

ARKANSAS NATURAL RESOURCES COMMISSION
February 28, 2024

The regular meeting of the Arkansas Natural Resources Commission (ANRC) was held in person on Wednesday, February 28, 2024, at 9:30 am at the Wyndham Hotel, 2 Riverfront Place, North Little Rock, AR 72214.

Commissioners in attendance were as follows: Chairman Eddie Glover, Vice Chairman Jamie Burr, Commissioner Neal Anderson, Commissioner Bruce Leggitt, Commissioner William Anderson, Commissioner JoAnne Bush, Commissioner Roy Reaves. Commissioner Bill Poynter and Commissioner Will Brewer were unable to participate in the meeting.

Staff members in attendance included: Chris Colclasure, Director; Ryan Benefield, Deputy Director; Debra Dickson, Water Development Section Manager; Leah Johannes, Program Fiscal Manager; Megan Perkins, Conservation Program Coordinator; Mary Elizabeth Lea, Agriculture Program Specialist; Blake Forrest, Groundwater Geology Supervisor; Tate Wentz, Water Quality Section Manager; Jay Whisker, State Water Engineer Supervisor; Fred Wiedower, Deputy Chief Financial Officer (CFO) of Department of Agriculture.

A list of guests is attached to the minutes.

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

APPROVAL OF MINUTES: January 17, 2024

Upon motion by Mr. Bruce Leggitt, seconded by Mr. William Anderson, the Commission unanimously approved the minutes of the meeting held on January 17, 2024.

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

General Agency

- **General Obligation Bond Work Plan** – Governor Sanders issued a proclamation allowing us to move forward with our general obligation bonds for this biennium that will end June 30 of 2025. Ryan Benefield will be presenting our series resolution later this meeting.
- **Administrative Rules Governing Conservation Districts** – rule changes were approved at the January Commission meeting. The proposed rules are out for public comment and can be found under rules/proposed rules on the Department’s site. Public comment period started on February 18th and will close March 18th. A public hearing is scheduled for March 15th at 9 a.m., at the Department headquarters. To meet deadlines, we will likely have to have a video meeting between now and our next meeting scheduled for May 15th.
- **Alliance Project** - We received appropriation from the legislature to administer the alliance project. Megan Perkins along with AACD held a training session for the seven districts. We have also prepared agreements and sent those to the districts. We intend to implement the program in: Jefferson, Arkansas, Drew, Lincoln, St. Francis, Craighead, and Cleveland Counties. Under the program producers will be eligible to receive \$100 per acre

for implementing climate smart practices (\$13 million over three years). We will target 800-1,000 producers across the seven counties.

o Targets under the program include:

- Cropland Acres 74,384
- Pasture/Range Acres 30,310
- Animal Units 22,707

- **Water Plan** - The Corps of Engineers has contracted with Michael Baker International to conduct our update to the State Water Plan. Micheal Baker has subcontracted some of the work to the FTN & Associates, who worked on the 2014 plan. We have tentatively set two kickoff meetings, one in Little Rock and one in Fayetteville, in late March. These will be the first of many stakeholder meetings.
- **Lead Service Line Project** – under our project with the Arkansas Department of Health we have over 300 water systems that have signed up for assistance in completing their lead service line inventory. Systems less than 50,000 in population can get the inventory done at no cost. They must sign up on the Department of Health’s website.
- **Levee Study** – We continue to work on the statewide levee inventory. We hope to have a signed agreement between the Executive Branch and the Commissioner of State Lands. We will also execute agreements with the Corps of Engineers.
- **Irrigation Projects** - PPA & PCA amendments were approved by Assistant Secretary of the Army (Civil Works) on February 15th. This is crucial for the matching for the irrigation projects.

FINANCIAL ASSISTANCE REPORT – Mr. Fred Wiedower, Deputy CFO, of the Department of Agriculture, presented the financial assistance report dated January 31, 2024.

