

**MINUTES**  
**ARKANSAS NATURAL RESOURCES COMMISSION**  
**March 16, 2022**

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held in person and via Zoom on Wednesday, March 16, 2022, at 9:30 a.m. at the Arkansas Department of Agriculture, 1 Natural Resources Drive, Little Rock, AR 72205.

Commissioners in attendance were as follows: Vice Chairman Will Brewer and Commissioners Bruce Leggitt, Jamie Burr, Neal Anderson, Eddie Glover, JoAnne Bush, and Bill Poynter. Chairman Roy Reaves and Commissioner William Anderson were not able to participate in the meeting.

Staff members in attendance included: Chris Colclasure, Director; Ryan Benefield, Deputy Director; Debby Dickson, Program Fiscal Manager; April Harris, Administrative Analyst; Richard Dawson, Engineer Supervisor; Darla Brooks, Program Fiscal Manager; Chris James, SRF Accounting Operations Manager; Tate Wentz, Water Quality Division Manager; Whit Montague, Engineer Supervisor; Blake Forrest, Geology Supervisor; Megan Perkins, Conservation Program Coordinator; Gaylon Stanfield, Network Support Analyst; Wade Hodge, Chief Counsel; Wes Ward, Secretary of Agriculture; Cynthia Edwards, Deputy Secretary of Agriculture; Inoussa Zaki, Chief Fiscal Officer; and others attending virtually.

A list of guests is attached to the minutes.

Vice Chairman Brewer called the ANRC meeting to order, and roll was called.

**APPROVAL OF MINUTES: January 19, 2022**

*Upon motion by Mr. Neal Anderson, seconded by Mr. Eddie Glover, the Commission unanimously approved the minutes of the meetings held on January 19, 2022.*

**REVISED 2022 COMMISSION MEETING DATES**

At our last meeting it was agreed to hold a future commission meeting in conjunction with the Arkansas Association of Conservation Districts' annual meeting (August 11-12, 2022). Due to this agreement, Director Colclasure stated we have shifted three of the remaining commission meeting dates for this year so that adequate time is still provided between dates. Proposed new meeting dates for the remainder of 2022 will be as follows: June 1, August 11-12, September 28, and November 16.

*Upon motion by Mr. Eddie Glover, seconded by Mr. Neal Anderson, the Commission unanimously approved the remainder of the 2022 commission meeting dates to be modified as stated by Director Colclasure.*

**REPORT OF THE DIRECTOR** – Director Colclasure began by highlighting events occurring within the Arkansas Natural Resources Division (ANRD):

- Director Colclasure & Deputy Director Benefield attended the Red River Valley Association 97<sup>th</sup> Annual Convention and the Arkansas Red River Commission meeting in Shreveport, LA on February 23-24, 2022.
- Director Colclasure recently gave a presentation to Farm Bureau's environmental committee discussing agency priorities and irrigation projects. Megan Perkins was also there to discuss more in depth about the irrigation projects.
- Staff attended the Association of Arkansas Counties conference, and the Water & Wastewater Managers Association conference. Later in month staff will be present for the Municipal League meeting.
- We are in the process of completing land audits of over 90 properties across the state.
- Continue to boost communication efforts in print (ex. articles about feral hogs, ad for tax credit programs).
- Many recent staff changes (Debby Dickson is now over Water Development Section replacing Mark Bennett; Darla Brooks is now the Audit Coordinator; Blake Forrest is now the Geologist Supervisor replacing Jim Battreal). New hire Chris James replaced Monique Sanders in Water Resources Development (WRD). There are still four positions open in WRD. We are also in the process of filling an engineer position in Dam Safety.
- Bond sale was successful last week. \$40,535,000 sold in bonds.
- ANRC budget passed through the fiscal session (Act 48 operations budget, Act 105 capital improvement appropriation which ties into a Navigational Feasibility Study for the Red River

Next, updates on sections within the agency were given:

