

ABUNDANT
DEPENDABLE
HIGH-QUALITY
LOW-COST
**SAFE
WATER**

2021 FINANCIAL PLAN



CENTRAL ARKANSAS WATER

OUR MISSION

To enhance the quality of life for Central Arkansas by delivering high-quality water and dependable service that exceed customer expectations; protecting and ensuring a long-term water supply for future generations; and serving as responsible stewards of public health, utility resources, and the environment.

THE VALUES PICTURE

PROFESSIONALISM: I will be courteous and responsible in my dealings with others and will adhere to the technical and professional standards of my job.

INTEGRITY: I will display honesty in my work and interactions with others and will adhere to high moral and ethical standards. I will be fiscally responsible and conservative in the use of funds and resources entrusted to our utility.

CONTINUAL IMPROVEMENT: I will search for a new and better way of doing things, embracing new technologies and sustainable business practices. I will seek ways to enhance my own professional development, as well as that of my co-workers.

TEAMWORK: I will support my co-workers with enthusiasm, work collaboratively and do my part to ensure Central Arkansas Water achieves its goals.

UNITY: I will work in harmony with others to ensure a positive, safe and healthy work environment. I will consider the needs and viewpoints of customers and community stakeholders and work collaboratively with each. I will appreciate diversity and value the differences that each individual brings to any situation.

RESPECT: I will treat others with high regard, fairness and consideration.

EXCELLENCE: I will work to ensure that Central Arkansas Water meets and exceeds "world class" standards and the expectations of those I work with and the customers we serve.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Central Arkansas Water

Arkansas

For the Fiscal Year Beginning

January 1, 2020

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Central Arkansas Water for the Utility's 2020 annual budget.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe the current budget continues to conform to program requirements, and we are submitting it to GFOA for an award.

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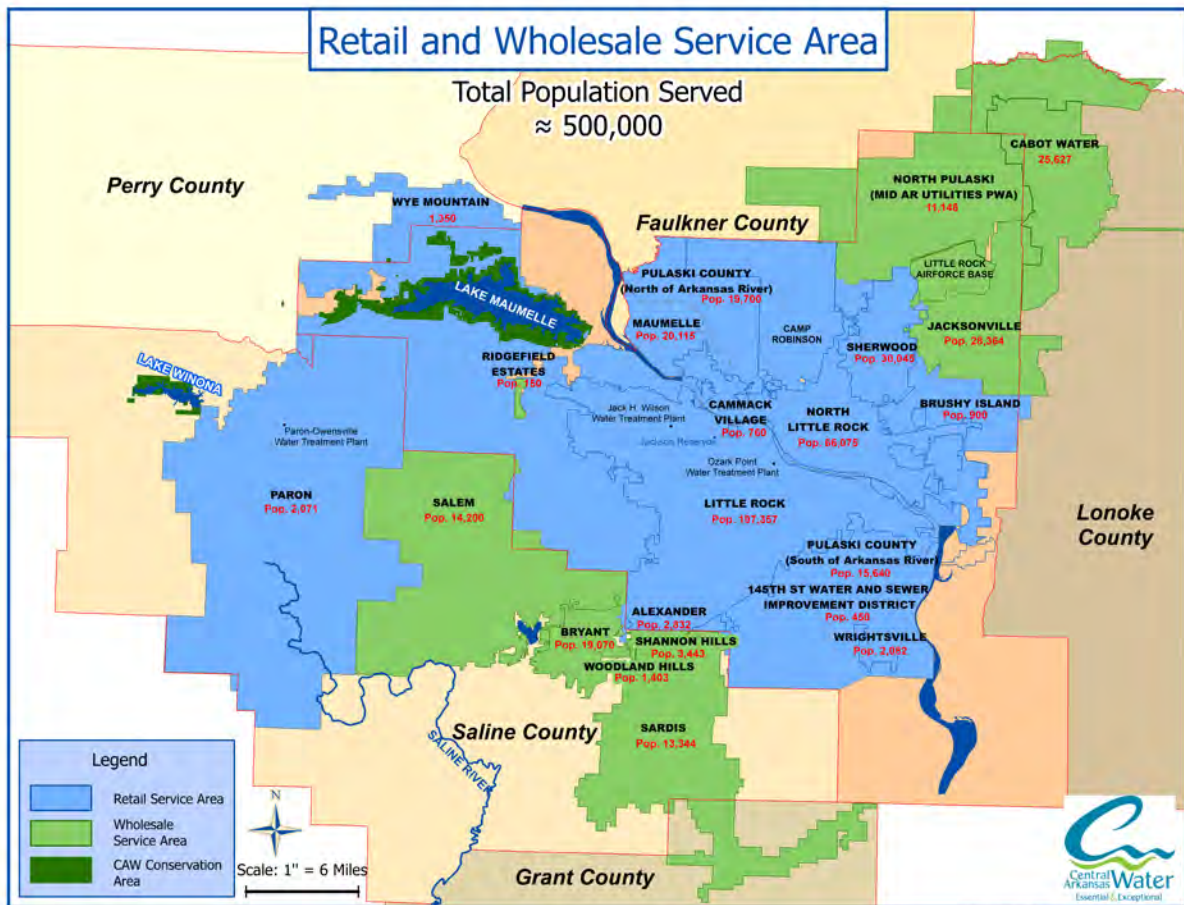
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INTRODUCTION

About Central Arkansas Water

Central Arkansas Water (CAW or the Utility) is the largest water supplier in the state of Arkansas. The Utility plays an integral role in the quality of life for residents and the economic health of the communities it serves. As a regional water supplier serving a population of approximately 500,000, CAW contributes to the public health and well-being of one in every six Arkansans. In addition, CAW supplies the water needed by industries that compete in regional, national, and international markets. The Utility serves approximately 207,000 metered connections through retail and wholesale service to customers in Pulaski, Saline, Grant, Perry, Lonoke, White, and Faulkner counties.



CAW's retail service boundaries encompass the cities and communities of:

- Little Rock
- North Little Rock
- Sherwood
- Maumelle
- Paron-Owensville

- Alexander
- Brushy Island Public Water Authority
- Cammack Village
- College Station
- Wrightsville
- Wye Mountain
- 145th Street Water and Sewer Improvement District
- Frazier Pike Public Facilities Board
- Unincorporated Pulaski County

CAW provides treated water for several areas in central Arkansas. CAW furnishes all of the treated water for:

- Bryant (Saline County)
- Shannon Hills (Saline County)
- Ridgefield Estates Public Facilities Board (Pulaski County)
- Salem Water Users Association (Saline County)
- Saline County Water & Sewer Public Facilities Board aka Woodland Hills (Saline County)

The Utility contributes supplemental treated water supply to:

- Jacksonville Water Works (Pulaski County, including the Little Rock Air Force Base)
- Sardis Water Association (Saline and Grant counties)
- Cabot WaterWorks (Lonoke County)
- Mid-Arkansas Utilities (Pulaski and Faulkner counties)

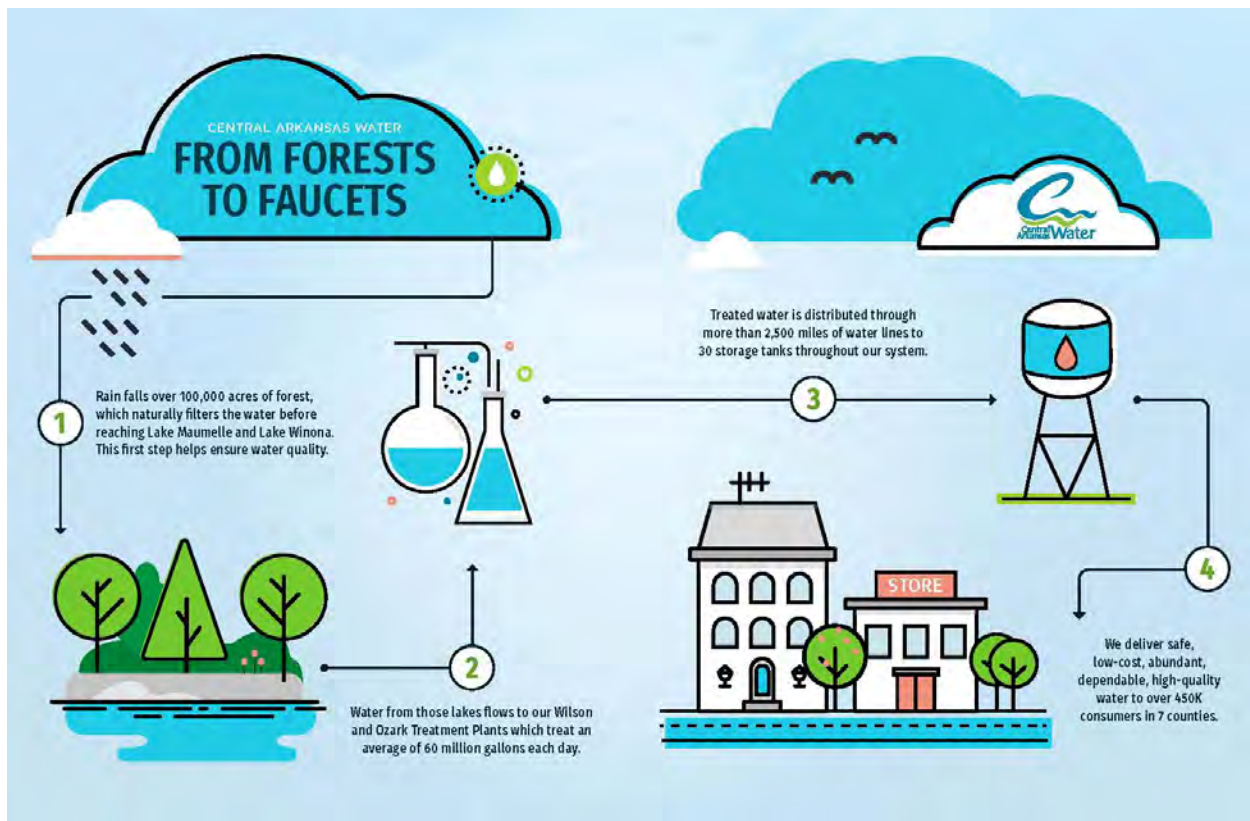


The Utility's service boundaries encompass approximately 696 square miles, and has multiple components within its service area. There are two raw water supplies, Lake Maumelle and Lake Winona. The combined safe yield from these two surface water sources is 120 million gallons a day (MGD).

From the sources, the water then travels to one of three water treatment plants. The Jack H. Wilson Water Treatment Plant (Wilson Plant) is located in the Pleasant Valley area of Little Rock and has a maximum treatment capacity of 133 MGD. The Ozark Point Water Treatment Plant (Ozark Point Plant) has a maximum treatment capacity of 24 MGD and is located in the Hillcrest area of Little Rock. The Paron Water Treatment Plant (Paron Plant) is a recent addition to the CAW system via a merger with the Paron-Owensville Water Authority (POWA), which occurred in June 2020. The Paron Plant treats approximately 750,000 gallons per day.

CAW has one regulating water storage facility, located at Jackson Reservoir in Little Rock. There are also currently 39 storage tanks in the CAW service area. These locations have 50.5 million gallons (MG) in remote storage capacity serving 22 pressure systems and another 25 MG storage in clearwells at the treatment plants.

Overall, there are approximately 2,660 miles of pipe in the CAW system, which carries water from the water sources to the water treatment plants and storage facilities, and ultimately to the consumer's home or business. There are currently 35 remote booster stations that assist the gravitational delivery of the water.



CAW's Past

The history of CAW and community water service in the Little Rock–North Little Rock metropolitan area dates back to the early 1800s when springs, shallow wells, and rainfall collected in cisterns provided water for the area. When CAW was created in 2001, it was the first merger in Arkansas to bring together municipal water systems owned by different cities. CAW exemplifies the kind of success and level of inter-local cooperation possible through a collaborative effort of city officials, utility officials, community leaders and business leaders.

Mid-1870s

Water was pumped from the Arkansas River directly into the distribution system for firefighting. A yellow fever epidemic in Memphis in 1879 prompted the Little Rock City Council to seek a solution to the area's water quality problems.

Late 1880s to mid-1930s

A succession of investor-owned utilities served Little Rock and North Little Rock. (Home Water Company, Little Rock Water Works Company, American Water Works & Electric Company, Arkansas Water Works Company and North Little Rock Water Company.)



Treatment Water Well E – April 1925 – Arkansas Water Company employees try to figure out how to stop the leak.

1886

Two basins were constructed on Ozark Point, now the Ozark Point Water Treatment Plant. Water was pumped from the river and allowed to "settle" before flowing into the distribution system. The process significantly increased water quality at the time.

1936

The City of Little Rock purchased all facilities serving the south side of the river. The city and water utility started construction of a dam on the Alum Fork of the Saline River. Plans for a comprehensive supply project included the dam and lake (later named Lake Winona); a 39-inch, 35-mile raw water line; a new purification plant at Ozark Point; and an auxiliary reservoir three miles west of the plant. The buildings at the Lake Winona pump station were built by the Civilian Conservation Corp and Works Progress Administration as part of the New Deal.

1958

Studies showed fast growth and demand for water service in the region. As a result, Lake Maumelle was built to be much bigger than Lake Winona. It encompasses 13.9 square miles. Lake Maumelle's water flowed into the water system for the first time in 1958.



Construction of Lake Winona began in 1936 and finished in 1938.



Oct. 29, 1937 – Ozark Point Plant under construction.



A water tank of the City of North Little Rock Water Department.

1959

The City of North Little Rock purchased the facilities serving its corporate boundaries and its rural customers, formerly owned by The North Little Rock Water Company from 1936 to 1959.

2001

A study by the University of Arkansas at Little Rock inspired the cities of Little Rock and North Little Rock to make a major change in their relationship by moving past geographical differences and corporate interests to benefit the entire customer base and surrounding area. The result was a unanimous decision by the cities' governing bodies and water commissions to merge Little Rock Municipal Water Works and the North Little Rock Water Department into a single regional water provider ultimately named Central Arkansas Water.



CAW installed its 2,500th mile of pipe in 2017.

1966

The Jack H. Wilson Water Treatment Plant began treating water. Expansions over the years in 1977, 1984 and 1999 have taken its treatment capacity from its original 25 MGD to 133 MGD, as well as its storage capacity of five MG to 15 MG. Water flows from the Lake Maumelle Pumping Station by way of a 48-inch pipeline for over nine miles to the Wilson Plant. A 72-inch pipeline carries water more than 15 miles from Lake Maumelle to the Ozark Point Plant.

2018

CAW consolidated with Maumelle Water Management in 2016. After a transition period, the Maumelle wells were decommissioned and CAW water began flowing to Maumelle customers in 2018.

2020

CAW welcomed Paron customers into its service territory with the consolidation of the Paron-Owensville Water Authority.



1957 – Lake Maumelle construction.



2017 aerial photo of the Wilson Plant.

CAW's Present

CAW remains a quasi-governmental entity, serving the best interest of its ratepayers. A seven-member Board of Commissioners governs the Utility, and a Chief Executive Officer (CEO) oversees day-to-day operations and administration. The Utility's organizational structure includes seven departments: Administration, Information Services, Customer Service, Finance, Engineering, Water Production, and Distribution.

CAW is an industry leader in the areas of excellent water quality, exemplary regulatory compliance, outstanding system reliability, prudent financial management, affordable rates, effective source-water protection, exceptional customer service, and strong public involvement. In the 2020 Memphis Light, Gas, and Water (MLGW) rate survey, CAW continues to offer one of the lowest water rates in the country.

MLGW

Electricity Natural Gas Water

2020 Utility Bill Comparisons for Selected Cities

Rates in effect January 2020

MLGW 2020 Rate Survey

Ten Lowest Residential Water Bills

	Location	Company	5 CCF	10 CCF	15 CCF
1	Phoenix, AZ	City of Phoenix	\$7.05	\$18.66	\$38.98
2	Memphis, TN	Memphis Light, Gas & Water	\$9.57	\$19.13	\$28.70
3	Orlando, FL	Orlando Utilities Commission	\$13.67	\$21.32	\$30.23
4	Little Rock, AR	Central Arkansas Water	\$12.98	\$21.53	\$30.08
5	Nashville, TN	Metro Water Services	\$10.12	\$21.77	\$33.42
6	Salt Lake City, UT	Salt Lake City Public Utilities	\$16.13	\$22.98	\$19.83
7	Huntsville, AL	Huntsville Utilities	\$17.60	\$24.29	\$31.43
8	Dallas, TX	Dallas Water Utilities	\$12.77	\$24.77	\$43.27
9	Jacksonville, FL	JEA	\$17.99	\$25.54	\$36.98
10	St. Louis, MO	City of St. Louis Water Division	\$16.80	\$25.65	\$34.50

CAW expanded its service area by merging with POWA in June 2020. Approximately 166 square miles were added to the service area, resulting in almost 1,000 additional customer accounts. In 2020, CAW also approved a resolution of intent to provide water service in western Pulaski County. This project will allow hundreds of central Arkansas citizens to move from well water to the high-quality and safe water that CAW provides.

The Lake Maumelle watershed remains a high priority for CAW. In 2020, CAW purchased approximately 32 acres and secured conservation easements on another 274 acres in the watershed. These acquisitions follow the Watershed Management Plan's goals of protecting, restoring, and enhancing the natural watershed environment, which accounts for high-quality water with minimal treatment.

In late 2017, CAW embarked on a multi-year project to analyze and streamline current business processes as well as improve the ways it uses technology. One major aspect was the selection of a new customer information system (CIS). The CIS is a critical asset which impacts all customer-facing activities of the Utility and assures a stable revenue stream for CAW and its billing partners. While CAW's current CIS has served the Utility well for nearly 20 years, growth and process evolution have revealed its

shortcomings. CAW contracted with EMA, Inc. in 2017 to conduct a comprehensive review of CAW's information technology systems, including the CIS. This assessment determined that CAW should install a more robust CIS and redesign many of its older business processes to best leverage current technology. In 2018, CAW formed the Pinnacle Project Team to implement this more robust CIS, Cayenta Utilities (CU). This team has worked diligently through multiple data conversions and integrated testing protocols to ensure that the data is in the best form possible, determine the most effective and efficient business processes to provide all needed data, and to ensure that all CAW staff receive the needed training to help our customers. Staff anticipate the CU system to go live in the second quarter of 2021 followed by a four to six month stabilization period.

The America's Water Infrastructure Act (AWIA) was enacted in 2018 and applies to all community water systems with a population over 3,300. This act required CAW to conduct a risk and resiliency plan and an emergency response plan and submit certification to the Environmental Protection Agency (EPA) of work completed by March 31, 2020 and September 30, 2020. Extensive work went into this assessment in the areas of system risks due to malevolent acts and natural hazards, resiliency of the physical components of the CAW system, monitoring practices, chemicals, financial resiliency, and operational resiliency. This is an ongoing process as CAW must review these areas and update the emergency response plan every five years.

In 2020, CAW took a new path in financing by issuing bonds that were certified as green bonds by the Climate Bonds Initiative. These bonds financed a combination of "green" and "gray" infrastructure projects planned by the Utility. Property acquisitions in the Lake Maumelle watershed constituted the "green" projects, while water main relocations and replacements, Lake Winona spillway improvements, and other distribution system projects comprised the "gray" infrastructure.

CAW's Future

While CAW currently has a sufficient water supply and a dependable water system, staff are always thinking about the future and what must be done to make sure that future generations have the same sufficient water supply and dependable water system that we have today. To achieve this, CAW Commissioners and staff met in March 2020 in its annual collaboration of planning measures, for not only the current year, but also for short-term and long-term periods.

Sustainability is of the utmost importance, whether it's environmental, economic, or societal. CAW already has initiated multiple recycling programs, improved lighting efficiency, and improved pump efficiency among other things. CAW's next foray into environmental sustainability is solar power.

In early 2018, CAW collaborated with Performance Services for recommendations on energy cost savings and more efficient energy avenues. Performance Services recommended adding solar arrays onto CAW land holdings and the surface of Lake

Maumelle. In 2019, CAW signed a 20-year contract with Scenic Hill Solar to purchase power. In addition to this contract, CAW and Scenic Hill Solar agreed to a Solar Site Lease agreement to place solar panels needed for this power. Approval from the Public Service Commission is pending on this project.

Affordability plays a vital role in economic sustainability. As shown on page 7, CAW has some of the lowest water rates in the country. Keeping these rates affordable while ensuring that costs of providing high-quality water are covered and maintaining the infrastructure to deliver it is a challenge with which many municipal water systems are familiar. To combat rising costs while still accomplishing affordability inspires staff to be innovative. Staff continue to explore strategic opportunities to expand its rate base where operationally and fiscally appropriate and to find ways to leverage core competencies to generate additional, non-water related, revenue sources to accomplish economic sustainability.

In 2019, CAW was honored as a Best Place to Work by Arkansas Business. Investing in people is an important part of societal sustainability, which is evidenced by not only this award but also by the longevity of our employee tenure. In 2020, CAW instituted a telework policy and will continue to offer programs to encourage employee health and wellness.





**Anthony Kendall
Chair**



**Board of
Commissioners**



**Jim McKenzie
Vice Chair**



**Kevin Newton
Secretary/Treasurer**



**Jay Hartman
Member**



**Carmen Smith, J.D.
Member**



**Jay Barth, Ph.D.
Member**



**Kandi Hughes, J.D.
Member**

Management Team

C. Tad Bohannon, J.D., LL.M, MBA	Chief Executive Officer
Blake Weindorf, P.E., BCCE	Chief Operating Officer
David Johnson, J.D.	General Counsel
Jeff Mascagni, CPA, CGFM, CPFO	Chief Financial Officer
Jeremy Sparks, CCMP	Chief Innovation Officer
Tamika Edwards, J.D., CGF	Special Advisor to the CEO
Danny Dunn	Director of Distribution
Jim Ferguson, P.E.	Director of Engineering
Kevin Hall	Director of Environmental Health and Safety
Cynthia Edwards, CPA	Director of Finance
Tatiana Herrington, PHR, SHRM-CP	Director of Human Resources
Allen Vincent	Director of Information Services
Douglas Shackelford	Director of Public Affairs and Communications
Sam Zehtaban	Director of Water Production

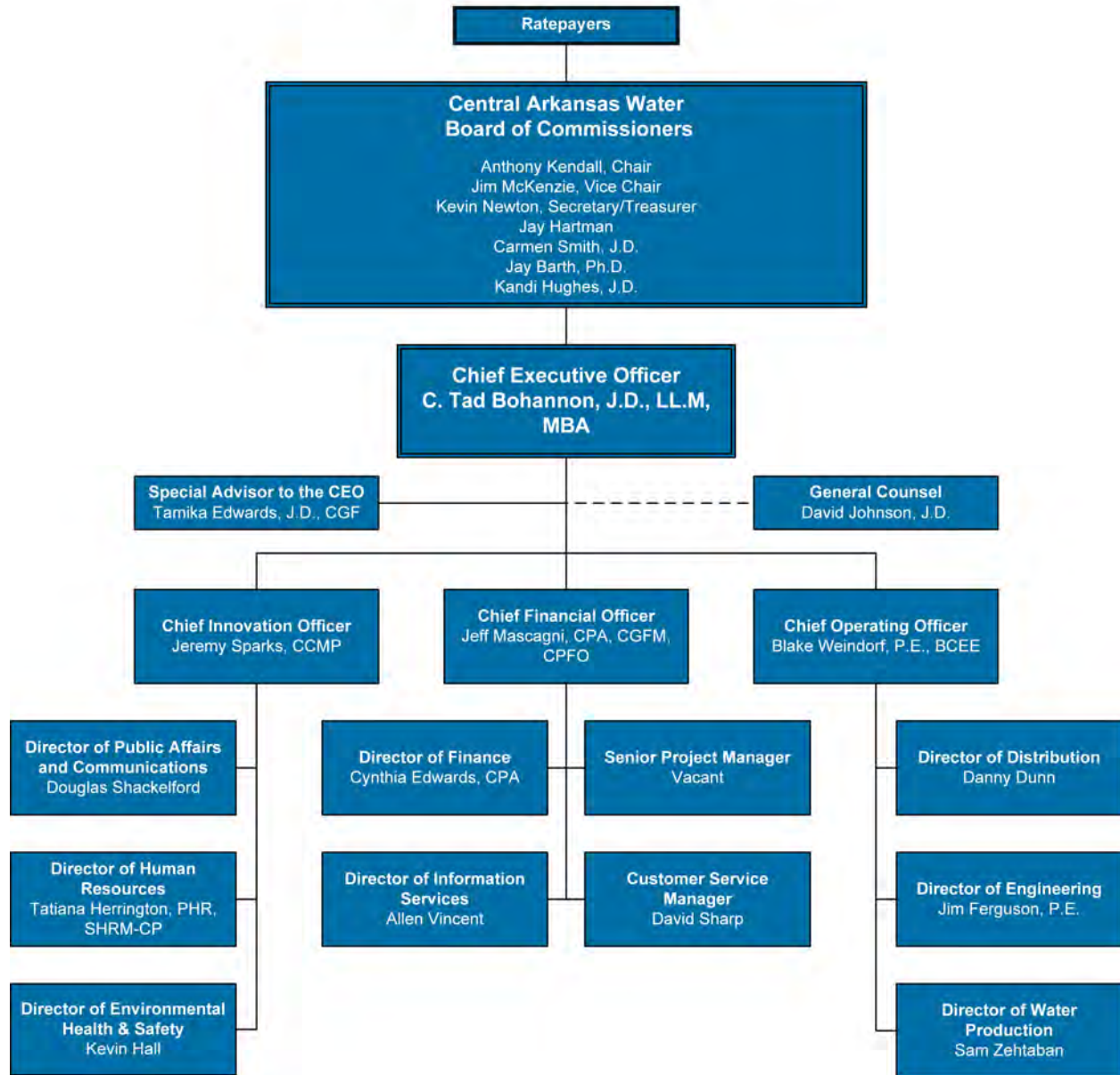
Financial Plan Development Team

Jeff Mascagni, CPA, CGFM, CPFO	Chief Financial Officer
Cynthia Edwards, CPA	Director of Finance
Todd Fisher, CPA	Finance Manager
Lauren Schallhorn, CPA	Controller
Lacey Hristov, CPA	General Accountant
Sherry Lippiatt	General Accountant

CENTRAL ARKANSAS WATER

Organizational Chart

Effective: January 1, 2021



December 10, 2020

Board of Commissioners
Customers and Other Interested Stakeholders
Central Arkansas Water
221 East Capitol Avenue
Little Rock, AR 72202



2021 Financial Plan – Budget Message

Board of Commissioners, Customers, and Interested Stakeholders:

Staff respectfully present the 2021 Financial Plan for Central Arkansas Water. This Financial Plan focuses on the Utility's mission of enhancing the quality of life in central Arkansas by delivering high-quality water and dependable service that exceed customer expectations; protecting and ensuring a long-term water supply for future generations; and serving as responsible stewards of public health, Utility resources, and the environment.

In addition to that mission, CAW employees endeavor to be resilient, innovative, and sustainable leaders not only in the water utility realm, but also locally, in the state of Arkansas and beyond. While appreciating what our predecessors have done to get us to where we are, CAW is looking past its immediate needs and looking long term to ensure that the consumers of tomorrow receive the same high-quality water as we have today.



Going hand in hand with our mission and long-range strategies are the five words listed on the cover: abundant, dependable, high-quality, low-cost, and safe. In today's world, safety is of utmost importance. Being in the middle of a global pandemic has only strengthened CAW's resolve to provide the safest water to our customers in the safest way possible.

CAW is the largest water supplier in the state and has team members that are active in local, state, regional, national, and international organizations to make connections to learn and share best practices to ensure that CAW remains a world-class water utility. Funding sources in this Financial Plan support the operational and capital activities needed to meet its mission as well as prepare for central Arkansas' future.

This Financial Plan is designed to present the comprehensive financial framework for all Utility activities for the budget year. The Management team and staff have developed an operating and capital improvement plan that addresses the strategic initiatives put in place as part of the CAW Strategic Plan, which is discussed starting on page [33](#). Associated performance measures are discussed in more detail within the department narratives (pages [185 - 254](#)).

Water Source and Water Quality Challenges

CAW has and will continue to encounter challenges as it works to fulfill its mission of providing high-quality water. Absent a catastrophic failure or natural disaster, CAW has adequate water sources available to meet projected customer needs. Additional water rights from Lake DeGray and Greers Ferry have been purchased that provide a redundant water source available to serve the needs of CAW's customers in the event of a catastrophic failure or natural disaster, as well as provide additional capacity to meet the water demands of the central Arkansas area well beyond the middle of the 22nd century. An ongoing challenge for CAW will be to balance the costs of acquiring additional water sources and constructing the necessary infrastructure to make it a viable redundant supply with the need to keep rates affordable.

Another challenge for CAW is the protection of its surface water sources from both natural- and human-induced threats including pollution, wastewater intrusion, flooding, drought, wildfire, and sediment originating in the watershed. The Pulaski County Quorum Court adopted a Lake Maumelle Watershed Zoning Code in April 2013 that established several water quality protection measures including density limitations, open space requirements, streamside buffer requirements, and prohibition of activities detrimental to water quality within the Pulaski County portion of the Lake Maumelle Watershed.

Since plan adoption, CAW has purchased and obtained conservation easements on over 4,800 acres of land. In late 2020 and into 2021, Watershed Management staff are working on an aggressive land acquisition campaign to protect our Lake Maumelle watershed. This campaign led CAW into the green bond market and achievement of its first Climate Bond Initiative certification for our 2020C bond series. Details of

associated projects are in the Five-Year Capital Improvement Plan (CIP) Plan, located on pages [117 - 126](#).

CAW staff are committed to improving water quality at the source and throughout the distribution system. These improvements can be accomplished by efficient operation of the distribution system to reduce water age, installation of water quality monitoring equipment, dispersion of water treatment components throughout the system, and improved management of chlorine residuals.



Beginning in 2019, CAW embarked on Phase III of the Partnership for Safe Water's Distribution System Optimization Program. This is a voluntary self-evaluation program broken into four phases: (I) Utility Commitment, (II) Baseline and Annual Data Collection, (III) Self-Assessment, and (IV) Optimized Performance. A cross-departmental team compiled the required information and were responsible for several improvements in CAW water quality:

- 103 stand-alone sample stations at 218 sample sites; improving data for optimization and reporting
- Looped eight dead-end mains; raising chlorine (CL2) residuals, reducing water age, and reducing volume of water wasted through flushing
- Six additional pressure recorders; improving data for optimization and reporting
- Four online chlorine analyzers; improving data for optimization and reporting
- Eight tank mixers; increasing CL2 residuals, reducing water age, and reducing volume of water wasted through flushing

The team submitted the required reporting elements, and CAW subsequently was awarded the organization's Phase III Directors Award, which recognizes outstanding commitment to delivering superior quality drinking water to customers. In the future, CAW staff plan to participate in the Partnership for Safe Water's Treatment Plant Optimization Program, which will include assessment of the Wilson and Ozark Point plants.

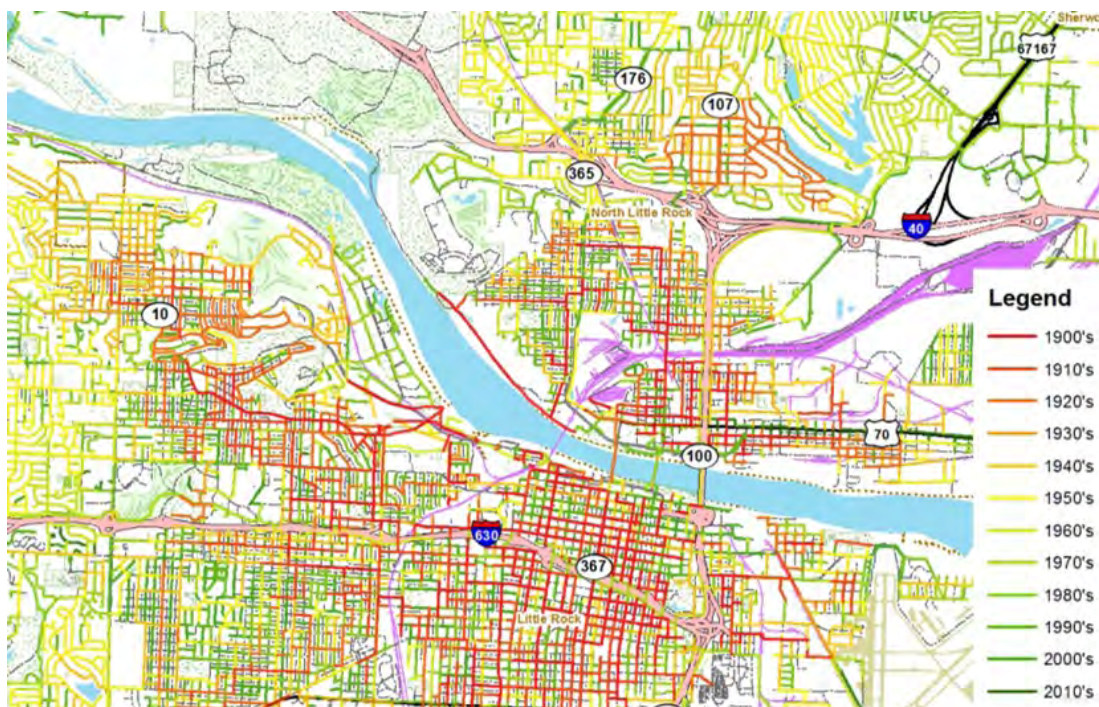
Better protection of our water sources, improvement of the water quality as it leaves the treatment plants, and management of that quality throughout the distribution system are high priorities of the CAW team.

The best way to meet these challenges is to strive for continual improvement. Researching current best practices, enhancing processes, updating infrastructure, and attending professional development sessions are just a few ways that CAW staff stay on top of a dynamic industry. Water that tastes good, is safe for consumption, exceeds regulatory standards, and is in sufficient quantity are primary goals for all water providers. Successfully achieving those goals means CAW is contributing to the quality of life for its customers and is fulfilling its stated mission.

Infrastructure Improvement and Replacement Challenges

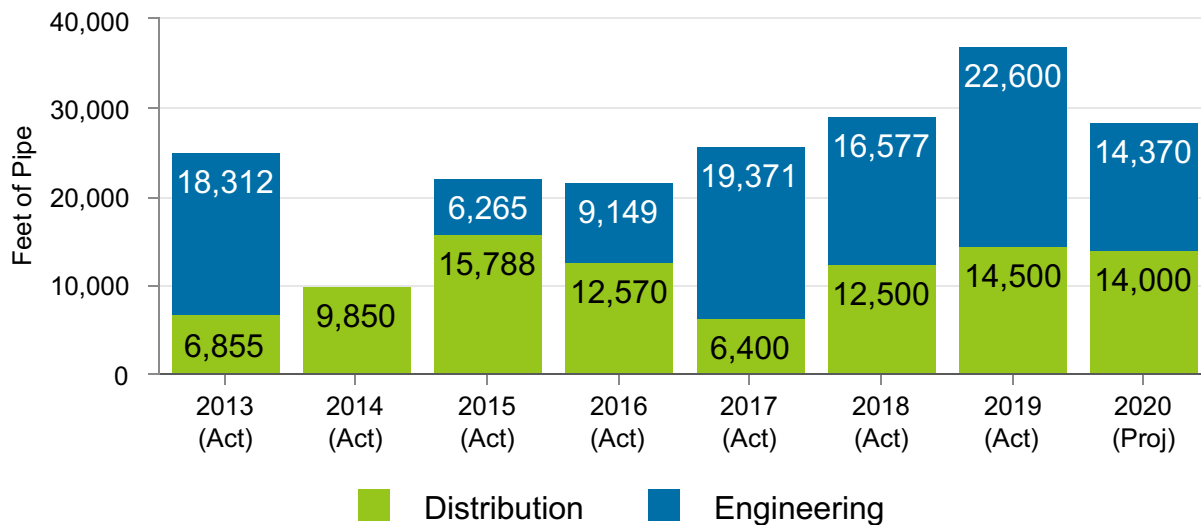
The renewal and replacement of aging infrastructure remained the No. 1 priority identified in the American Water Works Association's (AWWA) 2020 State of the Water Industry Report. The biggest obstacle to completing this task is justifying the necessity to ratepayers.

Like many larger U.S. water utilities, CAW has infrastructure that is over 100 years old but still provides service. The following map shows that a significant amount of CAW infrastructure was set in the early 20th century. Maintaining and enhancing aging infrastructure is a significant and ongoing challenge. The process to update infrastructure includes identifying needs and priorities, estimating the capital costs, implementing the financial mechanisms to pay for the projects, and then repeating the procedure at regular intervals.



Our 2020 accomplishments include the replacement of approximately 28,400 feet of aging pipe within the system composed of galvanized, asbestos-cement, and cast iron pipe with ductile iron and PVC, which are used for improved strength and performance. Replacement of 14,400 feet of this aging pipe was contracted by the Engineering Department, while the remaining 14,000 feet were replaced by Distribution Department personnel. From 2013 to 2020, Distribution personnel have replaced over 92,000 feet of galvanized pipe while replacement of over 106,000 feet of the pipe has been contracted by the Engineering Department for a total of over 199,000 feet, or more than 37 miles, replaced. While the Distribution Department plans to replace 14,000 feet of galvanized pipe annually, pipe replacement as a whole in upcoming years can vary and is determined by funding and priority of jobs. The table below shows the feet of pipe replaced annually over the eight-year period.

