

MINUTES

**WATER PROVIDER LEGISLATIVE TASK FORCE  
SENATE AND HOUSE COMMITTEES ON AGRICULTURE, FORESTRY, AND  
ECONOMIC DEVELOPMENT  
SENATE AND HOUSE COMMITTEES ON CITY, COUNTY, AND LOCAL AFFAIRS  
SENATE AND HOUSE COMMITTEE ON STATE AGENCIES AND  
GOVERNMENTAL AFFAIRS**

**MEETING JOINTLY**

**AUGUST 22, 2018**

The Water Provider Legislative Task Force, Senate and House Committees on Agriculture, Forestry, and Economic Development, Senate and House Committees on City, County, and Local Affairs, and Senate and House Committees on State Agencies and Governmental Affairs met jointly on Wednesday, August 22, 2018 at 1:00 p.m. in Room A, MAC Building, Little Rock, Arkansas.

Legislative members present: Senators Alan Clark, Co-Chair, Ronald Caldwell, Senate Chair, Agriculture, Forestry, and Economic Development, Lance Eads, Stephanie Flowers, Trent Garner, Bart Hester, Ricky Hill, Missy Irvin, Blake Johnson, Terry Rice, Gary Stubblefield, Vice-Chair, Senate Committee on State Agencies and Governmental Affairs, and David Wallace. Representatives Tim Lemons, Co-Chair, Bob Ballinger, House Chair, House Committee on State Agencies and Governmental Affairs, Scott Baltz, Rick Beck, Mary Bentley, Carol Dalby, Jana Della Rosa, Jim Dotson, Dan Douglas, House Chair, Agriculture, Forestry, and Economic Development, Trevor Drown, Lanny Fite, Jack Fortner, Justin Gonzales, Michelle Gray, Kim Hammer, Kim Hendren, David Hillman, Mike Holcomb, Lane Jean, Fredrick Love, Roger Lynch, Andy Mayberry, Mark McElroy, Ron McNair, Stephen Meeks, Josh Miller, Mathew Pitsch, Donald Ragland, Johnny Rye, Brandt Smith, Nelda Speaks, Dwight Tosh, and Jeff Williams.

Other members present: Representatives Bruce Coleman, Les Eaves, Steve Hollowell, James Sorvillo, and Danny Watson.

Non-Legislative Task Force members present: Judge Rick Davis, Daniel Dawson, Tom Fox, Michael Grappe, Barry Haas, Dale Kimbrow, and Jean Noble.

**Call to Order**

Senator Clark called the meeting to order.

**Opening Comments by Water Provider Task Force Co-Chairs**

Senator Clark thanked legislators for meeting jointly with the Water Provider Task Force. He told legislators he recently learned about a United States Department of Agriculture

(USDA) grant and low interest loan program. The program provides funding to address the infrastructure needs cities and towns face to make improvements to their aging wastewater and water systems throughout the U.S.

### **Comments and Introductions of U.S. Department of Agriculture (USDA) Personnel**

Senator Clark recognized David Branscum, Arkansas State Director, Rural Development, USDA. Mr. Branscum told legislators one of his goals as Director to bridge the gap between the USDA's federal programs and Arkansas's legislative body. A directive from U.S. Secretary of Agriculture Sonny Perdue is to assist states through USDA funding opportunities. Water Provider Task Force Co-Chairs Senator Clark and Representative Lemons agreed to hold the committee meeting so legislators could learn about the USDA program opportunities available to Arkansas.

### **Overview of the USDA Water and Waste Disposal Loan and Grant Program**

Senator Clark recognized Dr. Carrie Castille, Louisiana State Director, Rural Development, USDA, and Stephen Lagasse, Community Programs Director, Arkansas Rural Development, USDA. Dr. Castille listed her extensive background in water and water quality programs, including serving as Associate Commissioner of Agriculture and as a professor for the Louisiana State University Agriculture Center with a focus on water and water quality. She is currently assigned to the USDA offices in Washington, D.C. to assist in distributing federal funding to states through a \$4.1 billion appropriation for water and wastewater infrastructure needs. Dr. Castille said there is \$100 million in federal grant and loan program funding available for projects in Arkansas. The funding is limited to projects for communities with populations of 10,000 or less. Criteria to qualify for funding requires that projects be obligated no later than September 30, 2018. Dr. Castille also said the funds are not 100% grant monies. The funds are in loans and grant combinations. The intention of the grants is to keep water rates affordable to citizens and provide needed assistance, particularly to low-income communities.

Mr. Stephen Lagasse referenced a 2017 summary sheet in the USDA packet provided to legislators. A variety of programs are listed and administered by the Arkansas USDA Rural Development Office, including single and multi-family housing, water, wastewater and community facility programs. Over 400 water and wastewater systems have been financed through the state USDA office. These projects vary from \$150,000 for a small town to rehab a lift station, up to \$70 million to build the Ozark Mountain Regional Water System, which provides water service to eighteen different systems in Northern Arkansas. Mr. Lagasse said there are three tiers of loan interest rates; a poverty interest rate of 2.375%, an intermediate interest rate of 3.125%, and a market rate of 3.875%. The rates are determined by the median household income within a service area. Eligibility criteria for the poverty interest rate is a health/sanitation problem. He gave the example of a possible health/sanitation problem when a small town has been placed under a Consent Order issued by the Arkansas Department of Environmental Quality (ADEQ).

Legislators discussed specific projects in their districts with Mr. Lagasse and Dr. Castille. Mr. Lagasse addressed the federal assistance application process:

- Applications are reviewed for approval by the Water and Wastewater Advisory Committee (WWAC) administered by the ANRC in conjunction with the Arkansas Department of Health (ADH), and the Arkansas Department of Environmental Quality (ADEQ)
- The WWAC Committee meets once a month to review applications
- Municipalities, communities, and public water authorities must provide a preliminary engineering report that is submitted with its application

Dr. Castille said USDA personnel will meet with communities and provide assistance with strategies and project development. She also said there is grant funding for engineering services for areas that need help at the beginning of a project. Dr. Castille defined obligated in terms of a project that will meet the USDA funding criteria. In order to move forward in the funding process, projects need to have an existing engineering report, a strategy, and a system plan in place.

Legislators held an in-depth discussion concerning the review requirement by the WWAC Committee and whether or not the requirement is by policy or statute. Suggestions were made to research this issue in light of the September 30, 2018, deadline in order to take advantage of the funding opportunities through the USDA grant and loan program described by Dr. Castille and Director Branscum.

Senator Clark recognized Crystal Phelps, General Counsel, ANRC, who responded to legislator's questions regarding the requirement that water and wastewater projects be first reviewed and approved by the WWAC Committee. Ms. Phelps indicated she would research legislative code regarding the requirement. However, she believes the requirement is based on either a memorandum and/or a policy agreement between the state agencies. She also said because entities would be applying directly to the federal government for the federal grants and/or loans, state rules would not apply as a requirement for approval by the WWAC Committee.

Mr. Lagasse, Dr. Castille, and Director Branscum responded to specific questions by legislators regarding loan repayment and the USDA Community Facility Program. They discussed the possibility of accessing additional federal monies for the state's water and wastewater infrastructure issues and needs.

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