

December 20, 2010

# Rogers Waterworks and Sewer Commission

## Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, December 20, 2010, in the Commission Room of the Rogers Water Utilities (RWU) Administration Building. Commissioners Travis Greene, Guy Cable, Roger Surly, Jene' Huffman-Gilreath, and Don Kendall were present. RWU employees at the meeting were Tom McAlister, Mark Johnson, Joyce Johnson, William Evans, Robert Moore, Terry Edwards, and Johnny Lunsford. Others in audience were Alan Wooten, Robert Frazier, Bill Fedorchak, and Gary Jackson. Chairman Greene called the meeting to order at 4:03 PM.

Greene recognized Bill Fedorchak, 6116 Valley Forge Drive, Rogers. Fedorchak recounted that he had called a plumber to deal with a leak in his irrigation system on September 28, 2010, only to be told that the problem was on the City water main in his yard. Fedorchak said that RWU crews were quick to respond and fix the leak, as well as resod the area disturbed by the excavation. He said that his driveway had been damaged by the leak. Fedorchak distributed photographs he had taken after the leak repair to show that water had caused the subsidence of part of the driveway causing a large crack to appear. He had spoken to William Evans, Water Distribution Supervisor, and Tom McAlister, RWU Superintendent. He said he had contacted two companies to get a repair quote. One Company had quoted \$5973 to replace a third of the driveway, and he thought was only fair that RWU pay for the cost.

There followed a long discussion about what had happened. William Evans stated that a corporation on the main in Fedorchak's yard had started to leak. He said that the driveway already had a crack in it. McAlister said that driveways were cracked and busted all over town, mainly due to poor construction techniques. He said that RWU had never paid on such a claim that he was aware. Kendall said he thought the Commission should pay for the damage, in as much as the crack worsened after the leak. Robert Frazier said if the Commission voted to pay for the repair, that RWU should get a signed release.

There was a motion by Kendall, second by Huffman-Gilreath, to pay for the repair as quoted, and to require a release of liability from Mr. Fedorchak. All in favor, motion carried.

There was motion by Huffman-Gilreath, second by Surly, to approve the October minutes as submitted (there was no November meeting). All in favor, motion carried.

William Evans, recognized Terry Edwards, Water Team Leader, for 15 years of service to the Rogers Water Utilities.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a short spreadsheet detailing the status of the several capital projects in which the Commission had a pecuniary interest. Greene asked if the partners on the S. 42nd St. and Stoney Brook Road water/sewer improvement project were making payments as agreed. Johnson said that hotel partners were still making monthly payments as agreed. He said that entity representing Crossland Construction had paid cash. Robert Frazier said that Metro Park South (Collins Haynes) had been sued, and a default judgment had been rendered in favor of RWU. He said that he had petitioned the bankruptcy court and had been granted permission to intercede in the Metro Park South proceedings.

Greene recognized Joyce Johnson, Utilities Controller. Johnson said that the water department had actually shown a profit in November, the first time in three years. She said both the water and sewer departments were running ahead of budget for the year. She cautioned that the next four months would be slow, and may not show a profit, depending on the amount of impact and access fees received.

Surly asked about the entry labeled “vouchers”. Johnson said that, as part of the settlement agreement in the lawsuit over impact and access fees, that vouchers were issued to those qualified builders and developers who paid impact fees and had requested vouchers. The vouchers were good only in the payment of impact fees and access fees, and expired after five years. She said that, since the vouchers were issue in October, some had been cashed in, and that she treated the vouchers as revenue in her accounting system. She said that the vouchers were booked separately from new fees, as those fees were deposited into a trust set up for such monies.

Greene asked if Johnson had budgeted for a drought, such as the one experienced last summer. Johnson said that she did not budget for the drought, but projected revenue comparable to last year. She said that her preference was to conservatively project revenues when developing a budget.

Surly asked about the lost water rate. Evans said that the average nationally was around 15 percent, so the average lost water rate in Rogers was less than reported industry averages.

Greene recognized Tom McAlister. McAlister presented the Commission with a proposed “Leak Policy” for RWU. After the last Commission meeting, McAlister said that he contacted the three other major cities in Northwest Arkansas to determine what, if any, had published leak policies. He said that the cities had very similar policies. Typically, the customer with the leak had to prove a leak existed by presenting copies of plumbers’ bills and parts from plumbing stores. Springdale and Fayetteville calculate an average water bill for the customer. Beyond the average usage, the water bill was calculated using the cities’ lowest block rate. Bentonville’s policy was similar, only setting a usage level that indicated a leak. Beyond that level (25,000 gallons in a month), the water bill was calculated using the lowest block rate. McAlister said his proposed policy set the usage level at 50,000, with usage beyond that level billed at the lowest block rate (currently \$1.95 per thousand gallons). McAlister said that the office staff did not want copies of plumber’s bills to prove a leak. He said that a leak might be evidenced by at least one month of high usage, followed by a return to normal. As an example, if a residential customer had a water bill of 750,000 gallons, they would be eligible of a credit of about \$700. McAlister said the proposed policy was written to provide those with customers with catastrophic leaks some relief.

