

Ret # 4003341

IN THE CIRCUIT COURT OF LOGAN COUNTY, ARKANSAS
SOUTHERN DISTRICT
CIVIL DIVISION

CITY OF RATCLIFF,
CITY OF MAGAZINE,
CITY OF BLUE MOUNTAIN,
MILLTOWN-WASHBURN PUBLIC WATER AUTHORITY, AND
SOUTH LOGAN COUNTY PUBLIC WATER FACILITIES BOARD

PLAINTIFFS

Vs.

CASE NO. 42BCV-24-60 Div 3

CITY OF BOONEVILLE, ARKANSAS

DEFENDANT

COMPLAINT FOR TEMPORARY AND PERMANENT INJUNCTION
AND FOR DECLARATORY JUDGMENT

Comes now the Plaintiffs, and for their Complaint for Temporary and Permanent Injunction and for Declaratory Judgment against the Defendant states:

I.

The cities of Ratcliff, Magazine, and Blue Mountain are Arkansas municipalities located within Logan County or Yell County. Milltown-Washburn Public Water Authority is a water authority authorized and formed under the laws of the State of Arkansas. South Logan County Public Water Facilities Board is a water facilities board organized pursuant to the laws of the State of Arkansas. The Defendant is a first class city in the Southern District of Logan County, Arkansas. This Court has jurisdiction over the parties and this matter, and venue is proper herein.

FILED
Date 6/11/2024 Time 9:42

April Hice
Circuit Clerk, Logan County, AR
[Signature]

II.

On the 29th day of April, 1981, the City of Ratcliff entered into a Water Purchase Contract with the Defendant, a copy of which is attached hereto as Exhibit "A".

III.

On the 13th day of November, 1979, the City of Magazine entered into a Water Purchase Contract with the Defendant, a copy of which is attached hereto as Exhibit "B".

IV.

On the 28th day of February, 1986, the Milltown-Washburn Public Water Authority entered into a Water Purchase Contract with the Defendant, a copy of which is attached hereto as Exhibit "C".

V.

On the 28th day of April, 1996, the South Logan County Public Water Facilities Board entered into a Water Purchase Contract with the Defendant, a copy of which is attached hereto as Exhibit "D".

VI.

The City of Blue Mountain purchases its water from the City of Magazine. The water purchased is water originally acquired from the City of Booneville, Arkansas.

VII.

Paragraph 5 of the Water Purchase Contracts attached hereto provides for a modification if justified. Paragraph 5 states:

“(Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increase capitalization of the Seller’s system.”

VIII.

On or about February 28, 2024, the Defendant notified Plaintiffs of its intention to impose a rate increase beginning June 1, 2024. . A true and correct copy of that document is attached hereto as Exhibit “E” ” and pled as if set forth herein word for word. The Plaintiffs requested of the Defendant, the basis for the cost increases that the City relies upon for any requested increase in price. See attached letter from Plaintiffs’ counsel, dated April 1, 2024, which is attached hereto as “Exhibit F” and pled as if set forth herein word for word.

IX.

The Defendant supplied Plaintiffs with the Defendant’s rate study conducted by the Arkansas Rural Water Association and dated July 31, 2023. A true and correct copy of that document is attached hereto as Exhibit “G” ” and pled as if set forth herein word for word.

X.

The Defendant did increase the water rate from \$1.50 per thousand gallons of water to \$4.30 per thousand gallons of water effective June 1, 2024. The Plaintiffs, through their counsel, have arranged for a meeting of all parties to discuss the basis for the water rate

increase, and such meeting has been scheduled for June 18, 2024. Despite the meeting for that purpose having been established, the Defendant did unilaterally decide to and did carry out the rate increase. The Defendant's notice of rate increase attached hereto as Exhibit "E" further specifies that the rate effective June 1, 2025 will be \$6.45 per thousand gallons of water.

XI.

The rate study attached hereto as Exhibit "G" does not support the rate increase that the Defendant has unilaterally imposed. The Defendant has failed to prove that the rate increase is justified as required by the contract that Defendant has with the Plaintiffs that are purchasers of water directly from the City of Booneville. Further, upon information and belief, the City of Booneville has factored in capitalization costs in the increased rate. This likewise is a violation of the Water Purchase Contracts mentioned above.

XII.

The actions of the Defendant are arbitrary, capricious and outrageous. The action of imposing a rate increase in complete disregard of the contract terms is not only a breach of the contract, but also bad faith entitling Plaintiffs to an injunction, damages, punitive damages, as well as attorney fees and costs as provided by Arkansas Law.

XIII.

The Plaintiffs request that a temporary and permanent injunction be entered against the Defendant. The Plaintiffs are requesting a temporary injunction for the following reasons:

- a. The Defendant imposed this rate increase of approximately three times the current rate which is extreme and unjustified;
- b. The Defendant imposed the rate increase in the middle of a fiscal year;
- c. The Plaintiffs of course have not budgeted for this extreme increase as same was not advised earlier;
- d. The Plaintiffs would need to increase rates to Plaintiffs' individual customers in order to fund any increase that may be justified;
- e. The Defendant has threatened to impose a ten percent (10%) penalty on any of the increased funds/rates not paid by the Plaintiffs;
- f. The charges assessed against the Plaintiffs is beyond the financial means of the various Plaintiff entities to financially fund and support; and
- g. The rate being assessed by the Defendant exceeds the suggested rates in the rate study upon which the Defendant ostensibly relies.

The Plaintiffs are without an adequate remedy at law. The Plaintiffs have a strong likelihood of succeeding on the merits at trial. The Defendant will not be prejudiced by an injunction. If rates are established or justified to be increased, then such increases can be caught up at that time.

XIV.

The Plaintiffs request that a declaratory judgment be entered for establishing a justified rate.

