

MINUTES
ARKANSAS NATURAL RESOURCES COMMISSION
January 20, 2021

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held via Webex/teleconference on Wednesday, January 20, 2021, at 9:30 a.m. at Arkansas Natural Resources Commission, 10421 W Markham, Little Rock, AR 72205.

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

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

Chairman Poynter called the ANRC meeting to order.

APPROVAL OF MINUTES: November 18, 2020

Upon motion by Mr. Roy Reaves, seconded by Mr. Will Brewer, the commission unanimously approved the minutes of the meeting held on November 18, 2020.

REPORT OF THE DIRECTOR – Director Holland began by stating we are now at our new location on Markham Street. Overall, moving the agency across town went well.

The Arkansas Department of Agriculture recently hired a new attorney, Kolton Jones. Mr. Jones has been assigned to legal matters for the Natural Resources Division.

Legislative session began about a week ago. There are a couple of water bills out that we are closely monitoring because they would affect us.

Since the first of the year, five employees have left ANRC for various reasons. Hiring and retaining employees is a challenge because state jobs often do not pay enough.

Director Holland presented Resolution No. 2021-01 in recognition of Commissioner Ann Cash. Commissioner Cash will be going off the commission after serving 26 years. *Upon motion by Mr. Neal Anderson, seconded by Mr. Roy Reaves, the commission unanimously accepted Resolution No. 2021-01.*

FINANCIAL ASSISTANCE REPORT - Mr. Inoussa Zaki, Chief Fiscal Officer, presented the financial assistance report dated December 31, 2020. *Upon motion by Mr. Neal Anderson, seconded by Mrs. Ann Cash, the commission unanimously accepted financial report as presented.*

LEGAL – Mr. Wade Hodge, Chief Legal Counsel, asked commissioners to vote on commissioner expense reimbursement, and stipend payment for calendar year 2021.

Upon motion by Mr. Roy Reaves, seconded by Mr. Troy Gaston, the commission, pursuant to Arkansas Codes, unanimously agreed to accept payment of meeting stipend for attended members of the commission (Ark. Code Ann. §25-16-904), and unanimously authorized expense reimbursement for official business at the rate of state employee (Ark. Code Ann. §25-16-902).

Additionally, Mr. Hodge reminded commission members to submit their Statement of Financial Interest form to the Secretary of State's Office by January 31, 2021.

Furthermore, Mr. Hodge asked the commission for final approval of adopting the mark-up of Titles 14, 20, and 21. The rules have undergone review by the governor's office and the 30-day public comment period of which there were no public comments. Unless the commission has comments now, Mr. Hodge asked for the rules to be approved so they can go to legislative committee for review and finalization. *Upon motion by Mrs. Ann Cash, seconded by Mr. Will Brewer, the commission unanimously approved Title 14, Title 20, and Title 21 as written.*

WATER RESOURCES DEVELOPMENT SECTION

Post-Issuance Compliance was not discussed; it will be discussed at the next commission meeting on March 17, 2021.

FINANCIAL ASSISTANCE:

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

Upon motion by Mr. Roy Reaves, seconded by Mrs. Ann Cash, the Commission unanimously approved the following staff recommendations for financial assistance:

East End Improvement District No. 1 Saline County

Project: Construction of Water Storage Tank & Rehab on Existing Water Storage Tanks

Project Description

The East End Improvement District No. 1 is requesting funding to construct a new 750,000 gallon water storage tank and install a 12" water line. This funding request will also include the installation of new altitude valves on East End's two existing water tanks.

Project Financial Information

The current average monthly water bill for East End Improvement District No. 1 is \$20.25 monthly based on 4,000 gallons of usage. East End Improvement District No. 1 will be required to raise rates to \$22.48 per 4,000 gallons of usage. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the Town of Little

Rock is \$48,333. East End Improvement District No. 1 is listed the customer base for this project at 2,297.

East End Improvement District No. 1 has one loan with ANRC and is current on all payments and audit requirements.