Green said that the proposed policy was a “place to start” and moved for approval. Second by Surly. Greene, Surly, Kendall, and Cable voted, “Aye”. Huffman-Gilreath voted, “No”. The motion passed.

Green recognized Robert Frazier of Warner, Smith, and Harris. Frazier presented the Commission with a proposed resolution which recommended impact and access fees for affordable housing be lowered to 40% of the existing fees. He said that that this was needed to comply with the terms of the settlement agreement the Commission had approved previously.

There was a motion by Cable, second by Huffman-Gilreath, to approve the proposed resolution No. 11-01. All in favor, motion carried.

Greene recognized Gary Jackson of Hight – Jackson and Associates, Architects. Jackson explained that he had been asked for help by the RWU staff to design a fix to the groundwater intrusion problem in the old RWU administration building. He explained the project briefly, and stated he believed the fix would work.

Continuing, Jackson presented a layout drawing for the remodel of the old Administration building. Much of the existing stud walls could be reused: however, wherever rust was found he would recommend removal. He said that some of the ductwork would need to be replaced as well as some doors. He gave the Commission a cost estimate for the work at about \$227,000. He asked for permission to develop detailed drawings for bid.

Surly asked if there was any money from the insurance to help pay for the remodel project. McAlister said that the attorneys had been negotiating with Travelers Insurance Company (Bossler Construction's surety for the new office building project) on a settlement for the final payment for the new office building project. Mark Johnson said the final payment to Travelers had been negotiated down to \$89,000 from almost \$300,000. Therefore, the savings to the Commission was about \$200,000, minus cost of the water remediation project discussed above.

There was a motion by Kendall, second by Cable, to allow Jackson to prepare detailed drawings for bid. All in favor, motion carried.

Greene recognized Mark Johnson again. Johnson recounted that the Commission had approved a project to replace existing sewer mains in N. 10<sup>th</sup> St. and Will Rogers St. He said that the low bidder went broke, so the staff asked Fotchman Enterprises (second to the low bidder) if it would keep the prices from two years ago. After the contractor said yes, and started work, staff realized that the sewer in N. 9<sup>th</sup>, N. 11<sup>th</sup>, and N. 12<sup>th</sup> Sts. needed to be replaced. Again, Fotchman agreed to honor his existing unit prices. Johnson estimated that the change to the contract would amount to \$273,274.

Surly asked if it would be advisable to bid the project. Johnson said that bids could be higher or lower than the prices set by Fotchman. He said that Fotchman was a known entity, good with the neighbors. Wooten said he had no problem with the proposed change order from a legal standpoint.

There was a motion by Huffman-Gilreath, second by Greene, to approve the change order with Fotchman for \$273,274. All in favor, motion carried.

Continuing, Johnson presented the Commission with a bid tabulation for the rehabilitation of sewers in S. 8<sup>th</sup> St., West Walnut St., S Arkansas St. and W. Poplar St. He said that Insituform Technologies was the low bidder at \$1,186,968.40. Johnson said that this was part of the \$1.5 million in the budget for sewer rehab. Added to the work ongoing in Rogers Heights Addition (see above), the total spent for rehab in FY '11 would be over \$1.6 million. Johnson said that the sewer replacement on W. Walnut between 11<sup>th</sup> St. and 9<sup>th</sup> St. was to be part of the project, but the concrete line had failed, causing the need for replacement. Johnson said the staff hired Seven Valleys Construction to do the work on an emergency basis.

There was a motion by Huffman-Gilreath, second by Kendall, to approve the contract with Insituform Technologies, Inc. for \$1,186,968.40. All in favor, motion carried.

There were several questions regarding the adequacy of the sewer rehab program and budget. Where does this leave us? Kendall asked. Johnson said that he had estimated that 200,000 feet of

sewer main would need to be rehabbed in the older part of town. He said that pipe in the newer areas were build with better materials, and should last fifty years or more. Was the budget sufficient? Huffman-Gilreath asked. Johnson said that he thought \$1 million per year for ten years would be sufficient. He said that the design work could be done in-house, and the sewer department revenues would “cash flow” such a plan.

The meeting adjourned at 5:30 PM.

Respectfully submitted,

Tom McAlister, Acting Secretary  
Rogers Waterworks and Sewer Commission

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