

**Minutes of the  
ARKANSAS NATURAL RESOURCES COMMISSION**

**July 17, 2013**

The regular meeting of the Arkansas Natural Resources Commission and Eoff Hearing was held Wednesday, July 17, 2013, at 9:00 a.m., at the Clinton Airport Terminal, 246 Airport Road, Clinton, Arkansas.

Commissioners in attendance were Chair Ann Cash; Vice-Chair Corbet Lamkin, Neal Anderson, Don Richardson, Sloan Hampton, Fred Fowlkes, Jerry Hunton, and Mike Carter.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Edward Swaim, Chief, Water Resources Management Division; Crystal Phelps, General Counsel; Adrian Baber, Chief, Conservation Division; Mark Bennett, Chief, Water Development Division; Cynthia Bearden, Agency Controller; Deanna Ray, Associate General Counsel; Nancy Gambill, Engineer Supervisor; Blake Walters, Land Resource Specialist; Pat Smith, Executive Assistant; Earl Smith; Ron Redman; John Turner; Darla Brooks, Financial Programs Manager; and Lori Scott-Nakai.

Chairman Cash called the meeting of the Arkansas Natural Resources Commission to order.

**PRESENTATION OF RESOLUTION FROM THE RED RIVER COMPACT COMMISSION TO EARL SMITH** – Mr. Young stated that Mr. Smith held the position of Chief of the Water Management Division for the Arkansas Natural Resources Commission for almost 30 years. In that capacity, he served on the Engineering Committee for the Red River Compact Commission from 1986 until 2010. He was recently recognized for his contributions and support of the Red River Compact Commission at the Compact's meeting in Louisiana. A plaque was presented to him by Mr. Young on behalf of the federal chairman, Jeff Fassett, of the Red River Compact Commission, adopted on the 30<sup>th</sup> of May, 2013.

**HEARING IN THE MATTER OF DAN EOFF, CASE NO. 13715-01**

Ms. Peggy Johnson, Hearing Officer, with the State Attorney General's Office called the hearing to order. Don Richardson recused himself and did not participate in the hearing. Upon motion by Mr. Anderson, second by Mr. Hunton, the Commission approved the Findings of Facts and Conclusions of Law and Order, stating that the Eoff Dam shall be removed (a copy of Order is attached to minutes and Transcript is incorporated by reference in the record maintained by the Legal Division).

Ms. Johnson concluded the hearing. Details of the hearing were recorded and transcript will be prepared by the court reporter.

**ADJOURN/RECONVENE**

**APPROVAL OF MINUTES; MAY 15, 2013**

Upon motion by Mr. Feilke, second by Dr. Lamkin, the Commission approved the minutes of the May 15, 2013, regular meeting.

**REPORT OF THE EXECUTIVE DIRECTOR**

**WEST CROSSETT (ASHLEY COUNTY)**

**PAB-96A06**

**00288-WSSW-D**

**Project WRD-003-279**

**Loan Balance: \$903,961.03**

**Loan Balance: \$360,500.00**

Mr. Young gave a brief history of the sewer collection system. The project was funded by a CDBG grant approved by the Economic Development Commission and by a loan from ANRC. Staff has been in discussions with officials for over a year trying to resolve repayment of the loan. Mr. Young and Commissioner Lamkin visited with officials and following that visit, Chairman Cash, Mark Bennett, and

others made an on-site visit and toured the project. Mr. Young again visited and toured the project about two weeks ago with Senator Cheatham and Representative Wardlaw from that District.

When the project was developed, the preliminary engineering report indicated a potential of at least 460 customers for the system. The anticipated customer base never materialized. Currently, there are approximately 242 customers. The residents of the service area have lost employment opportunities and the housing stock is aging making the likelihood of an increased customer base unlikely. The system has had a slow decline in customers.

Mrs. Cash discussed a check that had previously been given to Mr. Young on his visit with West Crossett officials.

Upon motion by Mr. Anderson, second by Mr. Hampton, the Commission approved converting loan PAB-96A06 in the amount of **\$903,961.03** and loan 00288-WSSW-D in the amount of **\$360,500.00** to a grant on the condition that the check from West Crossett in the amount of \$24,000.00 be applied to the Water, Sewer and Solid Waste Fund. Any additional revenues from rate increases will be needed to make necessary repairs and replacement of existing infrastructure.

Dr. Lamkin suggested that a mechanism be implemented so that bad loans could be written off in a timely manner. Mr. Bennett noted that he had additional bad loans that needed to be restructured. Mr. Young stated that staff would bring a recommendation before the Commission in response to Dr. Lamkin's request.

