

**Minutes of the
ARKANSAS NATURAL RESOURCES COMMISSION**

January 18, 2012

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, January 18, 2012, at 9:30 a.m., at the office of the Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman Sloan Hampton, Vice-Chair Ann Cash, Alec Farmer, Neal Anderson, Mike Carter, Don Richardson, Corbet Lamkin and David Feilke. Mr. Jerry Mitchell was present via conference call.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Crystal Phelps, General Counsel; Adrian Baber, Chief, Conservation Division; Mark Bennett, Chief, Water Development Division; Cynthia Bearden, Agency Controller; Todd Fugitt, Senior Geologist; Jim Battreal, Geologist; Gina Wilson; Wesley Perry; Darla Brooks, Financial Programs Manager; Blake Walters, Land Resource Specialist; Dave Fenter, Marketing Manager; Deanna Dorrough, Associate General Counsel; Carla Hill, Administrative Assistant; Jacob Harvey; and Pat Smith, Executive Assistant.

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

APPROVAL OF MINUTES; DECEMBER 6, 2011

Upon motion by Mr. Anderson, second by Dr. Lamkin, the Commission approved the minutes of the December 6, 2011, regular meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Presentation of Resolutions to Outgoing Commissioners Farmer and Mitchell: - Mr. Young read and presented Resolution 2012-01 to recognize Commissioner Farmer for his contribution to the State of Arkansas by his service as a member of the Arkansas Natural Resources Commission. Upon motion by Dr. Lamkin, second by Mr. Anderson, the Commission adopted Resolution 2012-01 (Copy of Resolution is attached to the Minutes). Mr. Young also presented a letter to Mr. Farmer from Governor Mike Beebe recognizing his leadership and counsel over matters of managing and protecting the resources of the State of Arkansas. A Certificate of Appreciation plaque commemorating his service to the Commission was also presented to Mr. Farmer by the Commission.

Mr. Young read and presented Resolution 2012-02 to recognize Commissioner Mitchell for his contribution to the State of Arkansas by his service as a member of the Arkansas Natural Resources Commission. Upon motion by Dr. Lamkin, second by Mr. Carter, the Commission adopted Resolution 2012-02 (Copy of Resolution is attached to the Minutes). Mr. Young also presented a letter to Mr. Mitchell from Governor Mike Beebe recognizing his leadership and counsel over matters of managing and protecting the resources of the State of Arkansas. A Certificate of Appreciation plaque commemorating his service to the Commission was also presented to Mr. Farmer by the Commission.

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

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

LEGAL ISSUES

Commissioner Expense Reimbursement and Stipend – Mrs. Phelps presented information pertaining to the stipend and travel reimbursement. Upon motion by Dr. Lamkin, second by Mrs. Cash, the Commission, pursuant to Ark. Code Ann. §25-16-904 and Ark. Code Ann. §25-16-902, agreed to decline payment of an \$85.00 per meeting attended stipend for non-state agency employee members of the Commission, and authorized expense reimbursement for official business at the rate of state employees.

FINANCIAL ASSISTANCE

APPLICATIONS FOR FINANCIAL ASSISTANCE

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Water, Sewer and Solid Waste Fund (WSSW); and the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (CGO).

Upon motion by Dr. Lamkin, second by Mr. Farmer, the Commission approved the following recommendations:

Bauxite (Saline County) (WSSW)

Up to \$103,000.00

PURPOSE OF FUNDS: Sewer system improvements, including without limitation pump station improvements to serve a landfill and potential new residential sewer customers.

The Commission approved a loan for Bauxite in an amount up to **\$103,000.00** from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$3,000.00 is to be retained by the Commission. Approval is contingent upon the town establishing and maintaining a depreciation reserve fund.

Bull Shoals (Marion County) (CGO)

Up to \$309,000.00

PURPOSE OF FUNDS: Water system improvements, including without limitation water meter replacement and upgrades.

The Commission approved loan funding for Bull Shoals from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$309,000.00**.

The project approved in this resolution is to be funded from the proceeds of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds (the "Bonds"). All documents evidencing the commitment for financing and completion of the project mentioned in this resolution shall be subject to modification, amendment for further conditions to comply with the rules and regulations (including all amendments thereto), which the Commission may adopt, from time to time in order to comply with the covenants concerning the Bonds.

The loan terms and interest rate are to be set by the Executive Director with a repayment schedule of up to thirty (30) years.

Staff is hereby directed to negotiate a "Memorandum of Agreement" with the above named applicant as provided for in the Section 502.1 of Title V, Administrative Rules and Regulations for Financial Assistance, within 60 days.

Approval is contingent upon the availability of any other required funds and upon completion of all statutory and regulatory requirements within a period of 180 days. An administrative fee of three percent (3%) will be collected by the Commission at loan closing.

Mr. Carter stated that it was reasonable and fair for the Commission to ask that entities follow the rules by maintaining depreciation and O & M funds. He said that the Commission must demand that the entities keep those funds in reserve. Mr. Bennett stated that the best way to address this issue is through Water Plan Compliance.

Mr. Farmer added that some of these problems may arise because of the loss of customers as opposed to being poorly managed. He stated that regionalization where there is a loss in population is one answer to the problem.

Mr. Young has spoken to some members of the Legislature and they are expecting the Commission to address this issue in the Water Plan.

