

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
July 17, 2019

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, July 17, 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 Leggett, Roy Reaves, Fred Fowlkes, Ann Cash, and Will Brewer. Commissioner Troy Gaston was unable to attend.

Staff members in attendance included: Bruce Holland, Director; Debby Dickson, Program Fiscal Manager; Adrian Baber, Conservation Division Chief; Cynthia Bearden, Agency Controller; Crystal Phelps, General Counsel; Amanda Owens, Legal Services Specialist; Kaetlynn Hudson, Director of Marketing; Tony Ramick, Fiscal Manager/Coordinator; Brooks Davis, Land Resource Specialist; Heather Dunlap, Administrative Specialist III; Lori Scott-Nakai, Public Information Specialist; Jim Battreal, Geology Supervisor; 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: May 15, 2019 and June 12, 2019

Upon motion by Mr. Roy Reaves, seconded by Mr. Bill Poynter, the commission unanimously approved the minutes of the meetings on May 17, 2019, and June 12, 2019.

REPORT OF THE EXECUTIVE DIRECTOR – Director Holland welcomed Arkansas Educational Television Network (AETN) and announced the meeting is being web streamed.

Mr. Holland reported the Feral Hog Task Force has applied for federal money that has been set aside in the Farm Bill. There are four areas of the state where ANRC, United States Department of Agriculture Animal and Plant Health Inspection Service (USDA APHIS), and USDA Natural Resources Conservation Service (NRCS) will be working. The task force is looking for partners to help support a 25% match (approximately \$1.5 million a year for three years).

As a result of the flooding along the Arkansas River the governor has put together a levee task force. Director Holland stated he is part of the task force and has been chosen to chair one of the subcommittees for finding funding sources so that levees can be brought to a higher standard. Levee systems are broken into small parts across the state. Some levee boards do great jobs of maintaining US Army Corps of Engineers standards that are certified by the Federal Emergency Management Agency (FEMA), whereas others do not. Legislation was passed a few years ago to encourage levee boards to report to ANRC so that problems could be identified. However, not all have been reporting so the intent of the task force is to move forward and help all districts bring their levees up to standard. A report is due to the governor at the end of December.

On July 1, 2019, ANRC became part of the Arkansas Department of Agriculture. Opportunities for efficiency throughout the department are being looked into (ex. employee location). Secretary Ward recently came over to ANRC so the division chiefs could inform him of their duties and what their section of ANRC does. At this time an organizational chart has not been recreated.

FINANCIAL ASSISTANCE REPORT - Mrs. Cynthia Bearden, Agency Controller, presented the financial assistance report dated June 30, 2019 (a copy of the report, Attachment "A", is attached to the minutes). *Upon motion by Mr. Bill Poynter, seconded by Mr. Will Brewer, the commission unanimously accepted the financial report.*

Mrs. Bearden also announced this fiscal year conservation districts will have their audits and she is looking for student internships to assist with the audits. The intern would be for one semester; qualifications are for upper level accounting students in the state with a GPA of 3.0 or higher. This is a paid internship and will begin around the first of September.

LEGAL ISSUES - Mrs. Crystal Phelps spoke briefly on transformation. She reviewed roles of the commissioners and stated they would not change. She also stated employees will not lose their jobs as a result of transformation; however, job duties could change. ANRC acts, rules and orders will remain in force until amended. Mrs. Phelps also reviewed role changes of the ANRC director due to transformation. Furthermore, she stated ANRC revenue, issuance of bonds, and financing of loans and grant programs will not be transferred.

