

**LITTLE ROCK SANITARY SEWER COMMITTEE**  
**Minutes of the Special Meeting Held**  
**July 1, 2009**

The Little Rock Sanitary Sewer Committee held a special meeting at 4:00 p.m., Wednesday, July 1, 2009, in the conference room of Little Rock Wastewater. Those attending included:

**Little Rock Sanitary Sewer Committee**

James R. Pender, Chair  
Dale J. Wintroath, Vice Chair  
Ken Griffey, Member  
Marilyn K. Perryman, Member

**Little Rock Wastewater**

Reggie A. Corbitt, P.E., CEO  
James A. Barham, Manager of Finance  
Howell Anderson, P.E., Manager of Engineering Services  
Stanley Miller, Manager of Operations  
Mack M. Vought, Manager of Maintenance & Construction  
Don F. Hamilton, General Counsel

Also attending were Mayor Mark Stodola, Ex Officio member, Marty Baker of Southwest UPS, Nell(?) Matthews, League of Women Voters of Pulaski County, Jim Alexander of Morgan Keegan & Co., Inc., Lamor Williams of the *Arkansas Democrat-Gazette*, Bill Stannard and Thomas Beckley of Raftelis Financial Consultants, Paul Vitale of Vital Communications, Jordan Johnson of Cranford Johnson Robinson Wood, Pete Christiansen of Dassault Falcon Jet, and support staff from Administration and Community Relations, Environmental Assessment Division, and Finance. Sewer Committee Secretary Cindy Miller did not attend.

The meeting was called to order by Mr. Pender, who welcomed those present, thanked them for attending, and asked that visitors stand and identify themselves. He recognized the members of the Rate Advisory Committee who were present and thanked them for their contribution to the rate study process.

Mr. Bill Stannard of Raftelis Financial Consultants began his Power Point presentation by stating that the objectives of the presentation were to illustrate the goals of the project, the scope of work, the findings and recommendations, and then respond to the Sewer Committee's questions.

He listed the goals as determining the value of Little Rock Wastewater's fixed assets, developing a comprehensive financial plan, examining LRW's cost of providing wastewater collection, treatment, and disposal services, and developing proposed rates and charges in order to support the financial health of LRW.

The scope of work was divided into a system valuation study, with the objective of determining the current value of system fixed assets; asset management best practices assessment relative to industry best practices; and creating an asset data base tool for use by LRW staff in the future in determining a rate structure. The cost of service and rate study included the validation and update of ancillary fees and charges, analyzing feasibility of system development charges or impact fees, developing a financial plan, performing a cost of service analysis, recommending wastewater service rates that would recover the cost of service equitably from the various types of LRW customers, and developing the financial planning and rate computer model that could be used by LRW staff to keep an updated financial plan and rate analysis.

Mr. Stannard said they were assisted in the system valuation element of the study by MWH Global, an international firm, based in Denver, Colorado, who brought significant experience into this process. Multiple workshops with LRW staff were held, and an assessment of the current asset condition was determined in order to develop the computerized asset data base and train LRW staff to implement and maintain the data base. The system valuation results were reported as Reproduction Cost of \$1,060,000,000, Reproduction Cost less Depreciation of \$406,000,000 and Original Cost less Depreciation of \$277,939,000. Mr. Stannard explained that the reproduction cost represented the cost of replacing LRW's system at this time with today's technologies and capabilities. Depreciation was applied based on the condition assessment and the book value of the system based on original cost, less depreciation, is approximately \$278 million. Mr. Stannard said the process provided information needed to support the cost of service analysis and assessment of the system development fees/impact fees. The process provided feedback and guidance to LRW and its consultants in the rate analysis and rate making process to ensure the best interests of the City for the present and in the future and supported other components of the project.

He stated that very early in the process, it became apparent that there was a need to engage the community for understanding of their views on various matters and different customer groups' views on rates and fees. The Rate Advisory Committee (RAC) was formed for the purpose of providing feedback and guidance to LRW and its consultants in the rate analysis and rate making process in order to ensure the best interests of the City. The RAC members represented a broad cross section of constituencies served by LRW. Five formal meetings were held between March 27, 2009, through July 24, 2008,

with three workshops held between June 12, 2008, and August 12, 2008, and the preliminary report of the Rate Advisory Committee was presented to the Sewer Committee in October, 2008. Mr. Stannard said this committee was the most engaged in the process and provided the most valuable feedback of any he had ever worked with. He thanked the RAC members for their active role in the process, stating that their guidance helped lead to the recommendations that will serve the City well into the future.

