

City Corporation  
Board of Directors' Meeting  
Water Treatment Plant Facility  
Tuesday, April 16, 2013, 4:00 p.m.

PRESENT:

Directors:	Don Guess Frank Russenberger Harold Barr	Art Jones Luke Duffield
City Corp:	Steve Mallett Kenny Lutz Rena Taylor Randy Bradley	Jim Lynch Larry Collins Jonathan Shipley Brenda Austin
Others	Bob Hardin Clint Bell Garland Steuber Pam Halverson	Aaron Stallmann Andrew Pownall Mack Hollis

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

Approval of the March 2013 Minutes: Frank Russenberger made a motion to approve the minutes. Art Jones seconded. Minutes were approved as presented.

Review and Consideration of the March 2013 Financials: On the water side, revenues were 3.1% (\$12,739.14) under budgeted amounts for the month. The yearly variance is running 0.30% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 11.4% over budget (\$44,634.04). The O&M budget amount was \$390,436.00 with the actual O&M monthly total being \$435,070.04. The yearly variance is 2.6% (\$99,640.25) over projected budget. The net income for the month was 211.11% (\$57,487.72) less than the budgeted income. On the sewer side, revenues were 10.7% (\$34,972.59) under projected amounts. The budgeted revenue was projected to be \$325,765.00 with the actual total revenue being \$290,792.41. The yearly variance is 4.1% (\$122,294.73) under budget. Total O & M expense was \$47,944.83 over budget. The yearly variance is 12.3% (\$417,650.05) under budget projections. The net income for the month was 105.3% (\$82,648.64) less of a loss than anticipated. Art Jones made a motion to approve the February 2013 financials. Luke Duffield seconded. The Financial Report was approved as presented.

Chief Operating Officer Report: Steve Mallet gave an update to the Board regarding several items that he has been working on recently. Among those items, he addressed the location of the May Board meeting, 2013/2014 budget preparation, offer of employment for staff Engineer

to Lance Bartlett, as well as various projects underway including the Dechlorination and the Denitrification projects. Mr. Mallett stated that as of March 29<sup>th</sup>, pumping into the Huckleberry Creek Reservoir stopped. Current approximations show the lake as two feet below full at this time. Mr. Mallett also reported that staff has completed the first pass through the capital budget and is currently prioritizing projects and revising their proposal. A work session with the Board will be scheduled at a later date. Mr. Mallett also announced that Lance Bartlett accepted the Utility Engineer position for City Corporation. His first day with City Corporation will be on April 18<sup>th</sup>.

Capital Projects Status Report: Collins reported that all areas are operating well with no issues being noted. Garver received approval of plans and specifications from the Arkansas Health Department for the Water Treatment plant Alum storage building. The project will remain on hold until the first part of the fiscal year 2013/2014. Garver will be providing project design along with construction administration/observation in conjunction with City Corporation staff for the 23<sup>rd</sup> Street Gravity Line. The Carbon Feed System Replacement project has been reviewed and Garver recommends award to Instrument and Supply of Hot Springs, Arkansas. City Corporation staff is currently monitoring (12) local developments at this time.

Operating Reports: Collins reported that all operations had run smoothly for the month. Plant staff has been busy this month with painting and mowing. The elevation of the reservoir is at 458.1 which is 2.2 feet down. The lake was full this time last year.

Insurance Renewals: Pam Halverson with Campbell & Company, Inc. presented the insurance renewal rates for the next year. There was a 6.2% increase in the Health rates from QualChoice. Ms. Halverson noted that this was a good number since City Corporation had experienced no cost increases in the last two years in regard to Health insurance. City Corporation pays the employee portion of the \$1,000 deductible plan. An employee who wishes to be on the \$500 deductible plan and/or add dependents may do so at his/her cost. There were no rate increases for the Delta Dental coverage. City Corporation pays 100% of the employee portion and as with insurance; the employee may cover family at an additional cost to the employee. Vision care is not covered by City Corporation but is made available as an option to employees at their own cost. The rates on Vision care did not change. Additionally, employees have a \$20,000 life insurance policy through Qualchoice which is funded 100% by the company. There was a significant decrease in cost this year for the employer paid life insurance. The employees pay for a Long Term Disability policy through retirement. The rates went up with the current carrier, Principle, this year. The employees will move to Metlife for the current year due to savings. The company has used Metlife in the past for LTD coverage. Art Jones made a motion to accept the insurance renewals. Harold Barr seconded. Motion passed.

Consent Administrative Order Update: Clint Bell gave an update on the Consent Administrative Order for the month of March. Mr. Bell noted that KAJACS has completed all pipe activity associated with the construction work west of Knoxville and north of Main Street. The

contractor is currently working east of Walgreens in the parking lot. They are also repaving the section along B Street. Design has also been completed for the City Mall project. Plans have been submitted to the Health Department, the Highway Department, and City Corporation for review and comment. Basins 7, 14, and 23 are about 95% completed with design.

PCW Plant Design Update: Andrew Pownall gave the report on the PCW Plant Design Update. He reported the Schedule I project has moved into the construction phase. Final design has been completed and the Schedule II project is currently in the bid phase. Bids were opened on Thursday, March 14<sup>th</sup> for the PCW Denitrification project with the low bid coming in at almost \$2 million more than the funds available through the recent bond issue. Staff is working with CDM regarding options to reduce the scope of the project through negotiation or rebidding. The PCW Dechlorination project is well underway. The contractor's work has consisted primarily of building site preparation and various pipe installations. Staff met with the contractor and engineer on March 19<sup>th</sup> and all indications are that the project is progressing as planned and is expected to meet the completion date of July 31, 2013, weather permitting.

Huckleberry Carbon Feed System. Garver submitted plans to Instrument and Supply, Inc. of Hot Springs, Arkansas, for improvements to the existing carbon feed equipment located at the reservoir. Garver has reviewed the submittal and feels that the information provided in the proposal is in accordance with the plans. In addition, Garver also included the information on a similar product with another vendor. This information supports that fact that the best value would be to go with ISI in the amount of \$97,970.00. Art Jones made the motion to approve. Luke Duffield seconded. Motion passed.

Schedule II- Denitrification Project: At the last meeting, the bids for Schedule II were discussed. As the bids were more than \$2 million over the estimate provided by CDM Smith. At that meeting, the Board asked that CDM Smith develop a revised estimate based on the plans as bid to compare against the bids received. Staff recommends approval of the project award to the low bidder as recommended. Frank Russenberger made a motion to approve the bid and take the balance of funds needed from the Depreciation account. Luke Duffield seconded. Motion was approved to accept the bid from Archer Western Construction in the amount of \$10,382,730.00.

Trailer mounted high pressure cleaner: Bids were received on March 14, 2013 from two bidders. The apparent low bidder was Henard Utility in the amount of \$54,582.00 plus tax. Art Jones made the motion. Harold Barr seconded. Motion carried.

¾ Ton Truck with Utility Bed: Bids were opened March 20, 2013, for the truck. After further review of the bid specifications we have determined that the low bid from North Point Ford did not meet the specification on the utility bed as requested. Luke Duffield accepted the new bid in the amount of \$25,214.00. Harold Barr seconded. Motion carried.

Art Jones made a motion to adjourn. Frank Russenberger seconded. Motion carried. Meeting was adjourned.

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C. Frank Russenberger, Secretary