

Rogers Waterworks and Sewer Commission

May 18, 2020

Minutes

The Rogers Waterworks and Sewer Commission held its scheduled meeting at 4:00 PM Monday, May 18, 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, Don Kendall, and Mike Watkins. Rogers Water Utilities staff present were Brent Dobler, Johnny Lunsford, Brian Sartain, Todd Beaver, Jennifer Lattin, Jene' Huffman-Gilreath, Dana Daniel, Jerry Roegner, Stephen Ponder, and Aaron Short. Others in attendance were Attorney Bill Watkins and Robert Frazier from the Frazier Law Firm. Chairman McClure called the meeting to order at 4:00 PM.

Jennifer Lattin recognized Kathy Clay, Office Manager for fifteen (15) years of service with RWU. Todd Beaver, Plant Manager recognized Armando Garcia from the Operations Team for fifteen (15) years of service at the RPCF. Both received a certificate and a gift of appreciation. The Commission expressed appreciation.

A motion was made by Commissioner Roger Surly, second by Commissioner Don Kendall to approve the minutes of the April 20, 2020 meeting as submitted. All in favor, motion carried.

Chairman McClure recognized Jennifer Lattin, Controller to present the April 30, 2020 financial reports. Lattin stated that water consumption for the month of April 2020 is down 2.64% from April 2019. Billed revenue is up 9.09% from April 2019. The Water rate increase of 12.5% was effective 4/1/2020, resulting in an increase in billed revenue. Commercial consumption decreased approximately 20%. The Water Department reported a profit of \$87,000 for April 2020. A profit of \$25,000 was reported for April 2019. Fiscal Year to Date profit is less than the prior year by \$352,000, but ahead of budget. Fiscal Year to Date collection of Access and Impact Fee Revenue for FY 20 are \$719,000 and are ahead of budget by \$261,000, and compares to Year to Date Access and Impact Fee Revenue of \$488,000 in FY 19 and \$609,000 in FY 18.

Sewer consumption for the month of April 2020 is down 2.42% from April 2019. Billed revenue is up 10.31% from April 2019. The Sewer rate increase of 12% was effective 4/1/2020, resulting in an increase in billed revenue. Commercial consumption decreased approximately 25%. The Sewer Department reported a profit of \$288,000 for April 2020. A profit of \$291,000 was reported for April 2019. Fiscal Year to Date profit is less than the prior year by \$69,000, but is ahead of budget. Fiscal Year to Date collection of Access and Impact Fee Revenue for FY 20 are \$1,492,000, and are ahead of budget by \$450,000, and compares to Year to Date Access and Impact Fee Revenue of \$1,126,000 in FY 19 and \$1,215,000 in FY 18. The number of days in a billing cycle is 30 days in April 2020 compared to 32 days in April 2019.

Lost Water is at 22% for the month of April 2020, 19% for the calendar year, and 16% for the last twelve (12) months.

The Total Restricted and Unrestricted Funds report are \$36.1 million for April 2020, which is an overall decrease of \$2,000,000 from April 2019. Water Funds remained approximately the same at \$17.5 million from April 2019 to April 2020, while Sewer Funds decreased from \$20.6 million to \$18.6 million.

\$8.4 million of the \$36.1 million total funds is restricted for specific use such as debt service, meter deposits, access and impact fees, and depreciation. Due to the COVID-19 outbreak, RWU suspended disconnection of services and associated reconnect fees starting on March 17th. In April 2020, all four billing cycles did not incur reconnect fees. As a result, service income revenue in the Water Department waived \$25,000 of reconnect fees for April 2020. The number of accounts that would be subject to disconnect has increased; the number of accounts subject to disconnect in a month is typically between 250-300 accounts. That number increased to approximately 900 accounts that would have been disconnected for nonpayment in April 2020. On April 27th, RWU began sending targeted text and phone reminders to customers to encourage payment and/or a payment plan for accounts without payments in the last 30+ days. To date, RWU sent 1,020 messages and received 543 payments and 33 payment plans; a 55% response rate.