Tony Ramick, ANRC Nonpoint Source Pollution supervisor, explained the Unpaved Roads Program. The program came to ANRC from the Arkansas Economic Development Commission, which was delegated to them under Rural Services. It is a grant program to help address rural and/or county roads that are creating a situation where it impairs water quality, or effects endangered or threatened species. This program is not to pave roads nor just to do general maintenance, but more so to handle problems such as flooding issues that wash out roads. ANRC will follow precedent with the program as set by Rural Services. Mr. Ramick touched on the application process and funding. *Mr. Leggitt suggested conservation districts should sign off on applications and submit a letter of support with the application. This would help raise awareness within the county about the worth of the conservation district.*

WATER RESOURCES DEVELOPMENT DIVISION

FINANCIAL ASSISTANCE:

Mrs. Debby Dickson presented staff recommendations for the referenced projects below requesting financial assistance from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund (CGO), the Arkansas Clean Water Revolving Loan Fund (CWRLF), the Arkansas Drinking Water State Revolving Fund (DWSRF), and the Water Development Fund (WDF).

Upon motion by Mr. Fred Fowlkes, seconded by Mr. Neal Anderson, the commission unanimously approved the following applications for financial assistance:

Portland, City of Ashley County

Purpose: Replace Existing Mechanical Sewage Treatment Plant with a 3-cell Oxidation Pond Plant

Project Description

Construction of a three-cell pond to improve wastewater treatment. This treatment process is extremely easy to maintain and should meet the discharge requirements required by the Arkansas Department of Environmental Quality. The city also proposes to use a chlorine tablet system instead of gas. As a result, operation and maintenance costs will decrease dramatically while meeting ADEQ discharge permit requirements.

Project Financial Information

The Commission approved an amount up to \$1,500,000 for this project at the May 2019 meeting from Arkansas Clean Water State Revolving Loan Fund. However, the City has elected to request the funding source changed to the General Obligation Bond program.

The current monthly sewer bill for Portland, based on 4,000 gallons of usage, is \$21.32. 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 City listed the customer base for this project at 240.

To change the funding to General Obligation Bond Program for an amount of \$1,545,000 (includes the ANRC 3% issuance fee). The proposed term will remain the same, not to exceed 30 years, with a proposed rate of 4.25% per annum, an increase of 1.25% per annum.

The City has agreed to the adjusted sewer rate as follows: \$30.00 per 4,000 gallons, an additional \$8.68 per 4,000 gallons usage per month above the current rate of \$21.32 and an additional \$3.48 per 4,000 gallons usage per month above the sewer rates previously approved for Clean Water State Revolving Loan Funds.

Portland will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

The City of Portland does not have any outstanding loans with ANRC.

Estimated Project Costs

Construction:	1,160,000
Contingencies	116,000
Engineering – Planning, Design & Construction	126,400
Engineering – Inspection	52,600
Legal Fees	20,000
Servicing Fee	45,000
Other – Geotechnical Study	25,000
Total Estimated Capital Cost:	\$1,545,000

Executive Director’s Recommendation

The Staff recommends that the Commission de-obligate \$1,500,000 which was approved May 15, 2019 from the Arkansas Clean Water State Revolving Loan Fund and approve a loan in an amount up to \$1,500,000 plus a 3% servicing fee of \$45,000 for the City of Portland from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund. The repayment schedule will not exceed thirty (30) years or the life of the project.

If approved, the Executive Director will establish the rate of interest and additional loan terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**City of Lewisville
Lafayette County**

Project: Improvements to Lewisville Sewer Treatment Plant

Project Description

Improvements to the existing wastewater treatment plant; furnish and install an aerator, re-pair the levee grade and stabilization, rehabilitate the rock reed filter, replace the plants in the rock reed filters, and 15" gravity sewer and manhole replacement(s).

Project Financial Information

The current water bill for the City of Lewisville is \$10.75 flat rate. The City of Lewisville will be required to raise rates to \$29.00 flat rate in order to service the proposed loan and principal forgiveness, including 110% loan coverage. The current three-year (2015-2017) average Median Household Income (MHI) provided by UALR for the City of Lewisville is \$23,182. The City of Lewisville listed the customer base for this project at 633.

The City of Lewisville currently has one (1) outstanding loan and one (1) pending loan with ANRC and is current with audit submissions.