WHEREFORE, PREMISES CONSIDERED, Plaintiffs pray an Order of this Court enjoining the Defendant from imposing any rate increase upon the Plaintiffs without proper proof as required by the contract; that a declaratory judgment be entered; compensation for the Plaintiffs for their costs, attorney's fees and expenses for the outrage and bad faith demonstrated by Defendant and its arbitrary and capricious actions and for any other proper relief.

RESPECTFULLY SUBMITTED,

CITY OF RATCLIFF,
CITY OF MAGAZINE,
CITY OF BLUE MOUNTAIN,
MILLTOWN-WASHBURN WATER USERS,
SOUTH LOGAN COUNTY PUBLIC WATER
FACILITIES BOARD, PLAINTIFFS

BY: 

JOHN P. VERKAMP

ABA No. 91208

VERKAMP LAW OFFICE, P.A.

P.O. BOX 425

CHARLESTON, AR 72933

(479) 965-2222

(479) 965-2229 (FAX)

JPV:srk

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 29th day of April,

19 81, between the City of Booneville

City Hall, Booneville, Arkansas 72927

(Address)

hereinafter referred to as the "Seller" and the City of Ratcliff

City Hall, Ratcliff, Arkansas 72951

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of _____ incorporation _____ of the

Code of Arkansas Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. _____ enacted on the 16 day of February, 19 81, by the Seller, the sale of water to the Purchaser in accordance

with the provisions of the said resolution was approved, and the execution of this contract

carrying out the said resolution by the Mayor and attested by the Secretary, was duly authorized, and City Clerk

Whereas, by resolution of the City Council

of the Purchaser, enacted on the _____ day of _____, 19 _____

the purchase of water from the Seller in accordance with the terms set forth in the said resolution

was approved, and the execution of this contract by the Mayor, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____ State of Arkansas Board of Health

in such quantity as may be required by the Purchaser not to exceed 3,000,000 gallons per month.

1210 - 1984
6,000,000



(Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure

at 150 psi f an existing 6" in main supply at a point located _____
at the point of delivery

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on first day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 15th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 25th day of each month, for water delivered in accordance with the following schedule of rates: (See 9, Determination of Water Cost)

- a. \$ N.A. for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ N.A. cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ N.A. cents per 1000 gallons for water in excess of _____ gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of _____ money to be computed after contracts have been let dollars which shall cover any and all costs of the Seller for installation of the portion of water line from the existing terminus on Highway 23 northerly of the metering equipment and approximately 10,100 feet to the point of delivery which lies approximately 1' feet south of the northeast corner of the Northwest Quarter (NW $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of Section 15 Township 6 North, Range 28 West, and construction of the pump station required for the transfer of water from the City of Booneville to the City of Ratcliff. Said pumping station lies within the extension from the City of

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

Water for such purposes shall be metered and paid for at the agreed bulk rate.
~~Flat charge of \$ _____ which will be paid by the contractor or, on his failure to pay, by the Purchaser.~~

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement. After the new plant is in operation,

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. Determination of Water Cost. During the first year of operation of the seller's new plant, water shall be supplied at the rate of seventy (70¢) cents per thousand gallons.

At the end of the first year of operation of the new water plant the entire cost of producing treated water at the treatment plant site and transmitting it to the point of delivery shall be computed. The total cost figure shall then be divided by the total number of (1,000) one thousand gallon units delivered by the system to the City of Ratcliff during that year and the unit cost plus five (5¢) cents shall be the cost to the purchaser for the next year.

At the end of each following year the unit cost to the purchaser will be computed in the same manner.

In witness whereof, the parties hereinafter acting under authority of their respective governing bodies, have caused this contract to be duly executed in _____ counterparts, each of which shall constitute an original.

Seller:

City of Boonville

By Ronald Holcomb

Title Mayor

Attest:

Rose Leftwich
Secretary

Purchaser:

City of Ratcliff

By Charles Holcomb

Title Mayor

Attest:

Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____,

19 _____.

By _____

Title _____

Contract
Pete Paul 8/28/50

THIS IS A ISO.

USDA-FHA
Form FHA 442-30
(Rev. 4-19-72)

Position 5

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 13 day of November,
19 79, between the City of Booneville
City Hall, Booneville, Arkansas 72927
(Address)

hereinafter referred to as the "Seller" and the City of Magazine
City Hall, Magazine, Arkansas 72943
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of incorporation of the
Code of Arkansas Statutes, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

will which will have
Whereas, the Seller owns and operates a water supply distribution system with a capacity sufficiently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. _____ enacted on the _____ day
of _____, 19 79, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said resolution was approved, and the execution of this contract
carrying out the said resolution by the Mayor,
and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the City Council
of the Purchaser, enacted on the _____ day of _____, 19 _____,
the purchase of water from the Seller in accordance with the terms set forth in the said resolution
was approved, and the execution of this contract by the Mayor, and
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____
Arkansas State Board of Health
in such quantity as may be required by the Purchaser not to exceed 10,000,000 gallons per month.



C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date ~~for the initial delivery of water~~ they will be able to receive water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 50.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. ~~Other provisions of this contract may be modified or altered by mutual agreement.~~ after the new plant is in operation

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. (Determination of Water Cost) During the first year of operation of the sellers new plant, water shall be supplied at the rate of seventy (70) cents per thousand gallons.

At the end of the first year of operation of the new water plant under construction, the entire cost of producing treated water at the treatment plant site shall be computed. The total cost figure shall then be divided by the total number of (1,000) ONE THOUSAND gallon units produced by the system during that year and the unit cost plus FIVE (\$.05) cents shall be the cost to the purchaser for the next year.

At the end of each following year, the unit cost to the purchaser will be computed in the same manner.

HOWEVER: After the first year as aforesaid, the unit cost to the purchaser shall at no time be higher than the lowest rate charged by the Seller to any other customer of the water system.