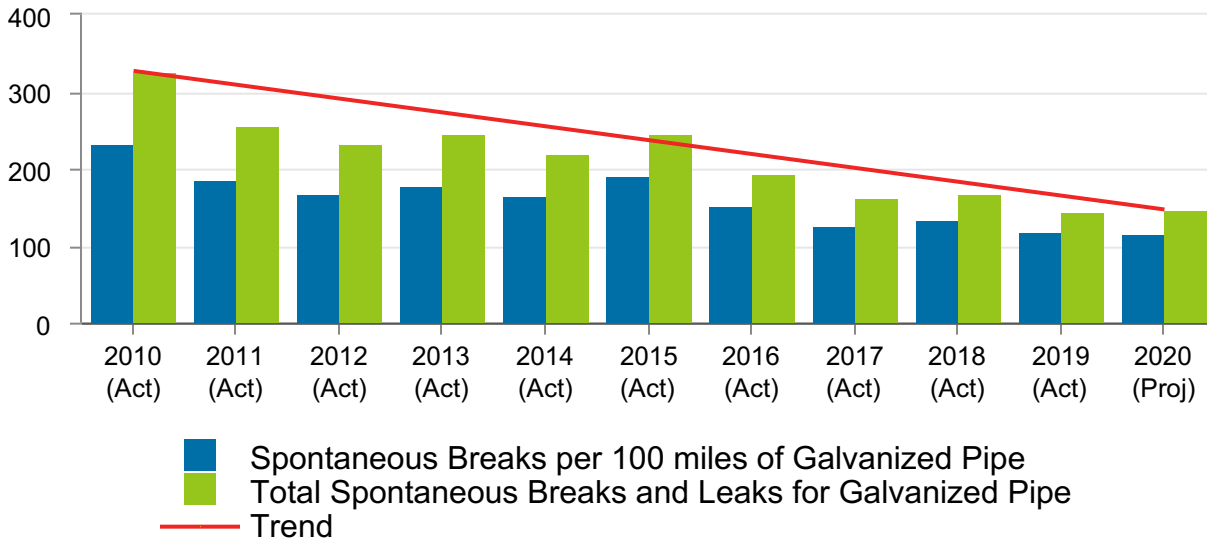
Aging Pipe Replacements



As with the Distribution Department, the Engineering Department's timing of pipe replacement depends on funding each year and priority of jobs. Accordingly, the Engineering Department did not replace any galvanized pipe in 2014 and replaced less pipe in 2020 due to reallocating resources for increased pipe relocations during those periods.

Replacing galvanized pipe has reduced the number of breaks and leaks as shown in the graph on the next page. Replacement of these mains by both CAW personnel and contractors remains a high priority and will continue in future years. As such, 27% of the Series 2020C bonds is allocated for replacement of aging infrastructure over the next three years.

Breaks and Leaks on Galvanized Pipe



Employment Challenges

One of the anticipated employment trends in the United States is going digital. CAW will follow this trend in the upcoming year by identifying and beginning the implementation of a Human Resources Information System (HRIS). This HRIS will enable us to automate, eliminate unnecessary costs, and be on par with Human Resource (HR) standards. The system will streamline recruiting, on-boarding, talent management, as well as time and attendance. There will be immediate time and cost savings as recruiting costs will be significantly lowered, and duplication of data entry will be eliminated. It will also assist in providing our employees with best-in-class pay, benefits, and workplace culture for years to come.

The Society for Human Resource Management (SHRM) has projected the estimated national average increase for health insurance to be 5.3% for 2021. To combat rising insurance costs, CAW partnered with McGriff Insurance Services in 2019 to manage and improve employee benefits. McGriff was vital to CAW being able to provide better per employee pricing for premium costs while simultaneously improving insurance coverages. A major part of the per employee savings stemmed from CAW being able to offer a Preferred Provider Organization (PPO) plan, the insurance type with which CAW staff were familiar, and a High Deductible Health Plan (HDHP), which was a new offering to CAW employees at a much lower cost. Another first for CAW, electronic benefits management, was also offered to CAW through McGriff and another third party vendor, Consolidated Admin Services. These benefits will remain in place for 2021.

COVID-19 brought about the need for telework. As virus statistics climbed and local schools closed for the spring semester, the need to work from home became more obvious. With the aid of the Information Services (IS) department, employees were equipped with the tools needed to perform their job duties. Additional computer

equipment was purchased, and IS staff assisted employees with access to critical processing systems for their daily work.

According to the 2019 AWWA Utility Benchmarking Program, median turnover rates are 8.6% for the water utility industry. For 2020, CAW has run below the average with a 7.5% turnover rate. To combat turnover and retain high-performing, innovative, values-drive, informed, and passionate (HIVIP) employees, CAW has invested in its employees with enhanced benefits, CAW University (CAW-U), and the Find Logical Opportunities and Wins (FLOW) Lab. In 2019, CAW launched the FLOW Lab, solidifying the Utility's commitment to innovation and continuous improvement. Designed to find logical opportunities and wins through the Utility, these labs are key to accelerating improvements. As our HR department works to update and automate, we will leverage the FLOW Lab as a source of creativity.

Financial Challenges

Developing accurate demand forecasts is one of the most significant challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered.

Based on historical consumption analysis coupled with rate consultant recommendations received while establishing water rates for the rate resolution to be approved in December 2018, baseline consumption was adjusted down to 18 billion gallons for 2019. While wholesale consumption is projected to remain flat through 2025, 2021 retail consumption is budgeted at a 5% drop from 2020 budgeted consumption to account for conservation efforts and continuing climate changes.

There are no proposed consumption related rate increases for 2021; however, only one hundred cubic feet (CCF) will be included in the monthly base rate as opposed to the two CCFs as in past years. A 15-cent increase to the Watershed Protection Fee has been approved by the Commission and will begin in January 2021.

Economy and Budget Summary

Real Gross Domestic Product (GDP) is projected to rebound at an annual rate of 18% during the third quarter of 2020, with full-year real GDP at -4.9%, down from 2.3% in 2019. The shrinking GDP in 2020 resulted from COVID-19 business closures and layoffs driving down spending. Forecasters predict real GDP will increase 3.8% in 2021, based on signs of a slow economic recovery. The forecasters also predict that it will likely be 2022 before the economy returns to levels seen at the end of 2019. The forecasters predict a relatively slow improvement to unemployment as temporarily furloughed employees are called back to jobs but offset by small businesses closing their doors, making some layoffs permanent. The national unemployment rate is currently 7.9% (September 2020), up from 3.7% at this time in 2019. The

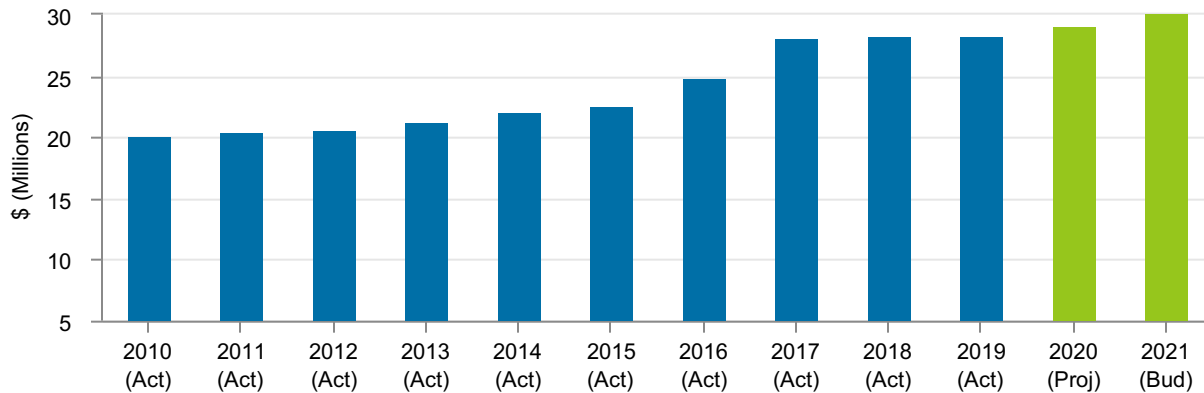
unemployment rate in Pulaski County is currently at 9.5%, significantly higher than 3.5% last year.

The Arkansas Realtors Association reports that home sales in Arkansas' top five markets (Benton, Pulaski, Washington, Saline, and Sebastian counties) during the first eight months of 2020 were up 7.5% compared to 2019. Home sales in Pulaski County were up 5.4% for the first eight months of 2020.

2021 Budget Changes from 2020 Projected		
Operating Revenues	\$ Change	% Change
Increase in Retail Water Sales	3,458,077	6.89 %
Decrease in Wholesale Water Sales	(72,698)	(1.58)%
Decrease in Penalties and Turn-on Charges	(1,396)	(0.07)%
Increase in Ancillary Charges	157,729	1.86 %
Decrease in Maumelle Surcharge Revenue	(1,074)	(0.05)%
Increase in Other Revenue	370,948	241.11 %
Total 2021 Operating Revenues Budget	71,436,516	5.79 %
Operating Expenses		
Increase in Labor and Benefits	2,018,286	6.93 %
Increase in Materials, Supplies, and Maintenance	223,174	3.21 %
Decrease in Electric and Other Utilities	(442,064)	(9.78)%
Decrease in Contract Services	(29,297)	(0.94)%
Increase in Chemicals	219,901	13.62 %
Decrease in Transition Cost	(60,960)	(100.00)%
Increase in Depreciation	757,493	5.84 %
Decrease in Other	(101,247)	(65.22)%
Total 2021 Operating Expenses Budget	61,106,034	4.42 %
Capital Costs		
Increase in Capital Costs	10,093,703	26.40 %
Debt Service		
Decrease in Total Bond Debt Service	(1,129,279)	(11.63)%

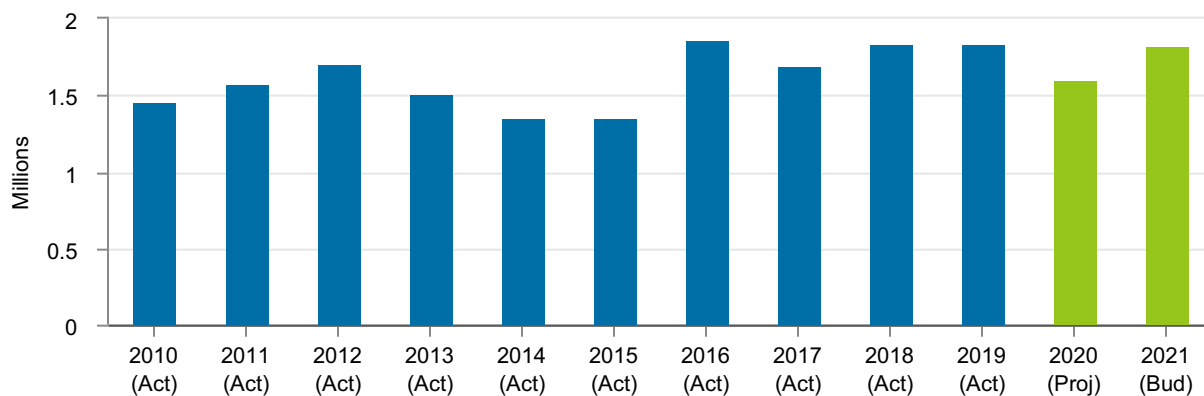
The proposed budget for 2021 includes \$61.1 million in operating expenses, \$48.3 million in capital costs, and \$8.6 million in bond debt service. The following graph shows labor and benefits for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2020 and the budgeted amount for 2021, which are both shown in green. 2021 includes an increase of 7% in health care premiums and wage adjustments of 3% for employees. The total labor and benefits adjustment will amount to \$2,018,286, which represents a 6.93% increase over the 2020 projected amount. This increase is due to the health care and wage variances mentioned above and to budgeted amounts not spent in 2020 due to an average of 17 vacancies for the year.

Labor and Benefits



The following graph shows chemical costs for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2020 and the budgeted amount for 2021, which are both shown in green. The Maumelle Water Management (MWM) merger caused the 2016 increase, and lower consumption driven by COVID-19 and cooler and wetter weather for the 2020 decrease, while the fluctuating costs in the preceding years were due to weather-driven consumption changes.

Chemical Cost



Proposed Financial Plan Highlights

- 16.6 billion Gallons – Consumption (2.3% decrease from 2020 Projected)
- \$71,436,516 Operating Revenues (5.79% increase from 2020 Projected)
- \$61,106,034 Operating Expenses (4.42% increase from 2020 Projected)
- 348 Funded Positions (5.78% increase compared to 9/1/2020 Actual)
- No Consumption-Based Retail Rate Increase in 2021 - One CCF of water to be included in the base rate rather than the two CCFs from previous years
- No Wholesale On-Peak and Off-Peak Rate Increases in 2021
- \$8,577,202 Bond Debt Service (11.63% decrease from Projected)
- \$48,323,097 Capital Costs (26.40% increase from 2020 Projected)
- \$12,336,300 Capital Costs Funded From Rates (4.53% decrease from 2020 Projected)

Acknowledgment

The 2021 Financial Plan was a collaborative effort between the Finance Department, department directors, and departmental staff over the past several months. The comprehensive nature of this document requires hours of research, review, and calculations. Many thanks to each employee that assisted with this extensive process.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'C. Tad Bohannon', is written over a light blue horizontal line.

C. Tad Bohannon
Chief Executive Officer

Budget Process and Calendar

As with any business, planning is key to success. CAW has several components that are critical to the planning process and include:

Water Utility Master Plan

The Water Utility Master Plan provides guidance for future growth, rehabilitation, or replacement of existing facilities, and preparation of the Capital Improvement Plan.

Rate Model

The rate model provides a fair and equitable basis for setting rates by customer class. This rate model is updated with a rate study approximately every three years. CAW's latest rate model was updated in 2018.

Capital Improvement Plan

The five-year Capital Improvement Plan, included as part of the annual budget, provides the Board of Commissioners and the public with a comprehensive view of the asset investments required in the near future to ensure adequate water resources, to provide a high level of water quality, and to meet service needs of present and future customers. Although asset investments are approved through the budget process, final Board approvals are obtained as projects exceeding \$100,000 are initiated.

Operating Budget

The operating budget provides a comprehensive view of revenues and expenses. A balanced budget is prepared and adopted annually. For planning purposes, CAW has developed a five-year projection of sources and uses of funds. This projection will serve as a guide for future operating needs.

Budget adjustments with no-net-change impact are allowed as long as a budget reallocation form is completed. Budget reallocation forms originating in the Distribution, Engineering, or Water Production departments must be approved by the Chief Operating Officer (COO). Forms originating in the Environmental Health and Safety, Human Resources, or Public Affairs and Communications sections must be approved by the Chief Innovation Officer (CINO). The Chief Financial Officer (CFO) then approves all changes or reallocations during the plan year.

2021 Budgetary Process

<u>DATE</u>	<u>ACTIVITY</u>
March 5, 2020	Annual Commissioner Retreat - Long Term Strategic Planning session
July 22, 2020	Initial budget meeting with overview of process and release of budget instructions and targets
August 21, 2020	Submission of budget requests to Finance Department
September 17, 2020	Departmental Review: Administration, Distribution, Engineering, and Water Production
September 22, 2020	Departmental Review: Customer Service, Finance, and Information Services
October 12, 2020	Review of proposed 2021 Financial Plan by Finance Department
October 19, 2020	Review of proposed 2021 Financial Plan by Executive Team
November 12, 2020	Presentation of proposed 2021 Financial Plan to Board of Commissioners
December 10, 2020	Adoption of 2021 Financial Plan by Board of Commissioners

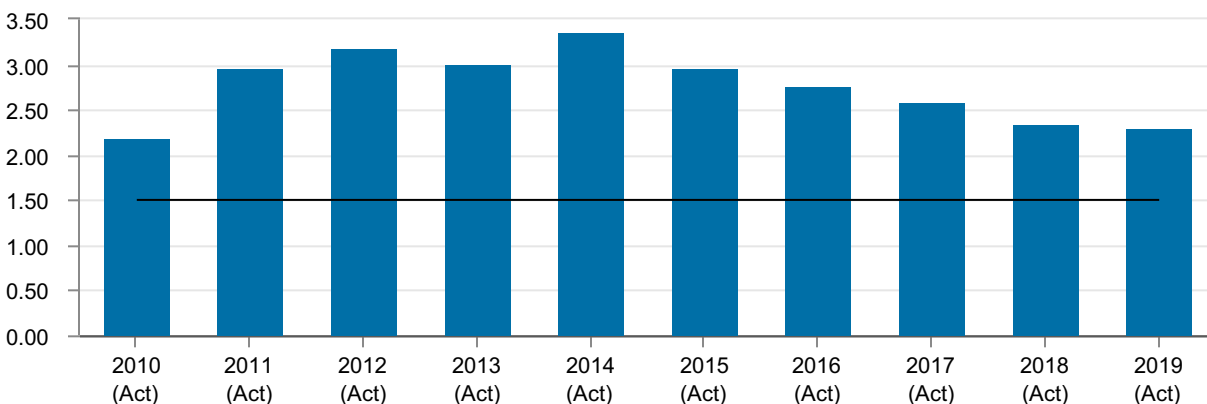
Financial Policies and Goals

Financial Management

The following guidelines are established to maintain a sound financial condition and to secure the most cost-effective credit rating on issues of indebtedness:

- Prudent budgeting and effective budget control
- Financial accounting and reporting in accordance with Generally Accepted Accounting Principles (GAAP) and making such reports available to bond rating agencies and the public
- Establishing and maintaining rates, fees, and charges that will provide sufficient revenues to offset projected costs
- Maintaining debt service coverage, determined by dividing stabilized net revenue by annual debt service for the fiscal year, at a Commission coverage target at or above 190% (see page [84](#))
- Ensuring that operating reserves are maintained at a minimum level of 45 days budgeted operating costs sufficient to meet all operating, capital, and debt service obligations (see page [85](#))
- Ensuring that days cash on hand remains at a minimum level of 150 days to maintain operating reserves (see page [86](#))
- Maintaining debt utilization below the 39% AWWA benchmark (see page [87](#))
- Maintaining a five-year capital plan with annual updates (see page [117](#))
- Maintaining the current ratio, determined by dividing current assets by current liabilities, above 1.50 (see below)

Current Ratio by Year



Basis of Accounting and Budgeting

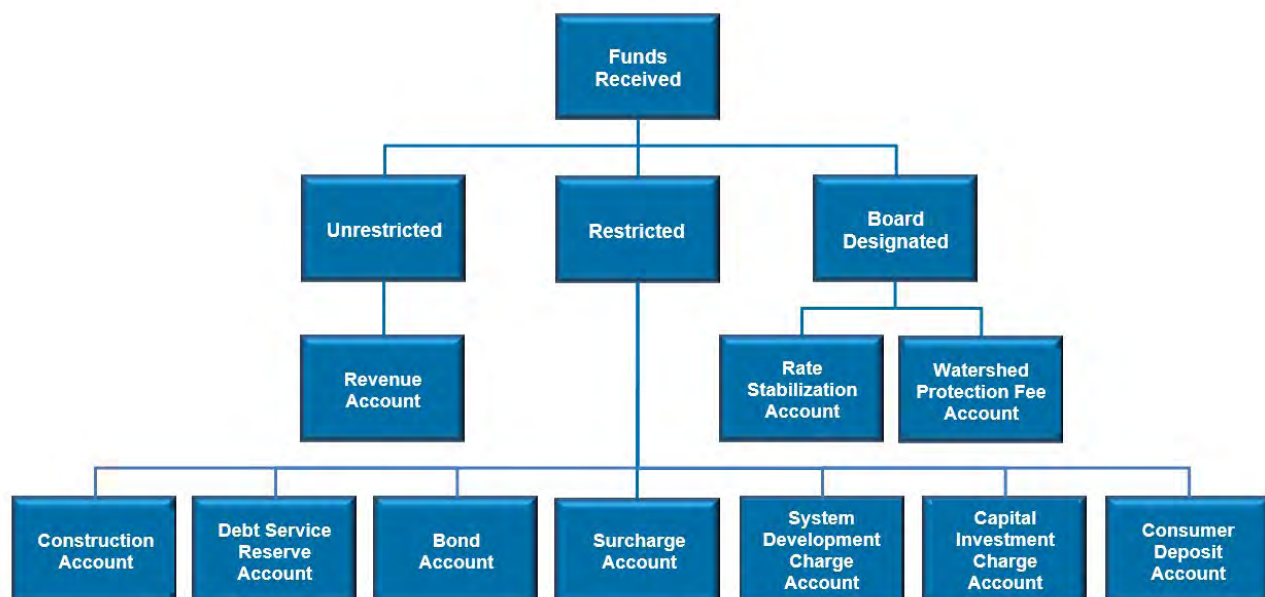
The CAW Financial Plan, proposed by the CEO and adopted by the Board of Commissioners, is a reflection of the Utility's policies, goals, and priorities. It is a tool used to communicate to the public and staff regarding funds available and allocation decisions related to capital improvements, technology, staffing, equipment, and other aspects of operations.

The basis of budgeting corresponds with the basis of accounting used for financial reporting; both are accomplished using full accrual accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Fund Structure

The Utility is accounted for as a stand-alone enterprise fund, which is considered a proprietary fund type. Enterprise funds account for activities that are financed and operated in a manner similar to private business enterprises or for which periodic determination of revenues, expenses, and operating income is desirable. Such funds render services to the general public on a user-charge basis and report using the economic resources measurement focus. However, to comply with bond resolutions, the Utility has accounts that segregate monies received for specific purposes described in the bond documents.

The table below outlines the unrestricted, restricted, and board designated accounts the Utility uses.



Unrestricted Accounts:

- **Revenue Account.** All revenues from user charges and fees are deposited into the revenue account. The disbursement priority order is operation and maintenance costs, senior debt – bond account, senior debt – debt service reserve account, and rate stabilization account.

Board Designated Accounts:

- **Rate Stabilization Account.** Resolution 2010-03 established a rate stabilization account for the purpose of minimizing or leveling rate increases and providing additional cash for operations during revenue shortfall years. Resolution 2015-01 clarified the debt coverage ratios that would trigger transfers into and out of the rate stabilization account.
- **Watershed Protection Fee (WPF) Account.** WPFs assessed on each monthly bill in the CAW service area are deposited into this account. The funds collected from the service area customers finance the Watershed Management Program designed to protect CAW water supply lakes and surrounding watersheds.

Restricted Accounts:

- **Construction Account.** On construction-related bond issues, a construction account is held by the trustee for each bond obligation throughout the construction period. Bond proceeds for the purpose of financing construction costs are deposited into this account. Upon completion of construction activities, CAW files a written request with the trustee, who then pays construction invoices out of this account.
- **Debt Service Reserve Account.** A debt service reserve account is held by the trustee for certain outstanding bond obligations. The debt service reserve requirement is 50% of maximum annual debt service. If on the final business day of any month, after the deposit required by the bond account, the amount in the bond account is less than the amount required, the trustee shall transfer amounts from the reserve account to the bond account to cure the deficiency. Whenever deposits in the reserve account exceed the requirement, excess funds shall be transferred by the trustee into the bond account. Whenever the amount in this account, together with the amount in the bond account, is sufficient to pay in full all outstanding bonds in accordance with the terms, the funds shall be transferred to the bond account, and no deposits shall be required to be made into this account.
- **Bond Account.** A bond account is held by the trustee for each bond obligation outstanding. The Utility's standard operating procedure is to transfer monthly (on or before the final business day of the month), to the trustee, 1/12th of funds needed for the biannual debt service payments. Arkansas Department of Agriculture, Natural Resources Division (ANRC) bonds are the exception in that a

bond fund is not required. Biannual debt service payments are made directly to ANRC.

- **Surcharge Account.** All revenues from Maumelle surcharges applied to customers of the MWM service area are deposited into the respective Maumelle Surcharge Accounts. These revenues are restricted to pay for expenses specifically identified in the CAW-MWM consolidation agreement, including needed infrastructure and required debt servicing. All revenues from Paron surcharges applied to customers of the POWA service area are deposited into the Paron Surcharge Account. These revenues are restricted to pay for expenses specifically identified in the CAW-POWA consolidation agreement, including needed infrastructure and required debt servicing.
- **System Development Charge (SDC) Account.** SDCs assessed as part of a new development are held in this account and used to fund or recover the cost of capital improvements or facility expansions necessitated by a new development.
- **Capital Investment Charge (CIC) Account.** CICs assessed on new meter connections are held in this account. These funds are used to recover the cost of capital improvements for facility expansions of treated water transmission, distribution facilities, and pumping and storage facilities related to site-specific facilities.
- **Consumer Deposit Account.** Customer deposits paid upon beginning water service with CAW are held in this account. Funds are used to ensure payment of remaining balances on customer accounts. Deposits are refunded out of this account upon establishment of satisfactory payment history.

Balanced Budget

Budgeted expenses are balanced with current revenues, carryover balances, and rate stabilization account transfers. Budgeted expenses shall not exceed estimated financial resources in a given year. Funding is available for operating, capital, and debt service in this budget.

Net Position

The Utility classifies and defines net position as:

- **Net investment in capital assets.** The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of these assets. This component also includes deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

- **Restricted.** The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets contain constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments.
- **Unrestricted.** The unrestricted component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “net investment in capital assets” or “restricted.”

Revenue Forecasting

The Board of Commissioners completes an independent review of rates approximately every three years to ensure that sufficient funding is available to meet the Utility’s operating, capital, and debt service needs. Assumptions used to develop water sales are driven by consumption estimates prepared by rate consultants. If necessary, adjustments are made annually to factor in circumstances that were unforeseen during the preparation of the rate model.

Debt Administration

CAW has no legal debt limits; however, the Board of Commissioners adheres to strict guiding principles. Long-term debt is issued only to finance capital improvements. The Utility strives to attain the highest credit rating to ensure borrowing costs are minimized and access to future credit is available. Debt is scheduled to be paid back within a period that does not exceed the expected life of the asset financed by the debt. The Utility uses a competitive process in the sale of bonds unless it is specifically determined that a negotiated sale will produce more favorable results. The Utility adheres to full financial disclosure as it relates to its outstanding securities. The Utility has a bond rating from Moody’s Investors Service of Aa2 on the 2010C, 2012A, 2014, 2016, 2018B, 2020B, 2020C, and 2020D Bond Issues. A rating of A1 was placed on the 2016 Maumelle Acquisition and Construction issue, which is supported by a pledge of long-term debt surcharges collected from customers in the MWM service area.

Investment Policy

Investments are reported at fair value based on quoted market prices. Purchases and sales of investments are recorded on a trade date basis. Interest income is accrued when earned. Investment income includes all interest earned on investments, as well as realized and unrealized gains and losses.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Utility manages its exposure to declines in fair values by limiting investments to securities with a maturity of not more than five years from the date of purchase.

Credit risk is the risk that the issuer or counterparty will not fulfill its obligations. To minimize exposure to credit risk, the investment policy specifies the types of securities in which the Utility may invest. In general, the following investments are considered permissible investments:

- Direct obligations of the United States government
- Open end, government obligation money market mutual funds
- Obligations that are fully guaranteed, secured, or insured by United States government agencies, instrumentalities, and government-sponsored entities
- Repurchase agreements that are fully collateralized by direct obligations of the United States government and general obligations of any State of the United States or political subdivision thereof
- General obligations of the States of the United States and of the political subdivisions, municipalities, commonwealths, territories, or insular possessions thereof
- Pre-funded municipal bonds, the principal and interest of which are fully secured by the principal and interest of a direct obligation of the United States government
- Revenue bond issues of any State of the United States or any municipality or any political subdivision thereof

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. State of Arkansas statutes require the Utility to maintain cash balances on deposit with financial institutions located within the State. State law also requires that account balances in excess of amounts insured by the Federal Deposit Insurance Corporation be collateralized by the financial institution.

With the exception of securities that are direct obligations of the United States government, deposit accounts that are fully insured by the Federal Deposit Insurance Corporation or fully collateralized, and money market funds with an underlying portfolio that is limited principally to United States government obligations, the investment policy states that no more than 20% of the total balance may be invested in any single investment or in securities of a single obligor.

The Utility's first priority is the security of funds, followed by providing sufficient liquidity to meet cash requirements and maximizing yields.

Capital Policy

Initial acquisition costs of an asset are capitalized if the asset has a service life of more than one year and a cost of \$5,000 or more. Costs not meeting these criteria are expensed. Depreciation is computed using the straight-line method over the estimated useful life of the asset, based on the respective asset class.

Rate Design and Water Service Pricing Policies

On November 13, 2014, the CAW Board adopted resolution 2014-09. The resolution established the following policies:

1. The water rates and ancillary fee structure for providing surplus water to wholesale customers shall be established utilizing a “cost of service” methodology, following industry-accepted cost-of-service rate setting standards for water utilities, with a utility-basis approach, rather than a cash-needs approach, providing the customers within Little Rock and North Little Rock (the Cities) a reasonable rate of return, recognizing that CAW is a tax-exempt governmental entity, for the capital contributed by the Cities to CAW’s water system and the investment risks assumed by the customers within the Cities to provide sufficient infrastructure to assure the wholesale customers of a reasonably reliable water supply.
2. The water rates and ancillary fee structure for providing water to retail customers who are not residents of the Cities shall be established in accordance with applicable Arkansas law, including specifically Ark. Code Ann. § 25-20-308(b) which states, “sales of water and extensions of services . . . may be made at such rates and on such other terms as the board of commissioners may deem just and reasonable, and the rates need not be the same as the rates charged customers within the jurisdictions of the public body’s participating public agencies.”
3. The water rates and ancillary fee structure for providing water to retail customers who are residents of the Cities shall be established utilizing a “cost of service” methodology, following industry accepted cost of service rate setting standards for water utilities, with a cash-needs approach.
4. In accordance with Ark. Code. Ann. § 14-234-214, the water rates for inside city and outside city customers must be adequate to:
 - (a) pay the principal of and interest on all revenue bonds and revenue promissory notes as they severally mature,
 - (b) make such payments into a revenue bond sinking fund as may be required by resolution or trust indenture,
 - (c) provide an adequate depreciation fund to cover the cost of anticipated capital replacement needs,

- (d) pay the estimated cost of operating and maintaining the system, and
 - (e) provide sufficient debt service coverage to meet all outstanding bond and trust indenture requirements.
5. When determining any water rates, whether inside city, outside city, or wholesale, the Board and CAW staff may consider whether it is appropriate to utilize a “base-extra capacity method” within the methodologies set forth above to accurately assign the cost associated with peak demand usage to those customers causing the Utility to significantly exceed average load conditions.
6. When establishing customer classes within any water rate, whether inside city, outside city or wholesale, the Board and CAW staff shall assign costs to classes of customers in a cost-responsive and industry accepted manner so that the applicable rates closely meet the cost of providing service to such customer classes using the methodologies set forth above, based on the relevant factors for providing water service to each customer class, including but not limited to the following:
- (a) characteristics
 - (b) location
 - (c) demand patterns
 - (d) utility staffing requirements
 - (e) anticipated repair and replacement costs
 - (g) impact on water quality and supply preservation, and
 - (h) development, operation, maintenance, and replacement of any specific facilities necessary to serve any particular class or classes of customers.
7. Notwithstanding the parameters set forth in paragraph 6 above, the Board and CAW staff shall also consider methods to reduce rates and provide assistance to aid low-income residential inside city customers, recognizing that the lost income realized by any reduction in rates for low-income residential inside city customers must be paid by other customers.
8. The capital improvement costs to expand the water facilities to serve future customers should be borne by those future customers, to the extent practical.
9. The design of rates to recover the cost of service should support the sustainability of water resources.

Strategic Plan

CAW's Strategic Plan is the foundation of CAW's efforts to make sure it continues to build a better future for central Arkansas. Consistent with prior years, CAW's strategic plan is based on the Effective Utility Management (EUM) framework developed by the EPA, and six national water and wastewater associations, to address the challenges faced by water sector utilities across the country. Identified challenges are rising material costs, aging infrastructure, regulatory changes, adequacy of water supply, security and environmental hazards, federal funding cuts, rate structure stress, and workforce complexities. The ten attributes of the EUM framework are:


- Product Quality
- Employee Leadership and Development
- Financial Viability
- Operational Resiliency
- Water Resource Adequacy
- Customer Satisfaction
- Operational Optimization
- Infrastructure Stability
- Community Sustainability
- Stakeholder Understanding and Support

By the end of 2020, CAW will wrap up the 2020 Strategic Plan. Major 2020 accomplishments include utilizing distribution crew knowledge and labor to make improvements to Pump No. 1 at the Lake Maumelle Pump Station, continuing efforts to ensure watershed management and continued high water quality, and including Vessel, the CAW Detective Dog, in CAW leak detection efforts, all occurring amid a global pandemic.

As CAW begins its 20th year, management is preparing a new Strategic Plan to move through the 2020s and beyond. Goals and action items are being developed to ensure sustainability, resiliency, and innovation, three areas that are critical to CAW's success and its impact on central Arkansas.

With the following strategic initiatives and related goals, CAW continues to address these critical issues as well as focus on transparency, infrastructure replacement, affordability, watershed protection, and employee development through the near future and beyond to build a better future for the Utility, community, and customers.

Strategic Initiative 1: Enhance Customer Confidence, Experience, and Understanding
 (EUM: Customer Satisfaction; Stakeholder Understanding and Support)


GOAL	
A. Increase CAW's understanding of customer expectations and perceptions	
B. Improve the customer service experience	
C. Effectively communicate CAW's mission, challenges, and opportunities to customers	

Shirley Tucker and Michelle Harper being recognized for their exceptional customer service.

Blue font indicates goal to which picture / graphic applies.

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Strategic Initiative 2: Enhance Stakeholder Engagement
 (EUM: Stakeholder Understanding and Support)

GOAL	
A. Capitalize on the high level of CAW Board engagement	
B. Increase community/ stakeholder understanding and engagement	
C. Be recognized as a responsible, innovative leader in the industry by the general public, city partners, the state legislature, and local and national organizations	

Media Specialist Chelsea Boozer and Little Rock Mayor Frank Scott, Jr. discussing the value of water

Strategic Initiative 3: Optimize Infrastructure Performance and Increase Infrastructure Reliability

(EUM: Operational Optimization; Infrastructure Stability)

GOAL	
A. Maximize performance of existing infrastructure	
B. Improve long-term reliability of infrastructure	

CAW Distribution crew making improvements to Lake Maumelle Pump Station Pump No. 1

Strategic Initiative 4: Enhance Operating Excellence through Innovation, Leveraging of Technology, and Business Process Improvements
(EUM: Operational Optimization; Operational Resiliency)

GOAL

A. **Evaluate industry best practices to identify cost effective innovations and solutions to provide operating excellence**

B. Enhance Information Technology capabilities



Vessel, who is also known as the CAW Detective Dog, provides cost effectiveness and efficiencies by finding leaks in the CAW distribution systems that otherwise have been difficult to find.

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Strategic Initiative 5: Develop, Maintain, and Recruit a Diverse, Sustainable, High-Performing Workforce
(EUM: Employee and Leadership Development)

GOAL
A. Recruit, develop, appropriately reward, and retain a high-performing, innovative, value-driven, informed, passionate, and diverse work force committed to achieving CAW's mission and strategic goals
B. Measure and improve employee satisfaction levels
C. Expand employee skills and technical training to develop and prepare employees for future positions and increase span of employee certification and licensing
D. Assure safety and security of employees



Assuring employee safety with chlorine handling training

Strategic Initiative 6: Assure Long-Term Financial Stability and Integrity of Utility
(EUM: Financial Viability)

GOAL
A. Be fiscally strong and financially stable
B. Achieve efficiencies and increase revenues through increased collaboration with strategic partners, and develop additional sources of revenue (or reductions in costs) as a means to maintain affordable rates
C. Enhance high stakeholder confidence in financial procedures, rates, and budgets



For every dollar that CAW spends in 2021, \$0.46 of it is used for everyday business operations, such as labor and benefits, while \$0.45 of it is spent on capital projects, and the remaining \$0.09 is used for debt service.

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Strategic Initiative 7: Ensure Delivery of High-Quality Water for Future Generations
 (EUM: Water Resource Adequacy; Product Quality)

GOAL		
A. Identify and secure additional sources of water supply		
B. Provide the highest water quality that exceeds all regulatory standards and preserves consumer confidence		
C. Effectively and efficiently manage source water quality		

Tree planting efforts in the CAW watershed assist in managing the watershed and the resulting water quality.

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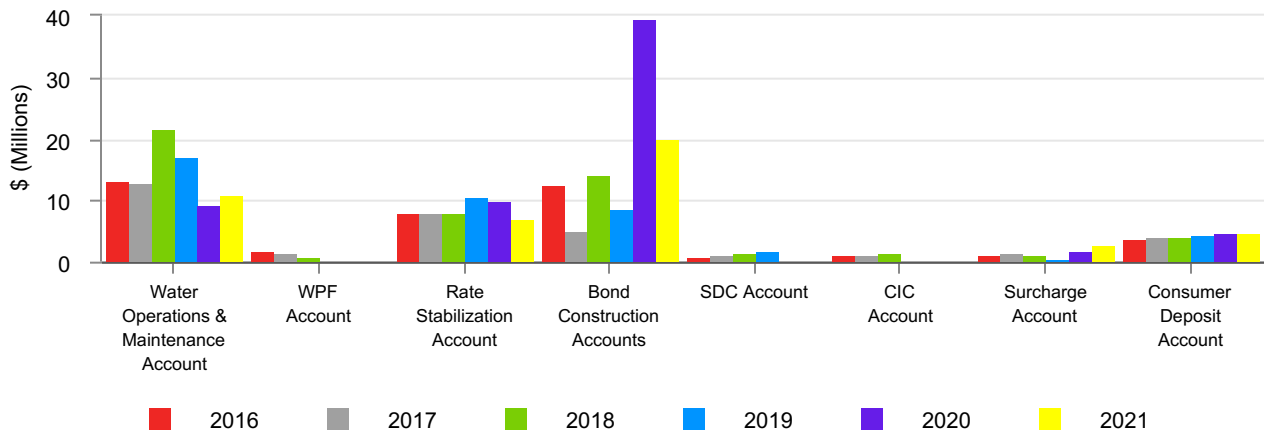


SOURCES & USES OF FUNDS

SOURCES AND USES OF FUNDS – OVERVIEW

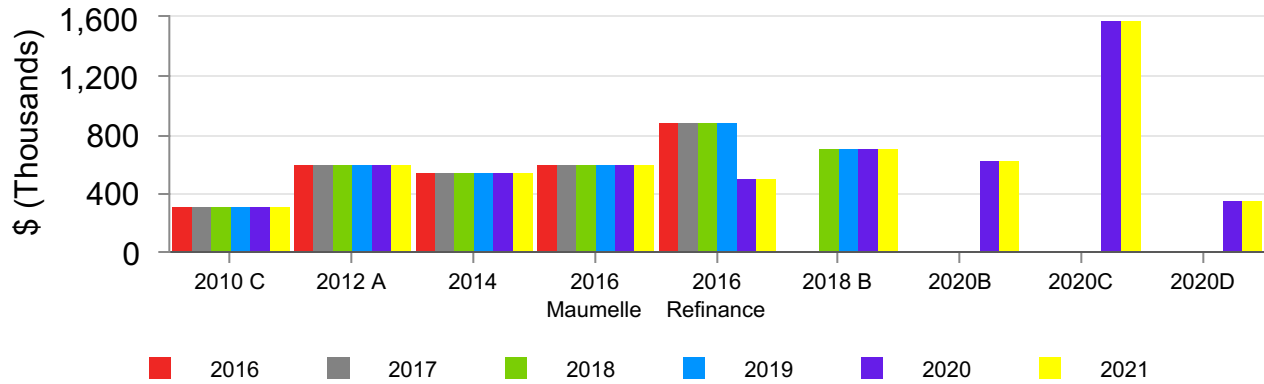
CAW anticipates a total of \$80,423,789 in both restricted and unrestricted funds to carry forward at December 31, 2020. Unrestricted water operations and maintenance funds amount to \$9,362,024 in addition to \$2,634 WPF funds, and \$9,961,225 rate stabilization funds. Bond Construction accounts for the 2018B, 2020B, and 2020C bonds total \$39,726,909. The restricted SDC account totals \$10,000; the CIC account totals \$233,934; the surcharge account amounts to \$1,867,937; and the restricted consumer deposits account equals \$4,868,018. The graph below shows the year-end balances for these accounts types for the past five years and the anticipated year-end 2021 balance.