Estimated Project Costs

Construction:	801,000
Contingencies	80,100
Engineering – Planning, Design & Construction	100,580
Engineering – Inspection	32,040
Legal Fees	15,000
Other – Stormwater Plan	10,000
Other – Davis Bacon Wager Certification	3,500
Other – AIS verification	3,500
Total Estimated Capital Cost:	\$1,045,720

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$631,000 in a loan from the Arkansas Clean Water State Revolving Loan Fund and \$415,000 in principal forgiveness. 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.

**City of Wilson
Mississippi County**

Project: Regionalization - Rivercrest Schools and Marie to Wilson

Project Description

Rivercrest School and the Town of Marie have operated a wastewater treatment system without a permit since 1970 which has resulted in an ADEQ Consent Administrative Order (CAO). Preliminary engineering report dated February 20, 2017 provides for the School and Marie pumping their sewage to Wilson thus eliminating need for permitted discharge. The preliminary report includes expanding Wilson's treatment to handle additional load, pump station improvements and force main for an estimated project cost of \$750,000. Marie has received a grant from AEDC for at least \$150,000 towards this project’s cost.

Wilson will be the borrower and the operating entity for the wastewater collection and treatment system. We now have agreements in place for Wilson to operate Marie's water and sewer and the School has agreed to pay the debt service required by a \$600,000 loan.

Project Financial Information

The current average monthly water bill for the City of Wilson, based on 4,000 gallons of usage, is \$16.00. The City of Wilson 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 Wilson is \$49,787. The City of Wilson listed the customer base for this project at 432.

The City of Wilson is current on its loans and audit submissions.

Estimated Project Costs

Construction:	622,000
Contingencies	78,000
Engineering – Planning, Design & Construction	50,000
Total Estimated Capital Cost:	\$750,000

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$600,000 for a loan to the City of Wilson 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.

**City of Crossett
Ashley County**

Project: Improvements to East Crossett Sewer Collection System

Project Description

The proposed project will reduce the hydraulic stresses to the existing Crossett collection system in the eastern part of Crossett by the construction of a force main to carry flows to the west side of the collection system where the treatment plant is located. The main purpose of the proposed project is to eliminate three existing, and smaller pump stations, two of which currently pump to the Industrial Park Pump Station, which has reached its maximum capacity. A new centralized pump station will be constructed to serve the eastern Crossett area. The project will allow the Industrial Park Pump Station to serve the East Crossett Industrial Park as originally intended. In addition, there are eight "chopper pump" lift stations currently being operated and maintained by individual wastewater customers. These "chopper pumps" are necessary because the waste must be pumped into a pressure line or to a higher elevation to enter the collection system. With the proposed re-design of the system, these customers will no longer need these pumps as the waste will be transferred by a gravity system.

Project Financial Information

The current average monthly water bill for the City of Crossett is \$13.40 based on 4,000 gallons of usage. The City of Crossett 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 Crossett is \$31,354. The City of Crossett listed the customer base for this project at 3,050.

The City of Crossett has one current and one pending loan with ANRC and is current including audit submissions.

Estimated Project Costs

Construction:	\$5,401,000
Contingencies	519,100
Engineering – Planning, Design & Construction	458,000
Engineering – Inspection	270,000
Legal Fees	20,000
Administrative	29,900
Capitalized Interest during Construction	204,000
<u>Other: Easement Acquisition</u>	<u>98,000</u>
Total Estimated Capital Cost:	\$7,000,000

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$7,000,000 in a loan to the City of Crossett from the Arkansas Clean Water State Revolving Fund. The repayment schedule will not exceed thirty (30) years or the life of the project. Crossett has applied for a United States Department of Commerce Economic Development Administration grant and will use any grant funds received to reduce the amount of loan obtained from the Commission.

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.

