

**MINUTES**  
**ARKANSAS NATURAL RESOURCES COMMISSION**  
**July 21, 2021**

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held in person and via WebEx/teleconference on Wednesday, July 21, 2021, at 9:30 a.m. at the Arkansas Department of Agriculture, 1 Natural Resources Drive, Little Rock, AR 72205.

Commissioners in attendance in-person were Chairman Bruce Leggitt, Eddie Glover, and Neal Anderson. Commissioners in attendance via conference call were Bill Poynter, JoAnne Bush, and William Anderson. Vice Chairman Roy Reaves and Commissioners Troy Gaston and Will Brewer were not able to participate in the meeting.

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

Chairman Leggitt called the ANRC meeting to order.

**APPROVAL OF MINUTES: May 26, 2021**

*Upon motion by Mr. Neal Anderson, seconded by Mr. Eddie Glover, the commission unanimously approved the minutes of the meeting held on May 26, 2021.*

At the request of Chairman Leggitt, Secretary Ward provided the commission an overview of the Arkansas Department of Agriculture and the various divisions it consists of. He also mentioned there are other boards & commissions which fall under the Department of Ag such as the Veterinary Medical Examining Board, Board of Registration for Foresters, Professional Soil Classifiers, and several others.

**REPORT OF THE DIRECTOR** – Director Holland began by stating the largest challenge Natural Resources Division (NRD) has been facing is filling various positions, particularly engineers. Additionally, Tony Ramick & Ken Brazil are both retiring after being with the State of Arkansas for over thirty years.

Director Holland reminded the commission that the next scheduled meeting in September will be held in NW Arkansas.

Chairman Leggitt asked Director Holland about the possibility of contracting work for the dam safety division of NRD. Director Holland stated that could be a possible solution to definitely consider.

**FINANCIAL ASSISTANCE REPORT** - Mr. Inoussa Zaki, Chief Fiscal Officer, presented the financial assistance report dated June 30, 2021.

## **WATER RESOURCES DEVELOPMENT SECTION**

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

Furthermore, Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting a change in terms from the Arkansas Water Resources Cost Share Revolving Fund (CSRF); the CSRF loan is no longer in existence.

*Upon motion by Mr. Eddie Glover, seconded by Mr. Neal Anderson, the Commission unanimously approved the following staff recommendations for financial assistance, and unanimously approved the following staff recommendations for a request of change in terms:*

### **FINANCIAL ASSISTANCE:**

#### **Central Arkansas Water Pulaski County**

##### **Project: Ridgefield Estates Public Water System ID# 776**

#### **Project Description**

Ridgefield Estates Public Water System (PWS) and Central Arkansas Water (CAW) have agreed that CAW will assume operation of the Ridgefield Estates PWS water distribution system to provide necessary operations and maintenance. CAW plans to install fire hydrants, valves, service lines, 14,000 linear feet of ductile iron pipe, 1,100 linear feet of PVC, and appurtenances to replace the existing distribution system. The water mains will also be replaced due to a significantly high failure rate.

#### **Project Financial Information**

The entity will be required to add an estimated \$125 surcharge per customer to service the proposed loan. Should it be determined during the term of this loan that the rates are insufficient in covering required debt service, operation and maintenance costs, the entity will be required to increase their rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Little Rock is approximately \$49,968. The entity listed the PWS residential water customer base at 52 and anticipates an additional 50 customers once the project has been completed.

#### **Estimated Project Costs**

Construction & Contingencies:	\$1,227,100
Engineering	\$152,710
Legal Fees & Administrative	\$30,000
Capitalized Interest during Construction	\$38,190
Other: Purchase of Existing Ridgefield Water	\$670,000
System (including outstanding debt with ANRC)	
Total Estimated Capital Cost:	\$2,118,000

**Executive Director's Recommendation**

Recommend the commission approve an amount up to \$2,118,000 in a loan from the Arkansas Drinking Water State Revolving Loan Fund.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$211,800) without returning to the commission for approval. Such an increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled commission meeting.

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.

