

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
March 20, 2019

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, March 20, 2019, at 9:30 a.m. at Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, AR 72201.

Commissioners in attendance were Vice Chairman Bill Poynter, Neal Anderson, Bruce Leggitt, Roy Reaves, and Fred Fowlkes.

Commissioners Sloan Hampton, Ann Cash, Troy Gaston, and Will Brewer were unable to attend.

Staff members in attendance included: Bruce Holland, Executive Director; Ryan Benefield, Deputy Director; Edward Swaim, Water Resources Division Manager; Mark Bennett, Water Development Division Manager; Adrian Baber, Conservation Division Chief; Cynthia Bearden, Agency Controller; Crystal Phelps, General Counsel; Darla Brooks, Grants Manager; Amanda Owens, Legal Services Specialist; Brooks Davis, Candace Reed, and Bob Fowler; Land Resource Specialist; Bill Ruck, Engineer Supervisor; Vicki Walden, Administrative Specialist III; Heather Dunlap, Administrative Specialist III; Lori Scott-Nakai, Public Information Specialist; Debby Dickson, Program Fiscal Manager; Jim Battreal, Geology Supervisor; Blake Forrest, Professional Geologist; Laura Brown, Administrative Specialist III; and April Harris, Administrative Analyst.

A list of guests is attached to the minutes.

Vice Chairman Poynter called the meeting of the Arkansas Natural Resources Commission (ANRC) to order.

APPROVAL OF MINUTES: January 16, 2019

Upon motion by Mr. Fred Fowlkes, seconded by Mr. Roy Reaves, the commission unanimously approved the minutes of the January 16, 2019, meeting.

REPORT OF THE EXECUTIVE DIRECTOR – Director Holland began by recognizing AETN in the audience and thanked them for live streaming the meeting. Director Holland reported the Governor's transformation bill has passed in the House and is now in the Senate for their vote. Also, currently in legislation is a bill presented by Senator Stubblefield to move the permitting of liquid waste management systems from Arkansas Department of Environmental Quality (ADEQ) to ANRC. Should this happen, the same rules and regulations ADEQ has would be adopted by ANRC.

Director Holland recognized the following employees for their retirement and/or career service with the state of Arkansas: April Harris (10 years); Edward Swaim (23

years/retirement); Deborah Christopher (30 years/retirement), Chris Kelley (20 years), and Scott Savoy (24 years/retirement).

FINANCIAL ASSISTANCE REPORT - Mrs. Cynthia Bearden, Agency Controller, presented the financial assistance report dated February 28, 2019 (a copy of the report, Attachment "A", is attached to the minutes). *Upon motion by Mr. Roy Reaves, seconded by Mr. Neal Anderson, the commission unanimously approved the financial report.*

LEGAL ISSUES - Mrs. Crystal Phelps presented the following resolutions:

Resolution 2019-01 –Presented to Edward Swaim in recognition of his contributions to the state of Arkansas. *Upon motion by Mr. Neal Anderson, seconded by Mr. Fred Fowlkes, the commission unanimously motioned to adopt Resolution No. 2019-01.*

Resolution 2019-03 – Recognized Commissioner Jerry Hunton for his contributions to the state of Arkansas. *Upon motion by Mr. Fred Fowlkes, seconded by Mr. Neal Anderson, the commission unanimously motioned to adopt Resolution No. 2019-03.*

Mrs. Phelps updated the commission on the progress of the Proposed Monroe County Critical Groundwater Area Designation. On March 19, 2019, a public hearing was held wherein the general consistency was that Monroe County should become part of the critical groundwater area; however, the public comment period is open through April 2nd. Mrs. Phelps stated at the next commission meeting she will present more information about the comments and will give the staff recommendation for the commission to vote on.