2023 GROUNDWATER REPORT – Blake Forrest, Groundwater Geology Supervisor of NRD, presented the 2023 Groundwater Protection and Management report. NRD produces this report annually in accordance with Groundwater Protection and Management Act of 1991, or 15-22-9. This act ordered the establishment of a comprehensive groundwater protection program and created the Critical Groundwater Area designation.

Commissioner Burr asks what is the communication plan on this information, is it just to say here is the report and that’s it? Director Colclasure replied what we typically do, why we presented it here, we do a press release once we put it together and we send out. We share this information in presentations as we are at different meetings on the results of the groundwater report. Commissioner Burr encouraged putting some the projects in there otherwise we are spending tax dollars and not highlighting it. Mr. Forrest stated that they are working on doing that.

CONSERVATION RESOURCE DASHBOARD – Tate Wentz, Water Quality Section Manager, of NRD presented the conservation resource dashboard. The dashboard was created to provide conservation districts with a one stop shop of the Arkansas Department of Agriculture’s Natural Resources Division Assistance programs and resources concerns. The dashboard renewed focus for Arkansas conservation districts to initiate locally led meetings to guide on the ground conservation efforts.

NATURAL RESOURCES CONSERVATION SERVICE – Louis Aspey, Associate Chief of Natural Resources Conservation Service (NRCS) wanted to thank the Commission for

their partnership with getting conservation on the ground and delivering NRCS programs to producers.

GENERAL OBLIGATIONS BOND SERIES RESOLUTION – Ryan Benefield, Deputy Director, reported on series resolution authorizing the sale for one or more series of State of Arkansas Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds (CGO) in the maximum aggregate principal amount of \$60,000,000.

Commissioner Reaves asked why wouldn't they sale all of them this year? Deputy Director Benefield replied they do it on cash flow basis, we want two things, look at interest rates how they go and look at our cash flow, we don't want to hold a lot of cash and pay interest on if we aren't paying out to projects. We run analysis and see what the interest is going to do and when do we think we will need to use the cash.

Commissioner Reaves followed with who handles these sixty million for the state? Deputy Director Benefield replied, Raymond James is our financial advisor who we work with on selling the bonds.

Upon motion by Mr. Jamie Burr, seconded by Mr. Neal Anderson, the Commission unanimously approved the general obligation bond series resolution.

POST-ISSUANCE COMPLIANCE POLICY REPORT

The Commission Staff complied with the Commission's Post-Issuance Compliance Policy for the State of Arkansas' Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds.

The Little Rock firm of Thomas & Thomas LLP, CPA, prepares arbitrage rebate calculations required by the Internal Revenue Service (IRS). The Commission does not owe any rebates to the IRS.

All current spend-down requirements have been met for ANRC's tax-exempt bonds. The State of Arkansas Comprehensive Annual Financial Report (CAFR) was released on January 24, 2024, and subsequently filed with the Municipal Securities Rulemaking Board (MSRB). With that filing, the Commission met the terms of the Continuing Disclosure Agreement.

If, General Obligation Bonds are outstanding, the Issuer shall provide the Annual Financial Information on or before 210 or 270 days after the end of the State's fiscal year, to the MSRB, through its continuing disclosure service portal provided through EMMA. The 2014A series and earlier have an annual due date of January 26th. The 2014B series and later have an annual due date of March 26th. The Arkansas State Fiscal Year CAFR was published on January 24, 2024, and subsequently uploaded to EMMA.

WATER RESOURCES DEVELOPMENT SECTION - Mrs. Debby Dickson presented staff recommendations for the referenced project below requesting financial assistance and change in funding from the Clean Water Revolving Loan Fund (CWSRF), Drinking Water State Revolving Loan Fund (DWSRF) and CGO.

Upon motion by Mr. Roy Reaves, seconded by Mr. Neal Anderson, the Commission unanimously approved the following staff recommendations for financial assistance and increase in financial assistance.