**Central Arkansas Water  
Pulaski County****Project: Wye Mountain System Regionalization****Project Description**

Wye Mountain Water Facilities (Wye Mountain) and Central Arkansas Water (CAW) have agreed that CAW will assume operations of the Wye Mountain water distribution system to provide all necessary operations and maintenance.

**Project Financial Information**

CAW has agreed to purchase Wye Mountain's system and assume operations. Currently, Wye Mountain has one loan with ANRC with an outstanding balance of \$1,383,953. CAW is requesting funds to purchase this system including transfer of assets and outstanding debt. The proposed project is a regionalization project of a small system into a well-managed, sustainable system, to meet Safe Drinking Water Act requirements ensuring properly treated potable water as public health benefit.

**Estimated Project Costs**

Construction & Contingencies:	\$0
Engineering	\$0
Legal Fees & Administrative	\$0
Capitalized Interest during Construction	\$0
Issuance fee (3%)	\$0
Other: ANRC Loan Balance	\$1,383,953
Other –	\$0
Total Estimated Capital Cost:	\$1,383,953

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

Recommend the commission approve an amount up to \$1,383,953 in a loan from 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.

### **Oak Grove Water Users Association Crawford County**

#### **Project: Storage Tank and Pump Station Installation**

### **Project Description**

Oak Grove Water Users Association (WUA) is requesting funding for the installation of a new 500,000-gallon elevated storage tank and pump station. The previous inadequately sized storage tanks have different overflow elevations with one tank out of service to prevent operational issues. The new storage tank will also allow the WUA to meet the required 24-hour net-effective storage demand while also increasing the overall system pressure due to its higher elevation. In addition, this project will increase available fire protection flow throughout the system.

### **Project Financial Information**

The current average monthly residential and commercial water bill based on 4,000 gallons of usage for Oak Grove is \$33.85. The entity will be required to increase rates by 34%, which equates to \$45.36 based on 4,000 gallons of usage to service the proposed loan. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service, operation and maintenance costs, the entity will be required to increase their rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Van Buren is \$43,476. The entity listed their residential water and commercial customer base for this project at 1,101 and 33, respectively. Oak Grove has no outstanding loans with ANRC and is current on all payments and ANRC requirements.

### **Estimated Water Project Costs**

Construction:	\$2,375,455
Contingencies	237,545
Engineering – Planning, Design & Construction	250,000
Engineering – Inspection	169,000
Legal Fees	20,000
Administrative	0
Capitalized Interest during Construction	0
Issuance fee (3%)	93,060
Other – Engineering for funding application process	50,000
<b>Water Total Estimated Capital Cost:</b>	<b>\$3,195,060</b>

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

Recommend the commission approve a loan in an amount up to \$3,195,060 (includes a 3% fee of \$93,060) from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$319,506) without returning to the commission for approval. Such an increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled Commission meeting.

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 Strong Union County**

#### **Project: Water Well Improvements**

### **Project Description**

The proposed project includes drilling a new well near the existing Aurelle storage tank (estimated depth of 600-feet) and the construction of a new chlorination structure. Strong's existing wells have struggled to provide sufficient water to meet daily demands and have been plagued with reliability issues. The new storage tank will provide a capacity of 80 gallons per minute which will allow the system to meet the maximum daily demand with the largest producing well out of service.

### **Project Financial Information**

The current average monthly residential and commercial water bill based on 4,000 gallons of usage for Strong are \$21.75 and \$17.16, respectively. The city will be required to increase rates by 55%, which equates to \$33.71 for residential water and \$26.60 for commercial water based on 4,000 gallons of usage to service the proposed loan. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service, operation and maintenance costs, the city will be required to increase their rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Strong is \$26,250. The city listed their residential water and commercial customer base for this project at 432 and 29, respectively. Strong has two outstanding loans with ANRC and is current on all payments and ANRC requirements.

### **Estimated Water Project Costs**

Construction:	\$388,800
Contingencies	8,880
Engineering – Planning, Design & Construction	37,422
Engineering – Inspection	18,176

Legal Fees	12,188
Administrative	0
Capitalized Interest during Construction	0
Other – PER and Environmental	20,000
Other – AIS and Davis-Bacon	10,000
Water Total Estimated Capital Cost:	<u>\$495,466</u>

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

Recommend the commission approve a loan in an amount up to \$346,826 and a loan with principal forgiveness in an amount up to \$148,640 from the Arkansas Drinking Water State Revolving Loan Fund program.

