

**NORTH LITTLE ROCK
WASTEWATER TREATMENT COMMITTEE**

MINUTES OF A MEETING HELD TUESDAY, DECEMBER 11, 2018

A meeting of the North Little Rock Wastewater Treatment Committee was held on Tuesday, October 9, 2018 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, Mr. Sylvester Smith, Mr. Ed Nelson, Ms. Karen Bryant and Mr. Jay Carman, and in addition, Mr. Jack Stowe, representative from the City of Maumelle. Also in attendance were Mr. Marc Wilkins, Director, Ms. Gina Briley, Mr. Charles Frost, Mr. Ronnie Thompson, Mr. Michael Clayton, Mr. Lyle Leubner, Mr. Jack Wilson, Ms. Valrea Thompson, Mr. Sherrill Harley, Mr. Sam Hilburn and Mr. Mark Halter with Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd. and Dawn Harmon.

First, the Committee reviewed the minutes of its November 6, 2018 meeting. There being no questions or comments, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to approve the minutes of the November 6, 2018 meeting. The motion carried unanimously.

Mr. Jack Wilson then addressed the Committee with regard to property located on Sample Drive at the North end of Highway 61. Ms. Valrea Thompson owns two (2) lots which are approximately two hundred (200) feet back from the sewer main and there is no extension to that area. In order to connect to the sewer main from her property she will need easements across third party property. For a gravity line, it will cost her approximately \$30,000 and she says she simply cannot afford that. The State Health Department says the best way to go is a septic system if she cannot connect to the sewer main. Another alternative is to use a service line and a grinder pump. In this case, Ms. Thompson agreed to be totally responsible for all costs and maintenance for the grinder pump and service line. After discussing the alternatives, a motion was made by Mr. Smith, seconded by Ms. Bryant to table this matter till the next meeting of the Committee in order to give all members an opportunity to review all options. The motion carried unanimously.

The Committee then reviewed the cash disbursements for the months of October and November 2018. There being no questions or comments, a motion was made by Mr. Smith, seconded by Mr. Nelson, to approve the cash disbursements for October and November 2018 reflecting:

October cash disbursements of \$1,806,372.12 and fund transfers between accounts of \$1,426,416.67; and

November cash disbursements of \$2,525,219.65 and fund transfers between accounts of \$1,258,466.67.

The motion carried unanimously.

The Committee then reviewed the Financial Statements for the months of October and November 2018. It was noted that industry use is up for the 2018 calendar year. Additionally, due to lower expenses, the Utility has a surplus of net income in the approximate sum of \$6,000,000.00. Upon motion made by Mr. Nelson, seconded by Ms. Bryant, the Committee unanimously approved the Financial Statements for October and November 2018.

Mr. Wilkins then informed the Committee that the Utility has received notification that the property and liability coverage for 2019 will be due in the amount of \$117,999.00. This is an increase of \$5,001.00 over the 2018 cost. APERMA will continue to pay to up \$7,500.00 per sewer back-up claim, with an annual cap of \$50,000.00. An amount of \$116,400.00 is included in the 2019 draft budget. After discussion, a motion was made by Mr. Smith, seconded by Mr. Carman, to authorize a payment to APERMA for property and liability insurance coverage in the amount of \$117,999.00. The motion carried unanimously.

Committee member Nelson then reported to the Committee that the Retirement Committee of North Little Rock Wastewater met on November 29, 2018. The July 1, 2018 actuarial valuation report provided by Mr. Jody Carreiro of Osborn, Carreiro & Associates, Inc., suggested a contribution of at least \$698,563.00. The contribution level for the 2018 Plan Year (July 1, 2018 to June 30, 2019) ranges from \$563,710 (14.67% of covered payroll) to \$698,563 (18.17% of covered payroll). The \$563,710 amount will pay off the Unfunded Actuarial Accrued Liability in twenty (20) years, while the \$698,563 amount will pay off the Unfunded Actuarial Accrued Liability in ten (10) years. This amounts to 18.17% of covered payroll and would pay off the Unfunded Actuarial Accrued Liability in ten (10) years. Since the Utility had budgeted an amount of \$753,100.00 for the 2018 plan contribution, which would pay off the unfunded liability in approximately 8 ½ years, the Retirement Committee voted to recommend that the NLRWW Treatment Committee authorize a \$753,100.00 contribution. Therefore, a motion was made by Mr. Nelson, seconded by Mr. Smith, to authorize the contribution amount of

\$753,100.00 to the North Little Rock Waste Water Utility Defined Benefit Pension Plan and Trust by January 1, 2019. The motion carried unanimously.

The Committee then reviewed the invoice received for the 2019 Workers' Compensation Insurance in the amount of \$72,975.00. The amount paid for 2018 was \$106,358.00. The National Council on Compensation Insurance Rates for our payroll classes went down 27% from 2018. The experience rating went from 1.88 to 1.65, which is a 12% decrease. The Utility did not qualify for the volume discount for 2019 which is based on the cumulative loss ratio. The number of claims for the three (3) years considered in the ratio are listed below. An amount of \$109,000.00 is included in the 2019 draft budget.