FINANCIAL ASSISTANCE:

Helena West-Helena		\$100,000	
Emergency Funding Application			
Total Project Cost	\$100,000	Program Funding	WDF
Loan	\$100,000	Median Household Income	\$25,735
Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	62.56%
Initial RBF	1.17%	Population Served	5,500
Final RBF	*	County	Phillips

Project Description:

This emergency funding request is for valve replacements, altitude valve rebuild, and chemically treating wells #7 and #8.

Recommendation:

Recommend the Commission approve a loan in an amount up to \$100,000.00 and a loan with principal forgiveness in an amount up to \$0.00 to the City of Helena-West Helena from the Water Development Fund and waive the 3% issuance fee. If approved, the executive director will establish any necessary terms and conditions.

Authorize the executive director of the Division 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 \$10,000.00 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.

Helena West-Helena		\$11,000,000	
Water System Rehabilitation 2024			
Total Project Cost	\$12,000,000	Program Funding	DWSRF
Loan	\$11,000,000	Median Household Income	\$25,735
Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	62.56%
Initial RBF	1.17%	Population Served	5,500
Final RBF	1.86%	County	Phillips

Project Description:

The proposed project will include replacing the antiquated main operating valves, replacing the media in filters, upgrading the plants electrical and pneumatic system, replacing the roof, and creating a new well site and apputenences. In addition, City of Helena and West Helena water distribution systems improvements as defined in ARPA application DW-248.

Recommendation:

Recommend the Commission approve a loan in an amount up to \$11,000,000.00 from the Drinking Water State Revolving Loan Fund. If approved, the executive director will establish any necessary terms and conditions.

Authorize the executive director of the Division 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 \$1,100,000.00 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.

Director Colclasure asks the Christopher Franklin, Mayor of Helena-West Helena about the larger plan, and what his plan is to create that plan? We know you have significant infrastructure needs and what that looks like. Mayor Franklin replies he is working with John Edwards on it and came up with a plan. Mayor Franklin hands it off to John Edwards, General Counsel and Economic Development Director for Helena harbor. Mr. Edwards say he was drafted by the Mayor to assist him and the city of Helena-West Helena on moving forward with real way out of the problems we have suffered for quite some time. The plan came from standpoint of who all is out there can help the city financially. In the next 10 days based on the dates of publication schedule of some newspapers request for qualification will be going out for an engineer to help with a long-term plan. We need to be looking at 10 to 15 years plan to solve the continued problems this community has.

Chairman Glover asked if there is an immediate plan? You can't wait 10 years to have water. Is there a plan to get the water going on the short term? Mayor Franklin replied yes, we have started basic things like repairing leaks, they have over 250 leaks they are repairing, Arkansas Rural Water Association (ARWA) came in to help make an assessment on where to go next and make steps. The leaks were draining the tanks, trying to get the smaller things done first. The next step is to try open well number 9, it's not functioning at all. We are taking the steps to make sure the work is done. Chairman Glover asked do you have a good well? Do you have adequate water? You just need the infrastructure? Mayor Franklin replied yes.

Commissioner Leggitt asked will this take a rate increase? To help repay this debt. Mr. Edwards replied the city brought in ARWA to do the rate study and hope the rate will be included. He also stated that the Mayor and the Chief of Staff have started the preparation for something is going to do done or you are not going to have a system. Mayor Franklin stated the final stages of the rate study, our Treasurer is getting our final numbers. Commissioner Leggitt asked who balances the budget? Mayor Franklin replies our budget is the general budget. Mr. Edwards stated if this isn't resolved then nothing is left, we have nothing to grow the economy. Debra Dickson added this \$11 million is a list of multiple projects and its optional on which projects they move forward with. Commissioner Leggitt asked where the other million is coming from? Mr. Edwards responded the city has committed one million dollars, the from the proceeds of a hospital sale.