Mrs. Phelps gave a legislative update and a brief explanation of the following bills related to ANRC:

- SB559 or SB629 Conservation Tax Credit Bill (Senator Dismang)
- SB459 Feral Hog Eradication Appropriation (Senator Hammer)
- SB481 Water-Wastewater Bill (Senator Clark)
- SB550 Liquid Waste Management Systems (Senator Stubblefield)
- SB377 Unpaved Roads Program (Senator Irvin)

Mrs. Phelps summarized a Legal and Public Information Update of the agency. She touched on the authorities of the commissioners, statutes to guide commissioners' decisions, and what happens when there is a disagreement on a decision and what the courts can say about it. Mrs. Phelps reviewed the Freedom of Information Act and the Arkansas Administrative Procedure Act. Furthermore, she recognized the agency's Public Information Specialist, Lori Scott-Nakai, for the work she does. Mrs. Phelps also reviewed the ANRC logo and style guide and the importance of media presence such as Facebook.

WATER RESOURCES DEVELOPMENT DIVISION –

RESOLUTION 2019-02 AUTHORIZING ISSUANCE OF GENERAL OBLIGATION BONDS:

Mr. Mark Bennett presented Resolution No. 2019-02 to the commission for approval. *Upon motion by Mr. Neal Anderson, seconded by Mr. Bruce Leggitt, the commission unanimously approved the motion to adopt Resolution No. 2019-02.* The resolution authorizes the issuance of state of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds in the maximum aggregate principal amount of \$30,000,000 through June 30, 2019, and further authorizes the Chairman, Vice Chairman, and Executive Director to take certain actions in conjunction therewith. A special telephonic meeting may need to be held with the commission when the bonds are sold; however, the meeting will try to be worked into the regular commission meeting in May.

FINANCIAL ASSISTANCE:

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Arkansas Drinking Water State Revolving Fund (DWSRF), the Water Development Fund (WDF), and the Water, Sewer and Solid Waste Fund (WSSW).

Upon motion by Mr. Fred Fowlkes, seconded by Mr. Neal Anderson, the Commission unanimously approved the following applications:

WILTON, CITY OF Little River County

Purpose: Water Storage Tank Repairs

Customer Base

Number of Water Customers: 190

Existing Conditions

The Arkansas Department of Health requires each water system to have an independent study of their water storage tanks' condition. The study for Wilton's tank concluded multiple upgrades and repairs were needed to bring the tank within current requirements. Specifically, the study found deficiencies in the paint, inlet/outlet structure, hatches, welds, and other miscellaneous items.

Project Financial Information

The current monthly water bill for the City of Wilton, based on 4,000 gallons of usage, is \$32.00. Wilton has sufficient excess revenue to service the proposed loan including

110% loan coverage without raising existing water rates. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for Wilton is \$21,250. The average bill of \$32.00 is 1.81% of the current average MHI. Wilton will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

Wilton is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

The Applicant’s consulting Engineer estimated a probable overall project cost of \$279,950. Commission Staff reviewed the estimate provided and made the following modification. The legal fee was reduced to meet ANRC standard schedule amount.

The system will not increase service area nor water use; therefore, when the Water Plan Compliance application is complete the project would be exempt from inclusion in the State’s Water Plan. The Water Wastewater Advisory Committee approved the project as presented on December 5, 2018.

Probable Costs

Blast/Re-coat Interior and Exterior	\$160,000
Overflow Extension	\$ 10,000
Riser Inlet and Outlet	\$ 45,000
New Access Hatches and misc	\$ 11,000
Appurtenances (roof vent, level indicator, locks, ladders, etc.)	\$ 28,500
Contingency (10%)	\$ 25,450
Subtotal	\$279,950
Engineer: Planning/Design	\$ 45,950
Engineer: Construction	\$ 7,500
Inspection	\$ 11,450
Legal	\$ 10,150
Subtotal	\$ 75,050
Total	\$355,000

Total Requested Funding Amount: \$355,000

This project is eligible for funding under the Safe Drinking Water Act and is on the project priority list for Drinking Water State Revolving Loan Funds, as required by the Act.