#### Groundwater

- Committee call held discussing the reduction of water well contractor fees
- A lot of interest has been shown in the tax credit program
- Tax credit program rules are in process and will go before the legislature next month

#### Conservation

- Staff assisted 25 conservation districts across the state with elections
- Received 43 grants-to-districts applications from 28 districts
- J.P. Fairhead and legal team have been working on Memorandum of Agreements to the districts about feral hogs
- Megan Perkins continues to work closely with irrigation districts, and working with other partners to work together on moving projects forward & lowering cost of projects

#### 319/Unpaved Roads

- Nutrient reduction strategy meeting held (60 individuals in attendance); hoping to have finalized nutrient reduction strategy soon
- Received & awarded four applications in requests for the Unpaved Roads Program (approximately \$327,000)



- Reviewed & ranked proposals in the 319 Program (funded 12 of 19 proposals; approximately \$3.1 million)

#### Water Resources Development

- Continuing to manage approximately 124 water/wastewater projects across the state
- Busy with bond sales & project administration reviewing guidance from the Infrastructure Jobs Act
- Nine of sixteen levee projects funded by the Governor have been completed; continuing to work on the other seven projects

#### Floodplain Management/Dam Safety

- Staff is working with the city of Maumelle on their drainage and acquisition projects
- Working with others to provide flood mitigation assistance to communities in east Arkansas
- Working with Association of State Dam Safety Officials to discuss Arkansas Dam Owners Workshop to be held later this summer

**FINANCIAL ASSISTANCE REPORT** - Mr. Inoussa Zaki, Chief Fiscal Officer, presented the financial assistance report dated February 28, 2022.

**CONSERVATION SECTION** – Megan Perkins reported on the below appointments and reappointments:

#### **Appointments to Conservation District Boards**

Clay County	David Ballard
Lawrence County	Heath Teel
Logan County	Isaiah Hattabaugh
Logan County	Newton Koch
Drew County	Brittany Leak, Brandon Stafford, Jolene Hammock

#### **Reappointments to Conservation District Boards**

Faulkner County	Steve Martin
Randolph County	Kevin Brown
Rich Mountain	Duane Webb
St. Francis County	John McDaniel
Stone County	Barton Foll

*Upon motion by Mr. Bruce Leggitt, seconded by Mr. Neal Anderson, the Commission unanimously approved that Jolene Hammock is appointed to the Drew County Conservation District Board, and unanimously approved the remaining appointments & reappointments to Conservation District Boards.*

#### **State Grants-to-Districts Modification**

Megan Perkins stated due to Covid-19, Prairie County Conservation District was not able to use the \$6,400 ANRC grant portion intended to be used for Conservation Day. Therefore, they are asking to redesignate funds to 1) purchase of a PA system to use at meetings, and 2) supplement

the district's annual project of a \$1,500 cost share per entity for underground pipe, flow meters and moisture sensors.

Additionally, Dallas County Conservation District was not able to have their Forestry Contest due to Covid-19 so will not be using their \$1,000 grant. The NRD Conservation section is requesting to reallocate these funds to cover an error that was made on staff's part in the implementation of the Lee, Pulaski, and Sharp County Conservation Districts grants-to-districts MOUs in the amount of \$1,055.50.

*Upon motion by Mr. Jamie Burr, seconded by Mr. Eddie Glover, the Commission unanimously approved the state grants-to-districts modifications for Prairie County & Dallas County Conservation Districts.*

### **District Elections**

Ms. Perkins provided a list of the elected conservation district board members for the 25 districts which are up for recertification.

*Upon motion by Mr. Bruce Leggitt, seconded by Mr. Neal Anderson, the Commission unanimously approved the district elections for the year 2022.*

### **GENERAL OBLIGATION BOND SALES**

Deputy Director Benefield reported on the two recent bond sales for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, totaling \$40,535,000.

