

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
May 15, 2019

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, May 15, 2019, at 9:30 a.m. at Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, AR 72201.

Commissioners in attendance were Chairman Sloan Hampton, Vice Chairman Bill Poynter, Neal Anderson, Bruce Leggitt, Roy Reaves, Fred Fowlkes, Ann Cash, Troy Gaston, and Will Brewer.

Staff members in attendance included: Bruce Holland, Executive Director; Debby Dickson, Program Fiscal Manager; Adrian Baber, Conservation Division Chief; Cynthia Bearden, Agency Controller; Crystal Phelps, General Counsel; Darla Brooks, Grants Manager; Amanda Owens, Legal Services Specialist; Micah Barton, Brooks Davis, Candace Reed, and Bob Fowler; Land Resource Specialist; Bill Ruck, Engineer Supervisor; Whit Montague, State NFIP Coordinator / State Climatologist; Shelby Schmittou, CRS Coordinator; Jennifer Reid, Program Coordinator; Vernon Lowe, Engineer; Alison Keator, Financial Analyst; Vicki Walden, Administrative Specialist III; Heather Dunlap, Administrative Specialist III; Lori Scott-Nakai, Public Information Specialist; Jim Battreal, Geology Supervisor; Laura Brown, Administrative Specialist III; and April Harris, Administrative Analyst.

A list of guests is attached to the minutes.

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

APPROVAL OF MINUTES: March 20, 2019

Upon motion by Mr. Roy Reaves, seconded by Mr. Bruce Poynter, the commission unanimously approved the minutes of the March 20, 2019, meeting.

REPORT OF THE EXECUTIVE DIRECTOR – Director Holland began by introducing Sherrel Johnson with the Union County Water Conservation Board. Mrs. Johnson thanked the commission for meeting in Union County this past September. Also, she announced as of April the Sparta aquifer has risen to 101.4 feet from the 99.8 feet it was last September. Mrs. Johnson also stated Union County Water Conservation will be asking the Corps for water supply to be made a designated purpose of Thatcher Lock & Dam, whereas now it's navigation only. She stated they will probably be asking for a letter of support from ANRC. Lastly, Mrs. Johnson stated she plans to retire later in the summer and she has enjoyed working with ANRC.

Mr. Holland stated the agency is in the middle of the transformation process and the governor is expected to soon announce the secretaries of the 15 cabinets created as part of the transformation plan.

Mr. Holland stated there was recently a special meeting with ANRC, Arkansas Game & Fish Commission (AGFC), and the U.S. Army Corps of Engineers (USACE) regarding the funding hold-up on the lower part of the Bayou Meto project. The issue was thought to be that the state was not providing the \$3.5 million match that the Corps needed to move forward. However, the issue is not loaning the money to do the work. Instead, it's ANRC not currently having a revenue stream identified to support the \$600,000 annual operating expense for the pump station.

Additionally, the Feral Hog Task Force met with Animal and Plant Health Inspection Service (APHIS), Natural Resources Conservation Service (NRCS), and AGFC. The task force is looking into submitting a request for a grant to USDA for feral hog eradication.

FINANCIAL ASSISTANCE REPORT - Mrs. Cynthia Bearden, Agency Controller, presented the financial assistance report dated April 30, 2019 (a copy of the report, Attachment "A", is attached to the minutes).

LEGAL ISSUES - Mrs. Crystal Phelps briefly reviewed the Proposed Monroe County Critical Groundwater Area Designation. She discussed the outcome of the public hearing and public comment period for consideration of adding Monroe County to the Cache Critical Groundwater area. All comments were favorable; therefore, the staff recommendation is to add Monroe County to the Cache Critical Groundwater Area. *Upon motion by Mrs. Ann Cash, seconded by Mr. Neal Anderson, the commission unanimously approved adding Monroe County to the Cache Critical Groundwater Area.*

Additionally, Mrs. Phelps reported on the following rules to be amended as the result of the 91st Session (2019 Acts):

1) Unpaved Roads Program – ANRC will need to draft new rules for this program, formerly housed at Arkansas Economic Development Commission (AEDC) and now transferred to ANRC.

2) Licensing/permitting rules--ANRC will need to amend its licensing rules to address (1) new law that prohibits agencies from granting licenses or permits to individuals who have committed certain types of criminal acts and (2) to include reciprocity provisions for persons seeking licensing and permitting from other states.

3) Water Resource Conservation Development and Incentives Act rules– ANRC will coordinate with the Department of Finance and Administration so that ANRC's updates are consistent with the rules DFA will draft to allow transferability of tax credits.

