

**MINUTES**  
**ARKANSAS NATURAL RESOURCES COMMISSION**  
**September 16, 2020**

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held via Webex/teleconference on Wednesday, September 16, 2020, at 9:30 a.m. at Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, AR 72201.

Commissioners in attendance via conference call were Chairman Bill Poynter, Roy Reaves, Ann Cash, William Anderson, Neal Anderson, Will Brewer, and Troy Gaston. Vice Chairman Bruce Leggitt attended in person.

Staff members in attendance included: Bruce Holland, Director; Ryan Benefield, Deputy Director; Debby Dickson, Program Fiscal Manager; Cynthia Bearden, Accounting Operations Manager; and April Harris, Administrative Analyst, and others attending virtually.

Chairman Poynter called the ANRC meeting to order.

**APPROVAL OF MINUTES: July 15, 2020**

*Upon motion by Mr. Roy Reaves, seconded by Mr. Will Brewer, the commission unanimously approved the minutes of the meeting held on July 15, 2020.*

**REPORT OF THE DIRECTOR** – Director Holland began by recognizing Commissioner Fred Fowlkes with ANRC; Mr. Fowlkes recently passed away. Director Holland read a Resolution which the agency drafted in his honor. *The commission was unanimously in favor of Resolution 2020-04.*

Additionally, Director Holland commended each section of the Natural Resources Division (NRD) agency and staff for all of the hard work they do. He also recognized employees Steve Stake for 10 years of service and Jim Battreal for 20 years of service. Lastly, the commission was informed the location of the agency will be moving across town to a building closer to the Arkansas Department of Agriculture.

**FINANCIAL ASSISTANCE REPORT** - Mrs. Cynthia Bearden, Accounting Operations Manager, presented the financial assistance report dated August 31, 2020.

**WATER RESOURCES DEVELOPMENT SECTION**

**GENERAL OBLIGATION BOND REFUNDING:**

Daniel Allen with Raymond James & Associates, Inc. reported to the commission there was a successful sale last week for State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2012A and Series 2012B which resulted in significant savings totaling \$5.7 million.

Taxable Refunding Series 2020A Bonds had eight (8) bidders; Bank of New York was the winning bidder resulting in a savings of \$995,000. *Upon motion by Mrs. Ann Cash, seconded by Mr. Bruce Leggitt, the commission unanimously approved the adoption of Series 2020A, Resolution 2020-05 (refunding of Series 2012A Bonds).*

Taxable Refunding Series 2020B Bonds had six (6) bidders; R.W. Baird & Co. was the winning bidder resulting in a savings of \$4.7 million. *Upon motion by Mrs. Ann Cash, seconded by Mr. Bruce Leggitt, the commission unanimously approved the adoption of Series 2020B, Resolution 2020-06 (refunding of Series 2012B Bonds).*

### **FINANCIAL ASSISTANCE:**

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

*Upon motion by Mr. Neal Anderson, seconded by Mrs. Ann Cash, the commission unanimously approved the following staff recommendations for financial assistance:*

### **Town of Aubrey Lee County**

#### **Project: Replacement of two Sewer Substations**

##### **Project Description**

The Town of Aubrey's project includes replacement of two sewer substations. The metal casing needs replaced completely on both stations. The old rusting metal casing has become a health and safety hazard to operation staff due to years of erosion. Each substation has two motors with only one efficient operating motor, therefore the second motor needs replaced to prevent strain on the efficient motor. The electrical pole at substation one needs replaced along with the "circuit board" system. This dilapidated electrical equipment has caused breakers to flip and stop flow causing sewer issues throughout the town. With the replacement of the two sewer substations this will help the Town of Aubrey's sewer system both operationally and financially.

##### **Project Financial Information**

The current average monthly sewer bill for the Town of Aubrey is a \$20.00 flat fee. The Town of Aubrey will be required to raise the flat fee for sewer to \$25.00 per month. This is an increase of \$5.00 per month to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the Town of Aubrey is \$18,121. The Town of Aubrey listed the customer base for this project at 74.

The Town of Aubrey does not have any outstanding loans with ANRC.





as a result of the capacity of Fifty-Six's well, which is only producing 16 gallons per minute (gpm). Big Flat has been able to provide a supplemental supply of water between 8 gpm - 16 gpm, when available. However, Big Flat has seen an increase in water usage and may not be able to continue providing a supplement supply of water. The pre-construction conference was held in August and the pipe is scheduled to be installed, above ground, by the end of September 2020.

Phase two of the project will consist of the permanent installation, below ground, of the water main and construction of a permanent booster pumping station along with existing pump station improvements.

**Project Financial Information**

The current average monthly water bill for the City of Fifty-Six is \$42.51 based on 4,000 gallons of usage. The City of Fifty-Six will be required to raise rates to \$56.11 for 4,000 gallons of usage. This is an increase of \$13.60 per month in order to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Fifty-Six is \$40,450. The City of Fifty-Six has listed the customer base for this project at 230.

The City of Fifty-Six currently has two loans with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   |                       |
|---|-----------------------|
| Construction:                                 | \$1,370,200.00        |
| Contingencies                                 | 137,020.00            |
| Engineering – Planning, Design & Construction | 113,041.00            |
| Engineering – Inspection                      | 60,288.00             |
| Legal Fees                                    | 16,714.00             |
| Administrative                                | 5,000.00              |
| Capitalized Interest during Construction      | 0.00                  |
| Issuance fee (3%)                             | 0.00                  |
| Other – Engineering PER/ER                    | 80,000.00             |
| Other – Permitting                            | 30,000.00             |
| Other – Emergency Interim Funding WDF         | 831,416.00            |
| <b>Total Estimated Capital Cost:</b>          | <b>\$2,643,679.00</b> |

The interim funding for an amount up to \$831,416 (Includes 3% fee of \$24,216) from the Water Development Fund. Permanent funding will be through the Arkansas Drinking Water State Revolving Loan Fund contingent on meeting DWSRF requirements. Interest will be deferred for one year as long as the application for full funding is received within 3 months and the loan for the full funding is closed within 24 months of commission approval.