**Benton County Water Authority No. 5
Benton County**

Project: Regionalization Rambo -- Cyanide

Project Description

The Rambo Water District No. 1 is proposing to connect to the Benton County Water Authority No. 5 (BCWA No. 5) as a new water source. The Rambo Water District is currently served by a well that has tested positive for cyanide. The project consists of replacing the existing aged water system with new 4" diameter water main and connecting to BCWA No. 5. at the intersection of Rambo Road and Huckleberry Hills Road. The project will provide safe and reliable water source for the residents of Rambo Riviera by obtaining treated water from Beaver Lake and becoming a part of BCWA No. 5.

Project Financial Information

The current average monthly water bill for Benton County Water Authority No. 5 based on 4,000 gallons of usage, is \$76.07. The current three-year (2015-2017) average Median Household Income (MHI) provided by UALR for Benton County is \$58,842. Benton County Water Authority No. 5 listed the customer base for this project at 624, including Rambo Water District users.

Benton County Water Authority No. 5 will not be required to raise rates to service the proposed loan, including 110% loan coverage. However, Benton County Water Authority No. 5 has determined that the Rambo Water District Customers will be required to carry the cost of this project, not the existing Benton County Water Authority Customers. As a result, the rates will be required to be adjusted as follows.

BCRDA Users (587) - \$76.04 for 4,000 gallons
Rambo users (37) - \$76.04 for 4,000 gallons + \$10.49 surcharge*
*surcharge to remain in place for life of the loan

Benton County Water Authority No. 5 is current with ANRC on all loan payments and audit submission requirements.

Estimated Project Costs

Construction:	613,275.00
Contingencies	61,327.50
Engineering – Planning, Design & Construction	81,562.00
Engineering – Inspection	24,531.00
Legal Fees	25,000.00
Administrative	10,000.00
Capitalized Interest during Construction	10,000.00
Other: Cultural Resources Survey	24,000.00
Other – Permitting	5,000.00
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Total Estimated Capital Cost:	\$854,695.50

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$450,996 in a loan to the Benton County Water Authority No. 5 from the Arkansas Drinking Water State Revolving Fund and a loan with forgiveness in the amount of \$200,000 for a total project funding request of \$650,996. The repayment schedule will not exceed twenty (20) years or the life of the project. The Applicant has been awarded a grant in the amount of approximately \$200,000 from the Arkansas Community & Economic Development Grant Program (CDBG) toward the project. In addition, the applicant will contribute \$3,700 to 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.

**City of Stephens
Ouachita County**

Project: Improvements to two (2) water storage tanks

Project Description

Improvements to existing 300,000-gallon water storage tank and 100,000-gallon water storage tank. Recent inspections have shown that both tanks need interior and exterior coatings. This project provides funding to re-coat both the interior and exterior of the tanks.

Project Financial Information

The current average monthly water bill for the City of Stephens is \$34.04 based on 4,000 gallons of usage. The City of Stephens will be required to raise rates to \$39.20, an increase of \$5.16, for 4,000 gallons of usage in order 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 Stephens is \$29,107. The City of Stephens listed the customer base for this project at 491.

The City of Stephens has three (3) outstanding loans with ANRC and is current with audit submissions.

Estimated Project Costs

Construction Cost, Plant	366,400
Contingencies	36,640
Engineering-Planning & Design	32,060
Engineering-Project Inspection	15,572
Legal Fees	15,000
Other including Davis Bacon / AIS/FP	25,500
<hr/> Total Estimated Capital Cost:	<hr/> \$491,172

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$491,172 in a loan to the City from the Arkansas Drinking Water State Revolving Loan 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 to establish and maintain a depreciation reserve fund.

**Town of Emerson
Columbia County**

Project: Water Meter Replacement --500 customers

Project Description

Replacing outdated water meters with drive-by radio read meters to improve water loss and increase accuracy and to help the Town recover lost revenue from improperly registering meters.

Project Financial Information

The current average monthly water bill for the Town of Emerson is \$21.00 based on 4,000 gallons of usage. The Town of Emerson will be required to raise rates to \$27.75 a total increase of \$6.75, for 4,000 gallons of usage 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 Town of Emerson is \$29,219. The Town of Emerson listed the customer base for this project at 500.

The Town of Emerson is current on all loans and audit submission.

