

Rogers Waterworks and Sewer Commission

April 20, 2020

Minutes

The Rogers Waterworks and Sewer Commission held its scheduled meeting at 4:00 PM Monday, April 20, 2020, remotely from the Rogers Water Utilities Administration Building located at 601 S 2nd St. due to the COVID-19 Pandemic. Commissioners present were Roger Surly, Travis Greene, Kathy McClure, and Mike Watkins. Don Kendall joined later. Rogers Water Utilities staff were Brent Dobler, Johnny Lunsford, Brian Sartain, Todd Beaver, Jennifer Lattin, Jene' Huffman-Gilreath, Dana Daniel, and Jerry Roegner. Others include Robert Frazier from the Frazier Law Firm. Chairman McClure called the meeting to order at 4:00 PM.

Jennifer Lattin recognized Brent Dobler, Superintendent for five (5) years of service with RWU. He will receive a certificate and gift of appreciation. The Commission expressed appreciation.

A motion was made by Commissioner Roger Surly, second by Commissioner Mike Watkins to approve the minutes of the March 16, 2020 meeting as submitted. Roll Call: Unanimous – Yes. Motion carried.

Chairman McClure recognized Jennifer Lattin, Controller to present the March 31, 2020 financial reports. Lattin stated that water consumption for the month of March 2020 is up 4.46% from March 2019. Billed revenue is up 3.92% from March 2019. The Water Department reported a loss of \$3,000 for March 2020. A loss of \$19,000 was reported for March 2019. Comparing March 2020 to March 2019, total revenues increased by \$54,000, primarily due to two (2) additional days of billed revenue and collection of access and impact fees and expenses increased \$37,000, \$20,000 of which is depreciation. Fiscal Year to Date profit is less than the prior year by \$415,000, but ahead of budget. Fiscal Year to Date collection of Access and Impact Fee Revenue for FY 20 are \$642,000 and are ahead of budget by \$230,000, and compares to Year to Date Access and Impact Fee Revenue of \$432,000 in FY 19 and \$558,000 in FY 18.

Sewer consumption for the month of March 2020 is up 5.25% from March 2019. Billed revenue is up 5.03% from March 2019. The Sewer Department reported a profit of \$107,000 for March 2020. A profit of \$187,000 was reported for March 2019. Comparing March 2020 to March 2019, total revenues increased by \$88,000, primarily due to two (2) additional days of billed revenue and collection of access and impact fees, and expenses increased \$168,000; \$58,000 of which is a result of an increase in sludge disposal costs, \$30,000 is due to an increase in depreciation, and the remainder due to general staffing and benefits and repairs and maintenance. Fiscal Year to Date profit is less than the prior year by \$66,000, but is ahead of budget. Fiscal Year to Date collections of Access and Impact Fee Revenue for FY 20 are \$1,283,000 and are ahead of budget by \$346,000, and compares to Year to Date Access and Impact Fee Revenue of \$1,016,000 in FY 19 and \$1,113,000 in FY 18. The number of days in the billing cycle for March 2020 is 30 days, compared to 28 days in March 2019. The additional two (2) billing days likely results in the higher consumption and billed revenue for the month when comparing to the prior year.

Lost Water is at 25% for the month of March 2020, 18% for the calendar year, and 16% for the last twelve months.

The Total Restricted and Unrestricted Funds Report are \$35.8 million for March 2020, which is an overall decrease of \$2,000,000 from March 2019. Water Funds remained approximately the same at \$17.3 million from March 2019 to March 2020, while Sewer Funds decreased from \$20.6 million to \$18.5 million. \$7.8 million of the \$35.8 million Total Funds is restricted for specific use such as debt service, meter deposits, access and impact fees, and depreciation. Due to the current economic condition, interest rates decreased in March. The results will be reflected in future financial statements as a reduction of interest income.

Due to the COVID-19 outbreak, RWU suspended disconnection of services and associated reconnect fees starting on March 17th. One of the four (4) billing cycles in March did not incur reconnect fees. As a result, service income revenue in the Water Department waived \$3,000 of reconnect fees for March 2020. The number of accounts that would be disconnected is increasing each billing cycle. In April, RWU estimates to waive approximately \$20,000 in reconnect fees.

Management adjusted the useful life of the sludge dryer to be 14 years compared to the 20 years originally estimated. The financial result of the adjustment will be reflected in the Sewer Department financial statements in April – June with an additional \$174,000 of RPCF depreciation expense for FY 20. The additional depreciation expense will continue until the sludge dryer is fully depreciated in 2026.