**Executive Director’s Recommendation**

Recommend the Commission approve a loan to the City of Fifty-Six in an amount up to \$396,552 from the Arkansas Drinking Water State Revolving Loan Fund and an amount up to \$2,247,127 in a loan with Principal Forgiveness from the Arkansas Drinking Water State Revolving Loan Fund.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**City of Louann**  
**Ouachita County**

**Project: Replace Existing Water Well**

**Project Description**

The City of Louann, Arkansas is proposing to replace the existing water well #2. The existing water system consists of two water wells and one 50,000-gallon elevated water storage tank. The City of Louann has already been approved for \$200,000 in grant funding from the Arkansas Economic Development Commission for this project.

**Project Financial Information**

The current average monthly water bill for the City of Louann is \$34.50 based on 4,000 gallons of usage. The City of Louann will be required to raise rates to \$36.23 monthly based on 4,000 gallons of usage. This is an increase of \$1.73 per month in order to service the proposed loan. The wholesale rate for Frenchport will also be required to raise rates to \$2.69 per 1,000 gallons. In addition, we will need a copy of the agreement between Louann and Frenchport for the purchase of water, the agreement must remain in place for a period equal to the term of the loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Louann is \$32,752. The City of Louann has listed its customer base for this project at 82.

The City of Louann has one loan with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   |              |
|---|--------------|
| Construction:                                 | \$225,900.00 |
| Contingencies                                 | 22,590.00    |
| Engineering – Planning, Design & Construction | 21,460.50    |
| Engineering – Inspection                      | 10,165.50    |
| Legal Fees                                    | 0            |
| Administrative                                | 0            |
| Capitalized Interest during Construction      | 0            |
| Issuance fee (3%)                             | 0            |
| Other: O & M Manual                           | 5,000.00     |
| Other – 3% Fee                                | 2,553.00     |
| <hr/>   |              |
| Total Estimated Capital Cost:                 | \$287,669.00 |
| Less - ADED Grant Funding                     | -200,000.00  |
| <hr/>   |              |
| Total Estimated Capital Cost:                 | \$ 87,669.00 |

**Executive Director’s Recommendation**

Recommend the Commission approve an amount up to \$87,669 (Includes a 3% fee of \$2,553) in a loan to the City of Louann from the Water Sewer & Solid Waste Fund.



If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**Village Water Association  
Columbia County**

**Project: Improvements to Water Tank**

**Project Description**

The Village Water Association is located approximately 12 miles east of Magnolia, Arkansas. The Village Water Association is proposing to make necessary improvements to their existing water tank; re-coating of the interior and exterior, overflow extension with a splashpad, replacement of the roof access hatch, roof vent and level indicator.

**Project Financial Information**

The current average monthly sewer bill for Village Water Association is \$42.00 based on 4,000 gallons of usage. The Village Water Association will be required to raise rates to \$57.12 monthly based on 4,000 gallons of usage. This is an increase of \$15.12 per month in order to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Magnolia is \$34,562. Village Water Association has listed its customer base for this project at 161.

Village Water Association has one loan with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   |                     |
|---|---------------------|
| Construction:                                 | \$288,500.00        |
| Contingencies                                 | 28,850.00           |
| Engineering – Planning, Design & Construction | 56,850.00           |
| Engineering – Inspection                      | 12,982.50           |
| Legal Fees                                    | 15,000.00           |
| Administrative                                | 0.00                |
| Capitalized Interest during Construction      | 0.00                |
| Issuance fee (3%)                             | 0.00                |
| Other: Cultural Resources Survey              | 0.00                |
| Other – Permitting                            | 0.00                |
| <b>Total Estimated Capital Cost:</b>          | <b>\$402,183.00</b> |

**Executive Director’s Recommendation**

Recommend the Commission approve an amount up to \$281,528 in a loan and an amount up to \$120,655 in a loan with principal forgiveness from the Arkansas Drinking Water State Revolving Loan Fund to Village Water Association.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**City of Dumas**  
**Desha County**

**Projects: Winchester - Planning & Design (bridge funding)**  
**Mitchellville – Sewer Connection to Mitchellville (new project)**

**Project Description - Winchester**

The City of Dumas was previously approved funding in an amount up to \$172,525 (Includes a 3% fee of \$5,025) to install new sanitary sewer linework connecting the community of Winchester to Dumas at the September 2017 commission meeting. The City of Dumas has requested bridge funding for a planning and design loan to cover costs until the previously approved funding from the Clean Water State Revolving Loan fund is closed and the funds become available.

**Project Description - Mitchellville**

The City of Dumas has also requested funding to connect the Town of Mitchellville to the sewer system. This project includes installation of approximately 13,834 feet of 4” PVC forcemain, 1,478 feet of 3” forcemain, and 13,992 feet of 6” PVC gravity sewer to connect Mitchellville to the Dumas wastewater collection system. The project will include the construction of pump stations and non-existent sewer infrastructures including piping appurtenances in Mitchellville.