Estimated Project Costs

Construction:	255,000
Contingencies	25,500
Engineering – Planning, Design & Construction	24,225
Engineering – Inspection	11,475
Legal Fees	10,000
Other: Facility Plan, EID, PPWP	14,500
Other – Davis Bacon, AIS	4,000
<hr/> Total Estimated Capital Cost:	<hr/> \$344,700

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$344,700 in a loan to the Town of Emerson from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed ten (10) years.

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.

**City of Dermott
Chicot County**

Project: Upgrade Chlorination System, Rehabilitation of 2 Water Storage Tanks, and Replace Water Meters

Project Description

This project proposes to and make upgrades to the chlorination facilities in accordance with the results of the Arkansas Department of Health Sanitary Survey, repaint and rehabilitate an existing 600,000-gallon water storage tank and an existing 350,000-gallon tank, and replace the water meters in the system.

Project Financial Information

The current average monthly water bill for the City of Dermott is \$11.56 based on 4,000 gallons of usage. The City of Dermott will be required to raise rates to \$24.75, a total increase of \$13.19, for 4,000 gallons of usage, 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 Dermott is \$25,816. The City of Dermott listed the number of water customers for this project at 1,036.

The City of Dermott currently does not have any loans with ANRC.

Estimated Project Costs

Construction:	\$1,368,809.80
Contingencies	153,991.10
Engineering – Planning, Design & Construction	116,348.83
Engineering – Inspection	54,752.39
Legal Fees	16,745.60
Administrative	25,000.00

Total Estimated Capital Cost: \$1,735,647.72

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$1,735,648 in a loan to the City of Dermott 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 to establish and maintain a depreciation reserve fund.

Commissioner Anderson questioned if there is any program that goes back to analyze the savings of the water meters to determine if it is cost effective. Discussion was had about ANRC staff implementing a water usage comparison for the new meters versus old meters. Mrs. Bearden stated financial reviews are periodically conducted on selected water systems. This analysis could be added to the list of procedures that are done for the reports which show water loss. Commission asked Director Holland and staff to determine a simple way to compare savings on the meters.

**City of Hickory Ridge
Cross County**

Project: Rehabilitate Water Plant, Water Storage Tank and Replace Waterlines

Project Description

Replace approximately 19,389 linear feet of water mains, along with appurtenances; replace approximately 155 water meters; sand blast and repaint the existing water storage tank and rehabilitate the water treatment plant.

Project Financial Information

The current three year (2015-2017) average Median Household Income (MHI) provided by UALR for the City of Hickory Ridge is \$33,361. The City of Hickory Ridge listed the customer base for this project at 155. The City of Hickory Ridge will be required to raise rates as follows:

	<u>Current</u>	<u>Amount of Increase</u>	<u>New 4,000 Gallon Usage Rate</u>
Inside Bill	\$25.00	\$17.00	\$42.00
Outside Bill	\$37.00	\$12.00	\$49.00

The rate increases are required to service the proposed loan and principal forgiveness, including 110% loan coverage.

The City of Hickory Ridge does not have any outstanding loans with ANRC.

Estimated Project Costs

Construction:	\$962,843.78
Contingencies	109,764.61
Engineering – Planning, Design & Construction	81,841.72
Engineering – Inspection	38,513.75
Legal Fees	14,446.87
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Total Estimated Capital Cost:	\$1,207,410.73

Executive Director's Recommendation

The Staff recommends that the Commission approve a loan in an amount up to \$603,706 from the Arkansas Drinking Water State Revolving Loan Fund program and \$603,705 in Principal Forgiveness.

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.

Southeast Bradley County Water District Bradley County

Project: Regionalization Banks

Project Description

The Southeast Bradley County Water District is proposing to consolidate with the Town of Banks water system. The Town of Banks water system has reached a critical point. Their existing water plant has been in service for over 50 years, which is well past its useful life. At the plant, the existing well has also been in service for over 50 years and could fail at any time. Many of the existing waterlines are made of asbestos cement and very old. The lines cannot be repaired easily, as they break when clamps are applied. Waterlines have been in place for over 50 years, and similar to the plant and well they are past their useful life.