Restricted and Unrestricted Funds



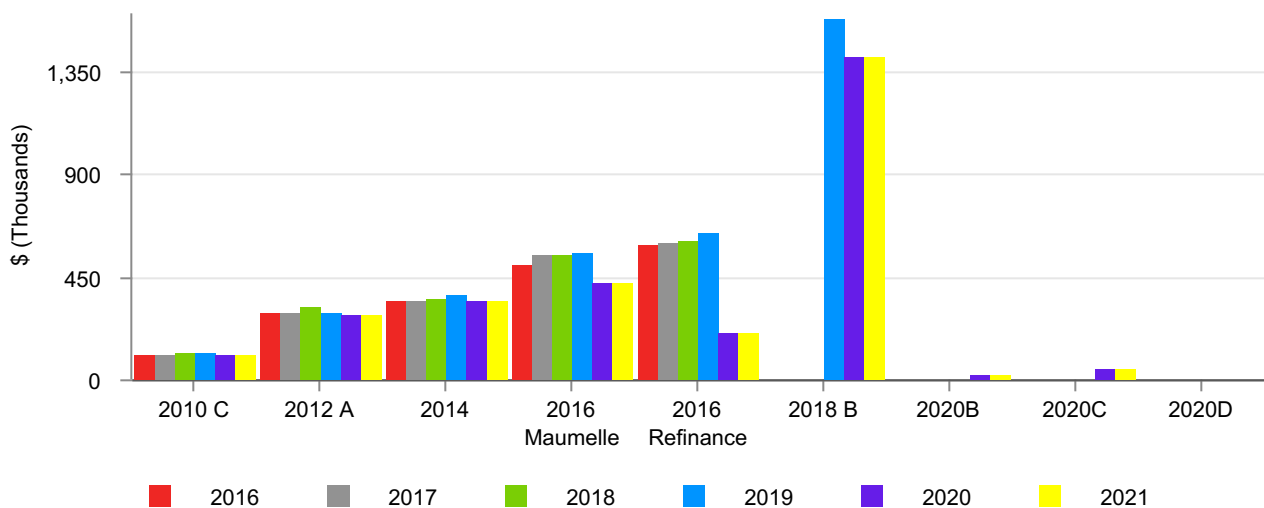
The bond trust indentures require CAW to maintain certain reserves during the life of the bond issues. The Debt Service Reserve Account covers the principal and interest for the final year of each bond issue. The Debt Service Reserve Account totals \$309,291 for the 2010C Bond Issue; \$602,159 for the 2012A Bond Issue; \$542,500 for the 2014 Bond Issue; \$600,713 for the 2016 Maumelle Bond Issue; \$508,048 for the 2016 Refinance Bond Issue, \$717,894 for the 2018B Bond Issue; \$631,919 for the 2020B Bond Issue, \$1,591,250 for the 2020C Bond Issue; and \$357,000 for the 2020D Bond Issue. The graph on the following page shows the year-end balances for these accounts for the past five years and the anticipated year-end balances for 2021.

Debt Service Reserve Account



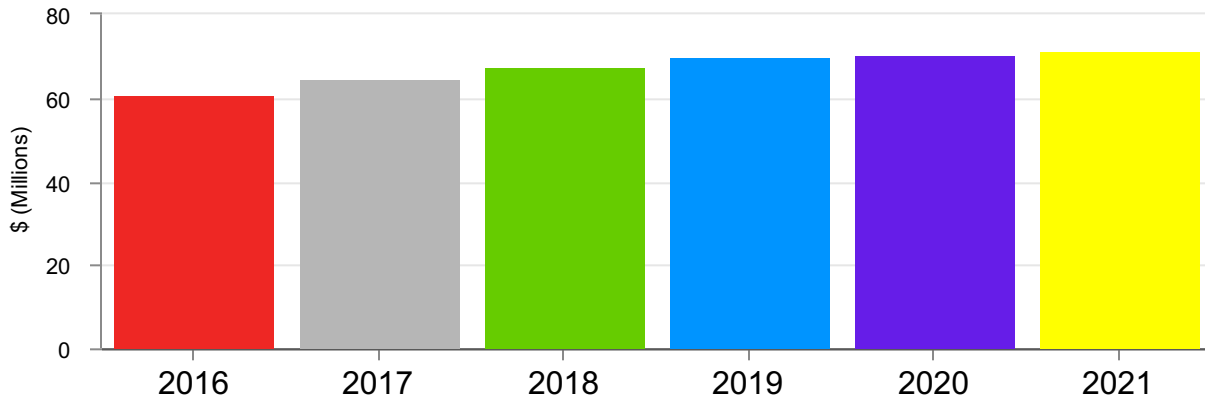
The Bond Account accumulates sufficient funds annually to pay the principal and interest on each bond issue. As of December 31, 2020, the account amounts to \$117,087 for the 2010C Bond Issue; \$287,499 for the 2012A Bond Issue; \$352,147 for the 2014 Bond Issue; \$430,319 for the 2016 Maumelle Bond Issue; \$213,140 for the 2016 Refinance Bond Issue; \$1,415,124 for the 2018B Bond Issue; \$24,202 for the 2020B Bond Issue, \$53,243 for the 2020C Bond Issue; and \$8,174 for the 2020D Bond Issue. The graph below shows the year-end balances for these bond accounts for the past five years along with the anticipated 2021 year-end balance. The working capital reserve represents 45 days of operating expenses, and for 2020, that amount is \$5,629,399.

Bond Account



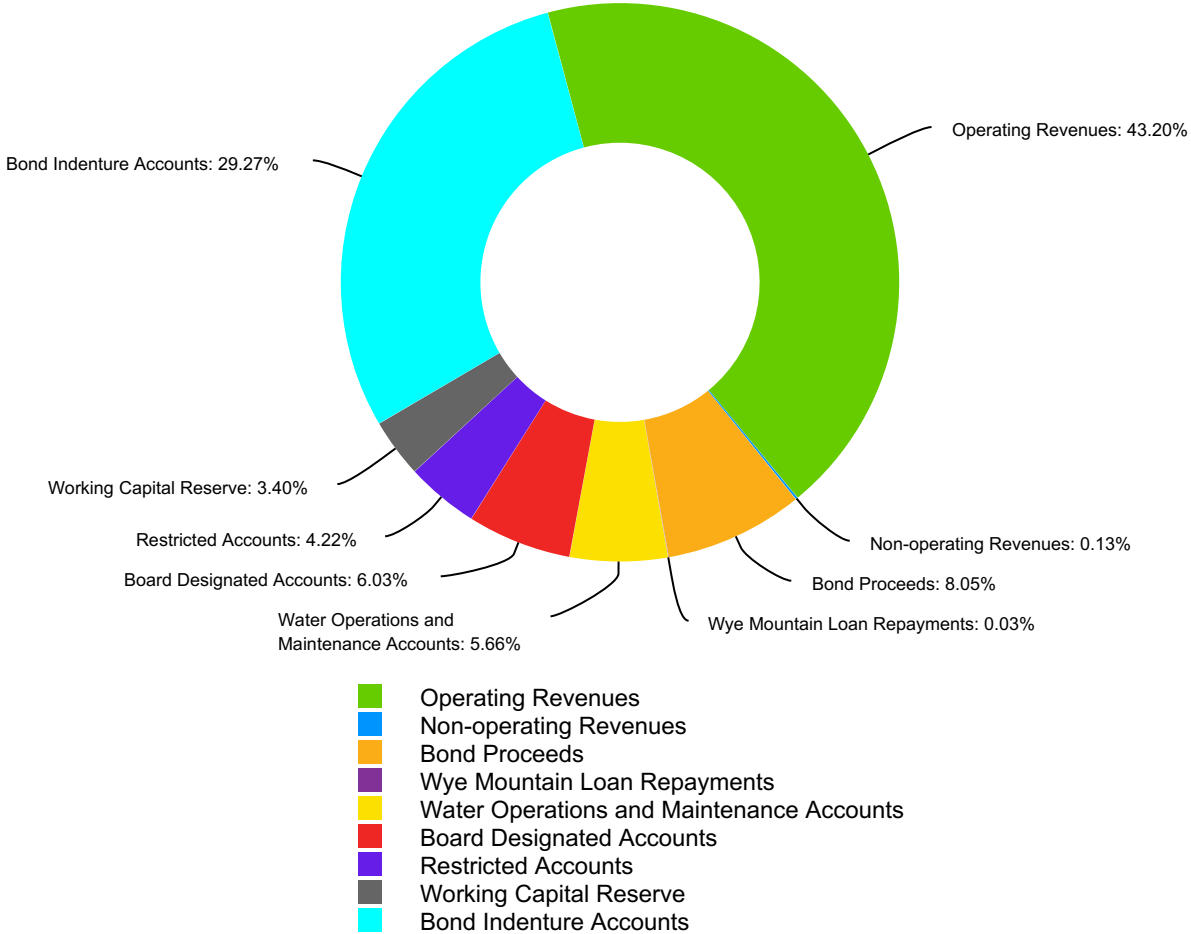
The carry-forward balances, along with anticipated operating revenues of \$71,436,516, non-operating revenues of \$220,595, ANRC bond proceeds of \$13,319,500, and Wye Mountain loan repayments of \$51,000 will fund normal operations and the capital improvement plan.

Operating Revenues



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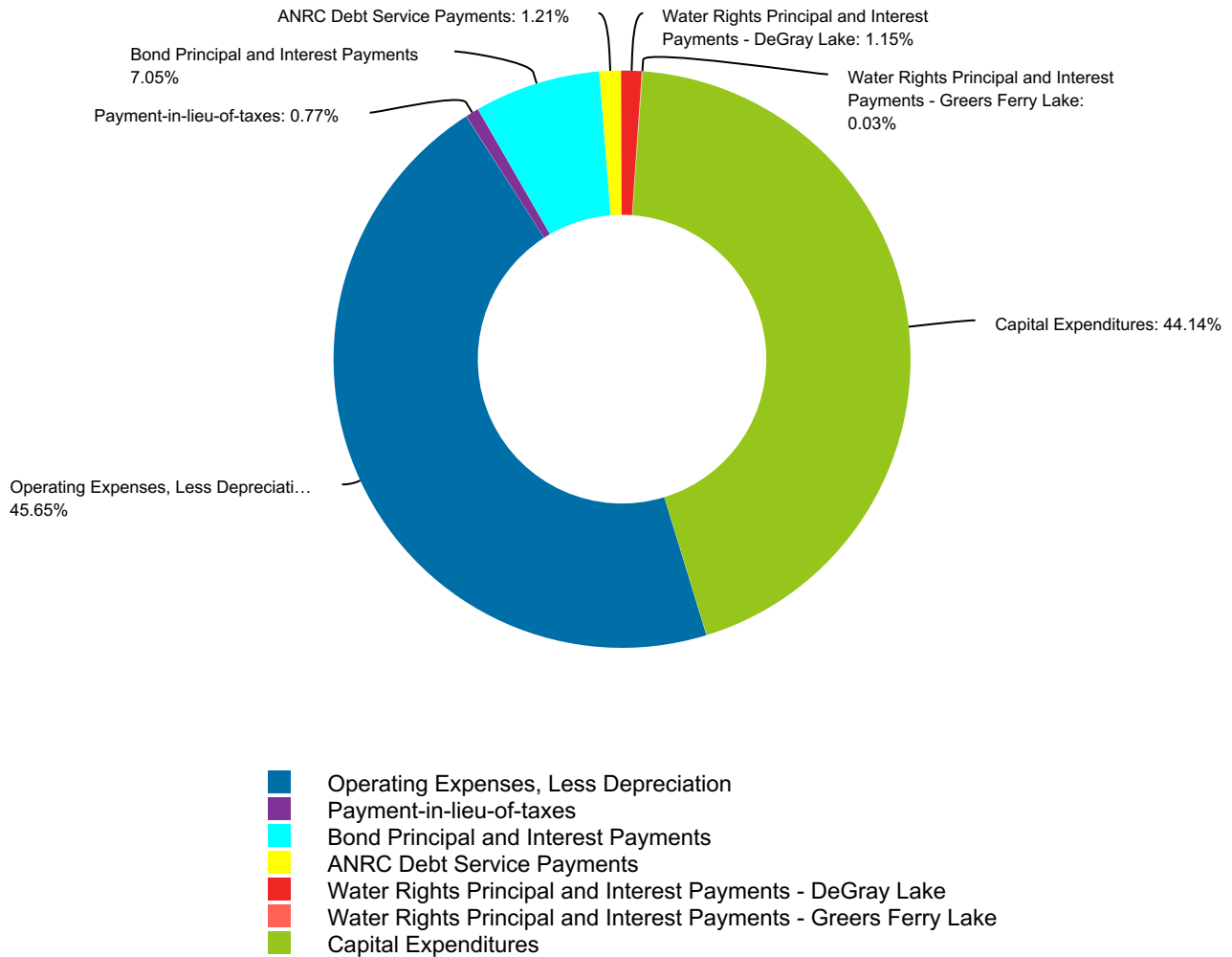
SOURCES OF FUNDS



Utility staff anticipate 43.2% of total sources of funds from operating revenues. The remaining sources of funds are made up of various sources. The sources of funds are depicted above.

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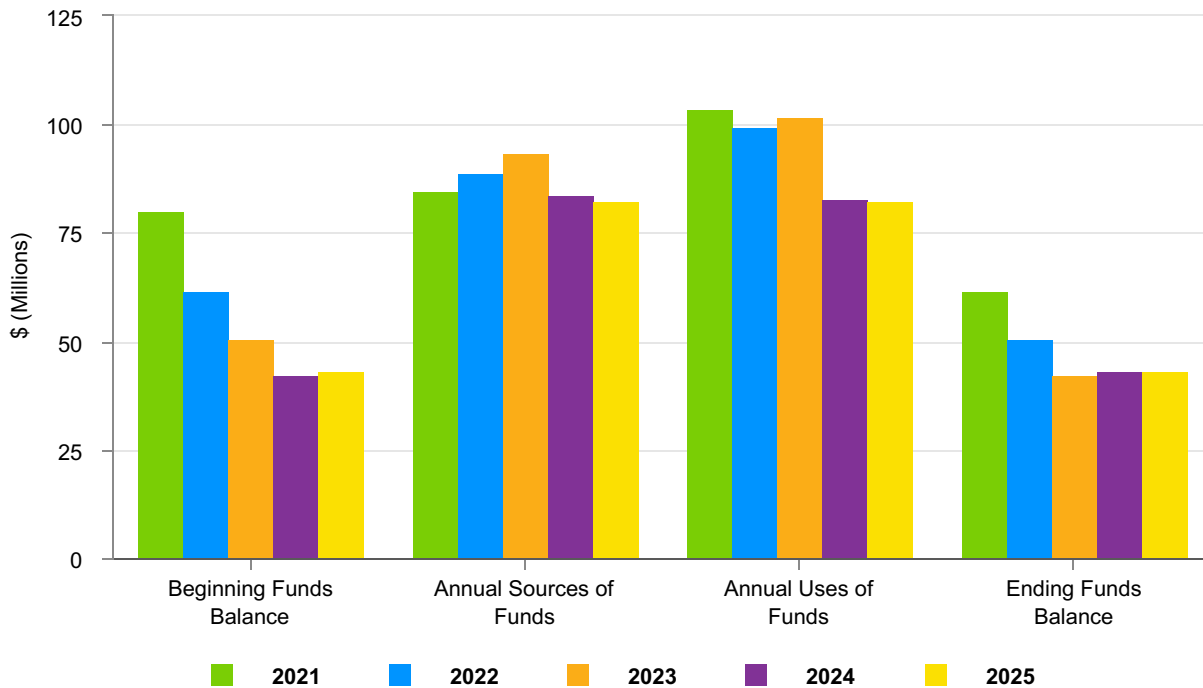
USES OF FUNDS



Operating expenses and Payments-in-lieu-of-taxes account for 46.4% of total uses of funds, while capital costs account for 44.1% and long-term debt principal and interest payments add up to 9.5%. The uses of funds are depicted above.

Assuming all normal operations occur as anticipated and all projects are completed in the capital improvement plan according to schedule, \$61,638,617 will remain in both restricted and unrestricted funds at December 31, 2021.

SOURCES AND USES OF FUNDS (FIVE-YEAR FORECAST)



CAW forecasts sources and uses of funds for five years as a tool to aid in developing a plan for the operational and capital resources of the Utility. Accurate forecasts of revenues, expenses, debt service, and capital outlay are needed in order to set future rates. Proper planning and prioritization of spending are necessary to efficiently and effectively allocate limited financial resources. A rate study was performed during 2018 to develop a more current rate model. The rate structure for 2019 - 2022 was approved by the CAW Board of Commissioners in the 4th quarter of 2018. There are no consumption-based retail rate increases or wholesale rate increases proposed for 2021. One CCF of water consumption will be included in the monthly base rate, whereas there had been two CCF included in past years. There will be a 15-cent increase to the WPF beginning in January 2021.

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STATEMENT OF SOURCES AND USES OF FUNDS

Sources of Funds:

Carry Forward, as of December 31, 2020

Unrestricted Accounts	
Revenue Account	\$ 9,362,024
Board Designated Accounts	
Watershed Protection Fee Account	2,634
Rate Stabilization Account	9,961,225
Restricted Accounts	
System Development Charge Account	10,000
Capital Investment Charge Account	233,934
Maumelle Surcharge Account	1,867,937
Consumer Deposit Account	4,868,018
Bond Indenture Accounts	
Debt Service Reserve Account – 2010C	309,291
Debt Service Reserve Account – 2012A	602,159
Debt Service Reserve Account – 2014	542,500
Debt Service Reserve Account – 2016 Maumelle	600,713
Debt Service Reserve Account – 2016 Refinance	508,048
Debt Service Reserve Account – 2018B	717,894
Debt Service Reserve Account – 2020B	631,919
Debt Service Reserve Account – 2020C	1,591,250
Debt Service Reserve Account – 2020D	357,000
Construction Account – 2018B	5,127,659
Construction Account – 2020B	7,880,000
Construction Account – 2020C	26,719,250
Bond Account – 2010C	117,087
Bond Account – 2012A	287,499
Bond Account – 2014	352,147
Bond Account – 2016 Maumelle	430,319
Bond Account – 2016 Refinance	213,140
Bond Account – 2018B	1,415,124
Bond Account – 2020B	24,202
Bond Account – 2020C	53,243
Bond Account – 2020D	8,174
Working Capital Reserve	5,629,399
Total Carry Forward, as of December 31, 2020	80,423,789

2021 Sources of Funds

Operating Revenues	71,436,516
Non-operating Revenues	220,595
Bond Proceeds	13,319,500
Wye Mountain Loan Repayments	51,000

Total 2021 Sources of Funds**85,027,611****Total Sources of Funds****165,451,400****2021 Uses of Funds:**

Operating and Non-operating Expenses

Operating Expenses, Less Depreciation	47,386,971
Payment-in-lieu-of-taxes	795,405
Bond Principal and Interest Payments	7,323,058
ANRC Debt Service Payments	1,254,144
Water Rights Initial Payment - DeGray Lake	1,196,720
Water Rights Principal and Interest Payments	33,388
Capital Costs	45,823,097

Total Uses of Funds**103,812,783****Funds Available at December 31, 2021**

Unrestricted Accounts

Revenue Account	\$ 8,754,049
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Board Designated Accounts

Watershed Protection Fee Account	281,275
Rate Stabilization Account	9,419,399

Restricted Accounts

System Development Charge Account	329,584
Capital Investment Charge Account	380,888
Maumelle Surcharge Account	2,777,197
Consumer Deposit Account	4,908,665

Bond Indenture Accounts

Debt Service Reserve Account – 2010C	309,291
Debt Service Reserve Account – 2012A	602,159
Debt Service Reserve Account – 2014	542,500
Debt Service Reserve Account – 2016 Maumelle	600,713
Debt Service Reserve Account – 2016 Refinance	508,048
Debt Service Reserve Account – 2018B	717,894
Debt Service Reserve Account – 2020B	631,919
Debt Service Reserve Account – 2020C	1,591,250
Debt Service Reserve Account – 2020D	357,000
Construction Account – 2018B	1,295,558

Construction Account – 2020B	3,715,000
Construction Account – 2020C	15,074,306
Bond Account – 2010C	117,142
Bond Account – 2012A	287,614
Bond Account – 2014	352,270
Bond Account – 2016 Maumelle	430,429
Bond Account – 2016 Refinance	213,346
Bond Account – 2018B	1,415,206
Bond Account – 2020B	24,201
Bond Account – 2020C	53,247
Bond Account – 2020D	8,174
Working Capital Reserve	<u>5,940,293</u>

Carry Forward, as of December 31, 2021

\$ 61,638,617

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STATEMENT OF SOURCES AND USES OF FUNDS (FIVE-YEAR FORECAST)

	2021	2022	2023	2024	2025
	Budget	Budget	Budget	Budget	Budget
Beginning Funds Balance	\$ 80,423,789	\$ 61,638,617	\$ 50,692,069	\$ 42,641,923	\$ 43,420,331
Operating Revenues	71,436,516	73,128,328	75,428,415	78,110,102	82,294,803
Non-operating Revenues	220,595	328,869	313,621	326,795	334,579
Bond / Loan Proceeds	13,319,500	15,340,000	18,010,000	5,310,000	—
Wye Mountain Loan Repayments	51,000	51,000	51,000	51,000	51,000
Annual Sources of Funds	<u>85,027,611</u>	<u>88,848,197</u>	<u>93,803,036</u>	<u>83,797,897</u>	<u>82,680,382</u>
Operating Expenses	47,386,971	51,013,394	49,966,675	51,738,206	54,732,878
Payment-in-lieu-of-taxes	795,405	811,313	827,539	844,090	860,972
Bond Principal and Interest	6,823,058	7,666,912	7,341,972	7,286,355	8,902,775
ANRC Debt Service	1,254,144	1,397,518	2,557,608	3,738,700	3,759,702
Additional Principal Payments	500,000	500,000	500,000	500,000	500,000
Water Rights - DeGray Lake Payment	1,196,720	1,196,720	—	—	—
Water Rights - Greers Ferry Lake Payment	33,388	33,388	33,388	33,388	33,388
Capital Costs	45,823,097	37,175,500	40,626,000	18,878,750	13,945,500
Annual Uses of Funds	<u>103,812,783</u>	<u>99,794,745</u>	<u>101,853,182</u>	<u>83,019,489</u>	<u>82,735,215</u>
Increase (Decrease) in Funds Balance	(18,785,172)	(10,946,548)	(8,050,146)	778,408	(54,833)
Ending Funds Balance	<u>61,638,617</u>	<u>50,692,069</u>	<u>42,641,923</u>	<u>43,420,331</u>	<u>43,365,498</u>
Breakdown of Funds Balance					
Unrestricted	8,754,049	8,762,445	9,689,172	9,334,090	7,955,156
Board Designated					
Watershed Protection	281,275	511,956	679,444	904,914	1,256,612
Rate Stabilization	9,419,399	8,713,593	7,800,729	7,878,736	7,957,524
Restricted					
System Development Charges	329,584	652,380	978,404	1,307,688	1,600,764
Capital Investment Charges	380,888	529,697	679,993	831,793	985,111
Consolidation Surcharges	2,777,197	1,197,481	1,604,143	1,782,497	1,957,710
Customer Deposits	4,908,665	4,957,752	5,007,329	5,057,402	5,107,976
Bond Reserves	28,847,267	19,426,472	10,059,937	10,060,911	10,061,896
Working Capital	5,940,293	5,940,293	6,142,772	6,262,300	6,482,749
Ending Funds Balance	<u>\$ 61,638,617</u>	<u>\$ 50,692,069</u>	<u>\$ 42,641,923</u>	<u>\$ 43,420,331</u>	<u>\$ 43,365,498</u>

Note: Operating Revenues reflect rate increases included in the 2018 Rate Model; these increases have not yet been approved by the CAW Board of Commissioners.

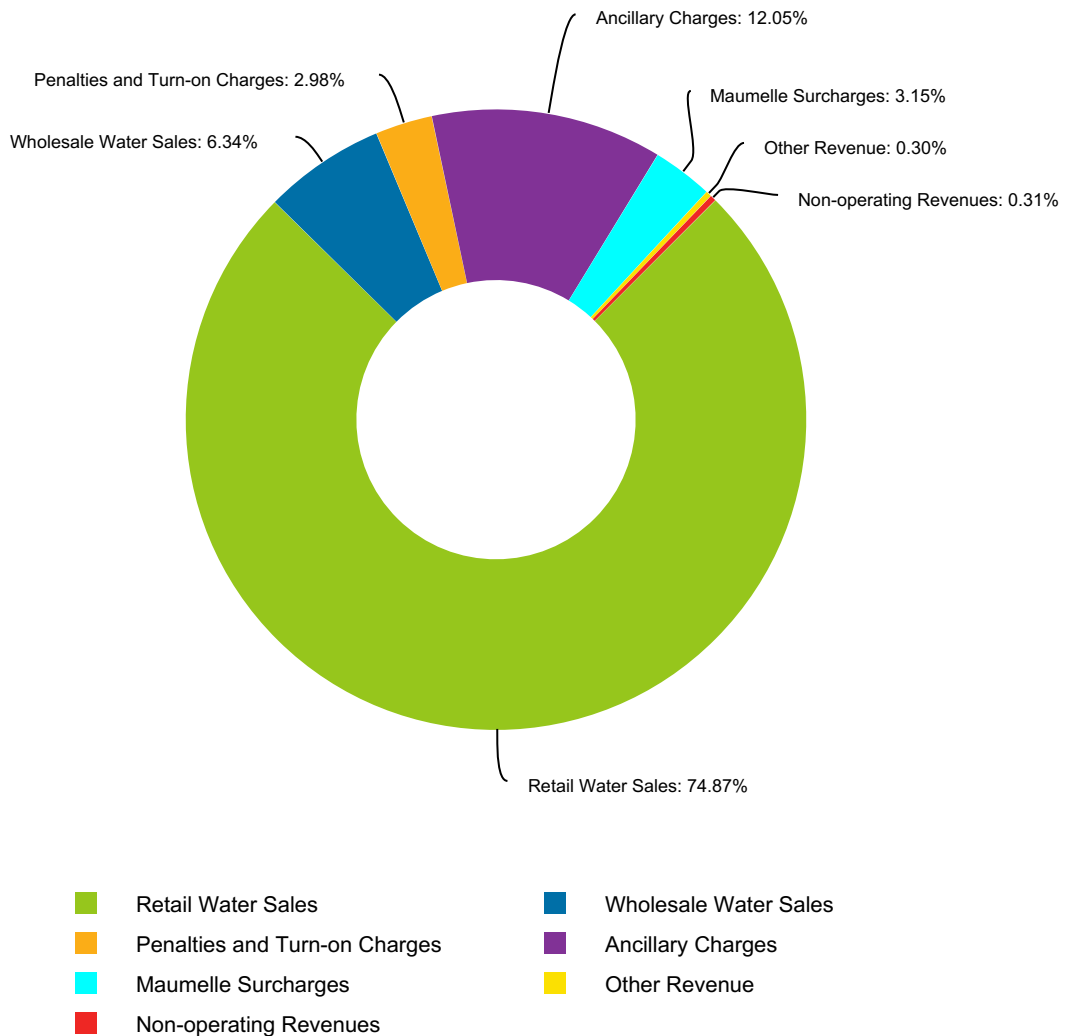


**REVENUES,
EXPENSES &
NET POSITION**

REVENUES, EXPENSES, AND NET POSITION – OVERVIEW

REVENUES – OVERVIEW

In 2021, CAW is planning to receive 81.2% of its fiscal year revenue from metered sales (retail and wholesale water sales). The remaining revenues of 18.8% are penalties and turn-on charges, ancillary charges, Maumelle surcharges, other revenue, and non-operating revenues as depicted below:



Retail Water Sales

Retail water sales include five types of metered service: residential, commercial, large volume, sprinkler, and raw water. Residential includes all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence. Commercial includes all customers

receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or Federal governmental agency; or (iv) a non-residential customer that does not fit the definition of a large volume customer. Large volume includes any non-residential and non-sprinkler customer (i) who uses at least 1,500,000 cubic feet (CF) of water per meter during the 12-month period from September 1st to August 31st or (ii) who agrees to take or pay for a minimum of 125,000 CF of water per meter per month on an annual basis. Customers who qualify for large volume water service described in (i) above shall be assigned to the large volume class for the calendar year beginning the following January. Sprinkler includes all customers receiving separately metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes. Raw water includes customers receiving untreated water. Untreated water is used for irrigation.

Retail water sales also include private fire services made up of private fire hydrants, indoor sprinkler systems, and standpipes.

Due to differing rates, retail water sales are also separated into inside-city and outside-city. Inside-city includes all customers that reside within the city limits of Little Rock or North Little Rock. Outside-city includes all customers that reside outside the city limits of Little Rock or North Little Rock.

Penalties and Turn-on Charges

Water bills, with the exception of private fire services, are due and payable on or before the 20th day following the billing date stated on the water bill. Payments for private fire services are due in semi-annual installments in advance on the 1st day of January and July each year. Water bills not paid on or before the due date are considered delinquent, and a penalty of 10% of the total current bill is assessed against the account. Based on a review of costs associated with customer service activities, increases were implemented in April 2020 to various penalties and turn-on charges to more accurately reflect the costs associated with performing these services. A turn-on charge of \$20 is assessed on the first monthly bill to obtain service where facilities are already in place. A turn-on charge of \$40 is assessed to any account that is turned off for non-payment and then reconnected.

Wholesale Water Sales

CAW provides wholesale water service to water districts outside the city limits of Little Rock and North Little Rock. The districts own and operate their own water systems, perform their own meter reading and customer billing, and purchase water on a wholesale basis for distribution to their respective retail customers. CAW bills each water district based on metered consumption at a rate that reflects the cost of providing the service. Wholesale customers account for approximately 12.6% of total metered consumption and 7.8% of total consumption based revenues in the 2021 budget.

Ancillary Charges

Ancillary charges include SDCs, CICs, WPFs, connection fees, billing fees, and other miscellaneous charges (insufficient fund checks, illegal connections, stolen meters, etc.).

SDCs are based upon meter size and apply to all new meter connections, with the exception of residential sprinkler meters. The charges are to fund or recover the cost of capital improvements or facility expansions necessitated by and attributable to new development. The charge begins at \$150 for a 5/8" meter.

CICs may be geographically area-based and/or water main-based and are applicable to site-specific new meter connections. The charges are to fund or recover the cost of capital improvements or facility expansions for treated water transmission and distribution facilities, pumping, and storage facilities related to site-specific facilities.

Connection fees for a meter installation are based upon the width of the street or state highway, location of the meter installation on the site, permitting costs, and materials.

WPFs are based upon meter size and apply to all meters. The fee is restricted to finance the Watershed Management Program, which includes land purchases, water quality monitoring, and other measures to protect CAW drinking water supply lakes from potential sources of pollution. In 2021, the monthly fee is increasing to 90 cents for households with a 5/8" meter.

Billing fees are assessed to CAW's 17 billing partners for all billing and customer service functions provided. Billing partners include water, waste water, and refuse districts in central Arkansas.

Surcharge Revenue

Maumelle Surcharge Revenue consists of revenue generated by the intermediate-term and long-term transition surcharges charged to customers of the former MWM service area as part of the consolidation agreement. These surcharges were established to fund needed improvements to the MWM distribution system and to fund expenses directly related to combining the two Utilities. These surcharges will begin to be eliminated as the debts associated with the surcharges are repaid.

Paron Surcharge Revenue consists of revenue generated by the transition surcharges charged to customers of the former POWA service area as part of the consolidation agreement. These surcharges were established to fund needed improvements to the POWA distribution system and to fund expenses directly related to combining the two Utilities. These surcharges will begin to be eliminated as the debts associated with the surcharges are repaid.

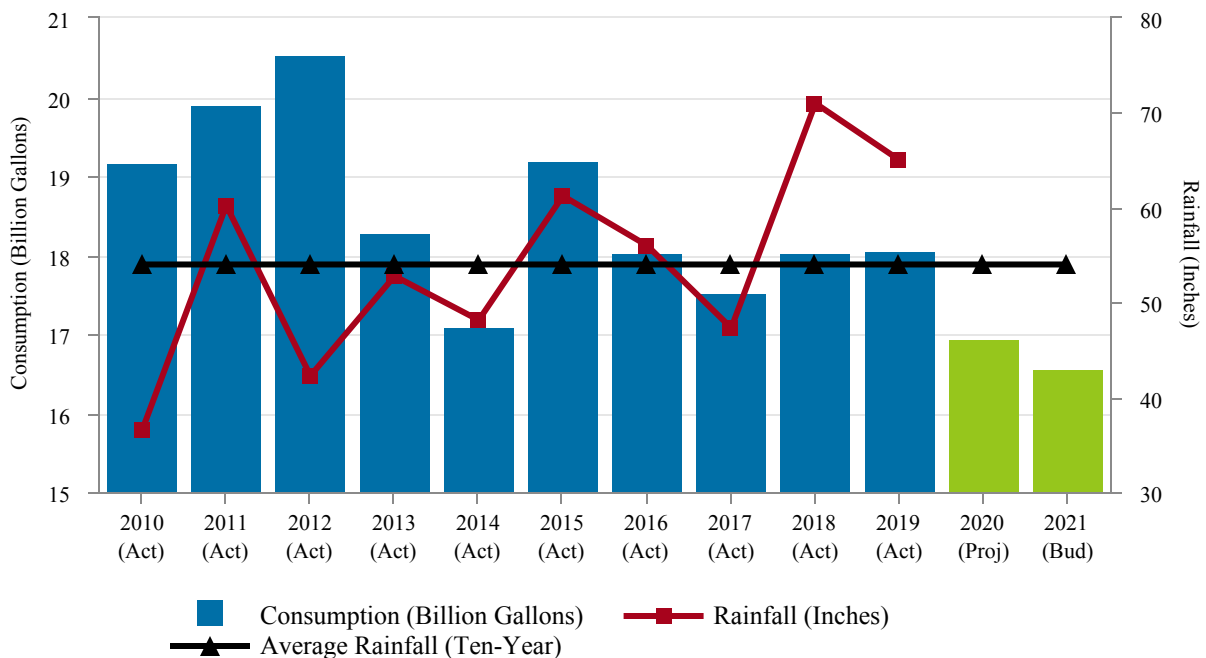
Other Revenue

Other Revenue consists of income generated from recycling, engineering fees, Grande Maumelle Sailing Club rent, telecommunication tower space rent, Fassler Hall rent, WestRock Landing rent, and other miscellaneous items.

Water Demand

Weather extremes are the most significant factor impacting customer demand for water. Wet or dry precipitation extremes during the summer months and hot or cold temperature extremes during the winter months can have a significant impact on water consumption and operating revenues. These impacts can be magnified depending on the time of year or the specific portion of the Utility's service area that experiences these conditions. In the graph below, the water consumption is shown for a 12-year period -- ten years of actual data, with the projected amount for 2020 and the budgeted amount for 2021. Rainfall combined with unseasonably cool temperatures resulted in operating revenues \$4.3 million less than budget in 2014. On the other end of the spectrum, 2012 had the driest April to July period on record. This lack of rainfall coupled with multiple days over 100 degrees resulted in operating revenues \$5.6 million more than budget.