**Project Financial Information – Winchester & Mitchellville projects**

The current average monthly sewer bill for the City of Dumas is \$25.25 based on 4,000 gallons of usage. The City of Dumas will be required to raise rates to \$31.69 monthly based on 4,000 gallons of usage. This is an increase of \$6.44 per month in order to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Dumas is \$22,962. The City of Dumas has listed its customer base for this project at 2,557.

The City of Dumas currently has two loans with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs – Mitchellville project**

|   |                    |
|---|--------------------|
| Construction:                                 | \$3,519,075.00     |
| Contingencies                                 | 0.00               |
| Engineering – Planning, Design & Construction | 250,000.00         |
| Engineering – Inspection                      | 150,000.00         |
| Legal Fees                                    | 0.00               |
| Administrative                                | 0.00               |
| Capitalized Interest during Construction      | 0.00               |
| Issuance fee (3%)                             | 0.00               |
| Other: Survey/Easement Preparation            | 53,000.00          |
| Other – ANRC Requirements                     | 94,877.95          |
| <b>Total Estimated Capital Cost:</b>          | <b>\$4,066,953</b> |



**Executive Director’s Recommendation**

Recommend the Commission approved an amount up to \$172,525 (Includes a 3% fee of \$5,025) in a loan from the Water Sewer & Solid Waste Fund for the Winchester project.

Recommend the Commission approve an amount up to \$2,440,172 in a loan and an amount up to \$1,626,781 in a loan with principal forgiveness from the Arkansas Clean Water State Revolving Loan Fund for the Mitchellville project.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**Lawson-Urbana Public Water Authority  
Union County**

**Project: Construct a New Water Well**

**Project Description**

The Lawson-Urbana Public Water Authority (PWA) is proposing to construct a 400 gallon per minute (GPM) well in Urbana. This well will improve the water system’s resilience by ensuring the water system’s ability to meet demand. The first test hole in the Green Sands aquifer did not result in an acceptable well; therefore, the proposal is to drill to the Sparta aquifer.

**Project Financial Information**

The current average monthly water rates for the Lawson-Urbana PWA is \$26.80 based on 4,000 gallons of usage. The Lawson-Urbana PWA will be required to raise the water rates to \$35.78 monthly based on 4,000 gallons of usage. This is an increase of \$8.98 per month to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for Union County is \$41,647. The Lawson-Urbana PWA listed the customer base for this project at 441.

Lawson-Urbana PWA has one loan with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   |                       |
|---|-----------------------|
| Construction:                                 | \$900,082.44          |
| Contingencies                                 | 90,008.00             |
| Engineering – Planning, Design & Construction | 79,207.00             |
| Engineering – Inspection                      | 39,603.00             |
| Legal Fees                                    | 15,650.45             |
| Administrative                                | 0.00                  |
| Capitalized Interest during Construction      | 0.00                  |
| Other: PER/ER                                 | 15,000.00             |
| Other: Easements/Land                         | 5,000.00              |
| <b>Total Estimated Capital Cost:</b>          | <b>\$1,144,551.00</b> |



### **Executive Director's Recommendation**

Recommend the Commission approve an amount up to \$1,144,551 in a loan to the Lawson-Urbana PWA from the Arkansas Drinking Water State Revolving Loan Fund.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

## **Lost Bridge Village Water & Sewer Improvement Dist. No 1 & 2 Benton County**

### **Project: New Wastewater Treatment Plant**

#### **Project Description**

Lost Bridge Village Water & Sewer Improvement Districts No. 1 & No. 2 (LBV) provides wastewater collection and treatment for approximately an estimated 950 residents, depending on the season, through 370 service connections near Garfield, Arkansas. The wastewater treatment plant (WWTP) consists of a manual bar screen, three extended aeration package units with blowers, settling tanks, sand filters and chlorine disinfection. The extended aeration unit one was installed in the 1970's, unit two was installed in the 1980's, and unit three was installed in 2000. The aged and dilapidated WWTP is showing signs of obvious corrosion and deterioration. The wastewater treatment system discharges into Beaver Lake, which is the drinking water source for many municipalities and a recreational waterway of Northwest Arkansas. The treatment plant is currently operating under ADEQ Consent Administrative Order (CAO) LIS No. 15-133-002 with a final date of compliance of March 1, 2021. The CAO was issued due to numerous effluent violations dating back to 2011. Although corrective action plan measures have been and are currently being implemented, the treatment plant continues to have issues with meeting effluent limitations.

LBV proposes to install a new wastewater treatment plant. The installation of a new wastewater treatment plant is the most dependable alternative to consistently meet effluent limitations into Beaver Lake. The innovative technology of modern-day treatment equipment offers more advanced treatment and cleaner discharge.

#### **Project Financial Information**

The current average monthly water and sewer bill for LBV is \$95.80 based on 4,000 gallons of usage. LBV will be required to raise rates to \$116.90 for 4,000 gallons of usage. This is an increase of \$21.10 per month in order to service the proposed loan. The Median Household Income (MHI) provided from the survey conducted by G & G Municipal Consulting and Grant Writing for LBV is \$46,833. LBV has listed the customer base for this project at 406.

Lost Bridge Village Water & Sewer Improvement Dist. No 1 & 2 does not have any outstanding loans with ANRC.

