

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

March 16, 2011

The regular meeting of the Arkansas Natural Resources Commission was held Wednesday, March 16, 2011, at 9:00 a.m., in the Community Room, Petit Jean Electric Cooperative, 270 Quality Drive, Clinton, Arkansas.

Commissioners in attendance were Chairman Alec Farmer; Vice Chairman Sloan Hampton (via telephone); Ann Cash; Corbet Lamkin; Jerry Mitchell; Neal Anderson, and Don Richardson.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Edward Swaim, Chief, Water Resources Management; Crystal Phelps, General Counsel; Adrian Baber, Chief, Conservation Division; Mark Bennett, Chief, Water Development Division; Cynthia Bearden, Agency Controller; Todd Fugitt, Senior Geologist; Jim Battreal, Geologist; Blake Walters, Land Resource Specialist; and Pat Smith, Executive Assistant.

Chairman Farmer called the meeting of the Arkansas Natural Resources Commission to order. Mrs. Smith called roll.

Mr. Richardson welcomed the Commissioners and staff of Arkansas Natural Resources Commission to Clinton. He called attention to the agenda denoting the different tours that will take place this afternoon following the meeting.

APPROVAL OF MINUTES; FEBRUARY 9, 2011

Upon motion by Mrs. Cash, second by Mr. Richardson, the Commission approved the minutes of the February 9, 2011, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Report on Arkansas Association of Conservation District's (AACD) Consolidation and Proposed Committee - Mr. Young stated that one of this year's legislative initiatives was to make certain that the conservation delivery system worked as efficiently and effectively as possible. The present system has been in place for over 40 years. Mr. Young pointed out the drastic reduction in landowners in Arkansas over that time period. In 1950, there were 188,000 farmers and ranchers in Arkansas; and in 2010, there were 49,000 farmers and ranchers. The amount of acreage farmed in 1950 was approximately 19 million and presently there is 14 million. Technology has dramatically improved since 1950.

In the early '90s, the director of the Nebraska Natural Resources Commission made a presentation at AACD's annual meeting to explain Nebraska's watershed based boundary system. Mr. Young added that USDA programs are also carried out using watershed boundaries. This type of system was discussed several years ago during the AACD's area meetings and was received with a lot of apprehension.

Last year, one of the initiatives submitted to the governor was the need to study the structure of the conservation delivery system. The governor was supportive of the study and requested that ANRC move forward. This initiative was presented to the districts at the AACD's annual meeting last December. Since that time, Mr. Young has attended two AACD Executive Board meetings. As a result of meeting with the Executive Board, a draft copy of the proposed legislation was sent to all of the districts for review and comment.

Both positive and negative comments were received from approximately half of the districts. A follow up meeting was held with the governor and his chief of staff. Again, they voiced support of studying the delivery system. The Executive Board, in its last meeting, took action to commit to work in partnership with ANRC to develop a consensus recommendation for

the governor with proposed changes. Following that meeting, Mr. Young did not pursue consideration of the draft legislation which was patterned from language used to evaluate performance of the state's school districts by the Department of Education.

Mr. Young recommended that a committee be appointed to work with the ANRC staff to write an analysis and consensus recommendations to be presented to the governor by June/July of 2012. Mr. Young recommended that the Commission appoint a committee of six commissioners; the President of AACD; in addition to three district directors of the president's choosing to represent geographically appropriate areas throughout the state. Adrian Baber, Crystal Phelps, and Cynthia Bearden will staff the committee. Upon motion by Ms. Cash, second by Mr. Mitchell, the Commission approved forming a committee of six commissioners and four representatives from AACD. Following the vote, Chairman Farmer appointed himself; Dr. Corbet Lamkin as Chairman; along with Neal Anderson, Mike Carter, Jerry Mitchell, and Don Richardson to the committee.

Mr. Young acknowledged the recent reappointments by Governor Beebe of Commissioners Anderson and Richardson. Mr. Anderson has served 28 years as a member of the Commission. Mr. Young stated that both gentlemen will do an exceptional job as members of the Commission.

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

Mrs. Cynthia Bearden presented the financial assistance report, and the Clean Water RLF and Drinking Water SRF report. (Copies of reports attached to the minutes).

