

Project Name: Grand Prairie Region, AR**Appropriation:** MR&T, Construction

Authority: FCA 1950, Sec. 204 (authorized construction); WRDA 1986, Sec. 1001(b) (de-authorized project); WRDA 1996, Sec. 363 (authorized for construction, expanding the scope to include ground water protection and conservation, agricultural water supply, and waterfowl management).

Location and Description: The project is primarily located in Arkansas and Prairie Counties and a small portion in Lonoke and Monroe Counties. This project will provide for agricultural water supply, ground water protection, and fish and wildlife restoration and enhancement. It will address depletion of the Alluvial and Sparta aquifers. The project features include a major pumping station, conveyance channels, and conservation measures for the Grand Prairie area.

Local Interest/Sponsor: The State of Arkansas and the White River Regional Irrigation Water Distribution District.

Summarized Financial Data:	Construction¹
Estimated Federal Cost	\$ 293,000,000
Estimated Non-Federal Cost	157,000,000
Cash	(86,350,000)
Other	(70,650,000)
Total Estimated Cost	\$ 450,000,000
Allocations thru FY 2011	\$ 98,925,600
Allocation for FY 2012	592,000
Balance to Complete After FY 2012	\$ 193,482,400
President's Budget Request for FY 2013	0
Total Amount that Could be Used in FY 2013	\$ 54,000,000

¹ Includes Planning, Engineering and Design (PED) costs.

FY 2012 Activities: FY 2012 funds are being used for construction and engineering support to complete the DeValls Bluff Pumping Station substructure and the Discharge Pipes, Segment 1 contracts. The Discharge Pipes, Segment 1 contract is scheduled for completion in August 2012. The DeValls Bluff Pumping Station Substructure contract is scheduled for completion in November 2012.

FY 2013 Activities: No funds are included in the President's Budget for this project. An orderly shutdown plan for the project has been initiated due to lack of funding. \$54,000,000 could be used as follows:

Description of work	Amount (\$)
Fully fund construction, DeValls Bluff Pumping Station Superstructure	21,900,000
Fully fund construction, Discharge Pipes, Segment 2	10,000,000
Fully fund construction, Electrical Substation	7,000,000
Fully fund construction, Discharge Pipes Header Pipes	5,800,000
Fully fund construction, Widened Canal Reservoir	9,300,000
Total	54,000,000

Issues and Other Information: As available funds are exhausted, project activities will be suspended. Without further funding, the remaining structures that are needed to realize the benefits of this project will not be completed, including completion of the pump station, the conveyance channels and conservation measures. To date, a total of \$132,000,000 has been invested in the project (\$99,000,000 Federal; \$33,000,000 non-Federal) and the project is 23% complete.

Project Name: Bayou Meto Basin, AR

Appropriation: MR&T Construction

Authority: WRDA 1996, Sec. 363

Location and Description: The project is located in east central Arkansas in Lonoke, Pulaski, Prairie, Jefferson, and Arkansas Counties. The major problems are agricultural flooding, loss of environmental resources, and the depletion of the alluvial aquifer, which provides essentially all the water used for agricultural irrigation and supports area wetlands. Features of the project include diversion of excess water from the Arkansas River via a delivery system made up of pump stations, new canals, existing streams, and pipelines to the water depleted areas; channel improvements and a pumping station to provide an outlet to reduce flooding; waterfowl conservation and management measures; and other environmental restoration and enhancement features.

Local Interest/Sponsor: The State of Arkansas is assuming non-Federal sponsorship of the project and is using its bonding authority to insure that funding for the non-Federal cost share is available when Federal funds become available for construction. The Bayou Meto Water Management District (BMWMD) is a legal entity with taxing authority in partnership with the State of Arkansas.

Summarized Financial Data:	PED ¹	Construction
Estimated Federal Cost	\$26,459,000	\$ 395,337,000
Estimated Non-Federal Cost	706,000	218,837,000
Cash	(706,000)	(124,173,000)
Other	(0)	(94,664,000)
Total Estimated Cost ²	\$ 27,165,000	\$ 614,174,000
Allocations thru FY 2011	\$ 26,459,000	\$ 60,303,700
Allocation for FY 2012	0	0
Balance to Complete After FY 2012	\$ 0	\$ 335,033,300
President's Budget Request for FY 2013	0	0
Total Amount that Could be Used in FY 2013	\$ 0	\$ 90,600,000

¹ Preconstruction, engineering and design (PED) costs are included in the Construction costs.

