SIERRA CLUB SETTLEMENT
ANNUAL REPORT
FOR 2008

I. INTRODUCTION

Little Rock Wastewater ("LRW") continued its efforts throughout the year 2008 to comply with the requirements of the Sierra Club Settlement Agreement dated September 12, 2001, proceeding with major construction projects provided in the System Evaluation and Capacity Assurance Plan ("SECAP"). This principally consisted of design efforts and easement acquisition for the Little Maumelle Wastewater Treatment Plant ("LMWTP") sewer lines, as well as construction of the access road and commencement of plant construction. Construction of the Peak Flow Attenuation Facility included the gravity conveyance and diversion structures, pump station, and equalization basin. Other projects consisted of Adams Field Wastewater Treatment Plant improvements, Fourche Creek Wastewater Treatment Plant hydraulic upgrade, Fourche Creek Wastewater Treatment Plant Engine Generator project, overflow mitigation projects, and unsewered area projects. Sewer line easements acquisition for the Little Maumelle Treatment Plant required litigation and two of the three cases were settled with the other one still pending. Financing was essential to funding the improvements and projects. LRW Executive Staff secured adoption by the City of Little Rock ("CLR") Board of Directors ("BOD") of the necessary Board approval and ordinance, despite the adverse bond market conditions, which delayed issuance of the bond issue needed. The bond issue for $16,000,000.00, dated December 1, 2008, was authorized by CLR Bond Ordinance No. 20,046, as adopted by the CLR BOD on November 28, 2008.

These activities constituted LRW's major compliance efforts and they will be discussed with other activities in the order mentioned, consisting of (1) Projects Update; (2) Financing; (3) Other Compliance Actions; (4) Supplemental Environmental Projects; (5) 2008 Non-Capacity Related Sanitary Sewer Overflows; and, (6) 2008 Capacity Related Overflows.

II. PROJECTS UPDATE

A. Little Maumelle Wastewater Treatment Plant

The Little Maumelle Wastewater Treatment Plant project was divided into four contracts to facilitate design and construction. The project was separated as

follows: Contract I is the access road to the plant site; Contract II is the treatment plant; Contract III is the reconfiguration of the Little Maumelle Pump Station which sends untreated wastewater to the treatment plant; and Contract IV is known as the conveyance contract which consists of the effluent, influent, sludge, and discharge lines which carry the various forms of wastewater to and from the treatment plant.

In 2008, all design work was completed for the overall project, bids were received, and the above contracts awarded. Within the year, construction of the access road was completed and the remaining portions of the overall project were under contract. By the end of 2008, Contract II was 15% completed and Contracts III and IV were in the very preliminary stages of construction. By the end of 2009, Contract III is scheduled for completion with Contracts II and IV scheduled for completion in 2010.

B. Peak Flow Attenuation Facility

In 2008, the first of four contracts for the overall project known as the Peak Flow Attenuation Facilities was essentially completed. The contractor for Contract I will have to return to the site to complete a connection at one of the diversion structures after Contract II is completed. The anticipated date for the connection will be mid-2009.

For Contract II, the 30 million gallon storage facility was substantially completed by the end of 2008. Also, the 12,500 linear foot force main from the pump station to the storage facility was constructed with the exception of the aerial crossing. Site work for the pump station was continued through the year with the wetwell being completed. Completion of Contract II is scheduled for mid-2009.

The Arch Street Pump Station Hydraulic upgrade is the third contract for the Peak Flow project. Design was completed by the end of 2008 and the project will be advertised for bids in January 2009. Bids should be received in February 2009. This project should be completed by late 2009 or early 2010.

The 30-inch redundant force main project is the fourth contract under the Peak Flow project. This force main project was further divided into two contracts to accommodate anticipated growth within the industrial park adjacent to wastewater facilities. In the first contract, the force main will be constructed from the College Station Pump Station to the Fourche Creek Wastewater Treatment Plant and will transect the industrial park. In 2008, design of Contract I was completed, the project was advertised for bids, and a contract was awarded late in the year. Construction was started in late December. For Contract II, the current schedule indicates that the project is to be advertised for bids in April 2009, and construction to commence in June 2009.

C. Cantrell Road Pump Station Hydraulic Upgrade

Currently, all wastewater flows from the Little Maumelle sewer basin and all sanitary sewerage from the area north of Cantrell Road, including the Allsop Park and Country Club areas, flow through the Rebsamen Interceptor. This interceptor and an area of the city bounded by the Dillard's corporate headquarters to Central High School, to the University of Arkansas Medical Center, back to the Dillard's headquarters, flow to the Cantrell Road Pump Station through the Rose Creek sewer basin. Despite the planned capital improvement project to remove flows generated by the Little Maumelle sewer basin from the Rebsamen Interceptor, hydraulic modeling associated with the development of the SECAP indicated that the pump station needs to be hydraulically upgraded, from its existing capacity of 28 million gallons per day to 40 million gallons per day, in order to address sanitary sewer overflows associated with wet weather events in the vicinity of the pump station.

