

**ARKANSAS NATURAL RESOURCES COMMISSION**  
**December 2, 2022**

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held in person and via Zoom on Friday, December 2, 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: Chairman Roy Reaves, Vice Chairman Will Brewer, Commissioner Neal Anderson, Commissioner JoAnne Bush, Commissioner Jamie Burr, Commissioner Bill Poynter, Commissioner William Anderson, Commissioner Bruce Leggitt, and Commissioner Eddie Glover.

Staff members in attendance included: Chris Colclasure, Director; Ryan Benefield, Deputy Director; Debby Dickson, Water Development Section Manager; Leah Johannes, Program Fiscal Manager; Megan Perkins, Conservation Program Coordinator; Mary Elizabeth Lea, Agriculture Program Specialist; Matthew Brooks, Engineer Supervisor; Dewania Coleman, Program Fiscal Manager; Robert Claxton, Computer Support Analyst; Gaylon Stanfield, Network Support Analyst; Wade Hodge, Chief Counsel; Kolton Jones, Attorney; Inoussa Zaki, Chief Fiscal Officer; Linda Luebke, Administrative Analyst; Dana Jones, and others attending virtually.

A list of guests is attached to the minutes.

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

**APPROVAL OF MINUTES: September 28, 2022**

*Upon motion by Mr. Will Brewer, seconded by Mr. Eddie Glover, the Commission unanimously approved the minutes of the meetings held on September 28, 2022.*

**AMERICAN RESCUE PLAN ACT (ARPA)** – Ryan Benefield presented 157 projects spanning 58 counties along with their applications for recommended funding, as well as the criteria that was used to score the projects. The projects were scored by representatives of the Arkansas Department of Agriculture's Natural Resources Division, Arkansas Department of Health and Arkansas Department of Energy and Environment's Division of Environmental Quality.

Eligible projects include a broad range of water and sewer projects, including those eligible under the EPA's Clean Water State Revolving Fund, EPA's Drinking Water State Revolving Fund, and certain additional projects, including a wide set of lead abatement remediation, stormwater infrastructure, and aid for those utilizing private wells and septic units.

**Drinking Water**

Based on the evaluation criteria, **105** drinking water projects were approved with a total award of **\$134,673,713**. The projects will serve approximately 170,139 customers. The average Median Household Income (MHI) for the residents of the awarded projects is \$34,218/year. Statistics for the 105 projects are provided below:

- 12 projects will result in partial or complete consolidation/regionalization of water

- 12 projects will result in partial or complete consolidation/regionalization of water systems.
- 22 projects will result in the extension of water service to unserved portions of the state.
- 43 projects will result in a reduction in the use of groundwater.
- 56 projects directly affect communities deemed disadvantaged based on their MHI and water bill.
- 62 projects will address regulatory consent orders or other compliance issues.
- 74 projects are in counties with more than 5% population decline during the previous decade.

***Upon motion by Mr. Bill Poynter, seconded by Mr. Bruce Leggitt, the Commission unanimously approved 105 drinking water projects for ARPA funding.***

The approved list of drinking water projects can be found in **Attachment 1**.

#### **Drinking Water Waiting List**

In addition to the 105 projects, the review team identified and ranked an additional 37 Drinking Water projects totaling \$50,189,198. Should a selected project not be able to meet the schedule or other program requirements or if additional funds come available projects will be funded in accordance with the ranked list.

***Upon motion by Mr. Neal Anderson, seconded by Mrs. JoAnne Bush, the Commission unanimously approved 37 applications on the drinking water projects, waiting list for ARPA funding if additional funds come available.***

The approved waiting list drinking water projects can be found in **Attachment 2**.

#### **Wastewater/Stormwater**

Based on the evaluation criteria, 52 wastewater projects were approved with a total award of \$135,326,287. The projects will serve approximately 283,152 customers. The average Median Household Income (MHI) for the awarded projects is \$42,533/year. Statistics for the 52 projects are provided below:

- 6 projects will result in the extension of wastewater service to unserved portions of the state.
- 10 projects will result in partial or complete consolidation/regionalization of wastewater systems.
- 18 projects will improve water quality by reducing infiltration and inflow of wastewater.
- 21 projects will improve water quality in a currently impaired waterbody.
- 27 projects are in counties with more than 5% population decline during the previous decade.
- 36 projects will address regulatory consent orders or other compliance issues.
- 42 projects will improve water quality in a watershed used for drinking water.
- 44 projects will reduce nutrients with 22 projects directly treating for nutrients.

***Upon motion by Mr. Neal Anderson, seconded by Mrs. JoAnne Bush, the Commission unanimously approved the 52 wastewater projects for ARPA funding.***

The approved list of wastewater projects can be found in **Attachment 3**.

#### **Wastewater/Stormwater Waiting List**

In addition to 52 projects, the review team identified and ranked an additional 25 Wastewater projects totaling \$49,467,958. Should a selected project not be able to meet the schedule or other program requirements or if additional funds come available projects will be funded in accordance with the ranked list.

