Memo

To: Lesley Nalley, CEO
From: Jason Charles Temple, PE; Director of Public Utilities
Linda Mayhood, COO
Date: May 16, 2018
Re: Discussion: Receiving Wastewater from the Boys & Girls Club Area owned by the Jessieville / Fountain Lake School Districts

Background
The Jessieville and Fountain Lake School Districts (Districts) share ownership and operations of a small package wastewater treatment unit that serves the Home Plate restaurant, McAuley - St. Vincent CHI facility, Boys and Girls Club facilities, ball fields, and the Head Start building (closed). The Districts serve an area of approximately 28 acres about a half mile to the west of Hot Springs Village (HSV) west gate entrance adjacent to Highway 7. The average wastewater flow rate is about 3,400 gallons per day. This wastewater is collected and conveyed to the Districts’ treatment plant by a lift station. The Districts’ treatment plant cannot meet the discharge permit requirements and is currently under a Consent Administration Order from the Arkansas Department of Environmental Quality (ADEQ) that has approved a plan for the Districts to spend $120,000 to expand and improve their existing wastewater treatment plant scheduled to begin this August. Please note that the treated wastewater from this treatment plant drains into the upper watershed of Lake Desoto.

The Districts are requesting to connect their wastewater system to HSVPOA’s nearest available gravity collection system via an existing lift station and a proposed new force main. The sanitary force main route and associated easements would be the responsibility of the Districts and their engineer to research and design. Possible routes for the proposed sanitary force main are shown as yellow and green lines on the attached aerial photo. The yellow route enters the HSV west boundary onto Cooper Reserve property (of which would require CCI’s permission) then to HSVPOA’s existing gravity sewer. The green route enters the HSV west boundary onto Common Property then to the gravity sewer system located on San Fernando Road. The wastewater is then conveyed via existing gravity and pumped conveyance systems to the Mill Creek Wastewater Treatment Plant (MC WWTP) that has a service area west of Cortez Road. HSV’s MC WWTP has one (1) million-gallon design capacity and is currently operating at 50% of the design load. The Districts wastewater load is very small and would use 0.34% of the MC WWTP design wastewater load, thus increasing the current wastewater load from 50% to 50.34%. This addition of wastewater will have no impact to the plant.
Options

- Option 1 (Do Nothing): HSV is not obligated to provide sanitary sewer service to any Non-Village entity outside of the HSV POA boundary.

- Option 2: Develop an Agreement executed between the parties and all the new associated sanitary infrastructure, easements, legal, etc., funded and built by the school districts at no cost to HSV. Operations and Maintenance of the school district's collection system, lift station, and force main connection to HSV would remain the responsibility and the asset of the school districts. HSV will send the Districts a bill based on the volume of wastewater received. The Districts would be treated just like a HSV commercial customer except their wastewater rate would be higher than the HSV Commercial rate. The Non-HSV Commercial Wastewater Rate for entities outside the Village will include additional administrative, collection system capacity, and WWTP capacity costs associated with this service. Initial estimations of the proposed Non-HSV Commercial Rate include the following:
  
  - Current HSVPOA (inside HSV) Wastewater Commercial Rate:
    - $38.02 per month base + $12.39/1000 gallons (covers current cost of operations, maintenance, and debt service)

  - Proposed Estimated New Non-HSV Wastewater Commercial Rate:
    - $40.52 per month Base + $14.39 / 1000 Gallons

Legal
ADEQ is usually very supportive of small wastewater treatment systems connecting to larger regional wastewater treatment providers. This generally promotes a better, healthier environment and a more reliable entity servicing the wastewater needs for the community. HSVPOA would communicate with ADEQ the addition of the Districts to the HSV service area if approved.

Similar to the Paron Owensville Water Authority arrangement, per HSVPOA Declaration and Covenants and Restrictions, HSVPOA can use its available water and wastewater treatment capacity to serve adjacent communities such as the Districts provided it is done so in accordance with Arkansas State Law.

Revenue / Expense
All new capital costs will be covered by the Districts at no cost to HSV. Afterwards, the ongoing revenue and operating expenses associated with conveying and treating the Districts' wastewater is summarized in the attached Proforma and summarized below:

- Estimated annual gross revenues: $20,117.47 (est.)
- Estimated annual cost of services: $6,434.29 (est. based on 2017 costs)
- Estimated Annual Net Revenues: $13,683.19

The Districts must contact ADEQ and modify their Consent Administration Order if Option 2 is approved by the Board.

This will be placed on the June agenda if the Board's is in favor of moving forward with this project.