This funding recommendation is made under the condition that the water and wastewater departments continue to receive at least \$75,000 jointly per annum of sales tax revenue.

In addition, authorize the executive director of the commission the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the commission funding amount (\$49,547) without returning to the commission for approval. Such an increase in financial assistance shall be granted only after consultation with the commission chairman. Any financial assistance increases pursuant to this section shall be reported to the commission in its entirety at the next regularly scheduled commission meeting.

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.

## **Arkansas Natural Resources Commission**

### **Project: Small and Disadvantaged Community Program - State Match**

#### **Project Description**

The Arkansas Assistance for Small and Disadvantaged Communities Drinking Water Grant Program referred to as the "Small and Disadvantaged" has been submitted to EPA and approved for funding in an amount of \$637,000. In addition to the federal funding amount, the program requires matching funds in an amount of \$286,650.

This program will provide studies to assist small and disadvantaged communities in determining the feasibility of possible regionalization or consolidation of drinking water systems. These studies, performed by professional consultants, will deliver valuable knowledge in areas such as rate analysis, existing system status, feasibility, and outcome benefits of possible consolidation or regionalization with other community drinking water systems. Both, the state and residents alike, would benefit from these studies as they would demonstrate the beneficial outcome of a more economical approach and higher quality of drinking water for the communities. The funding of these proposed studies would also help the community water systems determine if this is a feasible path to meet the desired level of technical, managerial, and financial capabilities. Investments into the studies of these historically disadvantaged communities as defined by affordability criteria would highlight existing problems with the Safe Drinking Water Act (SDWA) assistance and offer potential

resolution opportunities. At least one of the communities in each study area will qualify as a small and disadvantaged community defined by the federal statute. While some of the communities within a study area may not meet the criteria, the consolidation or regionalization with an eligible community would provide the most benefit.

The term '**small and disadvantaged**' is specified in the statute as a community: ,

“(A) that, under affordability criteria established by the State under section 1452(d)(3), is determined by the State —

- (i) to be a disadvantaged community; or
- (ii) to be a community that may become a disadvantaged community as a result of carrying out a project or activity under subsection (b); or

(B) with a population of less than 10,000 individuals that the Administrator determines does not have the capacity to incur debt sufficient to finance a project or activity under subsection (b).”

Note: EPA will defer to states to identify which of their small communities lack the capacity to incur debt to finance a project and can most benefit from this funding opportunity.

In addition, one underserved project has been included in the proposed work plan for these federal funds and state match. This project would extend the Texarkana water system to an unserved area that is experiencing high levels of iron in private wells along Cook Road, on the eastern side of Texarkana. Texarkana Water Utility has applied for funding with a traditional design, bid, build project to extend service. This extension project would meet the grant criteria and definition for “underserved” communities needing service. All operation and maintenance costs will be the responsibility of the Texarkana Water Utility.

The term “Underserved Community” is specified in the Act as:

The term "**underserved community**" includes a political subdivision of a State that either:

“(A) does not have household drinking water or wastewater services; or

(B) is served by a public water system that violates, or exceeds, as applicable, a requirement of a national primary drinking water regulation issued under section 1412, including—

- (i) a maximum contaminant level;
- (ii) a treatment technique; and
- (iii) an action level”

### **Estimated Project Costs**

#### **Projects**

Regionalization Studies (Maximum)	\$1,046,000
Underserved Community Project (Maximum)	111,000
Total Project Costs:	\$1,157,000

**Funding**

Federal Grant	637,000
State Match	286,650
Total	\$923,650

**Executive Director's Recommendation**

The staff recommends the commission approve an amount up to \$286,650 as a grant to Arkansas Natural Resources Commission from the Water Development Fund.