10. (Effective Date of Contract) The Sellers obligation to provide water hereunder shall not go into effect until the new water system, now being constructed, goes into operation.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in _____ counterparts, each of which shall constitute an original.

Seller:

City of Booneville

By

Title

Attest:

Rose Lesterich

Secretary

Purchaser:

City of Magazine

By

Title

Attest:

Mary Lee McConnell

Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____

19 _____,

By _____

Title _____

USDA-FHA
Form FHA 442-30
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 28th day of February, 19 86, between the City of Booneville, Arkansas

(Address)

hereinafter referred to as the "Seller" and the Milltown-Washburn Water Association

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of _____ of the Code of _____, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. 86-2 enacted on the Seventeenth day of February, 19 86, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract

carrying out the said Resolution by the Mayor of the City of Booneville and attested by the Secretary was duly authorized, ~~and~~ A copy of said Ordinance is attached hereto and made a part hereof.

Whereas, by _____ of the _____ of the Purchaser, enacted on the _____ day of _____, 19 _____ the purchase of water from the Seller in accordance with the terms set forth in the said _____ was approved, and the execution of this contract by the _____, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Arkansas State Board of Health

in such quantity as may be required by the Purchaser not to exceed 6,000,000 gallons per month.



2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at (A) from an existing (B) inch main supply at a point located (C)-----(A) (B) and (C) to be determined at a later date

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service. (Catastrophe shall include but not be limited to drought.)

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including ~~meter, valves, pipe~~ and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the three months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 15th. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 30th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 2,280 for the first 2,400,000 gallons, which amount shall also be the minimum rate per month.

b. 95 cents per 1000 gallons for water in excess of 2,400,000 gallons ~~per~~
~~thereafter~~ gallons.

c. \$ ~~_____~~ gallons.
Minimum rate per month and, or cost per thousand gallons may be increased after a period of two years from the date of initial delivery of water on an equitable basis. After said two year period, the rate per thousand gallons shall never be lower than the lowest rate charged to Sellers customers in the City of Booneville.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$75,000. dollars ~~which shall be an agreed cost of the Seller for installation of the metering equipment and~~

It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date ~~for the initial delivery of water~~. They will be able to accept initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 1,000 or 95¢ per thousand gallons, whichever is less, which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 2 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, ~~based on the cost of labor and materials and the cost of capital and depreciation of the water system~~. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
9. (Minimum rate per Month) That for a period of six months from the date of initial delivery of water, Purchaser will not be required to pay a minimum monthly rate for water, but shall pay only for water delivered past the metering station.
10. (Sales to Other Water Systems) That Purchaser shall not have the right to sell, barter or give water to any other water system.
11. (Plant Expansion) That Seller shall be relieved of all obligations under this Contract, and this Contract shall become null and void unless Seller is able to obtain financing, which it deems acceptable, to expand its capacity for production of treated water by a factor of approximately 100% over its present capacity. Seller will be under no obligation to furnish water under this Contract until such time as the production capacity is so increased and operational.

whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in _____ counterparts, each of which shall constitute an original.

Seller:

City of Booneville, Arkansas

By

Paul Thonhigh

Title Mayor

Attest:

Rene Lettowich

~~Secretary~~ City Clerk

Purchaser:

MILLTOWN-WASHBURN WATER ASSOCIATION

By

Cleason H. Cotton

Cleason H. Cotton

Title President

Attest:

Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____

19 _____

By _____

Title _____

USDA: FHA
Form FHA 442-30
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____, 19 _____, between the _____ City of Booneville _____

(Address)

hereinafter referred to as the "Seller" and the South Logan County Public Water Facilities Board

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Act 47 of 1987 of the Code of Arkansas, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. 94-5 enacted on the 23rd day of May, 19 94, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said resolution was approved, and the execution of this contract carrying out the said resolution by the Mayor and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the South Logan County Public Water Facilities Board ~~XXXX~~ Purchaser, enacted on the 28th day of April, 19 96, the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the South Logan County Public Water Facilities Board attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Arkansas Dept of Health

in such quantity as may be required by the Purchaser not to exceed 3,000,000 gallons per month, At a rate not to exceed 200 gallons per minute. 6,000,000 - passed 12/12/12



2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 50 psi from an existing 2-6" inch main supply at a point located _____

Intersection of Sassafras and Ivy Streets

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the 3 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on 15th day. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ N/A for the first N/A gallons, which amount shall also be the minimum rate per month.
- b. \$ N/A cents per 1000 gallons for water in excess of N/A gallons but less than _____ gallons.
- c. \$ 1.10 cents per 1000 gallons for all water
1.50 ~~water in excess of _____ gallons~~

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of -0- dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 3 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

1.50
flat charge of ~~\$1.10~~/1000 Gal which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 3 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

BOONEVILLE WATER DEPARTMENT

232 North Kennedy

Booneville, AR 72927

PHONE (479) 675-2015

FAX (479) 675-4836

DAVID HARDIN - SUPERINTENDENT

KEITH OLSEN - CHAIRMAN

January 10, 2013

Mr. Doug Simmons
South Logan County Water
108 N. Grant
Booneville, AR 72927

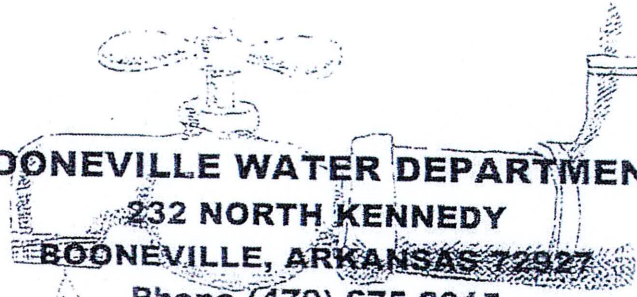
Dear Doug:

This letter is to confirm with South Logan County Water that as of January 1, 2013, your monthly contract agreement with the Booneville Water Department has been increased to six (6) million gallons of water per month.