² Total estimated cost at Oct 2008 price levels.

FY 2012 Activities: Prior year funds are being used to amend the Project Partnership Agreement (PPA) at the sponsor's request to add a provision to allow credit to the sponsor for work-in-kind services. An Integral Determination Report, which is required to amend the PPA for work in-kind credit, was approved by the ASA(CW) on 7 December 2011. A draft PPA amendment has been prepared for review by higher headquarters and is scheduled to be executed with the sponsor in August 2012. ARRA funds are being used to construct Pump Station No. 1 which is 64% complete and has a scheduled completion date of July 2013 (Total \$31.2M; \$20.3M Fed; \$10.9 non-Fed) and Little Bayou Meto Pump Station which is 60% complete and has a scheduled completion date of November 2012 (Total \$11.9M; \$7.5M Fed; \$4.4M non-Fed).

FY 2013 Activities: No funds are included in the President's Budget for this project. An orderly shutdown plan for the project could be initiated due to lack of funding. Funds of \$90,600,000 could be used as follows:

Description of work	Amount (\$)
Design & construct electrical substation/ transmission line, Little Bayou Meto Pump Station	4,400,000
Design & construct electrical substation & transmission line, Pump Station No. 1	4,400,000
Fully fund construction for inlet channel feeding Pump Station No. 1	3,300,000
Fully fund construction of Outlet Structure at the Reservoir	1,600,000
Fully fund construction of Phase 1 Canal 1000	6,000,000
Complete plans and specifications of Canal 1000	3,000,000
Initiate construction of wildlife management area features	2,800,000
Item 2, Canal 1000 and 2000	15,700,000
Item 5, Canals 2100, 2140, and 2160; Caney Creek (2120)	6,600,000
Design and construct Little Bayou Meto connection channel cleanout, diversion structure, and levee	11,700,000
Design and construct Lower Boggy Slough channel cleanout	700,000
Design and construct Wabbaseka Bayou channel cleanout and restoration	3,600,000
Design and construct Herbaceous Wetland Complex Restoration	4,700,000
Design and construct Moist-Soil Habitat	600,000
Riparian Buffer Restoration	1,500,000
Design of Water Supply Features	20,000,000
Total	90,600,000

Issues and Other Information: If no additional funds are appropriated, design and construction activities will be suspended. The impact of not completing this project is the continual depletion of the Alluvial and Sparta aquifers and the environmental benefits of the waterfowl management component will not be realized. To date, a total of \$81,000,000 has been invested in the project (\$60,000 Federal; \$21,000,000 non-Federal) and the project is 13% complete.