Estimated Project Costs

Construction:	\$2,179,500.00
Contingencies	136,000.00
Engineering – Planning, Design & Construction	161,000.00
Engineering – Inspection	84,000.00
Legal Fees	25,500.00
Administrative	0.00
Capitalized Interest during Construction	0.00
Issuance fee (3%)	0.00
Other: Davis Bacon, AIS, Facility Plan, EID, Etc.	64,000.00
Total Estimated Capital Cost:	\$2,650,000.00

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$2,650,000 in a loan to the East End Improvement District No. 1 from the Arkansas Drinking Water State Revolving Loan Fund.

In addition, recommend waiver of Rule section 1507.1 of the safe drinking water program. The applicant is a viable non-profit water provider and the amount of assistance provided will not materially impact the amount of funds available to pledge for leveraging the DWSRF, should the need arise. Therefore, we recommend waiving the requirement that this applicant be a political sub-division of the state.

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.

**Fordyce Rural Water Association
Dallas County**

Project: Replacement of Water Meters

Project Description

Fordyce Rural Water Association (FRWA) is requesting funding for an updated water metering system. The existing residential meters are well over 30 years old and are beyond their useful life. The City of Fordyce is currently in the process of updating their water system from standard meters to an Automatic Meter Reading (AMR) system, and the City is currently contracted to read, bill, and collect for FRWA. In an effort to keep both systems standardized, FRWA intends to install a metering system that matches the City of Fordyce. The proposed project would include approximately 575 new AMR meters and associated data collection system.

Project Financial Information

The current average monthly water bill for Fordyce RWA is \$36.01 monthly based on 4,000 gallons of usage. FRWA will not be required to raise rates. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the Town of Fordyce is \$31,107. FRWA listed the customer base for this project at 755.

Fordyce RWA has one loan with ANRC and is current on all payments and audit requirements.

Estimated Project Costs

Construction:	\$235,000.00
Contingencies	23,500.00
Engineering – Planning, Design & Construction	24,557.00
Engineering – Inspection	11,632.00
Legal Fees	9,819.00
Administrative	0.00
Capitalized Interest during Construction	0.00
Issuance fee (3%)	9,135.00
Total Estimated Capital Cost:	\$313,643.00

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$313,643 (Includes a 3% Fee of \$9,135) in a loan to the FRWA 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.

Highway 4 & 24 Water Association Ouachita County

Project: Tank Rehabilitation & Water Line project

Project Description

Highway 4 & 24 Water Association (Hwy 4 & 24 WA) is requesting funding to meet Arkansas Department of Health recommendations. Completing these recommendations will include:

- removing the standpipe tank on Ouachita County Road 24 from service, this will reduce the risk of water stagnation,
- rehabilitate the tanks on State Highway 76 and U.S. Highway 278 in accordance with recommendations (including pressure washing, repainting, installation of a water mixing system and installation of a safety climb system)
- constructing approximately a new water line along State Highway 24 to cross White Oak Creek, this new line will replace a section of water line that has been abandoned due to leakage.

Project Financial Information

The current average monthly water bill for Hwy 4 & 24 WA is \$60.00 monthly based on 4,000 gallons of usage. Hwy 4 & 24 will not be required to implement an increase in water rates as long as in meeting EPA’s requirement for disbursement of principal forgiveness in an expeditious and timely manner, this funding is contingent on the completion of construction and funding fully expended by May 31, 2022. Should Hwy 4 & 24 WA fail to meet these contingencies, the Association will be required to issue a water bond to repay the financing. If a water bond to repay the financing is required, the funding breakdown will change to 59.78% loan and 40.22% loan with principal forgiveness and Hwy 4 & 24 will be required to adjust the water rate to \$63.90 based on 4,000 gallons of usage. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Chidester is \$26,875. Hwy 4 & 24 WA has listed the customer base for this project at 865.

Hwy 4 & 24 WA has one loan with ANRC and is current on all payments and audit requirements.

Estimated Project Costs

Construction:	\$234,536.20
Contingencies	23,453.00
Engineering – Planning, Design & Construction	24,508.00
Engineering – Inspection	11,609.00
Legal Fees	9,811.80
Administrative	0.00
Capitalized Interest during Construction	0.00
Issuance fee (3%)	0.00
Other: Easements and Land Acquisition	500.00
Other: PER/ER & AIS Compliance	35,000.00
<u>Total Estimated Capital Cost:</u>	<u>\$339,418.00</u>

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$339,418 in a loan with Principal Forgiveness to Hwy 4 & 24 Water Association from the Arkansas Drinking Water State Revolving Loan Fund.