**Arkansas Rural Water Association****Project: 2021 -2022 Public Water Systems Grant****Project Description**

Arkansas Rural Water Association (ARWA) has been providing Training and Technical Assistance to water and wastewater systems throughout the state of Arkansas since 1985 through funding provided by the Arkansas Natural Resources Commission.

The technical assistance grant program works with public water systems in ten counties listed as Arkansas' persistent poverty counties. These ten counties are selected for PWS (Public Water Systems) infrastructure surveys. A planned, in-depth, on-site inspection of the selected systems is performed to include all existing above ground water system infrastructures.

These water system infrastructure inspections are to determine the source of water, number and type of tanks, pump station's voltage, horsepower, pump capacity, and if a system has interconnections with other PWS's. Additional inspection results determine the required power needs in KW for emergency generators, the type of emergency electrical transfer switches and if a manual transfer switch or automatic transfer switch could be installed to make the PWS more resilient in a time of power outages. The inspections also determine the percent of monthly water loss for the last twelve months and to assist systems with water audits. This technical assistance program is presently funded at \$65,000/year and ARWA is requesting the funding level remain the same to operate this annual program.

**Project Financial Information**

The current three year (2017-2019) average Median Household Income (MHI) provided by UALR for the State of Arkansas is \$45,712. ARWA will provide quarterly and year-end reports to the agency on each program.

**Executive Director's Recommendation**

Recommend the commission approve an amount up to \$65,000 in a grant to Arkansas Rural Water Association from the Water Development Fund.

## **Arkansas Rural Water Association**

### **Project: 2021 -2022 Circuit Rider Grant**

#### **Project Description**

Arkansas Rural Water Association (ARWA) has been providing Training and Technical Assistance to water systems throughout the state of Arkansas since 1985 through funding provided by the Arkansas Natural Resources Commission.

ARWA has multiple technical assistance programs. This proposal is for the Association's continued funding assistance for a "Circuit Rider". The Circuit Rider is a trouble shooter, capable of providing the technical assistance necessary to help any water system, preferably under 10,000 population, with their infrastructure problems. The Circuit Rider would primarily provide assistance with operation, maintenance, management and financial problems that plague the smaller systems in the State of Arkansas. This technical assistance program is presently funded at \$125,000/year and ARWA is requesting that funding level remain the same to operate this annual program.

#### **Project Financial Information**

The current three year (2017-2019) average Median Household Income (MHI) provided by UALR for the State of Arkansas is \$45,712.

ARWA will provide quarterly and year-end reports to the agency on each Commission funded program.

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

Recommend the commission approve an amount up to \$125,000 in a grant to ARWA from the Water Development Fund.

### **REQUEST CHANGE IN TERMS:**

#### **Boeuf-Tensas Regional Irrigation Water Distribution District Chicot, Desha and parts of Drew, Ashley, Lincoln, and Jefferson Counties**

### **Project: Boeuf-Tensas RIWDD planning and design**

#### **Project Description**

The previously approved funds were for the initial first year state match for federal funds designated for planning purposes for the \$370,000,000.00 project, which is to construct a multi-purpose flood control and a comprehensive irrigation water supply for agriculture, including a system of distribution canals.

The projected federal funds have not been allocated to this project, and, as a result the Boeuf-Tensas RIWDD returned all un-expended funds in the amount of \$40,000. The returned funds have been applied to loan #00077-CSRF-D in the amount of \$36,108 and Loan #00020-

CSRF-D in the amount of \$3,892. At the May commission meeting an amount of \$27,101 for #00020-CSRF-D was converted to grant funding.

This leaves the following debt balances:

#00077-CSRF-D \$133,478

#00020-CSRF-D \$ 93,863

Total \$227,341

### **Project Financial Information**

Boeuf-Tensas Regional Irrigation Water Distribution District has no revenue and no other outstanding debt with ANRC.

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

The staff recommends that the commission approve a grant in an amount up to \$227,341 from the CSRF program, waiving all fees, for the outstanding balance on loan #00077-CSRF-D in the amount of \$133,478, and Loan #00020-CSRF-D in an amount of \$93,863 converting these remaining balances to a grant.