Sincerely,

David Hardin
Superintendent

240



BOONEVILLE WATER DEPARTMENT
232 NORTH KENNEDY
BOONEVILLE, ARKANSAS 72927
Phone (479) 675-2015

BRYAN SCHULTZ - SUPERINTENDENT
DAVID HARDIN - INTERIM SUPERINTENDENT

DAVID REMY - CHAIRMAN

February 28, 2024

South Logan County Water Board
 108 N Grant
 Booneville, AR 72927

Re: Booneville Water Department Rate Increase

South Logan County Water Board,

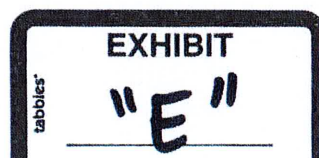
This letter is to inform you that due to a rate study done, according to Act 605 of 2021, our water rates are changing. The new increase will begin showing on your June 1, 2024 billing. The increase will be in 2 steps. Your new rate will be \$4.30 per thousand gallons of water. The next step will begin showing on your June 1, 2025 billing at the rate of \$6.45 per thousand gallons of water. Also, according to Act 605 of 2021, the rate will increase 3% each year on January 1st.

Sincerely,



David Remy
 Water Commission Chairman
 Booneville Water Department

dr/dw



mailed 4/1/24

VERKAMP LAW OFFICE, P.A.

P.O. Box 425
503 East Main Street
Charleston, AR 72933

John P. Verkamp
jverkamp@sbcglobal.net

(479) 965-2224, telephone
(479) 965-2229, facsimile

April 1, 2024

Booneville Water Department
232 North Kennedy
Booneville, Arkansas 72927

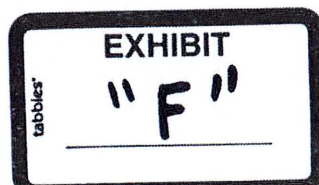
Re: FOIA Request on behalf of the City of Ratcliff and its Officials

Greetings:

This letter and information request is being sent on behalf of the City of Ratcliff and its officials. The city has received a notice dated February 28, 2024 of impending or planned water rate increases. The following information is requested:

1. A copy of all notices of rate increases sent to wholesale water customers of Booneville Water Department since January 1, 2020;
2. A copy of all water rate ordinances for the City of Booneville enacted from January 1, 2020 to the current date;
3. A copy of the rate study performed for the Booneville Water Department and any water rate study conducted since January 1, 2020 pursuant to Act 605 of 2021;
4. A copy of all minutes of all Booneville Water Commission meetings from January 1, 2023 to the current date;
5. A copy of all recordings of all meetings of the Booneville Water Commission where increased rates to wholesale water customers were discussed and modifications to rates of Booneville's city residential customers were discussed.

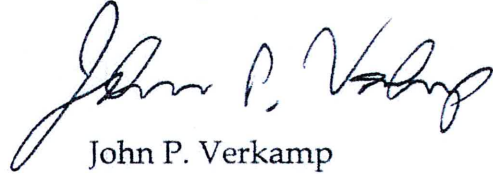
If additional time is needed to recover and supply these items, please let me know. I am aware of how burdensome FOIA requests can become.



Page 2
April 1, 2024

Kindest regards.

Sincerely,

A handwritten signature in black ink that reads "John P. Verkamp". The signature is written in a cursive style with a large, looping initial "J".

John P. Verkamp

JPV:srk
Encl.
Cc: Mayor Roger Hughey



Arkansas Rural Water Association



Dennis Sternberg, CEO

P.O. Box 860 • Lonoke, AR 72086 • (501) 676-2255 • Fax (501) 676-2266
E-mail: arkrwa@arwa.net or arkrwa@sbcglobal.net
www.arkansasruralwater.org

ARWA Mission Statement:

To provide Arkansas Rural Water Utilities the highest level of Training & Technical Services in order to obtain a Quality Water at the lowest possible cost.

Date: July 31, 2023

To: City of Booneville, Arkansas (Water ONLY Per Act 605 of 2021)

From: Arkansas Rural Water Association

Re: Water Rate Based on 2022 Year Reports – Meeting Rules of Act 605 of 2021 and Act 545 of 2023.

Thank you for trusting Arkansas Rural Water Association to review your financial status to determine an adequate rate for your system's customers based on your system's operation over the past twelve months.

In determining water or sewer rates Water Providers (all public water utilities) must use one of Arkansas Natural Resource Division (ANRD) approved rate study providers. Rate study companies must start performing rate studies that conform with Act 605 of 2021 and the rules adopted by the Arkansas Natural Resource Division Commissioners/Arkansas Department of Agriculture.

I have attached a copy of Act 605 and the ANRD rules adopted by the commission for your review as well as the rate study findings. The results of your rate study findings will state that this rate study was done in accordance with the rules pertaining to Act 605 of 2021. Your system is required to meet the new requirements and rules of Act 605 of 2021 by either July 1, 2024, July 1, 2025, or July 1, 2026, based on the number of connections on your system.

Retail water providers shall obtain rate studies pursuant to the requirements in Ark. Code Ann. § 14-234-802.

ANRC Rules to ACT 605 of 2021 require any city that does one annual audit for water and sewer is required to do a rate study on both entities and implement the findings of the rate study provider.

A provider that plans to undertake a major development project, as defined above and in Ark. Code Ann. § 14-234-802(h)(2), shall obtain a rate study or amend the provider's existing rate study before beginning the major development project to include consideration of the financial impact of the major development project on the fiscal sustainability of the provider.

Act 545 of 2023 eliminates the required rate study before undertaking a major development project.