In April 2020, 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 (approximately \$58,000 per month). 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 April engineering report. Sartain stated that plan review was a very busy month for April with new submittals being the 1st Baptist Church expansion on Pleasant Grove Rd, Rogers Executive Airport taxiway, Bell View Urban Center, Cottonwood Place residential subdivision, 45th Street Low Pressure Sewer, and Fox Trail Distillery Ph II. The development pattern continues to be consistent throughout town. Sartain said we are hoping to get a few items finished by the end of this month on the new access Road from Pleasant Grove for the completion of the Solids Handling Facility Project. The approved purchase order for the Shadow Valley backup generator has been submitted. The bid results for the 11th St Pump Station Improvements, Blossomway Sewer Rehab Ph I, and RPCF Asphalt Rehab will be presented at this meeting. The 11th Street Elevated Tank Repaint is scheduled to advertise for bid on June 14, 2020, as well as the 9-10th Street Persimmon to Walnut for a Waterline Replacement Project. We currently have the Pine/Spring Street Waterline Replacement and also the Train II Rehab Design Build is working with the design build team to evaluate the concrete repair and process improvement alternatives. We are expecting to have the 30% plans within the next few weeks. The draft for the Rogers Downtown Utility Master Plan was received and have submitted the comments to CEI; and will have a final summary to report soon. The Arkansas Street Gateway Project (Oak to Locust St) has a bid date of next week. The Walnut Street Widening Project from 8th St to Dixieland is scheduled to bid in June, however, may be delayed a few months depending on the Highway Department. There were no questions.

Chairman McClure recognized Todd Beaver, RPCF Plant Manager to present the April 2020 Reports. Beaver stated that there was a violation reported for the Ammonia Monthly Ave and the 7 day Ave on the Discharge Monitoring Report. The FOG Inspections are still on hold due to the COVID-19 guidelines. The current inspections are limited and results are being communicated via email at this time. In July, the EPA will require dental offices to submit a one-time compliance report in regards to the Amalgam Dental Rule. The Industrial Pre-Treatment is still somewhat limited on the inspections. Beaver noted the surcharges for March was \$1,633.50. There have been no permit violations since January 2020. Beaver explained that the dryer is operating with an adjusted schedule and are still researching why the amps are high with a typical throughput. Chairman McClure asked if there was a current listing of

FSE's that were permanently closing, and Beaver indicated not conclusive at this time. 306.7 MG was treated in April with approximately 102.7 MG additional flow with an average flow of 9.9MGD. These flows included 4.87" of rain over 14 events. There were no further questions.

Chairman McClure recognized Johnny Lunsford, Construction and Maintenance Manager for a report on the operations team. Lunsford had reported earlier the disposal of wipes are creating problems at the lift stations. He indicated that a large amount of wipes are now being identified in our sewer mains and causing sewer stoppages. He reported there are repeated trouble calls to the same locations addressing the same issues. There were no questions.

Attorney Robert Frazier stated that agenda item 7) was requested by the attorney representing Mancia Properties to be postponed until the June meeting. No action was taken.

Attorney Robert Frazier continued with presentation of Resolution No. 20-09 authorizing a development agreement (exhibit A attached) pertaining to a proposed annexation of land near Roberts Road. This resolution authorizes the Chairman of the Rogers Waterworks and Sewer Commission and the Superintendent of Rogers Water Utilities to negotiate the terms of a satisfactory agreement governing the terms and conditions of the extension of services to the property. The developer and owner will pay for extension of water and sewer service under the RWU Facilities Extension Contract and recommends to the City that those conditions be placed into the annexation ordinance. Staff recommends approval of Resolution No. 20-09. Commissioner Roger Surly made a motion, second by Commissioner Mike Watkins to approve Resolution No. 20-09 as submitted. All in favor, motion carried.

Brent Dobler presented Resolution No. 20-10 for approval authorizing an Agreement for Interconnection of Municipal Water Systems (exhibit 1 attached) with the City of Bentonville to govern operation and maintenance of the existing interconnections and to provide a mechanism for construction of any needed interconnections for the purpose of providing water from one water system to the other in case of emergency or when maintenance activities with respect to a system would require a water system to be temporarily placed out of service. A motion was made by Commissioner Roger Surly and second by Commissioner Don Kendall to approve Resolution No. 20-10 as submitted. All in favor, motion carried.

Continuing, Dobler stated that the Lowell Damage Prevention Ordinance No. 1049 had been passed by the City Council of the City of Lowell, Arkansas for the purpose of preventing damage to water facilities and sewer facilities in the Rogers Water Utilities service area. No action was taken.

Chairman McClure recognized Brian Sartain to present the May 13, 2020 bid results for the Blossom Way Sewer Rehab Ph I. Sartain stated this information was identified from the RJN report as being the most critical repair work needed on the single 42 " line as it does not have a parallel line that can bypass in case of failure (fiberglass pipe). The Rogers Water Engineering Department performed the design work. Staff recommends the bid of \$574,325.81 as submitted from Cisneros Family Construction omitting the requirements of the items of work set forth in the addendum. After discussion, a motion was made by Commissioner Roger Surly and second by Commissioner Travis Greene to accept the bid from Cisneros Family Construction in the amount of \$574,325.81 for the Blossom Way Sewer Rehab Ph I. All in favor, motion carried.

