

TONTITOWN WATER & SEWER COMMISSION MEETING MINUTES 12-23-2008

1. ROLL CALL – At 3PM All Commissioners present, except Gene Baker, who arrived during review of the financials. Also present: Mick Wagner, Rebecca Bennett, Mark Dossett, W&S Attorney, Chuck Nickle, USI Engineering, Bobby Pianalto, an incoming alderman

2. APPROVAL OF AGENDA – A motion made by Gunderson to approve agenda as written and 2nd by Goddard, motion passed unanimously.

3. APPROVAL OF MINUTES FOR 11/26/08 meeting – A motion made by Goddard to approve minutes as written and 2nd by Zulpo, motion passed unanimously.

4. REVIEW FINANCIALS – Wagner stated that operating expense is about 7% better than projected. The overall gross profit is better than expected. Auto expense is higher. Contract Labor is lower than expected, and insurance is higher due to the extra employee who was hired at the middle of the year. Payroll expense is lower due to the water clerk being contracted labor at first. Professional fees were higher due to extra work being done by Daniel McCormick related to NACA financial items and the Water Master Plan was not budgeted for. Repairs and Maintenance are higher due to equipment repairs and water system breaks which could not be foreseen, and locate fees were not originally included under this category. Overall the net income was better than budgeted for. Sales tax is about \$70,000 more than budgeted for, but is much lower than last year's sales tax. Interest income is higher versus last year due to EPA matching funds were realized as income in this category. Wagner stated several months ago he having spoken with Hugg & Hall who said their sales tax was down significantly in 2008 from 2007. Ryder's estimated date to open will be 2/15/08 and they estimated to provide \$120,000 in sales tax the first 12 months in operation. Zulpo questioned how much sales tax is lost due to items being shipped to other cities. Wagner stated that Countryside's overall sales tax contribution is up due to sales being up; however restaurants are down in sales, but the AR Department of Finance would not provide individual business information so it is hard to know. Zulpo stated that the building suppliers may be down in sales. Baker questioned whether the fact that most everyone in Tontitown has a Springdale delivery address for mail or internet orders and that this would affect the sales tax. Wagner stated that Tontitown is losing sales tax by not have it's zip code used by anyone getting rural delivery mail and commented efforts should be made to get postal service to do this in the future. This would allow for sales tax credit to Tontitown for all internet purchases showing rural delivery addresses.

5. OLD BUSINESS:

- A. **Update on Water tank project** – Nickle stated that progress is being made on the plans for the water tank, but they are in no hurry since there

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is still no tank site. Wagner stated that the SCADA system is now operational and monitored by internet from TWU office. The valves that connect Tontitown's system to Springdale's can be controlled remotely and flows controlled more closely. This fact makes the need less immediate for the water tank although this still remains a long term need.

6. NEW BUSINESS

- A. **Consider lease with Callahan Ventures (SCADA antenna)** – Wagner stated that Jason Steele, who is also on the TAFD Board, is selling his tower and wants protection for TAFD and the Water Dept. who both use this tower for communications currently or in the future. The contract is for \$1 for 15 years after which it can be terminated or renewed by the new owner. Nickle stated that if the water tank has been constructed by then, the antenna can be moved. A motion made by Baker to approve the lease and 2nd by Goddard, motion passed unanimously.
- B. **Consider lease with TAFD (server space)** – Wagner stated that the TAFD Board decided they needed their own website. To do this they would need a server. They also currently have very poor back-up capabilities for their important data files. If they used the Water Department's server, they would only need 5% of our server capacity which currently has about 60% of capacity available. The lease is for \$1 each year and is continuous until terminated by either party. A motion made by Baker to approve the lease with TAFD for server space and 2nd by Zulpo, motion passed unanimously.
- C. **SOP 11 Selection of Commission Officers Chair, Vice-Chair, SEC/TRES** – Wagner stated that the officers are to be elected at the 1st meeting of each year. Dossett stated that if it was voted on today it would have to be ratified at the beginning of the year. A motion made by Zulpo for the slate of officers to be Steve Gunderson as Chairman, Gene Baker as Vice-Chairman, and Larry Goddard as Secretary/Treasurer and 2nd by Goddard, motion passed unanimously.
- D. **SOP 25 Select Attorney** – Wagner stated that an attorney is selected each year. A motion made by Baker to select Mark Dossett as the attorney and 2nd by Zulpo, motion passed unanimously.
- E. **SOP 26 Select Engineer** – Wagner stated that Statements of Qualifications had been advertised as required by state law this year. The only SOQ received was from USI. A motion made by Baker to select USI Consulting Engineers and 2nd by Zulpo, motion passed unanimously.

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- F. **SOP 27 Select Auditor** – Wagner stated that Statements of Qualifications had been advertised as required by state law this year. Daniel McCormick has provided an SOQ for the Commission to consider. A motion made by Gunderson to retain the services of Daniel R. McCormick and 2nd by Zulpo, motion passed unanimously.
- G. **SOP 37 Annual budget** – Wagner stated that SOP 37 directs the Executive Director to prepare the budget for the approval of the Commission. 2009's budget is based on projections and assumptions using 2008 numbers as a baseline. Assumptions used were as follows: a 5% increase in water usage and water purchases, twenty new users to connect to water and sewer, 10% increase in fuel, service and repair reflects maintenance for a truck for half a year, a 50% increase in depreciation, insurance will be raised \$70 per employee based on ARML's recent notice, a 10% increase in sales tax, uniform expense for two people, payroll includes salary for an operations manager, and minimal sewer repairs are assumed since our phase one is complete and in operation. There is an estimated operating income of \$281,000. Capital Expenditures include a truck for, a mini-excavator and computer equipment. A motion made by Goddard to approve the 2009 budget as presented and 2nd by Zulpo, motion passed unanimously.

In related financial matters, the contract with AEP is also still being negotiated. AEP has changed their estimated water usage several times. Springdale informed Tontitown that Burns and McDonald, a company who did the commission analysis, said Tontitown should be charged a \$4500 meter charge each month. AEP says they should only pay \$360 of the \$4500 meter fee and should only pay 80% of the cost of water they purchase. Wagner stated that hopefully by February 1, 2009 the water contract rates from Springdale would be known and would require a review of the budget after at that.

7. COMMENTS FROM COMMISSIONERS – Zulpo thanked Brandt for his time as Chairman. Dossett stated that he received an e-mail from Washington Water Authority's attorney, George Butler, stating that they are willing to meet. Josh Moore, the head of WWA and the RDA will be there. Mr. Butler stated that the latest map that Tontitown provided very close. They are willing to work out the details. Wagner stated that there were \$200,000 worth of water lines that were built in the early 2000's that are outside of Tontitown's area. There about 70 total customers outside the boundary. Dossett stated that WWA wouldn't be able to force the customers to connect to their water unless they can prove they had water available at the time the customers connected to Tontitown's water.

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Wagner stated that there are also a few customer's that we currently serve that are in Springdale's service area boundary. Springdale water officials have stated that they are not interested in serving customers inside Tontitown's city limits. Hopefully these service areas will also be cleaned up some once a map is approved.

8. ADJOURN – A motion to adjourn made by Zulpo and 2nd by Goddard, motion passed unanimously.