Additionally, frequent pump cycles indicate that the wetwell of the pump station is undersized. After the pump station was constructed in 1968, a bar screen was installed to protect pumping equipment from damaging debris, despite the fact the station was not designed for such a process. The purpose of this project is to address these maintenance concerns and to improve the hydraulic capacity of the collection system during wet

weather, thereby reducing the occurrence of sanitary sewer overflows in the vicinity of the pump station.

The 30-inch force main that conveys flows from the Cantrell Road Pump Station to the River Front Interceptor is a prestressed concrete cylinder force main that was installed circa 1968 and has been in service since. An engineering study of the force main needs to be performed to assess its existing condition as well as to determine the adequacy of the force main to withstand the additional pressures needed for the hydraulic upgrade of the pump station.

The five year forecast allocates project costs of $1,984,500 in 2011 and $15,663,000 in 2012 and 2013. The project is forecasted to be substantially completed in 2013.

D. <u>Fourche Creek Treatment Plant Hydraulic Upgrade</u>

The hydraulic upgrade of the Arch Street Pump Station from 38 million gallons per day (MGD) to 45 MGD will necessitate the hydraulic upgrade of the Fourche Creek Wastewater Treatment Plant to a minimum of 45 MGD. In 2008 LRW, with its consultant CDM, completed a 20-year capital improvement plan (CIP) to assess treatment processes, identify deficiencies, and plan for improvements to the plant to meet future hydraulic and process needs. The overall project will be divided into two phases. The initial phase will concentrate on those items identified in the CIP that address the raising of the minimum hydraulic capacity of the plant to 45 MGD. The future phase will address other items in the CIP. The 2009 budget allocates $1,713,000 for design and funding procurement of the initial phase of improvements. Further, the five-year forecast includes an additional $20,000,000 for the completion of design, bidding services, and construction which is scheduled to begin in 2010 for the initial improvements.

After the completion of the Infiltration/Inflow analysis in 2010 and a determination is made that no additional overflow mitigation projects are required to eliminate sanitary sewer overflows, the second phase of improvements for Fourche Creek Wastewater Treatment Plant will be evaluated. The five-year

forecast allocates $10,500,000 for engineering, construction, administration expenses, and contingencies. The project is scheduled to be completed in 2014.

E. Overflow Mitigation Projects

In the late 1980s, LRW was the first municipality in Arkansas to establish a program to address excessive infiltration and inflow (I/I) which leads to sanitary sewer overflows during or following wet weather events. Within the 1990s, the utility shifted its focus to not only address excessive I/I within public mains, but restore capacity to basin outfalls that were undersized for designated wet weather events and labeled this effort as the overflow mitigation program (OMP). The program has had an impact on the number of overflow points within the city as well as reduced the amount of extraneous rainwater that was treated. LRW will continue this program as evidenced by the following identified future projects and corresponding funding efforts:

1. ***Upper Hinson Rehab*** **-** The Upper Hinson Rehab project was bid on June 13, 2007. Building and Utility Contractors, Inc. started construction in July, and the project was completed on November 29, 2007. The project performance was completed in 2008. The project was evaluated and a reduction of extraneous rainwater entering the system was observed.

2. ***Upper Hinson Outfall Relay*** **-** The project was bid on November 28, 2007. The Sanitary Sewer Committee approved the low bid of Boyles Construction in the December 2007 meeting. Notice of Award was issued to Boyles Construction for the contract amount of $2,035,776.50. The project is complete and in operation. The project performance will be completed in 2009.

3. ***Jimmerson Creek*** **-** The final plans for Jimmerson Creek were submitted to the Arkansas Natural Resources Commission on July 20, 2007. The Health Department approved the final plans on January 7, 2008. The project was bid in early 2008. The contract was awarded to Building and Utility

Contractors, Inc. in the amount of $2,986,650. As of January 20, 2009, the project was 95% complete.

4. ***Natural Resources Rehab*** **-** Heller Company, Inc. completed the Natural Resources Rehab project on July 20, 2007. LRW has installed flow meters to monitor the performance of the project. Comparing similar rain events pre-construction and post-construction, the extraneous amount of rainwater in the sub-basin was substantially reduced.

5. ***Natural Resources Manhole Rehab*** **-** Kim Construction Company completed the manhole rehab on August 20, 2007. The project was very successful and the utility plans to continue with its manhole rehab efforts. LRW has installed flow meters to monitor the performance of the project. Comparing similar rain events pre-construction and post-construction, the extraneous amount of rainwater in the sub-basin was substantially reduced.