In addition, recommend waiver of Rule section 1507.1 of the safe drinking water program. The applicant is a viable non-profit water provider and the amount of assistance provided will not materially impact the amount of funds available to pledge for leveraging the DWSRF, should the need arise. Therefore, we recommend waiving the requirement that this applicant be a political sub-division of the state.

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 Menifee
Conway County**

Project: Rehabilitate and Update Wastewater System

Project Description

The City of Menifee is experiencing several issues with their wastewater system that affects both the collection system as well as the treatment plant. The City is requesting funding to rehabilitate the collection system and rehabilitate and upgrade the wastewater treatment plant. These changes are necessary due to excessive inflow and infiltration (I & I) during rain events, which is increased by leaks in the collection system. Furthermore, inoperable mixers leading to the likelihood of the Lemna polishing modules receiving and treating a higher load than designed, which has the potential to cause future issues of clogging and failure which will lead to permit violations. Finally, pond covers and lift stations are near the end of their useful life with a high likelihood of failure in the near future.

The collection system rehabilitation will include video/cleaning of the sewer mains, smoke testing that will be used to determine leaks in the system and restoration to reduce the leaks in the system. It is estimated that approximately 25% of the system will need to be corrected. In addition, the replacement of four missing aerators, removal and replacement of the pond covers, removal of sludge from both sewer ponds, replacing sewer lift station pumps and adding a flow meter between the weir and tablet chlorinators will be included in this project.

Project Financial Information

The current average monthly sewer bill for City of Menifee is \$19.50 monthly based on 4,000 gallons of usage. The City of Menifee will be required to raise rates to \$43.29 per 4,000 gallons of usage. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Menifee is \$49,167. The City of Menifee is listed the customer base for this project at 128.

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

Estimated Project Costs

Construction:	\$1,012,844.00
Contingencies	101,290.00
Engineering – Planning, Design & Construction	101,290.00
Engineering – Inspection	50,650.00
Legal Fees	30,390.00
Administrative	0.00
Capitalized Interest during Construction	0.00
Other: Performance Bond	15,200.00
Other: Surveying Fee	4,000.00
Total Estimated Capital Cost:	\$1,315,664.00
USDA Requested Funding:	-657,832.00
Total ANRC Funding Requested:	\$657,832.00

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$657,832 in a loan to the City of Menifee 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.

**City of Dumas
Desha County**

Project: Waterline from Dumas to Pickens

Project Description

The City of Dumas is requesting funding for the installation of a waterline from Dumas connecting to the town of Pickens, estimated 9,300 feet. The construction of the waterline will allow Pickens to purchase wholesale water from the City of Dumas, thereby eliminating the need for Pickens to replace their aging tank. This regionalization of water distribution will provide Pickens with a more reliable source of water.

Project Financial Information

The current average monthly water bill for the City of Dumas is \$21.00 monthly based on 4,000 gallons of usage. The City of Dumas will not be required to raise their water usage rates. 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 the customer base for this project at 2,730.

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

Estimated Project Costs

Construction:	\$277,175.00
Contingencies	27,717.00
Engineering – Planning, Design & Construction	26,678.00
Engineering – Inspection	12,957.00
Legal Fees	10,468.00
Administrative	0.00
Capitalized Interest during Construction	0.00
Issuance fee (3%)	0.00
Other: ANRC requirements	10,000.00
Other: Survey/Easement Preparation	12,000.00
Total Estimated Capital Cost:	\$376,995.00

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$376,995 in a loan to the City of Dumas 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.

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 Water Development Fund (WDF).

Upon motion by Mr. Bruce Leggitt, seconded by Mr. Roy Reaves, the commission unanimously approved the following staff recommendations for an increase in financial assistance:

CITY OF CARAWAY

Craighead County

**Project: Drill a New Well and Repair Detention Tank
Additional Funding**

Project Description

The Commission approved \$327,000 in a loan (Loan #01251-DWSRF-L) from the Drinking Water State Revolving Loan fund on November 13, 2019. The bids for this project came in higher than the estimate for drilling a new well (estimated depth of 1,300 feet) and repairing points of leakage within the detention tank (clear well). As a result, the City is requesting additional funding of \$263,000.