Mr. Stannard said the key component the RAC was engaged in was a review of pricing objectives. They identified and discussed with the RAC thirteen key pricing objectives that could be recognized in the development of a rate and fee structure for wastewater utility service. These objectives were reviewed, discussed, and ranked from the most to the least important. Members of the RAC were challenged to think in terms of what would best serve the City as a whole and not just their personal views or those of their constituents. A process was then begun to rank the pricing objectives and the two essential objectives were identified as cost of service recovery and an equitable contribution from new customers. The next three most important elements were minimizing customer impacts, affordability to disadvantaged customers, and supporting economic development.

Mr. Stannard said that from this point the study focused on developing a financial plan using information obtained from LRW's budgetary and historical cost information to form a foundation for the Utility's long term financial planning. A ten year plan, from 2009 through 2018 was developed to forecast a customer base, the usage placed on the system by these customers, the amount of wastewater discharged to the system, the revenue from rates currently in effect as well as rates programmed to go into effect January 1, 2010, which were included in existing ordinances passed by the City Board of Directors. He said that the entire revenue requirement package was then forecast, including the operations and maintenance expenses of the Utility as well as the capital requirements. As a major utility supplying a significant amount of infrastructure, a tremendous amount of money must be invested in the infrastructure and is financed through the issuance of revenue bonds and revolving loan funds from the State. Unfortunately, all of the money cannot be obtained from the RLF program with its lower interest rate because adequate funding from EPA through the State RLF program is not available, necessitating the issuance of bonds. Current revenue, if available, is also invested in replacement of infrastructure. Mr. Stannard explained that revenue must also be available for working capital of the Utility and reminded the Sewer Committee of how the higher gasoline prices, which no one anticipated, had recently impacted the Utility. He said that, included in the plan, is the objective of having 90 days of O&M and capital funds available by the end of the first five year period.

Mr. Stannard called attention to the Revenues LRW is receiving from customers under current rates which include services Inside the City of \$12.8 million, Volume Charges of \$26.4 million, Surcharges of \$.8 million, and service charges Outside the City of \$.2 million with Volume Charges of \$.3 million. He explained that surcharges are assessed to large monitored customers who discharge strengths of wastewater in terms of

biochemical oxygen demand (BOD) and total suspended solids (TSS) in excess of discharges by domestic customers. Operation and Maintenance expenses were reviewed and are estimated to be approximately \$26 million in 2009, increasing to approximately \$34 million in 2014. He projected an inflationary increase of approximately 3% in operations and maintenance expense per year and mentioned that construction of the Little Maumelle treatment facility will be complete and the treatment facility will begin operation in 2010 at an estimated expense of \$500,000 in 2010 to \$1 million in 2011 and inflating on a regular basis. Mr. Stannard also discussed debt service on the revenue bonds and repayment of the revolving loan fund loans, stating that repayment of the RLF can be deferred a few years but payment of principal and interest on the revenue bonds begin shortly after the sale and is expected to be approximately \$17 million for 2009, increasing to approximately \$24 million by 2014.

Mr. Stannard reviewed the Capital Improvement program financing plan for 2009-2014 and the sources for funding the Capital Improvement program, which includes revenue bonds, RLF Bonds, revenue fund capital and other capital reserves. The LRW Financial Plan graph for 2009-2004 was also reviewed showing a slight increase in working capital beginning in 2011 and increasing through 2014.

System Development Charges were described as being authorized by Arkansas Statute §14-56-103 which defines the costs that may be recovered, specifies when charges can be collected, and how funds may be expended. The System Development Charges have two generally accepted methodologies: a System Buy-In, based on the value of existing assets, and Marginal Incremental, based on the value of newly constructed assets. Mr. Stannard stated that under either method, the assets paid through debt must be considered in the calculation of fees. The system development charges calculated, using the system buy-in methodology with debt credit given for debt to be paid through user charges by new and existing customers with a fee calculated to be \$274 per customer with a 5/8" water meter, 1" meter charge of \$685, 1-1/2" \$1,370, and fees for customers with 2" water meters estimated to be approximately \$2,191, based on potential water demand, with larger meters based on the estimated sewer flow of \$1.10 per gallon per day.

Mayor Stodola joined the meeting at this time and was recognized and welcomed by Mr. Pender.