*Upon motion by Mr. Jamie Burr, seconded by Mrs. JoAnne Bush, the Commission unanimously approved 25 applications on the wastewater projects, waiting list for ARPA funding if additional funds come available.*

The approved waiting list wastewater projects can be found in **Attachment 4**.

Upon the request of the Commission, at the next meeting, presentations as to how staff plans to monitor and audit the flow of funds spent and the progress of the projects is expected.

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

- We are experiencing some significant turnover at the moment. We currently have 8 open and advertised positions out of a staff of 60. Most of the vacancies are in the Water Development and floodplain management/Dam Safety sections. Of course, you all are aware of April Harris leaving the agency to take a job with the federal government.
- We continue to work with Virginia Tech, AACD and 6 Conservation Districts to implement the RIPE Program This project was funded at 80 million and will be piloted in 4 states (AR, MN, ND, VA). The program will be implemented over three years in Jefferson, Arkansas, Drew, Lincoln, St. Francis, and Craighead Counties. Under the program producers will be eligible to receive \$100/acre for implementing climate smart practices. We will target 1,000 producers across the 6 counties.
  - Arkansas will receive an estimated \$15.3 million for landowner payments and \$2.4 million to administer the program.
  - Partners include Agricultural Council of Arkansas, AR Rice Federation, AACD and local conservation districts
- **Levee Funding** – In January 2020, \$10 million in grant funds were made available to assist levees along the Arkansas River. In partnership with ADEM, we funded 16 projects. All but four of the projects have finished construction Tucker Lake, Plum Bayou, Old River, and Fourche Dam Island Drainage District #2)

#### **Ground Water**

- I was able to tour the South Arkansas Sparta Recovery Project in El Dorado. It's remarkable what they have been able to accomplish. While there, Union County Water Conservation Board offered to host the next Groundwater Summit in El Dorado in 2023.
- The groundwater summit proceeding was finished and has been placed on the agency website. We also distributed it to all attendees.

- We are in process of working with the University Arkansas, UofA Division of Agriculture, and Kansas State University on a groundwater economics analysis. Estimated cost is \$20,000.

### **Conservation / Irrigation Projects/Feral Hogs**

- We are working closely with Garland & Greenwood CPA's and Advisors, PLLC to conduct Conservation District Audits for Agreed Upon Procedures. We received our first draft audit report.
- We held Project Coordination team meetings for both irrigation projects in November. Both projects continue to make progress. We are currently in the process of distributing \$10 million in ARPA funds to the projects.
- We are planning 4 conservation district trainings in December. Each of our LRS staff have been reaching out to their perspective districts and working on securing venues and speakers.

### **319 / Unpaved Road**

- We have been awarded \$1,713,333 over FY22-23 from EPA for Hypoxia work. We expect to receive appropriation from the State Legislature in December.

### **Water Development**

- Debby Dixon and her team submitted our base and Infrastructure, Investment and Jobs Act funding application. In total we requested: \$57 million in funds (little over \$21 million in pf)
  - CWSRF Base \$7,750,000 (requires 20% match)
  - CWSRF IIJA/BIL General Supplemental \$11,642,000 (requires 10% match)
  - DWSRF Base \$10,543,000 (requires 20% match)
  - DWSRF IIJA/BIL General Supplemental \$27,070,000 (requires 10% match)

**FINANCIAL ASSISTANCE REPORT** - Mr. Inoussa Zaki, Chief Fiscal Officer, presented the financial assistance report dated October 31, 2022. There were no questions.

**LEGAL**—Mr. Wade Hodge updated the Commission on the progress on rule amendments which the Commission approved at the August 11, 2022 commission meeting. These rule amendments are for Title 10, Rules Governing the Arkansas Water Resource Agricultural Cost-Share Program, and for Title 13, Rules Governing the Tax Credit Program for the Creation, Restoration, and Conservation of Private Wetland and Riparian Zones. They are set to be reviewed by the Legislature on December 15, 2022, after their review and approval, we will file with the Secretary of State Office and accept those changes around the first of the year.

Also Mr. Hodge reminded the commissioners that a Statement of Financial Interest is to be completed and returned into the Secretary of the State Office by January 31, 2023.

**ADOPTION OF MEETINGS FOR 2023** -- Meeting dates were presented for the upcoming year and no objections were made to the following dates: January, 18, 2023; March, 15, 2023; May 17, 2023; July 19, 2023; September 20, 2023; November 15, 2023.

*Upon motion by Mr. Neal Anderson, seconded by Mr. William Anderson, the Commission unanimously approved the above meeting schedule for 2023.*

**ELECTION OF OFFICERS FOR THE YEAR 2023:** Commissioner Neal Anderson recommended the 2023 chairman & vice-chairman be chosen, as customarily done, which is the current vice-chairman moves into the chairman position, and for the senior commissioner under the current vice-chairman, to move into the vice-chairman position. Chairman Reaves asked for a motion to be made for Commissioner Will Brewer to become the chairman and Commissioner Eddie Glover to become vice-chairman during the calendar year of 2023.

