NORTH LITTLE ROCK
WASTEWATER TREATMENT COMMITTEE

MINUTES OF A MEETING HELD TUESDAY, JANUARY 14, 2020

A meeting of the North Little Rock Wastewater Treatment Committee was held on Tuesday, January 14, 2020 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. The roll was called and all members were present. Those in attendance at the meeting were Mr. K.W. Matthews, Mr. Sylvester Smith, Mr. Ed Nelson, Ms. Karen Bryant and Mr. Gabe Stephens, and in addition, Mr. Jack Stowe, representative from the City of Maumelle and Mr. Richard Penn, City Engineer with the City of Sherwood. Also in attendance were Mr. Marc Wilkins, Director, Mr. Michael Clayton, Assistant Director, Ms. Gina Briley, Mr. Charles Frost, Mr. Ronnie Thompson, Mr. Lyle Leubner, Ms. Marybeth Eggleston, Mr. Sam Hilburn with Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd. and Dawn Harmon.

First, the Committee reviewed the minutes of its December 10, 2019 meeting. There being no questions or comments, a motion was made by Mr. Stephens, seconded by Mr. Smith, to approve the minutes of its December 10, 2019 meeting. The motion carried unanimously.

Next, the Committee reviewed the cash disbursements for the month of December 2019. After discussion, a motion was made by Mr. Nelson, seconded by Mr. Smith, to approve the cash disbursements for December 2019 reflecting total cash disbursements of $2,432,327.05 and fund transfers between accounts of $1,526,866.66. The motion carried unanimously.

Upon motion made by Mr. Stephens, seconded by Mr. Nelson, the Committee unanimously approved the Financial Statement for December 2019.

Mr. Wilkins then advised the Committee that Belt Press #1 had a catastrophic shaft failure on one of the 12" rollers, causing the roll to drop and bend the frame. The staff acquired two (2) quotes for the repair which are as follows:

<table>
<thead>
<tr>
<th>Andritz (equipment manufacturer)</th>
<th>Compositech</th>
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<tbody>
<tr>
<td>Parts</td>
<td>$ 9,368.26</td>
</tr>
<tr>
<td>Labor</td>
<td>$31,220.00</td>
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<td></td>
<td>$40,588.26</td>
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In the past, the staff has utilized the services of Andritz with good results and recommend using Andritz for this work. Proprietary parts would have to be ordered from Andritz regardless of who conducts the repair. However, since the failure, the Utility mechanics dismantled the belt press and delivered it to a machine shop. They are hoping the machine shop is able to make the repair. The 2020 budget includes $60,000 in the Treatment Department Operating Expenses for belt press parts and repairs. However, this failure occurred in December 2019 after the preliminary budget was submitted and is not included in the 2020 draft budget. After further discussion, Mr. Smith made a motion, which was seconded by Mr. Stephens, that should the machine shop not be able to make the repair, to authorize the staff to utilize the services of Andritz for the repair in the amount of $40,588.26. The motion carried unanimously.

The Committee then reviewed and discussed the 2020 budget. Mr. Wilkins noted the highlights which are as follows:

1. The operating revenue includes the last rate change authorized by the Utility’s current ordinance. The rate percentage increase is around 5%. However, the billed usage decreased from 2018 to 2019 by approximately 3%. So the budgeted 2020 rate revenue only shows a 2% increase over the 2019-budgeted amount. Both Central Arkansas Water and Little Rock Reclamation Authority have also had a billed usage decrease between 2018 and 2019.

2. The labor budget includes a $1,000 catch up increase and a 3% cost of living increase for current employees. The catch up increase is based on the compensation study prepared by EGP, PLLC last year. The annual increase in labor cost for current employees with both of the above is $225,100. Also, every ½% CPI change for current employee’s amounts to an annual change of $22,000. The labor budget also includes seven (7) unfilled positions, anticipated overtime based on historical data, and set amounts for an incentive bonus program and administrative realignments.

3. The other operating expenses increase is 3% over the total projected 2019 expense. If an expense was known to be more than 3%, that amount was included in the budget. The budget includes the addition of another crew and its associated expenses.

4. A 3% increase for all operating expenses was used to be consistent with the forecasted increase used in the last Cost of Service Study.

5. The projected cash flow assumes that every item on the capital addition pages and the 2020 major construction projects will be completed during the year.

Upon final review, a motion was made by Mr. Smith, seconded by Ms. Bryant, to approve the 2020 budget. The motion carried unanimously.
The Committee then discussed the Lakewood CIPP 2019 Rehabilitation Project. Mr. Wilkins advised that bids were received for this project on Thursday, December 12, 2019 at 1:00 p.m. The project includes Cured In-Place Pipe (CIPP) of approximately 21,829 linear feet of 6", 8", 10", 12", 18" and 24" gravity sewer mains. The low bid was submitted by Instituform Technologies, LLC of Chesterfield, Missouri in the amount of $1,241,831.09. The project will be funded from cash reserves in the 2020 budget. A motion was made by Ms. Bryant, seconded by Mr. Stephens, to authorize the staff to award the contract for the Lakewood CIPP 2019 Rehabilitation Project to Instituform Technologies, LLC in the amount of $1,241,831.09. The motion carried unanimously.

Next, the Committee discussed the Lakewood Pipe Bursting 2019 Rehabilitation Project. Bids for this project were received on Thursday, December 12, 2019 at 1:30 p.m. The project includes pipe bursting of approximately 25,850 linear feet of 6", 8", 10" and 12" gravity sewer mains. The low bid was submitted by Horseshoe Construction, Inc. of LaPorte, Texas in the amount of $1,988,834.00. The project will be funded from cash reserves in the 2020 budget. A motion was made by Ms. Bryant, seconded by Mr. Stephens, to authorize the staff to award the contract for the Lakewood Pipe Bursting 2019 Rehabilitation Project to Horseshoe Construction, Inc. in the amount of $1,988,834.00. The motion carried unanimously.

