

MOUNT SHERMAN WATER ASSOCIATION

NEWTON COUNTY, ARKANSAS

President - James Bowen
HCR 70, Box 250 - Jasper, Arkansas 72641

April 22, 2010

Mr. Randy Young, Executive Director
Arkansas Natural Resources Commission
101 East Capitol, Suite 350
Little Rock, Arkansas 72201

RE: Request to Use Grant Funds Only
Proposed Water Main Extensions to Serve Murray Road and Shiloh Road (11 Families)
Mt. Sherman Water Association (Newton County, Arkansas)

Dear Mr. Young:

In February of 2009 your agency provided a grant and loan to our Association for extending water service to several families in the Shiloh and Murray Road area, as follows:

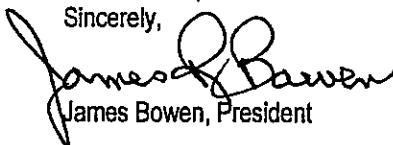
<u>AGENCY</u>	<u>Grant</u>	<u>Deferred Loan</u>	<u>Total</u>
Arkansas Natural Resources Commission	\$144,200	\$41,200	\$185,400
Less: ANRC Fee	\$ 4,200	\$ 1,200	\$ 5,400
Total Available for Project	\$140,000	\$40,000	\$180,000

We recently opened bids, and it appears the project is significantly under the original budget of \$180,000. Based on our engineer's letter of recommendation, the total anticipated project expense is expected to be near \$140,000. We are hereby requesting use of the \$140,000 grant without utilizing the \$40,000 in deferred loan. This is requested on behalf of our customers for the following reasons:

- Concerned that we cannot establish a depreciation reserve fund for the Association by obtaining more loan funds (\$40,000). We are hopeful that any revenues experienced from the proposed customers can be used for a depreciation reserve fund.
- If we assume the \$40,000 loan, we are concerned that rate increases will be required on many customers that cannot afford an increase.
- We currently have about 300 customers, most of which are low income or fixed income. Due to the low income levels in the area we feel it is important to keep water rates as low as possible, and a new loan would only increase the possibly of a rate increase.

On behalf of our customers, thank you for your consideration of this request. Please feel free to call me at 870-446-2171 if you have any questions.

Sincerely,



James Bowen, President

cc: State Senator Randy Lavery
P.O. Box 303, Jasper, AR 72641

Mr. Ivan Reynolds, Water Manager
P.O. Box 323, Jasper, AR 72641

Engineering Services, Inc.

1207 S. Old Missouri Rd • P.O. Box 282 • Springdale, Arkansas 72765-0282
Phone: 479-751-8733 • Fax: 479-751-8746

October 20, 2010

Mr. Jim Bowen, President
Mt. Sherman Water Association
P.O. Box 323
Jasper, Arkansas 72641

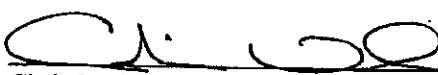
RE: Engineer's Statement No. 1 (Engineering for Shiloh Road Extension)
Shiloh Road and Murray Road Water Main Extension
Mt. Sherman Water Association

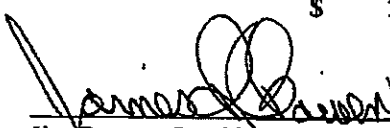
W.O. #08803

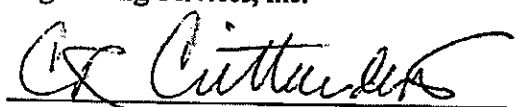
Dear Mr. Bowen:

This statement is submitted in accordance with our Agreement for Engineering Services for the Water Main Extensions dated March 10, 2009. The project, funded by Arkansas Natural Resources (ANRC), consisted of water main extensions on both Shiloh Road and Murray Road. Mt. Sherman Water Association constructed approximately 2,200 feet of the water main extension along Shiloh Road prior to bidding the project for construction. As a result, ESI was not reimbursed for engineering services associated with this design. Therefore, this statement is for engineering services for the portion of this project that have already been constructed. Since this portion of the project was not bid, the bid prices from the low bidder (Red Rock Construction Co.) were applied to the installed quantities to determine the approximate construction costs. Please refer to the attached spreadsheet for the approximate construction costs.