6. ***Allsop South*** **–** The Allsop South Project was awarded to Building and Utility Contractors, Inc. in the fall of 2008. The contract amount is $4,020,505.00. As of January 20, 2009, the contract was 11% complete. The project should be completed in 2009.

7. ***Barton*** **-** LRW has completed the design of Barton OMP in 2008. The Arkansas Health Department and Arkansas Natural Resources Commission have approved the project for bidding. The project is scheduled to bid February 11, 2009.

8. ***Allsop North/Country Club*** **–** The Allsop North/Country Club project is designed and currently under review. The Allsop North/Country Club project is the largest overflow mitigation project the utility has designed to date. The difficulty of this project is further multiplied by the housing density and extensive landscaping in the project area. The project should be completed and bid in the summer of 2009.

9. ***Allsop Park Outfall*** **-** McClelland Engineers is under contract for the design of this outfall. The design should be completed in 2009 with construction to follow dependent upon funding.

10. ***Country Club Outfall*** **-** McClelland Engineers is under contract for the design of this outfall. The design should be completed in 2009 with construction to follow dependent upon funding. LRW will construct a new outfall line along the creek from the intersection of Beechwood and Club to the cul-de-sac on Coffee Pot Lane. The site conditions and the area make this project difficult to construct.

11. ***Leawood, Echo Valley, and Pleasant Valley*** **-** Little Rock Wastewater received the Sanitary Sewer Evaluation Study (SSES) of these three project areas in early 2008. The Leawood, Echo Valley, and Pleasant Valley projects will be designed in 2008 and 2009 by LRW staff. Little Rock Wastewater will televise all the lines in each project area and started design in each area in early 2008. The design will continue in 2009 with construction to follow dependent upon funding.

12. ***2008 Sanitary Sewer Evaluation Study (SSES)*** **-** The Lower Swaggerty, Granite Mountain, Subbasin 30100, and Jimmerson West projects are the four areas Little Rock Wastewater has identified for the 2008 SSES. RJN delivered the SSES reports to LRW in January, 2009. LRW will commence the surveying and design in 2009.

III. FINANCING SEWER IMPROVEMENTS

A. Discussion:

The bond issue for $16,000,000 was necessary for various projects provided in the System Evaluation and Capacity Assurance Plan ("SECAP"). The implementation of a program based on SECAP was authorized by Little Rock Sanitary Sewer Committee ("LRSSC") Resolution No. 02-4, with the goal of eliminating all capacity related sanitary sewer overflows in the Little Rock Sanitary Collection and Treatment System over a 15-year implementation schedule and, also, adopting and authorizing a sanitary sewer overflow response plan for Little Rock Wastewater Utility.

The proceeds of the Series 2008 Bonds may be utilized to acquire, construct and equip all or a portion of the Little Maumelle Wastewater Treatment Plant and any

other capital projects to be selected by LRW staff. By far the largest component part of the Project, the Little Maumelle Wastewater Treatment Plant is to be constructed in response to the Sierra Club Settlement Agreement and the ADEQ CAO currently in effect. The major components associated with the addition of the new treatment plant include (i) refitting the existing Little Maumelle Pump Station to increase capacity to 14 MGD, (ii) construction of approximately 5.5 miles of outfall line, (iii) construction of approximately 2.5 miles of twin 18-inch force mains, (iv) construction of approximately 2.5 miles of an 8-inch force main for biosolids conveyance, and (v) construction and equipping of a 14 MGD treatment facility, including an administrative building, a blower building, a headworks building (preliminary treatment), a covered aeration basin (biological treatment), covered clarifiers, a tertiary treatment building, an odor control building and a disinfection building. The current total estimated cost for the Little Maumelle Wastewater Treatment Plant and related improvements is $83,350,000, comprised of land acquisition costs of $950,000, engineering costs of $8,863,000, and construction and equipment costs of $73,537,000. Its estimated date of completion is October 31, 2010. Completion of the Little Maumelle Wastewater Treatment Plant will result in improved transportation and treatment service to existing System customers during wet weather events, will protect the environment from sanitary sewer overflows, and will provide for future growth in the northwestern portion of the City.

As noted above, the total estimated cost of the Project is approximately $83,350,000. Proceeds of the Series 2008 Bonds are expected to fund approximately $14,262.284 of this amount. The remaining costs of the projects have been or are presently expected to be funded through sewer revenue bond issues and/or surplus System revenues.