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$360,000 for the City of Wilton from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed ten (10) years or the life of the project. If approved, the Executive Director will establish the combined annual borrower rate and additional loan terms.

HARMONY GROVE WATER ASSOCIATION Ouachita County

Purpose: Meter & Service Line Improvements

Customer Base

Number of Water Customers: 938

Existing Conditions

Aging water meters lose efficiency over time. When the efficiency or accuracy of a meter declines it will cause unaccounted for water to increase. Unaccounted for water is equivalent to loss in revenue.

Project Financial Information

The current monthly water bill, based on 4,000 gallons of usage, is \$36.10 for Residential and \$59.40 for Commercial. Harmony Grove will be required to increase their rates to service the proposed loan including, 110% loan coverage and 3% Depreciation Reserve. The Board of Directors at a special called meeting on February 26, 2019, has increased the rates to \$40.40 per month for residential and \$64.40 per month for commercial. A technical fee of \$5.00 per month per customer has been added. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for Harmony Grove is \$25,234. The current average bill of \$36.10 is 1.72%, and the new average bill of \$40.40 is 1.92% of the current average MHI. Harmony Grove will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

Harmony Grove is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

Replacing meters should reduce revenue loss by accurately accounting for water sold and billed. Systems have the option to continue using standard read registers or upgrade to drive-by or fixed base systems. The latter two meter read systems will allow the systems to operate more efficiently and with less staff. Most new billing software can incorporate the electronically read meters and produce billing very quickly and efficiently. Legal fee estimate was increased based on Commission's standard fee schedule.

Probable Costs

Construction	\$490,000
Contingency (10%)	\$ 49,000
Subtotal	\$539,000

Engineering: Planning	\$ 32,500
Engineering: Construction	\$ 4,000
Inspection	\$ 15,000
Legal	\$ 13,100
Subtotal	\$ 64,600

Total \$603,600

Total Requested Funding Amount: \$603,600

This project is eligible for funding under the Safe Drinking Water Act and is on the project priority list for Drinking Water State Revolving Loan Funds, as required by the Act.

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$603,600 for the Harmony Grove Water Association from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed ten (10) years or the life of the project. If approved, the Executive Director will establish the combined annual borrower rate and additional loan terms and conditions including the requirement that the Harmony Grove Water Association establish and maintain a depreciation reserve fund of at least 3% of gross revenues. Section 1507.1 of rules requiring the Harmony Grove be a governmental entity is waived.

**MELBOURNE, CITY OF
Izard County**

Purpose: Water Meter Replacement

Customer Base

Number of Water Customers: 2,368

Existing Conditions

Aging water meters lose efficiency over time. When the efficiency or accuracy of a meter declines it will cause unaccounted for water to increase. Unaccounted for water is equivalent to loss in revenue.

Project Financial Information

The current monthly water bill for the City of Melbourne, based on 4,000 gallons of usage, is \$24.00. Melbourne has sufficient excess revenue to service the proposed

loan including 110% loan coverage without raising existing water rates. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for Melbourne is \$35,052. The average bill of \$24.00 is 0.82% of the current average MHI. Melbourne has Rural Development loans which require a reserve fund so no specific reserve fund is being required for this loan.

Melbourne is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

Replacing meters should reduce revenue loss by accurately accounting for water sold and billed. Systems have the option to continue using standard read registers or upgrade to drive-by or fixed base systems. The latter two meter read systems will allow the systems to operate more efficiently and with less staff. Most new billing software can incorporate the electronically read meters and produce billing very quickly and efficiently.

The Staff is recommending the Drinking Water State Revolving Fund (DWSRF) that will require additional work not required by State funded projects or originally anticipated by the Applicant's consulting engineer. Those fees were added to the estimates for Engineering and Inspection. The application included costs for administering the loans and for an issuance fee. Both of those fees were placed into Engineering for the DWSRF program requirements. Contingency was reduced to a standard ten percent. Additionally, a legal fee was added to the project estimate by Commission Staff based on our schedule.

