

NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE

MINUTES OF A MEETING HELD TUESDAY, DECEMBER 12, 2017

A meeting of the North Little Rock Wastewater Treatment Committee was held on Tuesday, December 12, 2017 at the administrative offices located at the Faulkner Lake Treatment Plant.

The meeting was called to order by Chairman Matthews at approximately 12:16 p.m. Those in attendance at the meeting were Mr. K.W. Matthews, Mr. Sylvester Smith (appeared via conference call), Mr. Ed Nelson, Mr. Clark McGlothlin and Ms. Karen Bryant, and in addition, Mayor Mike Watson from the City of Maumelle and Mr. Jack Stowe and Ms. Judy Keller, representatives from the City of Maumelle. Also in attendance were Mr. Marc Wilkins, Director, Ms. Gina Briley, Mr. Charles Frost, Mr. Ronnie Thompson, Mr. Lyle Leubner, Mr. Michael Clayton, Mr. Scott Hilburn with Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd. and Dawn Harmon.

First, the Committee reviewed the minutes of its November 14, 2017 meeting. A motion was made by Ms. Bryant, seconded by Mr. Nelson, to approve the minutes of the November 14, 2017 meeting. The motion carried unanimously.

Next, the Committee reviewed the cash disbursements for November 2017. A motion was made by Mr. Nelson, seconded by Ms. Bryant to approve the cash disbursements for November 2017 reflecting total cash disbursements of \$2,668,414.42 and transfers between accounts of \$1,844,203.28. The motion carried unanimously.

The Committee then reviewed the Financial Statement for November 2017. There being no questions or comments, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to approve the Financial Statement for November 2017. The motion carried unanimously.

Mr. Wilkins then advised the Committee that the Utility received an invoice for the 2018 Workers' Compensation Insurance in the amount of \$106,358. The amount paid for 2017 was \$104,372, an increase of \$1,986. The National Council on Compensation Insurance Rates for the Utility's payroll classes went down 7% from 2017. The Utility's experience rating went from 1.81 to 1.88, which is a 4% increase. Further, the Utility did not qualify for the volume discount for 2018 which is based on the cumulative loss ratio. The number of claims for the 3 years considered in the ratio

are as follows:

- 2014 - 12 claims
- 2015 - 11 claims
- 2016 - 17 claims

As of November 30, 2017, the Utility has 10 claims. An amount of \$107,500 is included in the 2018 draft budget. Mr. McGlothlin asked what was being done by the Utility to try and get the number of claims down. Mr. Frost stated that Arkansas OSHA has been conducting seminars on education and prevention. After further discussion, a motion was made by Mr. Smith, seconded by Mr. Nelson, to authorize payment to the Municipal League Workers' Compensation Trust in the amount of \$106,358. The motion carried unanimously.

Mr. Wilkins then advised the Commission that the Utility received notification that the property and liability coverage for 2018 will be due in the amount of \$112,998. This is an increase of \$101 over the 2017 cost. APERMA will continue to pay up to \$7,500 per sewer back-up claim, with an annual cap of \$50,000. An amount of \$116,800 is included in the 2018 draft budget. A motion was then made by Mr. Nelson, seconded by Ms. Bryant, to authorize a payment to APERMA for property and liability insurance coverage in the amount of \$112,998. The motion carried unanimously.

Next, Mr. Wilkins advised the Committee that the Utility received a participation agreement from the Municipal Health Benefit Fund for the employee health insurance coverage. The Utility offers health, dental and vision insurance to its employees and their qualified dependents. The Utility pays 100% of the employee coverage and 75% of the dependent coverage. The monthly premiums will increase from \$405 to \$448 for employee only coverage and from \$900 to \$992.50 for family coverage effective January 1, 2018. It was noted that the Utility has not experienced an increase in rates since 2010. The 2018 draft budget includes this increase. The Utility's total expense for health insurance coverage is estimated to be \$847,200 for 2018 based on budgeted employees and coverage. The Municipal is updating their records and needs a current participation agreement on file from the Utility. After further discussion, a motion was made by Mr. McGlothlin, seconded by Mr. Nelson, to authorize the Utility to enter into the participation agreement with the Municipal Health Benefit Fund. The motion carried unanimously.

The Committee then reviewed the 2018 draft budget. Mr. Wilkins noted the highlights which are as follows:

1. The residential, commercial and industrial charges are based on the current rate ordinance which included a rate increase effective with the January usage which will be billed in February.
2. The Sherwood treatment charge is based on the court ordered formula

- calculations and the projected 2017 year-end account balances.
3. Other operating revenue such as late fees collection is based on a four year average.
 4. The labor budget for 2018 is based on the current labor force plus six positions which had not been filled at the time of budget preparation. A 3% cost of living increase for all employees effective for the first pay period of 2018 was also included. There are also line items for an incentive/merit program and any administrative realignment which is needed. The overtime cost is based on the 2017 percentage of overtime to regular labor cost.
 5. The other operating expense budget for 2018 is based on the projected 2017 year end balances plus a 3% increase. If a 2018 expense was expected to be more than 3%, the higher increase was included in the budget. One of these higher expenses is the employee medical insurance premiums which increased 10%. A new expense included in this budget is \$40,000 for an architect service to remodel the collections systems and engineering building. There is also a new line item called "Computerized Maintenance Management System" which includes the cost associated with the implementation, licensing and hosting fee for the program.
 6. The other operating expenses also include a \$753,100 contribution to the pension plan, which is approximately 15% of the projected 2018 gross payroll. Also, an amount of \$1,000,000 is included for possible emergency repairs as a separate line item.

After further discussion, Chairman Matthews stated that he would like to see the following change as it relates to pay increases as set out above:

- Delete the 3% cost of living increase for all employees
- For now, pay each employee a \$1,000 bonus
- Employ the services of EGP to determine if raises are justified for each employee, based on their salary, including benefits
- Once EGP has finalized their study, a determination will be made as to current market rates.

A motion was then made by Mr. McGlothin, seconded by Ms. Bryant, to delete the 3% cost of living increase for all employees; pay each employee a \$1,000 bonus, employ the services the EGP to determine if raises are justified for each employee, based on their current salary, including benefits, and once EGP has finalized their study, make a determination as to current market rates for each employee. The motion carried unanimously.

There being no further action to come before the Committee, a motion was made by Mr. Smith, to adjourn the meeting. The motion carried unanimously, and the meeting was adjourned at approximately 12:437 p.m.

APPROVED AS TO FORM:



K. W. MATTHEWS, CHAIRMAN

RESPECTFULLY SUBMITTED,



SYLVESTER SMITH,
VICE-CHAIRMAN/SECRETARY