Mr. Wilkins then informed the Committee that the City of North Little Rock is planning street improvements on 50th Street between Allen and Camp Robinson Road which includes sidewalks, drainage, curbs and gutters and asphalt street overlay. The staff has evaluated eight (8) line segments which are in poor condition and in need of pipe bursting rehabilitation prior to overlay of the street. A total of 1,666 linear feet of 6" and 8" gravity sewer lines are recommended for pipe bursting using the contract unit prices in the South Levy/Indian Hills Basins Pipe Bursting 2017 Rehabilitation Project. All unit prices have already been established by the existing contract and the estimates are based on extension of itemized quantities. The estimated cost for this change order is $180,217.75 which will be funded through the 2016 Revolving Loan Fund Loan. A motion was made by Mr. Smith, seconded by Ms. Bryant to authorize the staff to proceed with the execution of change order #3 contingent upon approval from the Arkansas Natural Resources Commission. The motion carried unanimously.

Mr. Wilkins then explained to the Committee that the roof on the Collections Systems Building was last replaced in 2006. Construction activities related to modification of this building have exposed sun and weather damage to the membrane on the roof and to the shingles on the mansard. Three (3) leaks have been repaired following recent rain events. CBM Construction, Inc. and Taggart
Architects, Inc. recommend replacement of the roofing membrane and shingles to protect the interior improvements being made and to enhance the overall exterior appearance in coordination with the new addition. This work was not included in the original scope and will need to be added by a change order. The total cost of this change order will be $59,285.00, including construction management fees. This project is being funded through cash reserves. The original contract amount for this project was $2,223,738.00, and the adjusted contract amount to date (change orders 1 through 5) including this change order (change order 6), and the previous five change orders, is $2,357,281.00. A motion was made by Mr. Smith, seconded by Mr. Nelson, to authorize the staff to execute change order #6 for a new roof overlay and replacement of shingles on the mansard of the collections system building in the amount of $59,285.00. The motion carried unanimously.

Next, Mr. Wilkins advised the Committee that Central Arkansas Water (CAW), who currently performs billing services for the utility under an agreement dated September 2002, desires to enter into a new agreement with a five-year term. The new agreement varies from the current agreement with respect to the annual service charge adjustments. The previous agreement allowed annual adjustments to the service charge based solely on the CPI which has averaged approximately 1.8% for the period 2009 - 2019. The new agreement allows annual adjustments based on the greater of the CPI or 3%. CAW has been unwilling to consider any modifications to their proposed service charge adjustment. After a lengthy discussion as to the renewal period and costs involved, a motion was made by Mr. Smith, seconded by Mr. Stephens, to table this matter until the February meeting and give the Committee and Utility time to examine the options. The motion carried unanimously.

Mr. Wilkins then updated the Committee on APERMA (Arkansas Public Entity Risk Management Association). The Utility received notice dated December 12, 2019 that due to decreasing membership retention, and substantial increases in paid losses, APERMA will be ending its operation on February 15, 2020. The letter stated that a “revised” statement will be issued to keep coverage in place until February 15, 2020. At the Committee’s November 12, 2019 meeting, the Committee authorized payment of $143,789.00 to APERMA for the annual payment for the year 2020. This payment has not been made, and a revised invoice was received from APERMA on January 9, 2020 in the amount of $11,982.00. It is assumed that a second invoice will be received for the period February 1 through February 15. APERMA further stated that additional funds will be assessed over the next 4-6 years to adjudicate open claims. The staff has reached out to the Municipal League, BXS Insurance, Inc., and Stephens Insurance, LLC for quotes. To date, only the Municipal League has provided a quote. At this time, the staff recommends proceeding with Municipal League for 2020 and pursuing additional quotes going forward. As stated above, the yearly premium with APERMA was $143,789.00
with a $500.00 deductible and it also covered the sewer back ups. The Municipal League quote offered two (2) options:

1. $94,564.97 premium with a $10,000 deductible on property and a $1,000 deductible on vehicles

2. $112,626.76 premium with a $5,000 deductible on property and a $1,000 deductible on vehicles.

Both quotes are for an eleven (11) month period and do NOT cover sewer back ups.

After an in depth discussion, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to ask the staff to come up with a plan to do a self insurance pool or a revolving plan to replace the sewer back up insurance. The motion carried unanimously.

Additionally, a motion was made by Mr. Nelson, seconded by Ms. Bryant, to authorize the staff to enter into an agreement with the Municipal League for property and casualty coverage for an eleven (11) month period at option #2, $112,626.76 premium with a $5,000 deductible on property and a $1,000 deductible on vehicles. The motion carried unanimously.

Mr. Wilkins then updated the Committee on the overflow at the Maumelle Treatment Plant. The overflow was between the activated sludge basin and the final clarifier. He went on to say that the employees did an excellent job in taking care of the situation.

Finally, Mr. Wilkins introduced to the Committee Marybeth Eggleston. Ms. Eggleston is a twenty-two (22) year employee with the Utility and has taken over the position of Superintendent of Environmental Compliance and Safety.

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 1:28 p.m.

APPROVED AS TO FORM:

K. W. MATTHEWS, CHAIRMAN

RESPECTFULLY SUBMITTED,

SYLVESTER SMITH,
VICE-CHAIRMAN/SECRETARY