Probable Costs

Construction	\$600,000.00
Contingency (10%)	\$ 60,000.00
Subtotal	<u>\$660,000.00</u>
Engineering: Planning	\$ 11,300.00
Engineering: Construction	\$ 5,000.00
Inspection	\$ 10,000.00
Legal	\$ 13,700.00
Subtotal	<u>\$ 40,000.00</u>
Total	\$700,000.00

Total Requested Funding Amount: \$700,000

This project is eligible for funding under the Safe Drinking Water Act and is on the project priority list for Drinking Water State Revolving Loan Funds, as required by the Act.

Executive Director’s Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$700,000 for the City of Melbourne from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed ten (10) years or the life of the project. If approved, the Executive Director will establish the combined annual borrower rate and additional loan terms.

**LAMAR, CITY OF
Johnson County**

Purpose: Water Meter Replacement

Customer Base

Number of Water Customers: 739

Existing Conditions

Aging water meters lose efficiency over time. When the efficiency or accuracy of a meter declines it will cause unaccounted for water to increase. Unaccounted for water is equivalent to loss in revenue.

Project Financial Information

The current monthly water bill for the City of Lamar based on 4,000 gallons of usage is \$37.22. Lamar has sufficient excess revenue to service the proposed loan including 110% loan coverage without raising existing water rates. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for Lamar is \$35,040. The average bill of \$37.22 is 1.27% of the current average MHI. Lamar has Rural Development loans which require a reserve fund so no additional reserve fund is being required for this loan.

Lamar is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

Replacing meters should reduce revenue loss by accurately accounting for water sold and billed. Systems have the option to continue using standard read registers or upgrade to drive-by or fixed base systems. The latter two meter read systems will allow the systems to operate more efficiently and with less staff. Most new billing software can incorporate the electronically read meters and produce billing very quickly and efficiently. Legal fee estimate was increased based on the Commission’s fee schedule. The application did not include any contingency funds so a nominal increase was applied to the loan.

Probable Costs

Construction	\$200,000
Contingency	\$ 9,750

	Subtotal	\$209,750
Engineering: Planning		\$ 3,500
Engineering: Construction		\$ 2,750
Legal		\$ 9,000
	Subtotal	\$ 15,250
	Total	\$225,000

Total Requested Funding Amount: \$225,000

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$225,000 for the City of Lamar from the Water Development Fund. The repayment schedule will not exceed ten (10) years or the life of the project with an interest rate of one-half percent (0.5%) per annum.

REPORT ON EXECUTIVE DIRECTOR'S ACTIONS PROVIDING ADDITIONAL FUNDING:

Motion unanimously made by the commission to accept the report on the following additional funding:

Hickory Ridge (01002-WSSW-G)

Up to \$131,325.00

Approved additional funds from the Water, Sewer and Solid Waste Fund due to cost overrun.

DEOBLIGATION OF FUNDS:

Upon motion by Mr. Neal Anderson, seconded by Mr. Fred Fowlkes, the commission unanimously accepted the report on the following deobligation of funds:

Bearden (01202-DWSRF-L)

\$303,400.00

Deobligate funds in the amount of \$303,400.00 that were approved in November of 2018 from the Arkansas Drinking Water State Revolving Fund. Entity is looking into other ways to fund project, therefore, declining the loan.

Helena-West Helena (01172-WSSW-L)

\$19,500.00

Deobligate funds in the amount of \$19,500.00 that were approved in July of 2018 from the Water, Sewer and Solid Waste Fund. Project has been completed.

Norphlet (01152-CWRLF-L)

\$600,000.00

Deobligate funds in the amount of \$600,000.00 that were approved in November of 2017 from the Arkansas Clean Water Revolving Loan Fund. Entity is receiving USDA funding.

Ravenden Springs (01115-WDF-G)

\$41,612.00

Deobligate funds in the amount of \$41,612.00 that were approved in March of 2017 from the Water Development Fund. Project has been completed.