V. OTHER COMPLIANCE ACTIONS

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

A. <u>Signage/Public Notification/Public Information</u>:

As required in the Settlement Agreement, LRW 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 LRW is shown in Attachment "B." A copy of the "door hanger" LRW 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:

SSO Manhole Number	**Subbasin Number**	**Maintenance Crew Area**
2H018	30040	HWST
3K058	30700	HCNT
3K059	30700	HCNT
4B001	10090	HWST
2O018	40702	HSTH
3O128	40702	HSTH
2O026	30501	HSTH
16H002	10010	HEST
6E024	11102	HEST
7E044	11102	HEST
7E046	11102	HEST

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

B. Public Relations Information

1. *Can the Grease*© - The Can the Grease© initiative kicked off in 2002 as a means of education, motivation, and promotion of the grease related problems in Little Rock's sanitary sewer system. Little Rock Wastewater residential customers can request a grease information "starter kit," which includes a grease container, 6 heat-resistant liners, an informational pamphlet, and an informational magnet that also serves as a heat-resistant liner "refill request." Starter kits are also distributed in larger quantities at community events and to apartment complexes. In 2008, approximately **2,100** starter kits were delivered or mailed to residential customers, **8,000** to 52 apartment complexes and mobile home parks, and approximately **4,100** at 13 various community events or tradeshows. An additional **1,029** kits were hung on doors of residences adjacent to grease related overflows. LRW gave out approximately **14,200** Can the Grease© starter kits for the entire year of 2008 in comparison to **11,372** in 2007.

LRW continues to receive and answer requests from other cities and communities across the country interested in the grease elimination initiative. Some of the cities that were interested last year were Houston, TX, Pine Bluff, AR, Southlake, TX, New Braunfels, TX, Napa, CA, Park City, UT, Fairfax, VA, Santa Rosa, CA, and Jefferson, LA.

2. *Captain Sewer*© - LRW began an educational initiative with children in the 1980s by creating a live superhero character, Captain Sewer©. Late in 2007 the Captain Sewer© character was reinvented. The decision was made that the original superhero look did not fit the target audience (elementary students) and that a more cartoon-like character would be more appropriate, something more representative of what we do. Captain Sewer© changed from a superhero in tights to a Sewer Rat in buccaneer garb. 2008 was the maiden voyage for the new Captain Sewer© and his First Mate, Stinky. They made 16 appearances at various elementary schools and events around Little Rock. Some of the schools included Gibbs Elementary, Little Rock

Christian, and Holy Souls. Some of the events included WaterFest and Earth Days.

3. *Bill Inserts* - LRW created 3 inserts that were distributed in utility bills in 2008. The "Customer Assistance" insert was released in February. It announced the formation of a new Customer Assistance Department at LRW on one side and listed some helpful phone numbers on the other side. The "Can the Grease©" insert was a tri-fold brochure that was sent out in July. It contained information on the Can the Grease© program. The third and final bill insert was sent out in November. It began a new public education program on service line awareness stating, "Congratulations! You Own It!" On the reverse side it listed some tips on "Sanitary Sewer Safety."

4. *Awards* – LRW received several awards and recognition during 2008 for their contributions to the environment, financial reporting, purchasing manager of the year and public education. The awards LRW received are as follows:

(a) **NACWA Peak Performance Awards –** The National Association of Clean Water Agencies ("NACWA") awarded Little Rock Wastewater two Gold Peak Performance Awards for both treatment facilities, the Fourche Creek Treatment Facility and Adam's Field Treatment Facility for 2007.

NACWA is an organization that represents the interests of the country's wastewater treatment agencies, "true environmental practitioners that serve the majority of the sewered population in the United States, and collectively treat and reclaim more than 18 billion gallons of wastewater each day. NACWA maintains a key role in the development of environmental legislation, and works closely with federal regulatory agencies in the implementation of environmental programs."

The Peak Performance Award has been bestowed upon wastewater agencies since 1986. It is given to facilities that consistently meet all National Pollutant Discharge Elimination

System (NPDES) permit limits during the year. Between the Fourche Creek Treatment Facility and Adam's Field Treatment Facility there are a combined 1,194 possible violation points. To be awarded the Gold Peak Performance Award means that an agency has ZERO violations, which Little Rock Wastewater had for 2007 at both facilities and it is looking positive for a repeat performance in 2008.

(b) **Certificate of Achievement for Excellence in Financial Reporting** – The Government Finance Officers Association ("GFOA") has awarded the Finance Department of Little Rock Wastewater the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report ("CAFR").

The GFOA is a nonprofit professional association that serves approximately 16,000 professionals in the governmental finance field. The Certificate of Achievement for Excellence in Financial Reporting is the "highest form of recognition in governmental accounting and financial reporting" by the GFOA and is considered to be a "significant accomplishment by a government and its management." Little Rock Wastewater's CAFR was judged by an impartial panel that looked for high standards of the program such as "demonstrating a constructive 'spirit of full disclosure' to clearly communicate its financial story and motivate potential users and user groups to read the CAFR."