Over the past few years, at least 28-line breaks and repairs have occurred in the Banks water system. Many times, when trying to repair the line, the clamps break the lines further requiring more clamps adding to the overall cost of the repair. This demonstrates the extremely poor condition the Town's water system is in. A new leak occurs nearly every other week which is leading to high levels of water loss and lost revenue. The Banks water system customers face the very real possibility of losing water service in the near future based on the current state of their well, plant and water system.

The Southeast Bradley County Water District - Banks Water Consolidation Project will solve the problems through replacing the water lines within the Banks' service area, abandoning the Banks well and plant, and connecting the Banks service area to the Southeast Bradley County Water District system. By doing this the Banks service area customers will experience more reliable and higher quality water for years to come.

Project Financial Information

The current average monthly water bill for Southeast Bradley Water District, based on 4,000 gallons of usage, is \$42.00. Southeast Bradley Water District will not be required to raise rates to service the proposed loan with principal forgiveness, including 110% loan coverage. The current three-year (2015-2017) average Median Household Income (MHI) provided by UALR for the Southeast Bradley Water District is \$34,892. The Southeast Bradley Water District listed the customer base for this project at 2,201.

Southeast Bradley Water District does not have any outstanding loans with ANRC.

Estimated Project Costs

Construction:	1,856,019.75
Contingencies	185,601.98
Engineering – Planning, Design & Construction	224,578.39
Engineering – Inspection	91,872.98
Legal Fees	12,250.00
Other: Interest (1-year deferral)	7,000.00
<hr/> Total Estimated Capital Cost:	<hr/> \$2,377,323.10

Executive Director’s Recommendation

The project will be co-funded with USDA-Rural Development providing a loan of \$275,000 and a grant of \$ \$1,597,000. The Staff recommends that the Commission approve an amount up to \$505,323 for a loan with principal forgiveness to the Southeast Bradley Water District from the Arkansas Drinking Water State Revolving Fund. The repayment schedule will not exceed twenty (20) years with a combined rate of 2.5% per annum 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.

**City of Harrell
Calhoun County**

Project: Rehabilitate 50,000 Gallon Water Storage Tank

Project Description

Rehabilitation of an existing 50,000-gallon elevated water storage tank, including complete removal of the interior and exterior paint system. The project will also include replacement of security fencing around the tank and well property, repair of the chlorine detection system, installation of chlorine gas disinfection, and a new driveway access to the tank site.

Project Financial Information

The current average monthly water bill for the City of Harrell is \$9.50 based on 4,000 gallons of usage. The City of Harrell will be required to raise rates to \$25.50 a total increase of \$16.00, for 4,000 gallons of usage 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 Harrell is \$28,785. The City of Harrell listed the customer base for this project at 146.

The City of Harrell currently has no loans with ANRC.

Estimated Project Costs

Construction:	\$268,000
Contingencies	26,800
Engineering – Planning, Design & Construction	22,940
Engineering – Inspection	10,720
Legal Fees	5,360
Servicing Fee (3%)	10,015
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Total Estimated Capital Cost:	\$343,835

Executive Director’s Recommendation

The Staff recommends that the Commission approve an amount up to \$343,835 (includes 3% servicing fee) in a loan to the City of Harrell from the Arkansas Water Development Fund. The repayment schedule will not exceed twenty (20) years or the life of the project.

If approved, the Executive Director will establish the annual borrower rate and additional loan terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**City of Portland
Ashley County**

Project: Provide Wholesale Water to Chicot Junction Water Association

Project Description

The project is located to the east of Portland along Highway 160. The project involves the construction of 11,910' of 6" PVC water line and appurtenances to provide wholesale water to the Chicot Junction Water System.

