

ARKANSAS DEPARTMENT OF
POLLUTION CONTROL AND ECOLOGY

MINUTE ORDER NO. 76-4

LOCATION - SUBJECT: Grant Policy

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The Commission, having considered the report, "Analysis of the Financial Situation of Unsewered Towns presently on Priority List, does hereby approve the policy of full grant participation for these unsewered towns including all collection systems on public rights of way.

Present policy of grant participation on those towns with existing sewer systems will remain the same as in the past.

COMMIS-
SIONERS

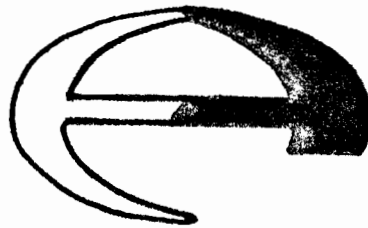
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[Signature] Submitted by: H. G. Hannah Date Passed: 1-30-76

INTERNAL STAFF REPORT

ANALYSIS OF THE FINANCIAL
SITUATION OF UN-SEWERED TOWNS
PRESENTLY ON PRIORITY LIST

OCTOBER 1975



PREPARED BY
DIVISION OF WATER POLLUTION CONTROL
STATE OF ARKANSAS
DEPARTMENT OF POLLUTION CONTROL & ECOLOGY

This report is an attempt to give in detail the financial plight of the small towns on our priority list. Presently, this agency has a policy of declaring as eligible items the treatment plant, pump stations and interceptors. Collection lines are not declared as eligible.

The logic behind this policy was developed under the old PL-660 program and has two supporting arguments. One is that this agency will be able to construct more projects by participating in a smaller percentage on all of them. The second is that in large sewered towns, participation in collection systems would benefit the developer and encourage needless growth.

The problem with this policy is not with large towns, however, but with the small unsewered towns. We presently have 28 towns of less than 1000 population in one step or another on our priority list. This policy penalizes the small town in several ways. They do not have the already established system that was put in cheap to finance their improvements. Economies of scale are not favorable to them because of their size, making the per capita cost of the system high in the first place. Standards of construction are much higher now than in previous years. And, the population density of most small towns is much less than that of large towns, making the line work that much more expensive.

Following is a list of small towns that we have declared items eligible upon. They have protested that the systems cannot be built with the grant presently offered. Listed is the population, effluent requirements, per capita cost, and other financial figures.

HUNTINGTON - Population 627 - BOD 30; SS 30

Total Project Cost -----	\$817,349
Total Eligible Cost -----	774,762
75% Grant -----	581,072
Grant Offered -----	330,100 (42%)
Rate under total eligibility -----	\$10.02/month
Rate under grant offered -----	15.46/month
Total city share under grant offered	\$487,249
Per capita share under grant offered	777

TILLAR-REED - Population 293+403=696 - BOD 30; SS 30

Total Project Cost	-----	\$527,000
Total Eligible Cost	-----	453,000
75% Grant	-----	339,750
Grant Offered	-----	238,601
Rate under total eligibility	-----	\$5.43/month
Rate under grant offered	-----	7.89/month
Total city share under grant offered	-----	\$288,399
Total per capita share under grant offered	-----	414

CALION - Population 535 - BOD 10; SS 15

Total Project Cost	-----	\$1,025,500
Total Eligible Cost	-----	798,000
75% Grant	-----	599,000
Grant Offered	-----	409,000 (51%)
Current average water rate	-----	\$7.80/month
Rate under total eligibility	-----	7.20/month
Rate under grant offered	-----	12.00/month
Total city share under grant offered	-----	\$ 616,500
Total per capita share under grant offered	-----	1,152

KEO - Population 226 - BOD 30; SS 30

Total Project Cost	-----	\$346,000
Total Eligible Cost	-----	344,000
75% Grant	-----	258,000
Grant Offered	-----	160,500 (46%)
Rate under total eligibility	-----	\$10.48/month
Rate under grant offered	-----	15.50/month
Total city share under grant offered	-----	\$186,000
Total per capita share under grant offered	-----	823

DOVER - Population 662 - BOD 5; SS 15 to Illinois (not chosen)
BOD 10; SS 15 to Baker Creek (not chosen)
BOD 30; SS 30 to Russellville (chosen)

Total Project Cost	-----	\$1,616,000
Total Eligible Cost	-----	1,616,000
75% Grant	-----	1,212,000
Grant Offered	-----	1,095,000 (67%)
Rate under total eligibility	-----	\$ 9.75/month
Rate under grant offered	-----	11.95/month
Total city share under grant offered	-----	\$521,000
Total per capita share under grant offered	-----	787

MAGAZINE - Population 677 - BOD 10; SS 15

Total Project Cost -----	\$1,148,600
Total Eligible Cost -----	1,095,000
75% Grant -----	821,600
Grant Offered -----	482,900 (42%)
Rate under total eligibility -----	\$ 9.51/month
Rate under grant offered -----	15.34/month
Total city share under grant offered -----	\$ 666,000
Total per capita share under grant offered -----	983

Populations of Unsewered Towns Presently on Priority List

<u>Town</u>	<u>Population</u>	<u>Town</u>	<u>Population</u>
Calion	535	Keo	226
Dover	662	Madison	984
Tillar-Reed	293+403	Sulphur Springs	503
Bull Shoals	430	Magazine	677
Hatfield	377	Huntington	627
Lamar	589	Wilmar	653
Hardy	692	Perry	218
Ulm	185	Elkins	418
Lakeview	---	Brookland	465
Montrose	558	Norfolk	266
Pangburn	654	Mayflower	469
Diamond City	282	Grady	688
Subiaco	375	Patterson	417
Redfield	277	Austin	236

If the accuracy of these figures can be accepted, it must then be concluded that our policy on eligibility will be self-defeating. Instead of building more projects, we will build less. Instead of spending all of our allocated funds, we will have to turn some back. This, of course, cannot be accepted as fact because it has not happened yet. Looking at the figures, however, can only lead to this prediction.

This agency seems to have two alternatives. One is to leave things as they are and see what happens. The other is to change our policy. One possible change would be to have two policies instead of one. The policy for towns above 1000 population would remain the same. For towns ~~under 1000 population~~ that were unsewered, the policy could be changed so that we could participate in the entire system. This policy would not solve all our problems, but it would at least reduce them. As the policy now stands, the inclusion of a small town upon our priority list will mean nothing.