

**LITTLE ROCK SANITARY SEWER COMMITTEE**  
**Minutes of the Meeting Held**  
**April 21, 2010**

The Little Rock Sanitary Sewer Committee met at 4:00 p.m., Wednesday, April 21, 2010, in the conference room of Little Rock Wastewater. Those attending included:

**Little Rock Sanitary Sewer Committee**

Cynthia C. Miller, Chair  
Ken Griffey, Vice Chair  
Marilyn K. Perryman, Secretary  
Pete Hornibrook, Member  
Richard L. Mays, Jr., 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

Others attending included Vince Hotho of Garver Engineers, Pete Vegas and Larry Watson of Sage V Foods, Craig Johnson of CDM, Steve Giles of SRG, P.A., Carolyn Witherspoon of Cross Gunter Witherspoon & Galchus, P.C., and support staff from Administration and Community Relations, Engineering Services, Environmental Assessment Division, Finance, and Information Services. Ex Officio Member, Mark Stodola, did not attend.

The meeting was called to order by Ms. Miller and, on motion duly made and seconded, the Minutes of the March 17, 2010, meeting were approved as amended. Ms. Miller then called for public comments and there were none.

Pete Vegas, owner and founder of Sage V Foods stated that his first business was located just south of Houston, Texas, but he is slowly moving toward Arkansas. He said Sage V had constructed two plants in Arkansas during the last four years, one in Stuttgart that produces rice flour used in baby food, granola bars, chips, French fries, etc., and the Little Rock plant which takes raw rice obtained from Stuttgart, cooks it to 70% moisture, then dries it back down producing the product that is used to package

Minute Rice, Success Rice and the private label brands such as Kroger and Safeway. Mr. Vegas said the Little Rock plant employs approximately 90 employees with an annual payroll of about \$4 million. He said the cooking and straining process produces a white, starchy water which is what he sends back to Little Rock Wastewater for treatment. In addition to the dried rice, the business he is most interested in and the reason the Sage V Foods built the building in Arkansas is a process to freeze rice. Mr. Vegas said that Whole Foods, Wild Oats, etc. were the first natural foods market to put frozen rice on their shelves. The brand owned by Sage V is Rice Expressions and the biggest sellers are their brown rice, an organic brown rice which is processed to be frozen and microwaved for serving. Mr. Vegas said Trader Joe's is their best customer with approximately 300 stores and sales of \$10 million annually. He said these products may also be found at Safeway, Costco, Denny's, Ruby Tuesdays, Friendly's, ConAgra, Nestle's, etc.

Mr. Vegas said his property contains about 15-20 vacant acres because he expects his business to grow significantly and he designed the property for expansion as needed. Mr. Vegas then showed a video of the land his plant is situated on, the plant and warehouse, the production areas and equipment, and packaging site and equipment. He explained that the building can be expanded to accommodate three additional lines of equal size, plus he has enough land to build three more buildings if his business grows as anticipated. Mr. Vegas said he chose the property because he knew wastewater is a problem and he wanted to be sure he had room for a pond if pretreatment was the method he had to use. He said the plant in Texas is in a small town and he was overwhelming them with water but didn't have space to do his own pretreatment.

Stan Suel then addressed the Sewer Committee saying staff was directed to meet with Sage V to discuss the issues and explore treatment alternatives. He explained the wastewater regulations related to Sage V and most other industrial users, stating that Little Rock basically follows the General Use Ordinance in dealing with industrial users; and the schedule of rates outlined in the rate ordinance, the pretreatment ordinance, and the fee schedule is approved annually as part of LRW's budgeting process.

Mr. Suel said that the objective of the Clean Water Act and the local pretreatment requirements is to prevent the introduction of any pollutants that would interfere with the operation of the treatment plant. He said LRW is mandated under the Clean Water Act to institute controls to prevent interference. He said that we are also mandated to make sure that we have a fair and equitable distribution of the cost and that everyone is paying their share associated with the operation and maintenance and any improvements needed at the wastewater treatment plant.

Mr. Suel said the Clean Water Act and Pretreatment Ordinance are to enable LRW to comply with the NPDES permit conditions, the sludge, its disposal, and any other federal or state law to which the Public Owned Treatment Works (POTW) may be subject. He said that Sage V has a flow comparable to over 1,500 people, which from a

BOD capacity equates to almost 75,000 people, and from a TSS comparison, around 35,000, so they are a significant industrial user under the pretreatment program.

