

February 10, 2006

Mr. Stuart Mackey, Chair
Little Rock Sanitary Sewer Committee
1001 North University, Suite 100
Little Rock, Arkansas 72207

Re: Sierra Club Settlement Compliance Report,
Paragraph No. 9, Page 16 of Agreement dated
September 12, 2001

Dear Mr. Mackey:

This letter is in reference to the captioned matter for the purpose of providing you and other members of the Little Rock Sanitary Sewer Committee ("LRSSC") an annual update on the status of Little Rock Wastewater Utility ("LRWU") compliance with respect to specific provisions of the Sierra Club Settlement Agreement ("Settlement").

At the outset, it should be noted that the Utility has reduced the number of non-capacity related sanitary sewer overflows attributed to the operation and maintenance of the collection system owned by LRWU to below 6 per 100 miles of sewer lines for two consecutive calendar years, being 2004, with a total of 42, and 2005, with a total of 53. Therefore, under the Settlement terms in Paragraph No. 5, page 10, the Utility is deemed to have complied with all provisions of this Settlement related to non-capacity related Sanitary Sewer Overflows ("SSOs"), as more particularly explained herein on pp. 12-14.

The site selection process for the proposed Little Maumelle Basin Wastewater Treatment Plant extended throughout 2004 into 2005, until the LRSSC meeting on April 20, 2005, held in the J. A. Fair High School auditorium. At that time, the LRSSC adopted Resolution No. 2005-05, selecting Site 6A as the site for the new plant;

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and the following month, LRSSC retained the engineering firm of Camp Dresser McKee for the design and construction of the plant. The process for selecting this site was complex and controversial, and the principal events of 2005, leading to the selection, are as follows:

- 1/19/05 LRSSC meeting at which Rick Barger, LRWU Manager of Operations, made a presentation on sewer plant site study requested by LRSSC at December meeting and public comments were made by Nancy Lott, Mickey Thomas, Larry Burks, Rick Burns, Bob Isbell, Bob Thomas, Kevin Barre, Tommy Williams, Louis Bianco, Ken Harrison, Brian Fitzgerald, Kathy Eisenbach, and Greg Hatcher. Larry Burks, co-owner of 72 Ranch Ridge Road, Little Rock, presented his letter to Reggie A. Corbitt, LRWU C.E.O., dated 1/19/05, threatening suit if the proposed plant is located near or in vicinity of his property.
- 1/31/05 LRSSC meeting for another presentation of Rick Barger's sewer plant site study, questions and answers, and for action to hear further public comments. Public comments were made by Larry Burks, B. J. Burks, Brenda Norwood, Mark Coldren, Mickey Thomas, Evelyn Thomas, Kay Barre, Sam Storthz, J. H. Slager, John Fortenberry, Maria Mullins, Brian Stankiewicz, Gene Ludwig, Tommy Williams, Michael Love, Mary Dornhoffer, Mike Lax, Jeff Moore, Everett Martindale, Ken Harrison, Bob Thomas, Hal Kemp, Kelly McQueen, Jeff Eisenach, Greg Hatcher, and John Pike regarding the Little Maumelle Basin Wastewater Treatment Plant site selection.
- 2/16/05 LRSSC meeting, Reggie Corbitt, C.E.O., asked for a clarification by LRSSC on whether LRWU staff should look for a treatment plant site with sufficient acreage for a plant designed to treat the projected flow of the area currently served by the Little Maumelle Pump Station or look for

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a site that will accommodate the build out of the entire basin. The LRSSC, upon motion adopted, directed staff to look for a site to accommodate a 12 m.g.d. plant.

3/8/05 LRWU letter was sent to interested parties requesting any other plant sites for further consideration by LRSSC and that information be submitted in writing by April 8, 2005.

3/14/05 LRWU staff met with CLR Planner Tony Bozynski and staff re: Site 6A and other sites studied by Rick Barger who showed powerpoint of his study.

