



Arkansas Natural Resources Commission



J. Randy Young, PE
Executive Director

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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