Consumption vs. Rainfall



Developing accurate demand forecasts is one of the biggest challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered. Different factors affect consumption trends

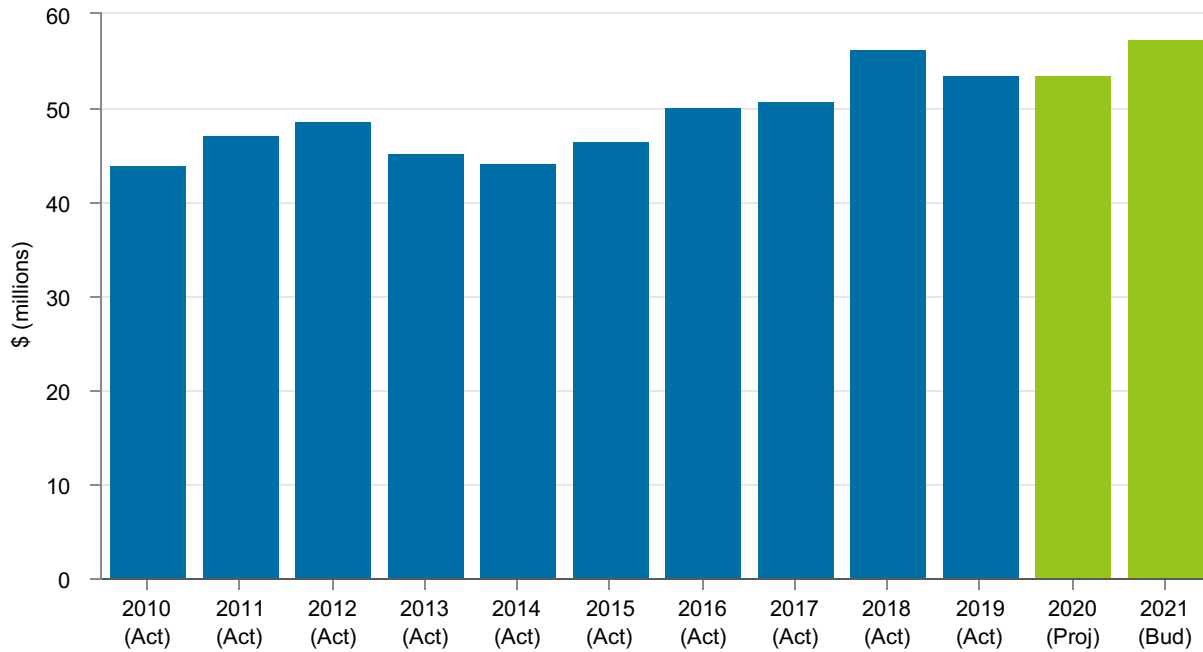
of each customer class, and, therefore, consumption data is analyzed and forecasted by class.

In order to forecast residential class usage, the total residential class usage was split into two categories: indoor and outdoor usage. Indoor usage was estimated by calculating the average of the three lowest usage months for the years analyzed. The remaining annual usage was categorized as outdoor usage. As it is impossible to predict the weather, a seven year historical average was used to forecast the outdoor usage component. The most recent calendar year actual usage was used to forecast the indoor usage component. A seven year historical average was used to forecast sprinkler class usage. A blend of the two most recent calendar years actual usage was used to forecast commercial and large volume classes.

The retail consumption baseline was reset for 2019 and is projected to decrease 5% in 2021 and 2% annually from 2022 to 2025. Wholesale consumption had no adjustment for 2021 and is projected to remain flat through 2025.

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Metered Water Sales by Year



The above graph represents metered water sales for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2020 and the budgeted amount for 2021, which are both shown in green. Even though the 2021 budget anticipates a decrease in consumption, metered water sales are expected to increase based on removing one CCF from the monthly base rate.

Water Rates and Fees

The CAW Board of Commissioners approved a rate schedule for 2019-2022 on December 20, 2018 with resolution 2018-13. While the rate schedule has no consumption-based retail or wholesale rate increases, it does include the removal of one CCF from the monthly base rate. There is also an increase to WPF of 15 cents effective on January 1, 2021. Approved rates and fees for 2021 are presented on the following pages.

2021 rates are as follows:

Minimum Monthly Charge (includes the first 100 CF of water usage)

METER SIZE (diameter)	RATES	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE	OUTSIDE
5/8"	\$ 7.85	\$ 10.28
3/4"	10.14	13.28
1"	14.41	18.87
1 1/2"	24.37	31.90
2"	39.52	51.73
3"	73.07	95.64
4"	118.85	155.58
6"	235.08	307.72
8"	397.64	520.51
10"	572.49	749.38
12"	1,042.65	1,364.83

Additional Monthly Volumetric Charge (\$ per 100 CF 2 - 33)

CUSTOMER CLASS	RATES	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE	OUTSIDE
RESIDENTIAL	\$ 1.71	\$ 2.73
COMMERCIAL	1.60	2.56
LARGE VOLUME	1.30	2.09
IRRIGATION	1.71	2.73

Additional Monthly Volumetric Charge (\$ per 100 CF over 33)

CUSTOMER CLASS	RATES	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE	OUTSIDE
RESIDENTIAL	\$ 2.22	\$ 3.57
COMMERCIAL	1.60	2.56
LARGE VOLUME	1.30	2.09
IRRIGATION	2.22	3.57

Monthly Watershed Protection Fee

METER SIZE (diameter)	EFFECTIVE JANUARY 1, 2021
5/8"	\$0.90
3/4"	0.90
1"	1.35
1 1/2"	2.25
2"	4.50
3"	7.20
4"	13.50
6"	22.50
8"	45.00
10"	72.00

Monthly Customer Billing Fee

	EFFECTIVE JUNE 1, 2019
Billing Fee	\$1.92
Paperless Billing Discount	(0.50)

Private Fire Service Charges

	RATES	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE	OUTSIDE
FIRE HYDRANTS	\$ 79.51	\$ 115.02
FIRE CONNECTION - MIN CHARGE	92.20	133.38
AUTOMATIC SPRINKLER SYSTEM - MIN CHARGE (1,000 HEADS)	92.20	133.38
ADDITIONAL HEADS, EACH	0.09	0.15
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	18.03	26.10
1 1/2" DIAMETER, EACH	28.07	40.59
2" DIAMETER, EACH	46.12	66.69
2 1/2" DIAMETER, EACH	92.20	133.38

Wholesale Additional Monthly Volumetric Charge

Resolution 2018-13 also established a wholesale rate schedule for 2019-2022. The approved 2021 rates remain the same at \$1.65 for On Peak consumption and \$1.52 for Off Peak consumption. The wholesale rates are presented in the tables below.

Wholesale Minimum Monthly Charge

METER SIZE (diameter)	RATES
	EFFECTIVE JANUARY 1, 2018
	OUTSIDE
5/8"	\$10.28
3/4"	13.28
1"	18.87
1 1/2"	31.90
2"	51.73
3"	95.64
4"	155.58
6"	307.72
8"	520.51
10"	749.38
12"	1,364.83

Volumetric Charge

TIME WATER IS TAKEN	RATES
	EFFECTIVE JANUARY 1, 2019
	\$ PER 100 CF
ON PEAK Customers taking any water from: 4:01 a.m. to 8:59 a.m. and/or 5:01 p.m. to 9:59 p.m.	\$1.65
OFF PEAK Customers taking all water from: 10 p.m. to 4 a.m. and/or 9 a.m. to 5 p.m.	1.52

On December 20, 2018, the CAW Board of Commissioners approved a new wholesale contract structure with resolution 2018-14. The new contract structure was designed in a way to reward Wholesale Customers that rely on CAW for the vast majority of their water purchases and to reduce problematic usage peaking that has occurred from time to time. These contract revisions will ensure a more stable and predictable arrangement for the sale of wholesale water for both CAW and Wholesale Customers in the years to come.

In early 2019, six of CAW's nine wholesale customers executed amended wholesale agreements conforming with the new contract structure. The new contracts are divided into three rate classifications depending on the agreed to ratio of minimum purchase to maximum purchase volumes and whether or not the daily contract maximum is exceeded. The rate classifications are presented below.

Rate Classification A

Provided that the Maximum Purchase does not exceed three times the Minimum Purchase, the Rates charged shall be determined as follows:

Total volume of water purchased from CAW in prior calendar year by Wholesale Customer DIVIDED BY Total volume of water sold to all customers of Wholesale Customer in prior calendar year	Rate as a percentage (%) of CAW's then current applicable Rates for "Inside City" Commercial customers	
	Monthly Minimum Charge based on meter size	Monthly Usage Charge based on volume
Equal to or greater than 85%	100%	77.5%
Equal to or more than 50%, but less than 85%	100%	90%
More than 25%, but less than 50%	100%	98%
Equal to or less than 25%	130%	102.5%

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Rate Classification B

In the event the Maximum Purchase exceeds three times the Minimum Purchase, the Rates charged to the Wholesale Customer shall be determined as follows:

Total volume of water purchased from CAW in prior calendar year by Wholesale Customer DIVIDED BY Total volume of water sold to all customers of Wholesale Customer in prior calendar year	Rate as a percentage (%) of CAW's then current applicable Rates for "Inside City" Commercial customers	
	Monthly Minimum Charge based on meter size	Monthly Usage Charge based on volume
Equal to or greater than 85%	100%	90%
Equal to or more than 50%, but less than 85%	100%	98%
More than 25%, but less than 50%	100%	102.5%
Equal to or less than 25%	130%	110%

Rate Classification C

In the event that the Wholesale Customer takes more than the Maximum Purchase on any given day, the volumetric rate for each hundred cubic feet taken in excess of the Maximum Purchase for that day shall be:

Total volume of water purchased from CAW in prior calendar year by Wholesale Customer DIVIDED BY Total volume of water sold to all customers of Wholesale Customer in prior calendar year	Rate as a percentage (%) of CAW's then current applicable Rates for "Inside City" Commercial customers	
	Monthly Usage Charge Based on Volume	
	Rate A	Rate B
Equal to or greater than 85%	85%	100%
Equal to or more than 50%, but less than 85%	98%	105%
More than 25%, but less than 50%	103%	110%
Equal to or less than 25%	110%	115%

Under the new contract structure, Watershed Protection Fees are based on meter size counts provided by the Wholesale Customer on December 1 of each year.

Raw Water Additional Monthly Volumetric Charge

	RATES
	EFFECTIVE JANUARY 1, 2019
	\$ PER 100 CF
Raw Water Customer	\$0.66

System Development Charge

METER SIZE (diameter)	
5/8"	\$150.00
3/4"	150.00
1"	225.00
1 1/2"	375.00
2"	750.00
3"	1,200.00
4"	2,250.00
6"	3,850.00
8"	7,500.00
10"	12,000.00

Capital Investment Charge

METER SIZE (diameter)	AREA \$50*	AREA \$100*	AREA \$200*	AREA \$400*	METER OFF MAIN	CONN** SIZE	CONN** OFF MAIN
5/8"	\$ 50	\$ 100	\$ 200	\$ 400	\$ 2,000	2"	\$ 875
3/4"	50	100	200	400	2,400	3"	1,300
1"	75	150	300	600	2,800	4"	1,600
1 1/2"	125	250	500	1,000	4,200	6"	2,400
2"	250	500	1,000	2,000	4,800	8"	3,200
3"	400	800	1,600	3,200	7,200	10"	4,000
4"	750	1,500	3,000	6,000	8,000	12"	4,800
6"	1,250	2,500	5,000	10,000	12,000	16"	6,400
8"	2,500	5,000	10,000	20,000	-	20"	8,000
10"	4,000	8,000	16,000	32,000	-	24"	9,600

*charges that are associated with specific geographical sections of system based on initial construction costs.

**CONN – connection – refers to end of main or tap for water main extension or fire service.

Connection Fee

METER SIZE (diameter)	2-LANE ROAD 20 – 28'	3-LANE ROAD 29 – 36'	4-LANE ROAD 37 – 48'	STATE HIGHWAY
5/8"	\$ 450	\$ 510	\$ 570	\$ 850
3/4"	560	680	800	1,150
1"	900	1,130	1,250	1,950
1 1/2"	1,340	1,500	1,640	2,640
2"	1,640	1,800	1,940	3,280
3"	5,000	-	-	-
4"	5,500	-	-	-
6"	7,500	-	-	-
8"	10,000	-	-	-

Consolidation Transition Surcharges

The CAW-MWM Consolidation Agreement provides for the collection of debt surcharges on each meter within the MWM service area. These surcharges are pledged to repayment of all debt and expenses required to carry out the merger of the two utilities. Each debt surcharge will continue until the debt associated with the respective surcharges is repaid. The Transition (short-term) Surcharge was fully paid as of December 31, 2017, and the surcharge was discontinued for all bills after that date.

The CAW-POWA Consolidation Agreement provides for the collection of debt surcharges on each meter within the POWA service area. This surcharge is pledged to repayment of all debt and expenses required to carry out the merger of the two utilities. This debt surcharge will continue until the debt associated with the respective surcharges is repaid.

METER SIZE (diameter)	MAUMELLE INTERMEDIATE	MAUMELLE LONG TERM	PARON
5/8"	\$ 4.92	\$ 15.67	\$ 5.50
3/4"	4.92	15.67	5.50
1"	25.09	79.92	5.50
1 1/2"	37.39	119.09	5.50
2"	50.18	159.83	5.50
3"	62.48	199.01	5.50
4"	75.28	239.75	5.50
6"	149.05	474.71	5.50
8"	251.89	802.25	5.50

Non-operating Revenues

Investment income is earned on funds that are being held in financial institutions. These earnings are subject to the availability of funds to invest and the rates available from the market. Investment market conditions for the first quarter of 2020 were on the upswing, however, the COVID-19 pandemic caused the investment yield to drastically fall, with interest rates being near zero at the end of 2020. With the uncertainty of the pandemic and its effect on economic conditions, the Federal Reserve is not planning interest rate increases for the foreseeable future.

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EXPENSES - OVERVIEW

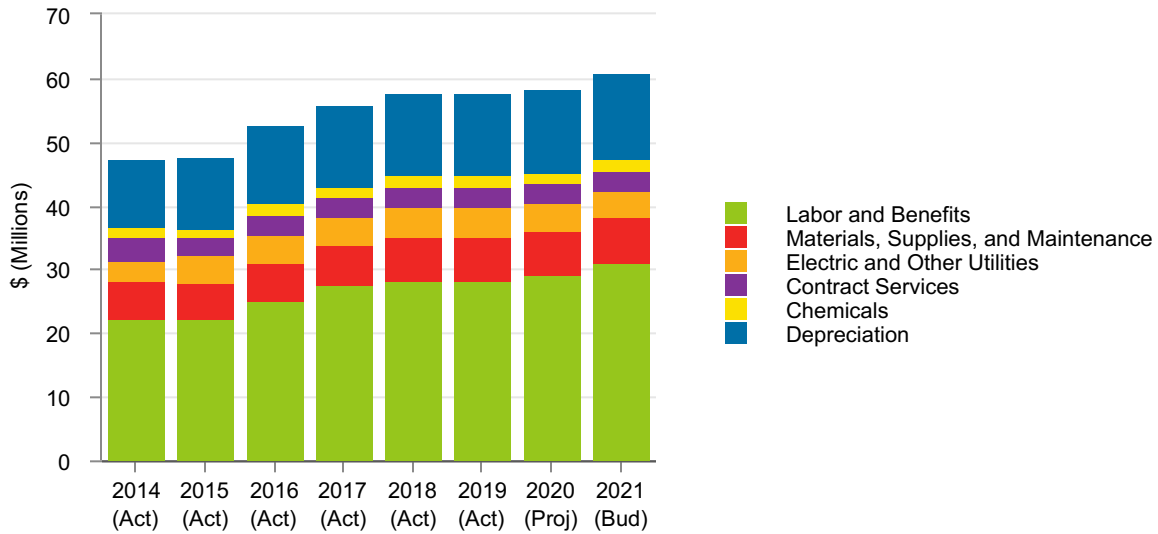
Operating Expenses

Depreciation is a major component of operating expenses and amounts to \$13.7 million or 22.45% of total operating expenses for 2021. Projections indicate that total depreciation in 2020 will be under budgeted amounts by 0.74%. During the past several years, CAW has funded and completed a significant number of construction projects with the proceeds from bond issues and rates. As projects are completed from all of the funding sources, the costs are capitalized and depreciated.

Operating expenses include 348 budgeted positions for 2021, which is five more than 2020 positions. As of September 1, 2020, 329 positions were staffed. Traditionally, the Utility's turnover rate is low (7.5% for 2020), and staffing levels remain consistent from year to year. Where warranted, positions have been phased out or combined with other positions as employees retire. Other positions have been retained as part-time instead of full-time as circumstances indicate. Operating expenses for each department include an increase of 3% for exempt and non-exempt employees. Total wage and benefit costs associated with this increase amount to \$1,152,807. Premiums for the traditional PPO plan are increasing 7%, which is higher than SHRM's projection of 5.3%. However, a HDHP plan, offered since 2020, and a separate retiree plan are assisting CAW to defray rising insurance costs. Department directors proposed a 0.8% overall decrease in operating expenses (excluding depreciation, transition costs, wages, and benefits) from the 2020 projected amounts. The Arkansas Public Employees Retirement System (APERS) mandatory employer contribution rate will remain the same at 15.32% for the fiscal year beginning July 1, 2021.

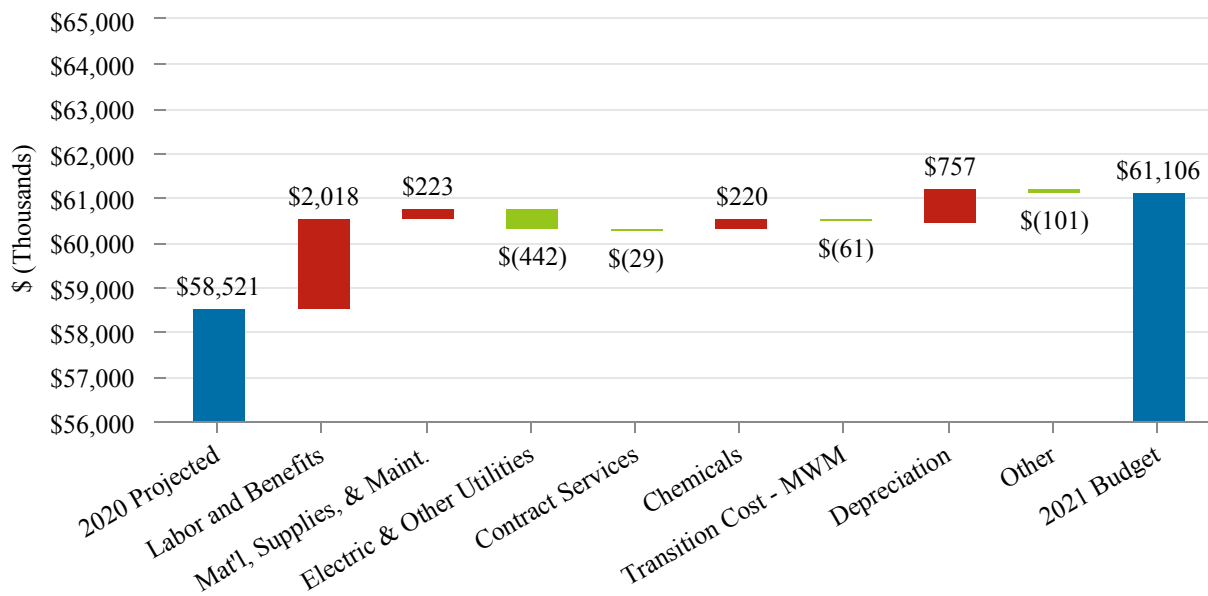
The following graph presents total actual Operating Expenses by Natural Classification for the years 2014 through 2019. Projected numbers are shown for 2020 while budgeted numbers are shown for 2021. Labor and benefits account for the majority of operating expenses with 51% for the 2021 budgeted amount. The addition of critical positions, in addition to extra staffing needed due to the MWM merger and the CIS replacement project, has contributed to increased labor and benefits costs since 2013.

Operating Expenses by Natural Classification



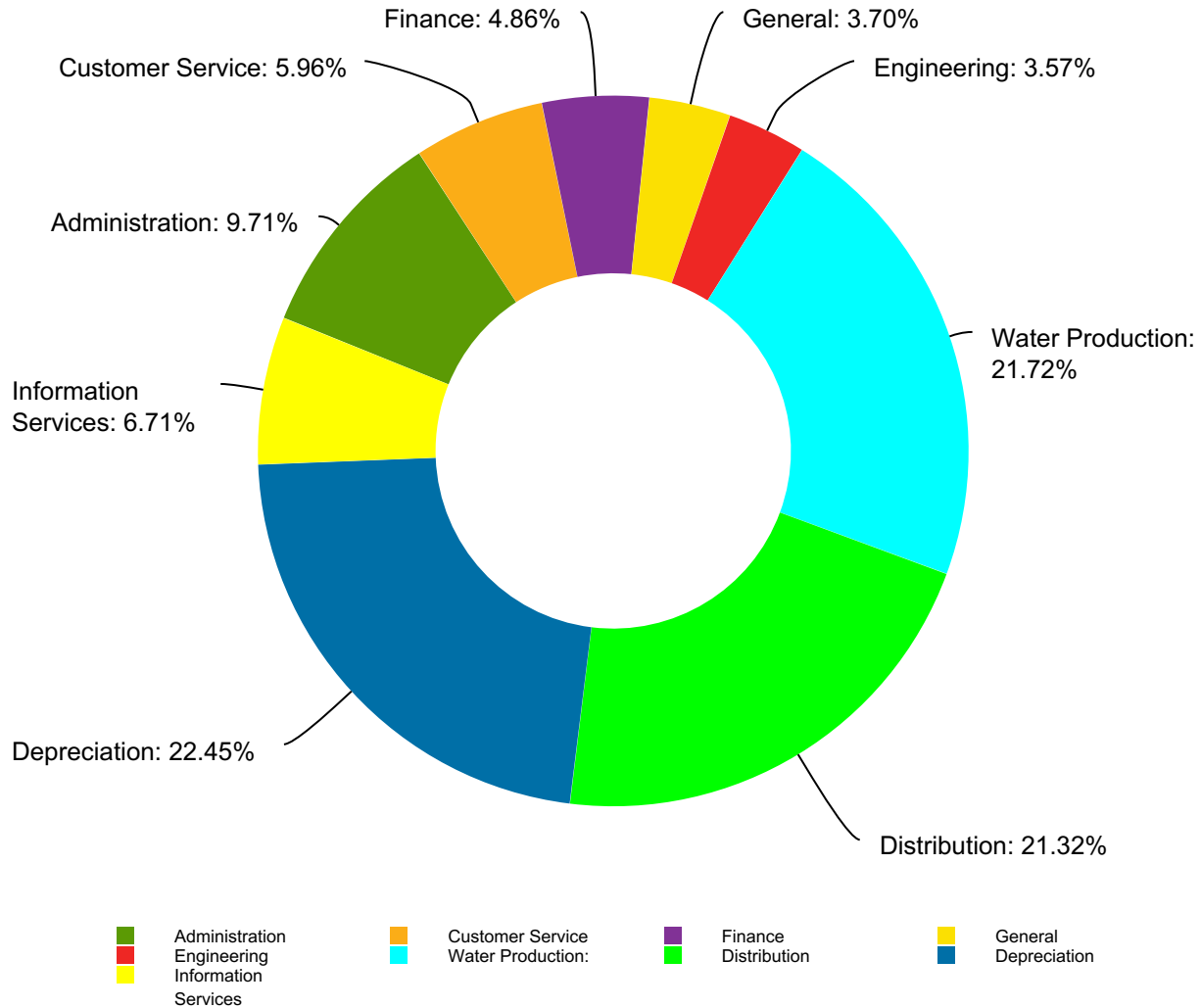
The following graph presents budgeted Operating Expenses by Natural Classification for 2020 Projected and 2021 Budget (blue bars) with specific Natural Classification areas driving changes in expenses between the two periods. Green bars indicate decreases in expenses, while red bars indicate increases in expenses.

Change by Natural Classification - 2020 Projected to 2021 Budget



OPERATING EXPENSES

By DEPARTMENT



The above graph shows operating expenses for all seven departments, depreciation, and general expenses.

The Administration Department is projecting a \$128,400 or 2.2% budget increase from the 2020 projection. This increase is due in part to expenses to run the Forest Legacy Project (FLP) location, which has been added as an office for the Watershed Protection staff and additional professional fees for Watershed Protection. Additional advertising dollars needed by Public Affairs and Communications for 2021 events also contributes to the department's increase. These increases are offset by additional capitalized labor attributed to the Pinnacle Project. Administration includes Commissioners' expenses, Executive Staff, HR, Legal, Public Affairs and Communications, Environmental Health and Safety (EHS), Watershed Protection, and Special Projects.

HR includes funds for employee assistance/wellness programs and amounts for recruitment and succession planning/leadership development programs. Public Affairs and Communications includes the annual costs for all public communications, community outreach, and education efforts, as well as the water quality report. EHS includes safety training and facilities security. To ensure high-quality raw water for the Utility, Watershed Protection is responsible for implementation of the Lake Maumelle Watershed Management Plan (WMP) and overall large-scale watershed protection programs for both Lake Maumelle and Lake Winona which includes water-quality monitoring and assessment; monitoring of watershed land use activities that may impact water quality in the lakes; building program support for watershed protection with local governments, private industry, and the public; and providing the CAW Board with continual recommendations for water quality protection. The Special Projects Section is comprised of the Pinnacle Project Team, which is tasked with the successful CIS conversion.

The Information Services (IS) Department budget for 2021 reflects an increase of \$233,000 or 6.0% from 2020 projected amounts. The total increase is due to increased software maintenance costs, vacant positions in 2020, and one additional position in 2021. The total number of departmental employees increases to 20, with four vacancies as of September 1, 2020. The IS Department oversees information services, computer operations, and telecommunications.

The Customer Service Department reflects an increase in the 2021 budget of \$140,200 or 4.0% compared to the 2020 projection. The primary cause for the increase is the company-wide wage adjustment, offset by the decrease in temporary labor and increase in capitalized labor, due to several departmental employees assisting with the Pinnacle Project. The total number of employees in the Customer Service Department remains at 53 for 2021. The Customer Service Department provides customers with information, resolves problems, and reads water meters.

The Finance Department is projecting a \$116,700 increase or 4.1% from the 2020 projected amounts. This increase is primarily due to two unfilled positions for the majority of 2020. Also, an increase in postage for billing statements and other account mailings contributes to this increase. The total number of employees budgeted for the Finance Department remains the same as 2020 with 22, with one vacant position at budget time. The Finance Department is responsible for accounting, finance, budgeting, billing, and purchasing.

The General category budget reflects a \$51,700 or 2.2% decrease from 2020 projected amounts. Workers compensation insurance cost decreases account for this variance. The General category of the budget includes other post-employment benefits costs, workers compensation, and future water resources, utilities, and building maintenance items for the James T. Harvey (JTH) Administration building.

The Engineering Department is projecting a \$242,600 or 12.5% increase from the previous year's projections. This increase is primarily due to vacancies through 2020, of

which there were four as of September 1, 2020. In 2021, the amount budgeted for capitalized labor is \$525,000, which will be reflected as capital charges rather than operating expense. Engineering is responsible for planning, design, and construction inspection of improvements within the CAW system.

Water Production's operating budget is increasing by \$504,800 or 4.0% compared to the 2020 projections. The number of employee positions is 65 positions, the most of which are Facilities Operators. The increase in the budget is mostly attributed to operating expenses at the Ozark Point Plant. In 2020, the plant was closed for eight months due to rehabilitation work. As the project is due to be completed in Spring 2021, there will not be a shutdown period at the end of 2021 as there was in 2020. Variable costs such as chemical treatment, wastewater disposal, and power are driven by increases or decreases in water consumption.

Distribution, the largest department, is showing a budget increase of \$513,700 or 4.1% from 2020 projected amounts. As of September 1, 2020, the department maintained a total of 124 employees and three vacancies. Increases for the 2021 budget year primarily consist a full year of backhoe lease expense rather than six months of expense in 2020. Additional job costs in distribution mains materials and equipment and grounds are also a reason for the increase. Distribution forecasts that approximately \$1.65 million in payroll costs will be capitalized in 2021. This department provides field customer service activities, provides dispatch, and maintains water mains, other distribution system components, meters, and all warehouses.

Depreciation reflects an increase of \$757,500 or 5.8%. Depreciation expense is directly affected as capital projects are completed and capital assets are acquired. Asset types determine the service life used for depreciation and range from five years for electronics to 75 years for distribution mains. The Utility capitalizes individual property acquisitions over \$5,000.

Other Expenses

Payment-in-lieu-of-taxes (PILOT) is paid to the cities of Little Rock and North Little Rock and is equal to the ad valorem taxes that would have been payable to each city based on the Utility's real property and improvements located within the city limits, had such real property and improvements been subject to ad valorem taxation.

Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, capitalized interest is no longer allowed as of January 1, 2020. Therefore, interest is no longer calculated as a cost of the associated asset. The 2021 Financial Plan reflects this change in methodology, and therefore, all interest expense is included in the Non-Operating Revenue (Expense) of the Statement of Revenues, Expenses, and Changes in Net Position.

NET POSITION – OVERVIEW

Net Position is the residual of all other elements presented in a statement of financial position. The increase or decrease in Net Position from one period to the next equals the net of all activity reported for that period. The total balance of Net Position at any point in time equals the cumulative total of all activity from inception.

Net Position is classified as Net Investment in Capital Assets, Restricted, or Unrestricted.

Overall, the 2021 budget will result in a Net Position increase of approximately \$9,045,000, or approximately \$6,545,000 before contributions.

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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(BY NATURAL CLASSIFICATION – PERCENTAGE CHANGES)**

	2019	2020	2020	2021	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2020	2020
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 50,244,651	\$ 50,192,170	\$ 52,666,859	\$ 53,650,247	6.89 %	1.87 %
Wholesale Water Sales	4,649,110	4,613,777	4,487,510	4,541,079	(1.58)%	1.19 %
Penalties and Turn-on Charges	2,423,225	2,138,119	2,365,000	2,136,723	(0.07)%	(9.65)%
Ancillary Charges	6,565,118	8,475,837	8,286,861	8,633,566	1.86 %	4.18 %
Maumelle Surcharge Revenue	2,254,297	2,258,874	2,235,000	2,257,800	(0.05)%	1.02 %
Other Revenue	649,751	(153,847)	528,101	217,101	241.11 %	(58.89)%
Total Operating Revenues	66,786,152	67,524,930	70,569,331	71,436,516	5.79 %	1.23 %
Operating Expenses						
Labor and Benefits	28,373,944	29,127,374	30,214,731	31,145,660	6.93 %	3.08 %
Materials, Supplies, and Maintenance	6,723,594	6,949,861	7,712,922	7,173,035	3.21 %	(7.00)%
Electric and Other Utilities	4,860,858	4,521,975	4,179,584	4,079,911	(9.78)%	(2.38)%
Contract Services	3,133,061	3,129,562	3,314,107	3,100,265	(0.94)%	(6.45)%
Chemicals	1,837,118	1,614,199	1,893,988	1,834,100	13.62 %	(3.16)%
Transition Costs	7,408	60,960	—	—	(100.00)%	— %
Depreciation	12,888,535	12,961,570	13,057,839	13,719,063	5.84 %	5.06 %
Other	27,985	155,247	51,750	54,000	(65.22)%	4.35 %
Total Operating Expenses	57,852,503	58,520,748	60,424,921	61,106,034	4.42 %	1.13 %
Operating Income (Loss)	8,933,649	9,004,182	10,144,410	10,330,482	14.73 %	1.83 %
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(791,064)	(802,256)	(802,256)	(795,405)	(0.85)%	(0.85)%
Investment Income	1,270,120	524,986	1,121,504	220,595	(57.98)%	(80.33)%
Gain/Loss on Sale of Assets	119,115	81,132	—	—	(100.00)%	— %
Bond Interest Expense	(1,589,915)	(1,985,507)	(1,971,604)	(2,640,484)	32.99 %	33.93 %
Bond Interest Expense - Maumelle	(637,575)	(546,806)	(647,779)	(489,770)	(10.43)%	(24.39)%
Interest Expense - Other	(8,979)	(124,931)	(100,776)	(80,522)	(35.55)%	(20.10)%
Total Non-operating Revenue (Expense)	(1,638,298)	(2,853,382)	(2,400,911)	(3,785,586)	32.67 %	57.67 %
Net Income (Loss) Before Contributions	7,295,351	6,150,800	7,743,499	6,544,896	6.41 %	(15.48)%
Contributions						
Capital Contributions from Grantors	—	4,600	—	—	(100.00)%	— %
Contributions-in-aid of Construction	3,079,598	1,532,055	2,500,000	2,500,000	63.18 %	— %
Total Contributions	3,079,598	1,536,655	2,500,000	2,500,000	62.69 %	— %
Change in Net Position	\$ 10,374,949	\$ 7,687,455	\$ 10,243,499	\$ 9,044,896	17.66 %	(11.70)%

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(BY DEPARTMENT – PERCENTAGE CHANGES)**

	2019	2020	2020	2021	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2020	2020
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 50,244,651	\$ 50,192,170	\$ 52,666,859	\$ 53,650,247	6.89 %	1.87 %
Wholesale Water Sales	4,649,110	4,613,777	4,487,510	4,541,079	(1.58)%	1.19 %
Penalties and Turn-on Charges	2,423,225	2,138,119	2,365,000	2,136,723	(0.07)%	(9.65)%
Ancillary Charges	6,565,118	8,475,837	8,286,861	8,633,566	1.86 %	4.18 %
Maumelle Surcharge Revenue	2,254,297	2,258,874	2,235,000	2,257,800	(0.05)%	1.02 %
Other Revenue	649,751	(153,847)	528,101	217,101	241.11 %	(58.89)%
Total Operating Revenues	66,786,152	67,524,930	70,569,331	71,436,516	5.79 %	1.23 %
Operating Expenses						
Administration	5,382,760	5,803,106	6,239,320	5,931,466	2.21 %	(4.93)%
Information Services	3,391,815	3,865,914	3,904,008	4,099,092	6.03 %	5.00 %
Customer Service	3,439,379	3,504,152	3,589,725	3,644,352	4.00 %	1.52 %
Finance	2,716,740	2,850,868	2,891,086	2,967,548	4.09 %	2.64 %
General	2,418,322	2,315,084	2,245,599	2,263,406	(2.23)%	0.79 %
Engineering	1,933,745	1,941,325	2,247,750	2,183,930	12.50 %	(2.84)%
Water Production	13,238,596	12,767,528	13,281,300	13,272,326	3.95 %	(0.07)%
Distribution	12,442,611	12,511,201	12,968,294	13,024,851	4.11 %	0.44 %
Depreciation	12,888,535	12,961,570	13,057,839	13,719,063	5.84 %	5.06 %
Total Operating Expenses	57,852,503	58,520,748	60,424,921	61,106,034	4.42 %	1.13 %
Operating Income (Loss)	8,933,649	9,004,182	10,144,410	10,330,482	14.73 %	1.83 %
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(709,068)	(791,064)	(791,064)	(802,256)	(0.85)%	(0.85)%
Investment Income	845,536	1,183,131	609,750	1,121,504	(57.98)%	(80.33)%
Gain/Loss on Sale of Assets	(17,965)	85,638	—	—	(100.00)%	— %
Bond Interest Expense	(1,398,131)	(2,090,086)	(2,513,467)	(1,971,604)	32.99 %	33.93 %
Bond Interest Expense - Maumelle	(716,588)	(594,846)	(662,744)	(647,779)	(10.43)%	(24.39)%
Interest Expense-Other	(8,203)	(33,941)	(107,244)	(100,776)	(35.55)%	(20.10)%
Total Non-operating Revenue (Expense)	(1,638,298)	(2,853,382)	(2,400,911)	(3,785,586)	32.67 %	57.67 %
Net Income (Loss) Before Contributions	7,295,351	6,150,800	7,743,499	6,544,896	6.41 %	(15.48)%
Contributions						
Capital Contributions from Grantors	—	4,600	—	—	(100.00)%	— %
Contributions-in-aid of Construction	3,079,598	1,532,055	2,500,000	2,500,000	63.18 %	— %
Total Contributions	3,079,598	1,536,655	2,500,000	2,500,000	62.69 %	— %
Change in Net Position	\$ 10,374,949	\$ 7,687,455	\$ 10,243,499	\$ 9,044,896	17.66 %	(11.70)%

STATEMENT OF REVENUES

	INSIDE	OUTSIDE	TOTAL
Operating Revenues			
Retail Water Sales – Little Rock			
Residential	\$ 12,015,655	\$ 2,531,540	\$ 14,547,195
Commercial	8,093,313	319,514	8,412,827
Large Volume	1,515,544	196,825	1,712,369
Sprinkler	8,834,436	239,141	9,073,577
Raw Water	23,715	60,000	83,715
Private Fire Service	497,136	53,898	551,034
Total Little Rock	30,979,799	3,400,918	34,380,717
Retail Water Sales – North Little Rock			
Residential	4,256,758	5,117,789	9,374,547
Commercial	2,609,693	938,475	3,548,168
Large Volume	422,329	49,626	471,955
Sprinkler	1,363,090	656,070	2,019,160
Private Fire Service	93,823	86,833	180,656
Total North Little Rock	8,745,693	6,848,793	15,594,486
Retail Water Sales – Maumelle			
Residential		2,103,676	2,103,676
Commercial		520,289	520,289
Large Volume		220,369	220,369
Sprinkler		782,110	782,110
Private Fire Service		48,600	48,600
Total Maumelle		3,675,044	3,675,044
Total Retail Water Sales	39,725,492	13,924,755	53,650,247
Wholesale Water Sales			
Bryant Water and Sewer Department		1,201,770	1,201,770
Shannon Hills		161,229	161,229
Sardis Water Association		123,816	123,816
Saline County Water and Sewer Public Facilities Board (Woodland Hills)		1,563,356	1,563,356
Salem Water Users Association		84,673	84,673
Jacksonville Water Works		37,600	37,600
Mid Arkansas Utilities		1,120,274	1,120,274
Ridgefield Estates Public Facilities Board		15,600	15,600
Cabot Water Works		232,761	232,761
Total Wholesale Water Sales		4,541,079	4,541,079
Penalties and Turn-on Charges			
Penalties		826,723	826,723
Turn-on Charges		1,310,000	1,310,000
Total Penalties and Turn-on Charges		2,136,723	2,136,723
Ancillary Charges			
Billing and Ancillary Fees		5,302,588	5,302,588
Connection Fees		875,000	875,000
Watershed Protection Fees		1,991,478	1,991,478
Capital Investment Charges		145,000	145,000
System Development Charges		319,500	319,500
Total Ancillary Charges		8,633,566	8,633,566
Maumelle Transition Surcharges			
		2,257,800	2,257,800

	<u>INSIDE</u>	<u>OUTSIDE</u>	<u>TOTAL</u>
<i>Other Revenue</i>		217,101	217,101
<i>Total Operating Revenues</i>	39,725,492	31,711,024	71,436,516
<i>Non-operating Revenues</i>			
Interest Income		219,649	219,649
Bond Issue Interest Income		946	946
<i>Total Non-operating Revenues</i>		220,595	220,595
<i>Total Operating and Non-operating Revenues</i>	\$39,725,492	\$31,931,619	\$71,657,111

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**STATEMENT OF OPERATING EXPENSES
(BY DEPARTMENT AND NATURAL CLASSIFICATION)**

	Materials						Departmental	
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other	Total
Administration								
Administration	\$ 1,537,094	\$ 201,400	\$ 2,400	\$ 323,500	\$ —	\$ —	\$ 32,000	\$ 2,096,394
Human Resources	401,273	34,646	—	46,498	—	—	—	482,417
Public Affairs and Communications	522,036	189,150	1,440	99,200	—	—	12,000	823,826
Environmental Health and Safety	462,260	90,400	1,440	222,553	—	—	10,000	786,653
Water Quality	169,016	27,750	720	389,254	—	—	—	586,740
Watershed Management	562,342	69,120	4,457	218,035	—	—	—	853,954
Commissioners Expense	—	1,200	—	10,650	—	—	—	11,850
Special Projects	236,857	25,075	—	27,700	—	—	—	289,632
Total Administration	3,890,878	638,741	10,457	1,337,390	—	—	54,000	5,931,466
Information Services								
Administration	1,248,837	1,280,529	548,000	109,912	—	—	—	3,187,278
Geographic Information System	707,815	193,354	—	10,645	—	—	—	911,814
Total Information Systems	1,956,652	1,473,883	548,000	120,557	—	—	—	4,099,092
Customer Service								
Administration	140,761	38,080	960	71,300	—	—	—	251,101
Cashiering	499,082	—	—	—	—	—	—	499,082
Call Center	1,178,780	—	—	—	—	—	—	1,178,780
Walk-in	278,341	—	—	—	—	—	—	278,341
Meter Reading	843,626	600	—	—	—	—	—	844,226
Production Meter Reading	592,822	—	—	—	—	—	—	592,822
Total Customer Service	3,533,412	38,680	960	71,300	—	—	—	3,644,352
Finance								
Administration	1,147,997	84,305	—	299,528	—	—	—	1,531,830
Billing	499,550	625,050	—	2,700	—	—	—	1,127,300
Purchasing	300,821	970	480	6,147	—	—	—	308,418
Total Finance	1,948,368	710,325	480	308,375	—	—	—	2,967,548
General and Depreciation	1,513,000	235,200	86,085	429,121	—	13,719,063	—	15,982,469
Engineering								
Administration	1,532,484	54,560	5,760	21,382	—	—	—	1,614,186
New Service	199,086	972	—	180	—	—	—	200,238
Cross-Connection Control	357,002	8,784	1,440	2,280	—	—	—	369,506
Total Engineering	2,088,572	64,316	7,200	23,842	—	—	—	2,183,930
Water Production								
Administration	437,062	2,273	1,440	3,114	—	—	—	443,889
Lake Maumelle	566,746	38,031	1,121,794	6,926	13,000	—	—	1,746,497
Lake Winona	121,113	8,350	12,000	331	—	—	—	141,794
Ozark Point Plant	549,902	49,100	180,139	500	246,300	—	—	1,025,941
Wilson Plant	2,324,463	155,661	1,383,630	34,572	1,574,800	—	—	5,473,126
Plant Maintenance – Ozark/ Wilson	974,148	401,450	—	2,650	—	—	—	1,378,248
Booster Stations/ Jackson Reservoir	—	—	670,426	—	—	—	—	670,426
Pump Station Maintenance	859,802	97,000	—	—	—	—	—	956,802
Compliance	349,844	30,835	—	16,773	—	—	—	397,452
Laboratory	761,771	210,080	—	66,300	—	—	—	1,038,151
Total Water Production	6,944,851	992,780	3,369,429	131,166	1,834,100	—	—	13,272,326

	Materials						Departmental	
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other	Total
Distribution								
Administration	543,346	189,550	57,300	677,514	—	—	—	1,467,710
Meters, Warehouse, and Dispatch	1,310,179	2,150	—	400	—	—	—	1,312,729
Distribution System Maintenance	5,821,710	2,807,400	—	600	—	—	—	8,629,710
Distribution Field Service	1,594,692	20,010	—	—	—	—	—	1,614,702
Total Distribution	9,269,927	3,019,110	57,300	678,514	—	—	—	13,024,851
Total	\$31,145,660	\$ 7,173,035	\$ 4,079,911	\$3,100,265	\$ 1,834,100	\$ 13,719,063	\$ 54,000	\$ 61,106,034

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STATEMENT OF NET POSITION

Beginning Net Position, 1/1/2020	\$	369,566,409
Operating Revenues, 2020		67,524,930
Operating Expenses, 2020		(58,520,748)
Other Expense, 2020		(2,853,382)
Contributions, 2020		1,536,655
Change in Net Position, 2020		<u>7,687,455</u>
Ending Net Position, 12/31/2020		<u><u>377,253,864</u></u>
Beginning Net Position, 1/1/2021		377,253,864
Operating Revenues, 2021		71,436,516
Operating Expenses, 2021		(61,106,034)
Other Expense, 2021		(3,785,586)
Contributions, 2021		2,500,000
Change in Net Position, 2021		<u>9,044,896</u>
Ending Net Position, 12/31/2021	\$	<u><u>386,298,760</u></u>

Ending Net Position is based on 2020 projected numbers and 2021 budgeted numbers.