*Upon motion by Mrs. JoAnne Bush, seconded by Mr. Bruce Leggitt, the Commission unanimously approved that Commissioner Will Brewer be the chairman in 2023, and Commissioner Eddie Glover will be vice-chairman in 2023.*

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

**Appointments to Conservation District Boards**

Lafayette County	Reid Hays
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**Reappointments to Conservation District Boards**

Baxter County	Robert Benedict
Clark County	Rebecca Baumgardner
Clay County	Stephen Crancer
Crittenden County	Woody Ray
Crooked Creek	Donald Austin
Dallas County	Roy Johnson
Dallas County	Ed Givens
Faulkner County	Rocky Harrell
Independence County	Julia Nail
Lincoln County	Keith Shepherd
Newton County	Denver Smith
Newton County	Waymon Villines
Sebastian County	Conaly Bedell
Sebastian County	Douglas Ellison
Stone County	Derek Littrell

*Upon motion by Mr. Eddie Glover, seconded by Mr. Bruce Leggitt, the Commission unanimously approved the appointments & reappointments to Conservation District Boards.*

**WATER RESOURCES DEVELOPMENT SECTION**

**FINANCIAL ASSISTANCE:**

*Upon motion by Mr. Will Brewer, seconded by Mr. Neal Anderson, the Commission unanimously approved the following staff recommendations for financial assistance:*

Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting financial assistance from the Arkansas Drinking Water State Revolving Fund (DWSRF) and the Arkansas Clean Water State Revolving Fund (CWSRF).

## **Arkansas Natural Resources Commission**

### **Project: Clean Water & Drinking Water State Revolving Loan Fund State Match**

#### **Project Description**

The Clean Water State Revolving Loan Fund (CWSRF) referred to as the "Construction Assistance Revolving Loan Fund" in Subchapter 9 of Chapter 5 of Title 15 of the Arkansas Code Annotated, the act creating the "Construction Assistance Revolving Loan Fund," as amended by Act 459 of 2001 and in accordance with the requirements of the Federal Water Pollution Control Act of 1972 as amended by Public Law 100-4; February 4, 1987. As contemplated by the Federal Act, the Arkansas General Assembly at its 1987 session enacted Act 1030, which was superseded at its 1991 session by Act 718, Arkansas Code Annotated, Section 15-5-901 to -906, establishing the Construction Assistance Revolving Loan Fund to be administered by the Arkansas Department of Environmental Quality. The Arkansas General Assembly at its 2001 Regular Session enacted Act 459, which converted the administration of the Program and Fund to the Arkansas Natural Resources Commission effective July 1, 2001.

The Drinking Water State Revolving Loan Fund (DWSRF) referred to as the Safe Drinking Water Fund (Arkansas Code Annotated § 15-22-1101 to 1110) was established by Act 772 of 1997. The Act created a special fund of the Arkansas Development Finance Authority to be administered by the Arkansas Natural Resources Commission and the Arkansas Department of Health to provide loans for the planning, design, acquisition, construction, expansion, equipping and/or rehabilitation of water systems or parts thereof.

#### **Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law (BIL)**

President Biden signed the BIL on November 15, 2021, these funds will be used to strengthen the nation's drinking water. Drinking water will have three separate funding for BIL, general supplemental, emerging contaminants, and lead service line replacement. The key priority is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. The grant application for the CWSRF & DWSRF BIL general supplemental funding for FFY 2022 have been submitted to EPA. The FFY2022 grant applications for the lead service line and emerging contaminant funding are anticipated to be submitted to EPA within three months.

These programs are intended to be perpetual funds providing low interest loan assistance for the construction and improvement of water and wastewater facilities. ANRC applies for capitalization grants from the Environmental Protection Agency for each program each year, upon notice from EPA that the federal funds are available. As a condition of the capitalization grant the State of Arkansas is required to provide state matching funds.

### **Estimated Project Costs**

EPA FFY 2022 Capitalization Grant -- CWSRF	<b>\$10,395,000</b>
Required 20% State Match for CWSRF	<i>2,079,000</i>
EPA FFY 2022 General BIL Grant CWSRF	<b>\$11,642,000</b>
Required 10% State Match CWSRF	<i>1,164,200</i>
EPA FFY 2022 Emerging Contaminants	<b>\$612,000</b>
No Required State Match	<i>0.00</i>
Required 20% Capitalization State Match for CWSRF	<i>2,079,000</i>
Required 10% General BIL State Match for CWSRF	<i>1,164,200</i>
Total State Match for CWSRF	<b>\$3,243,200</b>
EPA FFY 2022 Capitalization Grant - DWSRF	<b>\$10,543,000</b>
Required 20% State Match for DWSRF	<i>2,108,600</i>
EPA FFY 2022 General BIL Gants-DWSRF	<b>\$27,070,000</b>
Required 10% State Match for DWSRF	<i>2,707,000</i>
EPA FFY 2022 Lead Service Line Replacement-DWSRF	<b>\$42,653,000</b>
No state match required	<i>0.00</i>
EPA FFY 2022 Emerging Contaminants DWSRF	<b>\$11,367,000</b>
No State Match Required	<i>0.00</i>
Required 20% State Match for DWSRF	<i>2,108,600</i>
Required 10% General BIL State Match for DWSRF	<i>2,707,000</i>
Estimated Total State Match DWSRF	<b>\$4,815,600</b>
Combined Total FFY 2022 State Match for CWSRF & DWSRF	<b>\$8,058,800</b>