Resolution No. 2022-01 - Taxable Series 2022A, pursuant to Act 607 of 1997, bond issuance sold for \$23,535,000. This sold all remaining authority under the 1997 bond; therefore, the Commission will only have to approve one Work Plan in the future. This bond had no restrictions so will be dedicated to irrigation district projects. The bond interest rate received was 2.99%.

Resolution No. 2022-02 - Taxable Series 2022B, pursuant to Act 631 of 2007, bond issuance sold for \$17M. This Act authorizes a maximum of \$300,000,000 in bonds to sell (with no more than \$100M going towards irrigation projects) and stated up to \$60M can be sold every two years with the approval of the governor. We received the approval to sell \$60M this biennium (7/1/2021 - 6/30/2023); however, we sold \$17M. This \$17M will go towards traditional projects and towards our match on State Revolving Fund (SRF) dollars. We believe the \$17M will be enough for this biennium, however, under Act 631 of 2007, the Commission can authorize an additional \$43M to be sold by June 30, 2023. After this current sell, the total bond authority left is approximately \$146,500,000. Since we are not selling any of the \$17 million for irrigation projects, there is an additional \$80M dollars left to sell for irrigation projects. This bond interest rate was 3.017%.

*Upon motion by Mr. Neal Anderson, seconded by Mr. Jamie Burr, the Commission unanimously approved the General Obligation Bond sales for Series 2022A and Series 2022B as presented.*



## ARPA/INFRASTRUCTURE PRESENTATION

Director Colclasure presented information on the American Rescue Plan Act (ARPA) and the Infrastructure Investment & Jobs Act in order to provide clarity on the federal dollars the state is receiving for the two.

The eligibility start date for ARPA was March 11, 2021. Arkansas is to receive \$2.6 billion in two tranches. Out of that, state government will receive the most at \$1,573,121,580.80. Others to receive funds are counties, non-entitlement units, and metropolitan cities. Primary uses for funds are to support public health expenditures, address negative impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and to invest in water, sewer, and broadband infrastructure. The Governor established the Arkansas ARPA of 2021 Steering Committee to strategize and prioritize use of funding. The Steering Committee consists of nine cabinet secretaries, three state senators, and three state representatives. Additionally, the Committee depends on three working groups. One of the working groups, the Water & Other Infrastructure Projects Working Group, has eight members. Last summer this group conducted a needs assessment to communities across the state which helped in submitting a recommendation to the Steering Committee in August 2021. There were 1,417 projects submitted in the needs assessment which totaled \$5,267,293,543 needed for water, wastewater, stormwater, dam/levee, and mixed projects. The Working Group submitted a recommendation of a total of \$801,000,000.00 to the Steering Committee for the following programs: Water, Wastewater, & Stormwater Projects (\$551,000,000); Irrigation Projects (\$200,000,000); State Agency Water & Wastewater Needs (\$50,000,000). Since the recommendation was submitted there has been a spike in the pandemic which put a hold on releasing some of the funds. Arkansas has received half of the money (\$786.5M was received in 2021). Of that, \$726.4M was approved for projects mainly related to the pandemic, health, and broadband. There is still \$60.1M remaining as of January 24, 2022. The other half is set to be received in July/August 2022 (\$786.5M) of which, hopefully, we will receive funding from. There is a preliminary schedule of how the funds will be used if we receive them. Should our agency receive funding, there will be communication with communities, an application process, and the Commission will have to approve the projects. Currently, the Natural Resources Division has no dollars from the ARPA funding.