3/16/05 At LRSSC meeting, public comments on plant sites under consideration were heard from Troy Laha, Janet Berry and Larry Burks. Rick Barger presented a powerpoint presentation on his study of Site 6A and other sites and answered questions.

3/21/05 LRWU staff met with Larry, Sam and Phyllis Storthz re: Site 6A and Storthz and by letters dated 3/21 and 3/22, they stated opposition to Site 6A and sale of their property for use as a treatment plant site.

3/24/05 Rick Barger met with East Pinnacle Road residents for presentation on Site 6A and to answer questions.

3/29/05 LRWU staff w/LRSSC members Miller, Pender, and Reggie Corbitt, C.E.O., met with East Pinnacle Road residents at Bible Church, Hwy 10 w/John Jarratt, chairing meeting for questions and answers, and Rick Barger giving powerpoint presentation to explain site selection process status. The following presented statements in opposition to site 6A: Les Taylor, Kristy Brown, Rick Maupin, Kristy Taylor, Bob Krone, Sam Storthz, Brian Maupin, Michelle White, Mark Davis, Dana Storthz, Laura Naill, John Ray

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White, Jerry Huie, Norma Langford, Larry Storthz, Krista Wilson, Mary Dornhoffer, R. L. Bauer, Annette Gannaway, Don Presley.

4/11/05 Conference at LRWU between Attorneys Gary Corum and Nate Coulter (attorneys for East Pinnacle Road Neighborhood) and Rick Barger, Thad Luther, John Jarratt, Bill Mann, Deputy City Attorney, and Don Hamilton for the purpose of discussing Site 6A and Site 10 as the location for the proposed Little Maumelle Basin Wastewater Treatment Plant and answering questions regarding the status of the pending proposal. (1:00 - 3:00 p.m.)

After Site 6A was selected by the LRSSC at its meeting held on April 20, 2005, LRWU staff negotiated for the purchase of Site 6A beginning in May through August and various conferences followed with the exchange of many purchase contract drafts without reaching a final agreement. Negotiations then ceased due to the disagreement over the terms of the proposed sale. Thereafter, Bruce Moore, City Manager for the City of Little Rock, conducted meetings between the Utility staff and the landowner's representatives and attorney, resulting in an agreement and eventual purchase by the Utility of the site for the proposed Little Maumelle Basin Wastewater Treatment Plant and access road to connect to a dedicated street to Chenal Parkway within the City of Little Rock. That purchase was closed on December 21, 2005. Before and during the process of acquiring this site, considerable work was done by LRWU staff and its consulting engineers to review and evaluate potential treatment processes for the proposed plant.

In 2005, a Sewer Revenue bond issue in the amount of \$10,000,000.00 was authorized for the purpose of refunding existing obligations and financing additional improvements to the sewer system including land acquisition costs for the new Little Maumelle Basin Wastewater Treatment Plant land acquisition costs, as well as a portion of the planning and design expense, all of which were estimated to

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amount to \$2,500,000.00. The actions for the issuance and sale of this bond issue taken by the LRSSC and the City of Little Rock Board of Directors were as follows:

- 3/16/05 By Resolution No. 2005-02, the LRSSC approved the issuance of the proposed \$10,000,000.00 based upon the preliminary engineering report identifying eligible capital projects.
- 4/5/05 By Resolution No. 11,956, the City of Little Rock Board of Directors set a date for a public hearing on April 19, 2005, to consider an ordinance authorizing the bond issue.
- 4/19/05 The City of Little Rock Board of Directors conducted a public hearing for the ordinance authorizing the Sewer Revenue \$10,000,000.00 Bond issue, at the conclusion of which the bond ordinance was unanimously adopted.