USGS 345057091525601 03N08W32ABB1 UAPB Lonoke Farm
PROVISIONAL DATA SUBJECT TO REVISION

Available data for this site

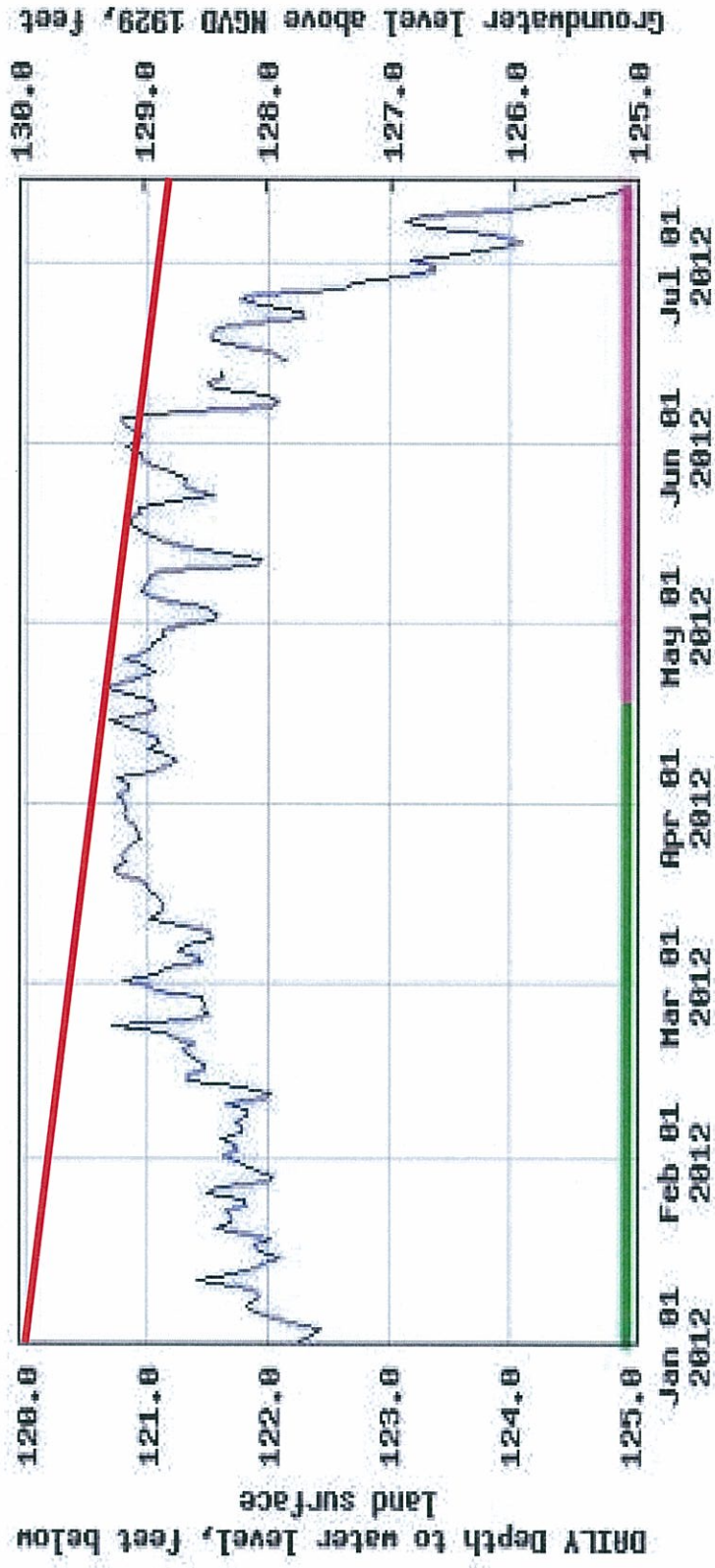
Station operated in cooperation with:



This station managed by the Little Rock Office.

Depth to water level, feet below land surface

USGS 345057091525601 03N08W32ABB1 UAPB Lonoke Farm



— Daily maximum depth to water level — Period of provisional data
 — Period of approved data — Period of Record Average Change 2001 - 2012



Non-Point Source (NPS) Pollution in Arkansas

Tony Ramick, Supervisor
NPS Management Program
AR Natural Resources Commission

July 16, 2012

Nonpoint Source (NPS) Management Program

- EPA grant program (section 319 of 40CFR) administered by ANRC
- Purpose is to abate, reduce or control NPS pollution
- Enhance, maintain or restore water quality to meet all designated uses as defined by EPA/ADEQ
- Develop a State NPS Management Plan every 5 years with goals and milestones
- Work with multiple partners to implement the program



Point Source Pollution

Pollution of waters caused by distinct source such as outflow from a pipe.

Non-Point Source Pollution

Pollution of waters caused by runoff from a source that can not be identified from a single outfall.

The major sources of Non-point Source

Pollution in Arkansas today are

sediment and **nutrients**

NPS Sources of Sediment

- Rural roads & ditches with little or no cover
- Construction sites (Residential and Industrial)
- Eroding streambanks
- Farmstead use and application areas
- Unimproved pasture
- Poorly harvested timber
- Agriculture crop land
- Urban areas