The Infrastructure Investment & Jobs Act was signed by the President on November 15, 2022, and from this Act, Arkansas will receive an estimated \$4 billion over five years. The majority of funding (75%) will go towards highways. Secondly, clean and drinking water projects will receive \$528 million. Funds will be primarily directed through existing programs with some oversight by the Infrastructure Planning and Advisory Committee. Funding is expected to graduate over the five years. This Committee has 17 members which consists of cabinet secretaries and agency directors. There are 375 unique programs at over a dozen federal agencies that have received increased funding. There are also 125 new programs across nine federal agencies representing approximately 25% of total spend. Additionally, 38% of funding contains provisions for expanded federal cost share for rural and disadvantaged communities, such as our State Revolving Fund (SRF) program. Further detail can be found at the federal government's website, [build.gov](https://www.build.gov). This site details all programs, how much is budgeted, what the uses are, who is eligible, etc. Director Colclasure stated depending on certain criteria and guidance from Environmental Protection Agency (EPA), ANRD may or may not be able to use all of the \$528M Arkansas will receive in infrastructure funding for clean water projects.



## **FINANCIAL ASSISTANCE DECISION MAKING PRESENTATION**

Debby Dickson gave a presentation on funding programs through ANRD and how recommendations are made for them. She stated there are two federal programs: 1) Clean Water State Revolving Loan fund (CWSRF), and 2) Drinking Water State Revolving Loan Fund (DWSRF). Additionally, there are three state funded programs: 1) Water Development Fund (WDF), 2) Water, Sewer, and Solid Waste Management Systems Programs (WSSW), and 3) Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (GO). Both the federal and state funds each have criteria to meet for what the funds can be used for and how the funds can be utilized. Eligible entities for all of our programs are the political subdivisions of the state such as cities, towns, counties, public water authorities, and public facility boards. Under the CWSRF program, the following can be funded: sewer & stormwater collection, treatment systems, nonpoint source pollution, energy & water conservation, and cybersecurity. However, Arkansas primarily focuses on wastewater systems. Under the DWSRF program, the following can be funded: water supply, treatment, distribution, energy & water efficiency, public health & compliance, and cybersecurity. For the DWSRF program, Arkansas primarily focuses on water system components. As for the state funded programs, eligible projects are distribution, collection, erosion & sediment control, flood control and/or damage, irrigation & water conservation, public water supply, storage, treatment, and water supply.

Mrs. Dickson explained current lending rates for the programs. The state rates are based primarily on our GO bond program. The current GO bond rate is taken into consideration then slightly reduced due to appropriation we receive to help repay the bonds. There is a 3% loan origination fee. For the federal programs, lending rates are required to be below the market rate. Additionally, instead of a loan origination fee, it is built into the lending rate so applicants can pay overtime.

Determination of which program a project is funded from depends on cost. First, the size of the project is looked at. If it is \$400k or less, it will be a state program. If it is \$400k or more, it will be a federal program. Smaller projects may not realize a cost benefit of the federal capitalized programs lower lending rates due to some of the requirements of the CWSRF & DWSRF funding such as Davis Bacon Wage Rates, American Iron & Steel, New Build America/Buy America Act, and Substantial Environmental Review.

ANRD decides who gets how much money, and why, by using the Affordability Criteria/Rate Burdon Factor (RBF). This is primarily based on annual user rates for that system divided by the Median Household Income (MHI) for the project area. If the MHI is not available for the project area, the county MHI rate is used. In addition to the RBF, there are three specific things to consider for the CWSRF & DWSRF programs. If the RBF is not met, alternate criteria (51% of low-to-moderate income & 1.25% of MHI) can be looked at. Secondly, additional priority is given to regionalization or green projects. Lastly, applicant can be on the project priority list (must be on the list in the year loan is closed).

All projects begin with our Water and Wastewater Advisory Committee (WWAC). The primary partners on this committee are ANRD, Arkansas Department of Energy & Environment, Arkansas Department of Health, Arkansas Economic Development Commission, U.S. Department of Agriculture- Rural Development, Arkansas Rural Water Association, Communities Unlimited, and others. The goal of WWAC is to give project & funding advice, not review the projects.