WATER RESOURCES DEVELOPMENT DIVISION

FINANCIAL ASSISTANCE:

Mrs. Debby Dickson presented staff recommendations for the referenced projects below requesting financial assistance from the Arkansas Clean Water Revolving Loan Fund (CWRLF), the Arkansas Drinking Water State Revolving Fund (DWSRF), and the Water, Sewer and Solid Waste Fund (WSSW).

Upon motion by Mr. Fred Fowlkes, seconded by Mr. Will Brewer, the commission unanimously approved the following applications:

**LITTLE ROCK WATER RECLAMATION AUTHORITY
Pulaski County**

Purpose: Solar Array and Electrical Savings Measures

Customer Base

Number of Customers: 69,410

Existing Conditions

The objective of the project is to identify and define a list of measures that will generate significant energy and operational savings for the LRWRA defined as “Energy Conservation Measures” or ECM. LRWRA will enter into a contract called an Energy Savings Performance Contract (“ESPC”). An ESPC is commonly defined as a contracting framework under which an energy services company makes energy efficiency-based improvements to planned and/or existing facilities and guarantees to the owner that the cost savings rendered from the improvements will be sufficient to service all the project’s associated expenses.

Project Financial Information

The current average monthly water bill for LRWRA, based on 4,000 gallons of usage, is \$36.31. The LRWRA will not be required to raise rates to service the proposed loan, including 110% loan coverage. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for LRWRA is \$47,364.

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

Proposed Plan of Action

LRWRA has entered into an agreement with an ESPC company. The ESPC company will evaluate solar energy improvements, lighting improvements, and power generation upgrades at a few of LRWRA’s facilities. These ECM’s include review of existing interior and exterior lighting fixtures; solar energy generation for the Adams Field Treatment Facility; and a comprehensive Generator Utilization Plan for the Cantrell Road Lift Station and Fourche Creek Treatment Plant. The Generator Utilization Plan is projected to generate over \$100,000 in annual cost savings.

The proposed project is exempt from the Arkansas Water Plan. The Water Wastewater Advisory Committee approved the project on February 7, 2019.

Probable Costs

Total Requested Funding Amount: \$4,400,000

An ESPC project is similar to a Design-Build project. The amount requested will pay to design and deliver all items addressed in the plan as approved by the Borrower and ANRC Staff. The amount requested will also pay for any legal fees and capitalized interest. The contract will

provide the Commission all necessary documentation to meet program requirements to expend funds.

This project is eligible for funding under the Clean Water Act.

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$4,400,000 for the City of Little Rock from the Arkansas Clean Water State Revolving Fund. The repayment schedule will not exceed twenty (20) 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 to establish and maintain a depreciation reserve fund.

**PORTLAND, CITY OF
Ashley County**

Purpose: Replace Existing Mechanical Plant with a 3-cell Oxidation, pond

Customer Base

Number of Water Customers: 240

Existing Conditions

Portland currently operates a mechanical plant constructed in the late 1970's. Mechanical plants do treat waste well but require low maintenance, operation costs, and staff time to operate. The forty-year-old plant has lived past its intended life cycle and needs major upgrades. Furthermore, the waste is chlorinated with gas before discharging into Bayou Bartholomew. Portland would like to have a plant that is easier to maintain and not use chlorine gas to treat the waste.

Project Financial Information

The current monthly sewer bill for Portland, based on 4,000 gallons of usage, is \$21.32. Portland will be required to raise rates \$5.20 per month to service the proposed loan, including 110% loan coverage. The current three year (2014-2016) average Median Household Income (MHI) provided by UALR for Portland is \$35,694. The current average bill of \$21.32 is 0.72% of the current average MHI. The increased monthly bill of \$26.52 per month is 0.89% of the current average MHI. Portland will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

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

Proposed Plan of Action

Portland is proposing the construction of a three-cell pond. This treatment process is extremely easy to maintain and could meet the discharge requirements required by the Arkansas Department of Environmental Quality. The city also proposes to use chlorine tablet system

instead of gas. Operation and maintenance costs will decrease dramatically while meeting state discharge limits.

The Water Waste Water Advisory Committee approved the project for funding on September 3, 2015.

