

EXHIBIT C

MINUTES

WATER PROVIDER LEGISLATIVE TASK FORCE

OCTOBER 11, 2017

The Water Provider Legislative Task Force met Wednesday, October 11, 2017 at 1:30 p.m. in Room 151, State Capitol Building, Little Rock, Arkansas.

Legislative Task Force members present: Senators Ronald Caldwell and Alan Clark, Co-Chair. Representatives Tim Lemons, Co-Chair and Fredrick Love.

Non-Legislative Task Force members present: Mark Bennett, Jack Critcher, County Judge Rick Davis, Daniel Dawson, Jennifer Enos, Alan Fortenberry, Tom Fox, Barry Haas, Dale Kimbrow, and Jean Noble, designee for Alexandra Johnston.

Other members present: Senator Bart Hester. Representatives Andy Davis, Nelda Speaks, and Danny Watson.

Call to Order

Representative Lemons called the meeting to order.

Comments by Committee Chairs

Rep. Lemons told Task Force members that Senator Bart Hester will describe the water issue he encountered when building his home in Northwest Arkansas. A roundtable discussion by Task Force members focusing on the structure of its final report and recommendations by the Task Force will follow Senator Hester's presentation. Representative Lemons advised the Task Force that Mr. Barry Weathers and Mr. Dennis Sternberg were unable to attend the meeting.

Consideration of Approval of Minutes for the September 21, 2017 Task Force Meeting [Exhibit C]

A motion to approve the minutes of the September 21, 2017 Water Provider Legislative Task Force meeting was made by Representative Love and seconded by County Judge Rick Davis. The motion carried.

Consideration of a Motion to Authorize the Co-Chairs to Approve Special Expenses Incurred by the Water Provider Legislative Task Force [Exhibit D]

A motion to authorize the Co-Chairs to approve Special Expenses incurred by the Water Provider Legislative Task Force was made by Representative Fredrick Love and seconded by Dale Kimbrow. The motion carried.

Discussion of Water Issues in Northwest Arkansas [Exhibit E]

Senator Bart Hester was sworn in under oath by Representative Lemons. Senator Hester explained his personal experience regarding access to a water line for the 30 acre farm

he purchased three years ago, which is located within the Rogers' city limits. He explained his color coded map, Exhibit E, which designates the location of his property and portions of Bentonville, Cave Springs, and Rogers that his property is adjacent to. Senator Hester had requested water service from Rogers, but was denied service. He remembered legislation that was passed during the 2017 legislative Session, which provided a mechanism for an individual being denied a utility service from one city could seek service from an adjacent city by de-annexation and re-annexation. Senator Hester provided a copy of the legislation to the Rogers Water Utilities. The legislation requires a city to provide utility service within thirty days from the date a request is made. He received a response from Rogers thirty days from the time of his request. The response from Rogers advised him that city water could be accessed at their nearest available source, which was located 5,600 feet from his property. Senator Hester was aware of an existing water main located at the front of his property, which provides Cave Springs its water supply, which it buys from Bentonville, the owner of the water main. Senator Hester believed he would have the right to de-annex from Rogers and re-annex to Cave Springs, which is adjacent to his property. Based on his understanding, Senator Hester and a friend who also owned adjacent property attempted to de-annex from Rogers and re-annex to Cave Springs, but was unsuccessful. The only option to access city water service was to pay for a one and half mile water line to what he was told was Rogers nearest accessible source. Senator Hester ultimately paid \$12,000 for a well to be drilled on his property. Senator Hester told the Task Force members he believes the situation was unfair, being denied service when a main water line was already on the property. He does not fault Rogers or Bentonville, but believes a better process could be developed.

Task Force members and Senator Hester discussed the details of what he experienced. Discussion included:

- Rogers Water Utility Commission is an independent entity and not part of the City of Rogers
- Questioned if Rogers and Bentonville have filed a Water Plan Compliance map with the Arkansas Natural Resources Commission (ANRC)
- Is this situation a political problem or an engineering problem
- Cost of infrastructure to be placed, including cost to provide water and/or wastewater service

Ryan Benefield, Deputy Director, ANRC, responded to a question concerning ten-year Master Plans that are to be submitted by cities to ANRC that define utility service boundaries. Mr. Benefield doesn't believe Senator Hester's property was defined under the Rogers Master Plan. Had the property been defined in Roger's Master Plan, Senator Hester could have petitioned the ANRC to transfer the property from Rogers to Cave Springs. Had the ANRC approved Senator Hester's request, Cave Springs would have been allowed to provide water. Mr. Benefield believes Senator Hester's obstacles with Rogers resulted from city ordinances, which limited Roger's authority.

Task Force members then discussed additional recommendations involving annexation issues. Currently, a city considering property annexation will contact the Arkansas

Geographic Information Office (GIS). GIS then conducts an analysis to determine aspects such as contiguous properties and accurate legal descriptions. A recommendation was made to consider establishing a clearinghouse through GIS listing properties that are being considered for annexation.

Roundtable Discussion of Drafting a Vision Plan of Where Arkansas Should Be in the Future as Related to the Provision of and Access to Clean, Affordable Water for all Consumers, Residential, Business and Industry, Agricultural and Other [Exhibit F, F-1]

Task Force members' discussion included:

- Suggestions for a draft Vision Plan:
 - Need for voluntary agreements between cities to combine water systems to improve management and operations
 - Encourage and develop incentives for smaller utilities to combine with larger utilities who have greater resources and expertise

Representative Lemons recognized Dr. Bob Blanz, Water Division Manager, ADEQ. Dr. Blanz explained the booklet he recommended, which is the National Water Program Guidance booklet, Exhibit F-1. He said the booklet is the U.S. Environmental Protection Agency (EPA) Safe Drinking Water Act (SDWA) 2018-2019 program guide. The booklet contains current federal laws that protects public drinking water supplies throughout the U.S.

Regionalization of water systems was discussed, including:

- Combining smaller systems on a regional basis for the operation and maintenance of a water or wastewater system
- Research the authority of the ANRC to provide greater oversight
- Consider a legislative solution for the protection of consumers' rights through a single state agency or entity
- Impact from loss of population in certain parts of the state which is creating failing water associations

Mr. Bennett responded to questions regarding failing water systems and provided suggestions:

- In the eastern part of the state, 8 out of 10 rural water systems are failing due to old infrastructure and lack of funds for repairs or replacement
- Smaller systems cannot find experienced water system operators who understand the complex requirements and compliance standards
- Central Arkansas Water (CAW) in their discussions with ANRC has offered its expertise to smaller systems
- Operators attend classes through the Arkansas Department of Health for continuing education and operator license recertification
- A suggestion was made that operators to be informed of the availability of assistance by CAW or other resources when they attend recertification classes
- Financial decision makers on Boards, Commissions, and City Councils need to be proactive and engaged in finding solutions for water and wastewater systems that are experiencing financial difficulties

- Consider sharing resources, using a combined billing system, hiring one full-time operator for multiple systems, and establishing mutual aid agreements between nearby systems
- Consider a request for the Arkansas Legislative Audit to conduct the audits required by statute for utilities, but are not being performed by the individual utilities due to a lack of money

Senator Clark told the Task Force members one of the topics for a future meeting will be hearing from small communities and systems with financial problems and failing systems.

Representative Lemons announced the next Task Force meeting will be held November 8, 2017 at 1:30 p.m. in Room 151 of the State Capitol.

There being no further business, the meeting adjourned at 3:20 p.m.

DRAFT