This funding request is for the portion that USDA RD is unable to provide as additional grant funding that USDA RD feels the applicant is unable to take as additional debt. In addition, this project is to provide water to Chicot Junction, which is also unable to absorb additional debt associated with loan funds.

Project Financial Information

The current average monthly water bill for the City of Portland, based on 4,000 gallons of usage, is \$42.61. The City of Portland will not be required to raise rates to service the proposed grant, including 110% loan coverage. The current three-year (2015-2017) average Median Household Income (MHI) provided by UALR for the City of Portland is \$35,694. The City of Portland listed the customer base for this project at 240.

The City of Portland does not have any outstanding loans with ANRC.

Post Bid Project Projected Costs (provided by USDA RD)

RD Initial Loan	\$1,085,000
RD Initial Grant	851,000
RD Subsequent Grant	91,000
Applicant Contribution	133
ANRC Grant (Proposed)	98,880
Total	\$2,126,013

Executive Director's Recommendation

The Staff recommends that the Commission approve an amount up to \$98,880 (includes 3% servicing fee) for a grant to the City of Portland from the Arkansas Water Development Fund.

If approved, the Executive Director will establish any additional conditions including the requirement to establish a depreciation reserve fund.

INCREASE IN FINANCIAL ASSISTANCE:

Mrs. Debby Dickson presented staff recommendations for the referenced projects below requesting an increase in financial assistance from the Arkansas Clean Water Revolving Loan Fund (CWRLF) and the Arkansas Drinking Water State Revolving Fund (DWSRF).

Upon motion by Mrs. Ann Cash, seconded by Mr. Bill Poynter, the commission unanimously approved the following applications for an increase in financial assistance:

**City of Greenbrier
Faulkner County**

Project: Water Meters

Project Descriptions

The original approved project description was for a partial system replacement of water meters with no significant change in the data collection process. After further review, the Greenbrier City Council determined it to be in the best interest of the City of Greenbrier to increase the funding request to incorporate development of a central water meter data collection system and include upgrading/replacing all meters to conform to central reporting system technology.

Project Financial Information

The current average monthly water bill for the City of Greenbrier is \$26.68 based on 4,000 gallons of usage. The City of Greenbrier 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 Greenbrier is \$42,176. The City of Greenbrier listed the customer base for this project at 3,980.

Estimated Project Costs

Requested Increase to Funding Amount: \$500,000
Previously Approved Funding Amount: 877,000
Total Requested Funding Amount: \$1,377,000

Executive Director’s Recommendation

The Staff recommends that the Commission approve an increase in an amount up to \$877,000 to Loan 01184-DWSRF-L for a total loan amount up to \$1,377,000 for the City of Greenbrier 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 to establish and maintain a depreciation reserve fund.

**Little Rock Water Reclamation Authority
Pulaski County
Project: Solar Array and Energy Savings Measures**

Project Description

The original approved project description included the replacement of over 2,000 existing light fixtures, utility rate correction at existing facilities, and the construction of a 1.5 MW solar array at the Adams Field Water Reclamation Facility. The array will be south facing with a 20-degree fixed-angle and will cover approximately 5 acres of land immediately east of the facility. The solar array will generate over 2 million kilowatt-hours on an annual basis.

The additional funds would incorporate another 1.915 MW of solar panels to the array, combined totaling a 3.3 MW solar panel array covering a 10-acre area. The combined proposed project will generate 5 million kilowatt-hours of clean energy annually.

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 listed the customer base for this project at 69,410.

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

Estimated Project Costs

Requested Increase to Funding Amount: \$3,600,000
Previously Approved Funding Amount: 4,400,000
Total Requested Funding Amount: \$8,000,000

An Energy Savings Performance Project (ESPC) project is like 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 on the loan. The contract will provide the Commission all necessary documentation to meet program requirements to expend funds.

Executive Director's Recommendation

The Staff recommends that the Commission approve additional loan funds in an amount up to \$3,600,000 to the LRWRA Loan #16 for a total loan amount up to \$8,000,000 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.