**Estimated Project Costs**

|   |                       |
|---|-----------------------|
| Construction:                                 | \$2,182,250.00        |
| Contingencies                                 | 327,338.00            |
| Engineering – Planning, Design & Construction | 181,945.00            |
| Engineering – Inspection                      | 94,109.00             |
| Legal Fees                                    | 0.00                  |
| Administrative                                | 0.00                  |
| Capitalized Interest during Construction      | 0.00                  |
| Issuance fee (3%)                             | 0.00                  |
| Other – Engineering PER/ER                    | 0.00                  |
| Other – Permitting                            | 0.00                  |
| <b>Total Estimated Capital Cost:</b>          | <b>\$2,785,642.00</b> |

**Executive Director’s Recommendation**

Recommend the Commission approve an amount up to \$1,392,821 in a loan and an amount up to \$1,392,821 in a loan with principal forgiveness from the Arkansas Clean Water State Revolving Loan Fund to Lost Bridge Village Water & Sewer Improvement Dist. No 1 & 2.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**Illinois River Watershed Partnership**

Benton, Crawford & Washington County

**Project: Septic Tank Remediation Loan/Grant Program in the Illinois River Watershed**

**Project Description**

The Illinois River Watershed Partnership has applied as a managing organization for the Septic Tank Pilot Program and funding for septic tank remediation within the in the Illinois River Watershed. The proposal is for management and remediation over a three-year period.

The purpose of this pilot project is to improve and protect water quality in three targeted watersheds while assisting residents in remediating their failing onsite septic systems. By participating and meeting all necessary requirements in this program and depending on their household income, residents in the targeted watersheds will be eligible to receive some financial assistance, not to exceed \$30,000, in the form of grant/loan as reimbursement for repair or replacement of a failing septic system (as long as funding is available).

The managing organization will be responsible for:

- Determining homeowner eligibility and income status,
- Reviewing homeowner application to ensure all program requirements are met,
- Issuing notice to proceed to homeowner based on approved application,
- Receiving and reviewing all contractor signed final invoices,
- Submitting permits, construction invoices and pay requests to NRD,
- Obtaining notarized Deeds of Trust and Promissory notes,
- Filing Deed of Trust,



- Accepting loan installments until loan is repaid,
- Filing notarized deeds of release and remitting to homeowner, and
- Revolving loan receipts into future loans/grants.

Many people within the Illinois River Watershed are living in areas which are not served by municipal sewers. Wastewater treatment is accomplished using septic systems. Considering that regional soils are generally rocky and thin, conventional septic systems consisting of a septic tank and drain field are often ineffective and can pose a water quality hazard. In addition, when not maintained, even a functioning septic system can eventually fail and leach contaminants into the ground and directly into water sources. This pilot program would focus on providing resources and information to existing homeowners for replacement of old, failing septic systems and promote proper maintenance of existing systems through a grant/loan program.

For Homeowners: Financial assistance will be offered to homeowners who are deemed in need of a septic system replacement by the Arkansas Department of Health. Assistance will be in the form of a grant and/or 0% interest loan depending on the income of the homeowner.

The homeowner will be responsible for:

- Hiring a qualified licensed designer (or Designated Representative) and, if needed, a soil scientist,
- Acquiring three quotes from licensed installers,
- Meeting all regulatory requirements,
- Providing a copy of all required paperwork including paid invoices for the service completed to the managing organization before requesting reimbursement,
- Agreeing to provide qualified operation and maintenance of the system during the project period,
- Allowing a deed of trust to be placed on the property to secure the loan portion of the reimbursement award, and
- Supplying documents needed to establish ownership of property, proof of identity, and proof of income.

### **Watershed Impacts**

When properly maintained and operating correctly, septic systems remove many pollutants and provide some measure of protection for human health and the environment. However, as rural populations continue to grow and aquifers exhaust their ability to dilute wastes from ever-increasing numbers of septic tanks, water quality can deteriorate.

Septic systems can be a contributor to the many sources of nutrients in groundwater and surface water. Nutrient enrichment, or eutrophication, is the over-fertilization of surface waters by nitrogen and phosphorus. Nutrient enrichment can cause a host of negative ecological effects on streams and lakes, including loss of water clarity, proliferation of aquatic weeds, algae blooms, and drop-offs in dissolved oxygen (a critical factor for fish and other aquatic life).

Implementation of a septic tank remediation program in the Illinois River Watershed is likely to have a direct positive impact on water quality by reducing the potential of leaching contaminants into the ground and directly into water sources.

**Estimated Project Costs**

The chart below includes estimated costs for the Illinois River Watershed Partnership to provide staff to administer a grant/loan program for septic tank remediation. The Natural Resources Division of the Arkansas Department of Agriculture will require prior approval on all promotional expenses throughout the length of the project.

| <b>Managing Organization Estimated Costs</b>                            | <b>Estimated Budget</b> |                       |
|---|-------------------------|-----------------------|
| <b>Personnel</b>  |                         |                       |
| Executive Director (25% for 3 Years)                                    | \$ 56,250.00            |                       |
| Project Manager (100% for 3 years)                                      | 135,000.00              |                       |
| Benefits, Payroll Taxes, & Indirect Expenses (26%)                      | 49,725 .00              |                       |
| <b>Promotional<br/>(Requires NRD approval prior to expending funds)</b> |                         |                       |
| Promotional Supplies (design and printing)                              | 20,000 .00              |                       |
| Office Supplies (computer, business printer, etc.)                      | 10,000 .00              |                       |
| Mileage<br>(assuming 5,000 miles at \$0.54/mile for three-year period)  | 2,700 .00               |                       |
| Application Fee 3%  | 8,210.25                |                       |
| Estimated Managing Organization Budget<br>(three-year period)           |                         | \$ 281,885.25         |
| Total Estimated Construction Budget*<br>(Three year Period)             |                         | \$1,000,000.00        |
| <b>Watershed total estimated Budget<br/>(Three-year period)</b>         |                         | <b>\$1,281,885.25</b> |

\*Disbursement of funding for Sceptic Tank Replacement will be based on actual work completed and is anticipated to be up to \$1 million over three years.