- 2015 - 11 claims
- 2016 - 17 claims
- 2017 - 11 claims

A motion was then made by Mr. Smith, seconded by Mr. Carman, to authorize payment to the Municipal League Workers' Compensation Trust in the amount of \$72,975.00. The motion carried unanimously.

Mr. Wilkins then advised the Committee that the hydrogen sulfide sewer gases have corroded the Wilcox Pump Station Wetwell and an adjacent junction box. The restoration process will include:

- Bypass pumping around the structures
- High pressure washing of interior surfaces
- Chemical grout injection to seal any leaks
- Installation of a cementitious prime coat
- And, a protection epoxy coating

The Utility received bids for the Wilcox Epoxy Coating Project on November 6, 2018 at 2:00 p.m. ICM Technologies submitted the low bid at \$54,230.00. This item is included in the draft 2019 budget in the amount of \$60,000.00. The staff will coordinate bypass pumping with a rental vendor directly and operate the pumps with Utility staff to reduce costs. Bypass pumping is estimated to cost \$2,000 per week and should not exceed two (2) weeks. A motion was made by Mr. Smith, seconded by Mr. Nelson, to authorize staff to enter into an agreement with ICM Technologies, Inc. of Jacksonville, Arkansas in the amount of \$54,230.00 for the Wilcox Concrete Epoxy Coating Project. The motion carried unanimously.

The Committee then discussed the 2018 auxiliary generators and transfer switches. Bids were opened on Wednesday, November 21, 2018 at 10:00 a.m., and

five (5) bids were received. The project consists of installing six (6) generators and automatic transfer switches at the following existing pump stations:

Crystal Bay	35 kW
Naylor	50 kW
Norfolk	60kW
Oakbrook	125 kW
Austin Lake	45 kW
Cock of the Walk	35 kW

Nease Electrical, Inc., Hot Springs, Arkansas, submitted the low bid in the amount of \$193,056.00. The 2018 budget includes \$380,000.00 for this project. A motion was made by Ms. Bryant, seconded by Mr. Smith, to authorize the staff to enter into a contract with Nease Electrical, Inc. of Hot Springs, Arkansas for the 2018 Auxiliary Generators and Transfer Switches project in the amount of \$193,056.00. The motion carried unanimously.

Mr. Wilkins then explained to the Committee that dissolved oxygen levels in the Faulkner Lake aeration basins are controlled by manually throttling the shut-off valves on the main air headers to the basins. These valves require many turns and have to be adjusted as often as every two (2) hours. To expedite the process, the staff has requested authorization to install motorized actuators on the two (2) valves at the blower building. Rotork brand actuators are preferred for this application to standardize with other actuators at the treatment plants. Equipment cost will be \$19,728.00. The staff will complete the installation with onsite guidance from a manufacturer's representative from Eco-Tech, Inc. The 2018 budget includes \$30,000.00 for this item. A motion was then made by Ms. Bryant, seconded by Mr. Nelson, to authorize the staff to purchase two (2) Rotork actuators from Eco-Tech, Inc. in the amount of \$19,728.00. The motion carried unanimously.

Mr. Wilkins then presented the 2019 draft budget. He went over the highlights with the Committee. In reviewing same, he reminded the Committee members that the next rate increase adjustments would go into effect in February 2019 and then again in February 2020, which would be the last one with regard to this increase. When reviewing the labor expense, Mr. Wilkins noted that these figures were based on a \$1,000 per employee catch up increase plus a 2% cost of living increase (increase the City is adopting for 2019). After discussion, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to have the salary numbers reflect a \$1,000 per employee catchup increase plus a 2.8% cost of living increase. The motion carried unanimously. After further review of the proposed 2019 draft budget numbers, and the amount of surplus funds in place at this time, a motion was made by Mr. Smith, seconded by Mr. Nelson, to make an additional \$600,000.00 contribution to the North Little Rock Wastewater Utility Defined

Benefit Pension Plan and Trust. The motion carried unanimously. The Committee then asked for time to more carefully study the proposed 2019 draft budget and hold on same at the January 2020 meeting.

Mr. Wilkins then updated the Committee on the proposed alternate route to the Five Mile Creek WRF. The Utility is working with the County Judge to secure the necessary easements and install an automatic gate at Roundtop Road. This alternate route will reduce the noise and traffic in the area leading to Five Mile Creek WRF.

Mr. Wilkins then gave the following update on the recent fire:

- 41 days since the fire
- the Utility staff still has no access to the Vac-con bays
- Collection Systems building is ready to move back in
- the cause of the fire is still under investigation

There being no further action to come before the Committee, a motion was made by Mr. Nelson to adjourn the meeting. The motion carried unanimously, and the meeting was adjourned at approximately 1:27 p.m.

APPROVED AS TO FORM:



K. W. MATTHEWS, CHAIRMAN

RESPECTFULLY SUBMITTED,



SYLVESTER SMITH,
VICE-CHAIRMAN/SECRETARY