Mr. Stannard continued by stating that the key component for developing a financial plan is the cost of service analysis which is the fundamental basis for utility rates throughout the United States in both the water and wastewater industries and is recognized in both industry practice, the public utility commissions, and by courts of law with a basic premise that users should pay for utility service in proportion to their use of the system. The premise is also addressed by the Federal Clean Water Act and by EPA regulations which require that wastewater systems that receive construction grants employ user charges that assure that customers pay their proportionate share of the cost of service.

Mr. Stannard then addressed commercial customer rates stating that many commercial customers discharge wastewater greater than domestic strength and, since it is impractical to monitor all of these commercial customers, it is recommended that these customers be assigned a strength of 500 mg/l of BOD and TSS. The proposed commercial rate recognizes these strengths, and commercial customers with only domestic strengths may apply to pay the domestic rate.

Mr. Stannard stated that since the mid 1990's, sewer services have been extended to Unsewered areas of the City; however, many of the homes and businesses in these areas have not connected to the sewer. He noted that, after two years, properties that connect to the sewer must pay a Capital Recovery Fee that can be substantial. He recommended that any non-connected home or business located within 300 feet of a LRW sewer be charged the monthly sewer availability charge and not be charged the Capital Recovery Fee when they do connect to sewer services.

Mr. Stannard said that LRW has and is continuing to invest millions to rehabilitate the collection system to reduce and eliminate wet weather overflows. Infiltration and Inflow (I&I) is extraneous wastewater flows inherent to all wastewater systems and is the principal cause of sewer system overflows during wet weather events. He said that studies have determined that customer owned service lines are a major source of I&I and stated that the RAC evaluated options to reduce I&I from customer service lines. He recommended that the City enact an ordinance requiring the inspection of customer service lines and certification of acceptable condition before closing a sale of any property connected to LRW's collection system. He also recommended that properties with sewer service lines less than five years of age be exempted from this requirement.

In closing, Mr. Stannard summarized the Rate Advisory Committee's recommendations and recommended that the Little Rock Sanitary Sewer Committee accept LRW's financial plan, approve the system development charge, approve the proposed general rate increase, approve the proposed new rate for commercial customers, implement the charging of the sewer service availability charge to properties located within 300 feet of sewer service and not connected to the LRW sewer, and, finally, to implement an ordinance requiring inspection and repair or replacement of customer service lines before closing on the sale of a property. He then asked for comments or questions. Mr. Pender stated that he would first like to open the floor to questions from the Sewer Committee.

Mr. Wintroath asked whether, based on the proposal and chart through 2014, the proposed rates would keep LRW solvent through 2014 or would something more be needed. Mr. Stannard said the rates shown are actually through 2010 and it is estimated that a rate increase of 4.5% to 5% would be needed in 2011 and 2012. He noted that two things that had impacted revenues recently were the decreased interest earnings on available funds and the fact that the recession had impacted customer usage and growth. On the positive side, Mr. Stannard noted that gasoline prices had dropped significantly and, due to the lower cost of materials, construction bids had been lower than expected. He said it is difficult to project what may happen in the future, and,

so that customers would know what the rates would be, the study proposed the increases incorporated into the rate study analysis.

Mr. Wintroath asked if the rates proposed through 2010 would take LRW through to 2014 and Mr. Stannard said that increases of approximately 5% per year would be necessary through 2014 at which time, unless there were extreme increases in regulatory requirements or energy costs, rates might even decrease slightly although he did not know what impact inflation would have. Mr. Wintroath asked if Mr. Stannard had any recommendations on which expenditures might be cut in the event the rate increases were not granted. Mr. Stannard said it would be difficult to say but he assumed that the cuts would come from operations and maintenance and capital items funded from revenue since debt service would have to continue, but he cautioned that most of the projects underway are the result of the court mandated settlement.

Ms. Perryman said she was considering from a property manager's viewpoint, and asked how the cost of service would be measured for an office building who might have one or two customers with a higher strength waste, such as a surgery center, and Mr. Stannard said it would most likely require a separate meter to measure the volume and strength of the wastewater. He said that he recognized the challenges presented and cited an example in Charlotte, North Carolina, where a customer was assessed the commercial rate.