**Executive Director’s Recommendation**

Recommend the Commission approve a grant in an amount up to \$281,885.25 (Includes a 3% Fee of \$8,210.25) from the Water Development Fund amount and an amount up to \$1,000,000 in a loan with principal forgiveness from the Arkansas Clean Water State Revolving Loan Fund to the Illinois River Watershed Partnership.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.



## **Ozark Water Watch**

Benton, Washington, Madison, Carroll, Boone, Newton & Franklin County

### **Project Description**

The Ozark Water Watch has applied as a managing organization for the Septic Tank Pilot Program and funding for septic tank remediation within the in the Upper White River/Beaver Lake Watershed. The proposal is for management and remediation over a three-year period.

The purpose of this pilot project is to improve and protect water quality in three targeted watersheds while assisting residents in remediating their failing onsite septic systems. By participating and meeting all necessary requirements in this program and depending on their household income, residents in the targeted watersheds will be eligible to receive some financial assistance, not to exceed \$30,000, in the form of grant/loan as reimbursement for repair or replacement of a failing septic system (as long as funding is available).

The managing organization will be responsible for:

- Determining homeowner eligibility and income status,
- Reviewing homeowner application to ensure all program requirements are met,
- Issuing notice to proceed to homeowner based on approved application,
- Receiving and reviewing all contractor signed final invoices,
- Submitting permits, construction invoices and pay requests to NRD,
- Obtaining notarized Deeds of Trust and Promissory notes,
- Filing Deed of Trust,
- Accepting loan installments until loan is repaid,
- Filing notarized deeds of release and remitting to homeowner, and
- Revolving loan receipts into future loans/grants.

Many people within the Upper White River/Beaver Lake Watershed are living in areas which are not served by municipal sewers. Wastewater treatment is accomplished using septic systems. Considering that regional soils are generally rocky and thin, conventional septic systems consisting of a septic tank and drain field are often ineffective and can pose a water quality hazard. In addition, when not maintained, even a functioning septic system can eventually fail and leach contaminants into the ground and directly into water sources. This pilot program would focus on providing resources and information to existing homeowners for replacement of old, failing septic systems and promote proper maintenance of existing systems through a grant/loan program.

For Homeowners: Financial assistance will be offered to homeowners who are deemed in need of a septic system replacement by the Arkansas Department of Health. Assistance will be in the form of a grant and/or 0% interest loan depending on the income of the homeowner.

The homeowner will be responsible for:

- Hiring a qualified licensed designer (or Designated Representative) and, if needed, a soil scientist,
- Acquiring three quotes from licensed installers,
- Meeting all regulatory requirements,
- Providing a copy of all required paperwork including paid invoices for the service completed to the managing organization before requesting reimbursement,

- Agreeing to provide qualified operation and maintenance of the system during the project period,
- Allowing a deed of trust to be placed on the property to secure the loan portion of the reimbursement award, and
- Suppling documents needed to establish ownership of property, proof of identity, and proof of income.

**Watershed Impacts**

When properly maintained and operating correctly, septic systems remove many pollutants and provide some measure of protection for human health and the environment. However, as rural populations continue to grow and aquifers exhaust their ability to dilute wastes from ever-increasing numbers of septic tanks, water quality can deteriorate.

Septic systems can be a contributor to the many sources of nutrients in groundwater and surface water. Nutrient enrichment, or eutrophication, is the over-fertilization of surface waters by nitrogen and phosphorus. Nutrient enrichment can cause a host of negative ecological effects on streams and lakes, including loss of water clarity, proliferation of aquatic weeds, algae blooms, and drop-offs in dissolved oxygen (a critical factor for fish and other aquatic life).

Implementation of a septic tank remediation program in the Upper White River/Beaver Lake Watershed is likely to have a direct positive impact on water quality by reducing the potential of leaching contaminants into the ground and directly into water sources.

**Estimated Project Costs**

The chart below includes estimated costs for the Ozark Water Watch to provide staff to administer a grant/loan program for septic tank remediation. The Natural Resources Division of the Arkansas Department of Agriculture will require prior approval on all promotional expenses throughout the length of the project.

| <b>Managing Organization Estimated Costs</b>                            | <b>Estimated Budget</b> |                       |
|---|-------------------------|-----------------------|
| <b>Personnel</b>  |                         |                       |
| Personnel*  | \$170,250.00            |                       |
| Benefits, Payroll Taxes, & Indirect Expenses (26%)                      | 51,075.00               |                       |
| <b>Promotional<br/>(Requires NRD approval prior to expending funds)</b> |                         |                       |
| Promotional Supplies (design and printing)                              | 20,000.00               |                       |
| Office Supplies (computer, business printer, etc.)                      | 10,000 .00              |                       |
| Mileage<br>(assuming 5,000 miles at \$0.54/mile for three-year period)  | 2,700 .00               |                       |
| Application Fee 3%  | 7,620.00                |                       |
| Estimated Managing Organization Budget (three-year period)              |                         | \$ 261,620.00         |
| Total Estimated Construction Budget* (Three-year Period)                |                         | \$1,000,000.00        |
| <b>Watershed total estimated Budget<br/>(Three-year period)</b>         |                         | <b>\$1,261,620.00</b> |



\*Disbursement of funding for Sceptic Tank Replacement will be based on actual work completed and is anticipated to be up to \$1 million over three years.