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

The Staff recommends that the Commission approve an amount up to \$8,058,000 as a grant to Arkansas Natural Resources Commission from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund.

### **Kimzey Regional Water District Hot Spring County**

**Project:       Pearcy-Bonnerdale Water Transmission Line**

### **Project Description**

The Kimzey Regional Water District is located at 319 West Third Street, Malvern in Hot Spring County. This project is the installation of twelve-inch diameter ductile pipe that will connect the primary storage tank and the secondary tank. This will increase the reliability of the system by replacing older pipe that frequently needs repair.

### **Project Financial Information**

The current average monthly water rate for its residential customers is \$24.15 based on 4,000 gallons of usage. Kimzey Regional Water District will be required to increase their rates by an estimated 17% which equates to an estimated residential rate of \$28.26. However, should it be determined, at any point, that the rates are insufficient in covering the required debt service, operation and maintenances costs, and the required maintenance of the depreciation reserve fund, the Association will be required to increase the rates.

The current three-year (2018-2020) average Median Household Income (MHI) provided by UALR for Malvern, Arkansas is \$32,607. The current customer base for this project is 5,066. Kimzey Regional Water District currently has no loans.

### **Estimated Project Costs**

Construction:	\$2,000,000
Contingencies	200,000
Engineering – Planning and Development	140,000
Engineering-Inspection	80,000
Administrative	40,000
Capitalized Interest during Construction	0
Issuance fee (3%)	0
Other: Legal	20,000
Other: N/A	0
<b>Total Estimated Capital Cost:</b>	<b>\$2,480,000</b>

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

Recommend the Commission approve an amount up to \$2,480,000 in a loan from the 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 (248,000) without returning to the commission for approval. Such an increase in financial assistance may 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 Mountain View**



## Stone County

**Project: Water Improvements**

### **Project Description**

The City of Mountain View Water Department is located at 411 West Main Street in Stone County. It serves the residents of Mountain View and areas of Stone County. There are four areas that will be addressed as part of this funding application: 1) Line Replacements 2) Meter Replacements, 300 meters 3) Treatment Plant Rehabilitation 4) New Feed Line. The line replacements is replacing and upgrading 54,250 linear feet of water lines. The treatment plant will receive a new generator, replacement of surge valves on the clear well high service pumps, installation of backwash pump, improved screens, installation of handrails, and SCADA improvements. In addition, approximately 7,500 feet of 10" to 12" water mains will be installed along Jimmy Driftwood Parkway.

### **Project Financial Information**

The current average monthly water rate for its customers within the city limits is \$19.67 based on 4,000 gallons of usage. The City of Mountain View will be required to increase their rates by an estimated 61%, which equates to \$31.67. However, should it be determined, at any point, that the rates are insufficient in covering the required debt service, operation and maintenance costs, and the required maintenance of the depreciation reserve fund, the City will be required to increase the rates.

The current three-year (2018-2020) average Median Household Income (MHI) provided by UALR for Mountain View, Arkansas is \$28,837. The current customer base for this project is 2,953. The City of Mountain View currently has no loans with ANRC.

### **Estimated Project Costs**

Construction:	\$8,042,075
Contingencies	800,000
Engineering – Planning and Development	638,000
Engineering-Inspection	330,000
Administrative	0
Capitalized Interest during Construction	224,400
Issuance fee (3%)	0
Other: Legal	20,000
Other: N/A	0
<b>Total Estimated Capital Cost:</b>	<b>\$10,054,475</b>

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

Recommend the Commission approve an amount up to \$10,054,475 in a loan from the 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 (1,005,447) without returning to the commission for

approval. Such an increase in financial assistance may 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 Mountain View Stone County**

### **Project: Wastewater Improvements**

#### **Project Description**

The City of Mountain View Water Department is located at 411 West Main Street in Stone County. It serves the residents of Mountain View and areas of Stone County. There are four areas that will be addressed as part of this funding application: 1) Wastewater Lift Station Improvements 2) New Sewer Main 3) Wastewater System Improvements 4) Wastewater Treatment Plant Improvements. The lift station improvements include generators and bypass pumping capability at ten lift station. The new sewer main is the installation of 2,700 linear feet of pipe from a sewer main west of Mountain View to the lift station on Snoda Lane West. The system improvements include flow testing, manhole inspections, closed-circuit television inspection and GPS locating of clay pipes for replacements. The treatment plant improvements include repair of the basket screen, replacement of the ultraviolet disinfection system, rehabilitation of the clarifier that is 55 feet in diameter, replacement of the nitrate recycling pump in the oxidation ditch, construction of a mixed liquid splitter box, construction of a 40-foot clarifier, installation of yard piping, earthwork, and installation of three phase power to the waste treatment facility.