NPS Sources of Nutrients

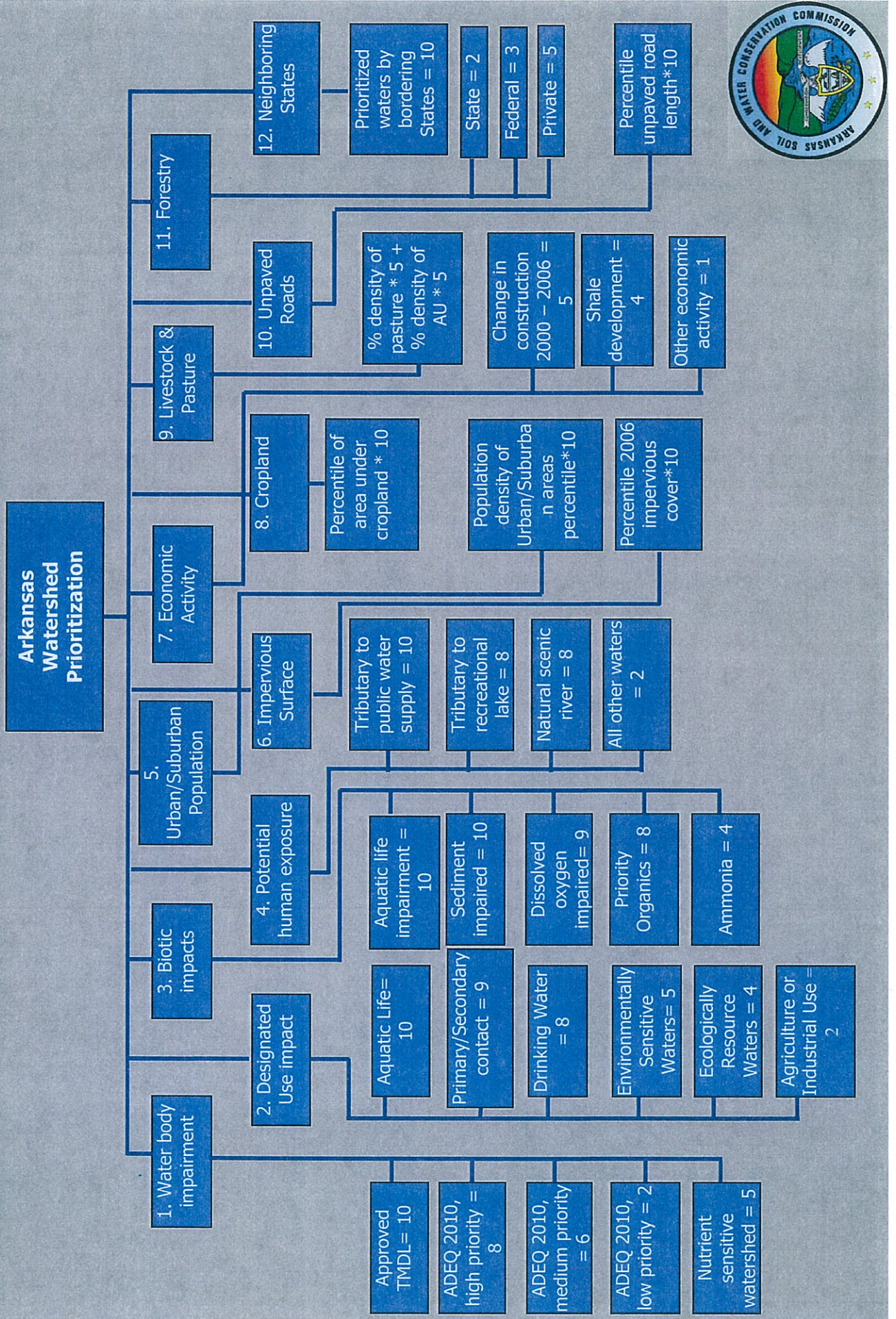
Any source of fertilizer:

- Lawns / parks / golf courses
- Agricultural crops
- Pasture land

Any source of animal waste:

- Land application areas
- Sludge application areas

Risk Matrix – Watershed Prioritization



Priority Watersheds

2011 – 2016 update

Bayou Bartholomew

Illinois River

L'Anguille River

Lake Conway – Point Remove

Poteau River

Upper Saline

Upper White (Beaver Reservoir)