Rate Studies are required to comply with the rules of Act 605 which require each water provider to meet a 1.1 Debt Service Coverage Ratio (DSCR). As well as the provider shall deposit a minimum of 5% per annum of gross revenues into a dedicated "Refurbishment and Replacement Account" or "Depreciation Account" within twelve months of the implementation of the rate unless a different amount is determined by the rate study.



Rules: III. Refurbishment & Replacement Account

**Refurbishment & Replacement Account
Calculation Page**

1. Refurbishment and Replacement accounts, as required under Ark. Code Ann. § 14-234-802(e), shall only be used to make repairs or to replace water system appurtenances.
2. Providers may designate existing depreciation or replacement accounts as the Refurbishment and Replacement Account required by Ark. Code Ann. § 14-234-802(e), so long as the amount deposited therein complies with the provisions of Ark. Code Ann. § 14-234-802(e).
3. The calculation of the amount required to be deposited into a Refurbishment and Replacement Account pursuant to these Rules and Ark. Code Ann. § 14-234-802(e) shall be based on the gross operating revenues of a System.
4. The funds shall not be used for routine repairs. Expenditures of \$1,000 or less shall be considered routine repairs.
5. Utilization of funds from the Refurbishment and Replacement account must be approved by the Provider Board prior to its use.

The refurbishment & Replacement Account will be based on the gross operating revenues of the combined water and sewer system.

Gross Operating Revenue:		
Metered Water Revenue \$852,462 + Non-Metered Revenue \$227,011		: \$1,079,473
Minimum of five percent (5%) of gross operating revenue:		: \$ 70,538
5% = \$1,079,473 x 0.05 = 53,973 (Minimum Required)		
System funds \$70,538 / Year = 6.5%		

Rules: IV Rate Studies for Retail Providers

1. Retail water providers shall obtain rate studies pursuant to the requirements in Ark. Code Ann. 14-234-802: This rate study performed by Arkansas Rural Water Association (ARWA) complies with the above Ark. code.
2. A provider that plans to undertake a major development project, as defined above and in Ark. Code Ann. § 14-234-802(h)(2), shall obtain a rate study or amend the provider's existing rate study before beginning the major development project to include consideration of the financial impact of the major development project on the fiscal sustainability of the provider.

Is the Water Provider requesting this rate study to comply with requirements of section Ark. Code Ann. § 14-234-802(h)(2) referring to a major development project? YES

3.
 - a. Water Rate Study Findings:

Yearly Payment of Loan(s) Principle: (Indicate the total yearly amount paid to meet any loan(s) principle regarding water and/or sewer debts. This should include the total of all loans, if any, relative to each).

Existing Debt Principal : \$35,811

Yearly Payment of Loan(s) Interest: (Indicate the total yearly amount paid by the facility to meet any interest associated with any loans per year for water or sewer. This should indicate the total of all loans, if any, relative to each.)

Existing Interest : \$8,757

Total Amount of Gallons of Water Sold Per / Year or (For Sewer) Show 80 Percent of the Total Amount of Gallons of Water Pumped (Next Field): Enter the total amount based on usage only. Show in figure in 1,000's. Example: 9,765,000 gallons would be shown as 9,765 in the blank.

: 338,891

Total Amount of Gallons of Water Pumped Per Year: (Show the total gallons of water pumped by the facility in the last year, in 1,000's)

: 547,323

Total Number of Active Customers: (List the total number of active customers served by the facility.)

: 1944

Total Revenue from Metered Sales: (Show the total monetary amount taken in by the facility through metered sales. Does include metered sales revenue and non-metered revenue.)

Metered Water Revenue \$852,462 + Non-Metered Revenue \$227,011 : \$1,079,473

Total Operating Expenses Per Year: (List all costs for Water and/or Sewer, which are expended to operate the system for a one-year period): These may include salaries, insurance, utility costs, maintenance and other repairs costs, capital costs, chemical costs, rent, equipment costs, taxes, purchases of water, office supplies costs, miscellaneous, engineering, legal and audit or agreed upon procedure fees, etc.)

: \$1,188,050

Payment To Reserve Account Per Year: (Show the yearly amount invested into a reserve account, each year, which is required by any loan documentation. If the required minimum level has been attained, and the facility no longer funds such account, leave this field blank).

\$99,079 / Year : \$99,079

Payment To Refurbishment & Replacement/Depreciation Account Per Year: (This yearly amount shall deposit a minimum of five percent (5) per annum of gross revenues in a dedicated refurbishment and replacement account within twelve months of implementation of the rate unless a different amount is determined by the rate study.)

5% of Total Revenue: $\$1,079,473 \times 0.05 = (\$53,974 \text{ Minimum Required})$: \$70,538
System has been funding \$70,538 = 6.5%

Rules: IV Rate Studies for Retail Providers

**Water Providers & Cities with combined Audits for Water Provider
Rate Study Form Results Page**

Calculated Total Yearly Cash Requirement: (This figure represents the total cash needed to just meet the financial obligations of the water and/or sewer utility for a one-year period, based on information supplied by the facility personnel.)

: \$1,402,235

Calculated Debt Service Per Customer Per Month: (This figure represents an equal debt obligation per customer and can be used as monthly "User's Fee" Total of Water & Sewer.)

: \$6.16

Calculated Operating Cost Per 1000 Gallons Funding Depreciation: (This figure represents the lowest amount needed for each 1000 gallons above minimum.)

Water Cost Per 1,000 Gallons : \$ 3.71

Calculated Shortage of Revenue: (Indicates the shortage of money, if any, that is needed to cover all costs / A negative figure indicates a positive surplus.)

(LOSS) : \$322,762

Calculated Average Bill Per Customer Per Month: (This figure indicates an average amount needed per customer to meet all debt service and operational expenses.)