#### **Project Financial Information**

The current average monthly sewer rate for its customers is \$16.40 based on 4,000 gallons of usage. The City of Mountain View will be required to increase their rates by an estimated 330%, which equates to \$66.87 based on 4,000 gallons of usage. However, should it be determined, at any point, that the rates are insufficient in covering the required debt service, operation and maintenances costs, and the required maintenance of the depreciation reserve fund, the City will be required to increase the rates.

The current three-year (2018-2020) average Median Household Income (MHI) provided by UALR for Mountain View, Arkansas is \$28,837. The current customer base for this project is 2,953. The City of Mountain View currently has no loans.

#### **Estimated Project Costs**

Construction:	\$10,083,170
Contingencies	1,010,000
Engineering – Planning and Development	805,475
Engineering-Inspection	416,625
Administrative	0

Capitalized Interest during Construction	283,305
Issuance fee (3%)	0
Other: Legal	20,000
Other: N/A	0
<b>Total Estimated Capital Cost:</b>	<b>\$12,618,575</b>

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

Recommend the Commission approve an amount up to \$12,618,575 in a loan 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 (1,261,857) without returning to the commission for approval. Such an increase in financial assistance may 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.

### **North Garland County Regional Water District Garland County**

**Project: Water Treatment Plant Expansion and Water Storage Tank**

#### **Project Description**

North Garland County Regional Water District (District) is located at 3084 North Highway 7, in the City of Hot Springs, Garland County. It provides water service to portions of Garland and Saline counties in central Arkansas. This project is to expand the current water treatment plant from two million gallons per day (MGD) to eight MGD, construct a new transmission line from the water treatment plant in order to provide adequate flow and the construction of a new 500,000-gallon storage tank. The current system has been in service since 1998 and is no longer able to provide adequate water service to customers. The proposed improvements will provide adequate supply and pressure plus replace undersized, deteriorating 25-year-old distribution lines.

#### **Project Financial Information**

This funding recommendation is based on North Garland County Regional Water District's enactment of a rate increase to its customers of 25% which will bring its 5/8" inch waterline customers bill to \$56.83. The current three year (2017-2020) average Median Household Income (MHI) for Garland County is \$45,358. The current customer base for this project is 3,219. Currently, the North Garland County Regional Water District does not have any outstanding debt with ANRC.

#### **Estimated Project Costs**

Construction:	\$16,560,000
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Contingencies:	721,200
Engineering -- Planning and Development:	1,117,800
Engineering-Inspection:	621,000
Administrative:	90,000
Capitalized Interest during Construction:	0
Issuance fee (3%):	0
Other: Legal	0
Total Estimated Capital Cost	\$19,110,000
Less: County ARPA Funds	-15,000,000
Total Estimated Capital Cost Funding:	\$4,110,000

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

Recommend the commission approve an amount up to \$4,110,000 in a loan from the 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 estimated capital cost amount (\$1,911,000) 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.

Furthermore, recommend the entity convert to a Public Water Authority. In the event converting is not possible, 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.

### **Vilonia Waterworks Association Faulkner County**

**Project: Waterworks Improvements**

#### **Project Description**

The Vilonia Waterworks Association is located at 19 Industrial Drive in Faulkner County. They serve customers in the City of Vilonia and surrounding customers in rural Faulkner County. They have a service area of approximately five hundred square miles. The system experiences inadequate volume and pressure of water in their service areas. Most of the mains are three and four inches. This project is to increase the size of their main pipe from a range of three to four inches to a range of six to ten inches. This will provide the necessary volume and pressure to properly maintain the system without having to conduct operations during the night at off peak

hours. In addition, nine water tanks will be rehabilitated to continue to provide safe potable water to their customers and abide the Arkansas Department of Health recommendations.

### **Project Financial Information**

The current average monthly water rate for its residential customers is \$36.10 based on 4,000 gallons of usage. Vilonia Waterworks Association will be required to increase their rates by an estimated 224%, which equates to \$44.04. However, should it be determined, at any point, that the rates are insufficient in covering the required debt service, operation and maintenances costs, and the required maintenance of the depreciation reserve fund, the Association will be required to increase the rates.

The current three-year (2018-2020) average Median Household Income (MHI) provided by UALR for Vilonia, Arkansas is \$67,949. The current customer base for this project is 9,455. Vilonia Waterworks Association currently has one loan with ANRC and is current on their payments.