### **Executive Director's Recommendation**

Recommend the Commission approve an amount up to \$1,000,000 in a loan with Principal Forgiveness to the Ozark Water Watch from the Arkansas Clean Water State Revolving Loan Fund and an amount up to \$261,620 (Includes a 3% Fee of \$7,620) from the Water Development Fund.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

## **City of Helena West-Helena Phillips County**

### **Project: Repair to Failing Exterior Levee Walls on Sewage Treatment Facility**

#### **Project Description**

In 2018 the City received \$400,000 from Delta Regional Authority (DRA), matched by \$25,000 from the City, to repair the failing levee walls of the sewage treatment facility located near Arkansas Highway 44. The walls were near collapse in several places due to excessive rains and failure of the pumps at Pump Station #6 causing the levels of the treatment ponds to rise to dangerous levels. It was unsafe for water department employees to operate vehicles on and around many parts of the treatment ponds due to the weak condition of the levee walls.

The project began in 2019 and as of August 2020 the repairs to the levee walls are substantially complete. However, there is one exterior wall and one interior wall that are still deemed extremely insufficient and need to be repaired immediately. At the time the original project began these walls were in better shape than the others. However, time and circumstances have caused these walls to deteriorate.

It is critical that the City secure enough additional funding before the current repair project concludes, and while they still have a contractor onsite, to avoid a substantial increase in cost and significant delay. If the City waits until November, and then has to go through the bidding process, it will most likely delay the project until next work season because it will likely be too wet to get dirt from the pit at the site. Use of dirt onsite saved this project in excess of one million dollars, so it is important to be able to utilize the dirt onsite. In the likely event of rains during the month of December, the condition of the narrow levees where the work must take place, would likely prevent work until the next work season. Additionally, the City will incur additional costs for mobilization and general conditions if a new bid and contract is necessary.

In the process of rebidding the work, there are no guarantees that the same contractor, who is familiar with this somewhat unique repair method in this project, will be awarded the job, nor is there any guarantee that the low bid will not contain higher unit prices. The City's primary

goal and justification for getting funding now is to complete as much of the work as possible before the wet weather season arrives and to utilize the knowledge and unit prices from the existing contractor. The condition of the levees also degrades with each wet season because the unprotected banks of the unrepaired areas continue to erode from wave wash, making the repairs more expensive.

Funds requested will allow the one remaining interior levee wall and the one remaining exterior levee wall to be repaired, thereby completing the entire lagoon project.

**Project Financial Information**

The current average monthly sewer bill for the City of Helena-West Helena is \$12.47 based on 4,000 gallons of usage. The City of Helena – West-Helena will need to maintain their scheduled increase annually every January beginning January 2021 at a rate equal to the consumer price index stipulated in their rate ordinance. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Helena-West Helena is \$21,907. The City of Helena-West-Helena has listed the customer base for this project at 4,305.

The City of Helena-West-Helena currently has two outstanding loans with ANRC. This City is current on payments for the WSSW loan and delinquent on one payment for loan #01174-DWSRF-L. However, an approved plan to become current is in place. The City is current on payments for the WSSW loan and audit requirements.

**Estimated Project Costs**

|   |                 |
|---|-----------------|
| Construction:                                 | \$199,132       |
| Contingencies                                 | 0               |
| Engineering – Planning, Design & Construction | 7,959           |
| Engineering – Inspection                      | 17,909          |
| Legal Fees                                    | 0               |
| Administrative                                | 0               |
| Capitalized Interest during Construction      | 0               |
| Issuance fee (3%)                             | 2,250           |
| Other – Engineering PER/ER                    | 0               |
| <u>DRA Funding</u>                            | <u>-150,000</u> |
| <u>Total Estimated Capital Cost:</u>          | <u>\$77,250</u> |

**Executive Director’s Recommendation**

Recommend the Commission approve a loan to the City of Helena-West-Helena in an amount up to \$77,250 (Includes 3% fee of \$2,250) from the Water Sewer & Solid Waste Fund (WSSW).

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain 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 Drinking Water State Revolving Fund (DWSRF) and from the Arkansas Clean Water Revolving Loan Fund (CWRLF).

*Upon motion by Mr. Bruce Leggitt, seconded by Mr. Will Brewer, the commission unanimously approved the following staff recommendations for an increase in funding:*

**Gillham Lake Regional Public Water Authority  
Polk County**

**Project: Rehab/ Expansion Drinking Water Plant  
Increase in Funding Request**

**Project Description**

The Commission approved a loan in an amount up to \$2.4 million (# 01145-DWSRF-L) a loan with principal forgiveness in an amount up to \$1.7 million, (#01146-DWSRF-F) from the Drinking Water State Revolving Loan Fund at the meeting on September 20, 2017. Gillham Lake Regional Public Water Authority is requesting additional funds after bid opening in an amount up to \$2,592,173 for the rehabilitation and expansion of the existing drinking water plant.

**Project Financial Information**

The current average Wholesale water rate for Gillham Lake Regional Public Water Authority is \$2.53 per 1,000 gallons and once the annually calculated minimum is reached the Wholesale Water rate is \$2.45 per 1,000 gallons. The Authority will be required to raise rates to \$3.07 per 1,000 gallons and once the annually calculated minimum has been reached the Wholesale water rate shall be \$2.98 per 1,000 gallons. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the six communities that Gillham Lake provide wholesale water to is \$32,217. The Authority has listed the customer base for this project at 1,707.