: \$60.11

Calculated Minimum Rate Allowing 1000 Gallons and Funding Refurbishment & Replacement Account: (This figure can be used as a "Minimum Charge" per customer for the first 2000 gallon

Break-Even Minimum Bill: $\$6.16 \text{ Debt} + \$3.71 / 1,000 \text{ Gallons}$: \$9.87
Allover 1,000 Gallons \$3.71/1,000 Gallons

Calculated Yearly Average Percent of Water Loss: (System water loss is excessive, if above 15 percent. Calculation will indicate the amount NOT accounted for in total gallons of water pumped a year.)

: 38.08%

**Debt Service Cover Ratio
Calculation Page**

Debt Service Coverage Ratio = Net Operating Income/Annual Debt
Calculations For Net Operating Income = Revenue – Operating Expense = Net Operating Income
Net Operating Income = \$1,079,473 - \$1,188,050 = -\$108,577
Debt Service Cover Ratio of 1.1 Required = -\$108,577 / 44,568 = (-2.43)
Calculation Page

Total Revenue =	\$ 1,079,473
Total Operating Expenses =	\$ 1,188,050
Refurbishment & Replacement Account =	\$ 70,538
Debt (principal and interest) =	\$ 44,568
Debt Service Coverage Ratio of 1.1 Required = (-2.43)	
Reserve Account =	\$ 99,079
Total Revenue Required =	\$ 1,402,235

Based on the calculations of DSCR your system provided shows your DSCR is inadequate (-2.43)

**Debt Service Cover Ratio with Required Revenue
Calculation Page**

Debt Service Coverage Ratio = Net Operating Income/Annual Debt
Calculations For Net Operating Income = Revenue – Operating Expense = Net Operating Income
Net Operating Income = \$1,402,235 - \$1,188,050 = -\$214,185
Debt Service Cover Ratio of 1.1 Required = -\$214,185 / 44,568 = (4.8)
Calculation Page

Total Revenue =	\$ 1,402,235
Total Operating Expenses =	\$ 1,188,050
Refurbishment & Replacement Account =	\$ 70,538
Debt (principal and interest) =	\$ 44,568
Debt Service Coverage Ratio of 1.1 Required = (4.8)	
Reserve Account =	\$ 99,079
Total Revenue Required =	\$ 1,402,235

Based on the calculations of DSCR your system provided shows your DSCR is adequate (4.8)

Summary of Water Rate Study Findings:

Present Water Rates were last adjusted in: (2007)

Present Water Rate Schedule for All Classifications:

All Inside City Limits Water Users

Step 1	0-1000	\$9.65
Step 2	Next 4M GAL	\$2.80/Thousand
Step 3	Next 5M Gal	\$2.50/Thousand
Step 4	Next 15M GAL	\$2.05/Thousand
Step 5	Next 25M GAL	\$1.75/Thousand
Step 6	All Over 50M GAL	\$1.50/Thousand

All Outside City Limits Water Users

Step 1	0-1000	\$14.40
Step 2	Next 4M GAL	\$4.23/Thousand
Step 3	Next 5M Gal	\$3.75/Thousand
Step 4	Next 15M GAL	\$3.10/Thousand
Step 5	Next 25M GAL	\$2.63/Thousand

Wholesale Customers: (Magazine, Milltown Washburn, Ratcliff & South Logan)

Water Rate is: \$1.50/Thousand.

NEW Water Rate Break-Even Findings:

Water: Break-Even Amount Rate

Minimum Bill:

Break-Even Minimum Bill: \$9.87/1,000 Gallons

All over 1,000 Gallons \$3.71/1,000 Gallons

City of Booneville, Arkansas January 1, 2022, through December 31, 2022, rate study information.

Customers By Revenue Class with Charges and Customer Count & Percentages%

Revenue Class - # of Customers & % - Usage (In Gallons) & % - Water Revenue Last Year & % Revenue						
Inside						
Residential	-	1,377 (71%)	-	63,905,332 (19.0%)	-	\$283,303 (33.2%)
Outside						
Residential	-	287 (14.4%)	-	10,616,001 (3.0%)	-	\$ 68,612 (8.0%)
Inside						
Commercial	-	232 (11.9%)	-	44,705,332 (13.0%)	-	\$ 103,824 (12%)
Outside						
Commercial	-	42 (2.0%)	-	6,536,001 (2.0%)	-	\$ 8,461 (1.0%)
Res. Inside	-		-	5,986,667 (1.7%)	-	\$ 23,764 (2.7%)
Comm. Inside	-		-	665,332 (0.001%)	-	\$ 3,007 (0.003%)
No Sewer	-	4 (0.002%)	-	206,420,000 (61.0%)	-	\$ 353,606 (41.4%)
Wholesale	-		-		-	\$ 7,883 (0.009%)
SEWER ONLY						
TOTAL'S	-	1,942 (99.8%)	-	338,890,666 (99.7%)	-	\$ 844,577 (98.3%)
TOTAL'S	-	1,942 (99.8%)	-	338,890,666 (99.7%)	-	\$ 852,460 (98.3%)

WATER:

Water utility produced 547,323,000 gallons of water from January 1, 2022, through December 31, 2022.

Water utility sold 338,891,000 gallons of water to all their customers.

Water utility has 1,942 total customers.

Water utility has 1,664 total residential customers which consists of 1,377 inside the city and 287 outside the city.

Water utility has 274 total commercial customers which consists of 232 inside the city and 42 outside the city.

Water utility has total of 4 wholesale customers with six meters serving those wholesale customers which consist of the City of Magazine, Milltown Washburn, City of Ratcliff, and the South Logan County Water.