### **Estimated Project Costs**

Construction:	\$14,000,000
Contingencies	1,400,000
Engineering – Planning and Development	1,116,500
Engineering-Inspection	577,500
Administrative	0
Capitalized Interest during Construction	490,875
Issuance fee (3%)	0
Other: Legal	20,000
Other:	0
<b>Total Estimated Capital Cost:</b>	<b>\$17,604,875</b>

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

Recommend the Commission approve an amount up to \$17,604,875 in a loan from the 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 (1,760,487) without returning to the commission for approval. Such an increase in financial assistance may 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.

Furthermore, recommend the entity convert to a Public Water Authority. In the event converting is not possible, 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 Springdale Water & Sewer Commission**

### **Washington County**

**Project: Spring Creek Interceptor Improvement**

#### **Project Description**

The City of Springdale Water and Sewer Commission is located at 526 Oak Avenue, in Washington County. They serve customers in the Cities of Springdale, Lowell, and Johnson and serve over 120,000 customers. The proposed Spring Creek Interceptor improvement project location follows existing wastewater interceptors from the Springdale Wastewater Treatment facility at 2910 Silent Grove Road to Johnson Avenue in downtown Springdale, generally following Spring Creek. The improvements will reduce infiltration to the eastern half of their service area.

#### **Project Financial Information**

The current average monthly water rate for its residential customers is \$22.81 based on 4,000 gallons of usage. The City of Springdale Water and Sewer Commission will not be required to increase their rates, based on information provided in the application. However, should it be determined, at any point, that the rates are insufficient in covering the required debt service, operation and maintenance costs, and the required maintenance of the depreciation reserve fund, the Association will be required to increase the rates.

The current three-year (2018-2020) average Median Household Income (MHI) provided by UALR for Springdale, Arkansas is \$50,801. The current customer base for this project is 30,944. Springdale currently has one loan with ANRC and is current on all payments.

#### **Estimated Project Costs**

Construction:	\$37,750,000
Contingencies	5,000,000
Engineering -- Planning and Development	1,450,000
Engineering-Inspection	750,000
Administrative	60,001
Capitalized Interest during Construction	469,999
Issuance fee (3%)	0
Other: Legal	20,000
Total Estimated Capital Cost	\$45,500,000
Less: Applicant Contribution	-22,750,000
Total Estimated Capital Cost Funding:	\$22,750,000

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

Recommend the Commission approve an amount up to \$22,750,000 in a loan 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 estimated capital cost amount (4,550,000) without returning to the commission for approval. Such an increase in financial assistance may 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.

*Upon motion by Mr. William Anderson, seconded by Mr. Eddie Glover, the Commission unanimously approved the following staff recommendations for financial assistance through the General Obligation Bond Program. With the action for staff to investigate finding a more cost-efficient way to solve the problems shared by the City of Biscoe and the I-40 Rest Area.*

## **City of Biscoe Prairie County**

**Project: Water and Wastewater Improvements**

### **Project Description**

The City of Biscoe is located 110 Main Street in Prairie County. They serve customers within the incorporated City of Biscoe and the immediate surrounding areas. The water system has been in continuous service since 1965. The system consists of a water supply well, a water treatment plant, an elevated storage tank and water distribution lines. Due to the age of the system, it is in extremely bad condition with major corrosion and structural defects. The raw water well pump and the two high service pumps need being replaced. All the metal parts of the water treatment plant exhibit serious corrosion issues and require major repairs and or replacement. There is also need for an additional water supply well to supplement the existing 56-year-old well and provide redundancy and backup for the city's water supply. The proposed water system improvements will provide upgrades to the water treatment and storage facilities to accommodate the existing system customers and ensure major outages will be avoided. The improvements will also provide services to the ARDOT White River rest area which is currently lacking those services.

The wastewater collection system and treatment plant have been in service since 1995 providing domestic wastewater service to its customers. It consists of a treatment plant, six pumping stations, and collection lines. The existing pumping facilities have operated continuously for 26 years with the necessary maintenance that has been required to keep them operating. The useful life of the pumping station has been exceeded which results in the constant need of major maintenance on all the system's pumping equipment components. The Arkansas Department of Transportation (ARDOT) operates a rest area on Interstate 40 at the White River, approximately three miles West of Biscoe. The rest area does not currently have potable water or wastewater facilities. ARDOT has made inquiries to Biscoe about the possibility of providing the required water and wastewater services. Biscoe is willing to furnish the services provided funding for the project can be secured.

It is proposed to replace all pumping and control equipment in the six existing pumping stations in the wastewater collection system. The existing wells will remain in service with all the existing pumps and piping being removed and replaced. The new control panels will include manual transfer switches for connection to the proposed trailer mounted portable generator.

### **Project Financial Information**

The current average monthly residential water bill based on 4,000 gallons of usage is \$29.00. The current average residential wastewater bill based on 4,000 gallons of usage is \$28.00. The entity will not be required to increase its water or wastewater rates but will be required to complete a rate study compliant with Act 605. The current three-year (2017-2019) average Median Household Income (MHI) provided by UALR for Biscoe is \$44,021. The entity listed its customer base for this project at 250. Biscoe has no outstanding loans with ANRC.

