

**MINUTES**

**WATER PROVIDER LEGISLATIVE TASK FORCE**

**October 10, 2018**

The Water Provider Legislative Task Force met Wednesday, October 10, 2018 at 10:00 a.m. in Room 151, State Capitol, Little Rock, Arkansas.

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

Non-Legislative Task Force members present: Mark Bennett, Dr. Bob Blanz, County Judge Rick Davis, Daniel Dawson, Jennifer Enos, Alan Fortenberry, Tom Fox, Barry Haas, Dale Kimbrow, Jean Noble, Dennis Sternberg, Jeffery Stone, and John Wilkerson, who was filling in on behalf of the Arkansas Municipal League.

Other legislators present: Representatives James Sorvillo and Danny Watson.

**Call to Order**

Representative Lemons called the meeting to order.

**Opening Remarks by Representative Tim Lemons, Task Force Co-Chair**

Representative Lemons thanked Ms. Noble for her work on the draft revision of the Water Provider Final Report to be discussed at today's meeting. Representative Lemons explained that Senator Clark was detained in north Arkansas and will join the meeting for the afternoon session.

**Consideration of Motion for Approval of Minutes – September 13, 2018 [Exhibit C]**

A motion to approve the minutes of the September 26, 2018 Task Force meeting was made by Mr. Haas and seconded by Mr. Kimbrow. The motion carried.

**Preliminary Drafting of the Vision Statement, Action Report, Suggested Best Practices for Providing New Services, and Other Areas as Specified in Act 1056 of 2017**

Representative Lemons referenced the preliminary report dated September 27, 2018, which is in member's packets. Representative Lemons suggested members review the report and discuss changes they would like to see incorporated into the draft report.

Task Force members discussed pages five through nine in detail. They gave their opinions and ideas for specific changes in wording. One example was the addition to the Introduction on page five to include wording concerning the small water systems throughout the state who are unable to effectively operate their systems.

The Task Force recessed for lunch at noon.

Following the noon recess, Senator Clark, Co-Chair, called the meeting to order at 1:15 p.m. He referenced page ten of the report to resume discussion. Mr. Dawson asked to first review a report prepared by Dr. Blanz that includes suggestions for possible legislation and suggested recommendations to be considered for inclusion in the final report. Task Force members held in-depth discussions on the issues presented by Dr. Blanz. Discussions then returned to the draft report beginning on page ten. Topics and issues discussed included: fiscal distress, training for elected officials, establishing a state agency or board with oversight authority, setting standards for an effectively managed water system, regionalization, and a review of current statutes that direct water systems to conduct annual audits. Task Force members specifically discussed the need for fair and accurate water rates:

- Mr. Sternberg recommended the following wording- "Rates should be set to adequately cover all costs for operation and maintenance, debt service, required reserves, depreciation, future capital expenses, and an annual audit or agreed upon review procedure".

Task Force members approved Mr. Sternberg's recommended wording for inclusion in the final report.

Fiscal Distress:

- Ms. Enos recommended the following wording- "To insure fiscal adequacy, a valid Rate Study should be performed by each water and wastewater system no less than once every five years. Rates derived from this study should be implemented as recommended. The Rate Study and its implementation should be reviewed by the Arkansas Natural Resources Commission (ANRC). If a water or wastewater system fails to conduct a Rate Study or implement it, that system should be considered to be in Fiscal Distress"

Task Force members approved Ms. Enos' recommended wording for inclusion in the final report.

Senator Clark announced that the Task Force will meet at 1:00 p.m., October 25, 2018 in Room 151.

There being no further business, the meeting adjourned at 4:00 p.m.