This is Little Rock Wastewater's third consecutive year to accomplish this feat.

(c) **NACWA National Environmental Achievement Award for Public Information and Education** – Little Rock Wastewater was selected to receive a National Association of Clean Water Agencies (NACWA) National Environmental Achievement Award for its excellence in Public Information and Education.

NACWA's Public Information and Education Award is presented for outstanding programs in the following categories: video, printed publication, educational program, or e-media. LRW was selected to receive this honor for the Educational Program category for the Can the Grease© program. LRW's Can the Grease© program was established in 2002 and since its inception LRW has seen significant reductions in grease related overflows. LRW was recognized with this honor at the NACWA Summer Conference & 38th Annual Meeting on Wednesday, July 16, 2008 at the Hilton Anchorage in Anchorage, Alaska.

(d) **Recognition of 30 Year Membership and Manager of the Year** – Little Rock Wastewater was recognized by the National Institute of Governmental Purchasing (NIGP) for its 30 years of "continued loyalty and support." NIGP also recognized a LRW employee with the Purchasing Manager of the Year Award.

Little Rock Wastewater (LRW) joined NIGP on June 1, 1978 when there was only one employee in the purchasing department. Today LRW has 3 Certified Professional Public Buyers (CPPB) and 1 Certified Public Purchasing Officer (CPPO). Once the remaining candidate becomes certified, LRW will obtain a Silver Membership in the NIGP and will receive a national award as recognition.

"Now you can obtain a 4 year college degree in public purchasing but it's difficult because many colleges don't offer the courses," says Mike Pearson, CPPO, Purchasing Agent for LRW. NIGP is still the main way for a public procurement professional to be notarized. Certification is a rigid process and they offer two ways to be certified: Certified Professional Public Buyer (CPPB) and Certified Public Purchasing Officer (CPPO). Besides certification, NIGP offers an array of services such as networking opportunities, educational resources such as development courses, online resources and

research programs, as well as procurement software.

Since 1944, the NIGP has been serving governmental purchasing professionals, and today the institute embraces more than 2,900 agencies and 14,000 professionals. NIGP is "committed to building a world in which public procurement professionals are recognized and respected for their dedication to public service and esteemed for the value they bring to their communities."

In conjunction with the 30-year recognition mark, the Arkansas Chapter of NIGP awarded Mike Pearson, CPPO, Purchasing Agent for LRW Purchasing, the Manager of the Year Award. The award is based on "significant contributions to the advancement of the purchasing profession and professional development as demonstrated by the criteria outlined in the award entry form. Candidates for the Manager of the Year Award are selected from nominations submitted by NIGP Chapter affiliates or individuals." Mr. Pearson has served as an instructor for NIGP in Kansas, Missouri, Mississippi, Florida, Georgia, and in Canada. He has conducted workshops all over the US and has tutored over 50 people in Arkansas who eventually became certified under NIGP. He also helped form the first purchasing Co-Op in the state of Arkansas under Metroplan (now defunct), which included membership from various entities such as Little Rock Wastewater, the Pulaski County School Districts, City of Little Rock, City of North Little Rock, City of Jacksonville, Little Rock Airport, and Central Arkansas Transit just to name a few.

(e) **Volunteers in Public School (VIPS) Recognition Award** – Little Rock Wastewater was awarded a "VIPS" for its "outstanding volunteerism in support of the Little Rock School District." Little Rock Wastewater is a partner in education with Little Rock Central High and Washington Magnet School and

participates with the schools regularly with Career Day, Science Fairs and donations. It was presented to LRW at An Evening with the Stars recognition ceremony held at the Little Rock Zoo.

5. ***Trade Associations/Community Events/Exhibits*** **–** One of the major success elements of our public awareness program in 2008 was our participation in specific trade associations, environmental exhibits, and community events. Participation in selected trade associations has allowed LRW to promote and educate an extensive number of residents and business owners on the importance of reducing grease in the sanitary sewer system, updates on our major projects and water conservation. 2008 event/exhibit participation are as follows:

(a) **WaterFest** – LRW participated in WaterFest, which is put on by Natural Resources Conservation Service (NRCS) and hosted by Fuller Elementary. LRW showed up with Captain Sewer© and Can the Grease© and put on six performances on the subject of water/wastewater conservation. Also, LRW partnered with the Arkansas State Forestry Commission to hand out sapling trees to the students to re-plant.

