

BENTON/WASHINGTON REGIONAL PUBLIC WATER AUTHORITY
Of the State of Arkansas

February 23rd, 2023 Board of Directors' Meetings
Meeting Minutes

Board of Directors' Meeting for February 23rd, 2023 was called to order by Chairman Taggart at 0931 hours in the Authority's Board Room at the Water Treatment Plant. Opening invocation was given by Chairman Taggart.

Directors and/or Alternates

Bella Vista POA	Mike Taggart
BCWD #1	Jerry Lovell
Centerton	Malcolm Attwood
Decatur	James Boston
Gentry	Rick Craft
Garfield/Gateway/Lost Bridge	Gary Blackburn
Gravette	Richard Sutherland
Highfill	Dustin Karhl
Lincoln	Herb England
Pea Ridge	Ken Hayes
Prairie Grove	Chuck Wiley
WWA	ABSENT
Westville	Zeb Black

Others in attendance included Manager Borman, Jana Wright, Steve Davis, and Eddie Cooper from BWRPWA, Matt Dunn and James Martin from Crist Engineers, Bob Wright from Crews and Associates, Jacob Davis from BCWD #1, Charlie Holt from Bella Vista POA, and Douglas Sutton from City of Garfield.

The minutes from the January 26th, 2023 Board Meeting were discussed. On a motion by Director Blackburn and a second by Director Craft, the January 26th, 2023 minutes were approved unanimously.

Treasurers' Report – Treasurers' Report was given by Manager Borman, which included for the period of January 20th, 2023 through February 17th, 2023. Manager Borman discussed the check detail with the Board, which included payroll, electronic fund transfers, and checks 19291-19352. Manager Borman then discussed with the Board the financials, which included a Profit and Loss Statement including the FY 2023 budget, Profit and Loss with Previous Year Comparison, and a Balance Statement. After Board discussion, Director Blackburn made a motion to approve the Check Detail for payroll, electronic fund transfers, checks 19291-19352 and the financials as presented. A second was made by Director Lovell. The motion was approved unanimously.

Matt Dunn with Crist Engineers then gave the update on current ongoing projects:

Sludge Lagoons and Site Grading

- KAJACS is actively working on earthwork, lagoons, drainage, access roads, yard piping, and fencing.
- Substantial Completion Date – October 9, 2022
- Final Completion Date – October 29, 2022 (Anticipated 03/31/2023)
- Contract Amount - \$4,125,000.00
- Pay Application #9 - \$58,814.03
- Total Payment to Date - \$3,417,812.98
- Balance Remaining - \$707,187.02

Matt Dunn stated that a contractor meeting with Kajacs was held on 02/22/23. Kajacs still has quite a bit to complete on the project before reaching substantial completion. Kajacs stated that two more crews would be moved to the site to help speed up the completion of the project. As of now, Kajacs is in the way of Preload

(clearwell project) beginning the work on their project. Manager Borman mentioned to the Board that as of now there will be no swapping work in lieu of liquidated damages, Kajacs needs to finish the project that they were contracted to do. Deadline for Kajacs is 03/31/23 and when liquidated damages begin will be at the Boards' discretion.

4 MG Composite Elevated Water Storage Tank

- Landmark has completed work on the foundation and is beginning the formwork for the concrete pedestal.
- Notice of Award issued on October 28, 2022.
- Contract Time – 750 Calendar Days
- Substantial Completion Date – October 9, 2024
- Final Completion Date – November 28, 2024
- Contract Amount - \$12,726,000.00
- Pay Application #3 - \$912,921.50
- Total Payment to Date - \$2,536,747.00
- Balance Remaining - \$10,189,253.00
- Submittals and RFI review ongoing.
- Project is on schedule.

Surge Tank System at WTP

- Analyzing surge prevention parameters for the Garfield-Gateway pressure plane
- Coordinating Garfield-Gateway system surge tank technical requirements with Pulsco and ETEC. Surge tank will be housed inside the HSP building.
- Project schedule has been adjusted to conform with inclusion in the HSP project and permitting review.