Agenda items 12, 13, and 14 was requested to be moved to the end of the meeting.

Sartain continued with the RPCF Asphalt Rehab Bid Results of May 13th, 2020. Sartain explained that staff had recommended the bid be awarded to S & S Sealcoating which submitted the low bid of \$31,971.00 but did not submit a bid bond since the bid was below \$35,000. The second low bid was \$49,432.00 by Marking Systems NW, Inc. However, after being advised by counsel that state procurement statute did not allow RWU to waive submission of the 5% bid bond, staff recommends rebidding this project and hope to have new results for the next meeting.

Sartain addressed the issues involving the sludge dryer at RPCF. He said the 2017 Master Plan for the RPCF Solids Handling Project from Garver Engineering indicated the life expectancy of the dryer to be 2032. However, due to the recent circumstances with the sludge dryer, staff feels the sludge dryer will need to be replaced sooner and a consultant is needed for Ph II of the project. Staff selected three engineering consultants based on annual qualifications submitted in September 2019. After review, staff recommends the selection of Hawkins-Weir Engineers to provide engineering services allowing staff to negotiate the scope and fees included in the engineering contract. The contract will be presented to the RWWSC for consideration following negotiations. A motion was made by Commissioner Travis Greene, and second by Commissioner Mike Watkins to approve the recommendation of Hawkins-Weir Engineers for the procurement of professional services as an engineering consultant for the RPCF Solids Handling PH II. All in favor, motion carried.

Sartain presented the Pine Street Subdivision Facilities Extension Contract. He said that during the plan review process it was discovered that there was an old sewer line adjacent to the proposed project that is deteriorated and needs to be replaced. Staff determined that by requiring the developer to install additional 187 ft of sewer main line through the proposed subdivision, the old line can be eliminated and negate the future need of replacing approximately 600 ft of that main in the near future. Staff recommends approval of the Pine Street Subdivision Facilities Extension Contract, which will include a provision for RWU to reimburse the developer for additional construction and engineering expenses incurred for the installation of additional sewer main to facilitate this request. Commissioner Roger Surly made a motion, second by Commissioner Don Kendall to approve the Pine Street Facilities Extension Contract with a provision for RWU to reimburse the developer in an amount not to exceed \$33,001.40 as submitted in the engineer's estimate. All in favor, motion carried.

Chairman McClure recognized Jennifer Lattin, Controller for presentation of the proposed FY 2021 Budget. Lattin presented the proposed fiscal year budget for the Water Department and discussed the cash flow, revenue, expenditure, capital, and salary budgets, and reported the total effect of the proposed budget on Water Department reserves. Total Water capital requests of \$11,050,000 is higher than the previous year. However, some of the capital items listed include carryover of City Street Projects that were not spent in the prior fiscal year. Other significant capital items include recoating and repair of the 11th St elevated tower and water line extension of Pine/Pearl Streets and repair of 9th, 10th, and 11th Streets. The revenue budget includes consideration of COVID-19 in regards to reduced revenue for commercial and industrial customers, as well as a reduction service charge income due to waiving reconnection fees. Additionally, the rate increase, effective 4/01/20, is also reflected in the revenue budget. The salary budget includes no additional staffing and includes new job titles for attainment of AR Department of Health certifications and licensures. If all revenue and spending occur as budgeted, she indicated reserves at June 30, 2021 are expected to be \$11.7 million and slightly above

minimum reserves. RWU staff will closely monitor actual revenues and spending to ensure compliance in maintaining minimum reserves.

Lattin continued by presenting the proposed fiscal year budget for the Sewer Department and discussed the cash flow, revenue, expenditure, capital, and salary budgets, and reported the total effect of the proposed budget on Water Department reserves. Total Sewer capital request of \$14,185,000 is higher than the previous year. The FY 21 Sewer capital budget includes Train 2 Rehabilitation at the RPCF, early stages of Phase II of the Solids Handling Project, and some of City Street Projects that are carryover and not spent in the prior fiscal year. The revenue budget includes consideration of COVID-19 in regards to reduced revenue for commercial and industrial customers, as well as a reduction service charge income due to waiving reconnection fees. Additionally, the rate increase, effective 4/01/20, is also reflected in the revenue budget. The salary budget includes no additional staffing and includes new job titles for attainment of AR Department of Health certifications and licensures. If all revenue and spending occur as budgeted, she indicated reserves at June 30, 2021 are expected to be at \$11.6 million and slightly above minimum reserves. RWU staff will closely monitor actual revenues and spending to ensure compliance in maintaining minimum reserves.