**Southeast Arkansas Feasibility Study** – Chairman Cash informed the Commission that the Red River Compact Commission contacted Louisiana officials regarding that state's involvement in contributing to the Southeast Arkansas Feasibility Study. The Corps of Engineers has said that there is potential to continue with the upper project to put water in Boeuf River so that it flows into Louisiana for agriculture. She further added that the project was authorized in 1988 and there would probably never be another opportunity to get water in southeast Arkansas without funding this project.

Mr. Feilke questioned why the Corps wanted to end project. Mr. Young stated that the Corps has a 3x3x3 rule meaning that future feasibility studies have to be completed in 3 years, cost \$3 million or less, and have a report of 3 inches or less. The Corps is willing to look at the basin in northeastern Louisiana. Currently, the Corps wants one million dollars under the existing authority to wrap the study up before looking at an additional area.

Mr. Young proposed to the Vicksburg District a willingness to go forward and partner with Louisiana and sign a cost-share agreement in an effort to raise Arkansas's half of the money. The Corps responded that the agreement was not good enough to continue the study. Mr. Young suggested engaging Arkansas's Congressional Delegation and that Louisiana do likewise. He believes that both Congressional Delegations can have an impact on the Corps' policy.

Chairman Cash stated that she is the Executive Secretary of the Boeuf-Tensas Regional Water Distribution District and recused herself from the vote. Upon motion by Mr. Feilke, second by Dr. Lamkin, the Commission approved funding half the cost of the study with Louisiana. Mr. Young will contact the Corps and let them know the Commission's action today.

Mr. Young suggested deferring the Conservation Division's reports to September's meeting because of the length of the Eoff hearing.

#### **STATUS OF FINANCIAL ASSISTANCE PROGRAMS**

Mrs. Cynthia Bearden, presented the financial assistance report. (Copy of report attached to the minutes).

Mr. Young added that since approval by the Commission of the Plans of Work for the sale of General Obligation Bonds for the next biennium, he has discussed them with Governor Beebe and subsequently attended the Legislative Council meeting. They have favorably reviewed both plans. Mr.

Bennett noted that the governor issued a proclamation to that effect. Mr. Bennett advised that he anticipates the Resolution authorizing their issue will come before the Commission at its September meeting.

**APPLICATIONS FOR FINANCIAL ASSISTANCE**

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

Upon motion by Mr. Anderson, second by Mr. Richardson, the Commission approved the following recommendations:

**BUCKNER (LAFAYETTE COUNTY) (WDF)** **Up to \$128,750.00**

*PURPOSE OF FUNDS: Repairs and upgrades to the elevated water storage tank.*

The Commission approved a grant for Buckner in an amount up to **\$128,750.00** from the Water Development Fund. An administrative fee in an amount up to \$3,750.00 is to be retained by the Commission. Approval is contingent upon the town providing a \$7,500.00 local contribution, establishing and maintaining a depreciation reserve fund, and upon these grant funds being the last funds used for the project.

**COMPTON WATER ASSOCIATION (NEWTON COUNTY) (WSSW)** **Up to \$23,175.00**

*PURPOSE OF FUNDS: Repair and upgrades to the Fire Tower Road water storage tank.*

The Commission approved a loan for Compton Water Association in an amount up to **\$23,175.00** from the Water, Sewer and Solid Waste Fund. This loan is for ten (10) years at two and one-half percent (2.5%) interest. An administrative fee in an amount up to \$675.00 is to be retained by the Commission. Approval is contingent upon the association establishing and maintaining a depreciation reserve fund.

**COMPTON WATER ASSOCIATION (NEWTON COUNTY) (WSSW)** **Up to \$69,525.00**

*PURPOSE OF FUNDS: Repair and upgrades to the Fire Tower Road water storage tank.*

The Commission approved a grant in an amount up to **\$69,525.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$2,025.00 is to be retained by the Commission. Approval is contingent upon the association establishing and maintaining a depreciation reserve fund.

**FELSENTHAL (UNION COUNTY) (WSSW)** **Up to \$247,200.00**

*PURPOSE OF FUNDS: Repairs and pump replacement at two sewer lift stations and additional aeration to the sewer treatment ponds.*

The Commission approved a loan for Felsenthal in an amount up to **\$247,200.00** from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at three percent (3%) interest. An administrative fee in an amount up to \$7,200.00 is to be retained by the Commission. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund.