(b) **Arkansas Apartment Association Tradeshow** – Can the Grease© ("CTG") took center stage at the Arkansas Apartment Tradeshow in April of 2008. LRW had a booth set up with CTG packets and a LRW banner and display boards. 120 CTG starter kits were distributed to Apartment Managers, Assistant Managers, Maintenance Managers, Property Managers, Assistant Property Managers, and Vendors. The day of the event, 11 orders were taken for over 2,000 CTG kits to be delivered to Little Rock apartments.

(c) **Science Fair 2008 -** Since 1995, LRW has sponsored the Central High School Science Fair by providing materials for protection of the gymnasium floor, the incentive awards, and judges. Central High teachers, PTA, and

administration have been most appreciative of LRW's efforts in supporting environmental education and nominated LRW for a Volunteers in Public School Award.

(d) **Earth Day 2008 -** LRW's employees and family members participated in an Earth Day celebration that spanned over two weekends and was held at the Little Rock Zoo on April 18th and 19th and at the Clinton Library on April 26th. Earth Day at the Little Rock Zoo was the first appearance of the "new" Captain Sewer©. He was later featured in the *Arkansas Democrat-Gazette*. At the Clinton Library, LRW's display featured information on wastewater treatment, the importance of water conservation, and Can the Grease©. Games and prizes for children focused on the importance of water quality protection, LRW and its programs.

(e) **Commerce Arkansas** – Traditionally known as the Chamber Expo, this event was held on October 22, 2008 at the Statehouse Convention Center. Little Rock Wastewater attended with Can the Grease© and information such as LRW brochures and quarterly major projects updates booklets, "The Current Report."

(f) **Washington Magnet School Career Day/Committee Meeting**: - LRW got to team up with one of its partners in education and participate in Career Day as well as a community Scholastic Audit Committee Meeting. LRW was able to supply a Vac-Con and TV truck for Career Day at Washington Magnet where we were joined with the likes of the Police Department, Fire Department, and the Arkansas Forestry Commission.

(g) **National Night Out** – In an effort to bring neighborhoods closer together and make them more secure, National Night Out entered its third decade with the major goal being to open up channels of communication between neighborhoods and law enforcement agencies. Little Rock Wastewater joined the rest of

America and participated in the event on August 5, 2008. The event was hosted by the Tyler Street Alert Center and LRW participated with a booth and Can the Grease© kits.

(h) **Savings for Seniors** – on Thursday, March 27, 2008, a seminar was held for senior residents of Little Rock to help educate them on money saving ideas and promote special programs/assistance offered to those in need. Little Rock Wastewater participated by donating socks and giving a presentation on Can the Grease®.

6. ***Fundraisers and Public Service*** **–** Another way LRW promoted public awareness programs in 2008 was our participation in the Heart of Arkansas United Way fundraiser campaign, Little Rock's Adopt-A-Street program where LRW adopted a mile of road along Shackleford Road, and the Channel 11 THV Summer Cereal Drive for the Arkansas Foodbank Network.

7. ***Pollution Prevention Ceremony*** **–** Little Rock Wastewater celebrated its 11th Annual Pollution Prevention Ceremony on Wednesday October 29, 2008. The Pollution Prevention Award program began in 1998 as a way of recognizing and rewarding industries that adopt the most vigorous pollution prevention activities into the management philosophy and to promote the utilization of pollution prevention activities. In conjunction with this year's theme, "Partnering with Our Students and Industry: Shaping the Future for Pollution Prevention," LRW cooperated with its Partner in Education, Little Rock Central High (LRCH) by way of an essay contest and facilitated an opportunity for Little Rock businesses to meet and discuss real world success stories of implementing good Pollution Prevention. Dassault Falcon Jet, Unilever (Skippy Peanut Butter), and the University of Arkansas for Medical Sciences spoke on pollution prevention practices they implement at their respective facilities. LRW awarded scholarships to the three (3) student essay finalists from LRCH who presented their papers covering Pollution Prevention practices at the event.

8. *Media* – It has been the intent of LRW to step up their communication with all areas of the media during 2008. That goal was accomplished through attempts to issue a regular press release to highlight special topics of interest. We worked closely with the local newspaper to offer information in a timely manner. That effort was found to be positive in the result of most newspaper articles being factual.

Due to 2008 budget restrictions, our ability to place ads in popular publications was limited, but we were able to negotiate and plan for a 2008 publication campaign. Several branding and target population meetings were held with many local publications during 2008. LRW did trial advertising in various local publications such as *Arkansas Times*, *Arkansas Democrat-Gazette*, *Arkansas Business*, *Little Rock Family*, *AY*, *Green Guide*, *Chamber Guide*, and *Soiree*.