Chairman McClure recognized Dana Daniel, HR Director to present Resolution No. 20-11 (exhibit 1 attached) amending the Rogers Water Utilities Employee Policy Manual for the Rogers Water Utilities. Daniel explained that there is a need to delete the provision in Section 25, Paragraph (B) concerning payment of accrued vacation time to resigning employees because the provision conflicts with Section 15, "End of Employment (Vacation)", subsection A, of the Employee Policy Manual. Also there is a need to amend for certain employee benefits under the Families First Coronavirus Response Act (FFCRA), namely benefits under the Emergency Paid Sick Leave Act (EPSLA) to be included in a new Paragraph 16.1 of the Employee Policy Manual and the Emergency Family and Medical Leave Expansion Act (EFMLEA) to be included in a new Paragraph 17.1 of the Employee Policy Manual. Commissioner Roger Surly made a motion, and second by Commissioner Don Kendall to approve Resolution No. 20-11 as submitted. All in favor, motion carried.

Daniel continued with presentation of Resolution No. 20-12 (exhibit 1 attached) amending the Compensation Administration Policy for the Rogers Water Utilities; approving suspension of procedures for merit pay increases, costs of living adjustments, and other employee raises. Daniel explained that there is a need to amend the Rogers Water Utilities Compensation Administration Policy to provide a suspension of procedures for determining and granting merit pay increases, Cost of Living Adjustment (COLA), and other employee raises. A motion was made by Commissioner Roger Surly, second by Commissioner Mike Watkins to approve Resolution 20-12 as submitted. All in favor, motion carried.

Chairman McClure recognized Jene' Huffman-Gilreath, Shared Services Manager to present Resolution No. 20-13 extending the term of a contract for purchase and removal of biosolids from the RPCF. The original one-year contract signed in 2017, with Jason Hickman d/b/a Hickman Hay and Cattle is desired to extend the term for an additional one-year period. A motion was made by Commissioner Don Kendall and second by Commissioner Roger Surly to approve extension of the contract for an additional one-year period with Jason Hickman d/b/a Hickman Hay and Cattle as submitted. All in favor, motion carried.

Huffman-Gilreath continued with presentation of Resolution No. 20-14 approving the purchase of Cityworks Software; authorizing expenditure of funds for the purchase; waiving competitive bidding;

authorizing a joint procurement agreement with the City of Rogers, Arkansas. RWU proposes to purchase Cityworks as part of a joint procurement with the City of Rogers, with RWU and the City each sharing the cost of the purchase of the software and sharing the cost of the associated software integration and implementation services. Huffman-Gilreath said the RWU cost of the software will be \$40,000 the first year, \$60,000 second year, and \$80,000 annually thereafter. Commissioner Roger Surly made a motion, second by Commissioner Don Kendall to approve Resolution No. 20-14 as submitted. All in favor, motion carried.

Chairman McClure addressed Brian Sartain, Utility Engineer to present the Tower Park Pump Station bid results from May 13, 2020. Staff recommends the low bid of \$135,300.00 be awarded to J L Bryson for the installation of a backup generator at Tower Park. Commissioner Don Kendall made a motion, second by Commissioner Travis Greene. All in favor, motion carried.

Sartain continued with request of approval for Resolution No. 20-15 approving the purchase of a pump system for the Tower Park Pump Station; authorizing expenditure of funds for the purchase; waiving competitive bidding. The Pentair Split Case Pump System will be purchased from Instrument and Supply, Inc. for the amount up to and including \$57,358 plus shipping and applicable taxes. A motion was made by Commissioner Mike Watkins, and second by Commissioner Roger Surly to approve Resolution No. 20-15 as submitted. All in favor, motion carried. S

Sartain requested approval for the purchase of the 100 kW Backup generator & Automatic transfer switch for Tower Park. This is through state bid from Riggs Cat in the amount of \$38,649.22. A motion was made by Commissioner Don Kendall, second by Commissioner Roger Surly to approve purchase as submitted. All in favor, motion carried.

With no further business, Chairman McClure adjourned the meeting at 5:47 PM.

Respectfully submitted,



Brent Dobler, Acting Secretary/djw

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