

NORTH LITTLE ROCK
WASTE WATER TREATMENT COMMITTEE

MINUTES OF A MEETING HELD TUESDAY, JUNE 14, 2011

A meeting of the North Little Rock Waste Water Treatment Committee was held on Tuesday, June 14, 2011 at the administrative offices located at the Faulkner Lake Treatment Plant.

The meeting was called to order by Chairman Matthews at approximately 12:15 p.m.

Those in attendance at the meeting were: Mr. K.W. Matthews, Ms. Patti Julian, Mr. Ed Nelson and Mr. Sylvester Smith. Also in attendance were Mr. Gary Mills, Director, Mr. Marc Wilkins, Assistant Director, Mr. Ric Roll and Mr. Bill Staggs, Mr. Vince Hotho with Garver Engineers, LLC, Mr. Mark Halter with Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd., and Dawn Harmon.

Chairman Matthews first asked the staff about overall clean up of the plant. He mentioned that the gutters were stopped up on one of the buildings and there were several dead trees along the fence line. Mr. Mills stated that they were aware of this and the items were being addressed.

The Committee reviewed the minutes of its May 10, 2011 meeting. A motion was made by Mr. Nelson, seconded by Ms. Julian, to approve the minutes of its May 10, 2011 meeting as submitted. The motion carried unanimously.

Next, the Committee discussed the point repairs to the Rose City Interceptor. The Committee was informed at the May meeting that the Utility was receiving large volumes of sand at the Faulkner Lake Treatment Facility during the April and May floods. The Utility has now located a cave-in in the Rose City Interceptor adjacent to the Greenlea Lake. The pipeline is 24-inch concrete line which was constructed in 1969 and the service area upstream of the damage is approximately 818 acres. The damaged section is immediately upstream from the sections which were relocated along Mills Street under contract with Diamond Construction, Inc. in 2010. The recommended method of rehabilitation is to make a point repair to the damaged section, and then internally line the entire segment from manhole to manhole. The current revolving loan fund includes the Rose City Interceptor for internal lining. Therefore, the lining portion of the repair is eligible for funds from the loan. However, the emergency point repair needs to be made immediately without delay for the design and bidding process, which makes it ineligible for the revolving loan fund program. Utility crews have initiated preliminary stabilization and pre-construction activities for dewatering, property owner notification, cleaning, televising and sewage flow control. Due to the emergency and the difficulties associated with this repair, the staff requests the assistance of Diamond Construction, Inc. for the point repair. Representatives of Diamond Construction, Inc. have visited the site and are available to start if authorized by the Committee. The item is not included in the 2011 budget and the estimated cost is between \$60,000 and \$80,000. After discussion, a motion was made by Ms. Julian, seconded by Mr. Nelson, to authorize a contract with Diamond Construction, Inc. for point repairs to the Rose

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City Interceptor. The motion carried unanimously.

Next, the Committee reviewed the voucher disbursements for May 2011. After a brief discussion with regard to items being purchased for inventory, the number of cell phones paid for by the Utility and the costs of mold assessment, a motion was made by Mr. Nelson, seconded by Ms. Julian, to approve the voucher disbursements for May 2011 reflecting total cash disbursements of \$1,644,145.15 and transfers between accounts of \$1,128,166.67. The motion carried unanimously.

Upon motion made by Ms. Julian, seconded by Mr. Nelson, the Committee unanimously approved the Financial Statement for May 2010.

The Committee then reviewed a memorandum submitted by Gina Briley which describes the changes which have been made to the 2011 Budget. The Memorandum states that:

The 2011 budget had to be amended to reflect some changes which were made after the 2010 audit was completed. The FEMA reimbursement amount was changed to only reflect the expected state portion and the ADEQ penalty amount was removed. The federal FEMA amount and the ADEQ penalty amounts were booked in 2010.

Also, last month Caterpillar contacted us and requested the \$800,000 reimbursement which was agreed upon with City resolution #7386. This contribution expense has been added as a separate line item.

Since the budget needed to be amended, the 12/31/10 amounts were used as a beginning point instead of the 8/31/10 amounts in the original budget. The operating revenue and expenses were also adjusted to reflect the activity through April of this year.

The operating income is still a positive amount. However, after you add the non-operating income and subtract the non-operating expenses, the result is a net loss for the year.

Any capital additions purchased so far in 2011 were shown at actual cost.

After further discussion, a motion was made by Ms. Julian, seconded by Mr. Smith, to approve the 2011 Amended Budget. The motion carried unanimously.

Mr. Mills then informed the Committee that the Utility staff has met with Mr. Dan Jackson of *Economists.com* to discuss the impact of the Consent Administrative Order driving projects and future rates. The Utility has also met with Mr. Craig Johnson of COM to consider expanding the phasing schedule of the Masterplan, if it becomes necessary, to make resulting rate increases more affordable. He further informed the Committee that Mr. Jackson is analyzing the financial information the Utility has provided him and will present

the preliminary findings to the staff and Mr. Johnson on June 29, 2011 at 9:00 a.m.

Chairman Matthews then asked Mr. Halter for an update on the "gifts" issue which has been raised. Mr. Halter explained that under current Arkansas law, both employees and Committee members are subject to the gift laws, but that Committee members have to report any gift received whereas employees do not have to report. Mr. Halter stated that the best way to handle this issue is to modify the Employee Handbook to make it clear that employees are subject to the Arkansas gift laws and to require reporting by employees. Mr. Smith offered his assistance in working with Mr. Halter to come up with language to modify the Employee Handbook.

Next, Chairman Matthews asked the Committee members if they had any thoughts on electing a new Chairman for the Committee. He proposed the election of a new Chairman every two (2) years. After discussing same, the Committee members stated they would like to maintain the status quo. However, the Committee did ask Mr. Halter to draft new By-Laws on elections by the Committee.

A motion was then made by Ms. Julian, seconded by Mr. Smith, to excuse the absence of Mr. McGlothlin from the meeting. The motion carried unanimously.

There being no further action to come before the Committee, a motion was made by Ms. Julian to adjourn the meeting. The motion carried unanimously and the meeting was adjourned at approximately 1 :05 p.m.

APPROVED AS TO FORM:



K. W. MATTHEWS, CHAIRMAN

RESPECTFULLY SUBMITTED,



PATTI JULIAN, SECRETARY