On July 27, 2005, after extensive engineering studies, the LRSSC adopted Resolution No. 05-06, declaring its intent for the issuance of bonds and to advance funds to pay costs for design and construction of the Little Maumelle Basin Wastewater Treatment Plant from proceeds of tax exempt bonds based on the estimated cost of \$50,000,000.00. By separate resolutions of the same date, Nos. 05-07 and 05-08, respectively, the LRSSC declared its intent for the issuance of ADFA bonds and to advance funds to pay costs of the design of the 60th Street Peak Flow Attenuation Facility and other sewer improvements based on the estimated cost of \$25,000,000.00 as set forth in LRSSC Resolution No. 2005-07, and also the LRSSC declared its intent for the issuance of ADFA bonds and to advance funds to pay costs of the design and construction of the Little Maumelle Basin Wastewater Treatment Plant and other sewer improvements with the funds to be reimbursed by proceeds from tax exempt ADFA bonds based on the estimated cost of \$25,000,000.00. The purpose of these Resolutions Nos. 05-07 and 05-08, is to provide authorization for alternate means of financing and obtaining funds in the amount of

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\$50,000,000.00, referred to in LRSSC Resolution No. 05-06. These proposed bond issues will finance projects identified in the SECAP report referred to in the Sierra Club Settlement Agreement. The attorney and underwriter were then approved by the LRSSC at its meeting on October 19, 2005, after a selection process was concluded and recommendations made.

A summary of specific actions taken by LRWU staff to comply with certain provisions of the Sierra Club Agreement follows;

1. Signage/Public Notification/Public Information:

As required in the Settlement Agreement, LRWU staff developed a Sanitary Sewer Overflow Response Plan ("SSORP") which was authorized by the Little Rock Sanitary Sewer Committee on September 18, 2002. The SSO Response Plan, as amended, is included in this document as "Attachment A". The plan establishes a protocol for maintenance crews to follow when responding to an SSO event, and specifies internal and regulatory reporting procedures. The response protocol includes provisions for temporary signage and posting notices at individual residences. Temporary signage currently used by LRWU is shown in "Attachment B". A copy of the "door hanger" the Utility uses to post residences is provided in "Attachment C".

Practically all of the SSO Notification Program requirements contained in the Settlement Agreement are addressed in the SSORP, including the provisions for permanent signage at recurring SSO locations on public property. Locations eligible for permanent signage included the following manholes:

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SSO Manhole Number	Subbasin Number	Maintenance Crew Area
2H018	30040	HWST
3E143	31000	HWST
3K058	30700	HCNT
3K059	30700	HCNT
4B001	10090	HWST
4N016	30400	HCNT
5H004	21303	HCNT
5H086	21303	HCNT
5H104	21303	HCNT
6C002	10090	HWST
6G011	21303	HCNT

An example of permanent signage placed at recurring SSO sites is shown in "Attachment D".

The *Can the Grease*® initiative kicked off in 2002, as a means of education, motivation, and promotion of the grease problem in Little Rock. Customers of the system can call in for a free grease education packet that contains a grease container, heat-resistant liners, an informational pamphlet, and other items. The Utility continues to review the *Can the Grease*® program to identify areas of change or upgrade. The holding or transport bags that support the entire packet are now bound with blue ties. Additionally, blue plastic zipper ties were added to the packet for use with the heat-resistant bags that are included in the packet. Certainly the most significant change was updating the letter that formerly came from the Chief Executive Officer. Instead, the packet contains an informational magnet with a section at the bottom that can be cut off and mailed in to receive more heat-resistant liners for their

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grease container. ("Attachment E") Distribution of packets is made to all residential customers tied to sewer mainline sections where a grease related stoppage is recorded, as well as individual customer requests. In 2005, the Cleaning and Inspection Department delivered a total of 2,741; 534 were a result of customer requests, and 2,207 were due to grease related maintenance issues.

The Utility continues to receive and answer requests from other cities and communities across the country interested in the grease elimination initiative.