Strawberry River

Cache River

Lower Ouachita - Smackover



Arkansas Watershed Prioritization (ARWAP) Tool

Help

Category 1

Category 2

Category 3

Category 4

Categories 5 to 8

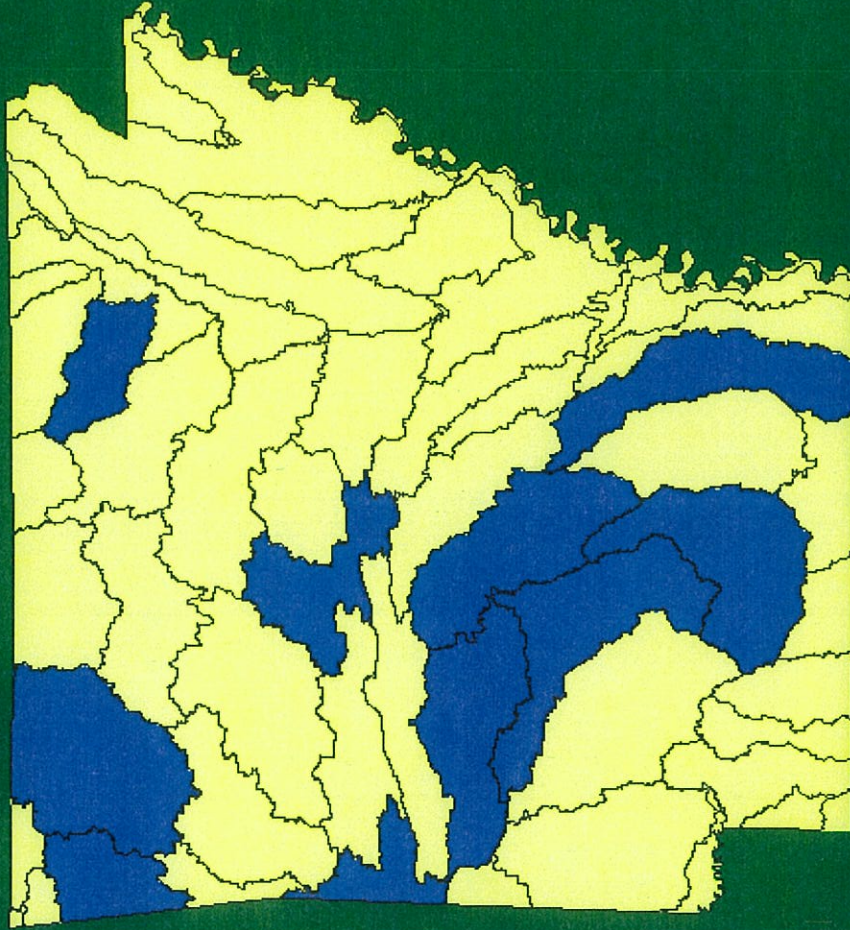
Categories 9 to 12

Display



Display

Priority Watersheds



With watershed management plan:

- Illinois
- Bayou Bartholomew
- Beaver Reservoir

Without watershed management plan:

- Upper Saline
- Strawberry
- Lower Ouachita-Sims
- Lake Conway-Point
- Upper Ouachita
- Ouachita Headwater
- Poteau

Watershed management plans:

- Bayou Bartholomew

Change Password



Additional Priorities or Concerns

- Mississippi Basin Initiative
 - USDA NRCS initiative to reduce Nitrogen and Phosphorous in agricultural lands
 - Reduce the hypoxic zone and to improve water quality in the Gulf of Mexico
 - Control sediment and nutrient transport through the implementation of specific Best Management Practices
 - Conduct water quality chemical monitoring to assess effectiveness

NPS Management Program Partners

- Conservation Districts
- Academic Institutions
- State and Federal Agencies
- Non-Profit groups and Organizations
- Municipalities

Thanks !!
Any Questions?

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**Arkansas's Non-point Source (NPS) Pollution Management Program
and
Arkansas Natural Resources Commission**

Non-point Source Pollution is defined as rainfall or snowmelt moving over and through the ground. As the runoff moves, it picks up and carries away natural and human-made pollutants, finally depositing them into lakes, rivers, streams, wetlands, and even our underground sources of drinking water.

