

MINUTES

WATER PROVIDER LEGISLATIVE TASK FORCE

September 26, 2018

The Water Provider Legislative Task Force met Wednesday, September 26, 2018 at 1:00 p.m. in Room 151, State Capitol, Little Rock, Arkansas.

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

Non-Legislative Task Force members present: Jack Critcher, County Judge Rick Davis, Daniel Dawson, Jennifer Enos, Barry Haas, Dale Kimbrow, Jean Noble, and Dennis Sternberg.

Other legislators present: Representative James Sorvillo.

Call to Order

Representative Lemons called the meeting to order.

Opening Remarks by Senator Alan Clark and Representative Tim Lemons, Task Force Co-Chairs

Senator Clark said today's meeting will focus on a discussion of the Task Force's overall vision for the state's water and wastewater infrastructure based on the presentations heard in previous meetings. Representative Lemons said an all-day meeting will be held Wednesday, October 10, 2018.

Consideration of Motion to Approve Minutes – August 22, 2018 [Exhibit C]

A motion to approve the minutes of the August 22, 2018 Task Force meeting was made by Judge Davis and seconded by Mr. Haas. The motion carried.

Discussion of the Process and Start of the Initial Drafting of the Final Report

Mr. Haas referenced the report, "Drinking Water Infrastructure Needs Survey and Assessment" published by the Environmental Protection Agency (EPA) released March, 2018. He explained the discrepancies he found in the report pertaining to Arkansas statistics. Data in the report listed the twenty-year funding amounts necessary to meet the needs of large, medium and small water systems in the state seemed to be incorrect. Mr. Haas contacted staff at the Washington office of the EPA and alerted them to what he found. EPA staff told Mr. Haas they will correct the errors and notify him when the revised report was available.

Task Force members suggested the draft Final Report and additional earlier comments provided by Task Force members be combined into one document. Ms. Noble volunteered to work with Karen Holliday, BLR Legislative Analyst for the Task Force. Ms. Noble offered to assist in creating one document to be presented for discussion at the next meeting. Representative Lemons thanked Ms. Noble and asked members to provide any comments and suggestions to Ms. Holliday for inclusion in the draft report.

Task Force members held an in-depth and detailed discussion of what they believe should be recommended in their final Vision Report. Issues included:

- Establishing Best Practices for water and wastewater systems
- Consumer Protection
- Economic Development
- Service Area Boundaries
- Creation of a Government Entity with oversight authority over water and wastewater utilities
- Training for Elected Municipal Officials
- Requirement of Annual Audits

Senator Clark said it is his hope the work of the Task Force will result in legislation to be presented during the 92nd General Session. He specifically commented on the necessity of audits of water utilities being conducted on a regular basis to help the water and wastewater systems plan and set rates that are fair to their consumers.

Mr. Sternberg told the Task Force that his organization, the Arkansas Rural Water Association (ARWA) will provide a rate study for any utility free of charge. He explained the ARWA uses a utility's most recent twelve months of actual expenses and revenue. This determines the rate of efficiency. ARWA asks the utility to provide the amount of monies they set aside for depreciation and reserve funding. ARWA then shows the utility the amount of funding they will need to break even. They further recommend maintaining a minimum reserve of ten to twenty percent above the break even amount.

Senator Clark announced the following tentative meeting dates; October 10, 2018, October 25, 2018, November 8, 2018, December 12, 2018, and December 20, 2018. He told members in the event they complete their work early the meeting dates will be adjusted.

There being no further business, the meeting adjourned at 3:00 p.m.