From a treatment perspective, Mr. Suel described the liquid treatment process and the solids processing. He listed the steps in the liquid process as screening, grit removal, flow measurement, primary treatment, secondary treatment, aeration, and disinfection, which is the step before discharge into the Arkansas River. Mr. Suel also described the solids processing, stating that the gravity sludge thickeners receive flow from the primary and waste activated sludge, the sludge then goes through the anaerobic digestion process. Methane gas is a byproduct of the anaerobic digestion and is used to produce electricity used to power the engine complex. Mr. Suel said generating methane gas, burning it, and generating electricity is something LRW has been doing since 1983 and the new engines at the Fourche Creek Treatment Plant were a necessary improvement since the other engines had reached the end of their useful life. He said, after the sludge is digested, it is eventually land applied. Mr. Suel said wastewater from Sage V Foods goes through the entire treatment process, and, therefore, Sage V is charged the surcharge built into the rate ordinance.

Mr. Suel said that, based upon the loadings, the Fourche Creek Treatment Plant is actually operating over design by 2% on the activated sludge unit. Prior to Sage V, we were about 71% of load and we are now at 102%. He showed graphs depicting occasions when the flow was very close to the permit limit. He said that compliance was maintained despite this.

Mr. Suel said that staff had come to the realization that doing nothing wasn't an option and had begun to look for an alternate method of treating Sage V's wastewater discharge. He said the only other thing that could be done was to use the provisions of the pretreatment program to somehow limit Sage V in order to protect LRW under our obligations mandated by the Clean Water Act. He said that option would most likely require Sage V to install pretreatment and get into the wastewater pretreatment business. He said what staff is considering is that, instead of running Sage V's wastewater flow through the entire treatment process, staff is looking at bringing a special high strength line straight into the anaerobic digesters. He said this would involve installing a pump station and running a line approximately two miles. The benefit to the Utility is increased gas production, but it would also keep a good customer from having to implement pretreatment if the project is successfully implemented. Mr. Suel said the other consideration is the current surcharge rate versus a modified surcharge rate, developing a cost structure that would help LRW recover the cost associated with the amount of solids we estimate would remain after digestion, but that cost would vary depending upon what the contract would cost and the method of sludge disposal.

Ms. Miller asked the cost to build the line to the digester and Mr. Anderson replied that it was approximately a million dollars for the pump station and force main and an additional \$500,000 for modifications to the digester for a total of \$1.5 million. Ms. Miller then asked how that cost could be recovered and Mr. Corbitt said we were considering

financing the cost for the customer with a significant reduction in customer's cost to process over less than a two year time period.

Mr. Anderson stressed that the reason LRW could offer that reduction is we would no longer have to have the blower supplying air because of bypassing that part of the plant and going straight to the digester and we're considering having the customer fund that and recoup his cost over a period of time by the savings in his surcharge billing.

Ms. Miller asked if the plant would be able to cover additional waste from this or another plant and Mr. Corbitt replied that there was a limit and we didn't have the final numbers on the total capacity of the digester but felt comfortable that we have significant expansion capabilities that would be a form of the original fit of the digester.

Mr. Hornibrook asked if Mr. Vegas had looked at the expense of his own treatment center versus what we could offer and Mr. Vegas replied there were several problems associated with Sage V having its own pretreatment system. He said the most serious, for both Sage V and LRW, was if he had an upset and killed his bugs and is suddenly sending LRW 200,000 gallons a day of something they can no longer handle on short notice, meaning both systems would be in deep trouble so he thinks LRW can better handle the pretreatment with their much larger system. He said the water discharged by Sage V is unique since it contains heavy starch and no chemicals so it's been explained to him that it is very efficient for the proposed improvements and actually generate additional gas for use in producing electricity. He said he was surprised that Sage V is causing as much trouble as it appears they are, given LRW's large system, but he thought the solution would be very advantageous to both him and LRW.

Mr. Griffey asked the consequences if nothing is done and Stan Miller stated that chemical treatment would have to be started and there would probably be breakthroughs, even in that process, likely causing NPDES violations. After a certain number of permit violations, we would become a target for the EPA and the State regulators. As we stand now, up to about a year ago LRW had not had any violations and both permit violations that occurred were very minor. He said the scenario he described would be classified as major violations since any time you violate on TSS and BOD you are causing environmental issues with the receiving stream.

Mr. Griffey asked if the waste line that is to be run could be shared for future expansion should another plant come into that area and want to tap into that line. Mr. Miller stated that if another food industry had a waste stream that is not oil laden it would most likely be able to join partners in this line and would be approached just as we would a developer in what we call a developer funded project where they pay for the capital improvement and deed it over to LRW for operation and maintenance. The pump station on Sage V's property would remain his, and it would be easier for our crews to maintain the force main. If another facility with an acceptable waste stream wanted to tie on, they could tie into that line. Mr. Griffey asked the time frame and Mr. Corbitt said it would take about 10 months from the start of construction.