Tumbling Shoals PWA (01186-DWSRF-L)

\$1,000,000.00

Deobligate funds in the amount of \$1,000,000.00 that were approved in September of 2018 from the Arkansas Drinking Water State Revolving Fund. Project has been withdrawn.

BREAK - 15 MINUTES

CONSERVATION DIVISION – Mr. Adrian Baber presented the Conservation District Board appointment and reappointments to the commission.

Appointments to Conservation District Boards – *Upon motion by Mr. Neal Anderson, seconded by Mr. Fred Fowlkes, the commission unanimously approved the following appointment:*

Faulkner County

Steve Martin

Reappointments to Conservation District Boards - *Upon motion by Mr. Neal Anderson, seconded by Mr. Bruce Leggitt, the commission unanimously approved the following reappointments:*

LaFayette County
Pike County
Randolph County
Rich Mountain
St. Francis County
Union County

Gayther Crank
Billy Maroon
Bill Bailey
Allen Stewart
John McDaniel
Rhonda Rudder

Additionally, Mr. Baber provided the commission with a list of the Conservation District Director Election Results for 2019.

WATER RESOURCES MANAGEMENT DIVISION – Mr. Edward Swaim introduced Jim Battreal, Geology Supervisor, and Blake Forrest, Professional Geologist. Mr. Battreal touched on the framework of the Annual Groundwater Protections and Management Report. Mr. Forrest summarized the 2018 Annual Groundwater Report. He stated it focuses on the Mississippi River Valley alluvial aquifer and the Sparta aquifer. There are five groundwater study areas: St. Francis, Cache, Grand Prairie, South Arkansas, and Boeuf-Tensas. The following have been designated as critical groundwater areas:

Cache (Alluvial & Sparta), Grand Prairie (Alluvial & Sparta), and South Arkansas (Sparta). Mr. Forrest touched on rain amounts across Arkansas and the decreases and increases of one, five, and ten-year groundwater change. He stated in 2015 it was reported that approximately 7 billion gallons of water daily is used from the alluvial aquifer. This is double the sustainable yield amount of 3.4 billion gallons. Additionally, the Sparta is using approximately 160 million gallons per day whereas the sustainable amount is 87 million gallons per day. Mr. Forrest stated new to the report this year is a summarization of the approved water conservation tax credits from 2016-2018. There were 234 applications received; most were for land leveling. Lastly, he stated during the year 2019 ANRC will continue to work with United States Geological Survey (USGS) and USDA NRCS on studies they are conducting.

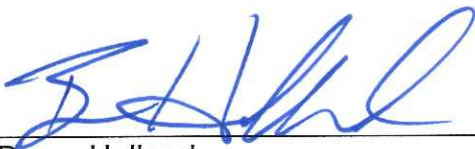
ACTIVITY REPORTS

Activity reports were presented by Mike Sullivan, USDA Natural Resources Conservation Service (NRCS); Robby Bevis and Debbie Moreland, Arkansas Association Conservation Districts (AACD); Cynthia Edwards, Arkansas Agriculture Department (AAD); and Trevor Timberlake, US Army Corps of Engineers (USACE).

Mrs. Moreland asked the commission if they would be willing to change the January 15, 2020, commission meeting date to January 16, 2020, to align with the next annual AACD meeting. Director Holland asked the commission to give the agency the authority to get with the partnership to move the meeting to the date best suitable. *Upon motion by Mr. Bruce Leggitt, seconded by Mr. Neal Anderson, the commission unanimously motioned to allow ANRC to change the January 2020 meeting date to coincide with the date for the annual AACD meeting.*

ADJOURN

There being no further business, *upon motion by Mr. Neal Anderson, seconded by Mr. Roy Reaves, the commission unanimously adjourned the meeting.*



Bruce Holland
Executive Director and Secretary

15 May 2019
Date