**CHIDESTER (OUACHITA COUNTY) (DWSRF)** **Up to \$800,000.00**

*PURPOSE OF FUNDS: Rehab and relocate the tank, replace the high service pumps, and replace equipment at treatment plant.*

The Commission approved funds for Chidester in an amount up to **\$800,000.00** of which the total amount will be in the form of a loan with principal forgiveness for Chidester from the Arkansas Drinking Water

State Revolving Loan Fund in accordance with the established funding priorities. Approval is contingent upon the city establishing and maintaining a depreciation reserve fund.

Dr. Lamkin advised that his residence is not on the Chidester system.

**ADDITIONAL FUNDS**

Mr. Bennett reported that the Executive Director, pursuant to the Commission regulations, increased funding for the following project:

**WILLOW SLOUGH DRAINAGE DISTRICT (WDF) (JACKSON COUNTY) (WRD-003-661)**

**Up to \$43,260.00**

*PURPOSE OF FUNDS: To remove debris blockage in the Cache River channel near Grubbs, Arkansas as contained in the Section 404 permit issued by the US Army Corps of Engineers.*

Additional funding was in the form of a grant in an amount up to \$43,260.00 from the Water Development Fund.

**DEOBLIGATION OF FUNDS BY EXECUTIVE DIRECTOR**

Mr. Bennett reported that the Executive Director has deobligated funds for the following:

**DORCHEAT WWFB OF COLUMBIA COUNTY (00892-CGO-L)**

**\$515,000.00**

Project moved to WSSW on May 15, 2013.

**JEANETTE (CRITTENDEN COUNTY) (00859-WSSW-G)**

**\$420.63**

Project completed

**TUCKERMAN (JACKSON COUNTY) (WSSW)**

**\$231,750.00**

**CHANGE IN TERMS OF FINANCIAL ASSISTANCE:**

**MARBLE FALLS WATER, SEWER AND SOLID WASTE DISPOSAL SID NO. 1**

**(NEWTON COUNTY) (00861-WSSW-L)**

**Project: WRD-003-766**

**Loan Balance: \$48,811.00**

Upon motion by Mr. Fowlkes, second by Mr. Anderson, the Commission approved the Change in Terms for Marble Falls Water, Sewer and Solid Waste Disposal SID No. 1 as follows:

Marble Falls obtained financial assistance from the Commission to make repairs to its wastewater collection and treatment system that discharges into the Buffalo National River. The Commission staff did a financial review and determined that the Marble Falls system could repay a loan of approximately \$103,000. The Commission provided additional funds to complete the project as a grant. The loan capacity was based on approximately 50 customers using the sewer system. Last summer a fire destroyed the apartment complex in Marble Falls. The complex provided 25 of the system's customers. The owner has decided not to rebuild the complex. The current debt level exceeds the remaining 23-25 customer's ability to repay. Therefore it would be the recommendation of the Commission staff that Loan 00861-WSSW-L in the amount of \$48,811.00 be converted to a grant not to be repaid. The terms of Loan 00850-WSSW-L, with a current balance of \$44,591, shall be unchanged.

**CONSERVATION DIVISION**

**APPOINTMENTS/REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS**

Upon motion by Mr. Richardson, second by Mr. Anderson, the Commission approved the following appointments/reappointments:

**APPOINTMENTS**

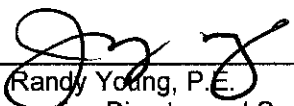
*Dallas County CD Donny White*

**REAPPOINTMENTS**

<i>Chicot County CD</i>	<i>Paul Dunavant</i>
<i>Columbia County CD</i>	<i>Dr. Mark Bryan</i>
	<i>Steve Whitehead</i>
<i>Hempstead County CD</i>	<i>Bobby Webb</i>
<i>Lincoln County CD</i>	<i>Robert Crain</i>
<i>Little River County CD</i>	<i>Kenneth Davis</i>
<i>Madison County CD</i>	<i>Marlene Pitts</i>
<i>Montgomery County CD</i>	<i>David McCarter</i>
<i>Phillips County CD</i>	<i>Larry Earnest</i>
<i>Poinsett County CD</i>	<i>Jimmy McDonald</i>
<i>Prairie County CD</i>	<i>Tim DeVore</i>
<i>White County CD</i>	<i>Jimmy Dale Smith</i>
	<i>Elvis Vaughn</i>
<i>Yell County CD</i>	<i>James Mitchell</i>

**ADJOURN**

There being no further business, the meeting was adjourned.

  
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J. Randy Young, P.E.  
Executive Director and Secretary

*9-19-13*  
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Date