Project Financial Information

The current average monthly water & sewer bill for the City of Caraway is \$55.14 based on 4,000 gallons of usage. Since the original underwriting of the loan for Caraway, the billable usage for the City has reduced. Upon receiving the application for additional funds, a new, updated evaluation of the City’s rate structure was performed by staff. The City will be required to generate the additional revenue necessary to cover operation & maintenance, depreciation reserve, existing debt service and service the proposed loan, including 110% loan coverage. Increasing the rates to \$83.26 is estimated to generate the necessary revenue.

Raising the rate for 4,000 gallons of usage to \$83.26, a total increase of \$28.18 is estimated to generate the necessary revenue. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Caraway is \$43,114. The City of Caraway listed the customer base for this project at 557.

The City of Caraway does not have any outstanding loans with ANRC that are in repayment.

Estimated Project Costs

Construction:	\$651,750.00
Contingencies	65,000.00
Engineering – Planning, Design & Construction	30,800.00
Engineering – Inspection	29,850.00
Legal Fees	12,400.00
Administrative	0.00
Capitalized Interest during Construction	0.00
Issuance fee (3%)	0.00
Other: ADH Fee	500.00
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Total Estimated Capital Cost:	\$790,300.00
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Other Funding Source – AEDC Grant	-\$200,000.00
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ANRC Loan #01251-DWSRF-L	-\$327,000.00
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Total Estimated Capital Cost – ANRC	\$263,300.00

Executive Director’s Recommendation

Recommend the Commission approve an additional amount up to \$263,300 in a loan with principal forgiveness to the City of Caraway from the Arkansas Drinking Water State Revolving Loan Fund.

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 Mount Ida
Montgomery County**

**Project: Meter Replacement Project
Additional funding**

Project Description

The Commission previously approved \$500,000 in a loan (Loan #01217-DWSRF-L) from the Arkansas Drinking Water State Revolving Loan fund on January 16, 2019. The previously approved funding is for replacement of existing outdated meters in the system and purchase and implement an automated meter reading system. The installation process revealed more issues with the existing meters than what was originally anticipated. As a result, the City is requesting an additional \$25,000 in funding to complete this project.

Project Financial Information

The current monthly water bill in Mount Ida, based on 4,000 gallons of usage, is \$24.71. The current three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Mount Ida is \$35,450. Mount Ida will be required to set aside 3% of gross revenues in a depreciation reserve fund for this loan. The City of Mount Ida has listed the customer base for this project at 1,394.

The City of Mount Ida has two loan with ANRC and is current on all payments and audit requirements.

Estimated Project Costs

	Loan #01217-DWSRF-L	Additional Funds	Total Funding
Construction	\$444,974.00	\$25,000.00	\$469,974.00
Contingencies	6,026.00	0.00	6,026.00
Engineering – Planning, Design & Construction	26,500.00	0.00	26,500.00
Engineering – Inspection	13,500.00	0.00	13,500.00
Legal Fees	9,000.00	0.00	9,000.00
Administrative	0.00	0.00	0.00
Capitalized Interest during Construction	0.00	0.00	0.00
Issuance fee (3%)	0.00	750.00	750.00
Other – Bidding Phase	0.00	0.00	0.00
Total Estimated Capital Cost:	\$500,000.00	\$25,750.00	\$525,750.00

Executive Director’s Recommendation

Recommend the Commission approve an amount up to \$25,750 (Includes 3% Fee of \$750) in a grant to the City of Mount Ida 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.

REQUEST CHANGE IN SCOPE:

Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting a change in scope from 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 recommendation for a change in scope:

**CITY OF DERMOTT
Chicot County**

**Project: Request Change to Project Scope
Rehabilitation of 2 Water Tanks, Replace Meters**

Project Description

This project was approved by the commission in July 2019, Loan # 01239-DWSRF-L, proposing to make upgrades to the chlorination facilities in accordance with the results of the Arkansas Department of Health Sanitary Survey. The City’s proposal remains to 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 but has also recently requested a change of scope to those plans for additional work.

The City is requesting a change in scope include the repair or replacement of the pump in Well No. 2, in an amount up to \$34,000 of the original estimated construction costs. No additional funding is requested. This well pump failed when it was brought back on-line after painting the adjacent tank, which was included in the original project scope. The expanded scope includes pulling the well pump, repairing or replacing the well pump, and the cost of installation.

