rausch reported that the Rogers Water Utility is following in the same manner as the City of Rogers pertaining to employee raises and Christmas Bonuses. Cost of living increases are to begin in January

2015 with a two (2) percent or \$1000 increase, whichever is greater in the same manner as the City of Rogers. Also Rausch noted to the record that Rogers Water Utility did cost of living raises in the same manner as the City of Rogers did last year. Rausch also stated that each employee has already received a \$200 Christmas Bonus.

Rausch reported that developer construction is still strong and continuing at a healthy pace. We are awaiting the sewer evaluation study report of the Garrett Road lift station basin so we can begin to use the rehabilitation money to help stop I & I inflow. We should have the report by the first of the year. Rausch also reported the Osage Creek monitoring results look flat for the year and indicates no gains or losses in the nutrient levels.

Rausch explained that the water usage remains good at 6.7 MGD with unaccounted water reporting at three percent for the month (13 percent for last 12 months).

Rausch reported that the sewer department now has two (2) flush trucks operating. The older flush truck has been out of service for six months out of this year. Rausch asked if there were any questions regarding the staff reports and Acting Chairman Surly asked about the bid opening for the South 1st St from Olrich Street to Arkansas Street. Rausch stated this project is a City street project and the project bid is scheduled to be opened on January 22nd. Rausch stated the 1st Street project includes the water and sewer relocation design. We will reimburse the City for the water and sewer relocation costs. Rausch asked if there questions. There was none.

Acting Chairman Surly recognized Joyce Johnson to discuss the Amendment for Rogers Water Utility Section 125 Cafeteria Plan. She explained that last year we had the Friday, Eldredge & Clark law firm from Little Rock update our Section 125 Cafeteria plan. They are proposing this amendment to keep us compliant with the current laws that relate to cafeteria plans. At first glance, it appears they have the wrong effective date of January 1st, 2014, but upon clarification they indicated it is a retroactive amendment that needs to be included. Johnson recommended that we keep the plan current, and approve the amendment that is being suggested. Johnson pointed out a few changes regarding the insurance coverage. Delta Dental will now be our carrier for dental coverage, and the City of Rogers will administer the self insured health plan with Blue Cross Blue Shield acting as TPA. Humana and AFLAC remain the same. Acting Chairman Surly asked if there were questions. There was none. A motion was made by Commissioner Greene to approve the amendment to the Section 125 Cafeteria plan, second by Commissioner Huffman-Gilreath. All in favor, motion carried.

Acting Chairman Surly recognized Robert Moore, RPCF Plant Manager. Moore recommended replacement of a 29 year old forklift with having received four (4) different bids, he asked for approval to purchase from Lift Truck Service Center in the amount of \$24,698. Commissioner Huffman-Gilreath made a motion to purchase the forklift from Lift Truck Service Center in the amount of \$24,698 and second was made by Commissioner McClure. All in favor motion carried.

Acting Chairman Surly recognized Brian Sartain, Design Engineer. Sartain reported that the City of Rogers received bids on December 2, 2014 for the Pinnacle Hills Pkwy Waterline southern extension that will extend Pinnacle Hills Pkwy five (5) lanes from Pauline Whitaker Pkwy to Pleasant Grove Rd. and will

also provide a connection to Highland Knolls Rd. There is approximately 1,900 linear feet of waterline in this job. This street project is funded by the 2012 bond, which does not cover expenses incurred for utility relocations. RWU will be required to reimburse the City of Rogers Transportation and Planning Dept. for the cost of water and sewer improvements. The lowest bidder was Fochtman Enterprises, Inc. in the amount of \$128,054. Sartain recommends approval to reimburse the City of Rogers \$128,054. This sum will be paid to the City of Rogers as work progresses and payment estimates are approved by the Utility engineering. Commissioner McClure made a motion to reimburse the City \$128,054 for the improvements and motion was seconded by Commissioner Huffman-Gilreath. Commissioner Greene abstained. All in favor, motion carried.

Brian Sartain, Design Engineer, continued on to discuss the Administration Building Emergency Generator. The 125 Kilowatt Generator will be located in back of the administration building. The lowest bidder was Campbell Electric, Inc. in the amount of \$94,500. Sartain said that there were two minor bid informalities which did not affect the price of the bid. Sartain recommends to the Commission to accept the bid from Campbell Electric in the amount of \$94,500. A motion was made by Commissioner Huffman-Gilreath to approve the bid amount of \$94,500 to Campbell Electric. A second motion was made by Commissioner Greene. All in favor motion carried.

Acting Chairman Surly recognized Earl Rausch, Utility Superintendent, to discuss the need for professional legal services. At this time, the Utility legal representation is Mark Hayes with the Arkansas Municipal League. Rausch asked the Commissioners for permission to hire Robert Frazier to provide legal advice on a interim legal representation on a hourly basis. Rausch stated that the Utility will begin the process of requesting qualifications to hire a permanent attorney in the near future. Commissioner Huffman-Gilreath asked if Robert Frazier would be precluded from applying for permanent position. Rausch stated that we plan to give Robert Frazier the opportunity to apply for the permanent position. Commissioner Greene made a motion to hire Robert Frazier for interim legal representation on an hourly basis. Seconded by Commissioner Huffman-Gilreath. All in favor motion carried.

Rausch noted that the City has recently added Martin Luther King Day as an additional paid holiday so the next Commission meeting will need to be scheduled to Tuesday, January 20, 2015. In addition, Rausch announced recognition to William Evans, Water Field Operations Supervisor, for receiving the NW Arkansas Water Manager of the Year Award. This award also makes him eligible for the State award at the AWW & WEA conference in April at Hot Springs, AR.

Acting Chairman Surly announced that beginning in January 2015, he will be the new chairman presiding for the next two (2) year term as Chairman.

Acting Chairman Surly adjourned the meeting at 4:45 PM.

Respectfully submitted,



Earl Rausch, Acting Secretary
Rogers Waterworks and Sewer Commission

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