Gillham Lake Regional Public Water Authority currently has five loans with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   | Original Project Budget | Projected Budget Increase | Total Projected Project Budget |
|---|-------------------------|---------------------------|--------------------------------|
| Construction                                  | 3,305,000.00            | \$2,604,373.00            | \$5,909,373.00                 |
| Contingencies                                 | 314,500.00              | -15,300.00                | 299,200.00                     |
| Engineering – Planning, Design & Construction | 283,400.00              | 0.00                      | 283,400.00                     |
| Engineering – Inspection                      | 130,200.00              | 0.00                      | 130,200.00                     |
| Legal Fees                                    | 25,000.00               | 20,000.00                 | 45,000.00                      |
| Administrative                                | 0.00                    | 0.00                      | 0.00                           |
| 2400Capitalized Interest during Construction  | 0.00                    | 0.00                      | 0.00                           |
| Issuance fee (3%)                             | 0.00                    | 0.00                      | 0.00                           |

|                               |                |                |                       |
|-------------------------------|----------------|----------------|-----------------------|
| Other – Davis Bacon & AIS     | 5,000.00       | 0.00           | 5,000.00              |
| Other –EID & Facility Plan    | 20,000.00      | 0.00           | 20,000.00             |
| <hr/>                         |                |                |                       |
| Total Estimated Capital Cost: | \$4,083,100.00 | \$2,609,073.00 | \$6,692,173.00        |
| <hr/>                         |                |                |                       |
| Previously approved Funding:  |                |                |                       |
| Loan #01145-DWSRF-L           |                |                | -2,400,000.00         |
| Loan #01146-DWSRF-F           |                |                | -1,700,000.00         |
| <hr/>                         |                |                |                       |
| Additional Funds requested    |                |                | <b>\$2,592,173.00</b> |

**Executive Director’s Recommendation**

Recommend the Commission approve a loan in an amount up to \$1,513,346 and a loan with principal forgiveness in an amount up to \$1,078,827 from the Arkansas Drinking Water State Revolving Loan Fund to Gillham Lake Regional Public Water Authority.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**Runyan Sewer Improvement District No. 211  
Pulaski County**

**Project: Wastewater Treatment Plant Improvements  
Additional Funding**

**Project Description**

The commission previously approved an amount up to \$2.5 million (loan #01159-CWRLF-L) at the March 2018 commission meeting. The overall project at Runyan includes two schedules of work to make improvements to the sewer collection system and the levee located at the wastewater treatment plant, both described below. Because the low bid on schedule one was higher than originally estimated, additional funds are required in order to fund both schedules of work and allow for some contingencies.

Schedule one includes sewer collection system improvements to reduce infiltration during rain events. This would include construction of a new post aeration basin to be located just downstream of the before flow measurement. The new post aeration basin will maintain dissolved oxygen levels above the ADEQ permit requirements.

Schedule two includes improvements to the existing lagoon levees. The wastewater lagoon levees have experienced erosion over many years and are in need of erosion control measures including interior and exterior slopes, placement of rip rap along slopes and hydroseeding exterior slope. Gravel will be placed along the top of the levees for a driving surface.



**Project Financial Information**

The current average monthly sewer bill for Runyan Sewer Improvement District No. 211 is \$39.00 which is a flat fee. The Runyan Sewer Improvement District No 211 will be required to raise the flat fee rate to \$43.00 monthly. This is an increase of \$4.00 per month in order to service the proposed loan. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Sherwood is \$60,470. Runyan Sewer Improvement District has listed its customer base for this project at 1,420.

Runyan Sewer Improvement District No. 211 has two loan with ANRC and is current on all payments and audit requirements.

**Estimated Project Costs**

|   | Loan<br>#01159-CWRLF-L | Additional<br>Funds   | Total<br>Funding      |
|---|------------------------|-----------------------|-----------------------|
| Construction – Schedule One:                  | \$1,938,298.00         | \$ 0                  | \$1,938,298.00        |
| Contingencies – Schedule One                  | 0                      | 0                     | 0                     |
| Construction – Schedule Two                   | 0                      | 748,945.00            | 748,945.00            |
| Contingencies – Schedule Two                  | 0                      | 220,295.74            | 220,295.74            |
| Engineering – Planning, Design & Construction | 281,381.26             | 0                     | 281,381.26            |
| Engineering – Inspection                      | 34,689.74              | 30,759.26             | 65,449.00             |
| Legal Fees                                    | 20,000.00              | 0                     | 20,000.00             |
| Administrative                                | 0                      | 0                     | 0                     |
| Capitalized Interest during Construction      | 0                      | 0                     | 0                     |
| Issuance fee (3%)                             | 0                      | 0                     | 0                     |
| Other – SSES                                  | 225,631.00             | 0                     | 225,631.00            |
| Other –                                       | 0                      | 0                     | 0                     |
| <b>Total Estimated Capital Cost:</b>          | <b>\$2,500,000.00</b>  | <b>\$1,000,000.00</b> | <b>\$3,500,000.00</b> |

**Executive Director’s Recommendation**

Recommend the Commission approve an amount up to \$1,000,000 in a loan to Runyan Sewer Improvement District No. 211 from the Arkansas Clean Water State Revolving Loan Fund.

If approved, the Executive Director will establish any necessary combined annual borrower rates and additional terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

**El Dorado Rural Public Water Authority (Withdrawn)**

Mrs. Dickson stated El Dorado requested to withdraw their application for an increase in funding at this time; however, it may come up again in the future.