The Utility continued to use "Cowboy Slick" to educate children on the subject of wastewater treatment, water conservation, and "good and bad flushing". The main focus of "Cowboy Slick" (portrayed by a LRWU employee) is to promote *Can the Grease* by getting children to help in the fight for fat-free sewers by encouraging them to tell their parents about the program. "Cowboy Slick" appearances target elementary schools and daycare centers. In 2005, Cowboy Slick visited elementary schools in the Little Rock School District and was promoted through the Volunteers in Public Schools (ViPS) in Little Rock. He also appeared at the Baptist Hospital daycare center. Each appearance was in coordination with celebrations sponsored by the educational facility.

The Utility included an insert along with the April 2005 bill from *Utility Billing Service* containing information on SSOs. The insert explained what a SSO is and included a suggestion to make sure the customer's homeowner's insurance carries a rider to cover rising water inside the home. The Utility also included a message on the November 2005 bill from *Utility Billing Service*. Two key messages of the insert were important

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telephone numbers and the website address. Customers were assured that the money budgeted each month for wastewater services is used to continue to provide and enhance wastewater services. ("Attachments F and G" respectively)

A complete listing of the Utility's public communication, and education efforts is provided under "Attachment H".

2. Supplemental Environmental Projects and Any Other LRWU Environmental Efforts:

The Settlement Agreement requires the Little Rock Sanitary Sewer Committee ("LRSSC") to establish a Supplemental Environmental Project consisting of the following:

- a. Fourche Creek Wastewater Treatment Plant Wetlands: The 90 acres of wetlands next to the Fourche Creek Wastewater Treatment Plant have not been disturbed and are available to Little Rock Parks & Recreation Department if it wishes to develop hiking trails on the property. So far, these wetlands remain in their natural condition and they have not been disturbed.
- b. Bike Paths: The Settlement Agreement requires LRSSC to cooperate with the Little Rock Parks & Recreation Department ("P&R") to address common goals and specifically to cooperate in the development of bike paths and trails on mainline sanitary sewer easements. LRWU's last information is that the Bike Path Project is still in the planning stage by the City.
- c. Proposed Little Maumelle River Basin Wastewater Treatment Plant: By written reports dated September 15, 2005 and November 4, 2005, Camp, Dresser, and McKee, Inc. ("CDM") Engineers, issued its Technical Memoranda 1 and 2 for the treatment process and outfall review and

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evaluation for the proposed plant. The treatment processes under review and evaluation were: (1) step feed activated sludge; (2) sequencing batch reactors; (3) membrane bioreactors, and (4) biological aerated filter. Mike Fuller, LRWU Manager of Capital Projects, has been involved with LRWU staff and CDM engineers in extensive discussions and evaluations which have continued throughout 2005 for the purpose of making the ultimate decision on the treatment process for the proposed plant, along with related technical issues on the plant design. The choices were narrowed between step feed and membrane bioreactors, as presented in CDM's Technical Memoranda 1 and 2 dated November 4, 2005.

Beyond the requirements of the Settlement Agreement, the Utility participated in the following activities to promote environmental education and conservation.

- a. Audubon Fourche Bottoms Nature Center: The Utility sent two (2) studies in 2004 to Audubon Arkansas, one by a high school senior Grant Ballard, the other by an ASU grad student, Traci Hudson. Mr. Ballard's study focused on benthic macro invertebrates and their decline due to landfill leachate. Ms. Hudson's study focused on fecal coliform counts at eight (8) sights along the Fourche Creek urban wetland area. The Utility's contact at Audubon Arkansas is now Kevin Pierson, Director of Conservation and Johnnie Chamberlin. At the LRSSC meeting held on January 18, 2006, Kevin Peirson, Director of Conservation for Audubon Arkansas appeared and made a statement of appreciation to the Utility for its support and assistance with this project. ("Attachment I")
- b. Science Fairs 2005: LRWU sponsored science fairs at Central High School and Washington Elementary School on February 4, 2005 and May 5, 2005, respectively. The Utility's sponsorship included

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prizes for the contestants and judges for environment related fields of study.