Break-Even Water Rate:

Minimum Bill: \$9.87 and allover \$3.71/1,000

Residential In-Side City: Break-Even Rate

Monthly Average Water Usage Per Customer:

63,905,332 / 12 Months / 1,377 Customers = 3,867 Gallons / Customer / Month / Average

3,867 Gallons/Month/Average/Customer

Minimum Bill with 1,000 Gallons = \$9.87

2,867 Gallons x \$3.71/1,000 Gallons = \$10.64 Customer

\$20.51 x 1,377 Customers = \$28,243 /Month/Average Revenue

\$28,243 x 12 Months = \$338,916/Year Revenue

Residential Out-Side City: Break-Even Rate

Monthly Average Water Usage Per Customer:

10,616,000 / 12 Months / 287 Customers = 3,082 Gallons / Customer / Month / Average

3,082 Gallons/Month/Average/Customer

Minimum Bill with 1,000 Gallons = \$14.40

2,082 Gallons x \$3.71/1,000 Gallons = \$7.72 Customer

\$22.12 x 287 Customers = \$6,348 /Month/Average Revenue

\$6,348 x 12 Months = \$76,176/Year Revenue

Water Commercial In-Side City: Break-Even Rate

Monthly Average Water Usage Per Customer:

44,705,000 Gallons / 12 Months / 232 Customers = 16,057 Gallons / Customer / Month / Average

16,057 Gallons/Month/Average/Customer

Minimum Bill with 1,000 Gallons = \$9.87

15,057 Gallons x \$3.71/1,000 Gallons = \$55.86 Customer / Month Average

\$65.73 x 232 Customers = \$15,249 /Month/Average Revenue

\$15,249 x 12 Months = \$182,988/Year Revenue

Water Commercial Out-Side City: Break-Even Rate

Monthly Average Water Usage Per Customer:

6,536,000 Gallons / 12 Months / 42 Customers = 12,968 Gallons / Customer / Month / Average

12,968 Gallons/Month/Average/Customer

Minimum Bill with 1,000 Gallons= \$14.40

11,968 Gallons x \$3.71/1,000 Gallons = \$44.40 Customer / Month Average

\$58.80 x 42 Customers = \$2,469 /Month/Average Revenue

\$2,469 x 12 Months = \$29,628/Year Revenue

Wholesale Water Rate: @\$2.00/1,000

Monthly Average Usage Per Customer:

206,420,000 Gallons / 12 Months / 4 Customers = 4,300,416 Gallons / Customer / Month / Average

4,300,416 Gallons / 12 Months / Customer

4,300.416 thousand Gallons x \$2.00/1,000 Gallons = \$8,600 / Customer / Month

\$8,600 x 12 Months x 4 Customers = \$412,800 / Year Revenue

Wholesale Water Rate: @\$3.00/1,000

Monthly Average Usage Per Customer:

206,420,000 Gallons / 12 Months / 4 Customers = 4,300,416 Gallons / Customer / Month / Average

4,300,416 Gallons / 12 Months / Customer

4,300.416 thousand Gallons x \$3.00/1,000 Gallons = \$12,901 / Customer / Month

\$12,901 x 12 Months x 4 Customers = \$619,248 / Year Revenue

NEW Rate Annual Total Water Revenue:

1377 – Residential In-Side City Annual Revenue: \$ 338,916

287 – Residential Out-Side City Annual Revenue: \$ 76,176

232 – Commercial In-Side City Annual Revenue: \$ 182,988

42 - Commercial Out-Side City Annual Revenue: \$ 29,628 \$627,708

4 – Wholesale Customers Annual Revenue @ \$2.00: \$ 412,800

Total Annual Revenue \$1,040,508

NEW Rate Annual Total Water Revenue:

1377 – Residential In-Side City Annual Revenue: \$ 338,916

287 – Residential Out-Side City Annual Revenue: \$ 76,176

232 – Commercial In-Side City Annual Revenue: \$ 182,988

42 - Commercial Out-Side City Annual Revenue: \$ 29,628 \$627,708

4 – Wholesale Customers Annual Revenue @ \$3.00: \$ 619,248

Total Annual Metered Revenue \$ 1,246,956

Total Non-Rate Revenue Per Year : \$ 227,011

Total Annual Revenue :\$1,473,967

Total Required Annual Revenue :\$1,402,235

Profit :\$ 71,732

Water

Five Year Projection of Revenue & Expenses:
(Based on 3% Increase/Year)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,473,967	\$1,518,186	\$1,563,731	\$1,610,642	\$1,658,961
R & R Account (6.5%)	\$70,538	\$96,002	\$98,682	\$101,642	\$104,691
Expenses	\$1,188,050	\$1,223,691	\$1,260,401	\$1,298,213	\$1,337,160
Principal & Interest	\$44,568	\$44,568	\$44,568	\$44,568	\$44,568
DSCR (1.1)	6.4	6.6	6.8	7.0	7.2

(R&R Account = Refurbishment & Replacement Account)

Non-Rate Revenue: Revenue consists of dis-connects, reconnects, taxes and sampling fees.

Cash Balances at the end of September 31, 2022, = \$4,025,386

Number of days cash balances could cover O&M:
Cash Balances / Average Daily Operational Expenses:

$\$1,188,050 \text{ Yearly Expenses} / 365 \text{ Days/Year} = \$3,255/\text{Daily Operational Expenses}$
Cash Balances could cover O&M $\$4,025,386 / \$3,255 = 1,236 \text{ Days or } 3.38 \text{ years.}$

Recommendations on Water Rate Study:

1. WATER & SEWER RATE FINDINGS:

City of Booneville, Arkansas Water Utility Rate Study Findings show that the present water rates are NOT adequate to cover all debt, expenses and fund the required "Refurbishment and Replacement" account and I would recommend the city to implement the following rate increases.