## **WATER RESOURCES DEVELOPMENT SECTION**

*Upon motion by Mr. Neal Anderson, seconded by Mr. Jamie Burr, the Commission unanimously approved the following staff recommendations for financial assistance and for an increase in financial assistance:*

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

### **FINANCIAL ASSISTANCE:**

#### **Central Arkansas Water (Perla)**

##### **Pulaski County**

##### **Project: Water and Sewer Upgrades**

##### **Project Description**

Central Arkansas Water (CAW) has been appointed as receiver of the Perla wastewater system and the Perla Water Association PWS ID# 623 (water system) via court order. The commission previously approved funding for CAW to perform a complete system assessment for both the wastewater and water systems. This assessment, while not complete, has already identified system deficiencies. Intermediate capital improvements are required for the systems to be maintained and operated in a financially viable manner. This project is to replace all water meters and install sampling and flushing stations for the water system. In addition, this project includes replacing additional grinder pump stations and lift stations for the wastewater system.

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

Based on available information, the current monthly water and sewer bill for Perla is \$53.08 and \$23.10 based on 4,000 gallons of usage, respectively. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, CAW as the receiver for Perla will be required to increase rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Perla is \$33,757. Perla listed their water and sewer customer base for this project at 786.

<b><u>Estimated Project Costs</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>
Replace All Meters (Radio Read Regs, Boxes, & Setters)	350,000	0
Install Auto-Flusher's and Sample Stations	75,000	0
Replace Additional Grinder PS's & Lift Stations	0	75,000
Total Estimated Capital Cost:	\$425,000	\$75,000

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

Recommend the commission approve a loan in an amount up to \$425,000 from the Drinking Water State Revolving Loan Fund and a grant in amount up to \$75,000 from the Water, Sewer, and Solid Waste Management Systems Program 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 (\$50,000) without returning to the commission for approval. Such 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.

## **El Dorado Water Utilities**

### **Union County**

#### **Project: Wastewater Treatment Plant Improvements**

#### **Project Description**

The proposed project is located at the El Dorado Water Utilities (EDWU) existing wastewater treatment -plants (WWTPs). The North WWTP is located at 1119 Victor Dumas Drive and the South WWTP is located at 325 Quail Crossing in El Dorado, Arkansas. See the attached Map with coordinates for reference. The proposed project is intended to rehabilitate EDWU's existing WWTPs; consequently, the existing service areas will not change.

The proposed project includes the rehabilitation of EDWU's two (2) existing WWTPs. Improvements at both WWTPs include continued utilization of the existing lagoon systems and involves the replacement of all major mechanical components, including surface aerators, pumps, and dissolved air flotation units. Improvements to each existing WWTP also include the addition of new influent pump stations, headwork facilities, and peracetic acid disinfection systems.

The EDWU treatment facilities were originally constructed in the 1970s, and most of the mechanical equipment is original and has far exceeded its expected design life. Additionally, there is no preliminary treatment at the existing WWTPs to remove materials such as trash, rags, and grit. These materials currently accumulate in downstream treatment cells ultimately reducing treatment capacities and creating maintenance issues. The influent pump stations are needed to overcome the head loss added to the treatment process by the recommended screening and grit removal equipment. Disinfection is not currently required at either of EDWU's WWTPs to meet effluent requirements. However, as the system grows and/or the regulatory environment changes, future disinfection may be required to meet permit limits. Peracetic acid was selected as the



recommended disinfection system as it resulted in the lowest life cycle cost and capital investment of the evaluated alternatives.

### **Project Financial Information**

El Dorado has a tiered water and sewer system which will be required to increase rates by 67%. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, El Dorado will be required to increase rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for El Dorado is \$33,668. El Dorado listed their water and sewer customer base for this project at 9,348 and 8,049, respectively. El Dorado currently has one WSSW Loan and is current on all payments.

