

MINUTES

WATER PROVIDER LEGISLATIVE TASK FORCE

OCTOBER 25, 2018

The Water Provider Legislative Task Force met Thursday, October 25, 2018 at 1:00 p.m. in Room 151, State Capitol, Little Rock, Arkansas.

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

Non-Legislative Task Force members present: Mark Bennett, Dr. Bob Blanz, Judge Rick Davis, Daniel Dawson, Jennifer Enos, Tom Fox, Barry Haas, Dale Kimbrow, and Jean Noble.

Other members present: Representative Reginald Murdock.

Call to Order

Senator Clark called the meeting to order.

Opening Remarks by Committee Co-Chairs

Senator Clark advised Task Force members that an agenda item for discussion at the November 8, 2018 Task Force meeting will be legislation that he introduced during the 2017 Regular Session of the General Assembly. He asked members to review the legislation and offer suggested changes at the next meeting.

Consideration of a Motion to Adopt the Minutes – September 26, 2018 and October 10, 2018 [Exhibit C, C-1]

A motion to adopt the minutes of the September 26, and October 10, 2018 Task Force meetings was made by Mr. Haas and seconded by Mr. Kimbrow. The motion carried.

Discussion of Amended EPA Report “Drinking Water Infrastructure Needs Survey and Assessment” (Sixth Report to Congress) Exhibit D

Mr. Haas described his conversations with personnel in the U.S. Department of Environmental Quality (EPA) in the Washington, D.C. office. He said he had notified EPA staff there was an error in the survey data for Arkansas. EPA got back to Mr. Haas and explained they had found that the numbers for Arizona and Arkansas had been transposed. The EPA staff thanked Mr. Haas for alerting them to problem. The survey has now been corrected.

Preliminary Drafting of the Water Provider Task Force Vision Report, Action Report, Suggested Best Practices for Providing New Series, and Other Areas as Specified in Act 1056 of 2017 [Exhibit E]

Representative Lemons referenced Recommendation B on page nine of the Vision Report, which is where the Task Force ended its review at the October 10, 2018 meeting.

Task Force members discussed wording options for Recommendation B. Task Force members then continued their discussion of Recommendations C, D, E, and F. Specific areas discussed:

Recommendation C

- A sufficient amount of funds should be kept on hand for depreciation, upgrades, and future sustainability of water and wastewater systems
- A minimum of 3% of gross revenues should be set aside by systems to use for needed repairs and equipment replacement
- Clarification of wording regarding “depreciation” versus “repair and replacement”

Recommendation D

- Tentative wording: “Although not recommended, franchise fees and excess funds beyond these expenses may be utilized outside the water and sewer utilities under strict guidelines for reparation.” (Guidelines to be defined)

Recommendation E

- Tentative wording: “Training is recommended for elected officials and members of water and sewer boards/commissions”. A handout was provided by Dennis Sternberg with a list of training strategies used in surrounding states

Recommendation F

- Mr. Dawson provided copies of an article titled “The Future of Water Affordability Programs”. Members discussed the difficulties encountered when managing customer assistance programs and will address this item at a future meeting

Task Force members referred to recommendations in 1 A and B of the Vision Report. After lengthy discussion, Task Force members will resume their discussion on both recommendations at the next meeting.

Informational – New U.S. Law “America’s Water Infrastructure Act of 2018” [Exhibit F]

A press release from the office of Senator John Boozman was provided to Task Force members. The press release provided a new policy initiative authorized by Senator Boozman which will provide financial assistance to aging water systems, particularly in rural areas. Policy parameters will make the process easier and more affordable for states to fund their underserved or unmet water infrastructure needs.

Discussion of Water Issues Between the City of Rockport and the City of Malvern (Handout)

Mayor Darrell Hughes and Alderman Don Robinson, City of Rockport, were sworn in under oath by Representative Lemons. Representative Lemons referenced the letter provided by Mayor Hughes, which outlines water issues the city of Rockport is experiencing. Mayor Hughes gave an overview and historical highlights of the city's water and wastewater system:

- The City of Rockport joined the Northern Malvern Water Association in the 1980s to provide water to Rockport
- In 2012, a new Rockport Water Board sold their Water Association to the City of Malvern for \$1.00
- In the process of installing a new wastewater treatment plant, the City of Rockport asked the City of Malvern to provide water to the plant

- The City of Malvern will not provide water service to the City of Rockport unless a Bill of Assurance is signed agreeing to annex contiguous properties into the City of Malvern
- Property owners and businesses located in the City of Rockport who apply for water service from the City of Malvern are required to sign a Bill of Assurance agreeing to be annexed into the City of Malvern

Task Force members held a lengthy discussion with Mayor Hughes and Alderman Robinson regarding the constitutionality of Malvern requiring new customers to sign a Bill of Assurance agreeing to be annexed.

Representative Lemons announced that the Task Force will meet at 1:00 p.m., November 8, 2018 in Room 151.

There being no further business, the meeting adjourned at 3:45 p.m.

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