

City Corporation
Board of Directors' Meeting
Main Office Conference Room
Tuesday, August 21, 2012, 4:00 p.m.

PRESENT:

Directors:	Tommy Richardson	Don Guess
	Art Jones	Frank Russenberger
	Luke Duffield	
City Corp:	Hope Penman	Larry Collins
	Brenda Austin	Jim Lynch
	Kenny Lutz	Renae Taylor
Others:	Bob Hardin	Mayor Bill Eaton
	Garland Steuber	Blair Johanson
	Gary Bennett	Ryan Marshall
	Mark Tripp	

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

Approval of the July 2012 Minutes: Frank Russenberger made a motion to approve the minutes. Don Guess seconded. Minutes were approved as presented.

Review and Consideration of the July 2012 Financials: On the water side, revenues were 10.3% (\$61,155.56) over budgeted amounts for the month. The yearly variance is running 10.3% more than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 12.8% over budget (\$49,671.11). The O&M budget amount was \$387,814.00 with the actual O&M monthly total being \$437,485.11. The yearly variance is 12.8% (\$49,671.11) over projected budget. The net income for the month was 5.5% (\$11,472.69) more than the budgeted income. On the sewer side, revenues were 1.2% (\$4,077.06) over projected amounts. The budgeted revenue was projected to be \$336,565.00 with the actual total revenue being \$340,642.06. The yearly variance is 1.2% (\$4,077.06) over budget. Total O & M expense was \$47,452.62 under budget. The yearly variance is 13.6% (\$47,452.62) under budget projections. The net income for the month was 426.2% (\$51,449.30) under budget. Luke Duffield made a motion to approve the July 2012 financials. Art Jones seconded. The Financial Report was approved as presented.

Capital Projects Status Report: Reported that all areas are operating well with no issues being noted. The PCW Lime Scales project has been placed on hold to determine if it is compatible with the new plant modifications. Art Jones asked how the temperature has affected the algae growth at the lake. Mr. Collins stated that the growth has increased. Filters at the Water

Treatment Plant have needed more washes. The staff at the plant has begun sampling the water more frequently. Collins stated that the species of algae detected this year is different from the species detected in years past.

Operating Reports: Reported that all operations had run smoothly for the month. Collins stated that the recent wet testing has gone well. Art Jones asked if City Corporation will continue the voluntary water conservation with the rain and temperature change. Tommy Richardson stated that he thought it would be prudent to continue the conservation advertisements. Mayor Eaton asked how many acres of water the reservoir was down when it was at 9.9 feet down. Gary Bennett, with Garver Engineers stated that the reservoir was designed to go 120 days into a drought. He stated that it was full at 500 acres.

Western Hills Lightning Strike Presentation: Kenny Lutz gave a presentation on the Lightning Strike that City Corporation experienced on August 15. Lightning hit Norristown tank station located at the Western Hills Tank. The large pump in this station which can pump 900 gallons per minute was hit and began malfunctioning. The smaller pump continued to work but it could not keep up with the demand. Luke Duffield asked if the smaller backup pump was cycled through regularly. Kenny Lutz stated that due to the increased demand this time of year that the larger pump is primarily used. Mr. Duffield asked if the pumps were set to run at a certain time. Craig Noble stated that the two pumps are set at a low point. The smaller 40 hp pump is used during winter months. He also stated that this would be a good time to discuss adding a new pump to the station. Tommy Richardson stated that he would like to thank the employees of City Corporation for a quick, seamless response to the problem. Art Jones said that he would like to see City Corporation increase the size of the smaller 40 hp backup pump to the size of the larger 75 hp primary pump at this station. Craig Noble said that the employees came together and worked as a team to work through the situation. All bases were covered, Noble said, and there were no customers without water or any loss of pressure on the system.

Bid Items: Two bids were presented to the Board for sludge removal and disposal at the Water Treatment Plant lagoons on August 13, 2012 at 10:00 a.m. The low bidder was Land Farmer's Inc. of Dover, Arkansas, in the amount of \$177,935.84. Don Guess made a motion to accept the bid. Luke Duffield seconded. The bid was accepted. It was substantially less than the engineer's estimate of \$275,700. Luke Duffield asked what the testing allowance is on the solids hauled away during the process. Gary Bennett with Garver stated that while some solids will need to be tested during the project, this item was budgeted and placed in the bid. If the amount is more or less than budgeted, a change order will need to occur. Mr. Duffield asked who does the testing of this sort for City Corporation. Mr. Bennett said that Grubbs Hoskyn Barton and Wyatt or American Interplex will be used. He said that having City Corporation select the tester saves the company money by giving the owner the flexibility to spend or not spend the money. Craig Noble stated that it protects the owner.

City Corporation Pay Plan Update: Blair Johanson with Johanson Group gave the Board a presentation on the salary plan put together for City Corporation. Art Jones asked if Mr. Johanson used the positions at the mid range or if he used the company as a whole. Mr. Johanson stated that he did the entire organization. Mr. Jones said that he believed perhaps the employees who were under the mid range of their position's pay recommendation should be up for review more often. Mr. Johanson said that it is possible to tweak the numbers 1-2% on individuals that fall into this category. Alderman Garland Steuber said that when you rate everyone the same it doesn't give employees the incentive to go above and beyond. Tommy Richardson asked if there were numbers from the City added in the report. Mr. Duffield said that he believed that the system encourages mediocrity. Tommy Richardson said the system was comparing apples to oranges if the benefits were not factored in the survey. Luke Duffield said the information was good but the results are skewed. He agreed with the Chairman that City public works wages should be included in the study. Art Jones said he believed that the Board should revisit the survey once the benefits are included.

Consent Administrative Order Update: Randy Bradley gave an update on the Consent Administrative Order for the month of July. Clint Bell was attending the CMOM conference in Austin Texas on behalf of City Corporation. Mr. Bradley stated that City Corporation has been in conversation with Waste Management about sending some bio-solids to the land fill. A meeting is scheduled for Thursday at 1:30 p.m.

PCW Plant Design Update: Ryan Marshall with CDM Smith gave an update on the PCW Plant Design Project. Mr. Marshall said that bids will be opened for the schedule I dechlorination in the month of September and will be presented to the Board at the September Board Meeting. 90% of the scheduled II dechlorination plans have been completed and will be up for regulatory review by ADEQ August 30, 2012.

2012-2013 Budget Review/ Approval: Art Jones stated that he believed the budget needed to be set aside until there was better understanding about the types of projects the City has on the agenda for next year. Burke Larkin stated that all plans have not yet been engineered and that it would be prudent to include the utilities in the engineering of the projects. Mayor Eaton said that the City was on track with the bond information. Tommy Richardson asked if a provision needed to be added to the budget for the bond payments. Craig Noble said that there are already accounts established and that under the advice of the auditors those expenses won't be budgeted while City Corporation is in the construction phase. Art Jones said that another meeting needs to be scheduled so that members of the Board could be brought up to speed. He said that it was not his intent to cut capital items. He said that he does want to look closer at how street projects were handled. Luke Duffield made a motion to table. Art Jones seconded. Item was tabled.

Appointment of the Board Selection Committee: The Chair of the committee will be Don Guess. Art Jones, Frank Russenberger, and Luke Duffield serve as members and Tommy Richardson will serve as ex-officio. Luke Duffield made a motion to establish the committee as stated. Art Jones seconded.

The Board adjourned into Executive Session.

The Board came out of Executive Session and announced that no action was taken.

Don Guess made a motion to adjourn. Frank Russenberger seconded. Motion carried. Meeting was adjourned.

Art Jones, Secretary