3 MG Clearwell

- Preload is gearing up to mobilize in mid-February to begin sitework.
- Notice of Award given to Preload, LLC on September 22, 2022.
- Contract Time – 363 calendar days
- Substantial Completion Date – January 12, 2024
- Final Completion Date – February 18, 2024
- Contract Amount - \$5,132,000.00
- Change Order #1 - \$37,511.00
- Current Contract Amount - \$5,169,511.00
- Preconstruction meeting was held on January 20, 2023.
- Notice to proceed for Preload, LLC – March 14, 2023

High Service Pump Station and Electrical Upgrades

- Operational Technical Memorandum was prepared for operational parameters, surge prevention, and control measures – reviewed with BWRPWA staff.
- Ongoing discussions with Carroll Electric for Tank Service and HSP. Future substation, construction, and contractual requirements is pending.
- Electrical systems to address operational control modifications identified in the electrical master plan are proposed with the HSP project. There are ongoing discussions with staff to finalize the electrical scope for this project.
- The building system will consist of CMU walls, open web steel joist framing with standing seam metal roof. Colors and finishes to match existing buildings.
- The HSP will have capacity for eight pumps. There are two pumps with the initial construction of the station and future pumps will be added as demand requires.
- Design coordination with mechanical, structural, and electrical engineers.
- Preparing design and construction documents.
- Utilization of Direct Procurement of materials when possible:

- Yard Piping
- Pumps and Motors
- Control Valves
- Surge Tank
- Electrical
 - Transformers
 - Switchgear
 - VFD's
 - Generator
- Yard piping procurement for steel pipe re-bid opening was January 25, 2023. Bid awarded to Ferguson Waterworks for the amount of \$2,809,734.00
- Pump procurement estimated bid opening – February 22, 2023
- Project schedule has been adjusted for design scope and additional regulatory/permitting time.

Easement Acquisition

- There are a total of 48 parcels for Phase 1 alignment and a total of 46 parcels have been acquired. See attached Tracking Exhibit.
- Parcels 25 and 33 (Davis and Farris properties) have been sent to the Attorney for condemnation. Route of line has been set. Easements have been purchased on both sides of the properties for condemnation.

Parallel 54" Transmission Line – Phase 1

- The design and alignment near highway 94 have been revised.
- Plan and profile sheets are 90% complete.
- Cross connection locations between the proposed 54" and existing 36" lines will be located at the following locations:
 - Water Treatment Plant
 - Between Parcel 11 and Parcel 13 East of Prairie Creek Road
 - East Side of Lewis Lane on Parcel 48
- Preparing 90% design and construction document packages for submittal to ADOH permit
- Exploring options for materials procurement package
- Regulatory permitting proposed is Nation-Wide Permit (NWP)-58.
- Preparing Preliminary Construction Notification (PCN) and determining NWP-58 specific requirements for permitting associated with environmental components such as endangered species, water quality, and wetlands delineation.
- GBMC will be conducting the Wetlands Delineation upon completion of the easement acquisition.
- Earth and Science will begin the geotechnical borings in the next two weeks. The final geotechnical report is expected by the end of March.
- Corrosion Control Engineering will be performing a Corrosion Evaluation for the project upon completion of the geotechnical data for corrosion soil properties.
- Project schedule has been adjusted for design revisions, survey, studies, and additional regulatory and permitting time.

Lagoon Maintenance Project

- Established a maintenance project to remove sludge, modify the grades along the existing lagoon roads, improve drainage, modify flow control structures, and install riprap for slope protection on lagoon levees.

Beaver Lake Intake Structures

- Responded to USACE request to confirm contracted amounts of raw water from Beaver Lake.
- USACE combined yield allocation is 24.25 MGD
- Ready to start permitting process for Intake Structure and Raw water line to the plant.

Operations' Report – Manager Borman then gave the Operation's Report, which is herein included as part of the official minutes. Manager Borman mentioned to the Board that BWRPWA has experienced credit card fraud in the total amount of \$4,700.00. The majority of the charges were reversed pending the review of the claim.

Customer Conservation Measures – Item on agenda table until March 2023

Pumps and Motors (Assembly) Direct Procurement Bids – Matt Dunn then discussed with the Board the bids on the pumps and motors. To be more cost effective, bids were taken for 2 pumps instead of 3. Direct procurement is enabling BWRPWA to avoid substantial mark-ups on supplies from contractors. Bids were opened on 02/22/23, with two companies submitting bids. The two companies that submitted bids are as follows:

Tencarva - bid amount of \$1,018,816.00

Haynes – bid amount of \$875,000.00 (no sales tax added on this bid)

Matt Dunn mentioned that the bid from Haynes came with 2 pages of clarifications and specifications. Matt Dunn made a recommendation to the Board to disqualify the bid from Haynes, due to not following specifications for the bid process and to approve and accept the bid from Tencarva. After board discussion, Director Wiley made a motion to disqualify Haynes bid due to not following the bidding process and to award (approve & accept) the bid from Tencarva in the amount of \$1,018,816.00. A second was made by Director Blackburn. Motion passed unanimously.