Present Water Rate Schedule for All Classifications:

All Inside City Limits Water Users

Step 1	0-1000	\$9.65
Step 2	Next 4M GAL	\$2.80/Thousand
Step 3	Next 5M Gal	\$2.50/Thousand
Step 4	Next 15M GAL	\$2.05/Thousand
Step 5	Next 25M GAL	\$1.75/Thousand
Step 6	All Over 50M GAL	\$1.50/Thousand

All Outside City Limits Water Users

Step 1	0-1000	\$14.40
Step 2	Next 4M GAL	\$4.23/Thousand
Step 3	Next 5M Gal	\$3.75/Thousand
Step 4	Next 15M GAL	\$3.10/Thousand
Step 5	Next 25M GAL	\$2.63/Thousand

Wholesale Customers: (Magazine, Milltown Washburn, Ratcliff & South Logan)

Water Rate is: \$1.50/Thousand.

City of Booneville, Arkansas Water Utility Rate Study Findings show that the present water rates are NOT adequate to cover all debt, expenses and fund the required "Refurbishment and Replacement" account and I would recommend the city to implement the "New" Water Rate Structure" that the rate study findings determined.

2. The City of Booneville, Arkansas Water Utility rate study shows from the information requested to perform the water rate study, that the present water rates are NOT adequate to fund the water utility's total annual expenses.

Act 605 of 2021 requires any utility that their rate study findings need to be increased must increase within 1-year if less than a 50% increase and 2-years if the rates more than double.

However, Act 545 of 2023 amended that section to state If through the rate study it is recommended that a series of rate increases be implemented over a period of time that exceeds the periods of time required in subdivision (c)(2)(B)(ii) and (iii) of this section, the provider may implement the series of rate increases without regard to the limitations of subdivisions (c)(2)(B)(ii) and (iii) of this section, provided that the series of rate increases conform with the recommendations of the rate study.

The water rate increase is 33% for the first 4,000 gallons after the minimum. With the cities present declining rate structure all steps after the first step decrease in cost per thousand. The City of Booneville, Arkansas city council should implement a flat rate after the minimum for ALL water after the minimum bill and do away with the declining rate structure. Declining rate structures are unfair to most customers and allow the larger users to get water at a lower cost per thousand the more they use.

Increase the Minimum Bill from \$9.65 to \$9.87 / 1,000 gallons or I would recommend the minimum be raised to \$10.00 / 1,000 gallons. Then increase the cost/1,000 gallons for all water used after the minimum to \$3.71/1,000 gallons and go to a flat rate structure to be fair to all customers.

NEW RATE STRUCTURE:

All Inside City Limits Water Users
Step 1 0-1000 \$10.00
Step 2 All Over 1M GAL \$3.71/Thousand

NEW RATE STRUCTURE:

All Outside City Limits Water Users
Step 1 0-1000 \$14.40
Step 2 Next 4M GAL \$4.23/Thousand
Step 3 All Over 5M GAL \$3.75/Thousand

Wholesale Customers: (Magazine, Milltown Washburn, Ratcliff & South Logan)

Wholesale Rate:
Water Rate Is: 1st Year \$2.25/Thousand
Water Rate Is: 2nd Year \$3.00/Thousand

It should be remembered that the city has not raised rates since 2007 and the cost of living has continued to increase each of those years. It is also recommended to increase costs per 1,000 gallons annually by at least 3% to keep up with the rising costs of your system or you will slowly fall behind in needed revenue. Small rate increases customers will accept a lot easier than major rate increases.

The City of Booneville, Arkansas Water Utility produced 547,323,000 gallons for the 12-month period and sold 338,890,000 gallons, which shows the water loss to be 38 % for the year. All systems are going to have water loss due to the water plant backwashing filters, age of the system, miles of line and meters that have slowed. AWWA recommends that water systems should try and keep the water loss to as low as possible but no more than 15% is recommended as allowable. Water loss can be from leaks, flushing and slow or inaccurate meters. The city should look at what they can account for through backwashing filters, flushing hydrants or un-metered services and do system leak detection to account for their water loss percentage.

Asset Management Plan: The City of Booneville, Arkansas Water Utilities has an Asset Management Plan and will be able to provide an updated one to ANRD when they submit a Water Rate Study under Act 605 of 2021 and the Rules pertaining to it on July 1, 2026.

Rate Study Findings: Based on the figures your system provided for this rate study it shows water rates are NOT adequate and rates WILL NEED to be increased at this time. It is also recommended that the city should increase the water rates annually by three percent (3%) beginning on January 1, and there after each year to be able to meet the revenue needs for your water system and meet the Rules pertaining to Act 605 of 2021. Rate increases are never taken lightly but small increases are accepted a lot more easily than large increases by your customers.

Prepared By: Dennis Sternberg, CEO
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Certification that certifies Arkansas Rural Water Association is an approved "Water Provider Rate Study Provider" by Arkansas Natural Resource Commission and that the City of Booneville, Arkansas Water Utilities has had this study prepared but did NOT include the sewer utility side into the rate study to comply with all rate study provider requirements and that this study does NOT comply with Act 605 of 2021 and the rules implementing the Act.

But, based on the Water Rate Study, the Water Rates WILL Need to be increased.

The rate study reviewed the costs for the following:

- a. Operation and Maintenance
- b. Debt Service/Interest
- c. Required Reserves
- d. Required Replacement & Refurbishment Account
- e. Additional Capital Expenses
- f. Annual Audit or an Agreed-Upon Procedures and Compilation Report
- g. All Annual Expenses
- h. All Annual Revenue

Also, the city needs to make an annual three percent (3%) increase on all Water & Sewer Rates on the cost/1,000 Gallons each January to guarantee generating sufficient revenue to cover all costs in the future hopefully.

Arkansas Rural Water Association acknowledges the city will rely on the representations contained herein for the purposes of reviewing their water utility rates but does NOT comply with Act605 of 2021.

This is the 31 day of July 2023.

Arkansas Rural Water Association
By: Dennis Sternberg
Title: CEO

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