

City Corporation
Board of Directors' Meeting
Water Treatment Plant
Tuesday, April 17, 2012, 4:00 p.m.

PRESENT:

Directors:	Tommy Richardson Art Jones	Don Guess Frank Russenberger
City Corp:	Craig Noble Randy Bradley Brenda Austin Kenny Lutz	Larry Collins Hope Penman Jonathan Shipley Rena Taylor
Others:	Clint Bell Ron Knost Gary Bennett Burke Larkin Craig Johnson	Bob Hardin Randall Horton Gerhard Langguth Kevin Freeman Mayor Bill Eaton

Chairman Tommy Richardson called the meeting to order at 4:00 p.m.

Approval of the February 2012 Minutes: Don Guess made a motion to approve the minutes. Art Jones seconded. Minutes were approved as presented.

Review and Consideration of the March 2012 Financials: On the water side, revenues were 4.1% (\$17,484.10) under budgeted amounts for the month. The yearly variance is running 3.6% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 4.7% over budget (\$17,222.92). The O&M budget amount was \$367,101.00 with the actual O&M monthly total being \$384,323.92. The yearly variance is 7.6% (\$285,408.33) under projected budget. The net income for the month was 54.5% (\$33,903.06) less than the budgeted income. On the sewer side, revenues were 3.3% (\$10,717.16) over projected amounts. The budgeted revenue was projected to be \$323,575.00 with the actual total revenue being \$334,292.16. The yearly variance is 0.4% (\$12,995.30) under budget. Art Jones asked for information on uncollectible accounts. Craig Noble explained that an uncollectible was that amount that was written off when an account is left with an outstanding balance. Art Jones asked if City Corporation was in line with what we normally have this time of year. Hope Penman said that City Corporation was up for the year. Craig stated that the Water Users Database (WUDB) system has helped City Corporation recover write-offs left from previous customers who left a balance owing. He also responded to a question Mr. Jones posed last month regarding the usage based on established new residential sewer rates per household for the remainder of 2012. The information for January, February, and March are in the system, Noble stated, and it looks like City Corporation is 1.93% less than it was this time last year. Noble stated that the good news is that Commercial rates are tied to consumption so when the

economy rebounds, so will the commercial rates. Total O & M expense was \$55.13 over budget. The yearly variance is 7.9% (\$215,597.42) under budget projections. The net income for the month was 64.9% (\$10,583.08) under budget. Burke Larkin asked what percentage of the administrative/general expenses goes back to water and sewer. Craig Noble responded that they were broken up to be 60% water and 40% sewer unless it was a water or sewer only project and then the project would be allocated 100% to that side. Art Jones made a motion to approve the March 2012 financials. Frank Russenberger seconded. The Financial Report was approved as presented.

Capital Projects Status Report: Reported that all areas are operating well with no issues being noted.

Operating Reports: Reported that all operations had run smoothly for the month. There was only one violation for the month and that was on Total Suspended Solids (TSS). There was a bust on loading. Loading is driven by the amount of water coming through the facility. The plant and plant personnel performed exemplary, the violation occurred due to the large storm events the area experienced during this reporting period. Frank Russenberger asked if this particular problem would go away once the upgrades to the facility are complete. Randy Bradley stated that the loading rate is based on the design of the plant and concentration. When the plant capacity goes up, the loading rate will also increase.

Sludge Disposal Update: Randy Bradley gave a brief presentation on the general regulations for sludge application at the PCW Facility. Mr. Bradley also educated the board on pathogen reduction and vector attraction reduction. City Corporation currently produces Class B sludge. Currently, City Corporation uses solids retention as a means for pathogen reduction. This process can cause a problem when temperatures are low or cool. This requires a longer amount of time for the solids to be stored. Art Jones asked for Mr. Bradley's recommendation for sludge disposal after the current agreement expires in December 2012. Randy Bradley stated that City Corporation does have some land available to land apply the sludge but it would not be a long term solution due to the loading rates. Tommy Richardson asked Mr. Bradley if City Corporation was currently discing the land application properties. Randy Bradley stated that there has not been a need to thus far. Tommy Richardson asked if having a smaller area to land apply would help. Clint Bell with CWB Engineers answered. Mr. Bell stated that it would not matter because City Corporation is already limited based on ratios. Frank Russenberger asked if testing was required once discing was begun. Mr. Bradley stated that it was required once a quarter. Tommy Richardson questioned whether it would help to apply to land without hay. Mr. Bell explained that the plants on a piece of land help with the uptake of nitrogen. Chair Richardson asked if City Corporation could store sludge up to a year with the right facilities. Randy Bradley agreed. He provided a spreadsheet for the Board. He stated that it cost \$202 per ton (dry weight) to operate the sludge press last year. Craig Noble stated that the land had been disced earlier this year when the digesters were down. Mr. Noble explained that there are several options. A storage building can be built to store sludge up to a year. Or City Corporation could look into upgrading its sludge to Class A. Randy Bradley also stated that the landfill is another option. Craig Noble stated that the product is ready to advertise. This