On motion by Ms. Perryman, seconded by Mr. Mays, the Sewer Committee authorized negotiation of a contract between Little Rock Wastewater and Sage V Foods that would be acceptable to all parties with the stipulation that it include the provision to accept other appropriate industries. Mr. Vegas said he brought samples of the frozen rice which he would like to leave and he would be honored if the Sewer Committee members and staff would try the product. Mr. Vegas and Mr. Watson were then excused from the meeting.

Ms. Miller introduced Stephen Giles, stating Mr. Giles had been approved to serve as outside counsel and represent the Little Rock Sanitary Sewer Committee and Little Rock Wastewater in the lawsuit filed by the owners of 2000 Beechwood. Mr. Giles thanked the Sewer Committee for the appointment and stated that it is an honor to represent them. He stated that a lawsuit was filed in Pulaski County Circuit Court alleging that in July, 2009, the stormwater box culvert under this property collapsed and attorneys for the property owner brought action claiming that it was the sewer main running through the culvert and the city's culvert that failed causing the destruction of the property. The complaint alleges that the culvert had been causing problems for years, the landowner and previous owners had informed the city and wastewater of the problem, and nothing was done. He said they are claiming inverse condemnation or, essentially, that the property was taken without just compensation. In addition, the property owners brought some claims under Federal constitutional violations in addition to violations under State law. Mr. Corbitt was served with process and since there are multiple defendants and the City has received summons on all the different parties, as required by law, to be served on the defendants, the parties received service of process at different times and there is a statutory time limit to answer. The City Attorney is representing the City and the Arkansas Municipal League has been brought in to handle defense of the Little Rock Sanitary Sewer Committee. Mr. Corbitt was named individually, Little Rock Wastewater and the Little Rock Sanitary Sewer Committee were named as separate defendants, and Steve Beck, Director of Public Works, was named as was the City of Little Rock. Mr. Giles said he and the Municipal League are working closely to determine a response to the complaint and the appropriate motions they will need to file to get it before the court and determine which parties should be in the lawsuit.. Mr. Giles said he is preparing a motion to dismiss Mr. Corbitt from the complaint and he would keep the Sewer Committee informed.

Mr. Corbitt presented a request from the United States Department of the Interior for Little Rock Wastewater to participate with the U.S. Geological Survey and the Arkansas Water Science Center for one-third of the cost to operate and maintain two streamgages in the Fourche Creek Wetlands. Mr. Corbitt reminded the Sewer Committee of the discussion at an earlier meeting and said that other participants in this partnership were the Audubon Society, the City, ADEQ, the Department of Natural Resources, and the Arkansas Highway Department. The Audubon Society lost their funding for this project and LRW had been asked to participate. He said that the information from the streamgages should be valuable to Little Rock Wastewater as we have several large lines along, crossing, and under Fourche Creek. He said there is an effort underway to bring Fourche Creek back to a scenic and livable part of the city, and

this partnership should count as a separate environmental requirement in the Sierra Club lawsuit settlement. Mr. Corbitt said this project was not included in the 2010 budget and could be held back awaiting approval of the rate increase. After discussion, the Sewer Committee decided to hold the partnership funding and await approval of the proposed rate increase before signing the partnership agreement.

Howell Anderson presented the results of a bid opening held April 15, 2010, for Contract III, of the Fourche Creek Redundant Force Main. Mr. Anderson stated that this project was for completion of the line from the Arch Street Pump Station to the Fourche Creek Treatment Plant and once all contracts are completed, the new 30 inch force main will provide redundancy to the existing 42 inch diameter force main as well as additional capacity during rainfall events. He said five responsive bids were received with Harper Construction Company, Inc. of Roland, Arkansas, submitting the low bid of \$423,164. Mr. Anderson said it is staff's recommendation that the contract be awarded to Harper Construction Company, and that Mr. Corbitt be authorized to execute the appropriate contract documents. After discussion, and on motion duly made and seconded, the Sewer Committee voted unanimously to award the contract to Harper Construction Company, Inc. and authorize Mr. Corbitt to execute the contract documents.

After discussion, and on motion duly made and seconded, the Sewer Committee approved the following Purchase Authorization request:

<u>Item</u>	<u>Vendor</u>	<u>Amount</u>
Cleaning of 2 Anaerobic Digesters	R & R Environmental	\$87,500

Mack Vought reported two non-capacity or dry weather overflows during the month of March, bringing the total to 11 for the year to date. He reported that the plant maintenance system recorded 6.6% of time spent on preventive maintenance, 89.1% as proactive maintenance, and 4.3% as reactive maintenance. Mr. Vought distributed information on the Stay Connected private systems program for inspection of sewer service lines, and stated that this program was developed to assist in the prevention of main sewer line stoppages resulting from the cleaning of private line systems. The process allows LRW to be notified when private system cleanings are scheduled, provide free permits to those notifying LRW, and take measures to verify that the proper cleaning procedures are used.