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BUDGETED POSITIONS

Central Arkansas Water budgets employee positions on an annual basis. Total budgeted positions increased by five positions in the 2021 budget. A total of 348 budgeted positions are identified in the accompanying Summary of Budgeted Positions which lists the department, section, and number of budgeted and actual positions.

Administration

The Administration Department includes EHS, Human Resources, Public Affairs and Communications, Water Resources, Watershed Protection, and Special Projects as well as the CEO and his staff. Administration is budgeted with 36 positions in 2021. Four positions were added to this Department, including the Special Advisor to the CEO, Sustainability Manager, Conservation Coordinator, and a part-time Watershed Management groundskeeper.

Information Services

The budgeted IS staff increases by one from the 2020 budget to a total of 20 employees. A Business Analyst is an addition to the IS staff for 2021. The IS budgeted positions include a Director, 12 IS support staff, a Geographic Information System (GIS) Manager, and six GIS staff. Actual department employment is 16, with four vacant positions as of September 1, 2020.

Customer Service

The 2021 budgeted positions for Customer Service remains the same as the 2020 budget with 53 budgeted positions. The department consists of employees in the Administration, Cashiers, Call Center, Walk-in, Meter Reading - Truck, and Meter Reading - Production sections.

Finance

Finance remains constant from 2020 to 2021 with a total of 22 employees. The 2021 Finance budgeted positions include 13 Accounting staff, three Purchasing staff, and six Billing staff. Finance employs two part-time CAW retirees.

Engineering

The Engineering Department 2021 budget had no changes from the 2020 budget. The department includes 17 Engineering staff, four New Service staff, and four Cross Connection staff. The Administrative Assistant position, the New Service Coordinator position, one New Service Representative, and one Water Regulations Specialist are filled by CAW retirees who work on a part-time basis.

Water Production

The budgeted positions for Water Production has a total of 65 employees for the 2021 budget year. Two sections were moved from the Distribution Department to the Water Production Department: Plant Maintenance and Pump Station Maintenance, which accounts for 19 employees. Water Production staff includes the Director of Water Production, Administrative personnel, and staff in the following sections: Compliance, Treatment Plant, Maintenance, Laboratory, and Water Source.

Distribution

Total staffing in Distribution Department is 127 for the 2021 budget. As mentioned above, 19 positions were reallocated from the Distribution Department to the Water Production Department. The Distribution Department includes a Director, an Assistant Director, Administrative Staff, as well as staff in the Meters, Warehouse, Dispatch; Distribution System Maintenance; and Distribution Field Representatives. Water Distribution Specialists account for the greatest number of positions with 56, ranging from level I to level III.

Change in Budgeted Positions by Year					
	2017	2018	2019	2020	2021
Administration	—	+4	+9	—	+4
Information Services	—	+1	—	+1	+1
Customer Service	+3	+4	—	—	—
Finance	+4	—	(2)	—	—
Engineering	+2	—	+2	(1)	—
Water Production	+8	+1	+1	(1)	—
Distribution	+20	(5)	(2)	+1	—

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SUMMARY OF BUDGETED POSITIONS

	2017	2018	2019	2020	9/1/2020	2021
	Budget	Budget	Actual	Budget	Actual	Budget
Administration						
Management	5	6	9	9	10	11
Human Resources	4	4	4	4	4	4
Public Affairs and Communications	3	4	4	4	4	4
Environmental Health & Safety	3	5	5	5	4	5
Water Resources	1	1	1	1	1	1
Watershed Protection	4	4	4	4	5	6
Special Projects	—	—	5	5	4	5
Total	20	24	32	32	32	36
Information Services						
Administration	10	11	9	12	9	13
GIS	7	7	7	7	7	7
Total	17	18	16	19	16	20
Customer Service						
Administration	1	1	1	1	1	1
Cashiers	7	7	6	6	6	6
Call Center	15	18	18	19	19	19
Walk-in	4	4	4	4	2	4
Meter Reading - Truck	10	9	9	9	9	9
Meter Reading - Production	12	14	12	14	15	14
Total	49	53	50	53	52	53
Finance						
Administration	14	14	12	13	12	13
Billing	7	7	6	6	6	6
Purchasing	3	3	3	3	3	3
Total	24	24	21	22	21	22
Engineering						
Administration	17	17	17	18	16	18
New Service	3	3	3	3	2	3
Cross Connection	3	3	3	4	3	4
Regionalism	1	1	1	—	—	—
Total	24	24	24	25	21	25
Water Production						
Administration	3	3	3	3	3	2
Lake Maumelle	5	5	4	4	5	5
Lake Winona	—	—	1	2	1	2
Ozark Point WTP	6	6	4	5	5	5
Wilson WTP	22	23	24	24	23	23
Plant Maintenance - Ozark/Wilson	12	9	10	10	9	10
Pump Station Maintenance	8	8	8	9	9	9
Compliance	4	4	3	4	4	5
Laboratory	4	4	4	4	4	4
Total	64	62	61	65	63	65

SUMMARY OF BUDGETED POSITIONS

	2017	2018	2019	2020	9/1/2020	2021
	Budget	Budget	Actual	Budget	Actual	Budget
Distribution						
Administration	4	4	4	4	4	4
Meters, Warehouse, Dispatch	14	14	13	14	15	14
Distribution System Maintenance	91	91	91	92	88	92
Facilities Maintenance	5	3	—	—	—	—
Field Representatives	18	18	17	17	17	17
Total	132	130	125	127	124	127
Total All Departments	330	335	329	343	329	348

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DEBT SERVICE

DEBT SERVICE – OVERVIEW

All of CAW's outstanding Revenue Bonds, other than the 2016 Maumelle Acquisition and Construction Bonds, Frazier Pike Public Facilities Board ANRC loan, and 2020A POWA Project ANRC loan are secured by and payable solely from the net revenues of the water system. CAW debt covenants specify that rates will be sufficient to meet a list of outflows (i.e., operations and maintenance expenses, principal and interest, capital needs, and allowances for contingencies and any temporary unanticipated reduction in revenues); that CAW will operate the system continually in an efficient and economical manner; that at all times CAW will maintain and preserve the system in good repair, working order, and condition so that the operating efficiency thereof will be of high integrity; that the financial books will be open for the trustee or its agent to inspect; that the system or any part of it will not be pledged except as provided for in the bond resolutions; that CAW will keep insurance in such amounts and against such risks as are usually carried by municipalities operating water systems in the State of Arkansas; and that CAW shall provide the trustee an annual audit within 120 days after the close of the year. Below shows snapshots as of September 30, 2020, which was before November 2020 bond issues and as of November 30, 2020, post bond issuance.

OUTSTANDING BOND ISSUES

Issue	Maturity Date	Original Amount	Outstanding Balance (Sept 30, 2020)	Outstanding Balance (Nov 30, 2020)
2010A	October 2032	\$ 13,400,000	\$ 8,988,000	\$ 8,669,530
2010C	October 2030	8,830,000	1,470,000	1,050,000
2011A	April 2034	4,000,000	3,057,000	2,970,244
2012A	October 2032	17,515,000	12,395,000	11,600,000
2014	October 2034	10,850,000	6,080,000	4,980,000
2015	October 2030	7,445,000	5,680,000	—
2016	October 2027	17,860,000	12,590,000	4,025,000
2016 - MWM	April 2046	22,750,000	16,805,000	16,480,000
2017 Wilson	April 2041	4,991,000	4,491,000	4,491,473
2018A	September 2023	3,496,000	3,496,000	—
2018B	October 2038	20,000,000	19,225,000	18,550,000
2019 Ozark	April 2043	37,000,000	19,331,000	21,479,329
2020A - POWA	October 2042	6,050,000	3,664,000	3,789,029
2020B	October 2041	12,920,000	—	12,920,000
2020C	October 2042	31,825,000	—	31,825,000
2020D	October 2041	7,140,000	—	7,140,000
TOTAL		\$ 226,072,000	\$ 117,272,000	\$ 149,969,605

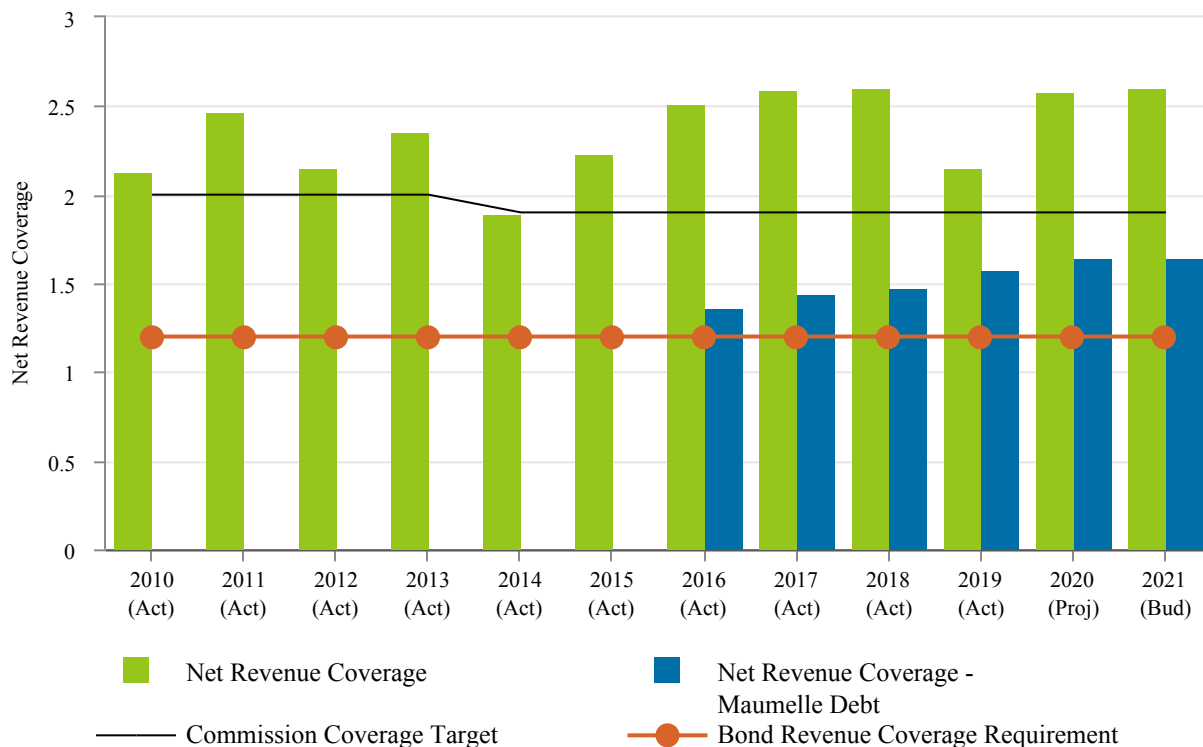
In November 2020, CAW undertook three bond issuances for a multitude of projects and to capitalize on lower interest rates. Series 2020B was issued primarily for building improvements and the refunding of the Series 2015 bond issue. Series 2020C consisted of certified green bonds to fund system infrastructure, watershed land purchases and conservation easements and for the refunding of the Series 2018A bond issue. The Series 2020D bond issue was a taxable bond issue that refunded a portion of the Series 2016 bond series.

The 2016 Maumelle bond issue is payable from long-term debt surcharges applied to all customers in the former MWM service area. These charges will remain in place until sufficient funds have been collected to repay the \$16.48 million outstanding principal on this bond issuance.

The Frazier Pike Public Facilities Board is a rural water district operated by CAW. An ANRC loan for this district is secured by debt surcharges applied to all customers in that district.

The 2020A POWA bond issue is payable from debt surcharges applied to all customers in the former POWA service area. These charges will remain in place until sufficient funds have been collected to repay the \$6.05 million outstanding principal on this bond issuance.

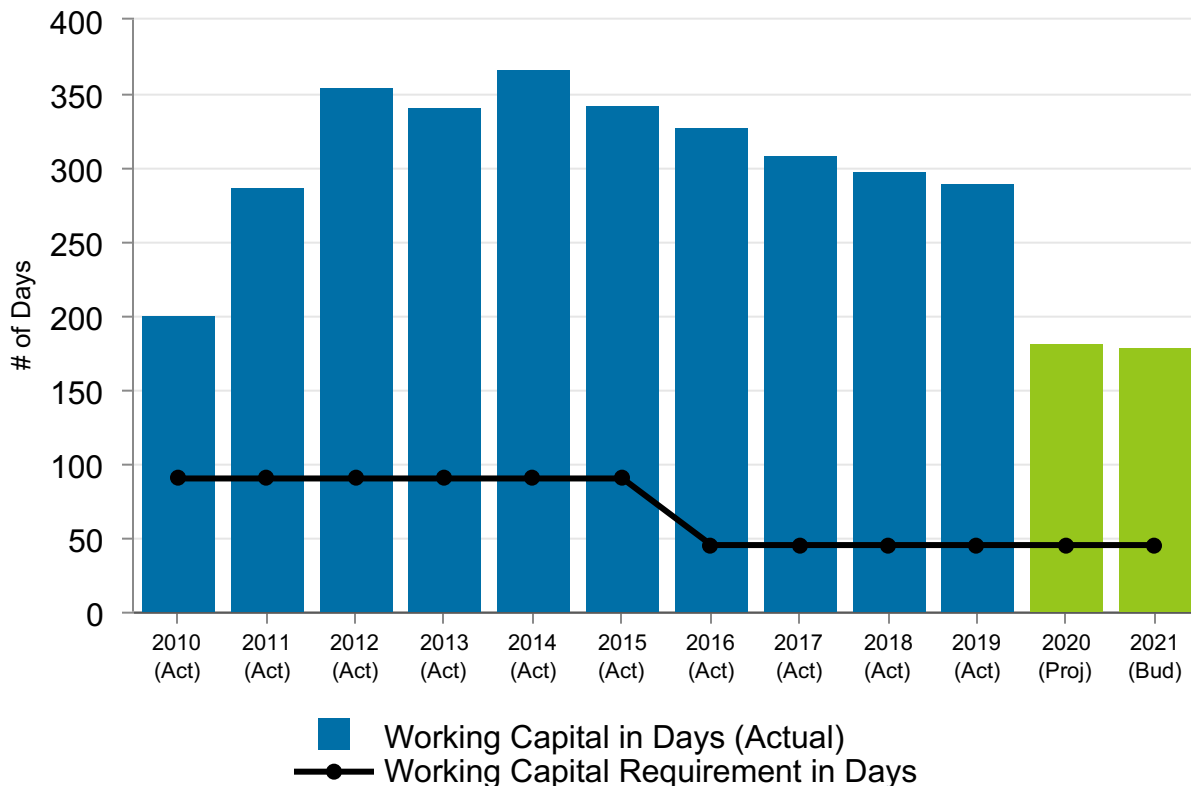
Debt Service Coverage Ratio by Year



Bond covenants state that debt service coverage must not be less than 120% of the aggregate debt service due during the forthcoming fiscal year. Prior to 2014, the Commission had maintained a more conservative target of 200%, including Rate Stabilization Account transfers for Senior Debt. Resolution 2015-01 was enacted in March 2015 to clearly define triggers for Rate Stabilization Account transfers. The resolution establishes a debt service coverage target of 190% for Senior Debt. Coverage at or below 175% shall trigger a transfer from the Rate Stabilization Account, and coverage in excess of 200% shall trigger the transfer of general revenue funds to the Rate Stabilization Account. The chart on the previous page shows actual coverage for 2010 through 2019, projected coverage for 2020, and budgeted coverage for 2021. The Utility maintained coverage consistently above the previous 200% Commission target with the exception of 2014. The Rate Stabilization Account was established the following year. The Utility met the revised 190% Commission target in 2014. Utility projections reflect coverage at 260% for 2021.

The 2016 Maumelle Bond Issue is structured as special revenue debt secured by Long-Term Debt Surcharges on customers of the MWM service area. The Long-Term Surcharge was designed to yield net revenue coverage of 130%. The bond covenant requires coverage of not less than 120%. Net revenue coverage on the 2016 Maumelle Bond is projected at 165% for 2021.

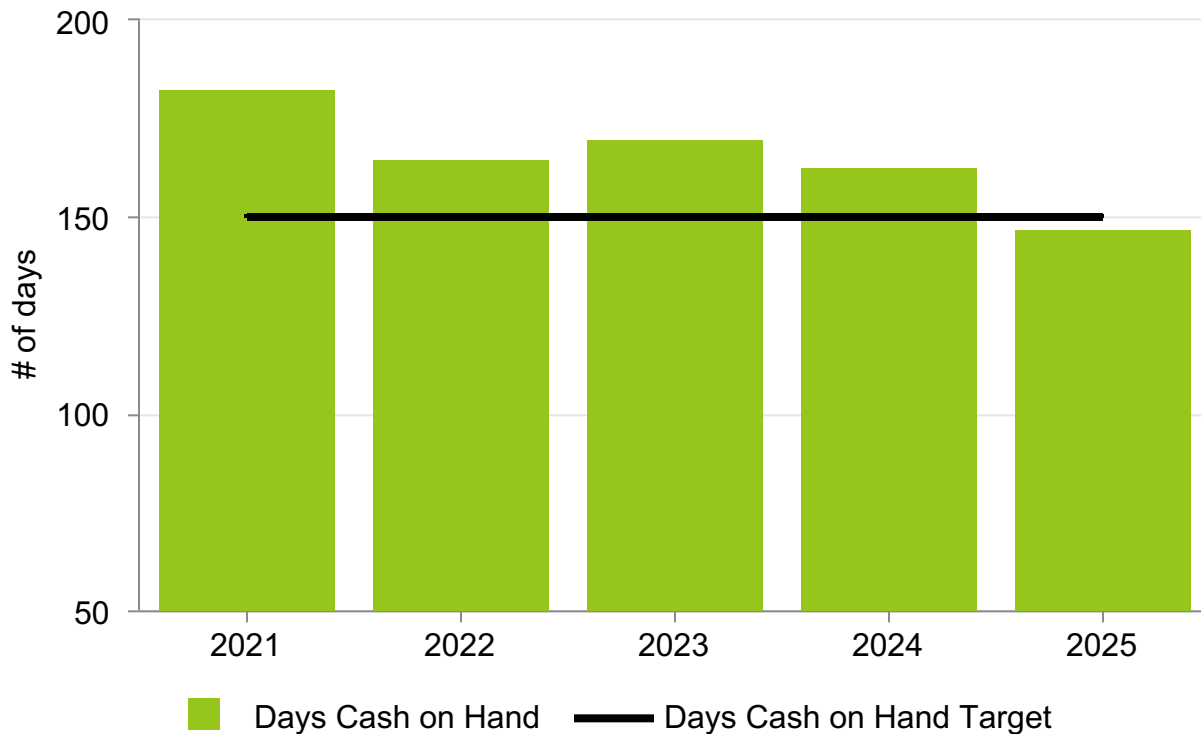
Operating Reserves by Year



Bond covenants also require maintenance of minimum operating reserves. The chart on the previous page shows actual reserves on hand compared to the bond requirement for 2010 through 2019, shown in blue, and planned reserves on hand compared to the bond requirement for 2020 and 2021 based on forecasted numbers, shown in green. Prior to 2016, the bond covenant requirement for working capital was 90 days. With the 2016 Refinance bond issue, the working capital requirement was revised to 45 days beginning in 2016. The elevated reserves from 2010 to 2012 are due to three years of higher than normal consumption levels and revenues resulting from dry, warm weather conditions and the corresponding increase in irrigation. The 2020 projected decrease in reserves is a result of capital expenses and required additional debt service related to the 2018B bond issue to fund the replacement of the Utility's CIS as well as a number of infrastructure improvements.

A continued decline in working capital through 2025 is expected due to increased debt service from the ANRC funded improvements at the Wilson and Ozark Point Plants along with successive years of inflationary pressure on operating costs with no built-in rate increases to support Utility operating needs.

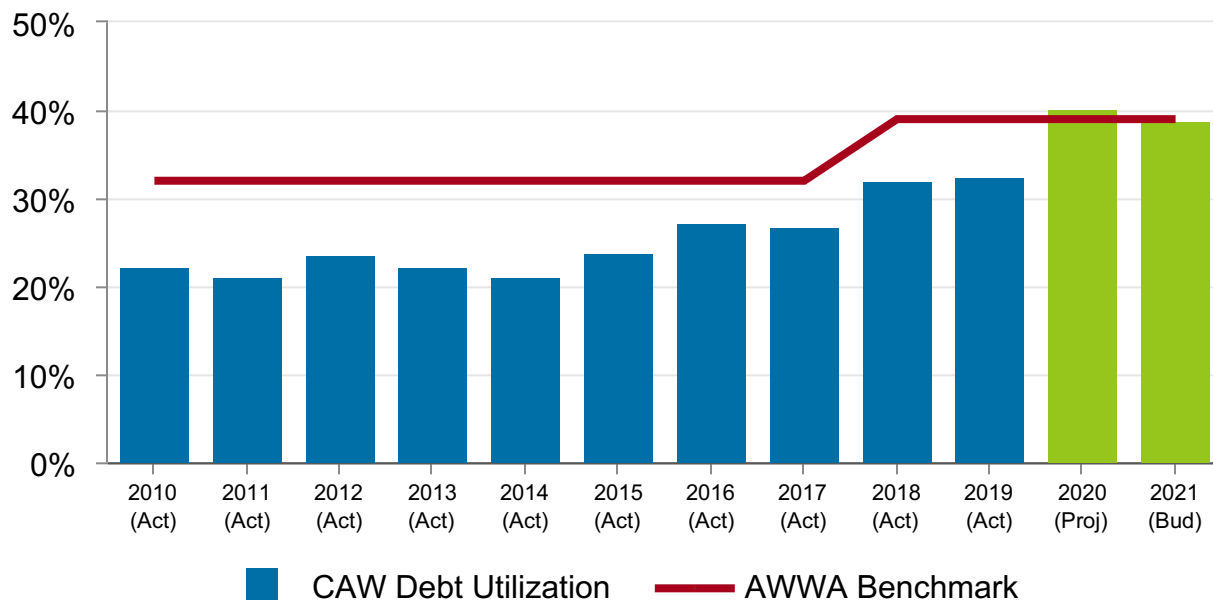
Days Cash on Hand by Year



Beginning in 2016, CAW began utilizing days cash on hand as a tool to measure performance. The Utility has a goal of maintaining 150 days cash on hand as an operating reserve requirement. CAW takes a more conservative approach and builds its financial models based on 175 days cash on hand. The Utility projects to have 183

days cash on hand at the end of 2021. Days cash on hand begins to decline in 2021 with a slight increase in 2023 but falls below the Utility goal of 150 days cash on hand in 2025. The Utility has no approved consumption-based retail rate increases for 2021 but does remove one CCF from the monthly base rate. There is also a 15-cent increase in Watershed Protection Fee in January 2021. Increasing capital, operating, and debt service needs will require a rate increase by 2025 in order to maintain the Utility's goal for operating reserves.

Debt Utilization Ratio by Year



NOTE: The benchmark is derived from a 2017 survey by AWWA where the median debt obligation for water utilities was 39%. Prior to the 2017 survey, the benchmark was derived from the 2013 survey where the median debt obligation was 32%.

In 2019, ANRC bonds were issued for to fund the Ozark Point Plant improvements. Proceeds from this bond issue will be drawn over a three-year period, and repayment will begin in 2023. In 2019, CAW assumed a loan in the amount of \$3,562,000 from the Department of the U.S. Army to purchase water rights on 100 MGD from DeGray Lake, which will be repaid by the end of 2022. Another ANRC Bond issue for approximately \$20 million is planned in 2021 for the development of water infrastructure to provide CAW potable water to West Pulaski County. Repayment of these bonds will begin in 2024.

The chart above depicts CAW's actual debt utilization ratio for 2010 through 2019, shown in blue, and estimated ratios for 2020 and 2021, shown in green, factoring in planned debt additions and repayments, as well as additional capital assets net of anticipated accumulated depreciation. The increase in 2021 is due to three November 2020 bond issues. Along with additional funding for capital projects, these bond issues

refund two current bond issues, 2015 and 2018A, and partially refund the 2016 refunding bond issue. Based on these projections, after increasing sl over the AWWA benchmark for 2020, the Utility's debt position will remain positive and return to below the AWWA benchmark.

This data does not include possible debt service in relation to additions to the CAW system. CAW continues to look for possible mergers with smaller water systems in the future that could result in bonds being issued.

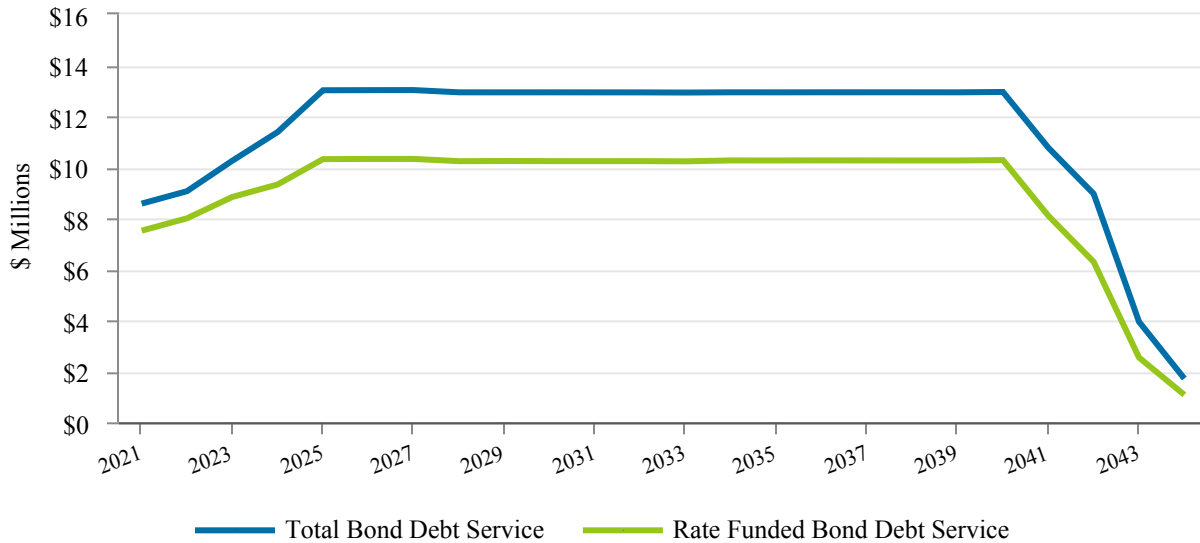
The table and chart on the following pages depict debt service requirements for the full term of current and existing debt issues. Based on current and anticipated financing needs, the Utility's current rate model provides for sufficient revenue to meet all operating and rate-funded debt service requirements.

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DEBT SERVICE SCHEDULE

YEAR	OUTSTANDING DEBT			FUTURE DEBT			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2021	\$ 5,299,499	\$ 3,277,703	\$ 8,577,202	\$ —	\$ —	\$ —	\$ 8,577,202
2022	5,729,346	3,335,084	9,064,430	—	—	—	9,064,430
2023	6,532,276	3,727,132	10,259,408	—	—	—	10,259,408
2024	6,442,280	3,983,439	10,425,719	585,387	373,777	959,164	11,384,883
2025	6,574,160	3,771,609	10,345,769	1,653,944	1,022,592	2,676,536	13,022,305
2026	6,752,676	3,597,505	10,350,181	1,695,551	980,985	2,676,536	13,026,717
2027	6,927,869	3,425,012	10,352,881	1,738,206	938,330	2,676,536	13,029,417
2028	7,009,777	3,255,192	10,264,969	1,781,931	894,605	2,676,536	12,941,505
2029	7,213,447	3,050,303	10,263,750	1,826,758	849,778	2,676,536	12,940,286
2030	7,438,919	2,825,856	10,264,775	1,872,714	803,822	2,676,536	12,941,311
2031	7,671,245	2,592,140	10,263,385	1,919,820	756,716	2,676,536	12,939,921
2032	7,890,463	2,371,934	10,262,397	1,968,119	708,417	2,676,536	12,938,933
2033	8,101,356	2,154,981	10,256,337	2,017,630	658,906	2,676,536	12,932,873
2034	8,375,234	1,890,250	10,265,484	2,068,383	608,153	2,676,536	12,942,020
2035	8,579,328	1,684,901	10,264,229	2,120,416	556,120	2,676,536	12,940,765
2036	8,794,443	1,471,660	10,266,103	2,173,760	502,776	2,676,536	12,942,639
2037	9,016,026	1,249,895	10,265,921	2,228,444	448,092	2,676,536	12,942,457
2038	9,244,117	1,021,666	10,265,783	2,284,502	392,034	2,676,536	12,942,319
2039	9,478,751	786,547	10,265,298	2,341,972	334,564	2,676,536	12,941,834
2040	9,709,966	568,643	10,278,609	2,400,886	275,650	2,676,536	12,955,145
2041	7,754,431	338,856	8,093,287	2,461,283	215,253	2,676,536	10,769,823
2042	6,135,138	151,609	6,286,747	2,523,201	153,335	2,676,536	8,963,283
2043	1,291,530	16,770	1,308,300	2,547,497	89,862	2,637,359	3,945,659
2044	—	—	—	1,689,596	27,780	1,717,376	1,717,376
TOTAL	\$ 167,962,277	\$ 50,548,688	\$ 218,510,964	\$ 41,900,000	\$ 11,591,547	\$ 53,491,547	\$ 272,002,511

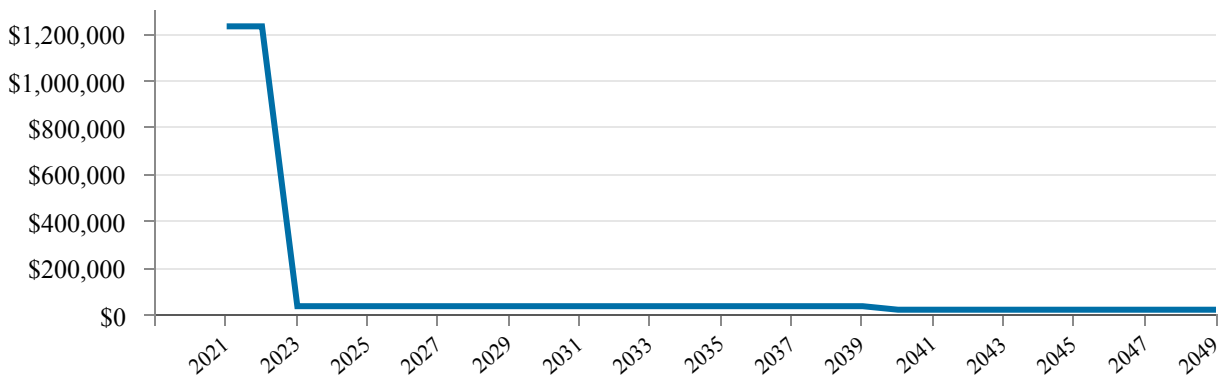
Bond Issue Debt Service



WATER RIGHTS PAYABLE DEBT SERVICE

YEAR	GREERS FERRY OUTSTANDING (ALLOCATIONS #1 and #2)			DEGRAY LAKE FUTURE			TOTAL
	WATER RIGHTS PAYABLE			WATER RIGHTS PAYABLE			
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2021	\$ 15,891	\$ 17,498	\$ 33,388	\$ 1,133,696	\$ 63,024	\$ 1,196,720	\$ 1,230,108
2022	16,396	16,992	33,388	1,164,782	31,938	1,196,720	1,230,108
2023	16,918	16,470	33,388	—	—	—	33,388
2024	17,457	15,931	33,388	—	—	—	33,388
2025	18,013	15,375	33,388	—	—	—	33,388
2026	18,588	14,800	33,388	—	—	—	33,388
2027	19,180	14,208	33,388	—	—	—	33,388
2028	19,792	13,597	33,388	—	—	—	33,388
2029	20,423	12,965	33,388	—	—	—	33,388
2030	21,075	12,314	33,388	—	—	—	33,388
2031	21,747	11,641	33,388	—	—	—	33,388
2032	22,442	10,947	33,388	—	—	—	33,388
2033	23,158	10,230	33,388	—	—	—	33,388
2034	23,898	9,490	33,388	—	—	—	33,388
2035	24,662	8,726	33,388	—	—	—	33,388
2036	25,450	7,938	33,388	—	—	—	33,388
2037	26,264	7,124	33,388	—	—	—	33,388
2038	27,104	6,284	33,388	—	—	—	33,388
2039	27,971	5,417	33,388	—	—	—	33,388
2040	13,800	4,522	18,322	—	—	—	18,322
2041	14,196	4,125	18,322	—	—	—	18,322
2042	14,604	3,717	18,322	—	—	—	18,322
2043	15,024	3,297	18,322	—	—	—	18,322
2044	15,456	2,865	18,322	—	—	—	18,322
2045	15,901	2,421	18,322	—	—	—	18,322
2046	16,358	1,964	18,322	—	—	—	18,322
2047	16,828	1,494	18,322	—	—	—	18,322
2048	17,312	1,010	18,322	—	—	—	18,322
2049	17,809	512	18,321	—	—	—	18,321
TOTAL	\$ 563,717	\$ 253,880	\$ 817,596	\$ 2,298,478	\$ 94,962	\$ 2,393,440	\$ 3,211,031

Water Rights Payable Debt Service





**CAPITAL
IMPROVEMENT
PLAN**

CAPITAL IMPROVEMENT PLAN – OVERVIEW

CAW seeks to proactively address infrastructure needs as part of the Utility's commitment to ensure that customers receive the best possible service. The Utility's CIP is a five-year planning schedule that is approved and updated annually. Scheduled projects planned for 2021-2025 total \$168.9 million and address infrastructure investments, anticipated capital needs, repair, replacement, and relocation of existing infrastructure as well as the development or acquisition of new facilities, property, and equipment. The CIP serves as a tool to identify capital cost needs, coordinate financing, and specify the timing of these improvements.