Mr. Griffey referred to Slide 22 of the presentation pertaining to the collection of an availability charge and waiving the capital recovery fee and stated that he thought it was a great idea and wondered what the other Sewer Committee members thought. Mr. Wintroath stated that it was something that they had been advocating for some time since the Utility had put a great deal of money into making sewer service available to the unsewered areas only to find that the majority of the property owners in those areas did not connect to the sewer. Mr. Pender stated that this would also eliminate complaints from customers, such as the person who attended the March meeting saying that he moved into a property and did not receive notice of the period during which he could connect to the system without paying the capital recovery fee.

Mr. Griffey also questioned whether the proposed rate schedule, which appears to put an increased burden on commercial customers, would have an adverse effect on commercial development. Mr. Stannard stated that they are always concerned about the effect of rates on commercial customers; however, the rate study revealed that under the current fee schedule, domestic customers were actually subsidizing commercial customers by paying a disproportionately higher rate. He said the commercial rate increases could be done in a number of ways, such as phasing in the increases to commercial customers over a period of time, but their recommendation is that the imbalance in cost of service be corrected now rather than phased in.

Mayor Stodola asked whether the analysis, which came to the conclusion that the residential customers had been subsidizing the commercial customers, had taken into consideration the length of time the residential subsidy had existed. Mr. Stannard said

that the study had not taken that into consideration, but had looked at today's cost under the current rate structure and did not go back in time to see how long that may have existed. Mayor Stodola asked whether he had an idea as this is a very revealing issue. Mr. Stannard replied that it is not at all uncommon as cities around the country have historically had two kinds of rates for wastewater; the volume rate plus a surcharge, applied only to monitored customers, with everyone else paying as though they had the same strength wastewater. It has only been during the past five years, that many cities have begun making the differentiation between a residential customer and a higher strength commercial customer. Mayor Stodola asked whether Mr. Stannard was saying that with the equalization of rates the subsidy would equal itself out by 2010 on the basis of these actions, or would it carry through to 2014. Mr. Stannard said that once the rates go into effect the rates will reflect the cost service analysis and then in five years they propose that another cost of service analysis be done to reflect any "tweaking" that might need to be done. Mayor Stodola asked whether this meant that there would be a 5% increase in service charge rates in 2011, 2012, 2013, and 2014 and Mr. Stannard replied that is what they are recommending for all customers, not just commercial customers

Mayor Stodola then commented that he had experienced having to replace two sewer service lines during the past two years and that it is not uncommon for sewer lines to have some leakage. He also stated that five years seemed like a very short period for exemption and that, from a real estate perspective, it might inhibit the transfer of property from one person to another. He cited the instance of the Mayor of Austin, in order to facilitate a green economy, had instituted an ordinance requiring an energy audit of every home before it is sold and, if it did not meet a certain energy containment, there is a requirement that certain things be done. He said this had stifled the real estate economy in Austin and he feared requiring a service line inspection prior to closing might have a similar effect here. Mr. Stannard reiterated that the five year requirement would only require the inspection and not necessarily a replacement of the service line. Mr. Stodola said that if the line did not meet the requirements, he assumed that a replacement would be required and, that knowing what he had paid, he thought this could have an adverse effect on real estate transactions. Mr. Stannard agreed that in some instances he suspected that replacements would cost a fair amount of money.

Mr. Pender stated that he would like to follow up on the Mayor's question and asked who would make the determination as to whether a line passed or did not pass inspection. Mr. Stannard stated that the determination would be made by a designated group within the Utility. Mr. Pender stated that he served on the RAC committee but must have missed the meeting where this matter was discussed as he had no recollection, and that five years did seem short based on the average usefulness of a service line which he thought was about 25 to 30 years. He said the average home sells every five years, so if a line was put in or repaired and the property sold ten years later there would more than likely not be a problem but the inspection fee would have to be paid regardless.

Mr. Beckley commented that they recognized that there would be some exemptions from the inspection fee, such as new homes, but that they did not want to make the exemptions too widespread as that would defeat the purpose of controlling I&I. He said that if there is a problem and a line failed once, there is a good possibility that it would fail again within the five year period. Mr. Pender again commented that if a new line was put in and the property was sold after five years, the inspection fee would have to be paid. Mayor Stodola said that he was reading the study as requiring the inspection on everything more than five years of age so he understood that to mean that the inspection would have to be performed on all service lines installed more than five years of age. Mr. Buckley said that the inspection would not be required on property constructed less than five years ago. Mayor Stodola said that he felt, as did Mr. Pender, that five years was an awfully short time requirement for new property. He further commented that one of the bulleted items stated that there would be a sewer line inspection as a predicate to closing on every property sold within the City of Little Rock. Mr. Buckley said that this was one of the more hotly debated topics and it is his understanding that there was an effort to exempt newly constructed property and that not every piece of property will require an inspection but that five years was the timeframe agreed upon. Mayor Stodola commented that he assumed that the inspection certification and/or title documents would have to be included at the time of loan closing and Mr. Buckley said that is correct.