### **Estimated Project Costs**

Construction:	\$33,406,364
Contingencies	3,340,639
Engineering – Planning, Design & Construction	2,160,000
Engineering – Inspection	3,343,977
Legal Fees	40,000
Administrative	0
Capitalized Interest during Construction	400,000
Other – Sludge Disposal	2,000,000
Other – Engineering – Funding Procurement	30,000
Total Estimated Capital Cost:	\$44,720,977

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

Recommend the commission approve a loan in an amount up to \$44,720,977 from the Clean 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 (\$4,472,098) without returning to the commission for approval. Such 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 Marshall

### Searcy County

#### Project: Water Main Replacement

##### Project Description

The City of Marshall is located in northern Arkansas. Most of the water distribution mains that run through downtown are made up of small diameter cast iron piping with lead joints. The cast iron pipes are old, damaged, and in need of repair. Additionally, the lead joints pose a serious health concern to the residents of Marshall and should be replaced as soon as possible. This project consists of replacing approximately 8,300 linear feet of cast iron pipe (with lead joints) with 2-inch and 4-inch PVC piping. This project also aims to replace a significant portion of existing water mains with larger-diameter pipes which will improve the system.

##### Project Financial Information

Based on available information, the current monthly water bill for Marshall is \$57.30 based on 4,000 gallons of usage. This loan will be contingent upon Marshall's ability to generate additional revenue in an amount of approximately \$9,437 for debt service. Should it be determined during the term of this loan that the rates are not sufficient in covering the required debt service along with operation and maintenance costs, Marshall will be required to increase their water rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Marshall is \$29,892. Marshall currently has one loan with ANRC and is current on all payments.

##### Estimated Project Costs

The City of Marshall is planning to use approximately \$300,000 of their funds and is working to reduce projected project costs. Currently, Marshall is only requesting an amount up to \$150,000 to match their funds.

The original estimated project cost below has not yet been modified.

Construction	\$1,432,000
Contingencies	143,200
Engineering – Planning, Design & Construction	115,000
Engineering – Inspection	57,000
Legal Fees	35,000
Administrative	0
Capitalized Interest during Construction	0
Other – Reports & Other Services (EPA)	73,000
<u>Total Estimated Capital Cost:</u>	<u>\$1,855,200</u>



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

Recommend the commission approve a loan in an amount up to \$77,250 (includes 3% fee) and a grant in an amount up to \$75,000 from the Water Development 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 (\$15,225) without returning to the commission for approval. Such 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.

### **Wilburn Water Association**

#### **Cleburne County**

#### **Project: Connection to Heber Springs Water**

#### **Project Description**

Wilburn Water Association's water treatment plant is outdated, and the water quality has suffered as a result. Wilburn Water Association is proposing to change the source of their water by becoming a wholesale customer of Heber Springs water system as improvements to their existing water treatment plant is too expensive. The water mains proposed for replacement are areas of high-water loss due to leaks. For the shift to a wholesale customer model to be sustainable from a financial and water conservation standpoint, the indicated water mains must be replaced.

#### **Project Financial Information**

The current monthly water (A) and (D) bills for Wilburn are \$52.10 and \$81.10 based on 4,000 gallons of usage, respectively. Wilburn will be required to increase their water rates by 61%, which equates to \$83.88 and \$130.57 for a 4,000-gallon bill for the water (A) and (D), respectively. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, Wilburn will be required to increase rates. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Wilburn is \$37,679. Wilburn listed their sewer customer base for this project at 326. Wilburn currently has no loans with ANRC.

### **Estimated Project Costs**

	Previous Approvals	Additional Funds	Total Estimate
Construction:	\$297,469.00	\$468,440.00	\$765,909.00
Contingencies	29,596.00	46,994.00	76,590.00
Engineering – Planning, Design & Construction	29,596.00	46,994.00	76,590.00
Engineering – Inspection	14,798.00	23,497.00	38,295.00
Legal Fees	10,760.00	5,380.00	16,140.00
Administrative	5,500.00	0.00	5,500.00
Capitalized Interest during Construction	2,960.00	7,254.00	10,214.00
Issuance fee (3%)	11,753.37	18,001.77	29,755.14
Other – Loss of Water	0.00	1,500.00	1,500.00
Other – Bid Advertisement and ADH Review	1,100.00	0.00	1,100.00
Total Estimated Capital Cost:	\$403,532.37	\$618,060.77	\$1,021,593.14

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

Recommend the commission approve a loan in an amount up to \$618,060.77 (includes 3% fee of \$18,001.77) in additional funds from the Water, Sewer Solid Waste program.