INCREASE IN FINANCIAL ASSISTANCE:

Mena, City of	\$11,583,500
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Additional Funds Request for the Prairie Creek Regeneration Facility Improvements			
Total Project Cost	\$30,391,000	Program Funding	CWSRF
Loan	\$11,583,500	Median Household Income	\$43,750
Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	44.87%
Initial RBF	0.56%	Population Served	5,558
Final RBF	1.6%	County	Polk

Project Description:

The project was awarded \$5,000,000 in American Rescue Plan Act (ARPA) funds in December 2022. The proposed project includes the construction of a new activated sludge WWTP at an alternate site, including the following: headworks, influent pump station, solids handling facility, and disinfection. Upon completion and start-up of the proposed activated sludge WWTP, the existing WWTP would be decommissioned. The project also includes collection system work to update and expand the SSES completed in January 2020 as recent flow monitoring performed in the collection system contradicts some of the City's previous SSES findings. Collection system work includes the following: flow monitoring, GPS mapping of the collection system, development and calibration of a sewer system model, closed-circuit television inspection (CCTV) of high priority basins and an update to the January 2020 SSES report. This data will be used to help eliminate sanitary sewer overflows (SSOs) and reduce I&I in the collection system. The changing market conditions has affected this project and it is in need of additional funds.

Due to recent increases in construction cost the final estimate for this project came in substantially higher. Total ANRC funding requested \$11,583,500. The Commission previously approved \$5,000,000 in American Rescue Plan Act (ARPA) at the December 2022 commission meetings. This project is co-funded with USDA Rural Development (\$8,166,000 loan, \$3,256,000 grant).

Mountainburg, City of		\$7,037,300	
Additional Funds Request for the North Central Crawford County Water System Improvements project			
Total Project Cost	\$21,472,300	Program Funding	DWSRF
Loan (additional funds)	\$7,037,700	Median Household Income	\$44,219
Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	45.28%
Initial RBF	1.43%	Population Served	6,184

Final RBF	6.64%	County	Crawford
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Project Description:

The purpose of this project is to extend potable water service to the north central region of Crawford County, Arkansas, that is currently unserved. This service area for the proposed potable water system is approximately 53- square miles and includes the following:

- Installation of approximately 68-miles of water line ranging in diameter from 3 to 6-inches along County and public roads.
- A master meter connection to the existing City of Mountainburg water system. This connection will require extensive improvements to the City's existing infrastructure including the replacement of all pumps.
- Installation of three (3) water storage tanks, one (1) pump station, and several pressure reducing valves.
- Two (2) master meter connections to the existing Washington Water Authority distribution system to serve the Liberty Hill Community and northern section of Freedom Road.
- Providing water service to 353 customers that are presently unserved with potable water.

Due to recent increases in construction cost the final estimate for this project came in substantially higher. Total ANRC funding requested \$8,037,700. The Commission previously approved \$1,000,000 (\$250,000 loan, \$750,000 principal forgiveness) in Drinking Water State Revolving Loan Funds and \$2,500,000 in American Rescue Plan Act (ARPA) at the December 2022 and June 2023 commission meetings. This project is co-funded with USDA Rural Development (\$1,700,000 loan, \$5,700,000 grant), AEDC CDBG (\$1,000,000 grant) and Crawford County ARPA funds (\$2,500,000 grant).

Recommendation:

Recommend the Commission approve a loan in an amount up to \$7,037,300.00 and a loan with principal forgiveness in an amount up to \$0.00 to City of Mountainburg from the Drinking Water State Revolving Loan Fund. If approved, the executive director will establish any necessary terms and conditions.

Authorize the executive director of the Division the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the total commission funding amount (\$803,700) 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.

Mulberry, City of		\$7,549,317	
Additional Funds Request for the Water Treatment Plant Improvements			
Total Project Cost	\$11,584,515	Program Funding	DWSRF
Loan (total funds)	\$7,549,317	Median Household Income	\$33,779

Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	55.81%
Initial RBF	1.76%	Population Served	1,543
Final RBF	2.81%	County	Crawford

Project Description:

The Project will address both water treatment capacity as well as critical equipment and process unit redundancy. Improvements include the installation of new raw water pumps and variable frequency drives, the construction of a new raw water distribution and rapid mix structure, a new clarifier, three (3) new filters, a second backwash pump, and a new CT clearwell to provide the required level of treatment process redundancy needed to operate at the design capacity with the largest unit out of service. Due to recent unprecedented prices increases this project needs additional funding.