- c. Earth Day 2005: - Once again, Little Rock Wastewater Utility employees and family members participated in Earth Day activities at the Little Rock Zoo for two days on April 22 and 23, 2005. The Utility sponsored a display featuring information on wastewater treatment, the importance of water conservation, and "Can The Grease"©. In all, approximately 4,110 visitors attended the Zoo and LRWU's display to play games to learn about the importance of water quality protection, the Utility and its programs.
- d. Urban Forestry: Another community partner of the Utility's is the City of Little Rock's Department of Parks and Recreation Division of Urban Forestry. With an abundance of water and ample availability of land, the Urban Forestry Division planted about 10,000 trees in 2003 to create the state's first urban tree farm, and to date, several thousands have been distributed all over the country, as well as within the state of Arkansas after natural disasters. The Utility and Urban Forestry Division additionally worked cooperatively to promote the farm. Several local neighborhood groups have taken advantage of having the farm in the City by getting trees to beautify their neighborhoods. ("Attachment J")

In 2005 the Utility changed some key factors in the overflow record keeping process. Previously, three various LRWU employees recorded each overflow occurrence. As a result, duplicate records were stored in assorted databases, at several locations for the sole purpose of supporting individualized departmental needs. Currently, data entry is performed by one utility employee. Two other utility employees are designated as back-ups. Consequently, all records are now stored in one readily available database. In addition, several required reports are now automated.

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A team effort has allowed the Utility to streamline and improve overflow reporting abilities while meeting compliance standards.

3. 2005 Non-Capacity Related Sanitary Sewer Overflows:

Compliance Standard: The Settlement Agreement limits the number of non-capacity related SSOs based on 100 miles of sanitary sewer operated and maintained by LRWU in LRSSC's collection and treatment system. The Settlement Agreement specifies the following "interim schedule" for non-capacity related SSOs:

Calendar Year	Number of Non-Capacity Related SSOs per 100 Miles of Sewer
2002	12
2003	11
2004	10
2005	9
2006	8
2007	7
2008	6

For the calendar year 2002, the Settlement Agreement establishes the mileage of sewers at 1100 miles; actual mileage according to LRWU's GIS system as of December 31, 2005 is 1217 miles. The 2005 mileage data establishes a benchmark of 1217 miles of sewers. Therefore, the 2005 performance requirement for LRWU was to limit non-capacity related SSOs to no more than 109 SSOs, according to the interim schedule.

Non-Capacity Related SSOs in 2005: There were 61 non-capacity related SSOs reported in 2005. Of the 61 total, 5 SSOs were related to construction, and 3 SSOs were related to vandalism. The result was a total of 53 non-capacity related overflows attributed to the operation and maintenance of the LRWU collection system. Of the 53 non-capacity related overflows, 4

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SSOs were attributed to debris; 2 SSOs were attributed to equipment failure; 9 SSOs were attributed to grease; 20 SSOs were attributed to line failures; 12 SSOs were attributed to a combination of roots and grease; 6 SSOs were attributed to roots. A complete listing of non-capacity related SSOs are provided under "Attachment K".

Compliance Assessment: Using 1217 miles of maintained sewers and the "interim schedule" provided in the Settlement Agreement, LRWU complied with its 2005 performance requirement to have no more than 109 non-capacity related SSOs, with 53 non-capacity related overflows attributed to the operation and maintenance of the collection system owned and operated by Little Rock Wastewater Utility.

As stated in the second paragraph of this report on page 1, the Utility has reduced the number of non-capacity related sanitary sewer overflows attributed to the operation and maintenance of the collection system owned by LRWU to below 6 per 100 miles of sewer lines for two consecutive calendar years, being 2004, with a total of 42, and 2005, with a total of 53. Therefore, under the Settlement terms in Paragraph No. 5, page 10, the Utility is deemed to have complied with all provisions of this Settlement related to non-capacity related SSOs.