Probable Costs

Reroute influent to new cells	\$35,000.00
Influent Bar Screen	\$250,000.00
Division Boxes, Valving, etc.	\$125,000.00
Earthwork for cells	\$200,000.00
Baffling	\$150,000.00
Effluent flow measurement	\$20,000.00
Chlorination station	\$60,000.00
Effluent Pump Station and Force Main	\$110,000.00
Operations Facility	\$90,000.00
Appurtenances (bonding, yard pipe, fencing, trench safety, etc.)	\$120,000.00
Contingency (10%)	\$116,000.00
Construction Costs	\$1,276,000.00
Engineering (10%)	\$126,400.00
Inspection (~4.1%)	\$52,600.00
Legal	\$20,000.00
Geotechnical Study	\$25,000.00
Administrative Costs	\$224,000.00
Total	\$1,500,000.00

Total Requested Funding Amount: \$1,500,000

This project is eligible for funding under the Clean Water Act.

Executive Director’s Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$1,500,000 for the City of Portland from the Arkansas Clean Water State Revolving Loan Fund. The repayment schedule will not exceed thirty (30) 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 to establish and maintain a depreciation reserve fund.

SALEM WATER USERS ASSOCIATION PWA
Saline County

Purpose: Storage Tank, 9.4 miles of lines

Customer Base

Number of Water Customers: 7,443

Existing Conditions

Salem Water purchases water from the Central Arkansas Water system (CAW). The two systems are connected by four master meter stations. Over time, the location of the meters to the rest of the system has limited the amount of storage and hydraulic loading needs for Salem. Salem discussed the needs with both CAW and the Arkansas Department of Health. The outcome of those discussions is the proposed project. Salem is currently deficient by .6 million gallons and will need to add 1.6 million gallons of additional storage in the next 10 years to comply with Health Department recommendations of having a storage volume equivalent to the average day plus the largest fire flow demand for its system. The new 2-million-gallon elevated storage tank will allow them to satisfy this requirement.

Project Financial Information

The current monthly water bill for the Salem Water Users Association PWA, based on 4,000 gallons of usage, is \$22.80. Salem Water Users Association PWA will be required to raise rates \$2.10 per month to service the proposed loan, including 110% loan coverage. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for Salem Water Users Association PWA is \$58,918. The current average bill of \$22.80 is 0.46% of the current average MHI. The increased monthly bill of \$24.90 per month is 0.51% of the current average MHI. Salem Water Users Association PWA will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

Salem Water Users Association PWA is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

A two-million-gallon elevated storage tank is needed to provide both hydraulic gradient and supply needs. The location of the tank is in the southern portion of Pulaski County. To supply the system and the tank the water multiple lines will be added to their existing service area. Lines will vary in size from eighteen inches down to eight inches. The line locations will tie the new tank into the service area and provide loop connections on the vicinity of the tank.

The system will not increase service area nor water use; therefore, this project is exempt from inclusion in the State's Water Plan. The Water Wastewater Advisory Committee approved the project as presented on September 5, 2018.

Probable Costs

2 MG Elevated Tank	\$3,500,000.00
18" Water Mains	\$2,500,000.00
16" Water Mains	\$160,000.00
12" Water Mains	\$900,000.00

8" Water Mains	\$240,000.00
Contingency	\$813,920.00
Subtotal	\$8,113,920.00
Engineer: Planning/Design	\$688,864.00
Engineer: Construction	\$43,054.00
Inspection	\$129,162.00
Legal	\$25,000.00
Subtotal	\$886,080.00
Total	\$9,000,000.00

Total Requested Funding Amount: \$9,000,000

This project is eligible for funding under the Safe Drinking Water Act.

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$9,000,000 for the Salem Water Users Association PWA from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed thirty (30) 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 to establish and maintain a depreciation reserve fund.

**SMACKOVER, CITY OF
Union County**

Purpose: Correct waste water discharge

Customer Base

Number of Customers: 820

Existing Conditions

Smackover has had numerous violations with its current waste water treatment plant. The City is trying to bring its plant into compliance with the requirements by the Arkansas Department of Environmental Quality. The Consultant believes that by preventing short circuiting and providing aeration will bring them back into compliance.

Project Financial Information

The current monthly water bill for the City of Smackover, based on 4,000 gallons of usage, is \$27.97. The City of Smackover will not be required to raise rates to service the proposed loan, including 110% loan coverage. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for the City of Smackover is \$37,083. The current

average bill of \$27.97 is 0.91% of the current average MHI. The City of Smackover will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

City of Smackover is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

The plan is to add baffling curtains in the lagoons, place three aerators for circulation and aeration and the electrical services for the aerators.

The Water Wastewater Advisory Committee approved the project as presented on February 6, 2019.