### **Estimated Project Costs**

Category	Water Project	Wastewater Project	Water & Wastewater Estimated Project Cost
Construction:	\$2,650,000	\$1,550,000	\$4,200,000
Contingencies:	265,000	155,000	420,000
Engineering – Planning:	211,337	127,875	339,212
Engineering – Inspection:	109,313	68,200	177,513
Legal Fees:	18,615	17,110	35,725
Administrative:	0	0	0
Capitalized Interest:	0	0	0
Other:	0	0	0
Total Estimated Capital Cost	\$3,254,265	\$1,918,185	\$5,172,450

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

Recommend the commission approve a grant in an amount up to \$5,172,450 from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund.

If approved, the executive director will establish any necessary terms and conditions.

*Upon motion by Mr. Neal Anderson, seconded by Mr. William Anderson, the Commission unanimously approved the following staff recommendations for additional funding assistance.*

### **REQUEST FOR ADDITIONAL FUNDING:**

#### **CITY OF CAVE SPRINGS**

**Benton County**

**Project: Additional Funding - Connect to NACA Wastewater Treatment Facility for treatment of sewage**

### **Project Description**



The commission previously amount up to \$4,200,000 in a loan to the City of Cave Springs from the Arkansas Clean Water Revolving Loan Fund at the January 2020 commission meeting.

The City of Cave Springs is requesting additional funding of \$9,400,000 based on an updated cost estimate. The original cost estimate was prepared in 2020, the updated estimate reflects the anticipated increase in estimated project cost. The additional funding will bring the total project cost and loan amount to \$17,000,000.

The city of Cave Springs is located in southern central Benton County, Arkansas in the valley of Osage Creek. Cave Springs and Benton County are part of the Northwest Arkansas: Fayetteville-Springdale-Rogers-Bentonville urbanized area.

Over the past five-years during the permitting cycle of Permit 4893-WR-2, the City of Cave Springs has recorded 22 instances of exceeding their permit limits, 20 of which were for exceedances of Total Suspended Solids (TSS) limits. The City of Cave Springs is committed to complying with environmental laws and regulations and therefore is determined to identify and address their wastewater treatment plant's performance.

Several options were explored for helping the City to meet environmental requirements of sewage treatment and the most effective method was determined (see PER for more detail). The option selected was for the city to discontinue wastewater treatment and instead send their sewage to be treated by the NACA Wastewater Treatment Facility. For this alternative, land will be purchased for construction of additional collection, transmission, and pumping facilities to convey all waste discharges into the City of Bentonville's gravity sanitary sewer main to NACA. NACA and the City of Bentonville will sell the City of Cave Springs an agreed upon set of criteria for this agreement including flow rate, nutrient concentrations, duration, etc.

#### **Project Financial Information**

The current average monthly sewer bill for the City of Cave Springs is \$42.24 based on 4,000 gallons of usage. The City of Cave Springs will be required to raise their rates by 70% to approximately \$71.81 based on 4,000 gallons of usage. The current rate structure will service the proposed loan, including 110% loan coverage. The current three year (2018-2020) average Median Household Income (MHI) provided by UALR for the City of Cave Springs is \$127,669. The City of Cave Springs listed the customer base for this project at 1,993.

The City of Cave Springs currently has three loans with ANRC, and they are current on all loan payments.

#### **Estimated Project Costs**

	<b>Previously Approved</b>	<b>Additional Funding</b>	<b>Total Project Cost</b>
Construction:	\$3,833,060	\$9,166,940	\$13,000,000
Contingencies	789,110	210,890	1,000,000
Engineering -- Planning, Design & Construction	306,650	561,850	868,500
Engineering -- Inspection	191,650	188,350	380,000
Legal Fees	38,330	-18,330	20,000

Administrative	100,000	-89,055	10,945
Capitalized Interest during Construction	0	0	0
Issuance fee (3%)	0	0	0
Other: Easements, Env. Permitting, Geotech	532,200	-230,700	301,500
Other: NACA treatment and conveyance fee buy-in	1,409,000	10,055	1,419,055
Total Estimated Capital Cost:	\$7,200,000	\$9,800,000	\$17,000,000
Less – City Contribution	-3,000,000	-400,000	-3,400,000
Sales Tax Funded Bond proceeds			
Total ANRC Funding:	4,200,000	9,400,000	13,600,000

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

The Staff recommends that the Commission approve an additional amount up to \$9,400,000 in a loan to the City of Cave Springs from the Arkansas Clean Water 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 (1,360,000) 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 the combined annual borrower rate and additional loan terms and conditions including the requirement to establish and maintain a depreciation reserve fund.

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

**Project:** Expand Scope and Additional Funding

### **Project Description**

The Commission previously approved an amount up to \$3,195,060 in a loan from the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bond Fund at the July 2021 commission meeting to fund the storage Tank and Pump Station Installation project.