Mr. Corbitt stated that he had first heard of this requirement in the 1980's when a requirement such as this was enacted in the towns surrounding Lake Tahoe. He said there were no age exemptions there and the inspection was a requirement on all property sales. He said his perspective is that if the property is less than five years old or the service line had been replaced in the last five years, there would be no inspection requirement. He said that the RAC had first discussed ten years and reached agreement on five years. He said that 40% of the I&I comes from service lines, and that it will take a considerable amount of time for all of the property in the City to be inspected and improved, but that a start had to be made somewhere. Mayor Stodola said that he recognized the problem and the expense involved in handling the I&I but that new home sales are not going as well as usual and existing sales had been more prevalent recently and this could affect existing property sales. Mr. Corbitt said that there were several home builders on the advisory committee who were opposed to the impact fee and the inspection of existing homes made this a little more palatable to them. He said that in the towns requiring the inspection of existing homes, the wastewater utility performed the inspection for a fee of \$25 which does not recover the cost, so that much of the cost is borne by the Utility but it accomplishes the goal of getting inferior service lines replaced and reducing the I&I which is the real goal of this requirement.

Ms. Matthews said it is her opinion, and she felt that it was also the opinion of the Committee, that it wasn't just the effect of this inflow and infiltration on the wastewater treatment plant, but the sewage entering the water table. She gave as an example her neighbors yard had problems and the sewage was going into the ground and the Committee thought the idea of replacing the sewer lines at some point was a good one.

Mr. Pender asked Mayor Stodola if he had any further comments and Mayor Stodola said that he thought it was a matter of whether the ends justified the means and it was just how you arrived at the goals. He said he thought the goals were certainly worthy. Mr. Corbitt pointed out that it would not necessarily always require a total replacement of the service line, just the repair of the part of the line that was causing the problem.

Mr. Wintroath asked whether the utility is going to perform the inspections and Mr. Corbitt responded that the other towns were doing so, but it could be looked into further. Ms. Perryman asked what staffing would be needed to handle this and Mr. Corbitt said that home sales prior to the economic downturn were looked at and it would probably require one person, a camera, and another truck. Mr. Pender commented that it might be difficult for one person to do all of the inspections required during normal times. Mr. Corbitt said there are other entities capable of performing the inspections but they charge approximately \$175 which is still less than the impact fee on a new home.

Mr. Pender commented that "we don't always get what we want" and asked if there was a breakdown of the revenue that would be needed from other sources in the event one or more of the recommendations was not approved. Mr. Stannard stated that the bulk of the increased revenue would come from items 2, 3, and 4, which are the system development charge, the proposed general rate increase, and the proposed new rate for commercial customers. He said the system development fee would depend on the amount of new growth, estimated to be about \$200,000 to start with, and increasing as the housing market recovers from the current downturn. The differential rate for commercial customers is a significant amount. (A question concerning the differential rate for commercial customers was asked by someone in the audience but they did not go to the podium and their remarks were unintelligible.) Mr. Stannard said that the surcharge and the differential rate comprised the bulk of revenue. He said the final two recommendations, the sewer availability charge would bring in less than \$100,000 per year and fees derived from replacement of service lines would not be a significant revenue source but would reduce the expense resulting from inflow and infiltration and have gradual benefits to the Utility.

Mayor Stodola said that he understood the issues of the replacement fee but wondered what the standards would be for determining whether a line meets inspection and he thinks that is an important question to answer. He said it seemed that the Utility is comparing the cost of whatever a minimal repair would be against the \$274 impact fee and it is really a matter of whether the Utility is putting that into the cost of development of new properties or pushing that back to existing residential customers which is a different situation. He said he is curious whether anyone had done an analysis on what the average repair cost would be. Mr. Corbitt said that when a customer comes in to purchase a permit, the average cost of the repair is approximately \$1,500-\$1,800. Mayor Stodola said he understood the goals but the differential between the impact fee of \$274 and the cost of repair or replacement of \$1,500-\$1,800 still seemed disproportionate. Mr. Corbitt said that the Sewer Committee had adopted a policy about ten years ago of repairing the portion of a service line that runs under a street or alley for a set fee of \$300 for residential customers and \$500 for commercial customers,

which is much less than it would cost if an independent plumber handled the repair and this had encouraged more service line replacements

Mr. Corbitt said the proposal he had made to the Sewer Committee was that LRW put its own house in order by replacing the older sewer mains throughout the city to reduce inflow and infiltration, and then begin the requirements on the private service line replacement.