Probable Costs

Three 25 HP aerators	\$143,160.00
Electrical service	\$136,500.00
Baffle Curtains	\$65,000.00
Contingency (10%)	\$34,466.00
Construction Costs	<u>\$379,126.00</u>
Engineering	\$30,157.75
CWRLF Engineering Req.	\$44,000.00
Inspection	\$14,648.05
Legal	\$15,000.00
Administrative Costs	<u>\$103,805.80</u>
Total	\$482,931.80
	Total Requested Funding Amount: <u>\$482,932.00</u>

This project is eligible for funding under the Clean Water Act.

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$482,932 for the City of Smackover from the Arkansas Clean Water State Revolving Loan Fund. The repayment schedule will not exceed twenty (20) 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 to establish and maintain a depreciation reserve fund.

**SOUTH SHERIDAN WATER ASSOCIATION PWA
Grant County**

Purpose: Construct a new 12" Water Relief Main

Customer Base

Number of Water Customers: 1,441

Existing Conditions

The South Sheridan Water Association provides water in Grant county near the City of Sheridan. The system uses a pump station to provide the pressures needed to meet Heath Department standards south and west of the City of Sheridan. The growth in the area is projected to overcome the pumps ability to serve the area. The system also provides water to the Little Creek Water system. The Association plans to provide hydraulic needs by placing a large diameter water line in the area. Little Creek has asked that the line be increased in size for their needs as well.

Project Financial Information

The current monthly water bill for South Sheridan Water Association, Inc., based on 4,000 gallons of usage, is \$24.25. South Sheridan Water Association, Inc. will not be required to raise rates to service the proposed loan, including 110% loan coverage. The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for the city of Sheridan is \$44,936. The current average bill of \$24.25 is 0.65% of the current average MHI. South Sheridan Water Association, Inc will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

South Sheridan Water Association, Inc is current with ANRC on all loan payments and audit submission requirements.

Proposed Plan of Action

South Sheridan proposes to construct a large diameter water line to remove a pump station from its system and to also eliminate low pressures seen in the system in the areas south and west of Sheridan. Little Creek Water has asked them to increase the line size up for better service and growth in their system. Little Creek has pledged an amount to the project that will pay for the increased line size.

The system improvements are subject to the State’s Water Plan. Water Plan Compliance (WPC) has not been issued at this time. The Water Wastewater Advisory Committee approved the project conditioned to WPC approval on April 3, 2019.

Probable Costs

12" Water Mains	\$321,875.00
12" Gate Valves	\$10,500.00
Bore & Encasement	\$32,375.00
Fire Hydrants	\$12,750.00
Blow-off and Vacuum Assemblies	\$16,940.00
Appurtenances	\$21,300.00
Contingency (~9%)	\$38,003.00
Construction Costs	\$453,743.00

Engineering (~11%)	\$49,720.00
Inspection (~3.67%)	\$16,630.00
Legal	\$10,000.00
Administrative Costs	<u>\$76,350.00</u>
Total	\$530,093.00
Less Local Contribution	<u>\$107,793.00</u>
Requested Funds	\$422,300.00

Total Requested Funding Amount: \$422,300.00

This project is eligible for funding under the Safe Drinking Water Act

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan, contingent upon Water Plan Compliance approval, in an amount up to \$422,300 for the South Sheridan Water Association, Inc. from the Arkansas Drinking Water State Revolving Loan Fund. The repayment schedule will not exceed thirty (30) 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 to establish and maintain a depreciation reserve fund.

OTHER: Mrs. Dickson informed the commission a telephonic meeting to finalize the General Obligation Bonds Sale and Resolution No. 2019-02 is scheduled for June 12, 2019.

REPORT ON EXECUTIVE DIRECTOR'S ACTIONS PROVIDING ADDITIONAL FUNDING:

Upon motion by Mrs. Ann Cash, seconded by Mr. Fred Fowlkes, the commission unanimously approved the following additional funding:

Carthage (01163-WSSW-G) **\$35,342.00**
 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. Roy Reaves, the commission unanimously approved the following deobligation of funds:

Amity (01097-CWRLF-L) **\$285,000.00**
Deobligate funds in the amount of \$285,000.00 that were approved in November of 2016 from the Clean Water State Revolving Loan Fund. No forward movement.

Arkadelphia (01181-DWSRF-L) **\$1,800,000.00**
Deobligate funds in the amount of \$1,800,000.00 that were approved in September of 2018 from the Drinking Water State Revolving Loan Fund. Undertaking a larger project.

Bearden (01050-DWSRF-L) **\$3,684.08**
Deobligate undisbursed loan funds in the amount of \$3,684.08 that were approved in November of 2015 from the Drinking Water State Revolving Loan Fund. Project has been completed.