In a continued effort to maximize the Utility's rehab dollars, the Utility treated 26,512 feet of mainline with a contracted chemical root removal company and is in the process of evaluating these lines, as well as identifying more lines for the upcoming year. Root removal is an important component of the Utility's Plan 66 that targets SSO reduction.

LRWU personnel completed work on 264 line segments that were in need of point repairs as well as relocated or replaced 18,492 ft of sewer line.

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22,839 ft of sewer line was rehabilitated under a maintenance contract for pipe bursting and cured-in-place-pipe (CIPP).

In 2005 the Cleaning & Inspection Department Televised 625,819 ft, Hand Cleaned 840,990 ft, Hydro Cleaned 2,667,990 ft and Line Walked 9,903,404 ft of sewer lines.

4. 2005 Capacity Related Sanitary Sewer Overflows:

Compliance Standard: The Settlement Agreement requires that capacity related SSOs be eliminated, provided that SSOs may occur without a breach of the Settlement Agreement if rainfall amounts exceed a duration-quantity table that essentially defines a two-year storm event ("qualifying event"). A qualifying event shall occur if any of the nine permanent rain gauges within the collection system record a two-year storm event. More specific, to that end, the agreement required completion of a study recommending and establishing a time line for specific actions to address capacity related SSOs. The study would serve as the foundation for a long-term compliance program.

Capacity Related SSOs in 2005: There were 71 capacity related SSOs reported in 2005 at 34 locations, shown on "Attachment L". There was only one (1) qualifying rain event recorded in 2005 and it occurred on June 6, 2005. There were no SSOs reported during the qualifying event. Little Rock experienced below average rainfall for the year 2005.

Compliance Assessment: The System Evaluation and Capacity Assurance Plan ("SECAP") is a long-term capital improvement program to eliminate collection system discharges that occur during heavy rains and was a cornerstone of the Sierra Club Settlement. The SECAP was finalized in March of 2002. A rate increase to fund SECAP projects and increases in operating expenses to the year 2007 was approved later that

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year, and went into full effect in June of 2003. The rate increase enabled the Utility to issue over \$37,000,000 in debt to fund SECAP projects. An additional 35% rate increase will be necessary to further fund SECAP projects, and an outside firm is conducting a rate study with three options expected: (1) a one-time increase of 35%, effective June 1; (2) a rate increase of 18% in both 2006 and 2007; and, (3) an increase of 7% annually for the next five years. The status of funded SECAP projects and important future projects are summarized below.

- a. Adams Field Wastewater Treatment Plant Improvements - These improvements will increase the hydraulic capacity of the Adams Field Treatment Plant by 24 million gallons per day, and significantly reduce the amount of diluted wastewater discharged during heavy rains. The improvements consist of new influent screens and bar rack, increase in raw sewage pumping capacity, new primary influent flow splitter box, removal of existing aerated grit removal system, modification of primary clarifiers, new primary effluent junction box and 14.8 MG equalization basin, new primary scum handling system, modifications to the primary sludge pumping system, new sludge dewatering system, new preliminary treatment building, improvements to the instrumentation for the existing aeration system, odor control system for the existing screening facility and new preliminary treatment building, modifications to the chlorine contact basin to allow for the installation of an outfall simulator among other minor charges, and modifications to the plant's non-potable water system. The major construction yet to be undertaken includes laying twin 48" pipelines from the main pump station to the primary clarifiers, new primary influent box, and all the mechanical, electrical and instrumentation systems required throughout the plant. The project is ahead of schedule, so far under the

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contract amount, and substantial completion is estimated in late summer, 2006.