Jim Barham distributed information on securities pledged to secure funds and stated that LRW is required by the State, the City, etc. to fully collateralize funds in money market accounts not invested in government securities. He said that the funds that might be used within a 30 day period are invested in money market accounts and the collateralization is kept at the Federal Reserve invested in funds from different cities and collateralized at 120% of whatever funds we have on deposit. The minimum is \$10,821,000 and LRW has \$12,947,000 in total funds pledged. All other investments are in government securities, Federal Home Loan Bank, etc. Mr. Barham said that LRW publishes our financial statement in the *Arkansas Democrat-Gazette* twice

annually. He distributed copies of the statement for March, 2010, and stated that at the beginning of January, LRW had on deposit \$130,763,000 in all sources, to which was added the bond issue and revolving loan funding for a total of \$193,000,000. Mr. Barham said \$117,456,000 was spent, \$68,000,000 on construction projects, and \$10,000,000 in principal and interest on bonds. He pointed out the total indebtedness on December 31, 2009, was \$253,000,000 in outstanding debt which, given current circumstances, LRW will be free of December 1, 2039. Mr. Barham also pointed out the savings in surcharges Sage V would realize if the proposed improvements were completed.

Mr. Barham then presented the financial report for the month of March, 2010. After review, and upon motion duly made and seconded, the financial reports were approved by the Sewer Committee, including the payment of Operations & Maintenance expenditures in the amount of \$2,054,857. Net income for the month is (\$201,140) and net income year to date is (\$272,350).

Stan Miller reported there were no NPDES permit violations during the month of March. He stated that the Adams Field Treatment Plant had recently hosted a tour of 175 Mills High School students. He said the improvements at the Fourche Creek Treatment Plant are progressing well and pointed out the adjustments that had been made to offset the loadings from the Sage V Foods wastewater in order to maintain compliance.

Howell Anderson reported that, under Contract III of the Little Maumelle Treatment Plant pump station, the new pumps have been installed and tested. The contractor has requested substantial completion and that status will probably be granted within the next week or so. Under Contract IV, the two 18" lines carrying sewage to the plant, the 36" line taking effluent away and the sludge line are basically complete except for a short section with an aerial crossing over the raw water line. There is still work to be done across the Maumelle River and into the Arkansas River for the outlet pipe. He said that Contract I for the redundant force main is about 93% complete, with pipe installed and preparation for pressure testing underway. Mr. Anderson stated that Schedule III of the Fourche Creek Upgrade, which includes the headworks and primary clarifiers, was scheduled for a 90% design review workshop at the end of the month. He said this project is not funded but the decision was made to proceed with the design awaiting funding. He also stated that the large diameter pipe cleaning, the pipe burst, cured in place pipe, and chemical root control contracts are still on hold due to the revenue shortfall.

Carolyn Witherspoon reported that she is preparing a response to a government agency on an administrative issue involving a former employee, and she is working with Mr. Jarratt and Lynn Luther, Human Resources Administrator, on this matter.

Mr. Corbitt reported that, after the meeting last month, LRW contracted with CWA Consulting Services, which is owned by an individual who formerly served as the Pretreatment Administrator for the U.S. Environmental Protection Agency Region 8 in Denver, Colorado, to examine Little Rock Wastewater's pretreatment ordinance, talk

with Diamond Bear Brewery and report back. Mr. Corbitt stated that CWA met with Diamond Bear earlier in the month and he had hoped for a report in time for the meeting; however, they are waiting for data regarding studies from other cities. Mr. Corbitt said that CWA agreed to provide this service for less than \$5,000 and LRW could hire someone without bidding if the cost did not exceed \$5,000 . Mr. Corbitt said he hopes to have the report for the May meeting.

Mr. Corbitt asked the Sewer Committee for their indulgence in moving the September meeting date from September 15<sup>th</sup> to September 8<sup>th</sup> as he had a conflicting engagement. The Sewer Committee unanimously agreed to change the date of the September meeting from the 15<sup>th</sup> to the 8<sup>th</sup>.

Mr. Corbitt then presented the award for 25 years service to Mack Vought and the Sewer Committee expressed their appreciation to Mr. Vought for his service and dedication to Little Rock Wastewater.

There being no other business, and on motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

Marilyn K. Perryman, Secretary