In an effort to obtain additional media attention, both earned and bought, for Can the Grease©, two 30-second commercials were aired on the Comcast Cable Network. One Can the Grease© commercial was a traditional themed production, which aired over the summer. The other was a Holiday themed production, which aired from November through the New Year. LRW was also featured in a few news segments. KARK featured a spot on Holiday Grease and Can the Grease©. KLRT did a feature story on the Groundbreaking Ceremony for the Little Maumelle Wastewater Treatment Plant. Captain Sewer© made an appearance on KATV's Daybreak program and offered Can the Grease© kits to the hosts. In conjunction with this appearance, radio station KABZ FM interviewed LRW on proper grease disposal and maintenance. Reggie Corbitt was featured in another radio interview with Dave Elswick on KARN FM.

In 2008, LRW continued to utilize the local government channel, LRTV, as a way to inform local residents of current events and projects. Two episodes were taped and aired in 2008. The first to be interviewed was Stanley Miller, Manager of Operations, on the wastewater treatment process. The next interview was Tim Harrison, Maintenance Coordinator, on the topic of cleaning and maintaining the collection system. This is a free service that LRW will continue to use as a

way to promote a healthy sanitary sewer system and educate the residents of Little Rock.

9. *Customer Assistance* - In order to provide better communication to residents where sanitary sewer related work is being performed, LRW has taken a proactive approach by informing residents of upcoming work in their neighborhood. Brochures and letters are sent to residents and city officials prior to construction beginning to set up a line of communication between LRW and the residents.

One of the goals of LRW is to better communicate the progress of our major projects to the Little Rock Board of Directors ("LR BOD") and ratepayers. To achieve this goal, we developed "The Current Report," a major projects update published quarterly. This publication is forwarded to the LRBOD and all Little Rock Neighborhood Associations.

10. *Rate Advisory Committee* – At the suggestion of Little Rock's Mayor and City Manager, Little Rock Wastewater retained the professional services of Raftelis Financial Consultants, Inc. ("RFC") of Kansas City, Missouri, during the Fall of 2007 to prepare a review and update of LRW's ancillary charges; to conduct a feasibility study of alternative system growth charges (System Development Fees); analyze LRW's cost of wastewater collection, treatment and disposal services; recommend adjustments to the wastewater rate structure; and conduct an asset management study of LRW's property, plant and equipment. MWH Global of Broomfield, Colorado, assisted RFC with the asset management elements of this project.

During the process, LRW and its consultants believed that it was imperative to include input from various representatives of the Little Rock community. To address this objective, a Rate Advisory Committee ("RAC") was established to provide vital information regarding the rate analysis and rate making processes. A copy of the committee's report is included as a part of Attachment "E."

11. *Website* – Little Rock Wastewater continues to maintain the site with the latest news, updates, and

information for those who access the site. The user-friendly site allows visitors to view a calendar listing of all Sanitary Sewer Committee meeting dates, approved minutes of the Committee, and biographies of each Committee member. With several interactive displays, general wastewater information, ordinances, rate information, and much more, website traffic continues to grow. One of the most visited areas of the site is the customer information section, which allows visitors to select a topic or LRW department, and then populate a field with a question or comment. They can also look at our construction schedule to see dates and places of work to be performed. The website address was changed from *www.lrwu.com* to www.lrwastewater.com.

Information and pictures regarding Public Relations is at Attachment "E."

VI. SUPPLEMENTAL ENVIRONMENTAL PROJECTS AND ANY OTHER LRW ENVIRONMENTAL EFFORTS

The Settlement Agreement required the LRSSC to establish a Supplemental Environmental Project consisting of the Fourche Plant Wetlands and bike paths. Additionally, beyond those requirements, LRW participated in the following activities:

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. Once a year, in the spring, Audubon Society Members generally visit the area to check on the nesting activities of the birds in the area. Currently, Audubon has applied for various grants to do work in the area.

B. **Bike Paths**: Several meetings and site visits were made with Mark Webre of Little Rock Parks and Recreation and LRW Community Relations Staff to discuss possible partnerships and possible locations for the paths at various parks around the city of Little Rock. Mr. Webre recently stated that the CLR Attorney raised the legal issue regarding use of a sewer easement for other purposes, which needs to be resolved in order for CLR to proceed with planning. However, LRW was

able to assist Little Rock Parks and Recreation by agreeing to shape and repair Allsop Park as a major rehab project is constructed through the area. A large part of this assistance is moving wooden bridges over certain parts of the trail/path where a creek runs through.

C. Audubon Society Fourche Bottoms Nature Center: The University of Arkansas at Little Rock and Audubon teamed up for the Coleman Creek Greenway Project. Coleman Creek runs right through the University of Arkansas at Little Rock campus and is a major tributary of Fourche Creek. Audubon asked for participation from LRW and we attended several meetings, helped assess the situation, and provided them with information dealing with our sanitary sewer system design and water sampling. LRW met with Audubon on site at Coleman Creek near the UALR campus to discuss water sampling options. Since the sampling desired by Audubon was beyond the scope of LRW's lab personnel, United States Geological Survey representatives were asked to meet with us to see if any federal money/assistance would be available for Audubon's requests. LRW is continuing to work with Audubon on this project.