The prioritization process for the CIP involves evaluating capital needs and ranking potential projects or purchases based on a number of criterion including: age and condition of asset to be replaced, operational improvements, compliance and system expansion requirements, and impact on future operating budgets.

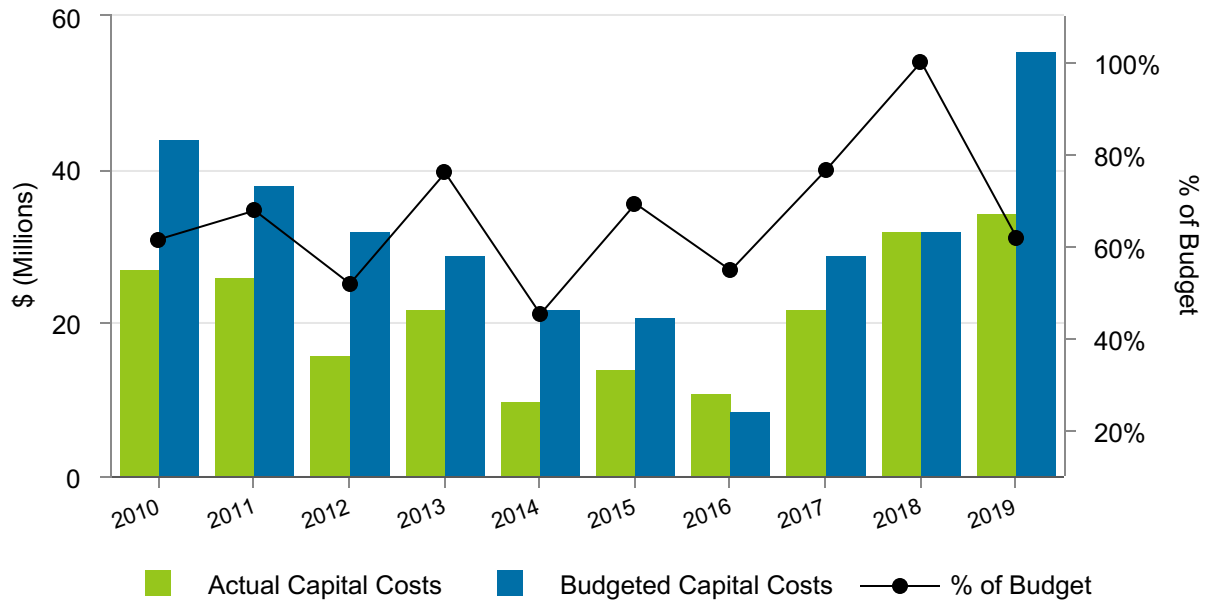
CAW goes a step further and utilizes a combination of methodologies for prioritizing underground pipelines for replacement. The most immediate are pipelines that are in the right-of-way of local streets or highways that are undergoing rehabilitation or widening and require that the existing utilities, including water mains, be relocated out of the way of those improvements. These pipeline assets, more commonly, have not reached the end of their useful lives but must be replaced regardless of age.

CAW staff have developed a matrix which assesses every length of pipe in the distribution system through the utilization of historical pipeline data combined with existing GIS information. Staff assign a numerical value for each of a number of variables which gauge the condition and criticality of that segment of pipe. The matrix then generates a numerical value with the highest number being the highest priority for pipeline replacement. This method identifies geographically disparate segments of pipe across the distribution system. In order to economize the replacement of these mains, minimize the disruption of service to customers, and reduce the number of disturbances of local streets and landscapes, CAW staff also evaluate pipelines adjacent to the high-priority segments for replacement. Industry research and CAW's own experience has shown pipe age and break history are very good predictors of future failure. Based on this information, older galvanized pipe, along with some older transmission mains made of asbestos-cement and cast iron will continue to be the focus of CAW's replacement efforts.

CAW historically has not completed 100% of planned capital projects each budget year; however, the Utility must allocate funding for the projects from the proper funding source. The funding sources for 2021 include: 2018B Bonds, 2020B Bonds, 2020C Bonds, future ANRC West Pulaski Public Water Authority (WPPWA), ANRC Ozark, MWM Rates, Watershed Protection Fees, Developer Funds (DEV), and Rates.

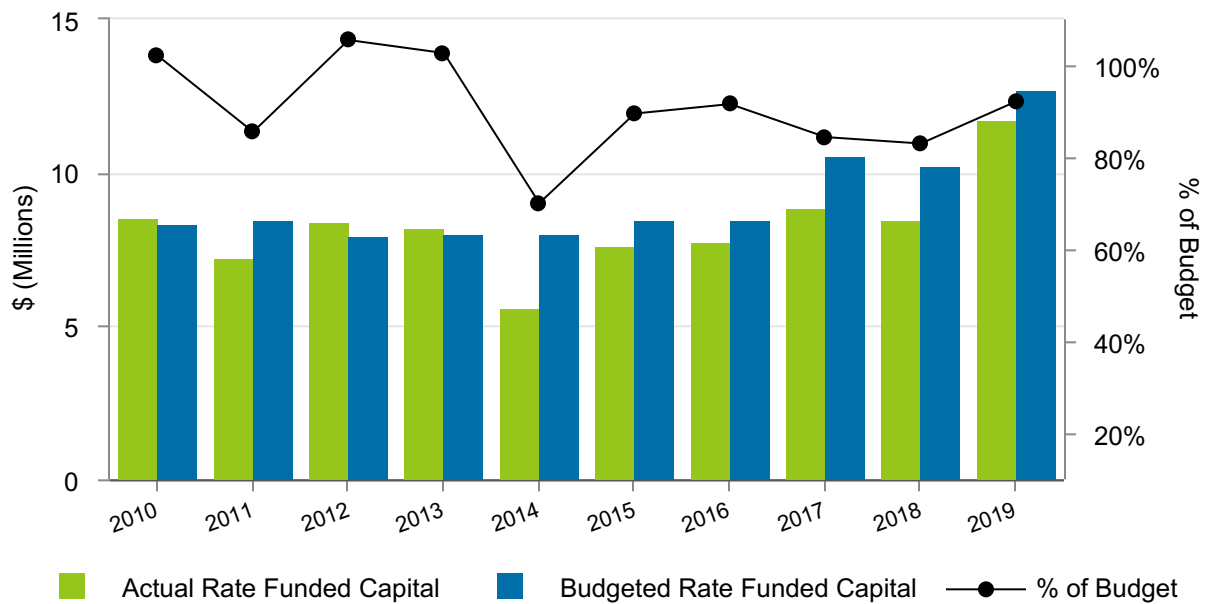
Total actual Capital Costs compared to budget for 2010 through 2019 are as follows:

Capital Costs by Year

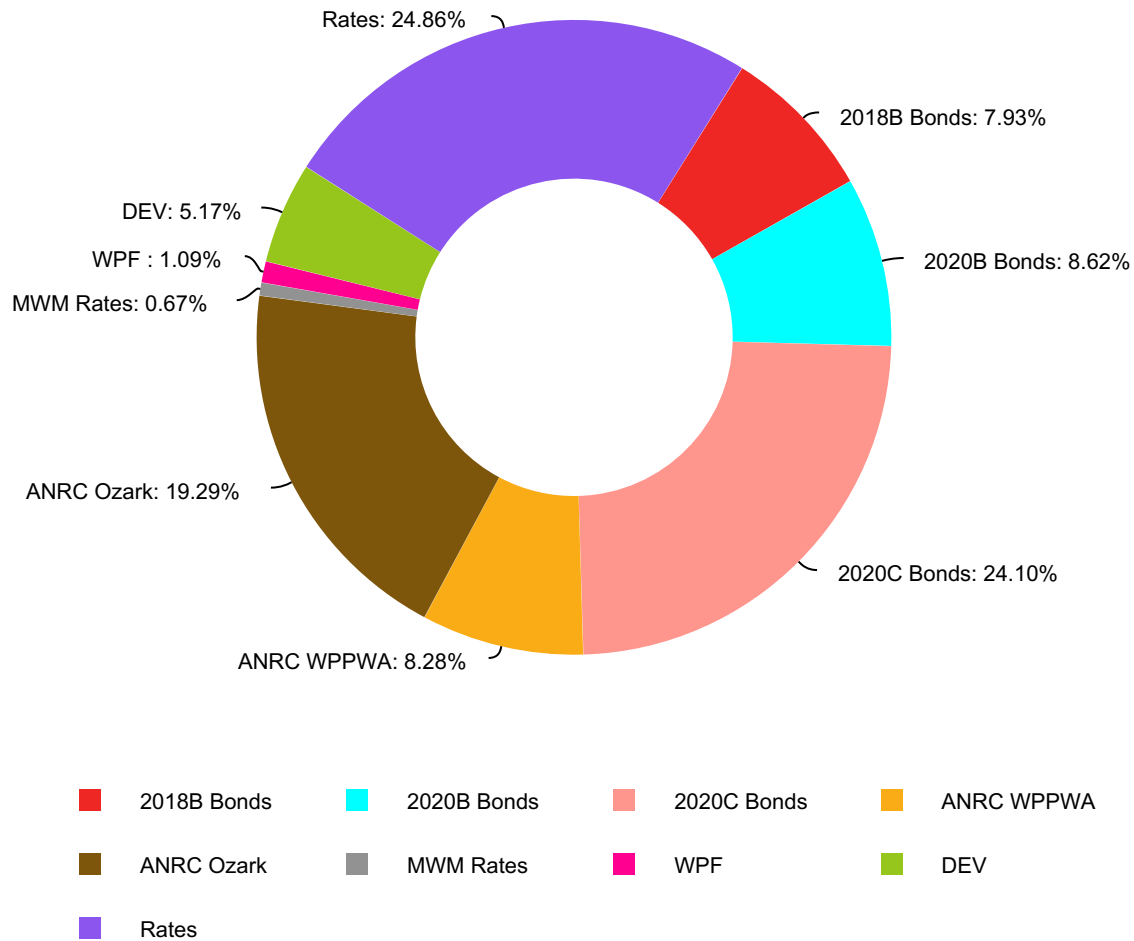


While overall actual capital spending sometimes varies greatly from budget due to delays in major relocation projects, the Utility has historically executed over 70% of projects funded by rates over the last ten years.

Capital Costs from Rates by Year



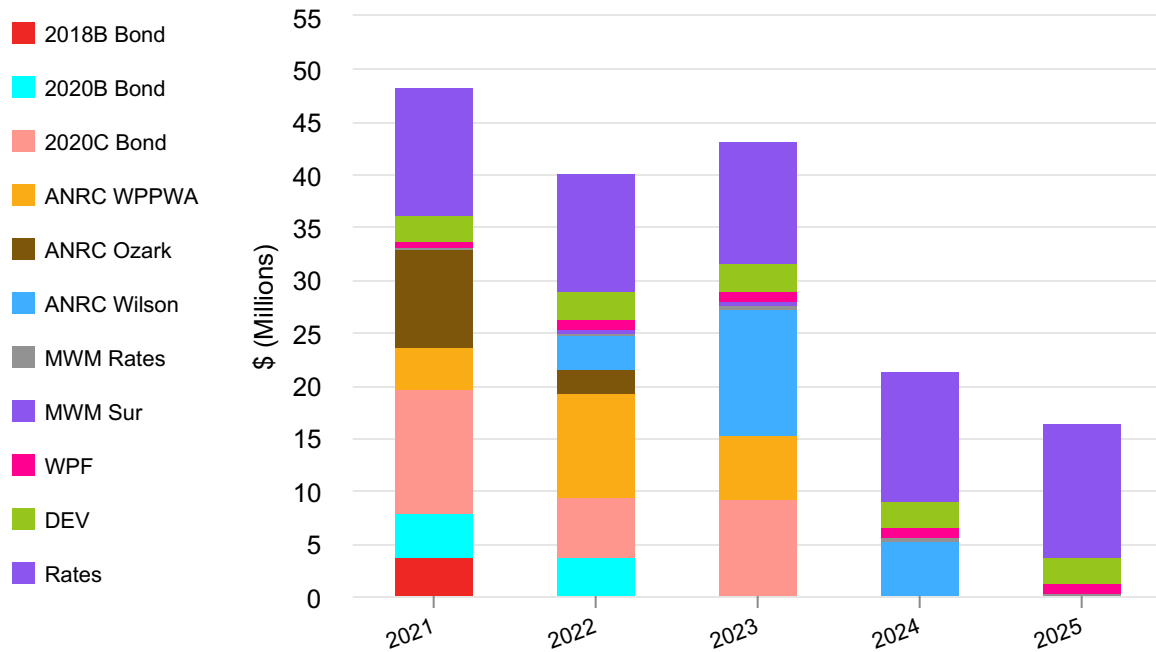
2021 CAPITAL COSTS By FUNDING SOURCE



The top three funding sources for planned 2021 Capital Costs are Rates at 24.9%, 2020C Bonds with 24.1%, and ANRC Ozark at 19.3%.

In 2021, Rates largely fund distribution projects to install, replace, and transfer services as well as replace equipment. Additionally, Rates will fund the 6th & Cumberland redevelopment. 2020C Bonds will fund replacements, relocations, and rehabilitation projects in addition to Lake Maumelle purchases of watershed property and conservation easements. ANRC Ozark will fund the continued rehabilitation of the Ozark Point Plant.

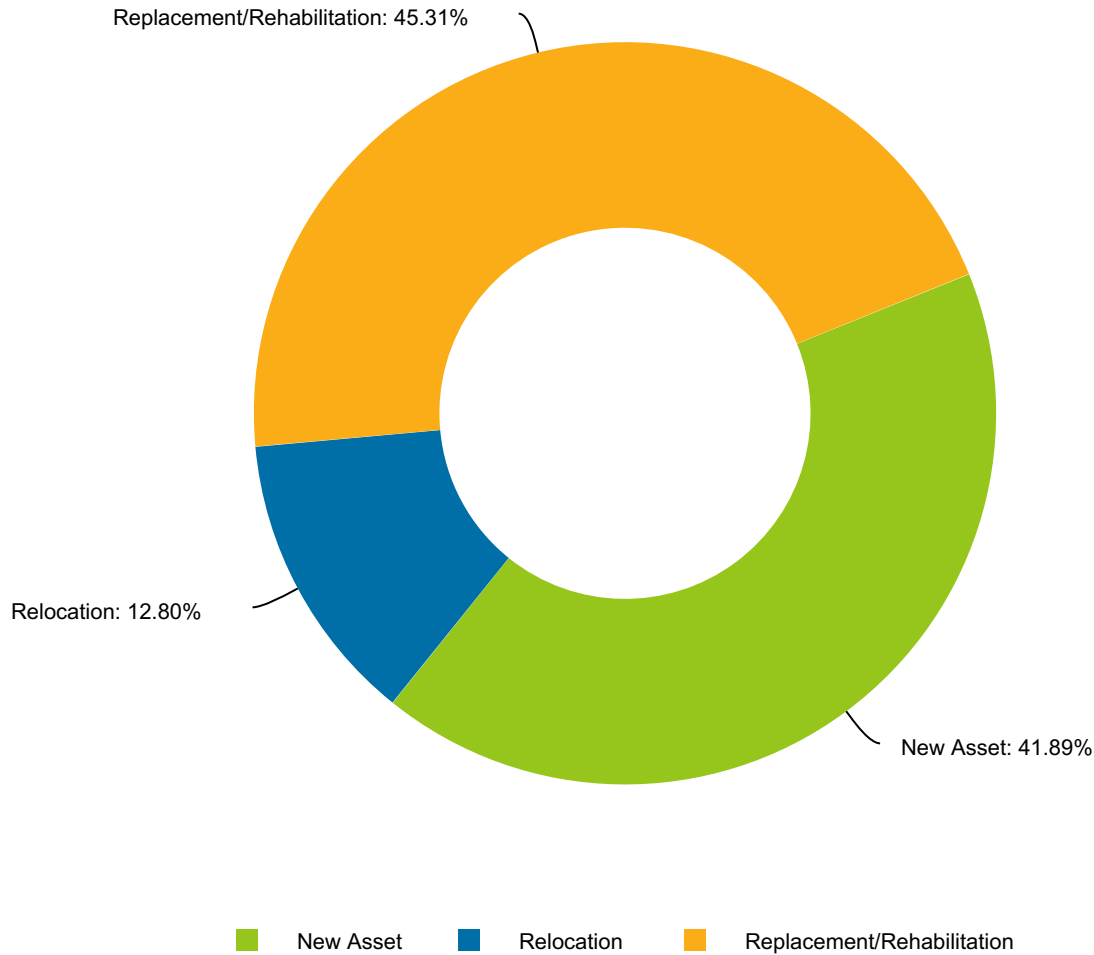
BUDGETED CAPITAL COSTS By FUNDING SOURCE



Rates are an important source of funding to support projects in each department over the next five years. 2020C Bonds are larger percentages in 2021-2023 and provide funding for plant improvements; installation, replacement, and relocation of water mains; and redevelopment projects. In 2023, the majority of construction and rehabilitation of Wilson Plant occurs using ANRC Wilson funds.

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2021 CAPITAL COSTS By PURPOSE

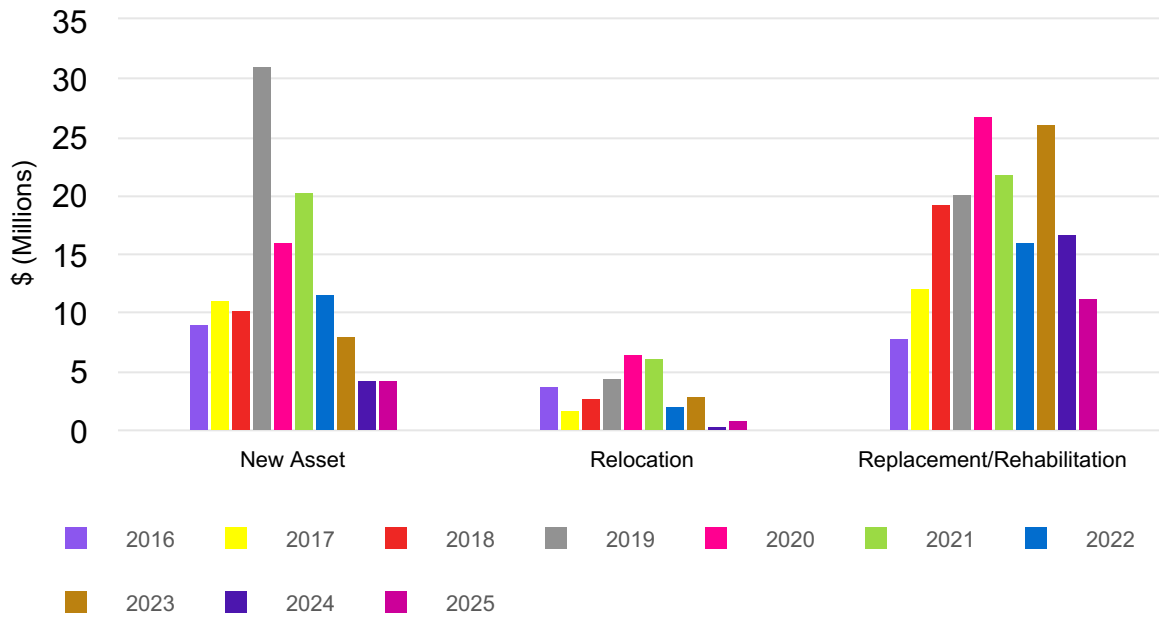


There are three main categories of 2021 Capital Costs as noted in the above graph. Approximately two-thirds of the Replacement/Rehabilitation category is allocated for pumping and treatment projects related to the ANRC Ozark-funded rehabilitation work at the Ozark Point Plant; Rate-funded replacement of aging galvanized, asbestos-cement, and cast iron water mains throughout the distribution system; and lastly, the Rate-funded CIS replacement project. In the New Asset category, slightly less than half is for WPPWA engineering and water main construction and revenue generating redevelopment projects related to the JTH building as well as apartments. Lastly, almost 100% of capital costs for Relocations is for projects throughout the Utility required by either city, county, and/or state to support roadway projects.

Annual Cost Trend

CAW anticipates completing approximately \$168.9 million in capital improvement projects from 2021-2025. During this five-year period, the largest year of capital costs is projected to be 2021.

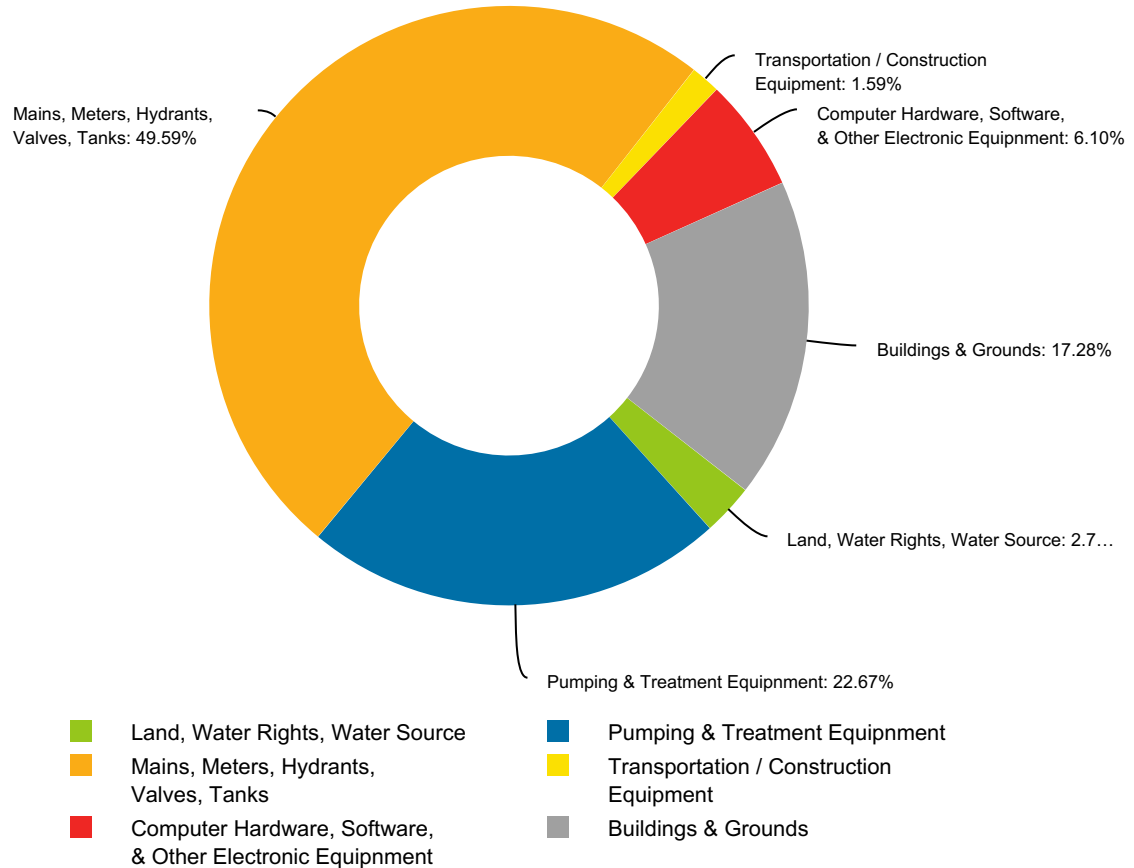
CAPITAL COSTS BY PURPOSE



The increase from 2020 to 2021 for New Assets is due to expansion into western Pulaski County and redevelopment projects in the downtown Little Rock area. The costs in the Relocation category are relatively flat between 2020 and 2021. Replacement/Rehabilitation decreases from 2020 to 2022 due to the Ozark Point Plant rehabilitation project being completed in 2021 and increases in 2023 for the start of the Wilson Point Plant rehabilitation project.

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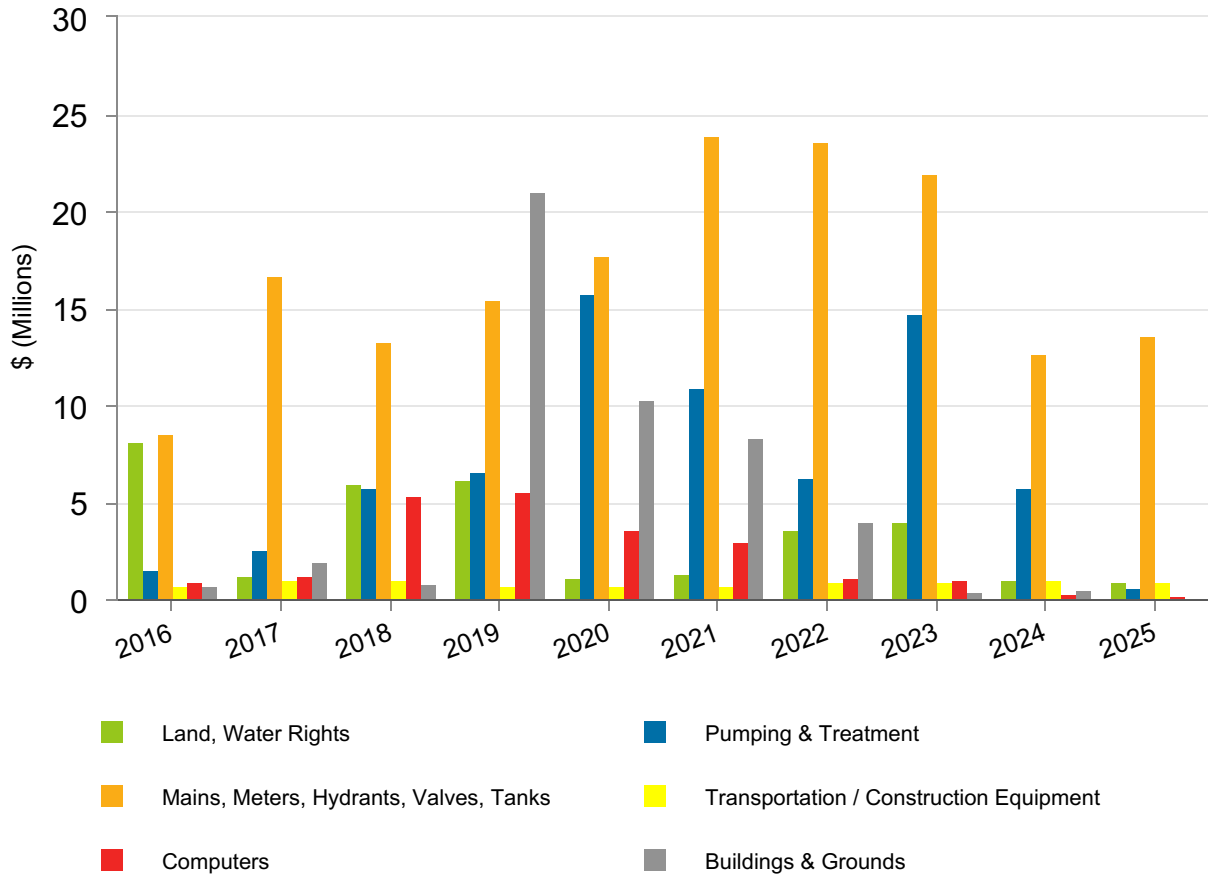
2021 CAPITAL COSTS BY ASSET



The largest portion of 2021 capital costs is 49.6% designated for distribution system assets (mains, meters, hydrants, valves, and tanks). Another 22.7% is related to pumping and treatment work for the replacement/rehabilitation of the Ozark Point Plant. The third largest category is 17.3% is for buildings and grounds with the majority budgeted for redevelopment projects.

A departmental justification and any applicable impact on operations and maintenance expense is provided for each project in the 2021 CIP on pages 107-115. Additionally, all projects included in the next five years with a total cost of \$500,000 or greater are detailed on pages 127-175.

BUDGETED CAPITAL COSTS BY ASSET



The Five-Year Plan includes details to expand and improve the water system on both sides of the Arkansas River from 2021 through 2025. CAW has established a continuous improvement plan for pipe replacement within the Utility's service area. This plan contributes to the consistency of Mains, Meters, Hydrants, Valves, and Tanks as one of the highest cost categories since 2016. Aging pipe within the system composed of galvanized, asbestos-cement, and cast iron pipe is replaced with ductile iron and PVC to provide improved strength and performance.

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Unfunded Capital Projects

There are approximately \$11.29 million in unfunded capital projects during the current five-year planning horizon. These projects span multiple departments across the Utility ranging from call center enhancements to projects in the master plan for distribution and transmission mains. A detailed list of these unfunded projects is presented below.

Department	Description	2022	2023	2024	2025	2026
Information Services	Call Center Enhancements	100,000				
Information Services	Capital Project Planning & Project Management Application	250,000				
Information Services	Upgrade Phone System - Lake Maumelle		60,000			
Engineering	Construct 1.0 MG Storage Tank No. 5B - Pulaski Heights				2,500,000	
Engineering	Improve Lake Maumelle Buildings					200,000
Engineering	Install 12-inch Water Main - Pump Station No. 28 Suction Improvements				500,000	
Engineering	Install 16-inch Parallel Feed Main to Tanks No. 14A/14B - Mabelvale				3,000,000	
Engineering	Install Master Plan Distribution Mains - Various			250,000	250,000	
Engineering	Install Master Plan Transmission Mains - Various			1,000,000	1,000,000	
Engineering	Master Plan Report - Utility wide					500,000
Engineering	Relocate Water Mains - Main Street (NLR) RR Viaduct Replacement			450,000		
Water Production	Rebuild Pump and Motor 7 Lake Maumelle		360,000			
Water Production	Replace Gas Chromatography-Mass Spectrometry				150,000	
Water Production	Replace Granular Activated Carbon Media (GAC) - Ozark Point Plant			300,000		
Water Production	Replace Total Organic Carbon Analyzer		100,000			
Distribution	Replace 3 Ton Dump Truck		120,000			
Distribution	Replace Meter Test Bench for Meter Shop			200,000		
	GRAND TOTAL	\$350,000	\$640,000	\$2,200,000	\$7,400,000	\$700,000

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CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2021)

DESCRIPTION	TOTAL	2018B Bonds	2020B Bonds	2020C Bonds	Future ANRC WPPWA	ANRC Ozark	MWM Rates	WPF	DEV	Rates
ADMINISTRATION										
6th St.Deli Building - Purchase w/ Building & Office Improvements	350,000		350,000							
Forest Restoration and Enhancement - Job No. 07554	25,000							25,000		
Grant Match for Bringle Creek Recreational Trail Program Grant	40,000							40,000		
Improve Forest Roads and Access - Job No. 07390	25,000							25,000		
Improve Wilson Classroom Space - Job No. 08370	300,000		300,000							
Install Security System Improvements	25,000									25,000
Park & Recreational Area Upgrades	5,000									5,000
Purchase Conservation Easements	200,000							200,000		
Purchase Property	500,000			500,000						
Purchase Rattlesnake Ridge	300,000			300,000						
Redevelopment Project: 6th & Cumberland Apartments	3,100,000									3,100,000
Redevelopment Project: JTH Building	3,515,000		3,515,000							
Replace Truck (278)	28,000									28,000
Replace Zero Turn Mower	16,000									16,000
Restore River, Floodplain and Wetland - FLP	50,000							50,000		
Security Upgrades- Gate and Fencing at FLP Entrance	25,000									25,000
Watershed Management Best Management Practices (BMP) Pilot Project	35,000							35,000		
Watershed Management Plan Update	150,000							150,000		
Watershed Office - Building Improvements	5,000									5,000
TOTAL	\$8,694,000	\$—	\$4,165,000	\$800,000	\$—	\$—	\$—	\$525,000	\$—	\$3,204,000

INFORMATION SERVICES										
Assess Cloud Readiness Plan	25,000									25,000
Chemical Tracking	30,000									30,000
Conduct Network PIN Test	15,000									15,000
Human Resources Information System, including Time and Attendance	280,000									280,000
Implement GIS Programming for Outage Notification	70,000									70,000
Memory for ESXI - VM Host Server	40,000									40,000

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2021)

DESCRIPTION	TOTAL	2018B Bonds	2020B Bonds	2020C Bonds	Future ANRC WPPWA	ANRC Ozark	MWM Rates	WPF	DEV	Rates
Phone replacements	25,000									25,000
Purchase ESRI Tools Enhancements	25,000									25,000
Purchase Next Gen Itron Handheld Meter Readers	30,000									30,000
Purchase Operational Data Management and Reporting - Compliance and Analysis	30,000									30,000
Re-Cable 4th Floor	15,000									15,000
Replace Customer Information System - Job No. 08288	1,850,000									1,850,000
Replace Servers (Clearwater, Maryland, Wilson Plant)	20,000									20,000
SQL Licenses - Active Replication - rename to Active Server Protection	85,000									85,000
Upgrade SCADA System Management/Security	60,000									60,000
Virtualization Enhancements/Assessments - VDI Desktops	340,000									340,000
TOTAL	\$2,940,000	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$2,940,000

CUSTOMER SERVICE

Replace Meter Reader Truck	22,000									22,000
TOTAL	\$22,000	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$22,000

ENGINEERING

Developer Funded Capital	2,500,000								2,500,000	
Developer Participation - New Mains	100,000									100,000
Facility Improvements	50,000									50,000
Improve Booster Pump Station No. 11	350,000			350,000						
Improve Lake Maumelle Pump Station Intake Rehabilitation and Parking Lot Foundation Repair	250,000			250,000						
Improve Lake Winona Spillway - deteriorated concrete surface	500,000			500,000						
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	500,000					500,000				
Improve Ozark Point Plant - Phase 2 Construction - Project No. 4687 - Job No. 07516B	8,086,363					8,086,363				
Improve Ozark Point Plant - Phase 2 Construction Phase Engineering Services - Project No. 4687 - Job No. 07516	733,137					733,137				
Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping	700,000			700,000						

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2021)

DESCRIPTION	TOTAL	2018B Bonds	2020B Bonds	2020C Bonds	Future ANRC WPPWA	ANRC Ozark	MWM Rates	WPF	DEV	Rates
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection	250,000			250,000						
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 - North Little Rock	2,000,000			2,000,000						
Install 8-inch Water Main Across I-40 at Harris Road	250,000			250,000						
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main	550,000			550,000						
Participation - West Pulaski Public Water Authority - Burlingame/Kanis Rd	4,000,000				4,000,000					
Pressure Recorders - Engineering	10,000									10,000
Professional Services - Engineering	5,000									5,000
Professional Services - Land Surveying	5,000									5,000
Professional Services - Property Appraisals	5,000									5,000
Purchase GPS Units	10,000									10,000
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922 *reflects net after \$325,000 reimbursement	400,000	400,000								
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark river Bridge - Payment No. 2 - Job No. 08335	1,550,000	1,550,000								
Relocate 24/20/12/8-inch Water Mains - Interstate 30 Widening - Various Locations	300,000	300,000								
Relocate 30/16/12/8-inch Water Mains - Cantrell Road/AR Hwy 10/Rodney Parham Rd - Phase 1	1,197,297	1,197,297								
Relocate Water Mains - Bella Rosa Dr - LR	40,000	40,000								
Relocate Water Mains - Bowman Road Improvements - Kanis to Cherry Laurel - LR	250,000			250,000						
Relocate Water Mains - Country Club Rd - N. Hills to Beaconsfield - Sherwood	850,000			850,000						
Relocate Water Mains - Crystal Valley Rd - Cobblestone Creek to Redleaf - LR	50,000	50,000								
Relocate Water Mains - Eastwood St - Brandon to Vinewood - LR	45,000	45,000								
Relocate Water Mains - Kanis Rd - Denny/Stewart Roads - Pulaski County	60,000	60,000								
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR	140,000	140,000								
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR	225,000			225,000						
Relocate Water Mains - Rodney Parham Road Improvements - LR	500,000			500,000						
Relocate Water Mains - Sheraton Dr - Southmont to Lamont - LR	50,000	50,000								
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	500,000									500,000

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2021)

DESCRIPTION	TOTAL	2018B Bonds	2020B Bonds	2020C Bonds	Future ANRC WPPWA	ANRC Ozark	MWM Rates	WPF	DEV	Rates
Replace Vehicle - Engineering Department	28,000									28,000
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System-wide	4,600,000			4,100,000						500,000
TOTAL	\$31,639,797	\$3,832,297	\$—	\$10,775,000	\$4,000,000	\$9,319,500	\$—	\$—	\$2,500,000	\$1,213,000

WATER PRODUCTION										
Evaluate Wilson Infrastructure Filters and Basins	351,000									351,000
Implement Tank Management System	50,000									50,000
Purchase Booster Chlorinator Station 9	8,300									8,300
Purchase Sampling Stations	15,000									15,000
Replace Fence Jackson Reservoir	75,000									75,000
Replace On Line Raw Turbidimeter Ozark Point Plant	6,500									6,500
Replace On Line Turbidimeters Ozark Point Plant	60,000									60,000
Replace SCADA System Programmable Logic Controllers	150,000									150,000
Replace Switchgear Programmable Logic Controllers Wilson Plant	200,000									200,000
Replace Switchgear Programmable Logic Controllers Lake Maumelle Pump Station	170,000									170,000
Replace Truck (487)	28,000									28,000
Upgrade Ozark Fluoride System	181,000									181,000
TOTAL	\$1,294,800	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$1,294,800

DISTRIBUTION										
Arc Flash Hazard Analysis - Job No. 08275	80,000									80,000
High service pump motor analysis for Lake Maumelle, Wilson, & Ozark	48,000									48,000
Install and Replace Hydrants	110,000									110,000
Install Generator at Pump Station 16A	70,000			70,000						
Install Hydrants - Maumelle	6,500						6,500			
Install Mains - Maumelle	11,500						11,500			
Install Meters - Maumelle	8,000						8,000			
Install Meters for New Services	155,000									155,000

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2021)

DESCRIPTION	TOTAL	2018B Bonds	2020B Bonds	2020C Bonds	Future ANRC WPPWA	ANRC Ozark	MWM Rates	WPF	DEV	Rates
Install Overhead Fans - Clearwater	25,000									25,000
Install Valves	52,500									52,500
Install Valves - Maumelle	9,000						9,000			
Install, Replace, and Relocate Mains	180,000									180,000
Install, Replace, and Transfer Services - Maumelle	255,000						255,000			
Purchase 1.5 Ton Service Truck (New for Right-a-Way Crew)	56,000									56,000
Purchase Hydrant Tool - Impact Drive Hydrant Saver	11,000									11,000
Purchase New 1 Ton Van	41,000									41,000
Purchase Setflow 100c Cellular Remote Smart Valve	10,000									10,000
Purchase Vac-Tron & Trailer	75,000									75,000
Purchase/Install Meters - Change Out Program	600,000									600,000
Purchase/Install Services (New, Replace, Transfer)	1,385,000									1,385,000
Relocate Utility Lines inside Clearwater Warehouse (overhead hazard)	30,000									30,000
Replace 1 Ton Van (424)	41,000									41,000
Replace 1/2 Ton Trucks (4 trucks - 474, 481, 511, 555)	94,000									94,000
Replace 2 Ton Dump Trucks (2 trucks - 227, 471)	184,000									184,000
Replace 3/4 Ton Service Truck (521) - Maumelle	35,000						35,000			
Replace 3/4 Ton Service Trucks (2 trucks - 422, 491)	75,000									75,000
Replace Air Motors for Tap Machines	16,000									16,000
Replace Air Piercing Tool	18,000									18,000
Replace Variable Frequency Drives & Check Valve Pump 1 Station 26A	12,000									12,000
Replace Variable Frequency Drives & Check Valve Pump 3 Station 16C	33,000									33,000
Upgrade RSLogix Software	6,000									6,000
TOTAL	\$3,732,500	\$—	\$—	\$70,000	\$—	\$—	\$325,000	\$—	\$—	\$3,337,500
GRAND TOTAL	\$48,323,097	\$3,832,297	\$4,165,000	\$11,645,000	\$4,000,000	\$9,319,500	\$325,000	\$525,000	\$2,500,000	\$12,011,300

Explanation of Funding Sources	
2018B Bonds	2018B Bonds
2020B Bonds	2020B Bonds
2020C Bonds	2020C Bonds
Future ANRC WPPWA	Future Arkansas Natural Resources West Pulaski Public Water Authority
ANRC Ozark	Arkansas Natural Resources - Ozark Point Plant
MWM Rates	Maumelle Rate Revenue
WPF	Watershed Protection Fees
DEV	Developer Funding Capital
Rates	Rates

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CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
ADMINISTRATION		
6th St.Deli Building - Purchase w/ Building & Office Improvements	350,000	
Improvements downtown for redevelopment and alternate potential revenue to offset improvements for JTH office rehabilitation.		
Forest Restoration and Enhancement - Job No. 07554	25,000	
Continuation of obligations for land/forest improvements associated with land purchases.		
Grant Match for Bringle Creek Recreational Trail Program Grant	40,000	
Ten percent matching funds for pending recreational trail program grant for the improvement of the Bringle Creek Recreation Area. This will improve water quality by stabilizing banks and sediment reduction.		
Improve Forest Roads and Access - Job No. 07390	25,000	
Unmanaged roads significantly impact watershed and water quality. Management of these are critical for water quality improvement.		
Improve Wilson Classroom Space - Job No. 08370	300,000	
Install classroom space for CAW's education program.		
Install Security System Improvements	25,000	
Upgrade outdated security system to current technologies.		
Park & Recreational Area Upgrades	5,000	
Park facilities are in desperate need of replacing structural assets including trash cans, benches, picnic tables, railings, and signage.		
Purchase Conservation Easements	200,000	
Continuation of land acquisition through conservation easements is consistent with the 2007 WMP and will assist in full implementation of the plan.		
Purchase Property	500,000	7,500
Continued land purchases are consistent with the 2007 WMP recommendations and will assist in the full implementation of the plan.		
Purchase Rattlesnake Ridge	300,000	
Continuation of land acquisition through conservation easements is consistent with the 2007 WMP and will assist in full implementation of the plan.		
Redevelopment Project: 6th & Cumberland Apartments	3,100,000	
Improvements to downtown for redevelopment and alternate revenue to offset improvements for JTH office rehabilitation.		
Redevelopment Project: JTH Building	3,515,000	
Rehabilitation and improvements at the JTH Building for downtown office space.		
Replace Truck (278)	28,000	
Replace truck due to excessive mileage and maintenance costs.		

