

MINUTES**WATER PROVIDER LEGISLATIVE TASK FORCE****AUGUST 30, 2017**

The Water Provider Legislative Task Force met Wednesday, August 30, 2017 at 1:30 p.m. in Room B, MAC Building, Little Rock, Arkansas.

Legislative Task Force members present: Senators Ronald Caldwell, Alan Clark, and Scott Flippo. Representatives Justin Boyd, Tim Lemons, 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, Alexandra Johnston, Dale Kimbrow, and Barry Weathers.

Other members present: Senator Jonathan Dismang. Representatives Fred Allen, Charles Blake, Dan Douglas, Trevor Drown, Kenneth Ferguson, Vivian Flowers, Mickey Gates, Reginald Murdock, and Mathew Pitsch.

Call to Order

Senator Flippo, Acting Joint Chair, called the meeting to order.

Opening Remarks by Acting Joint Chairs (Act 1056 of 2017) [Exhibit B]

Senator Flippo welcomed the legislative and non-legislative members to the meeting.

Election of the Permanent Co-Chairs of the Task Force

Senator Flippo made a motion that Senator Clark and Representative Lemons serve as permanent co-chairs of the Task Force. The motion was seconded by Representative Love and passed unanimously. Senator Clark thanked the members for electing he and Representative Lemons as Co-Chairs and he stressed their commitment to working with the Task Force members towards improving water services to the state's residents.

Consideration of Motion to Adopt Task Force Rules of Procedure [Exhibit D]

Senator Clark asked members to review the draft Task Force Rules of Procedure [Exhibit D]. He told members he wanted to offer an amendment, but would defer to members for suggestions or comments. Senator Clark said the Task Force will allow testimony from individuals with grievances, complaints, or suggestions. His proposed amendment to the Rules of Procedures would include that people with grievances who testify before the Task Force, are sworn in under oath. No member had comments. Representative Lemons made the motion to adopt Senator Clark's amendment. Jack Critcher seconded the motion and the amendment passed unanimously. Representative Boyd made a motion to adopt the Rules of Procedures as amended. Mr. Fortenberry seconded the motion. The motion carried unanimously.

Introduction of Members of the Task Force [Exhibit E]

Senator Clark asked the members to introduce themselves. Senator Clark advised that Mr. Sternberg was unable to attend today's meeting.

Update on the Arkansas State Water Plan [Exhibit F]

Representative Lemons recognized Crystal Phelps, General Counsel, Arkansas Natural Resources Commission (ANRC). She gave a PowerPoint presentation which included an update of the 2015 Arkansas State Water Plan. Ms. Phelps described the Water Plan as a comprehensive program for the orderly development and management of the state's water resources. She said the ANRC is

charged with determining which water providers should serve specific areas. The Water Plan is necessary to assess the quality and quantity of water resources in the state; plus prepare for growth and declines, and address challenges.

In 1975, the Arkansas General Assembly passed legislation authorizing the former Arkansas Soil and Water Conservation Commission to develop and oversee a State Water Plan. In 1990, an update to the State Water Plan was developed. In 2014, a second update to the State Water Plan was developed. In 2015, the General Assembly approved the recommendations made in the 2014 State Water Plan update. The 2015 State Water Plan update is a 2,600 page document with a 100 page summary available on the ANRC website at www.arwaterplan.arkansas.gov.

Ms. Phelps referenced several categories in the State Water Plan including:

- Oversight includes the management and planning of water resources in a sustainable manner
- ANRC is tasked with the management of water resources in a manner that respects private property rights with a minimum of encroachment on personal usage

Ms. Phelps outlined what was learned in the development of the 2014 update regarding current and future demands for water resources, including:

- Current demand is 12.4 million acre-feet per year, 11 billion gallons per day
- Projected demand in 2050 – 14 million acre-feet per year, equal to 4.9 inches of water covering the entire state
- Largest demands:
 - Crop irrigation 80% (AR is the fourth largest user of groundwater in the U.S.)
 - Thermoelectric power 11%
 - Public drinking water 3.5%

Ms. Phelps referenced slides containing data collected in 2015 from the two main aquifers in Arkansas, the Sparta Aquifer and the Alluvial Aquifer. The Sparta Aquifer is extremely deep and industries located in Pine Bluff and El Dorado are the primary users of this aquifer. Locations in other parts of the state where the Sparta Aquifer is closer to the surface and the conditions are better means the costs involved in drilling and extracting water are lower. The Alluvial Aquifer has a greater capacity and is used primarily for irrigation. Ms. Phelps cited recommendations developed by the ANRC regarding water usage:

- Recommendations
 - Conserving water resources by the use of surface water as the primary source
 - Prepare in advance for drought conditions
 - Educate local populations regarding issues affecting water resources
 - Promote specific recommendations, including irrigation conservation and utilizing best management practices, all of which have been vetted by federal agencies
- Demands
 - ANRC has developed projections of public infrastructure needs, including project financing, regarding water resource development and future needs. These include:
 - \$5.74 billion needed to meet drinking water needs by 2024
 - \$3.76 billion needed to meet wastewater needs by 2024
- Infrastructure Recommendations
 - Continuation of state general obligation bond programs as a source of financing
 - Motivate operators of water, wastewater, levee, drainage projects, and flood hazard mitigation projects to develop plans to maintain and replace infrastructure. Also,

dedicate a portion of their revenue streams for replacement of machinery and other structures

- Better train the boards overseeing public infrastructure and hold them accountable for how the money is spent

Senator Clark recognized Mark Bennett, Chief of Water Development, ANRC. Mr. Bennett told Task Force members there are 649 public water associations and 388 wastewater systems in Arkansas. He discussed Water Plan compliance policies administered by the ANRC, which includes:

- ANRC requires public entities to engage in planning the development of water or wastewater projects in order to obtain approval for funding
- ANRC requires entities to submit a master plan
- ANRC requires entities to notify surrounding systems prior to a project's development

Mr. Bennett discussed technical issues ANRC has identified:

- The majority of water infrastructures in smaller communities are aging because they were built in the 1960s
- Small communities must comply with the same regulations that large, urban systems with thousands of customers have to comply with
- When pipes and other infrastructure have to be replaced in smaller systems, the majority of the cost will fall on ratepayers
- There is a shortage of licensed water operators across the state. The estimated average age of operators is between 55 to 65 years old

Mr. Bennett believes that methods can be developed to encourage smaller communities to merge with their larger neighbors. Task Force members discussed regionalization as a potential method to address the problems in rural areas and small communities. Mr. Bennett made a motion that the Task Force contact the Arkansas Department of Health and the Arkansas Department of Environmental Quality to request they each send a technical liaison or their water expert to attend meetings of the Task Force. Mr. Fortenberry seconded the motion. The motion carried.

There being no other business, the meeting adjourned at 3:30 p.m.