Potential sources of NPS Pollution include:

- Excess fertilizers and chemicals from agricultural lands, residential, and urban areas
- Sediment from improperly managed construction sites, crop and forest lands, and eroding streambanks
- Bacteria and nutrients from livestock, animal wastes, and faulty septic systems
- Atmospheric deposition and hydro-modification

The Arkansas Natural Resources Commission is responsible for developing and implementing the State's Non-point Source (NPS) Pollution Management Program. This program is a cooperative effort of many local, state and federal agencies.

Each year the NPS Management Section receives Federal monies from EPA to fund projects associated with the abatement / reduction of NPS pollutants. Projects may include implementation of BMPs, demonstrations of effective techniques, technical assistance, education, monitoring, and/or cost share. The NPS program uses the Federal 319 Guidance and their NPS Program Management Plan as part of the criteria for selecting grant recipients. Recipients must provide 43% non-federal match (in-kind or cash). Recipients eligible for funding must be non-profit (documented and recognized), State/local government agencies or academic institutions. Federal agencies are ineligible for NPS grant awards.

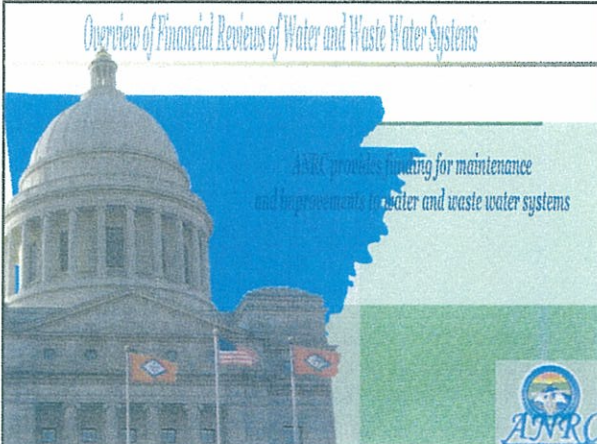
Funds are targeted to priority watersheds. The priority watersheds were designated through the use of a Risk Matrix and a stakeholder driven process.

There are many NPS issues within the State at this time. Each section of the State has different concerns. The primary concerns by region of the State at this time are as follows:


- **Northwest and West Arkansas** - excess nutrients (phosphorous) primarily from animal agriculture (poultry litter). Sediment is also an issue in NW Arkansas due to the accelerated construction (residential, commercial, and industrial).
- **East and Southeast Arkansas** - sediment from row crop agriculture, thus a Total Maximum Daily Load (TMDL) for the Bayou Bartholomew and L'Anguille River watersheds.
- **North central and Northeast Arkansas** – sediment from poor pastures and nutrients from animal agriculture (cattle).
- **South and Southwest Arkansas** – excess nutrients from animal agriculture (poultry and cattle).
- **Statewide** – due to lack of riparian buffers / vegetation sediment and nutrients in runoff is not filtered naturally and eroding streambanks deliver excess sediment into streams stabilization

Need more information? Visit www.arkansaswater.org or call the Arkansas Natural Resources Commission at (501) 682-1611.

Overview of Financial Reviews of Water and Waste Water Systems




ANRC provides funding for maintenance and improvements to water and waste water systems



Purpose of Financial Reviews


- *Ensure the water and/or waste water systems have sufficient controls in place to properly use public funds.*
- *Ensure ANRC borrowers have the financial ability to repay the loans they have with the Commission.*



Selection Process


Entities chosen for financial reviews:

1. *Delinquent on their loan payment to ANRC*
2. *Have not submitted the required financial reports (audit, AUP, or financial statement)*




Review Procedures

- Review all bank statements for two signatures on checks.*
- Ensure the entities have a debt service reserve fund and a depreciation reserve fund.*
- Review the financial statements and document cash balances.*
- Perform cash disbursements test to ensure funds are spent on legitimate business purposes.*
- Review all credit card statements.*




Review Procedures

- Prepare a schedule of all checks to the employees.*
- Perform cash receipts test to ensure meter readings are entered correctly, billings are accurate, and amounts collected are deposited accurately and timely.*
- Review delinquent accounts and document the system's policy for writing off uncollectible accounts and disconnecting service.*
- Document rates and number of customers.*



2010

- Agency Controller and six accounting interns reviewed 65 water and sewer systems.*
- Four systems had significant internal control problems and letters were sent to the board of directors requesting they correct the problems.*
- 21% reviewed had weak internal controls.*
- 31% had weak financial position.*
- 26% had a decline in customers.*
- 10% may not be able to repay their loan under the current terms.*



2012

Agency Controller and a staff person have reviewed 22 entities.