Department of Corrections (01120-CWRLF-L) **\$500,000.00**
Deobligate funds in the amount of \$500,000.00 that were approved in May of 2017 from the Clean Water State Revolving Loan Fund. Entity is using alternate funding source.

Department of Corrections (01119-DWSRF-L) **\$2,800,000.00**
Deobligate funds in the amount of \$2,800,000.00 that were approved in May of 2017 from the Drinking Water State Revolving Loan Fund. Entity is using alternate funding source.

Lockesburg (00960-DWSRF-F) **\$164,000.00**
Deobligate funds in the amount of \$164,000.00 that were approved in September of 2013 from the Drinking Water State Revolving Loan Fund. Project has been completed.

Magnolia (00966-CWRLF-F) **\$250,000.00**
Deobligate funds in the amount of \$250,000.00 that were approved in December of 2013 from the Clean Water State Revolving Loan Fund. No forward movement.

Milltown-Washburn (01192-WDF-L) **\$135,000.00**
Deobligate funds in the amount of \$135,000.00 that were approved in September of 2018 from the Water Development Fund. Entity declined loan.

Palestine (01194-WDF-L) **\$175,000.00**
Deobligate funds in the amount of \$175,000.00 that were approved in September of 2018 from the Water Development Fund. Entity declined loan.

Piggot (01209-WDF-L) **\$275,000.00**
Deobligate funds in the amount of \$275,000.00 that were approved in November of 2018 from the Water Development Fund. Entity declined loan.

Success (01195-WDF-L) **\$65,000.00**

Deobligate funds in the amount of \$65,000.00 that were approved in September of 2018 from the Water Development Fund. Entity declined loan.

Thornton (00986-DWSRF-F) **\$28,133.50**

Deobligate undisbursed funds in the amount of \$28,133.50 that were approved in May of 2014 from the Drinking Water State Revolving Loan Fund. Project has been completed.

Tulip-Princeton (01162-WDF-L) **\$46,350.00**

Deobligate funds in the amount of \$46,350.00 that were approved in May of 2018 from the Water Development Fund. Entity declined loan.

Washington County POID #5 (01133-CWRLF-L) **\$48,685.00**

Deobligate funds in the amount of \$48,685.00 that were approved in July of 2017 from the Clean Water State Revolving Loan Fund. Project has been completed.

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

Appointments to Conservation District Boards – *Upon motion by Mrs. Ann Cash, seconded by Mr. Will Brewer, the commission unanimously approved the following appointments:*

Montgomery County	Rod Powell
Perry County	John Lee
Pulaski County	Alice Weeks

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

Buffalo Conservation District	Don Balentine
Buffalo Conservation District	Ricky Reed
Lafayette County	Troy Odom
Prairie County	Kenneth Foot
Washington County	Carolina Castaneda
Woodruff County	Vance Thompson

Line Item Funding - Mr. Baber provided the commission with line item funding for the conservation districts for Fiscal Year 2020. The amount available to the districts is \$904,740.00. *Upon motion by Mr. Fred Fowlkes, seconded by Mr. Neal Anderson, the commission unanimously approved the line item funding discussed.*

Mr. Leggitt questioned the last time conservation districts received an increase to line item funding to which Mr. Baber replied, 1998. Mr. Leggitt suggested the commission discuss the possibility of putting together a workgroup to look at conservation district operations from a holistic standpoint across the state. This work group could recommend things that would help get out knowledge to state legislators because it seems there are many who do not have a working knowledge about conservation districts.

Grants-to-Districts Funding – Mr. Baber provided the commission with the ANRC Fiscal Year 2020 grants-to-districts funding proposal for conservation districts. *Upon motion by Mr. Will Brewer, seconded by Mr. Neal Anderson, the commission unanimously approved the grants-to-districts funding proposal discussed.*

Beaver Funding – Mr. Baber provided the commission with beaver funding for conservation districts for Fiscal Year 2020. *Upon motion by Mr. Bruce Leggitt, seconded by Mr. Fred Fowlkes, the commission unanimously approved the beaver funding discussed.*

ACTIVITY REPORTS


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

OTHER BUSINESS

Commission confirmed that the January 2020 meeting will be held in conjunction with the annual meeting of AACD. The commission meeting for ANRC will be held on January 16, 2020. Chairman Hampton reiterated there will be a telephonic meeting for bond sales on June 12, 2019, and the next regular meeting will be in July 2019.

ADJOURN

There being no further business, meeting was adjourned.



Bruce Holland
Executive Director and Secretary



Date