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 (\$61,806.00 without returning to the commission for approval. Such 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.

### **INCREASE IN FINANCIAL ASSISTANCE:**

Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting an increase in financial assistance from the Water, Sewer, and Solid Waste Fund (WSSW).

### **Dardanelle – Cardon Bottoms Levee District**

#### **Johnson County**

#### **Project: Increase in Funding for Soil Removal**



### **Project Description**

The commission previously approved funding for the Dardanelle – Cardon Bottoms Levee District in January 2020 in an amount up to \$263,000 as a grant from Levee Funding. In November 2020, the commission approved additional funding in an amount up to \$72,100 in a loan from the Water Development Fund due to increase in construction costs.

Upon removal of the old pipe, the district encountered highly saturated, unstable clay-silt soils in the trench at design depths for the new pipe. These unstable soils are close to the water table, which is causing the soil to remain saturated, and the soil does not dry out. The trench area spans 17' wide and 250' long. Removal of the unstable soil and replacement using 6-9" ditch paving rock for approximately 71' in depth is recommended to improve stability for installation of the new pipe.

### **Project Financial Information**

At the time of the original funding approval, the district was not collecting assessment taxes. However, the district is in the process of establishing an assessment tax. This loan will be contingent upon Dardanelle's ability to generate additional revenue in an amount of approximately \$5,908 for debt service. Should it be determined during the term of this loan that the rates are not sufficient in covering required debt service along with operation and maintenance costs, Dardanelle will be required to increase the assessment taxes at the next available tax period. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Clarksville is \$35,623.

### **Previous Estimated Levee Project Costs**

	Previously Approved Levee Funds (Grant)	Previously Approved WDF Funds (Loan)	Additional Funding	Total Cost Estimate
Construction:	\$265,000	\$70,000	\$90,000	425,000
Contingencies	20,000	0	0	20,000
Engineering	15,000	0	0	15,000
Issuance Fee	0	2,100	2,700	4,800
Applicant Contribution	37,000	0	0	37,000
Total Estimated Capital Cost:	\$337,000	\$72,100	\$92,700	\$501,800

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

Recommend the commission approve a loan in an amount up to \$92,700 (includes 3% fee) from the Water Development 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 (\$9,270) without returning to the commission for approval. Such 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.

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

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

### **Lewisville (01231-DWSRF-L) \$46,853.53**

De-obligate funds in the amount of \$46,853.53 that were approved in May 2018 from the Arkansas Drinking Water State Revolving Loan Fund (DWSRF). Project is complete.

### **Tri-County Regional (01268-DWSRF-L) \$63,367.11**

De-obligate funds in the amount of \$63,367.11 that were approved in January 2020 from the Arkansas Drinking Water State Revolving Loan Fund (DWSRF). Project is complete.

### **Forrest City (01347- WSSW-L) \$324,500.00**

De-obligate funds in the amount of \$324,500.00 that were approved in May 2021 from the Water, Sewer, and Solid Waste Fund (WSSW). Bridge funding not needed.

## **ACTIVITY REPORTS**

Activity reports were presented by Mike Sullivan, USDA Natural Resources Conservation Service (NRCS); Debbie Moreland, Arkansas Association Conservation Districts (AACD); Dr. Mike Daniels, U of A Cooperative Extension Service; Dr. Bruce McGowan, U of A at Pine Bluff School of Agriculture, and Drew Westerman, U.S. Geological Survey (USGS).

## **ADJOURN**

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



Chris Colclasure  
Director

June 3, 2022  
Date