ITEM	DESCRIPTION	TOTAL
Sec. B, Item 2a	After Completion and Submission of Plans \$ 20,337.50 x 20% x 10.00%	\$ 406.75
Sec. B, Item 2b	After Award of Construction Contracts \$ 20,337.50 x 60% x 10.00%	\$ 1,220.25
Sec. B, Item 2c	Engineering During Construction \$ 20,337.50 x 15% x 10.00%	\$ 305.06
Sec. B, Item 2d	Project Completion \$ 20,337.50 x 5% x 10.00%	\$ 101.69
Total Amount Due and Payable		\$ 2,033.75


Chris Waller, P.E.
Engineering Services, Inc.


Jim Bowen, President
Mt. Sherman Water Association


Arkansas Natural Resources Commission



Consulting Engineers and Surveyors

www.engineeringservices.com

Jerry W. Martin, P.E.
Chairman of the Board

Philip C. Humbard, P.E., PLS.
President

Brian J. Moore, P.E.
Vice President

Tim J. Mays, P.E.
Secretary / Treasurer

CONSTRUCTION FUND REQUISITION FORM

REQUISITION NO.: 9

DATED: 4/18/11

Arkansas Natural Resources Commission
Attention: Charly Crittenden
101 East Capitol - Suite 350
Little Rock, Arkansas 72201

Re: **Mt. Sherman Water Association**
Shiloh Road and Murray Road Water Main Extension

Dear Mr. Crittenden:

You are requested and authorized to make payment to:

Engineering Services, Inc.

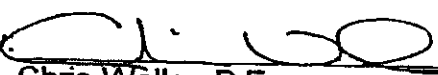
P.O. Box 282 / 1207 S. Old Missouri Rd., Springdale, AR 72765 for:

Engineer's Statement No. 1

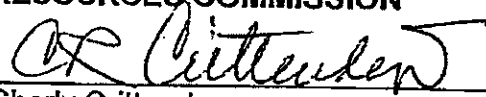
in the amount of Two Thousand Thirty Three and 75/100

dollars (\$2,033.75). This disbursement is a proper charge and expense of the
Construction Fund.

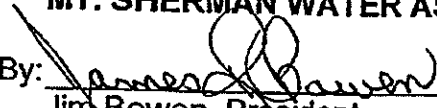
PROJECT CONSULTANT

By: 
Chris Waller, P.E.
Engineering Services, Inc.

ARKANSAS NATURAL
RESOURCES COMMISSION

By: 
Charly Crittenden
Project Administrator

MT. SHERMAN WATER ASSOCIATION

By: 
Jim Bowen, President



Arkansas Natural Resources Commission



J. Randy Young, PE
Executive Director

101 East Capitol, Suite 350
Little Rock, Arkansas 72201
<http://www.anrc.arkansas.gov/>

Phone: (501) 682-1611
Fax: (501) 682-3991
E-mail: anrc@arkansas.gov

Mike Beebe
Governor

April 27, 2011

James Bowen
President, Mount Sherman WA
HCR 70, Box 250
Jasper, AR 72641

**RE: Arkansas Natural Resources Commission – Water, Sewer
and Solid Waste Fund – Mount Sherman Water Association –
Project No. WRD-003-672, Loan No. 00712-WSSW-G -
Pay Approval No. 3 (Final)**

Dear Mr. Bowen:

The attached Construction Fund Requisitions Nos. 6 - 9 for contractor, engineering services and materials are approved for payment in the total amount of \$25,412.65 as requested in a letter by your Engineer, Michael Weir. The approved items are referenced as follows:

- 1. Red Rock Construction, Inc.** **\$ 18,779.50**
(Contractor services rendered – Application #3 (Final)
for project period January 1 – March 14, 2011.)
Requisition #6
- 2. Engineering Services, Inc.** **1,930.86**
(Engineering services rendered – Engineer's Statement #5
[Final], for Water Main Extensions in accordance with the ESI
Engineering Services Agreement dated March 10, 2009.)
Requisition #7
- 3. Mount Sherman Water Association** **2,668.54**
(Reimbursement for the purchase of materials to complete
the Shiloh Road Extension before the Murray Road Extension
began – Invoice # 017211 00 paid by Mt Sherman Check
#3913.)
Requisition #8

4. Engineering Services, Inc.

2,033.75

(Engineering services rendered – Engineer's Statement #1, for the Shiloh Road Extension that preceded the Murray Road Extension in accordance with the ESI Engineering Services Agreement dated March 10, 2009.)

Requisition #9

Total Amount Approved

\$25,412.65

This payment request brings our Arkansas Natural Resources Commission WSSW funding to an ending balance of zero. To arrive at the total expenditure of the grant funds allowed, requisitions 8 and 9 were added to the final contractor and engineering services requisitions 6 and 7 that were approved at the final inspection. To support the approval of the two final requisition requests, the following recap is offered for the record.

When we began this project, Mount Sherman Water Association (MSWA) had requested \$180,000.00 in grant funding from Arkansas Natural Resources Commission (ANRC) to construct water main extensions on both Shiloh Road and Murray Road to 11 rural families who were in need of a good quality, dependable, and safe public water source. We (ANRC) approved the \$180,000.00 request with \$140,000.00 in grant money and \$40,000.00 in deferred loan money. Before Mount Sherman had gotten approval of their ANRC financial request, they had already constructed approximately 2,200 feet of the water main extension along Shiloh Road with Engineering Services, Inc. (ESI) assistance. When ANRC funding was approved, MSWA requested reimbursement for the out-of-pocket equipment cost that had been expended for the Shiloh Road extension. ANRC management decided to postpone reimbursement of the equipment cost to ensure that we had enough financial resources to complete constructing the contracted remainder of the project. Then, at the end of the project, we would see if there were enough financial resources left to reimburse MSWA for the equipment cost.

When ANRC conducted the Pre-Construction Conference, MSWA stated that since the bids had come-in enough under budget, they wanted to set their goal to attempt to use only the \$140,000.00 grant money to complete the project; thus, allowing them to save on debt repayment by not using the Deferred Loan money. After the PCC, we only issued the grant money to MSWA to support their requested PCC financial goal.

When we arrived at the Final Inspection Conference, total project cost amounted to \$135,297.71. Mount Sherman was pleased with the project results and all parties had done a good job in a timely fashion. At this point, we now could consider the remaining two expenditures to complete the project. Of course, we were aware of the requested reimbursement for the pre-construction equipment cost for the Shiloh Road Extension which amounted to \$2,711.62. As we were getting close to finishing the project, we became aware of an ESI billing that had not been paid for engineering services for the design of the Shiloh Road Extension that had been constructed before the project was officially bid. This expense amounted to \$2,033.75.

With the remaining grant fund balance being \$4,702.29 and the final cost of the last two requisitions being \$4,745.37, we could only cover a part of the final two pay requests. Mount Sherman Water Association decided that they would be responsible for the remaining \$43.08 for requisition 8, the Shiloh Road Extension equipment cost.

Mount Sherman Water Association met their financial goals for this project and completed it within the budgeted monies available. ESI did an excellent job managing the project; as did Red Rock, the contractor, do a very good job constructing the project. I would like to commend the Water Association, the Consulting Engineer, and the Contractor for their accomplishment.

Since we completed the project using only the grant monies available, I will recommend to management that the \$40,000.00 Deferred Loan be de-obligated.

Payment can be made from the established construction account.

If I can be of assistance, feel free to contact me at 501-682-3753 or by E-mail at Charly.Crittenden@arkansas.gov to discuss any aspect of your project.

Sincerely,



Charles R. Crittenden
Project Administrator

Enclosures
crc

cc: Michael Weir, P.E., Engineering Services, Inc., PO Box 282, Springdale, AR 72765,
w/enclosures
Red Rock Construction Co., LLC, P.O. Box 268, Jasper, AR 72641, w/enclosures