Project Financial Information

The average monthly water bill for the City of Dermott was \$11.56 based on 4,000 gallons of usage. The City of Dermott raised their rates to \$24.75, a total increase of \$13.19, for 4,000 gallons of usage, in order to service the previously approved loan, including 110% loan coverage. The three year (2016-2018) average Median Household Income (MHI) provided by UALR for the City of Dermott is \$24,673. The City of Dermott listed the customer base for this project at 1,036. Additional funding was not requested as a part of the change in scope, so additional changes to the rates will not be required.

The City of Dermott does not have any outstanding loans in repayments with ANRC. The City will be required to comply with our audit requirements by submitting a copy of their audited financial statements for calendar year 2020 no later than 120 days from the end of their calendar year.

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
Issuance fee (3%)	53,679.83
Total Estimated Capital Cost:	<u>\$1,789,327.55</u>

Executive Director’s Recommendation

The Staff recommends that the Commission approve to expand the scope of this project to pulling the well pump, repairing or replacing the well pump, and the cost of installation for Well No. 2.

DE-OBLIGATION OF FUNDS:

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

East Johnson County Water Users Association (01204-DWSRF-L) \$9,802.94

De-obligate funds in the amount of \$9,802.94 that were approved in November 2018 from the Arkansas Drinking Water State Revolving Fund (DWSRF). Project is complete.

Bono (01262-WSSW-L) \$447,549.00

De-obligate funds in the amount of \$447,549.00 that were approved in January 2020 from the Water, Sewer and Solid Waste Fund (WSSW). The city decided not to pursue the project at this time.

Pocahontas (01206-DWSRF-L) \$53,455.70

De-obligate funds in the amount of \$53,455.70 that were approved in November 2018 from the Drinking Water State Revolving Fund (DWSRF). Project is complete.

Midway (meters) (01154-DWSRF-L) \$117,609.51

De-obligate funds in the amount of \$117,609.51 that were approved in November 2017 from the Arkansas Drinking Water State Revolving Fund (DWSRF). Project is complete.

Watson Chapel (meters) (01189- DWSRF -L) \$207,040.00

De-obligate funds in the amount of \$207,040.00 that were approved in January 2019 from the Arkansas Drinking Water State Revolving Fund (DWSRF). Project is complete.

CONSERVATION SECTION – Deputy Director Ryan Benefield reported on the below appointments and reappointments:

Appointments to Conservation District Boards

Faulkner County	Jeremy Riddle
Franklin County	Dustin Walker
Stone County	Owen Brickell
Pulaski County	Alice Weeks
Pulaski County	Trey Rosenbaum

Upon motion by Mr. Will Brewer, seconded by Mr. William Anderson, the commission unanimously approved the appointments to Conservation District Boards.

Reappointments to Conservation District Boards

Poteau River	Frankie Watson
Nevada County	Courtney Mixon
Ashley County	Sam Shakelford
Ouachita County	Josh Barkimer
Boone County	Wayne Crunkleton

Upon motion by Mr. Neal Anderson, seconded by Mr. Will Brewer, the commission unanimously approved the reappointments to Conservation District Boards.

ACTIVITY REPORTS

Activity reports were presented by Amanda Mathis, USDA Natural Resources Conservation Service (NRCS); Debbie Moreland, Arkansas Association Conservation Districts (AACD); Dr. Mike Daniels, U of A Cooperative Extension Service; Drew Westerman, U.S. Geological Survey; and Trevor Timberlake, U.S. Army Corps of Engineers.

OTHER

Chairman Poynter asked the commissioners to verify their phone numbers and addresses on the commission roster.

Elections of Officers for the year 2021: Chairman Poynter asked the Nominating Committee for their recommendation of the ANRC 2021 chairman and vice chairman. Commissioner Brewer nominated Bruce Leggitt as chairman and Roy Reaves as vice chairman. *Upon motion by Mr. Will Brewer, seconded by Mr. Neal Anderson, the commission unanimously approved Bruce Leggitt as the 2021 chairman of the commission and Roy Reaves as 2021 vice chairman of the commission.*

ADJOURN

There being no further business, meeting was adjourned.



Bruce Holland
Director



Date