- b. District 119 Collector Improvements - Capacity improvement to eliminate overflows in the District 119 area was one of several projects funded through a \$14,000,000 debt issue finalized in early 2004. The construction work was performed by Diamond Construction Company and was completed on April 20, 2005 for the amount of \$2,063,237.11. The project is in the performance phase to verify the effectiveness of the work. The performance evaluation will be completed in April of 2006.
- c. Coleman Creek Collector Improvements - Capacity improvements to eliminate overflows in the Coleman Creek area were also funded with \$14,000,000 debt issue. Construction work in the amount of \$1,320,426.00 to address overflows between Lee Street and I-630 was performed by Building and Utility Contractors. The contractor completed the work on July 1, 2005. Additional work to address Coleman Creek overflows from I-630 to Asher Avenue is underway. Diamond Construction Company was awarded the contract on March 16, 2005 for the amount of \$3,629,308.90. The contractor is on-site with the work progressing well and scheduled to be complete in May 2006.
- d. Rose Creek Central Sewer Improvements - Yet another project funded by the \$14,000,000 debt issue, the Rose Creek Central project completes over \$7,000,000 of improvements targeting overflows in this area; of which, over \$6,000,000 was under construction or complete before adoption of the SECAP report. This project will address the remaining overflows in the Rose Creek watershed. The construction contracts for this project were awarded in two phases, one for conventional open-cut construction and one for

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trenchless construction. McV Construction was awarded the open cut contract on February 16, 2005 in the amount of \$935,678.20. The contract was completed on December 12, 2005 for a final amount of \$1,069,727.60. The trenchless contract was awarded to Building and Utility Contractors on April 20, 2005 in the amount of \$376,885. The work was completed on September 6, 2005 for a final amount of \$433,335.03.

- e. Sanitary Sewer Evaluation Surveys for Future Work
A critical phase of the design of rehabilitation work targeting the removal of infiltration and inflow from the collection system is the Sanitary Sewer Evaluation Study ("SSES"). In 2005, LRWU contracted with RJN to complete a SSES in the Jimmerson Creek, Upper Hinson Creek and Natural Resources Drive drainage basins. The study was completed in December 2005 and the information contained in the report will be the basis for the design work scheduled in 2006.
- f. Little Maumelle Wastewater Treatment Plant - Much of the work performed on this project consisting of the site selection, purchase of the site and process evaluation have been discussed in previous sections of this report. Before construction of the plant can begin, the Utility will have to obtain a conditional use permit by application to the City of Little Rock Department of Planning and Development, which will require detailed information for the proposed land use, and site plan for review by City of Little Rock Planning staff and commissioners with a public hearing, subject to approval of the City of Little Rock Board of Directors.
- g. Fourche Creek Wet Weather Detention Facilities - In April 2005, staff proceeded with the procurement of an engineer for the planning and design of the facilities. On April 27, 2005, staff placed an advertisement requesting

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qualifications of interested engineering firms. Statements of qualifications were received on May 27, 2005 and evaluated by a selection committee. The selection committee selected and recommended to management that Camp Dresser & McKee (CDM) be awarded a contract. At their July 27, 2005 Little Rock Sanitary Sewer Committee Meeting concurred and awarded the contract to CDM. Also at the July 27 meeting, the LRSSC approved resolutions declaring the intent to issue bonds to pay for the design and construction of the facilities. In August 2005, a project estimate was developed. The total project amount is estimated to be \$35,467,291. On September 16, 2005, the contract with CDM was executed which marks the commencement of the planning and design process. Design of the project will be completed by November 2006 and advertised for construction bids thereafter. Construction will commence by Spring 2007. Facility startup will be in 2009.

In addition to the progress made on SECAP projects, LRWU spent approximately \$1,000,000.00 renewing or replacing structurally deteriorated sewer mains. Old deteriorated sewers are sources of infiltration/inflow and are prone to blockage, contributing to both the number of capacity and non-capacity SSOs.

By copy of this letter to the Sierra Club c/o Hank Bates, attorney, I am sending them this information in accordance with the Settlement Agreement.

Yours truly,

Reggie A. Corbitt, P.E.
C.E.O.

RAC/bc

cc: Members of LRSSC
Don F. Hamilton
Rick L. Barger

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Howell Anderson
Mack Vought
James A. Barham
John Jarratt