**REQUEST CHANGE IN TERMS:**

Mrs. Debby Dickson presented staff recommendations for a change in approved funding terms request from Little Rock Water Reclamation Authority (LRWA). Due to the impacts of COVID-19 pandemic on revenue, LRWA is requesting deferral of principal payments on six outstanding loans with principal due in years 2021, 2022, and 2023 to the end of the repayment schedule, extending the term of each loan for three years. LRWA is current on all payments and audit

requirements for ANRC. Mrs. Dickson provided the commission with the six loan numbers, terms, rates, loan amounts, balances, and payoff dates.

*Upon motion by Mr. Bruce Leggitt, seconded by Mr. Will Brewer, the commission unanimously approved the change in terms for Little Rock Water Reclamation Authority loans.*

**DE-OBLIGATION OF FUNDS:**

Mrs. Debby Dickson reported on the below referenced funds to be de-obligated from the Water, Sewer and Solid Waste Fund (WSSW), the Water Development Fund (WDF), the Arkansas Drinking Water State Revolving Fund (DWSRF), and the Arkansas Clean Water Revolving Loan Fund (CWRLF).

**City of Clarksville (00170-WDF-L) \$412,000.00**

De-obligate funds in the amount of \$412,000.00 that were approved in May 2020 from the Water Development Fund. Entity is using existing city funds.

**Eudora (01042-DWSRF-L) \$752.44**

De-obligate funds in the amount of \$752.44 that were approved in July 2015 from the Arkansas Drinking Water State Revolving Fund. Project is complete, remaining funds will not be used.

**Frenchport (01178-WSSW-L) \$16,881.92**

De-obligate funds in the amount of \$16,881.92 that were approved in September 2018 from the Water, Sewer and Solid Waste Fund. Project is complete, remaining funds will not be used.

**Huttig (01080-DWSRF-L) \$66,303.08**

De-obligate funds in the amount of \$66,303.08 that were approved in July 2016 from the Arkansas Drinking Water State Revolving Fund. Project is complete, remaining funds will not be used.

**Nashville Rural Water Public Authority (01185-WDF-L) \$4,267.00**

De-obligate funds in the amount of \$4,267.00 that were approved in January 2019 from the Water Development Fund. All meters have been ordered, invoiced, and paid. Remaining funds will not be used.

**City of Nashville (01256-WDF-L) \$623,519.00**

De-obligate funds in the amount of \$623,519.00 that were approved in November 2019 from the Water Development Fund. City no longer needs this funding. Received other state funding and AR Department of Emergency Management funding.

**City of Waldo (010561-CWRLF-L) \$81,064.82**

De-obligate funds in the amount of \$81,064.82 that were approved in January 2016 from the Arkansas Clean Water Revolving Loan Fund. Construction complete; remaining funds will not be used.

**Walker WA (01136-DWSRF-L) \$58,355.68**

De-obligate funds in the amount of \$58,355.68 that were approved in July 2017 from the Arkansas Drinking Water State Revolving Fund. Project is complete, remaining funds will not be used.



**CONSERVATION SECTION** – Deputy Director Ryan Benefield announced the below appointments, reappointments, and Director Emeritus for the conservation districts:

*Upon motion by Mr. William Anderson, seconded by Mr. Troy Gaston, the commission unanimously approved the following appointments, reappointments, and Director Emeritus:*

**Appointments to Conservation District Boards**

|                 |            |
|-----------------|------------|
| Franklin County | Joe Powell |
| White County    | Ryan Pace  |

**Reappointments to Conservation District Boards**

|                |                 |
|----------------|-----------------|
| Boone County   | James C. Widner |
| Madison County | Roy Mahler      |
| Saline County  | Richard Hoffman |

**District Director Emeritus** – Mr. Benefield reported to the commission there has been a recommendation from Clark County to appoint Bob Fowler as a Conservation Director Emeritus.

**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; and Trevor Timberlake, U.S. Army Corps of Engineers.

**OTHER**

Kevin Smith, Mayor of Helena-West Helena, gave thanks for approving their funding request and commended NRD staff on their work.

Director Holland announced Mary Elizabeth Lea transferred from the Department of Ag into the admin position of the NRD conservation section. Also, interviews & job offers were done for the Land Resource Specialists (LRS) positions in the NRD conservation section; however, applicants declined so positions will be re-advertised. Furthermore, Director Holland commended Bob Fowler, LRS, for all of his hard-work while being the only LRS.

Commissioner William Anderson inquired about the water quantity tax incentives credit. Mr. Benefield gave a brief overview of this tax credit and shared the information he recently received from the Department of Finance and Administration (DF&A). He stated DF&A performed an audit this year and discovered a lot of individuals were not obtaining their certificate of completion from ANRC within the required three years. These individuals can be categorized three ways: 1) got credit, did work, just didn't get certificate; 2) changed mind, never got credit, never did work; or 3) got credit, never did work, never got certificate. DF&A recently sent letters to our applicants stating they owe money plus a penalty. If applicants who did the work can come back to ANRC and show the work was completed within the three years, then we can issue a certificate of completion which they can then show DF&A. Nonetheless, if the work cost less than the credit received, they will still owe money to DF&A. In the future, reminders will now be sent to the conservation districts so the land-owner who took the credit will be reminded to obtain the certificate of completion nearing the three year work completion requirement.

**ADJOURN**

There being no further business, meeting was adjourned. *Upon motion by Mr. William Anderson, seconded by Mr. Will Brewer, the commission unanimously motioned to adjourn the meeting .*



\_\_\_\_\_  
Bruce Holland  
Director



\_\_\_\_\_  
Date