RURAL WATER AGREEMENTS

Dennis Sternberg, Arkansas Rural Water Association, spoke to the commission about the Arkansas Rural Water Association and the two grant programs they have while briefly describing each grant. The two grants are the ANRC Circuit Rider and the ANRC Technical Assistance.

Upon motion by Mrs. Ann Cash, seconded by Mr. Fred Fowlkes, the commission unanimously approved the following grants for Arkansas Rural Water Association:

ARWA - GRANTS:

Circuit Rider Grant (ARWA-WDF-G) \$125,000

Provides training and technical assistance through a full-time circuit rider to water systems. This agreement will provide training, on-site technical assistance, including system troubleshooting, and financial and managerial training. This grant is funded by the Water Development Fund.

Technical Assistance Grant (ARWA-WDF-G) \$65,000

Performs ten county wide water & wastewater infrastructure surveys on the selected counties. In addition, this grant will provide ARWA the funds to support emergency repairs, as necessary, to water and wastewater systems as directed by ANRC. This grant is funded by the Water Development Fund.

Executive Director's Recommendation

The Staff recommends that the Commission approve an amount up to \$125,000 for the Circuit Rider Grant and an amount up to \$65,000 for the Technical Assistance grant to Arkansas Rural Water Association from the Arkansas Water Development Fund.

If approved, the Executive Director will establish any additional conditions including the requirement to establish a depreciation reserve fund.

REPORT ON EXECUTIVE DIRECTOR'S ACTIONS PROVIDING ADDITIONAL FUNDING:

Alpine Water Authority (01219-WDF-L) \$110,000.00

Additional funding for cost over-run.

DEOBLIGATION OF FUNDS:

Dyer (01207-WDF-L) \$111,000.00

Deobligate funds in the amount of \$111,000.00 that were approved in November of 2018 from the Water Development Fund. Entity declined loan

Waldo (0995-DWSRF-F) \$58,754.55

Deobligate funds in the amount of \$58,754.55 that were approved in September of 2014 from the Drinking Water State Revolving Loan Fund. Project has been completed.

Cotter (01191-WDF-) \$74,000.00

Deobligate funds in the amount of \$74,000.00 that were approved in September of 2018 from the Water Development Fund. Entity declined loan.

CONSERVATION DIVISION – Mr. Adrian Baber reported the following to the commission:

District Director Emeritus – Mr. Baber stated there has been a recommendation from Garland County Conservation District to appoint Judy Castleberry as a Conservation Director Emeritus. *Upon motion by Mr. Will Brewer, seconded by Mrs. Ann Cash, the commission unanimously approved staff recommendations for awarding Ms. Castleberry status of Director Emeritus.*

Appointments to Conservation District Boards – *Upon motion by Mr. Bruce Leggitt, seconded by Mr. Neal Anderson, the commission unanimously approved the following appointments:*

Randolph County
Randolph County
Sebastian County

Joycelyn Thielemier
Kevin Brown
Jeremy May

Reappointments to Conservation District Boards - Upon motion by Mr. Fred Fowlkes, seconded by Mr. Will Brewer, the commission unanimously approved the following reappointments:

Chicot County
Columbia County
Columbia County
Hempstead County
Lincoln County
Madison County
Phillips County
White County
Yell County

Paul Dunavant
Mark Bryan
Jimmy Wilson
Bobby Webb
Bob Crain
Marlene Pitts
Earnest Larry
Elvis Vaughn
James Mitchell

ACTIVITY REPORTS

Activity reports were presented by Amanda Mathis, USDA Natural Resources Conservation Service (NRCS); Debbie Moreland, Arkansas Association Conservation Districts (AACD); Drew Westerman, U.S. Geological Survey (USGS); and Cynthia Edwards, Arkansas Department of Agriculture (ADA).

OTHER BUSINESS

Commission scheduled the November 2019 regular commission meeting date to be held on November 13, 2019, at 9:30 a.m. located at ANRC.

ADJOURN

There being no further business, meeting was adjourned.



Bruce Holland
Director



Date

