

Rogers Waterworks and Sewer Commission

February 18, 2020

Minutes

The Rogers Waterworks and Sewer Commission held its scheduled meeting at 4:00 PM Tuesday, February 18, 2020, in the Rogers Water Utilities Administration Building located at 601 S 2nd St. Present were Commissioners Roger Surly, Travis Greene, Kathy McClure, and Mike Watkins. Don Kendall was absent. Rogers Water Utilities staff present were Brent Dobler, Jennifer Lattin, Jene' Huffman-Gilreath, Johnny Lunsford, Brian Sartain, Aaron Short, Matt Savell, Dana Daniel, Todd Beaver, Terry Edwards, Jaime Garcia, Jerry Roegner, Vera Hall, and Donna Wilson. Others in attendance were Amber Krauft and Lisa Hall of Rogers, and Robert Frazier of the Frazier Law Firm. Chairman McClure called the meeting to order at 4:00 PM.

A motion was made by Commissioner Travis Greene, second by Commissioner Mike Watkins to approve the minutes from the January 21, 2020 meeting as submitted. All in favor, motion carried.

Brent Dobler, Utility Superintendent recognized Lisa Hall with daughter Amber Krauft, a Roger's resident requesting a water adjustment for a catastrophic water leak in excess of two million gallons at 10075 Beaver Lane. After discussion, Commissioner Travis Greene made a motion, second by Commissioner Roger Surly to approve a catastrophic water adjustment to reflect RWU's cost for the gallons of water in excess of 48,500. The amount of the water adjustment is \$3,075.31 plus tax for a total adjustment of \$3,733.83. All in favor motion carried. Mrs. Hall expressed appreciation to the Commission.

Chairman McClure recognized Jennifer Lattin, Controller to present the January 31, 2020 financial reports. Lattin stated that water consumption for the month of January 2020 is up 4.38% from January 2019. Billed revenue is up 1.97% from January 2019. The Water Department reported a loss of \$24,000 for January 2020. A profit of \$31,000 was reported for January 2019. Comparing January 2020 to January 2019, total revenues increased by \$23,000, while expenses increased \$78,000 primarily due to field repair, maintenance, and general staffing and benefit costs. Fiscal Year to Date profit is less than the prior year by \$457,000, but ahead of budget. Fiscal Year to Date collection of Access and Impact Fee Revenue for FY 20 are \$501,000 and are ahead of budget by \$180,000, and compares to Year to Date Access and Impact Fee Revenue of \$360,000 in FY 19 and \$496,000 in FY 18. Lost Water is at 16% for the month of January 2020 and 16% for the last twelve months.

Sewer consumption for the month of January 2020 is up 4.36% from January 2019. Billed revenue is up 3.21% from January 2019. The Sewer Department reported a profit of \$225,000 for January 2020. A profit of \$281,000 was reported for January 2019. Comparing January 2020 to January 2019, total revenues increased by \$18,000, while expenses increased \$37,000, primarily due to depreciation, PCF Sludge Disposal, and general staffing and benefit costs. Fiscal Year to Date profit is less than the prior year by \$50,000, but is ahead of budget. Fiscal Year to Date collections of Access and Impact Fee Revenue for FY 20 are \$1,008,000 and are ahead of budget by \$279,000 and compares to Year to Date Access and Impact Fee Revenue of \$849,000 in FY 19 and \$974,000 in FY 18.

Total Restricted and Unrestricted Funds Report are \$35.5 million for January 2020, which is an overall decrease of \$2,200,000 from January 2019. Water Funds increased from \$17.1 million to \$17.4 million

from January 2019 while Sewer Funds decreased from \$20.6 million to \$18.1 million. \$7.3 million of the \$35.5 million total funds is restricted for specific use such as debt service, meter deposits, access and impact fees, and depreciation. There were no questions.

