

**MINUTES**

**WATER PROVIDER LEGISLATIVE TASK FORCE**

**AUGUST 8, 2018**

The Water Provider Legislative Task Force met Wednesday, August 8, 2018 at 10:00 a.m. at the Beaver Water District headquarters.

Legislative Task Force members present: Senators Alan Clark, Co-Chair, Scott Flippo. Representatives Tim Lemons, Co-Chair and Justin Boyd.

Non-Legislative Task Force members present: Mark Bennett, Jack Critcher, Judge Rick Davis, Daniel Dawson, Alan Fortenberry, Tom Fox, Barry Haas, Dale Kimbrow, Jean Noble, and Dennis Sternberg.

Other members present: Senator Lance Eads.

**Call to Order**

Representative Lemons called the meeting to order. Task Force members then toured the water plant's facilities and laboratories.

**Welcome by Alan D. Fortenberry, P.E., Chief Executive Officer, Beaver Water District**

Mr. Fortenberry welcomed Task Force members and said that he and his staff appreciated the opportunity of hosting the meeting at their facility.

**Motion to Approve Minutes for July 11, 2018 [Exhibit C]**

A motion to approve the minutes of the July 11, 2018 Task Force meeting was made by Senator Flippo and seconded by Tom Fox. The motion carried.

**Presentation on Management, Operation, and Challenges of a Regional Drinking Water Utility from a Drinking Water Perspective**

Representative Lemons recognized Larry S. Lloyd, P.E., Chief Operating Officer, Beaver Water District. Mr. Lloyd said the Beaver Water District is one of the first regional districts in the state with four wholesale customers; the cities of Fayetteville, Springdale, Rogers, and Bentonville. The District contracts with the U.S. Corps of Engineers for storage rights of 120 million gallons of water per day pumped from the Beaver Lake water reservoir. Mr. Lloyd gave an overview of management and operation challenges regional water utilities throughout the U.S. have in common:

- Asset Management- how to manage monies invested for water systems
- Sewer Overflows-Regulatory- The most recent quarterly newsletter published by the Arkansas Department of Health listed 58 water utilities in Arkansas with federal or state violations. The report listed the failure to report violation having the largest number of violations. The second largest number of violations is treatment of surface water. The third largest number of violations are water systems who don't have a licensed operator on staff

- Personnel-Aging Workforce- the Beaver Water District has over 25% of its employees eligible for retirement in the next ten years. The lack of qualified candidates to replace those retiring is a challenge for all of the state's water systems
- Operation and Maintenance- The Beaver Water District's proposed budget has the largest increase it has ever experienced. Over 70% of its budget is the cost of personnel.

Mr. Lloyd said the water industry has challenges that are common for all water utilities regardless of the size of the utility. All utilities face rising costs. For many, the issue of charging sufficient water rates to adequately fund and operate their system is a significant factor in maintaining their facilities.

### **Presentation on Management, Operation, and Challenges of a Wastewater Utility from a Wastewater Perspective**

Representative Lemons recognized Mr. Rick Pulvirenti, P.E. Chief Operating Officer and Director of Engineering, Springdale Water Utilities. Mr. Pulvirenti gave an overview of the Springdale Wastewater Treatment Plant and its processes. Once the waste has been treated and disinfected it goes into the receiving stream which in turns flows into the Illinois River. Mr. Pulvirenti said major issues occur when rain causes the wastewater flow entering the plant to triple or quadruple from its normal fifteen to twenty million gallons per day to over fifty million gallons per day. In 2017, the plant treated 8.76 billion gallons of wastewater and 31,600 wet tons of sludge. He referenced the Effective Utility Management report published by the American Water Works Association (AWWA) and gave highlights found in the report:

Attributes:

- Product Quality- treating wastewater within established criteria without degrading the receiving streams
- Customer Satisfaction- understanding customer needs and providing service at a reasonable cost
- Employee and Leadership Development- keeping personnel engaged through training and development of leadership qualities
- Financial Viability- the ability to maintain the resources necessary to meet the needs of the community
- Community Sustainability- understanding the community's needs plus planning for future needs
- Water Resource Adequacy- understanding the amount receiving streams can handle

Challenges:

- Condition of Infrastructure- managing the in-flow of wastewater and the infiltration of rainwater on aging sewer pipes
- Capital Improvement and Depreciation- maintaining an adequate depreciation budget for future needs
- Workforce- retaining qualified personnel
- Funding for Future Improvements- the long term process of managing and developing funding mechanisms

### **Discussion of Public Outreach and Educational Programs by Utilities to Educate the Public**

Representative Lemons recognized Alan Fortenberry, P.E., Chief Executive Officer, Beaver Water District. Mr. Fortenberry said utilities across the U.S. are managed in multiple ways. There are a number of organizations, the American Water Works Association (AWWA), the Water Environment Federation, and the Arkansas Rural Water Association (ARWA) that provide guidance and assistance to utilities. Mr. Fortenberry said there needs to be a better understanding by the public, particularly by their elected officials, that utilities are businesses.

An issue for a number of water utilities who experience health violations is a lack of resources, including trained operators and personnel. He gave an overview of outreach and education programs the Beaver Water District provides. The facility has an education center which is open to the public. A curriculum on water has been approved by the Arkansas Department of Education, which teachers can use as a resource in their science classes. Mr. Fortenberry provided highlights of a program the District has recently developed, the Citizens Water Academy, that provides training with the goal of establishing leaders in the community. Members of the Chambers of Commerce, City Council members, business and community leaders, all participate in training programs to learn about the water industry.

Mr. Fortenberry commented on issues the Water Provider Task Force has heard about from utilities across the state, many of them relating to city and county politics regarding annexation and/or utility management. He said even well-managed systems have challenges, but smaller systems in the state should consider consolidation or regionalization in some form, including from a management and operational standpoint. He said he is opposed to bailing out a system for poor performance or poor decisions. Mr. Fortenberry gave the example of the Fort Smith City Council who refused to raise its water rates and was ultimately threatened with a lawsuit by the U.S. Department of Justice. The city was then forced to raise its utility rates by 167%. Mr. Fortenberry said it is not uncommon in the U.S. that City Councils and Boards are reluctant to increase rates, but implementing incremental rate increases and making informed decisions make for a well-managed system.

Representative Lemons announced that the Senate and House Interim Committees on City, County, and Local Affairs will meet today at 3:30 p.m. in Rogers, during the Association of Arkansas Counties Annual Conference. The Senate and House Interim Committees on City, County, and Local Affairs will also meet jointly with the Senate and House State Agencies and Governmental Affairs Committees at 2:15 p.m. on Thursday, August 9, 2018 during the conference.

A local resident asked for assistance in contacting Board members of a Rural Water Improvement District that she receives service from. She said she has been unable to find out who oversees the management of the Improvement District. Mr. Dennis Sternberg offered to meet with her following the meeting and help her find the correct information.

There being no further business, the meeting adjourned at 2:15 p.m.