Due to recent increases in construction cost the final estimate for this project came in substantially higher. Total ANRC funding requested \$7,549,317. The Commission previously approved a loan for \$418,901 in Water Development Funds (includes 3% fee of \$12,201) and \$786,798 in American Rescue Plan Act (ARPA) funds at the December 2022 and June 2023 commission meetings. This project is co-funded with USDA Rural Development (\$2,948,400 loan/grant) and an AEDC CDBG (\$300,000 grant).

Recommendation:

Recommend the Commission approve a loan in an amount up to \$7,549,317.00 and a loan with principal forgiveness in an amount up to \$0.00 to the City of Mulberry from the Drinking Water State Revolving Loan Fund. If approved, the executive director will establish any necessary terms and conditions.

Authorize the executive director of the Division the discretionary authority to increase the amount of financial assistance to the applicant for bid overruns by an amount up to 10% of the total commission funding amount (\$754,931.00) 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.

Tri County Regional Water Distribution District		\$5,000,000	
Additional Funding for Plainview Water Treatment Plant			
Total Project Cost	\$13,188,988	Program Funding	DWSRF
Loan	\$5,000,000	Median Household Income	\$43,793
Principal Forgiveness	\$0.00	Low to Moderate Income Percentage	40.03%
Initial RBF	0.93%	Population Served	3,500
Final RBF	1.19%	County	Pope

Project Description:

The proposed project includes replacing the abandoned Plainview Water Treatment Plant, Raw Water Intake infrastructure, Raw Water Line, and upgrading the existing Plainview Pump Station and to construct a new transmission waterline. The proposed project will provide safe and reliable water to Plainview, Kingston-Rover-Briggsville-Bluffton all in Yell County, Fourche Junction in Perry County and Harvey in Scott County. Tri County was placed under Consent Decree, #CO2102846, on February 10, 2021, for THM Violations on the Yell County System (ADH 846). The THM levels exceeded the maximum level for 6 of the last 11 Quarters. Bringing the Plainview WTP online will remove Danville as the primary water supply thereby reducing the THM levels going into the system. Due to recent unprecedented prices increases this project needs additional funding. Due to recent increases in construction cost the bids for this project came in substantially higher. Total ANRC funding requested \$5,000,000. The Commission previously approved \$5,000,000 in American Rescue Plan Act

(ARPA) funds at the December 2022 commission meetings. This project is co-funded with USDA Rural Development (\$3,188,988 loan).

Recommendation:

Recommend the Commission approve a loan in an amount up to \$5,000,000 and a loan with principal forgiveness in an amount up to \$0.00 to the Tri County Rural Water Distribution District from the Drinking Water State Revolving Loan Fund. If approved, the executive director will establish any necessary terms and conditions.

Authorize the executive director of the Division 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 \$500,000.00 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.

Commissioner Bush asked about bid overruns, what is that attributed to? Ms. Dickson replied, the climate right now, the construction bid climate is so volatile. We have had consultants come back and do updated engineering estimates. They waited to see the actual bid was before they asked for additional funding.

Upon motion by Mr. Bruce Leggitt, seconded by Mr. Jamie Burr, the Commission unanimously approved the added requirement for a representative to be present, in person or zoom at the Commission meeting when receiving funds for their projects over specific dollar amount.

ACTIVITY REPORT


Activity report was presented by John McAlpine, Arkansas Association of Conservation Districts (AACD).

OTHER

Upon motion by Mr. Neal Anderson, seconded by Mr. Joanne Bush, the Commission unanimously approved the Resolution to recognize Mr. Bill Poynter for his contribution to the State of Arkansas.

ADJOURN

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



Chris Colclasure
Director

4/15/24
Date