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Replace Zero Turn Mower Replace mower due to age and maintenance costs.	16,000	
Restore River, Floodplain and Wetland - FLP Continued land purchases are consistent with the 2007 WMP recommendations and will assist in the full implementation of the plan.	50,000	
Security Upgrades - Gate and Fencing at FLP Entrance New bridge was installed in '19/20 for property access. New gate was installed, but needs keypad/motor, and surrounding fencing needs replaced.	25,000	
Watershed Management BMP Pilot Project Install pilot BMP project on the Ferndale Property recommended in the 2007 WMP.	35,000	
Watershed Management Plan Update Consultant study to evaluate and update the 2007 WMP.	150,000	
Watershed Office - Building Improvements Replace windows and doors in 2021. Upgrade bathrooms and labs 2022.	5,000	
INFORMATION SERVICES		
Assess Cloud Readiness Plan Information Technology Master Plan (ITMP) - Cloud readiness assessment.	25,000	
Chemical Tracking Use Cityworks to track chemical inventory.	30,000	
Conduct Network PIN Test Proactively identifies potential security deficiencies and allows timely resolution.	15,000	
Human Resources Information System, including Time and Attendance Automate performance evaluations, applications, onboarding process, and employee timekeeping.	280,000	
Implement GIS Programming for Outage Notification Improve customer service with real time outage notifications.	70,000	
Memory for ESXI - VM Host Server Add memory to the VM host servers to increase the speed and support for multiple virtual sessions.	40,000	
Phone replacements The Cisco phones are 15 years old and will not support the next server software upgrade.	25,000	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Purchase ESRI Tools Enhancements Supports business needs related to spatial analysis and various business processes.	25,000	
Purchase Next Gen Itron Handheld Meter Readers New handheld meter readers will contribute to accuracy and efficiency of reading meters.	30,000	
Purchase Operational Data Management and Reporting - Compliance and Analysis Improve effectiveness and efficiency through the adoption of processes and tools for management of water operations data.	30,000	
Re-Cable 4th Floor Network cable on 4th floor is over 15 years old and is a choke point for users on that floor.	15,000	
Replace Customer Information System - Job No. 08288 Replace current billing system with ITMP recommendation.	1,850,000	347,475
Replace Servers (Clearwater, Maryland, Wilson Plant) Provides continuity of operations and prevents failure and downtime.	20,000	
SQL Licenses - Active Replication - rename to Active Server Protection The SQL licenses will be used for a replication server at Clearwater to support SQL data replication.	85,000	
Upgrade SCADA System Management/Security Manages threat detection, managed monitoring, and response platform by leveraging cyber threat intelligence.	60,000	
Virtualization Enhancements/Assessments - VDI Desktops Gives CAW the ability to have up to 70 virtual computers as well as to better support Cayenta.	340,000	
CUSTOMER SERVICE		
Replace Meter Reader Truck Replace truck due to excessive mileage and maintenance costs.	22,000	
ENGINEERING		
Developer Funded Capital Developer-contributed capital improvements to CAW water system as a result of new developments in the CAW service area.	2,500,000	
Developer Participation - New Mains Extend and/or upsize new mains by CAW in cooperation with developer new water main installation; provides for future extensions and growth.	100,000	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Facility Improvements	50,000	
Beautification of certain CAW facilities.		
Improve Booster Pump Station No. 11	350,000	
Construct building, pump, and electrical improvements and rehabilitation on Pump Station No. 11 to extend its service life.		
Improve Lake Maumelle Pump Station Intake Rehabilitation and Parking Lot Foundation Repair	250,000	
Improves the long-term functionality of the pumping system and restores the foundation of the parking lot.		
Improve Lake Winona Spillway - deteriorated concrete surface	500,000	
Improve condition of concrete on weir, spillway walls and apron, & seal joints.		
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	500,000	
Construction improvements to Ozark Point Plant to increase functional life, efficiency, & effectiveness of the plant.		
Improve Ozark Point Plant - Phase 2 Construction - Project No. 4687 - Job No. 07516B	8,086,363	
Construction improvements to Ozark Point Plant to increase functional life, efficiency, & effectiveness of the plant.		
Improve Ozark Point Plant - Phase 2 Construction Phase Engineering Services - Project No. 4687 - Job No. 07516	733,137	
Construction improvements to Ozark Point Plant to increase functional life, efficiency, & effectiveness of the plant.		
Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping	700,000	
Install approximately 6,100 linear feet of main to improve flows and pressures and improve problems in the area.		
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection	250,000	
Install approximately 1,800 linear feet of main to facilitate improved flows in the system.		
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 - North Little Rock	2,000,000	
Install approximately 7,000 linear feet of 24-inch main to improve the flow to Tank No. 23 and to serve as a redundant supply line for an existing 20-inch main.		
Install 8-inch Water Main Across I-40 at Harris Road	250,000	
Install approximately 860 linear feet of a new 8-inch water main under I-40 at Harris Road for looping and improved hydraulics, water age, and compliance issues.		
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main	550,000	
Install approximately 5,000 linear feet of main to improve water quality.		
Participation - West Pulaski Public Water Authority - Burlingame/Kanis Rd	4,000,000	
Participation with West Pulaski Water Authority for the construction of new water mains.		
Pressure Recorders - Engineering	10,000	
Purchase of new pressure recorders as replacement of old, out-dated units.		

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Professional Services - Engineering Professional design and consultation as required on various projects.	5,000	
Professional Services - Land Surveying Professional land surveying required for the acquisition of new land, easements, & maintenance of property rights on existing land & easement holdings.	5,000	
Professional Services - Property Appraisal Professional services to assess property values.	5,000	
Purchase GPS Units Purchase of GPS units for Engineering Department.	10,000	
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922 *reflects net after \$325,000 reimbursement Relocate approximately 1,200 linear feet of a 16-inch main attached to N. Cantrell Road bridge due to city & ARDOT Gill Street Bridge.	400,000	
Relocate 24/20/12/8-inch Water Mains - Interstate 30 Widening - Various Locations Relocate 24/20/12/8-inch water mains due to the widening of I-30 by ARDOT.	300,000	
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark river Bridge - Payment No. 2 - Job No. 08335 Payment No. 2 for the relocation of the existing 24-inch transmission main from the old to new I-30 Arkansas River bridge.	1,550,000	
Relocate 30/16/12/8-inch Water Mains - Cantrell Road/AR Hwy 10/Rodney Parham Rd - Phase 1 Relocate Water Mains - Camp Robinson Rd (AR Highway 176) at 54th Street - Project No. 4743.	1,197,297	
Relocate Water Mains - Bella Rosa Dr - LR Relocate water mains along Bella Rosa Dr for city of Little Rock street improvements.	40,000	
Relocate Water Mains - Bowman Road Improvements - Kanis to Cherry Laurel - LR Relocate mains due to street drainage improvements by the city of Little Rock street improvements.	250,000	
Relocate Water Mains - Country Club Rd - N. Hills to Beaconsfield - Sherwood Relocate approximately 6,000 linear feet of mains for city of Sherwood street improvements.	850,000	
Relocate Water Mains - Crystal Valley Rd - Cobblestone Creek to Redleaf - LR Relocate approximately 300 linear feet of 12-inch water main along Crystal Valley Rd for city of Little Rock street improvements.	50,000	
Relocate Water Mains - Eastwood St - Brandon to Vinewood - LR Relocate 450 linear feet of 6-inch water main along Eastwood St for city of Little Rock street improvements.	45,000	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Relocate Water Mains - Kanis Rd - Denny/Stewart Roads - Pulaski County Relocate 250 linear feet of 16-inch water main along Kanis Rd for Pulaski County road improvements.	60,000	
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR Relocate 900 linear feet of 6-inch water main along Kanis/Business Park/Michael Dr for city of Little Rock street improvements.	140,000	
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR Relocate water mains along JFK Blvd for city of North Little Rock Jump Start street improvements.	225,000	
Relocate Water Mains - Rodney Parham Road Improvements - LR Relocate mains due to drainage improvements for city of Little Rock.	500,000	
Relocate Water Mains - Sheraton Dr - Southmont to Lamont - LR Relocate 550 linear feet of 6-inch water main along Sheraton Dr for city of Little Rock street improvements.	50,000	
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements Relocate water mains for known and unknown road and drainage improvements (city/county/state improvements).	500,000	
Replace Vehicle - Engineering Department Replace truck due to excessive mileage and maintenance costs.	28,000	
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System-wide Replace old, high-maintenance galvanized, asbestos-cement, & cast iron pipe experiencing numerous leaks and breaks.	4,600,000	
WATER PRODUCTION		
Evaluate Wilson Infrastructure Filters and Basins Conduct a study and receive a Preliminary Engineering Report (PER) on condition of Wilson basins and filters for budgeting rehabilitation in the coming years.	351,000	
Implement Tank Management System Ensure water quality in tanks is maintained.	50,000	
Purchase Booster Chlorinator Station 9 Improve low residual area in Arch Street system.	8,300	
Purchase Sampling Stations Sampling stations are a continuation of a multi-year project to replace sub-standard compliance sampling locations in the distribution system.	15,000	
Replace Fence Jackson Reservoir Replace fence due to age and safety reasons.	75,000	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Replace On Line Raw Turbidimeter Ozark Point Plant Turbidimeters are past their useful life.	6,500	
Replace On Line Turbidimeters Ozark Point Plant Turbidimeters are past their useful life.	60,000	
Replace SCADA System Programmable Logic Controllers Replace PLCs due to support services ending.	150,000	
Replace Switchgear Programmable Logic Controllers Wilson Plant Replace PLCs due to support services ending.	200,000	
Replace Switchgear Programmable Logic Controllers Lake Maumelle Pump Station Replace PLCs due to support services ending.	170,000	
Replace Truck (487) Replace truck due to excessive mileage and maintenance costs.	28,000	
Upgrade Ozark Fluoride System Provide continued dental benefits of fluorinated water to the community.	181,000	
DISTRIBUTION		
Arc Flash Hazard Analysis - Job No. 08275 Study and remove arc flash hazards.	80,000	
High service pump motor analysis for Lake Maumelle, Wilson, & Ozark Additional analyzers needed for pump to do higher voltage.	48,000	
Install and Replace Hydrants Install and replace hydrants to maintain fire protection levels and water quality by means of flushing.	110,000	
Install Generator at Pump Station 16A Improves reliability, flexibility, and prevents outages.	70,000	
Install Hydrants - Maumelle Install hydrants for Maumelle to maintain fire protection levels and water quality by means of flushing.	6,500	
Install Mains - Maumelle Install capital mains within the distribution system in Maumelle.	11,500	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Install Meters - Maumelle Install meters for new services requested for new construction and infrastructure additions in Maumelle.	8,000	
Install Meters for New Services Install meters for new services requested for new construction and infrastructure additions.	155,000	
Install Overhead Fans - Clearwater Partner with Little Rock Water Reclamation Authority to purchase overhead fans to help cool the Fleet Maintenance Shop.	25,000	
Install Valves Install and replace valves within the distribution system.	52,500	
Install Valves - Maumelle Install and replace valves within the distribution system in Maumelle.	9,000	
Install, Replace, and Relocate Mains Install, replace, and relocate mains. Work is performed by CAW distribution crews.	180,000	
Install, Replace, and Transfer Services - Maumelle Install, replace, and transfer Maumelle services relating to new and existing jobs.	255,000	
New 1 Ton Van Purchase van for transportation needs.	41,000	
Purchase 1.5 Ton Service Truck(s) (New for Right-a-Way Crew) Truck provides transportation for right-a-way crew.	56,000	
Purchase Hydrant Tool - Impact Drive Hydrant Saver Provides ability to safely and easily remove hydrant valve seats.	11,000	
Purchase Setflow 100c Cellular Remote Smart Valve Purchase a new cellular shut-off valve to pilot on accounts with frequent touch points for theft of water or non-payment.	10,000	
Purchase Vac-Tron & Trailer Purchase vacuum excavator to expose utilities in front of boring machine for new main installation and replacement to expedite job completion.	75,000	
Purchase/Install Meters - Change Out Program Purchase and install meters in service for 16 years or longer thereby enhancing water metering by removing slow meters that impact revenues.	600,000	
Purchase/Install Services (New, Replace, Transfer) Install, replace, and transfer services relating to new and existing jobs.	1,385,000	

CAPITAL IMPROVEMENT PLAN - 2021 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2021 O&M IMPACT
Relocate Utility Lines inside Clearwater Warehouse (overhead hazard) Relocate gas and water lines in warehouse for fork truck clearance.	30,000	
Replace 1/2 Ton Trucks (4 trucks - 474, 481, 511, 555) Replace trucks due to excessive mileage and maintenance costs.	94,000	
Replace 2 Ton Dump Trucks (2 trucks - 227, 471) Replace trucks due to excessive mileage and maintenance costs.	184,000	
Replace 3/4 Ton Service Truck (521) - Maumelle Replace truck due to excessive mileage and maintenance costs.	35,000	
Replace 3/4 Ton Service Trucks (2 trucks - 422, 491) Replace trucks due to excessive mileage and maintenance costs.	75,000	
Replace Air Motors for Tap Machines Need to replace aging and costly to repair equipment.	16,000	
Replace Air Piercing Tool Replace non-serviceable air piercing tool used for trenchless installation of services.	18,000	
Replace 1 Ton Van (424) Replace van due to excessive mileage and maintenance costs.	41,000	
Replace Variable Frequency Drives & Check Valve Pump 1 Station 26A Replace to maintain constant pressure and prevent interruptions of service.	12,000	
Replace Variable Frequency Drives & Check Valve Pump 3 Station 16C Replace to maintain constant pressure and prevent interruptions of service.	33,000	
Upgrade RSLogix Software Required to support software due to upgrade of windows operating system.	6,000	

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CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

Vehicles in blue are aggregated and combined in the Projects Section on pages 127 - 175.

DESCRIPTION	2021	2022	2023	2024	2025
ADMINISTRATION					
6th St.Deli Building - Purchase w/ Building & Office Improvements	350,000				
Aerial Photography of Watershed - Lake Maumelle		15,000		15,000	
Boat Motor Replacement		14,000			
FLP Large Acre Property Purchase		3,000,000	3,000,000		
Forest Restoration and Enhancement - Job No. 07554	25,000	25,000	25,000	25,000	25,000
Grant Match for Bringle Creek Recreational Trail Program Grant	40,000				
Improve Forest Roads and Access - Job No. 07390	25,000	25,000	50,000	50,000	
Improve Lake Maumelle Buildings			160,000	160,000	
Improve Wilson Classroom Space - Job No. 08370	300,000	200,000			
Install Security System Improvements	25,000	30,000	25,000	30,000	25,000
Lake Maumelle Bathymetry Survey					75,000
Lake Maumelle Rezatec Analysis - Land Use Mapping		17,500	17,500	17,500	17,500
Lake Winona Bathymetry Survey			25,000		
Park & Recreational Area Upgrades	5,000	10,000	10,000		
Pegasus Pipeline Satelytics Change Analyses - Satellite Monitoring		122,500	122,500	122,500	122,500
Purchase Conservation Easements	200,000	100,000	200,000	200,000	200,000
Purchase Property	500,000	135,000	325,000	500,000	500,000
Purchase Rattlesnake Ridge	300,000				
Redevelopment Project: 6th & Cumberland Apartments	3,100,000				
Redevelopment Project: JTH Building	3,515,000	3,515,000			
Replace Truck (278)	28,000				
Replace Truck (414)			28,000		
Replace Zero Turn Mower	16,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
Restore River, Floodplain and Wetland - FLP	50,000	125,000	125,000	75,000	
Security Upgrades- Gate and Fencing at FLP Entrance	25,000				
Watershed Management BMP Pilot Project	35,000	35,000			
Watershed Management Plan Update	150,000				
Watershed Office - Building Improvements	5,000	10,000	10,000		
TOTAL	\$8,694,000	\$7,379,000	\$4,123,000	\$1,195,000	\$965,000

INFORMATION SERVICES

ARCGIS Online		25,000			
Assess Cloud Readiness Plan	25,000				
Change Management		50,000			
Chemical Tracking	30,000				
Conduct Network PIN Test	15,000				15,000
Environmental Health and Safety Risk Management		50,000			
Human Resources Information System, including Time and Attendance	280,000	150,000	50,000		
Implement GIS Programming for Outage Notification	70,000				
Install Cityworks Enhancements		30,000			
Install Data Storage Protection		50,000			
Memory for ESXI - VM Host Server	40,000				
Perform Information Technology Risk Management Assessment		50,000			
Phone replacements	25,000				
Purchase Billing Printer		48,000			48,000
Purchase Cityworks Cloud			50,000	50,000	50,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

Vehicles in blue are aggregated and combined in the Projects Section on pages 127 - 175.

DESCRIPTION	2021	2022	2023	2024	2025
Purchase Document Management System		300,000	150,000	150,000	
Purchase ESRI Tools Enhancements	25,000				
Purchase Next Gen Itron Handheld Meter Readers	30,000				
Purchase Operational Data Management and Reporting - Compliance and Analysis	30,000				
Purchase RouteSmart Software		137,500			
Re-Cable 4th Floor	15,000				
Re-implement integration with BI360		40,000			
Replace Customer Information System - Job No. 08288	1,850,000				
Replace GIS Field Data Collector Vehicle			25,000		
Replace GPS Equipment		30,000			
Replace Large Format Scan/Print/Copy Machine		25,000			
Replace Network Firewalls		30,000			
Replace SCADA Switches		35,000	35,000		35,000
Replace Server UPS units		20,000			
Replace Servers (Clearwater, Maryland, Wilson Plant)	20,000	20,000	20,000	20,000	20,000
Replace Wireless Access Points		35,000			
SQL Licenses - Active Replication - rename to Active Server Protection	85,000				
Upgrade Microsoft Dynamics Finance and Operations System			600,000		
Upgrade Phone System			45,000		
Upgrade SCADA System Management/Security	60,000				
Virtualization Enhancements/Assessments - VDI Desktops	340,000				
TOTAL	\$2,940,000	\$1,125,500	\$975,000	\$220,000	\$168,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
CUSTOMER SERVICE					
Replace Meter Reader Truck	22,000			22,000	
TOTAL	\$22,000			\$22,000	
ENGINEERING					
Construct Booster Pump Station No. 17B - Highland Ridge Developer Funded Capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Developer Participation - New Mains	100,000	150,000	100,000	150,000	150,000
Facility Improvements	50,000	50,000	50,000	50,000	50,000
Improve Booster Pump Station No. 11	350,000				
Improve Booster Pump Station No. 22 - Crystal Hill Road				500,000	
Improve Lake Maumelle Pump Station Intake Rehabilitation and Parking Lot Foundation Repair	250,000				
Improve Lake Winona Spillway - deteriorated concrete surface	500,000				
Improve Ozark Point Plant - Phase 2 Construction - Project No. 4687 - Job No. 07516B	8,086,363				
Improve Ozark Point Plant - Phase 2 Construction Phase Engineering Services - Project No. 4687 - Job No. 07516	733,137				
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	500,000	2,240,000			
Improve Pump Station No. 1A - Phase 2 Construction - Wilson Plant - Job No. 07515		1,600,000	1,600,000		
Improve Raw Water Pump Station No. 12 - Jackson Reservoir			1,500,000		
Improve/Rehab Wilson Plant - Construction Phase			10,000,000	5,000,000	

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
Improve/Rehab Wilson Plant - Engineering Design and Construction Phase Services		1,500,000	250,000	150,000	
Inspection of Arkansas River Transmission Crossings		50,000			
Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping	700,000				
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection	250,000				
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 - North Little Rock	2,000,000				
Install 8-inch Water Main Across I-40 at Harris Road	250,000				
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main	550,000				
Paint/Improve Ground Storage Tank No. 30B - Maumelle		300,000	300,000		
Participation - West Pulaski Public Water Authority - Burlingame/Kanis Rd	4,000,000	10,000,000	6,000,000		
Pressure Recorders - Engineering	10,000				
Professional Services - Engineering	5,000	5,000	5,000	5,000	5,000
Professional Services - Land Surveying	5,000	5,000	5,000	5,000	5,000
Professional Services - Property Appraisals	5,000	5,000	5,000	5,000	5,000
Purchase GPS Units	10,000	10,000	10,000	10,000	10,000
Relocate 12-inch Water Main Along South University - 28th to Colonel Glenn					500,000
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922 *reflects net after \$325,000 reimbursement	400,000				
Relocate 16/12/8-inch Water Mains - Cantrell Rd/AR Hwy 10/Sam Peck/Taylor Loop - Phase 2			1,800,000		
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark river Bridge - Payment No. 2 - Job No. 08335	1,550,000				
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 3 - Job No. 08335			805,000		
Relocate 24/20/12/8-inch Water Mains - Interstate 30 Widening - Various Locations	300,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
Relocate 30/16/12/8-inch Water Mains - Cantrell Road/AR Hwy 10/Rodney Parham Rd - Phase 1	1,197,297				
Relocate Water Mains - 24" Along Hemphill Rd - Sherwood		500,000			
Relocate Water Mains - Bella Rosa Dr - LR	40,000				
Relocate Water Mains - Bowman Road Improvements - Kanis to Cherry Laurel - LR	250,000				
Relocate Water Mains - Country Club Rd - N. Hills to Beaconsfield - Sherwood	850,000				
Relocate Water Mains - Crystal Valley Rd - Cobblestone Creek to Redleaf - LR	50,000				
Relocate Water Mains - Eastwood St - Brandon to Vinewood - LR	45,000				
Relocate Water Mains - Hwy 10/Cantrell Rd		1,317,500			
Relocate Water Mains - Kanis Rd - Denny/Stewart Roads - Pulaski County	60,000				
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR	140,000				
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR	225,000				
Relocate Water Mains - Rodney Parham Road Improvements - LR	500,000				
Relocate Water Mains - Sheraton Dr - Southmont to Lamont - LR	50,000				
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	500,000	300,000	300,000	300,000	300,000
Repair Lake Winona Storm Drains		75,000			
Replace 12-inch Water Main Stagecoach Rd at I-430			250,000		
Replace Building Roofs - Lake Winona			20,000		
Replace Vehicle - Engineering Department	28,000	28,000	29,000	30,000	30,000
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System-wide	4,600,000	5,131,750	5,894,000	5,992,000	6,622,000
TOTAL	\$31,639,797	\$25,767,250	\$32,023,000	\$14,697,000	\$10,177,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
WATER PRODUCTION					
Dredge Lake Maumelle Intake Area			100,000		
Evaluate Wilson Infrastructure Filters and Basins	351,000				
Implement Tank Management System	50,000	50,000	50,000	50,000	80,000
Inspect all Clearwells by remotely operated vehicle		10,000			
Improve all Intake Gates at Water Sources		250,000	250,000		
Purchase Booster Chlorinator Station 9	8,300				
Purchase Sampling Stations	15,000	15,000	15,000	15,000	15,000
Replace 7 CL-17s On-Line Monitors of Chlorine Residuals-Wilson and Ozark					55,000
Replace Fence Jackson Reservoir	75,000	90,000	80,000		
Replace GAC Media - Ozark Point Plant		300,000	300,000		300,000
Replace ICP/Mass Spec			150,000		
Replace Ion Chromatograph					140,000
Replace On Line Raw Turbidimeter Ozark Point Plant	6,500				
Replace On Line Turbidimeters Ozark Point Plant	60,000				
Replace SCADA System Programmable Logic Controllers	150,000	150,000			
Replace Switchgear Programmable Logic Controllers Wilson Plant	200,000				
Replace Switchgear Programmable Logic Controllers Lake Maumelle Pump Station	170,000				
Replace Truck (487)	28,000				
Secure SCADA Network		50,000	50,000	50,000	50,000
Upgrade Ozark Fluoride System	181,000				
TOTAL	\$1,294,800	\$915,000	\$995,000	\$115,000	\$640,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
DISTRIBUTION					
Arc Flash Hazard Analysis - Job No. 08275	80,000				
Capital Projects for Plants, Tanks, & Pump Stations		122,500	122,500	122,500	122,500
Expand Clearwater Warehouse			110,000	290,000	
Expand Concrete Pavement Area at Clearwater Yard - Job No. 08268		70,000			
High service pump motor analysis for Lake Maumelle, Wilson, & Ozark	48,000				
Install and Replace Hydrants	110,000	115,000	120,000	125,000	130,000
Install Generator at Pump Station 16A	70,000				
Install Hydrants - Maumelle	6,500	6,750	7,000	7,250	7,500
Install Mains - Maumelle	11,500	12,500	13,000	13,000	13,500
Install Meters - Maumelle	8,000	9,000	9,000	9,000	10,000
Install Meters for New Services	155,000	180,000	185,000	190,000	195,000
Install Overhead Fans - Clearwater	25,000				
Install Valves	52,500	55,000	57,500	60,000	62,500
Install Valves - Maumelle	9,000	10,000	10,000	10,000	10,000
Install, Replace, and Relocate Mains	180,000	200,000	220,000	220,000	240,000
Install, Replace, and Transfer Services - Maumelle	255,000	250,000	250,000	245,000	245,000
Purchase New 1 Ton Van	41,000				
Purchase 1.5 Ton Service Truck (New for Right-a-Way Crew)	56,000	58,000			
Replace Additional Horizontal Directional Drilling Machine		260,000			
Purchase Advanced Valve Technology EZ Valve		115,000			
Purchase Hydrant Tool - Impact Drive Hydrant Saver	11,000				
Purchase Setflow 100c Cellular Remote Smart Valve	10,000				
Purchase Tractor and Bush Hog for Easement Maint. (with Trailer)		50,000			

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

Vehicles in blue are aggregated and combined in the Projects Section on pages 127 - 175.

DESCRIPTION	2021	2022	2023	2024	2025
Purchase Vac-Tron & Trailer	75,000				
Purchase/Install Meters - Change Out Program	600,000	620,000	640,000	660,000	680,000
Purchase/Install Services (New, Replace, Transfer)	1,385,000	1,400,000	1,410,000	1,420,000	1,430,000
Relocate Utility Lines inside Clearwater Warehouse (overhead hazard)	30,000				
Replace 1 Ton Service Truck (416)		51,000	51,000		51,000
Replace 1.5 Ton Service Truck (522 - crane truck) - Maumelle		58,000			
Replace 1/2 Ton Trucks (4 trucks - 474, 481, 511, 555)	94,000	115,000	115,000	115,000	115,000
Replace 2 Ton Dump Trucks (2 trucks - 227, 471)	184,000	95,000	95,500	186,500	186,500
Replace 3 Ton Dump Truck				120,000	120,000
Replace 3 Ton Truck			120,000	112,000	
Replace 3/4 Ton Service Truck (521) - Maumelle	35,000				
Replace 3/4 Ton Service Trucks (2 trucks - 422, 491)	75,000	110,000	112,000	112,000	112,000
Replace Air Motors for Tap Machines	16,000	16,000	16,500	16,500	17,000
Replace Air Piercing Tool	18,000	18,000	18,000	18,000	18,000
Replace 1 Ton Van (424)	41,000	41,000	43,000	43,000	45,000
Replace Pumps in PS 16B		150,000			
Replace 2 Ton Crew Truck(s)			260,000	260,000	260,000
Replace Variable Frequency Drives & Check Valve Pump 1 Station 26A	12,000				
Replace Variable Frequency Drives & Check Valve Pump 3 Station 16C	33,000				
Restore Tank No. 18 (Interior Blast and Paint)			250,000		
Restore Tank No. 19C (Interior & Exterior)		75,000			
Restore Tank No. 2			350,000	350,000	
Restore Tank No. 21					425,000
Restore Tank No. 22			425,000	425,000	
Restore Tank No.17A		220,000			
Upgrade RSLogix Software	6,000	6,000			

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 127 - 175.

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DESCRIPTION	2021	2022	2023	2024	2025
TOTAL	\$3,732,500	\$4,488,750	\$5,010,000	\$5,129,750	\$4,495,500
GRAND TOTAL	\$48,323,097	\$39,675,500	\$43,126,000	\$21,378,750	\$16,445,500

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PROJECTS

Significant Project Detail

CAW seeks to proactively address infrastructure needs as part of the Utility's commitment to ensure that customers receive the best possible service. The following pages highlight and provide additional detail on projects that CAW management has deemed both operationally and financially significant to the Utility over the next five years.

Each of these projects has an anticipated capital investment of \$500,000 or greater over the five-year capital planning period of 2021 through 2025. The following project details contain a brief project purpose statement, descriptive pictures, anticipated project duration, estimated costs, funding source(s), and future impact on utility operations, as indicated by General Ledger (G/L) account.



Project Name: FLP Large Acre Property Purchase
Department: Administration
Focus Area: Watershed Protection
Location: Multiple Locations



Name:	Est Start Date:	Duration: (Months)
Raven Lawson	January 2022	24 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020C BONDS	—	3,000,000	3,000,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Land Management	—	37,500	46,875	56,200	65,625

PROJECT PURPOSE

Land purchases are essential to the protection and management of the CAW watersheds. CAW can best manage the source water from the watershed of Lake Maumelle by purchasing land and applying scientifically sound practices and strategies for land and water management and conservation. Funds from the 2020C green bond issued in November 2020 will support the acquisition of approximately 4,500 acres of forested land that surrounds Lake Maumelle and its tributaries. This acquisition will result in 45% of the Lake Maumelle watershed being conserved as forest land. Keeping critical stream areas in forest cover and out of development or other converted uses enhance the natural ability of the land to provide filtration services for clean drinking water.

Project Name: Improve Wilson Classroom Space - Job No. 08370
Department: Administration
Focus Area: Buildings and Grounds
Location: Wilson Plant



Name:	Est Start Date:	Duration: (Months)
Blake Weindorf	August 2021	12 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020B BONDS	300,000	200,000	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Public Affairs and Communications continue to expand outreach to the community including education efforts through partnering with the UALR STEM program and high school educators to introduce the Power of Water teacher professional development program. Garver Engineers drafted architectural diagrams for the renovation of the old Pilot Plant space in the administration building of the plant. The renovated classroom will provide an inviting environment for the public to learn more about important water industry concepts.

Project Name: Purchase Conservation Easements
Department: Administration
Focus Area: Watershed Protection
Location: Multiple Locations



Name:	Est Start Date:	Duration: (Months)
Raven Lawson	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
WPF	200,000	100,000	200,000	200,000	200,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Conservation easements are voluntary, legally binding agreements that limit certain types of land uses and developments in perpetuity. Conservation easements benefit the public and the environment while keeping land in private hands.

A conservation easement's purpose will vary depending on the character of the particular property, the goals of CAW, and the needs of the landowners. Purposes include maintaining and improving water quality, perpetuating and fostering the growth of healthy forests, or ensuring lands are managed so that they are always available to benefit the sustainable use of the water supply. CAW has placed over 525 acres of property in Conservation Easements for watershed protection and improvement of water quality.

Project Name: Purchase Property
Department: Administration
Focus Area: Watershed Protection
Location: Multiple Locations



Name:	Est Start Date:	Duration: (Months)
Raven Lawson	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
WPF	—	135,000	325,000	500,000	500,000
2020C BONDS	500,000	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Land Management	7,500	10,000	12,500	15,000	17,500

PROJECT PURPOSE

Land purchases are essential to the protection and management of the CAW watersheds. CAW can best manage the source water from the watersheds of Lake Maumelle and Lake Winona by purchasing land and applying scientifically sound practices and strategies for land and water management and conservation. Since 2007, CAW has purchased over 4,300 acres for watershed protection and improvement of water quality. The 2020C bonds will be used to purchase the large acre Forest Legacy property. The continuation of land purchases is consistent with recommendations of the 2007 WMP and will assist in the full implementation plan.

Project Name: Redevelopment Project: 6th & Cumberland Apartments
Department: Administration
Focus Area: Buildings and Grounds
Location: Downtown Little Rock



CORNER OF 6TH & CUMBERLAND

Name:	Est Start Date:	Duration: (Months)
Blake Weindorf	January 2021	Ongoing

Capital Costs

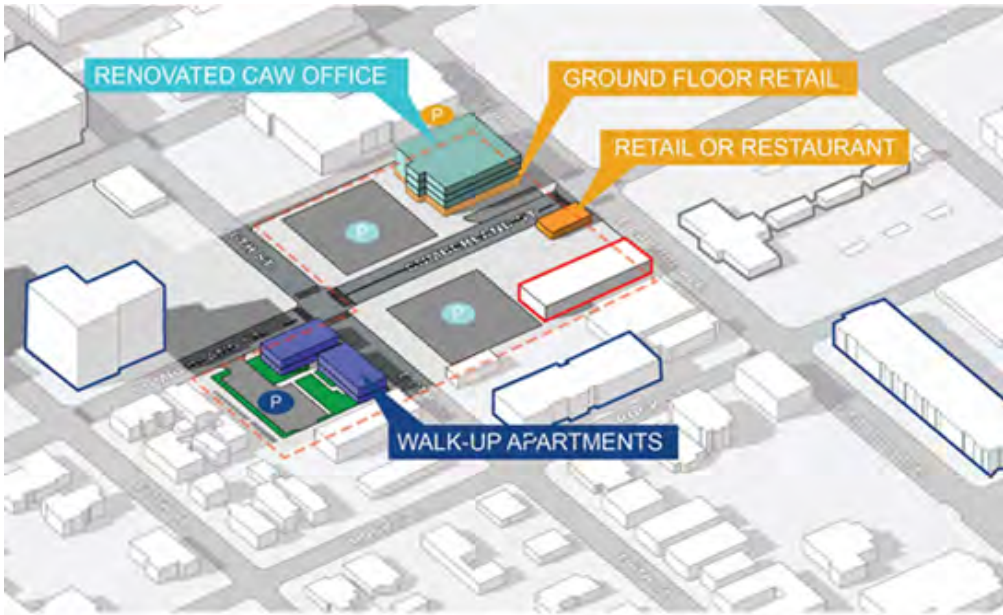
Source	2021	2022	2023	2024	2025
RATES	3,100,000	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Rent Income	—	(150,000)	(150,000)	(150,000)	(150,000)

PROJECT PURPOSE

CAW plans to construct apartments on the lot at the southeast corner of 6th & Cumberland. CAW currently owns the vacant lot at this location, and the development of 24 apartments will generate an alternative source of revenue that will offset project costs and future O&M costs for the Utility.