ANRC and the Agency Controller will utilize staff and accounting interns this fall to review at least 70 entities.



Findings in 2012

One entity appeared to be misusing public funds.

- The water system did not have any board meetings during 2011.
- The employees were the only signatures on the checks.
- The office manager received 88 checks during 2011; another received 72 payroll checks.
- The employees did not prepare timesheets.
- The Commission contacted the senator and the state representative from that area and asked them to request legislative audit do an extensive audit.



Findings in 2012

ANRC staff followed up with two entities that had weak internal controls in 2010. One had not corrected any of the previously noted items so the Commission sent a letter to the board of directors requesting they submit a corrective action plan to the Commission.

Two entities told ANRC staff they would not be able to repay their loan under the current terms. This is based on the fact the number of customers has declined since the loan was originally approved.



ANRC Actions

ANRC will continue doing financial reviews of those entities not in compliance with their loan agreement and state law.

ANRC will send a letter to all entities that have not submitted the required financial information and enforce the \$1,000 penalty allowed by A.C.A. §14-234-122.

ANRC will do financial reviews prior to the Commission providing funding if it's an existing system.

ANRC will implement monthly billings and automatic draft from the entities bank account.





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Claiming Tax Incentives Available under the Water Resource Conservation and Development Incentives Act

Description of incentives:

The purpose of this program is to encourage water users to invest in (1) the construction of impoundments to use available surface water, thereby reducing their dependence on ground water; (2) the conversion from ground water use to surface water use; and (3) land leveling to reduce agricultural irrigation water use. Tax credits may pass through partnerships, corporations, etc.

AVAILABLE TAX CREDITS:

1. IMPOUNDMENTS

For the construction of impoundments of at least 20 acre-feet, an income tax credit of 50 percent of the project cost incurred in construction, installation, or restoration is available. The impoundments must be used for the storage of water to be used primarily for agricultural irrigation. The maximum credit in one taxable year is the lesser of the taxpayer's income tax due or \$9,000. Unused credit may be carried over for a maximum of nine years.

2. CONVERSION

A. For the conversion from ground water use to surface water use outside a critical groundwater area, an income tax credit of 10 percent of the project cost is available. The maximum credit in one year is the lesser of the taxpayer's income tax due or \$9,000. Unused credit may be carried over for 2 years. *

B. For the conversion from ground water use to surface water use within a critical groundwater area, an income tax credit of 50 percent of the project cost is available. The maximum credit in one year is the lesser of the taxpayer's income tax due or \$9,000 for **agricultural** and **recreational** uses and \$200,000 for **industrial** and **commercial** uses. Unused credit may be carried over for a maximum of 2 years by **agricultural** and **recreational** users and for 4 years for **industrial** and **commercial** users.*

3. LEVELING

For agricultural land leveling projects that conserve irrigation water, an income tax credit of 10 percent of the project cost is available. The maximum credit in one year is the lesser of the taxpayer's income tax due or \$9,000. Unused credit may be carried over for a maximum of 2 years.

An application must be approved by your county conservation district, then submitted to the Commission and approved **before a taxpayer may begin construction** of a project and claim credits. All projects must be maintained for a minimum of 10 years following issuance of the Certificate of Completion, or benefits will be subject to recapture. An application fee of three percent of the total approved tax credit must be paid, and there is a minimum fee of \$100 and a maximum fee of \$1,500.

Within three years of the issuance of your Certificate of Tax Credit Approval, the project must be completed, and you must submit an application for a Certificate of Completion to your local Conservation District for final inspection.

Taxpayers may be eligible for a tax deduction in an amount equal to the difference between the project cost and the credit used.

- Since the beginning of the program in 1996, ANRC has reported 1,714 tax credit approvals to the Department of Finance and Administration.
- Total amount of credits approved since 1996: \$27,467,573.74
- Total amount of credits claimed since 1996: \$10,806,318