Oak Grove Water Users Association (OGWUA) is requesting additional funding and expansion of the scope. This request is driven by a proposed rate increase from the water supplier, Van Buren Municipal Utilities (VBMU). VBMU reads all of the OGWUA water meters, which are currently manual-read meters. VBMU incurs significant labor cost associated with manual-read meters and notified OGWUA of an increase to the service rate associated with manual-read meters, anticipated increase of 110%. VBMU does not anticipate an increase to the service rate associated with radio-read meters, since that type of meter requires significantly less labor cost to read. Therefore, OGWUA has elected to upgrade all system water meters to radio read meters, to avoid this rate increase from VBMU.

Previously approved funding in an amount up to \$3,195,060 was 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 approximately 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.

### **Estimated Water Project Costs**

<b>Estimated Project Cost</b>	<b>Previously Approved</b>	<b>Additional Funding</b>	<b>Total Project Cost</b>
Construction:	\$2,375,455	\$675,455	\$3,050,910
Contingencies	237,545	67,545	305,090
Engineering – Planning, Design & Construction	250,000	67,000	317,000
Engineering – Inspection	169,000	45,000	214,000
Legal Fees	20,000	0	20,000
Administrative	0	0	0
Capitalized Interest during Construction	0	85,000	85,000
Issuance fee (3%)	93,060	30,000	123,060
Other – Engineering for funding application process	50,000	0	50,000
<b>Water Total Estimated Capital Cost:</b>	<b>\$3,195,060</b>	<b>\$1,030,000</b>	<b>\$4,225,060</b>

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

Recommend the commission approve additional loan funding in an amount up to \$1,030,000 (includes 3% fee of \$30,000) 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 (\$422,506) 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 Portland**  
**Ashley County**

**Purpose: Additional Funding - Replace Existing Mechanical Sewage Treatment Plant with a 3-cell Oxidation Pond Plant**

**Project Description**

Additional funding for the construction of a three-cell pond to improve wastewater treatment. This treatment process is extremely easy to maintain and should meet the discharge requirements required by the Arkansas Department of Environmental Quality. The city also proposes to use a chlorine tablet system instead of gas. As a result, operation and maintenance costs will decrease dramatically while meeting ADEQ discharge permit requirements.

**Project Financial Information**

The Commission approved an amount up to \$1,545,000 (including 3% fee of \$45,000) for this project at the July 2019 meeting from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund.

The current monthly sewer bill for Portland, based on 4,000 gallons of usage, is \$21.32. Portland will be required to raise rates \$5.20 per month to service the previously approved loan, including 110% loan coverage. The current three year (2018-2020) average Median Household Income (MHI) provided by UALR for Portland is \$43,476. The current average bill of \$21.32 is 0.72% of the current average MHI. The increased monthly bill of \$26.52 per month is 0.59% of the current average MHI. Portland also agreed to set aside 3% of gross revenues in a depreciation reserve fund for this loan.

In addition to the above rate increase, the city will be required to generate an additional \$8,821 to service the additional funding, including 110% loan coverage. With 240 customers, it is estimated to be an additional \$2.61 per month. In addition, Portland will be required to increase the set aside from 3% to 5% of gross revenues, to be deposited in a depreciation reserve fund for this funding.

**Estimated Project Costs**

<b>Estimated Project Cost</b>	<b>Previously Approved</b>	<b>Additional Funding</b>	<b>Total Project Cost</b>
Construction:	1,160,000	124,860	1,284,860
Contingencies	116,000		116,000
Engineering – Planning, Design & Construction	126,400		126,400
Engineering – Inspection	52,600		52,600
Legal Fees	20,000		20,000
Servicing Fee	45,000	3,746	48,746
Other – Geotechnical Study	25,000		25,000
Total Estimated Capital Cost:	\$1,545,000	\$128,606	\$1,673,606

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

The Staff recommends that the Commission approve additional in funding in a loan in an amount up to \$128,606 (including 3% servicing fee of \$3,746) for the City of Portland from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Fund.

If approved, the Executive Director will establish the rate of interest and additional loan 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).

#### **Hwy 4 & 24 (01330-DSRF-F) \$339,418**

De-obligate funds in the amount of \$339,418 that were approved in January 2021 from the Arkansas Drinking Water State Revolving Loan Fund (DWSRF). Project is complete.

#### **Marshall (02023-WDF-L) \$77,250**

De-obligate funds in the amount of \$77,250 that were approved in March 2022 from the Water, Sewer, and Solid Waste Fund (WSSW). Funding was declined.

#### **Marshall (02024-WDF-G) \$75,000**

De-obligate funds in the amount of \$75,000 that were approved in March 2022 from the Water, Sewer, and Solid Waste Fund (WSSW). Funding was declined.

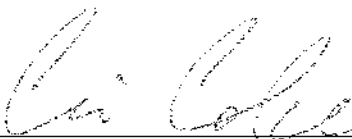
### **ACTIVITY REPORTS**

No Activity reports were presented.

### **OTHER**

### **ADJOURN**

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



Chris Colclasure  
Director

1-18-23  
Date