LEGAL ISSUES

Update on Legislation - Mrs. Phelps gave a brief overview of each of the bills introduced by ANRC during the General Session. Mrs. Phelps noted that Representative Robert Dale has been a real asset by sponsoring three bills for ANRC. Most Commission appropriation bills have passed both House and Senate and are awaiting the Governor's signature. One of the three ANRC bills sponsored by Representative Dale has been signed into law and the other two have passed through both House and Senate Committees and will be heard by the full Senate next week.

HB1903, the Speaker's bill to revise Arkansas's policy statement regarding water resources, passed through the House and will be heard by the Senate Agriculture, Forestry, and Economic Development Committee next week. Representative Webb amended her shell bills aimed at the natural gas drilling industry.

FINANCIAL ASSISTANCE

APPLICATIONS FOR FINANCIAL ASSISTANCE

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (AWWDPAFGOBP); Water Development Fund (WDF); and Water, Sewer and Solid Waste Fund (WSSW).

For the record, Commissioner Cash recused. Upon motion by Mr. Anderson, second by Dr. Lamkin, the Commission approved the following recommendations:

Running Lake Drainage District (Randolph County) (AWWDPAFGOBP) Up to \$437,750.00

PURPOSE OF FUNDS: *To be used for restoration of the ditches to their original section and grade in order to provide drainage for approximately 21,720 acres of row crop farm land in Randolph County.*

The Commission approved a loan for Running Lake Drainage District from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$437,750.00**.

The project approved in this resolution is to be funded from the proceeds of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds (the "Bonds"). All documents evidencing the commitment for financing and completion of the project mentioned in this resolution shall be subject to modification, amendment for further conditions to comply with the rules and regulations (including all amendments thereto), which the Commission may adopt, from time to time in order to comply with the covenants concerning the Bonds.

The loan terms and interest rate are to be set by the Executive Director with a repayment schedule of up to thirty (30) years.

Staff is hereby directed to negotiate a "Memorandum of Agreement" with the above named applicant as provided for in the Section 502.1 of Title V, Administrative Rules and Regulations for Financial Assistance, within 60 days.

Approval is contingent upon the availability of any other required funds and upon completion of all statutory and regulatory requirements within a period of 180 days. An administrative fee of three percent (3%) will be collected by the Commission at loan closing.

City of Marshall (Searcy County) (WDF) Up to \$154,500.00

PURPOSE OF FUNDS: *To complete the City's water meter replacement program. These funds will replace up to 1,050 water meters with radio read meters.*

The Commission approved a loan for the City of Marshall in an amount up to **\$154,500.00** from the Water Development Fund. An administrative fee in an amount up to \$4,500.00 will be retained by the Commission. This loan is for ten (10) years at two percent (2%) interest. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

Town of Bigelow (Perry County) (WSSW) Up to \$103,000.00

PURPOSE OF FUNDS: *To repair and correct infiltration and inflow defects in the sewer collection system and to provide flood protection for the sewer plant.*

The Commission approved a grant for the Town of Bigelow in an amount up to **\$103,000.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$3,000.00 will be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the ANRC grant funds being the last funds used for the project.

City of Altheimer (Jefferson County) (WSSW) Up to \$12,875.00

PURPOSE OF FUNDS: *To make sewer system repairs including without limitation, reinstallation of two pumps and control boxes.*

The Commission approved a loan for the City of Altheimer in an amount up to **\$12,875.00** from the Water, Sewer and Solid Waste Fund. An administrative fee of in an amount up to \$375.00 will

be retained by the Commission. This loan is for ten (10) years at two percent (2%) interest. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

City of Altheimer (Jefferson County) (WSSW) Up to \$12,875.00

PURPOSE OF FUNDS: *To make sewer system repairs including without limitation, reinstallation of two pumps and control boxes.*

The Commission approved a grant for the city of Altheimer in an amount up to **\$12,875.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$375.00 will be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

Marble Falls Water, Sewer and Solid Waste Disposal SID No. 1 (Newton County) (WSSW) (Additional) Up to \$25,750.00

PURPOSE OF FUNDS: *Cost overruns associated with Phase 1 repairs and replacements at the existing wastewater collection system and treatment plant to comply with the terms of ADEQ consent order.*

The Commission approved a grant for Marble Falls Water, Sewer and Solid Waste Disposal SID No. 1 in an amount up to **\$25,750.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$750.00 is to be retained by the Commission. Approval is contingent upon the District establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

Town of Jennette (Crittenden County) (WSSW) Up to \$25,750.00

PURPOSE OF FUNDS: *Emergency repairs to sewer pump stations and manhole repairs.*

The Commission approved a grant for the Town of Jennette in an amount up to **\$25,750.00** from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$750.00 is to be retained by the Commission. Approval is contingent upon the Town establishing and maintaining a depreciation reserve fund. These funds may be paid directly to Arkansas Rural Water Association to pay ARWA for costs associated with emergency repairs to the Town's sewer pump stations and manhole covers.