Chairman McClure recognized Brian Sartain, Utility Engineer for the presentation of the March engineering report. Sartain stated that plan review has remained busy with several new submittals being the Hilton Boutique Hotel, Kum & Go on Hudson Road, and two new residential subdivisions. The development pattern remains consistent throughout the town. Currently, the three (3) projects going out to bid are the 11th St Pump Station Improvements, Blossom Way FRP Sewer Rehab Ph I, and not listed is the Asphalt Rehabilitation at RPCF. The 11th Street Elevated Tank Repaint should be ready for bid next month. The Staff should complete reviewing the Rogers Downtown Utility Master Plan and have the final comments submitted to CEI next week. Sartain said the Arkansas Street Gateway Project; estimated at approximately 2.3 M should be advertised to bid on April 26th. Commissioner Travis Greene asked about the Arkansas Street bid being a part of the street bid. Sartain noted that with the work being completed block by block now, will provide a substantial amount of savings since it's not necessary to rebuild a temporary road, however, will result in an extended contract time. There were no further questions.

Chairman McClure recognized Todd Beaver, RPCF Plant Manager to present the March 2020 Reports. Beaver stated that the Discharge Monitoring Reports had good results with no issues and one (1) overflow reported. The FOG Department is primarily communicating with restaurants via email as most of the dine-in restaurants are closed at this time. Forty-four (44) FSE's have been inspected thus far this year. The Industrial Pre-Treatment is going well as there have been no permit violations since January 2020. There was a noted increase of mercury in the effluent but did not exceed the control limit. Attempts are still being made to isolate the problems with the sludge dryer as well as working with a BCR engineer making efforts to find a solution. 357.2 MG was treated in March with 146.4 additional flow with an average flow of 11.5 MGD. These flows included 8.47" of rain over 13 rain events. There were no questions.

Chairman McClure recognized Johnny Lunsford, Construction and Maintenance Manager for a report on the operations team. He stated that the team has performed a significant number of more hours cleaning the lift stations the past few weeks due to the increased amount of wipes being disposed into

the sewer. He expects next month will be even higher due to the COVID-19 Pandemic. The crews are rotating the schedule of cleaning and checking the lift stations more frequently in hopes of preventing the pumps from getting clogged. Lunsford said all of the crews work areas have been separated to better meet social distancing guidelines and still enable them to perform their duties. He shared some photos of the current areas that now have tankless water heaters and handwashing sinks installed for their use as well as small refrigerators and microwaves. There were no questions.

Jennifer Lattin, Controller presented the annual report required per FTC regulations for Rogers Water Utilities Identity Theft Prevention Program (Red Flag Policy). The Annual Report was accepted as submitted, with no changes or modifications and having no exceptions of identity theft. There were no questions.

Chairman McClure recognized Brent Dobler, Superintendent to report from the Depository and Investment Committee Meeting held today at 3:30 PM. He stated there was one (1) additional Bank that requested to be added to RWU's bid list for Certificate of Deposit (CD) Placement. Dobler requested approval for: a) Arvest b) First Western Bank c) First National Bank of Fort Smith d) Regions e) Bank OZK (new one). Commissioner Travis Greene made a motion, second by Commissioner Don Kendall to approve the CD Placement bid list as submitted. All in favor, motion carried.

Chairman McClure recognized Jene' Huffman-Gilreath, Shared Services Manager for the bid results held on April 01, 2020 for RWU Property Insurance. One bid was received from Rogers Insurance Agency. Huffman-Gilreath stated that Rogers Insurance Agency was the previous carrier and the rates have not changed. Commissioner Travis Greene asked if there were any claims submitted this past year. Huffman-Gilreath replied no. Commissioner Travis Greene made a motion, second by Commissioner Roger Surly to accept the property insurance bid from Rogers Insurance Agency with a \$10,000 deductible including earthquake coverage for a total amount of \$44,607 as submitted. All in favor, motion carried.

Jene' Huffman-Gilreath presented an update on the IT Security Policy (copy attached). She stated that the changes were needed as we are now allowing employees to work from home and permitted to use RWU equipment (i.e. utility laptops, phones, tablets, etc.). This policy will help ensure that the RWU equipment meets all RWU IT security requirements. No action was taken.

Continuing, Jene' Huffman-Gilreath presented a recommendation for IT Networking and Systems Security RFQ. Two (2) bids were received. After consideration, the RWU Staff Selection Committee recommends the award of the Networking and the Systems Security Project to Mid America IT Services, dba Pinnacle IT Services, and requests permission to enter into contract negotiations with Pinnacle IT Services. Commissioner Don Kendall made a motion, second by Commissioner Mike Watkins to proceed using Pinnacle IT Services for the RWU IT Networking and Security Services Project. All in favor, motion carried.

Brent Dobler recognized Roger Surly's current term for the RWWSC Board officially had expired in February, 2020. Commissioner Roger Surly accepted re-appointment for an additional eight (8) year term to expire February 2028. The recommendation will be presented to the Rogers City Council requesting approval of re-appointment of Roger Surly on the RWWSC Board for a new term with an expiration of February, 2028. Commissioner Don Kendall made a motion, second by Commissioner

Mike Watkins to approve Roger Surly's new appointment on the RWWSC Board. All in favor, motion carried.

With no further business, Chairman McClure adjourned the meeting at 4:56 PM.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Brent Dobler', with a stylized flourish at the end.

Brent Dobler, Acting Secretary/djw

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