2022 Rate Study by Willdan Financial and Board Action regarding Rate Study Findings – Chairman Taggart then opened the floor for discussion of the water rate study and rate increase.

Director Blackburn wanted to express on behalf of the Garfield City Council the quality of information that Manager Borman provided, which allowed the Garfield City Council to vote on the water rate proposal. The Garfield City Council's vote was unanimous in support for the direction of progress that BWRPWA is going towards.

Director Hayes addressed the Board with his concerns. The Board needs to be involved in the decision-making process of what projects need to be completed and what will have to wait. BWRPWA increased rates by \$.46 per thousand in 2021 to pay for existing Bond issues and is now looking at a possible \$.40 increase per thousand at the beginning of 2024. This is a total increase of 37.8% in a two-year period. Based on cost overruns on current projects, BWRPWA will be borrowing more money to cover existing projects. According to Northwest Arkansas Regional Planning Commission, the annual (yearly) average growth rate through 2045 is 2.6% for both Benton and Washington Counties. The Water Rate Study estimated a yearly increase of 4.8%. The total projected cost of all projects in the Capital Improvement Plan is \$576,000,000.00. Projects on the first phase are coming in at 20% to 40% over projection. BWRPWA does not have the customer base to sustain that amount of debt. Director Hayes stated that he disagrees with the conclusions of the rate study and it's recommended rate increases. BWRPWA and the Utilities need to be good stewards with their customers money.

Manager Borman then addressed the Board. The Board does and has the only approval of projects that are currently being worked on, and the Board approved Phase 1 with it proceeding. The actual overage on projected costs is around 10% for Phase 1, and it shouldn't be necessary to borrow more funds to complete Phase 1. The 2021 rate increase was to meet the obligations of the FY22 Bonds. The 2022 increase was done in response to inflationary pressure and the cost of business, having nothing to do with meeting debt obligations. The actual population that BWRPWA serves is approximately 135,000, which includes transitory populations. Meter numbers of BWRPWA are consistently around 6% growth year to year. Manager Borman agreed that there needs to be Board discussion on rates and the timing of projects, the Board requested a Water Rate Study Analysis be performed for a basis on water rate increases. Manager Borman mentioned that his job is to provide the Board with the necessary information, make recommendations that are beneficial to the growth of BWRPWA, but in the end, it is the decision and vote of the Board for accepting or denying those recommendations.

Bob Wright then stated to the Board that the rate study is based on projections with many variables. Willdan Financial is projecting that BWRPWA could authorize and sell significant debt starting in 2025. It is necessary to build the rates to the point in which they will be able to fulfill the Authority's debt coverage ratios – part of the

projection is based on interest rates. If interest rates are higher, the rate increase will be short and if interest rates are lower, there will be excess. The potential rate projections are based on potential growth of the system and potential projects.

After Board discussion, Chairman Taggart stated to the Board that the recommendation on the table that will be voted on at the March Board meeting is as follows:

Water Rates for 2023 - \$2.80 per thousand gallons (current pricing)

Water Rate Increase for 2024 - \$3.20 per thousand gallons/Increase of \$.40

Water Rate Increase for 2025 - \$3.45 per thousand gallons/Increase of \$.25

Meter Assessment stays at \$1.50 for the time being

Revisit Rate study end of FY2025

Manager Borman mentioned to the Board that Marchs' Board meeting falls on the week of spring break and would like to move the meeting to March 30th. After Board discussion, the Board was in full agreement on moving the Marchs' Board meeting from 03/23/23 to 03/30/23.

Secretary/Treasurers' Position – *Chairman Taggart then opened the floor for discussion on nominees for the Secretary/Treasurers' Position. Director Craft mentioned to the Board that he would take the position, if there were no other nominees and the Board was in agreement. Chairman Taggart asked the Board if there were other nominations to be made, no other nominations were made. Chairman Taggart took a vote from the Board nominating Director Craft for the Secretary/Treasurer position, the Board as a whole voted for Director Craft.*

Chairman Taggart mentioned to the Board that with Director Craft now being in the position of Secretary/Treasurer, an opening has been left on the Finance Committee. Chairman Taggart appointed Director Attwood for the open position on the Finance Committee.

Being no further business before the Board, Director Blackburn made a motion to adjourn at 1050 hours. A second was made by Director Black. Motion passed unanimously and the meeting was adjourned.

NEXT BOARD MEETING – March 30th, 2023

Respectfully Submitted,

*Mike Taggart, Chairman – Benton/Washington Regional Public Water Authority
SKK: JKW*