CHANGE IN TERMS OF FINANCIAL ASSISTANCE

<u>Boeuf-Tensas RIWDD (Ashley, Chicot, Desha, Drew, Jefferson, and Lincoln Counties)</u>	
00020-CSRF-D	<u>\$124,856.00</u>
00077-CSRF-D	<u>\$145,464.00</u>

PURPOSE OF FUNDS: When the above-referenced loans were made, the Commission believed that the US Army Corps of Engineers Feasibility Study and Project Evaluation would be completed within the deferral period. The study is still on-going and the district has made the first payments under the terms of the agreements. To require the continued repayment of the financial assistance at this time would result in a hardship to the district and deplete funds that can be used to complete the study. Therefore, the Commission agrees to suspend the payments under the agreements until July 1, 2013, or until such time as the feasibility study and project evaluation is completed, which ever event is the first to occur. At that time, the Commission will determine the repayment schedule for the financial assistance.

DEOBLIGATION OF FUNDS

The Executive Director reported that he has deobligated funds for the following:

(1) **Town of Widner** (St. Francis County) (WSSW) **\$20,600.00**

RETURNED FUNDS

ARRIFA (Jefferson County) 00624-GIF-G **\$2,880,764.91**

Mr. Young reported that he and the staff have been working with the ARRIFA Board in Jefferson County for the development of an alternative water supply for industrial water users in the county. After review of the proposed project and alternatives, Mr. Young determined that the project is frustrated and not currently feasible. Mr. Young requested that ARRIFA return the remaining grant funds in the amount of \$2,880,764.91. These funds will be available for other Commission projects.

CONSERVATION DIVISION

CERTIFICATION OF 2010 ELECTION RESULTS – CONSERVATION DISTRICT BOARDS

Mr. Baber presented for certification by the Commission, results of the Conservation District Boards of Directors election held March 1, 2011. Mr. Baber pointed out that election results have not been received from Lawrence County, and therefore are not certified. The county will be left off the official list until proper documentation is received.

Dr. Lamkin questioned why Johnson and L'Aigle Counties had only two persons elected. Mr. Baber stated that the districts had not submitted any documentation.

Upon motion by Dr. Lamkin, second by Mr. Richardson, the Commission certified the results as presented by the staff (a copy is attached to minutes).

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Blake Walters introduced Mr. Ed Wood, with the Van Buren County Conservation District. Mr. Wood gave a report on activities conducted by the district. He stated that more emphasis is being placed on urban population as related to education, recycling, farmers' markets and individual sustainable agriculture.

COMMISSION TRAVEL EXPENSE REIMBURSEMENT

Upon motion by Mrs. Cash, second by Mr. Anderson, the Commission approved reimbursable expenses for the Chairman or his designated representative to attend the following:

Arkansas Association of Conservation Districts Area Meetings

- Northeast Area Meeting – March 24, 2011
- West Central Area Meeting – June 2, 2011
- Southeast Area Meeting – June 21, 2011
- Southwest Area Meeting – July 21
- East Central Area Meeting – July 26, 2011

BREAK/RECONVENE

WATER RESOURCES MANAGEMENT DIVISION

Report on U of A Division of Agriculture Study Entitled "Preliminary Analysis of Water Resources in Arkansas – Mr. Swaim advised that a preliminary study needed to be

compiled to justify a comprehensive update of the Water Plan. Over the past six weeks, the U of A Division of Agriculture has worked on a report that shows the value of updating the Water Plan. A rough draft has been submitted and another draft will be completed by the end of this week.

This Preliminary Analysis of Water Resources in Arkansas will conclude both the benefits to the state and what economic problems will result if the plan is not updated.

Mr. Swaim stated that he is looking forward to the Arkansas Water Plan Comprehensive revision process.

Annual Ground Water Protection and Management Report for 2010 – Mr. Fugitt gave a summary of the annual ground water report for 2010. This report is prepared to provide the State of Arkansas with a comprehensive water quantity and water quality document to be utilized in accordance with the Arkansas Water Plan, as a guide for water resources conservation and protection programs. It includes data, analysis, and recommendations for the ground water protection and management program, water quality standards activities, the Arkansas Water Well Construction Commission administrative program, and water use studies.