Chairman McClure recognized Brian Sartain, Utility Engineer for the presentation of the January engineering report. Sartain said that the number of plan reviews were down for the month, and that development patterns in town are now more widespread due to the fact that much of the land in the area of I-49/Pauline Whitaker Parkway is now under construction. New submittals include running tracks for four different middle schools, and the Rogers Apartments addition. The process components of the RPCF Solids Handling Facility Project is complete, but earthwork and site work has been delayed due to cold and wet weather. The Crescent View Waterline Project (Shores Ave) has been completed. The 11th St Pump Station Improvements will soon be going out to bid as well as the 11th St Elevated Tank Repaint and the Blossom Way FRP Sewer Rehab, Ph I. The RPCF Train 2 Rehab (Design Build) is currently under contract with Crossland Heavy Contractors/Olsson Team and the contractor is currently cleaning sludge out of the basin in preparation for a detailed inspection. The kickoff meeting with Freese & Nichols for the Sanitary Sewer Master Plan will be held in a couple of weeks. Commissioner Roger Surly asked about the Pinnacle Sanitary Sewer Improvements. Sartain replied that the projected development in the Pinnacle Hills Parkway area is expected to exceed the capacity of the current sanitary sewer which is located in the Champions Subdivision. Freese & Nichols will study the projected growth as an expedited part of the Master Plan and provide information on the ultimate buildout capacity with possible upgrades. For the street projects, I-49 & Hwy 71B Interchange is now complete. Progress with the Pleasant Grove Rd Ph III Project is ongoing but activity has slowed due to weather. Sartain stated that the funding of capital projects was reviewed with accounting, and that three major projects would be a factor with regard to the timing of bond acquisition: a) the Walnut Street Widening from 8th St to Dixieland Rd, b) Arkansas Street Gateway Oak St to Locust St, c) and the Solids Handling Facility Ph II, replacing the sludge dryer. There were no further questions.

Chairman McClure recognized Todd Beaver, RPCF Manager to present the January 2020 Reports. Beaver stated noted there were no permit violations but the increase for the Ammonia max 7 day Ave actually reflects two days in the current month with reporting ending on January 1st. The FOG Department is still cross training and routine inspections are going well. The Industrial Pretreatment is steadily busy with inspections for Tyson of Rogers', having the CBOD significantly higher as a result of equipment failure that has been repaired and now back online. They will be installing a new aeration system that will allow for easier maintenance and should still meet the permit limit for the CBOD monthly average with surcharges assessed.

Beaver stated that the new Centrifuge had a bearing replaced and is now back online and working well. The Train 2 refurbishing is underway with cleaning out the basins. The Therma-Flite dryer is currently operating at a diminished capacity. The dryer has been operating 20+ hours a day x 5 days with limited staff to process the heavier than normal loads of solids being produced. Beaver showed a picture of the oil leak that has developed a serious problem with the dryer. In this situation, it is unable to operate currently beyond 34-38%. Using drawings, Beaver gave a detailed description of the operational issues at hand and his thoughts in locating the source of the problem. Commissioner Roger Surly asked if oil was being added at this time. Beaver replied no not at this time, however, there is a low oil cutoff that will shut down should the dryer get too low and that has not occurred yet.

A water sample was submitted to the lab for testing and awaiting those results to decide when is a good time to schedule a three week shutdown that is necessary to give the dryer enough time to cool down to allow a thorough internal inspection so then repairs can be made. He also stated that an additional leak was found outside of that area that appears to be coming from the pump and needs to be replaced. Commissioner Travis Greene asked who would be best to troubleshoot the problem. Beaver said Advanced Welding is a small company from Rudy, Arkansas that has pressurized vessel certified welders on staff. Beaver stated that there is a possibility of being able to haul solids to Springdale as they now have a Huber Belt Dryer with the capability to process additional solids. Hauling to Springdale would incur operating costs, plus a processing and dump fee. He said with these additional disposal costs, it should still be less than transporting Class B solids for land application. The approximate cost for hauling solids for one month is \$100-150,000. Commissioner Travis Greene asked the age of the dryer. Jennifer Lattin replied, was installed in 2013. There were no further questions.