### **DE-OBLIGATION OF FUNDS:**

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

#### **Menifee (01331-CWRLF-L) \$657,832.00**

De-obligate funds in the amount of \$657,832.00 that were approved in January 2021 from the Arkansas Clean Water Revolving Loan Fund (CWRLF). Applicant decided not to proceed with loan.

#### **Nashville #5 (ADFA #2) (01218-DWSRF-L) \$7,626.00**

De-obligate funds in the amount of \$7,626.00 that were approved in January 2019 from the Arkansas Drinking Water State Revolving Fund (DWSRF). Project is complete.

#### **Town of Fifty-Six (01298-WDF-L) \$11,779.83**

De-obligate funds in the amount of \$11,779.83 that were approved in November 2020 from the Water Development Fund (WDF). Project is complete.

#### **Warren (01287-CWRLF-L) \$3,268,361.00**

De-obligate funds in the amount of \$3,268,361.00 that were approved in March 2020 from the Arkansas Clean Water Revolving Loan Fund (CWRLF). Applicant decided not to proceed with loan.

#### **Northern Ohio (01249-WDF-L) \$27,087.00**

De-obligate funds in the amount of \$27,087.00 that were approved in October 2019 from the Water Development Fund (WDF). Project is complete.

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

**Appointments to Conservation District Boards**

Crawford County	Brent Robertson
Hot Springs County	Jenny Lanier

**Reappointments to Conservation District Boards**

Arkansas County	Jared Holzhauer
Crawford County	Gary Baxter
Lee County	Bill Gerrard
Sharp County	Robert Murphy
Union County	Eveann George
Union County	Johnny Loftin

*Upon motion by Mr. Neal Anderson, seconded by Mrs. Joanne Bush, the commission unanimously approved the appointments & 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. JR Rigby, U.S. Geological Survey; and Trevor Timberlake, US Army Corps of Engineers.

Chairman Leggitt inquired about the \$10 million funding the Governor issued for the levee projects. Mr. Benefield stated we were actually awarded \$11 million. Projects are moving along well, and we are finalizing them now. Many of the projects have been significantly under budget, therefore, within the next couple of months we may be going to the commission with a third allocation. Director Holland added the levee task force has been a tremendous success.

Commissioner Glover asked if the upcoming infrastructure would impact ANRC. Director Holland stated Secretary Ward is currently chairing a task force looking at what water projects could be funded and served through these monies. Outside of water/wastewater projects there are drainage districts, levee projects, and irrigation projects all of which could be impacted. Secretary Ward stated the Governor created a steering committee to work through application requests for the American Rescue Plan Funding (\$1.57 billion) coming to the state. The steering committee consist of three working groups; Secretary Ward is chairing the water/other infrastructure working group which is to submit a recommendation to the Governor by the end of next month. Secretary Ward agreed the work of ANRC falls in line with the guidance of U.S. Treasury for what is eligible under the American Rescue Plan. Chairman Leggitt asked if the funds will be administered through ANRC. Secretary Ward stated that is something currently in question and very likely, however, will just depend on making sure the dollars go as far as possible.

## **OTHER**

Chairman Leggitt asked about the September commission meeting being in northwest Arkansas. Deputy Director Benefield stated it is scheduled for September 13-15 at the Hilton Garden Inn in Fayetteville, AR. We will arrive Monday night and on Tuesday we will tour projects ANRC helped to fund. The regular scheduled commission meeting will be held on Wednesday morning.

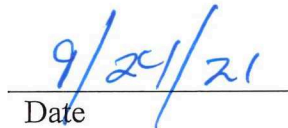
Chairman Leggitt inquired about the septic tank project in NW Arkansas. Mr. Benefield stated in the beginning there was a delay because of lack of installers, but now it is slowly ramping up. He stated this is a demonstration project which may have to be reevaluated after three years. Chairman Leggitt asked about extending the septic tank project into other parts of the state. Mr. Benefield stated our goal is to have the project in other parts of the state in nutrient rich watersheds. The next project will be in the Buffalo River watershed once the other two watersheds are completed.

## **ADJOURN**

There being no further business, the commission unanimously agreed to adjourn the meeting.



Chris Colclasure  
Director

  
Date