Mr. Fugitt noted that he has been fielding calls concerning natural gas drilling in Arkansas. He also noted that Arkansas is still withdrawing ground water at a rate that is not sustainable; therefore, water levels continue to decline in most aquifers.

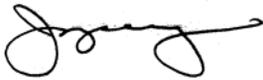
Mr. Jim Battreal gave illustrations of the cone of depressions in the study areas of the state. Though water-levels in the state's aquifers continue to decline, 2009 data reflects an especially 'wet' year and some recovery was noted.

ACTIVITY REPORTS

Informational activity reports were presented by the following: Andrew Wargo III, Arkansas Association of Conservation Districts; and Dave Freiwald, United States Geological Survey.

ADJOURN

There being no further business, the meeting was adjourned.



J. Randy Young, P.E.
Executive Director and Secretary

April 21, 2011
Date

CONSERVATION DISTRICTS BOARD OF DIRECTORS

2011 Certification of Election Results

Adopted: March 16, 2011

The following persons, having received the largest number of votes in the election held in their respective districts on March 1, 2011, are certified as Conservation District Directors-Elect with a term of office to begin on April 1.

ARKANSAS COUNTY:

- ❖ Lester McKinley
- ❖ James Phillips
- ❖ Tom Roth

DESHA COUNTY:

- ❖ Danny Wilson
- ❖ Gerald Dean Foster
- ❖ Vonda S. Kirkpatrick

IZARD COUNTY:

- ❖ Brenda Marlin
- ❖ Haydon Phillips
- ❖ Jim King

❖ LINCOLN COUNTY:

- ❖ Kevin Blagg
- ❖ L.E.Branson, Jr.
- ❖ John McGraw

ASHLEY COUNTY:

- ❖ Liz Taunton
- ❖ Eddie Scherm
- ❖ James Meeks Jr.

DREW COUNTY:

- ❖ F. Eric Stevens
- ❖ Frank Appleberry
- ❖ Mar Miles

JACKSON COUNTY:

- ❖ Kenneth Clark
- ❖ Valorie Carson
- ❖ Gary Shumate

MADISON COUNTY:

- ❖ Ronnie Villines
- ❖ Larry Easterling
- ❖ Matt Griggs

BENTON COUNTY:

- ❖ Jim Singleton
- ❖ Bill Haak
- ❖ Frank L. Walker

FRANKLIN COUNTY:

- ❖ Martin Mershon
- ❖ Joe M. Williams
- ❖ Ken McFerran

JOHNSON COUNTY:

- ❖ Steve Stephen
- ❖ Charlie Plugge

MILLER COUNTY:

- ❖ Nedra H. Turney
- ❖ Barbara Sutton
- ❖ Calvin Clark

CHICOT COUNTY

- ❖ Ronnie Berkemeyer
- ❖ Joe Mencer
- ❖ Keith Hunter

GRANT COUNTY:

- ❖ Ross Barnes
- ❖ Billy Holloway
- ❖ John Mitchell

L'AIGLE COUNTY:

- ❖ Steve Parnell
- ❖ Thomas Frazier

MINE CREEK COUNTY:

- ❖ Archie W. Cothren
- ❖ John Jamison
- ❖ Kirk Bell

CRITTENDEN COUNTY:

- Jimmy "Jamey" Sharp
- Walter A. Bloodworth
- Jimmy Sharp

HOT SPRING COUNTY:

- ❖ Larry Guin
- ❖ Alvin Starkey
- ❖ Jerry Whatley

LAFAYETTE COUNTY:

- ❖ Smead Grimmett
- ❖ Glenn Brackman
- ❖ Gaythor Crank

MISSISSIPPI COUNTY

- ❖ Louis Lammers
- ❖ Rodney Wright
- ❖ Allen Donner

CROOKED CREEK COUNTY

- ❖ Carla Shipman
- ❖ Walter Krafft
- ❖ Terry Ott

INDEPENDENCE COUNTY:

- ❖ Richard Todd Drake
- ❖ Parmer Hankins
- ❖ Eddie Wagoner

LEE COUNTY:

- ❖ Scott Stepp
- ❖ Steve Higginbothom
- ❖ Chad Russell

MONTGOMERY

- ❖ Justus Beggs
- ❖ Steve Irwin
- ❖ Bill Ray