will allow individuals to bid on the sludge and that shifts the responsibility of ownership. Mayor Eaton asked if City Corporation would be looking for one purchaser for all the sludge or several. Mr. Bell stated that City Corporation has looked at having multiple bidders because there could be a situation where a low bidder could only accept so much. Mayor Eaton stated that there has been a significant reduction of materials sent to the landfill due to the recycling program. Tommy Richardson asked if City Corporation has spoken with any companies who would be interested in bidding on the sludge. Clint Bell stated that the companies' wanted it permitted under City Corporation. Frank Russenberger stated that the Highway Department had the same issues. Each contractor would like to avoid liability. Craig Noble said that the City of Searcy hauls their sludge off. He said it is going to be a dollars and cents venture and the state may not allow it because to some extent they are in a state of turmoil with permits at the moment. Larry Collins stated that providing numbers for the Board was the first step.

Bid Items: Bids were opened on April 12, 2012 for Lawn Maintenance at the 205 W. Third Place building and for all tank, pumping station and lift station sites. Three bids were received. One of the three was considered non-responsive. Lawnsapes of the River Valley was the apparent low bidder at \$13,835.00. This contract will cover all facilities except Huckleberry. They are also the current contractor of the Lawn Maintenance. This contract is a multiyear contract that can be renewed for up to three years. Art Jones asked if there were any major issues over the past year with this vendor. Craig Noble said all issues were addressed in the bid documents. Don Guess made a motion to accept the bid and Frank Russenberger seconded.

Consent Administrative Order Update: Clint Bell presented this month's status report on the Consent Administrative Order. City Corporation has submitted all required documents and correspondence according to the establish Corrective Action Plan. CDM Smith conducted a 30% design meeting in March on the improvements on the treatment plant. The CMOM update and a letter detailing collection system improvements were submitted according to the milestone schedule in the CAP. CWB Engineers has completed the 2012 revisions for the CMOM. The updated CMOM was presented to ADEQ on March 29, 2012. The I&I crew has continued its effort in I&I reduction in the system. The SSES update meeting was held on March 14, 2012. Issues pertaining to the I&I crew were discussed at the meeting. Phase I is complete. The Land Application Permit Renewal application is complete and was submitted in August 2011. It is in review at ADEQ and the Arkansas Department of Health. Stephen Hogan is the reviewing Engineer at ADEQ. Art Jones asked if Mr. Hogan would let us know if there was an issue. Mr. Bell stated that this was correct and it will be an ongoing process.

PCW Plant Design Update: Craig Johnson gave a report on the plant design at the PCW. CDM Smith will have two separate bid packages for City Corporation. The first set will be Total Residual Chlorine (TRC) Removal that will be bid by late summer. The second set will be for Phosphorous and Nitrate removal. This will hopefully be by December 2012. The rocks in the trickling filter are high in metals and their removal will probably be a separate project. This will not affect the schedule however because the rocks will have to be left alone in order for the bacteria to die off. Craig Noble stated that there are several methods to choose from. He

stated that City Corporation was planning to go with the biological choices but now is looking to see if chemical treatment would be more economical.

Larry Collins stated that it was with great pride that he was able to recognize the operators at the PCW. For the first time in 4-5 years all staff is licensed. The WTP staff also all have their necessary water licenses and are beginning to look at Wastewater licensing.

The May Board meeting will be on May 15, 2012 at the Huckleberry Creek Reservoir.

Art Jones made a motion to adjourn. Don Guess seconded. Motion carried. Meeting was adjourned.

Art Jones, Secretary