Mr. Pender observed to Mr. Stannard that, by law, the Utility could not have the cross subsidizations they had discussed earlier, to have residential rates subsidize commercial. He said it appears that they are recommending an increase of about 300% for charges for BOD and COD, which are pretty dramatic for most businesses, and he wondered if he had seen any instances where this caused the closing of businesses and the loss of jobs, therefore having a negative effect on what they are trying to achieve. Mr. Stannard said that cities around the country are dealing with their surcharge costs for industrial monitored customers, and, especially in the larger cities, the costs are going up while the total pounds of pollutants received at the treatment facilities resulting from a decreased number of industrial customers are causing the cost of treatment to go up. He said that balancing rates charged one type of customer versus another type of customer is always an issue, but based on the cost of service study they believe this is the best way to balance the cost. He reiterated that these charges could be phased in and LRW would not be out of range with what other cities are charging. He reminded the Sewer Committee that commercial customers in North Little Rock are actually charged more. He said it would be very difficult to say whether this would be the straw that caused someone to move their business to another location. Mr. Pender asked if LRW would be charging more or less than North Little Rock if the surcharge is adopted, and Mr. Stannard replied that LRW would still be charging less. Ms. Perryman said that the 30% increase on landscape surcharge would make her office very unhappy. Mr. Pender asked Stanley Suel, Director of Environmental Assessment Division, how many industrial monitored customers LRW has and Mr. Suel said there were approximately 30. Mr. Pender observed that is not a significant portion of LRW's revenue.

Mayor Stodola observed that Little Rock was recently ranked 7<sup>th</sup> in the country as having the best metropolitan economy and wondered if the proposed rates for LRW were compared with other cities of comparable size or cities that Little Rock might compete against for industrial customers. He said he is curious to know how these rates would compare to other cities. Mr. Stannard said they are currently gathering that information and that the 2008 national survey had just been completed and should be available soon. He said Little Rock's rates are currently above the national average, but many cities are in different phases of compliance with regulations and the ones who are behind have rates on the lower side.

Mr. Wintroath asked how far advanced Mr. Stannard thought LRW to be in compliance, and Mr. Stannard said that many cities have not yet even entered the curve, but he thought Mr. Corbitt should address that question. Mr. Corbitt said that compared to

many of the larger cities, LRW is quite far ahead. He commented that Houston was faced with a \$1.2 billion rehab program in the 1990's and had to be complete their program under a five year time constraint. He said LRW began the infrastructure improvement program in 1989, taking small steps until faced with the Sierra Club lawsuit in 2000, which basically shortened the last 20 years of the program by five years, and LRW should be substantially finished with its rehabilitation program by 2014. Mr. Corbitt said he didn't have firm information on which cities were at what status and the information is difficult to obtain. Mayor Stodola said he understood that this is a moving target, but he thinks this is information the City Board members will want.

Mr. Stannard said that Little Rock Wastewater is well along the path of achieving regulatory compliance, providing the level of service that the citizens of Little Rock expect, and protecting the citizens and the environment. Mr. Wintroath said that information should be stressed in the presentation to the City Board and he thinks that Little Rock is well ahead of cities of similar size and even many larger cities, based on what has been accomplished to date. He commented that, yes, the rates are higher, but the other cities will catch up and their rates may equal or surpass Little Rock's rates. Mr. Stannard said that Portland, Oregon, is one city that comes to mind as they have completed their rehabilitation program and their rates are substantially higher than the rates proposed for Little Rock. He said it is difficult to compare Little Rock to other cities who have not accomplished this level of compliance. Mr. Stannard said he realizes that the rate payers are mostly concerned with the amount of their bill and that this is a tough time to be asking for a rate increase.

Mr. Pender then asked if the Sewer Committee members, staff, RAC members and other visitors had any other questions, and there were none. There being no other business, and on motion duly made and seconded the meeting was adjourned.

Respectfully submitted,

Cynthia C. Miller, Secretary