INCREASE IN FINANCIAL ASSISTANCE

The Executive Director reported that he has increased financial assistance funds for the following:

<u>Parkers Chapel Public Water Authority</u> <u>(Union County) (CGO-L)</u>	<u>\$103,000.00</u>
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REPORT ON FISHER SEWER SYSTEM

Mr. Bennett stated that staff has visited with the Honorable Homer Ansultz, Mayor of Fisher, to discuss the financial problems regarding the city's sewer system. Three alternatives were discussed, (1 make improvements to the existing plant; (2 pump sewage to Hickory Ridge, or (3 pump sewage to Weiner via Waldenburg.

ANRC staff, Arkansas Rural Water, and an engineering firm have studied the alternatives and have calculated an estimate of the costs and presented two options to the Commission. Mr. Bennett stated that the staff's recommendation would be to inquire of the possibility for Hickory Ridge to acquire and operate the Fisher system. Mr. Young asked the Commission if they would like for staff to pursue this option with Hickory Ridge and Fisher. He added that if nothing is done, the city will be in violation of ADEQ permits and will be heavily fined for non-compliance. Commissioner Lamkin stated that he would like to know how many customers Hickory Ridge currently has; how many other systems are within a 30-mile radius; what the population of Hickory Ridge was when its current system was built; and what the population of Hickory Ridge currently is before making a decision. Mr. Bennett stated that he will obtain that information and prepare a memo for the Commission.

CONSERVATION DIVISION

APPOINTMENTS/REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS

For the record, Mr. Farmer recused himself. Upon motion by Mrs. Cash, second by Mr. Richardson, the Commission approved the following appointments:

APPOINTMENTS

<i>Pope County CD</i>	<i>Kent Dollar</i>
<i>Craighead County CD</i>	<i>Greg Nall</i> <i>Alec Farmer</i>

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Blake Walters introduced Mr. Steve Martin with the Faulkner County Conservation District. Mr. Martin stated that six years ago a building was built to house the district, along with other federal agencies to better serve the community as an agricultural service center. On average, 24 meetings are held for the community through the rental of the conference room. The district also rents equipment to the local farmers.

Mr. Danny Mallett spoke on behalf of the district. Mr. Mallett owns land that has been designated a mitigation bank site. The land is currently flooded for ducks and for wildlife enhancement.

BREAK/RECONVENE

WATER RESOURCES MANAGEMENT DIVISION

Annual Ground Water Protection and Management Report - Mr. Todd Fugitt and Mr. Jim Battreal presented the annual 2011 Ground Water Protection and Management Report. This report is prepared to provide the State of Arkansas with comprehensive water-quantity and water-quality data to be utilized in accordance with the Arkansas Water Plan, and as a guide for water resources conservation and protection programs. It also covers water level data from the spring of 2010 to the spring of 2011.

Mr. Battreal stated that this report will show current water level trends and the changes of the alluvial, Sparta, as well as other aquifers for a five-year period over study areas of the state. Monitoring is accomplished through cooperative agreements with the ANRC, the USGS, and the Arkansas Geological Survey (AGS).

Mr. Brian Clark, with the USGS, introduced a report that analyzes the simulation of future effects of groundwater withdrawals on water-level altitudes within the Sparta aquifer in the Bayou Meto/Grand Prairie areas of eastern Arkansas. The model evaluates years 2007 through 2037. Increases in the number of wells constructed in the Sparta aquifer in the BM/GP area in response to a projected increase in demand on the Sparta aquifer because of declining water levels in the alluvial aquifer are of concern to the ANRC and were shown to negatively impact public supply wells.

Update on State Water Plan - Mr. Fugitt gave an update on the water plan process in the absence of Edward Swaim. An internal water plan workgroup is meeting bi-weekly to discuss needs and to receive guidance and recommendations. Other accomplishments so far are: an agreement entered into with AG&F Commission; a Project Participation Agreement with the US Corps of Engineers, Little Rock District, to engage CDM Smith, an engineering firm, to carry out the scoping process; and a procurement through 'Request for Qualifications' to hire firms to conduct water planning efforts has been advertised and distributed with letters of interest being due on January 23, 2012.

Mr. Anderson asked how many other agencies have had input so far. Mr. Fugitt said plans are to include state agencies, USGS, U of A Extension, and local and private companies.

Dr. Lamkin commented that he is concerned that there may be lawsuits with Louisiana, Alabama, and Mississippi because of over usage of the Sparta. He said that there are agreements on rivers, but he doesn't know of any agreements with other states on ground water. If we are using more than our fair share of the Sparta, then one of those states may say that we are using a disproportionate amount of water from the Sparta and sue the state.

ACTIVITY REPORTS

Informational activity reports were presented by the following: Andrew Wargo, AACD; Tom Riley, U of A Extension Service; Steve Jacks, USDA/Natural Resources Conservation Service, and Brian Clark, United States Geological Survey.

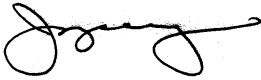
COMMISSION TRAVEL EXPENSE REIMBURSEMENT

Approval of Travel Reimbursement – Upon motion by Dr. Lamkin, second by Mr. Carter, the Commission approved reimbursable expenses for the Chairman or his designated representative to attend the following:

- (1) Arkansas Association of Conservation Districts Area Meetings
- (2) Conservation Delivery System Meeting, January 18, 2012, Little Rock, Arkansas
- (3) Soil and Water Education Conference, January 26, 2012, Jonesboro, Arkansas

ADJOURN

There being no further business, the meeting was adjourned.



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

March 21, 2012
Date