Documents and pictures regarding Supplemental Environmental Projects by LRW are included in this document as Attachment "E."

VII. 2008 NON-CAPACITY RELATED SANITARY SEWER OVERFLOWS

A. Compliance Standard: The Settlement Agreement limits the number of non-capacity related SSOs based on 100 miles of sanitary sewer operated and maintained by LRW 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 established the mileage of sewers at 1,100 miles; actual mileage according to LRW's GIS system as of December 31, 2008 is 1,311 miles. The 2008 mileage data establishes a benchmark of 1,291 miles of sewers. Therefore, the 2008 performance requirement for LRW was to limit non-capacity related SSOs to no more than 78 SSOs, according to the interim schedule.

B. Non-Capacity Related SSOs in 2008: There were 43 non-capacity related SSOs reported in 2008. Of the 43 total, five (5) SSOs were related to construction, and five (5) SSOs were related to vandalism. The result was a total of 33 non-capacity related overflows attributed to the operation and maintenance of the LRW collection system. Of the 33 non-capacity related overflows, five (5) SSOs were attributed to debris; four (4) SSOs were attributed to equipment failure; twelve (12) SSOs were attributed to grease; five (5) SSOs were attributed to line failures; seven (7) SSOs were attributed to roots.* A complete listing of non-capacity related SSOs is provided under Attachment "F."

C. Compliance Assessment: Using 1,311 miles of maintained sewers and the "interim schedule" provided in the Settlement Agreement, LRW complied with its 2008 performance requirement to have no more than 78 non-capacity related SSOs, with 33 non-capacity related overflows attributed to the operation and maintenance of the collection system owned and operated by Little Rock Wastewater Utility.

* In March 2007, LRW eliminated the combination of "Roots & Grease" as a code in reporting the cause of an overflow. LRW decided to use either "Roots" or "Grease" to improve reporting and tracking of SSOs.

D. Additional Projects Not Covered By SECAP: In addition to the progress made on SECAP projects during 2008, LRW spent approximately $4,000,000.00 renewing or replacing structurally deteriorated sewer mains. Old deteriorated sewers are sources of infiltration/inflow and are prone to blockage, contributing to the number of both capacity and non-capacity SSOs.

LRW has reduced the number of non-capacity related sanitary sewer overflows attributed to the operation and maintenance of the collection system owned by CLR to below 6 per 100 miles of sewer lines for five consecutive calendar years being: 2004, with a total of 42; 2005, with a total of 53; 2006, with a total of 42; 2007, with a total of 46; and, 2008, with a total of 33. Therefore, under the Settlement terms in Paragraph No. 5, page 10, LRW is deemed to have complied with all provisions of this Settlement related to non-capacity related SSOs.

In a continued effort to maximize LRW's rehab dollars, LRW treated 37,457 feet of mainline in 2008 with a contracted chemical root removal company with a total cost of $61,100.00. Root removal is an important component of LRW's Plan 66 that targets SSO reduction.

LRW personnel completed work on 197 line segments that were in need of point repairs as well as relocated or replaced 19,175 feet of sewer line.

17,713 feet of sewer line was rehabilitated under maintenance contracts for pipe bursting and cured-in-place-pipe (CIPP).

In 2008, the Cleaning & Inspection Department Televised 941,476 feet, Hand Cleaned 704,962 feet, Hydro Cleaned 2,569,380 feet, and Line Walked 9,616,499 feet of sewer lines.

VIII. 2008 CAPACITY RELATED SANITARY SEWER OVERFLOWS

A. 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 twelve 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.

B. Capacity Related SSOs in 2008: There were 325 capacity related SSOs reported in 2008 at 88 locations, shown on Attachment "G." There were nine (9) qualifying rain events recorded in 2008. Of the 325 capacity related overflows occurring in 2008, 262 overflows resulted from the nine (9) qualifying storm events with the remaining 63 overflows occurring as a result of events measuring below the qualifying threshold.

IX. CONCLUSION

The year of 2008 can best be described as a year of great progress. Numerous construction projects were bid and placed under contract in our continued effort to eliminate sanitary sewer overflows. The progression of projects identified in the SECAP continued with the initiation of engineering studies and design. Significant progress was made on the construction of the Peak Flow Attenuation Facility, the Little Maumelle Wastewater Treatment Plant, and numerous overflow mitigation pipeline projects. Little Rock Wastewater's total capital expenditure for 2008 was over $53,000,000, the largest capital improvement effort in LRW's history.