Chairman McClure recognized Johnny Lunsford, Construction and Maintenance Manager for a brief report on field operations. Lunsford stated that field operation costs for repairs are up because of the increased amount of water leaks. Water leaks that involve streets, parking lots and sidewalks requires using concrete and asphalt for repairs which result in a higher cost and (busy contractors charge higher price). A flush truck has been down for three months due to a pump problem. The current pump can no longer be rebuilt and staff is researching to locate a new pump that will meet our needs. Additional staff has been added to increase valve exercising as well as staff to start training soon on the new leak detection equipment. There were no questions.

Chairman McClure recognized Brent Dobler, Utility Superintendent to request approval of Designation of Banks and Banking Institutions. Dobler stated there was a Depository and Investment Committee Meeting held prior to this meeting and the Committee does not have any modifications to the policy at this time. Dobler stated that the Committee agreed to continue using the following financial institutions: a) Arvest, b) First Western Bank, c) First National Bank of Fort Smith (First National Bank of Northwest Arkansas), d) Simmons First Trust Company, and e) Regions Bank. Commissioner Roger Surly made a motion, second by Commissioner Mike Watkins to approve the designated banking institutions as submitted. All in favor, motion carried.

Dobler continued with a recommendation from the Depository and Investment Committee to request approval to advertise for CD Placement. Commissioner Roger Surly made a motion, second by Commissioner Travis Greene to approve advertising for CD Placement. All in favor, motion carried.

Chairman McClure recognized Jennifer Lattin, Controller to present Resolution No. 20-03 for approval of adopting a revised Customer Service Agreement Form; and approving a Spanish Language Translation of the revised form. Lattin stated, the Customer Service Team began utilizing the Customer Service Agreement Form in January 2020 and believes these revisions, which are primarily reformatting and Spanish translation, are in the best interest of customers and will help customers have a better understanding of RWU deposits and fees. Commissioner Mike Watkins made a motion, second by Commissioner Roger Surly to approve Resolution No. 20-03 with exhibit 1 (attached) being the revised Customer Service Agreement Form and exhibit 2 (attached) being the Spanish language translation version of the Customer Service Agreement Form. All in favor, motion carried.

Jennifer Lattin continued with a report on the Water and Sewer Department Trends from 2011-2019. Using charts, Lattin highlighted several trends including income (loss), interest income, consumption,

outstanding debt, reserved funds, and expenditures. Lattin said the higher consumption, water rate increase in FY 15, customer growth, early bond calls and bond refundings, and contractor development have resulted with the water and sewer departments operating with a favorable profit. The interest income in the Water Department had a positive impact, increasing from approximately \$116,000 in FY 11 to near \$247,000 in FY 19, while the interest income in the Sewer Department increased from approximately \$140,000 in FY 11 to \$315,000 in FY 19. Commissioner Roger Surly asked if the interest income is included in the water and sewer income. Lattin replied yes. Reserves have increased from \$12.7 million to \$17.1 million in the Water Department and increased from \$13.3 million to \$19.5 million in the Sewer Department. Since 2011, the utility has reduced the total combined water and sewer bonds payable from \$67.7 million to \$34.1 million. On average, water and sewer customers have increased at a growth rate of 2% per year. The Beaver Water District cost has increased to \$1.38 per gallon. There were no further questions.

Chairman McClure recognized Aaron Short, Design Engineer to request approval to purchase the equipment and installation of the backup generator for the Shadow Valley Lift Station. The total amount approved not to exceed the cost of \$101,049.05 is to purchase a 100kW Caterpillar DG 150 generator from Riggs Cat through Sourcewell including an additional warranty. Commissioner Roger Surly asked if this will be operated with natural gas. Short replied yes, a gas meter will be installed on site. A motion was made by Commissioner Roger Surly, second by Commissioner Travis Greene to approve the purchase of the equipment and installation for the Shadow Valley Lift Station not to exceed \$101,049.05. All in favor, motion carried.

With no further business, Chairman McClure adjourned the meeting at 5:02 PM.

Respectfully submitted,



Brent Dobler, Acting Secretary/djw

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