Project Name: Redevelopment Project: JTH Building
Department: Administration
Focus Area: Buildings and Grounds
Location: Downtown Little Rock



Name:	Est Start Date:	Duration: (Months)
Blake Weindorf	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
2020B BONDS	3,515,000	3,515,000	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Building Repairs and Maintenance	—	(30,000)	(30,000)	(30,000)	(30,000)

PROJECT PURPOSE

JTH serves as CAW's central office location, and houses over 100 employees from five of our seven departments. The building itself was built in the 1960s and has reached an age where major improvements are necessary to sustain the functionality and improve the efficiency. Modernization of the heating, ventilation, and air conditioning equipment will provide efficiencies financially and environmentally. Lighting retrofits will also be performed for energy savings. Interior improvements will contribute to a more efficient workspace for JTH employees. Additionally, the building elevators will be refurbished to ensure that they will run smoothly and remain in service for many years to come.

Project Name: Purchase Document Management System
Department: Information Services
Focus Area: CAW
Location: CAW System



Name:	Est Start Date:	Duration: (Months)
Allen Vincent	January 2022	36 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	300,000	150,000	150,000	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Labor and Benefits	—	92,457	95,231	98,088	101,030
Software Maintenance	—	75,000	75,000	75,000	75,000

PROJECT PURPOSE

In late 2017, CAW contracted with RIMtech Consulting to conduct an assessment of the Utility's recordkeeping environment. Deliverables from this assessment will include a draft records retention schedule as well as a recommendation on the type of Document Management System (DMS) that would best fit the needs of the Utility.

There are many benefits that justify costs associated with document and content management practices, policies, and procedures, as well as the implementation and operation of a DMS, including:

- Reduced paper storage - Removal of paper by converting paper documents that are stored or in an archive into an electronic form.

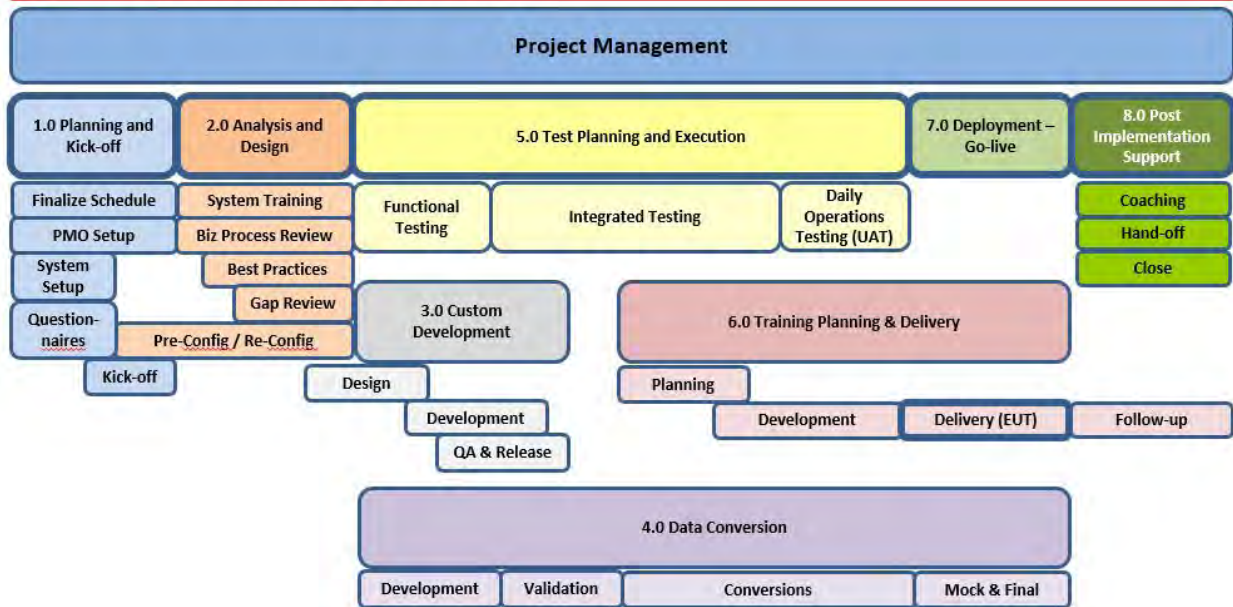
- Improved retrieval time - Obtaining paper from storage or an archive is slower than electronic retrieval of documentation. Along with the improved retrieval time comes the ability to perform searches for similar information. This is especially useful when trying to perform major changes or perhaps searching for information subject to litigation.
- Less paper, printer, and toner costs - Reduced need to print paper documents as electronic versions are available for use or reuse.
- Improved staff productivity - Less time spent searching for documents or trying to find the current version. Document review and approval cycles, particularly where multiple reviewers and approvers are involved in the business process, are faster than the current manual processes.
- Improved disaster recovery - The DMS can store critical documents in the event of significant disruption or disaster for the business.
- Improved security - A single secure location for documents to ensure that the right people can access the right documents.
- Improved compliance - Increased efficiency when completing and complying with State and Federal reporting requirements.

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Project Name: Replace Customer Information System - Job No. 08288
Department: Information Services
Focus Area: Customer Billing
Location: CAW System



Cayenta Implementation Methodology



Name:	Est Start Date:	Duration: (Months)
Jeremy Sparks	January 2021	3 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	1,850,000	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Software Maintenance	347,475	(14,363)	(14,794)	(15,238)	(15,695)

PROJECT PURPOSE

CAW's current CIS has been in place for 20 years and has not kept up with trends in technology, the needs of the Utility, or the expectations of the customers. As part of the 2017 ITMP, a comprehensive assessment of the Utility's current CIS situation was conducted along with a comparison to currently available systems on the market. The current CIS does not deliver the service, information, or experience customers expect. Furthermore, the current system is not flexible, which results in vendor support to

address most issues. Many of these issues require vendor professional service hours not included in the software support contract resulting in unplanned costs.

Months of preparation occurred in late 2017 and early 2018 to define system and stakeholder needs, develop requirements, and produce a request for proposal (RFP). After the release of the RFP, subsequent vendor submissions, and review of the RFP submissions, Cayenta was selected as CAW's new CIS vendor. The CIS project team, along with EMA, Inc., has worked with Cayenta staff on the implementation phase of the system since the fourth quarter of 2018. This endeavor has progressed through 2020 and is scheduled for Go-Live in the second quarter of 2021.

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Project Name: Upgrade Microsoft Dynamics Finance and Operations System
Department: Information Services
Focus Area: Finance
Location: James T. Harvey Administration Building



Microsoft Dynamics 365 for Finance and Operations

FUNCTIONALITY OVERVIEW

FINANCIAL MANAGEMENT <ul style="list-style-type: none"> • General Ledger • Account Receivables • Account Payables • Budgets • Account Schedules • Bank Reconciliation • Cash Flow Forecast • Check Writing • Electronic Payment • Deferrals • Fixed Assets 	INVENTORY MANAGEMENT <ul style="list-style-type: none"> • Inventory • Item Substitutions • Returns and Cancellations • Alternative Ship-to Addresses • Shipping Agents • Drop Shipments • Non-Stock Items 	SALES <ul style="list-style-type: none"> • Sales Invoicing • Sales Order Management • Pricing and Discounting • Contact Management • Opportunity Management • Interaction Management • Sales Tax • Outlook Client Integration • Contact Classification • Mail Logging for MS Exchange • Dynamics 365 for Sales Integration 	PURCHASING <ul style="list-style-type: none"> • Purchase Order Management • Vendor Management • Vendor Item Catalog • Purchase Line Pricing • Purchase Invoice Discounts • Purchase Line Discounting 	PROJECT MANAGEMENT <ul style="list-style-type: none"> • Job Management • Capacity Management • Budgets/Estimates • Basic Resources 	ADDITIONAL CAPABILITIES <ul style="list-style-type: none"> • Multiple Currencies • Dimensions • Document Reporting • Workflow • Import Online Currency Rate • PayPal Integration • Audit Trail • Document Management, Capture, and OCR • Outlook Add-in • Data Migration

Name:	Est Start Date:	Duration: (Months)
Allen Vincent	April 2023	6 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	—	600,000	—	—

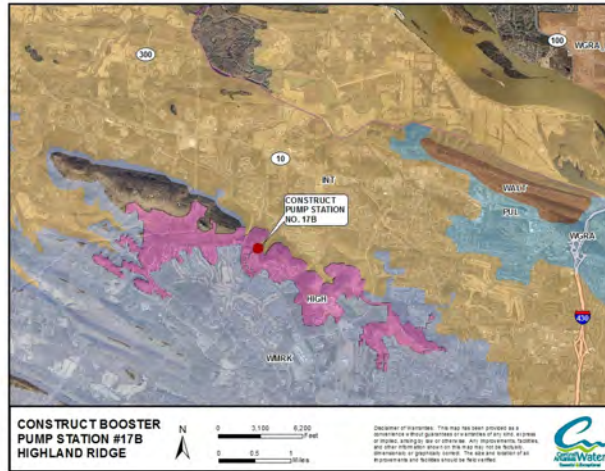
O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Upgrading from the current version of Microsoft Dynamics GP to Dynamics 365 Finance and Operation Enterprise and implementing the Risk Management and Purchasing modules will be a major system functionality improvement for the Finance Department. Dynamics 365 is written on the latest Microsoft platform, and many of the new features for Accounts Payable, Accounts Receivable, Fixed Assets, General Ledger, and Budgeting are included in this upgrade. Currently, Budgeting is a separate component. Implementing Dynamics 365 will address many of the limitations and gaps of GP and eliminate the need for third-party add-ons.

Project Name: Construct Booster Pump Station No. 17B - Highland Ridge
Department: Engineering
Focus Area: Pumps
Location: Little Rock



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2023	10 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	—	600,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The Highland Ridge pressure system is currently served by two booster pumping stations, No. 17 and No. 16B, with a combined capacity to deliver 1.25 MGD into the pressure system. Pump Station No. 16B was temporarily modified to pump into Highland Ridge in 2005 due to a pumping capacity deficiency existing at that time. Demand continues to grow in the Highland Ridge system. As identified in the 2010 Master Plan, a new booster pump station needs to be constructed to serve the zone and meet growing consumption demand.

Project Name: Developer Funded Capital
Department: Engineering
Focus Area: Mains
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
DEV	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of improvements made to the CAW distribution system by developers constructing new projects within the CAW service area. These improvements consist of distribution mains, valves, fire hydrants in new subdivisions, and distribution infrastructure to service large new commercial developments. All improvements are reviewed and approved by the CAW Engineering staff, both in the planning phase and upon completion of construction, to ensure compliance with CAW design standards.

Project Name: Developer Participation - New Mains
Department: Engineering
Focus Area: Mains
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	100,000	150,000	100,000	150,000	150,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Consistent with CAW’s water main extension policies, developers/builders are required to design and install new water mains to CAW specifications and requirements. If CAW determines, upon engineering review of plans submitted by developers/builders, that a longer length, different route, or increased capacity is needed due to current or future CAW system needs, CAW may financially participate with the developer/builder to make these modifications. This project will fund participation in these types of water main improvements.

Project Name: Improve Booster Pump Station No. 22 - Crystal Hill Road
Department: Engineering
Focus Area: Pumps
Location: North Little Rock - Crystal Hill Road



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2024	9 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	—	—	500,000	—

O&M Impact

G/L	2021	2022	2023	2024	2025
Utilities	—	—	—	(12,000)	(12,000)

PROJECT PURPOSE

This project consists of the replacement of the existing four pump units (pump and motor) currently located in the booster pump station. The units are approximately 45 years old. The units will be replaced with new, more efficient units. Electrical costs should be reduced with the installation of more efficient pumps and motors.

Project Name: Improve Lake Winona Spillway - deteriorated concrete surface
Department: Engineering
Focus Area: Water Source
Location: Lake Winona



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	July 2021	4 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	500,000	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Originally constructed in 1939, or 82 years ago, Lake Winona serves as a valuable component of the surface water supply for Central Arkansas Water. Lake Winona provides approximately 30% of the annualized average daily flow to the system. This project will correct and repair 82 years of wear and tear damages to the Lake Winona Dam spillway. The spillway apron is constructed of poured-in-place concrete and serves to release excess water from the lake, protecting the dam from being overtopped and potentially structurally compromised. Broken and missing concrete and damaged expansion joints will be repaired as part of this project.

Project Name: Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A
Department: Engineering
Focus Area: Rehabilitation of Ozark Point Plant
Location: Ozark Point Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	May 2021	20 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC OZARK	500,000	2,240,000	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of necessary construction activities to paint the interior and exterior of Clearwell No. 4, which is a 200-foot diameter, welded-steel, ground reservoir. The project will also include the removal and replacement of the malfunctioning internal baffles of Clearwell No. 3 and No. 4. The project will serve to increase the functional life, efficiency, and effectiveness of both clearwells. The need for this project was identified in the Ozark Point Plant Rehabilitation PER. Detailed engineering design of this work was completed in 2018, while construction on the project is expected to continue into 2022.

Project Name: Improve Ozark Point Plant - Phase 2 Construction - Project No. 4687 - Job No. 07516B
Department: Engineering
Focus Area: Rehabilitation of Ozark Point Plant
Location: Ozark Point Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	8 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC OZARK	8,086,363	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of the construction activities for the Phase 2 rehabilitation and improvements at the Ozark Point Plant that will increase functional life, efficiency, and effectiveness of the 82-year old plant. The detailed engineering and design for this project began in 2018 and concluded in early 2019. The work will consist of structural rehabilitation and improvements to the flocculation and sedimentation basins, filter/control/chemical building, filter pipe gallery, and the backwash/sludge/wastewater system. Building structural repairs and improvements, including installation of solar panels, will also be made. The Phase 2 construction work was bid in mid-2019 with construction commencing in August 2019. Funding in 2021 is a continuation of the project, which expected to be complete by August 2021.

Project Name: Improve Ozark Point Plant - Phase 2 Construction
Phase Engineering Services - Project No. 4687 - Job No. 07516

Department: Engineering

Focus Area: Rehabilitation of Ozark Point Plant

Location: Ozark Point Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	6 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC OZARK	733,137	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of the construction activities for the Phase 2 rehabilitation and improvements at the Ozark Point Plant that will increase functional life, efficiency, and effectiveness of the 82-year old plant. The detailed engineering and design for this project began in 2018 and concluded in early 2019. The work will consist of structural rehabilitation and improvements to the flocculation and sedimentation basins, filter/control/chemical building, filter pipe gallery, and the backwash/sludge/wastewater system. Building structural repairs and improvements, including installation of solar panels, will also be made. The Phase 2 construction work was bid in mid-2019 with construction commencing in August 2019 and is expected to be completed by June 2021.

Project Name: Improve Pump Station No. 1A - Phase 2 Construction - Wilson Plant - Job No. 07515
Department: Engineering
Focus Area: Pumping System
Location: Wilson Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2022	18 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC WILSON	—	1,600,000	1,600,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of the construction of Phase 2 of the recommended pump, structure, and electrical improvements to the existing Wilson Plant Pump Station No. 1A. The improvement project was designed in 2016/2017. The improvement project has been split into two phases for sequencing and funding purposes. The new pumps and motors can only be installed during the low demand winter months of any year, and only one half of the pumping units can be taken out of service at any time. Therefore, this project must be performed in two phases. One half of the pumping units will be replaced in Phase 1, and the remaining pumping units will be replaced in Phase 2. A Preliminary Engineering Report was completed in 2015 that detailed needed improvements for Pump Station No. 1A, the original pump station located at the Wilson Plant. This pump station is the primary station pumping into the Little Rock Intermediate and the Pulaski Heights pressure systems. Originally constructed in 1964, the station is capable of delivering 57 MGD into the Intermediate system through five pumps and 17 MGD into the Pulaski Heights system through five pumps. Items to be replaced and/or improved include the pumping units, motors, motor starters, other electrical

components, control equipment, and building integrity. The station also has a suction cavitation problem that will be addressed. Phase 1 was bid and awarded in late 2017. Phase 1 construction began in 2018 and was completed in early 2019. Funding and construction for Phase 2 is anticipated to begin in 2022 and progress through 2023.

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Project Name: Improve Raw Water Pump Station No. 12 - Jackson Reservoir
Department: Engineering
Focus Area: Pumps
Location: Jackson Reservoir - Little Rock



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2023	10 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020C BONDS	—	—	1,500,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will improve the Raw Water Pumping Station No. 12 located at Jackson Reservoir. The project will include the replacement of the three existing pumping units (pump and motors) with new efficient units and the relocation of the electrical switchgear from underground to an above ground location (new power control building). This work will ensure the best and continued operation of this vitally important component of the raw water transmission system.

Project Name: Improve/Rehab Wilson Plant - Construction Phase
Department: Engineering
Focus Area: Water Treatment Plant
Location: Wilson Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2023	18 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC WILSON	—	—	10,000,000	5,000,000	

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will consist of the construction of improvements to rehabilitate the Wilson Plant to increase its functional life, efficiency, and effectiveness. The Wilson Plant is approaching 60 years old. A detailed engineering report will be commissioned to examine the plant and recommend improvements and rehabilitation. A detailed engineering report will be completed in late 2021 to examine the plant and recommend improvements and rehabilitation.

Project Name: Improve/Rehab Wilson Plant - Engineering Design and Construction Phase Services
Department: Engineering
Focus Area: Water Treatment Plant
Location: Wilson Plant



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2022	30 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC WILSON	—	1,500,000	250,000	150,000	—

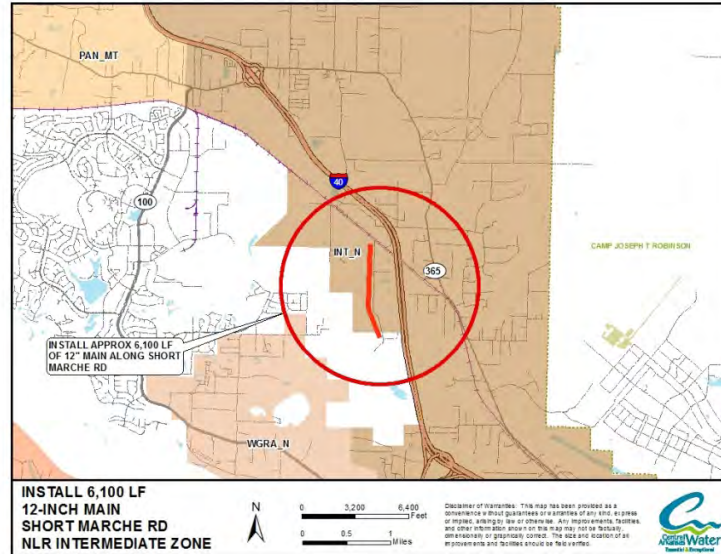
O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will consist of the detailed engineering design and subsequent construction phase engineering services for the construction of improvements to rehabilitate the Wilson Plant to increase its functional life, efficiency, and effectiveness. The Wilson Plant is approaching 60 years old. A detailed engineering report will be completed in late 2021 to examine the plant and recommend improvements and rehabilitation.

Project Name: Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping
Department: Engineering
Focus Area: Mains
Location: North Little Rock/Pulaski County



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	April 2021	9 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020B BONDS	700,000	—	—	—	—

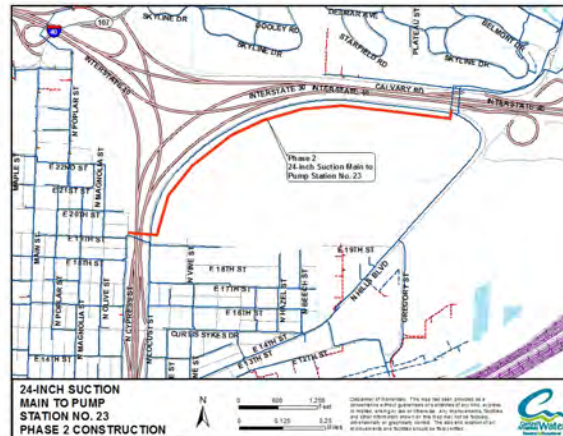
O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will construct approximately 6,100 feet of 12-inch water main from the Maumelle Transmission Main to the Morgan area to improve flows and pressures. In conjunction with a transmission main already completed along White Oak Crossing, this project will alleviate problem areas in the Morgan area of the CAW service system.

Project Name: Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 - North Little Rock
Department: Engineering
Focus Area: Mains
Location: North Little Rock



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	12 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020C BONDS	2,000,000	—	—	—	—

O&M Impact

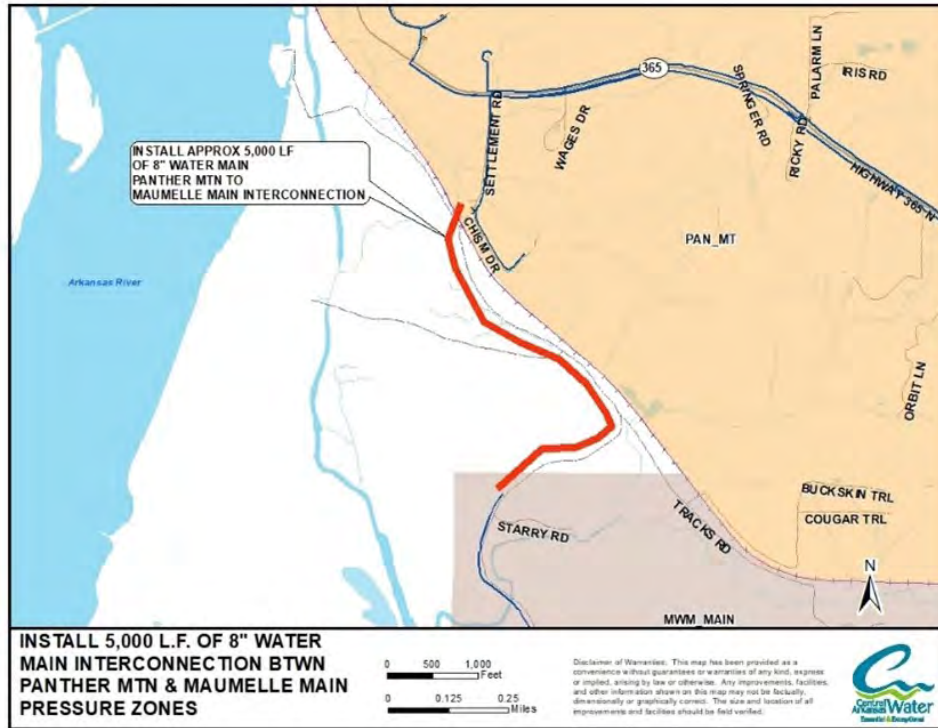
G/L	2021	2022	2023	2024	2025
	*	*	*	*	*

*While this project will reduce maintenance costs of repairing leaks and breaks, this amount is not easily quantifiable due to the unique circumstances surrounding each leak and break situation.

PROJECT PURPOSE

This project will construct approximately 7,000 linear feet of 20"/24" water transmission main to provide additional flow and redundant capacity to the No. 23 tank and booster pump station located at Montgomery Point in North Little Rock. This project would be the second and last phase of construction of the redundant transmission main that extends from downtown North Little Rock to Montgomery Point. The existing 20-inch transmission main to the tank and pump station is 55 years old and is the subject of frequent leaks and shutdowns resulting in loss of service.

Project Name: Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main
Department: Engineering
Focus Area: Mains
Location: Pulaski County



Name:
Jim Ferguson

Est Start Date:
April 2021

Duration: (Months)
6 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020C BONDS	550,000	—	—	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will construct approximately 5,000 feet of 8-inch water main between the Panther Mountain pressure zone and the Maumelle Main pressure zone. This interconnection will allow for a practical means to transfer potable water between the pressure zones and produce a higher water quality in the zones.

Project Name: Paint/Improve Ground Storage Tank No. 30B - Maumelle
Department: Engineering
Focus Area: Tanks
Location: Maumelle



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	October 2022	6 Months

Capital Costs

Source	2021	2022	2023	2024	2025
MWM SURCHARGE	—	300,000	300,000	—	—

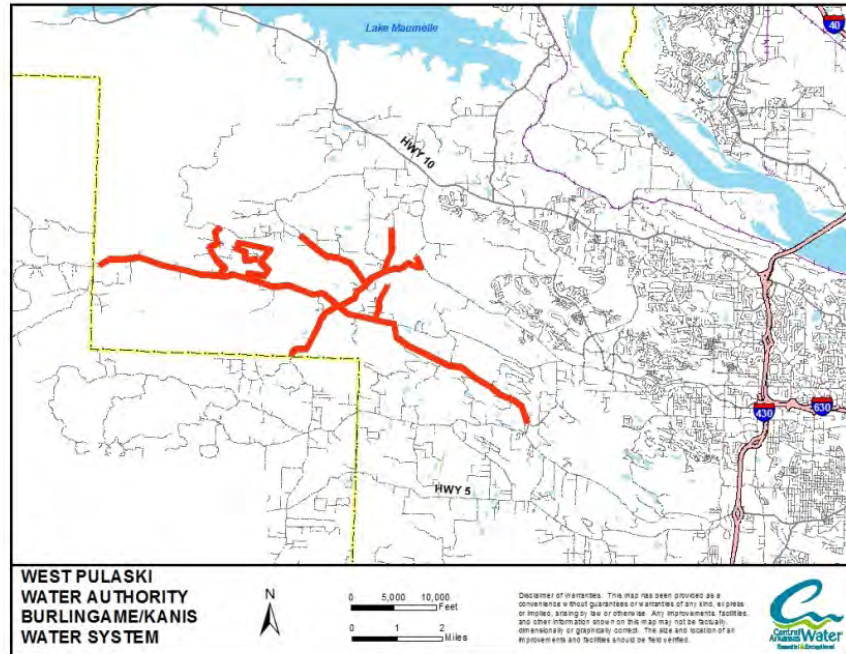
O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project consists of improvements to Tank No. 30B located in Maumelle. As part of the CAW/MWM merger agreement, the interior and exterior of the tank are to be painted. Funding for the tank painting is being derived from the Maumelle surcharge fund.

Project Name: Participation - West Pulaski Public Water Authority - Burlingame/Kanis Rd
Department: Engineering
Focus Area: System Expansion - Mains
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Jim Ferguson	January 2021	12 Months

Capital Costs

Source	2021	2022	2023	2024	2025
ANRC WPPWA	4,000,000	10,000,000	6,000,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will consist of CAW participation of up to \$2,200,000 for a system expansion in the Burlingame Rd/Kanis Rd/Ferndale Cutoff/Buzzard Mtn/Brush Mtn/Ridgefield Estates area of West Pulaski County. The project is being funded by the West Pulaski Public Water Authority and CAW in our effort to provide CAW potable water to the area. CAW is participating in the project to ensure minimum standards are met in the development of the water infrastructure in the area. CAW participation in the project is also needed to help West Pulaski Water Public Authority obtain favorable loans and grants to fund the approximately \$20 million project.

Project Name: Relocation of Transmission and Distribution Mains
Department: Engineering
Focus Area: Mandatory Relocation Projects
Location: System-wide

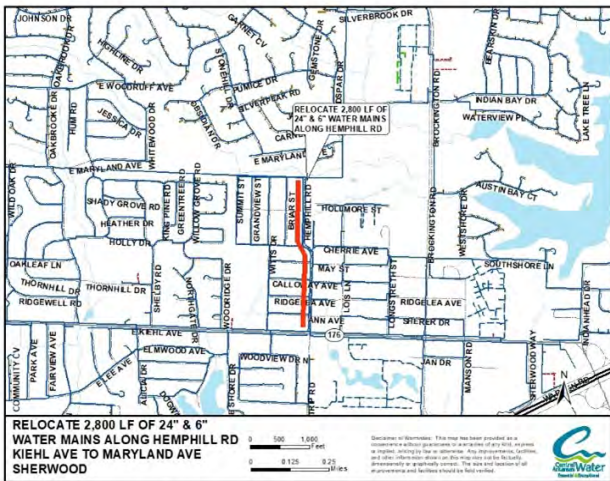


PROJECT PURPOSE

As a condition of CAW water mains and other infrastructure components occupying roadway right-of-way areas, the Utility has a legal obligation to relocate these assets if they are in conflict with street or drainage improvement projects. Relocation of mains are budgeted as required within the CAW service area due to the street, road, drainage, or other public work improvements.

While relocations do result in newer infrastructure, these projects are not dictated by CAW system needs or assets that are past their useful life. Therefore, these mandatory projects compete for limited infrastructure funds that could otherwise be used for replacing aging infrastructure that is past its useful life or that has a chronic history of spontaneous breakage. CAW will continue to fund many of these relocation projects through the 2018B, 2020B, and 2020C bond issues. While these relocation projects will reduce maintenance costs of repairing leaks and breaks, this amount is not easily quantifiable due to the unique circumstances and environments surrounding each leak and break situation.

Project Name: Relocate 12-inch Water Main Along South University - 28th to Colonel Glenn



Est Start Date:
January 2025
Duration: (Months)
9 Months
Total Cost:
\$500,000

Source	2021	2022	2023	2024	2025
RATES	—	—	—	—	500,000

Project Name: Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 & 3 - Job No. 08335 (Payment No. 1 made in 2020)



Est Start Date:
#2 Dec 2021; #3 March 2023
Duration: (Months)
12 Months; 12 Months
Total Cost:
\$2,355,000

Source	2021	2022	2023	2024	2025
2020B BONDS	1,550,000	—	—	—	—
2020C BONDS	—	—	805,000	—	—

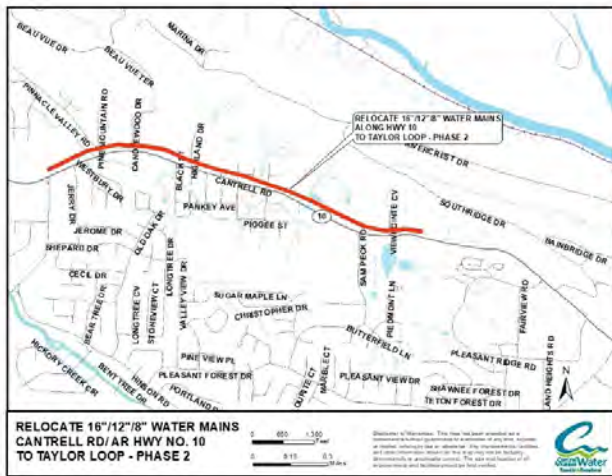
Project Name: Relocate 30/16/12/8-inch Water Mains - Cantrell Road/AR Hwy 10/Rodney Parham Rd - Phase 1



Est Start Date:
January 2021
Duration: (Months)
12 Months
Total Cost:
\$1,197,297

Source	2021	2022	2023	2024	2025
2018B BONDS	1,197,297	—	—	—	—

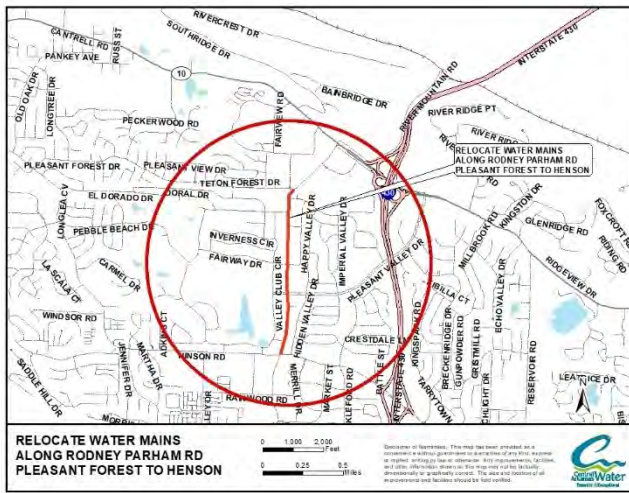
Project Name: Relocate 16/12/8-inch Water Mains - Cantrell Road/AR Highway 10/Sam Peck/Taylor Loop - Phase 2



Est Start Date:
February 2023
Duration: (Months)
11 Months
Total Cost:
\$1,800,000

Source	2021	2022	2023	2024	2025
2020C BONDS	—	—	1,800,000	—	—

Project Name: Relocate Water Mains - Rodney Parham Road Improvements - LR



Est Start Date:

March 2021

Duration: (Months)

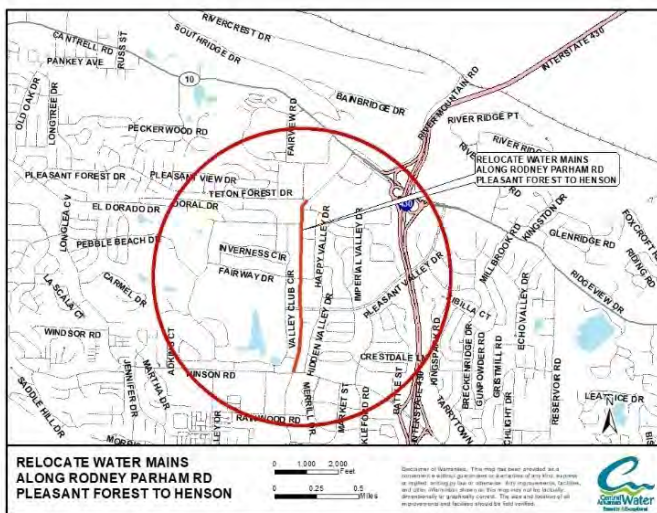
6 Months

Total Cost:

\$500,000

Source	2021	2022	2023	2024	2025
2020C BONDS	500,000	—	—	—	—

Project Name: Relocate Water Mains - Country Club Rd - N. Hills to Beaconsfield - Sherwood



Est Start Date:

January 2021

Duration: (Months)

9 Months

Total Cost:

\$850,000

Source	2021	2022	2023	2024	2025
2020C BONDS	850,000	—	—	—	—

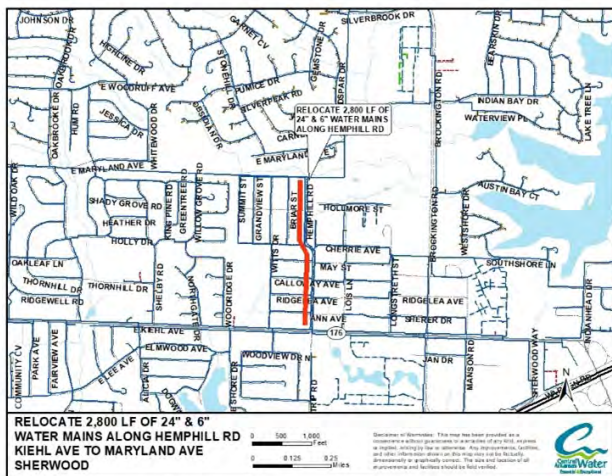
Project Name: Relocate Water Mains - Hwy 10/Cantrell Rd



Est Start Date:
January 2022
Duration: (Months)
9 Months
Total Cost:
\$1,317,500

Source	2021	2022	2023	2024	2025
RATES	—	1,317,500	—	—	—

Project Name: Relocate Water Mains - 24" Along Hemphill Rd - Sherwood



Est Start Date:
January 2022
Duration: (Months)
9 Months
Total Cost:
\$500,000

Source	2021	2022	2023	2024	2025
2020C BONDS	—	500,000	—	—	—

Project Name: Relocate Water Mains - Various Known/Unknown Locations - State/County/ City Improvements



Est Start Date:
January 2021

Duration: (Months)
Ongoing

Total Cost:
\$1,700,000

Source	2021	2022	2023	2024	2025
RATES	500,000	300,000	300,000	300,000	300,000

Project Name: Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System-wide
Department: Engineering
Focus Area: Asset Replacement - Mains
Location: System-wide



Name:
Jim Ferguson

Est Start Date:
January 2021

Duration: (Months)
Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	500,000	3,175,000	4,731,500	5,992,000	6,622,000
2020C BONDS	4,100,000	1,956,750	1,162,500	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	*	*	*	*	*

*While this project will reduce maintenance costs of repairing leaks and breaks, this amount is not easily quantifiable due to the unique circumstances and environments surrounding each leak and break situation.

PROJECT PURPOSE

The replacements are prioritized as needed based on water main service life expectancy as well as mains that experience numerous leaks and breaks, resulting in uncontrolled loss of water service. Replacement of the aging water mains provides an improved level of service to customers in the affected areas and reduces maintenance costs associated with leaks and breaks.

Project Name: Improve All Intake Gates at Water Sources and Reservoir
Department: Water Production
Focus Area: Water Supply
Location: Lake Maumelle, Lake Winona, and Jackson Reservoir



Name:	Est Start Date:	Duration: (Months)
Doug Graham	July 2022	12 Months

Capital Costs

Source	2021	2022	2023	2024	2025
2020C BONDS	—	250,000	250,000	—	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The infrastructure is aging, and the screens and gates are in an unknown condition. It is important to ensure screens protect pumps from large debris and the gates give flexibility in taking water from different levels when deemed necessary. These can impact operations and water quality. This project will repair and rehabilitate the existing slide gates and screens of the intake structures to return them to proper working order.

Project Name: Replace GAC Media - Ozark Point Plant
Department: Water Production
Focus Area: Water Treatment
Location: Ozark Point Plant



Name:	Est Start Date:	Duration: (Months)
Sam Zehtaban	March 2022	22 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	300,000	300,000	—	300,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

Activated carbon is commonly used to adsorb natural organic compounds, taste and odor compounds, and synthetic organic chemicals in drinking water treatment. CAW utilizes the activated carbon in granular form in its filtration-adsorption process.

The need to periodically ‘reactivate (regenerate)’ or replace the GAC to maintain the adsorption capability is a significant consideration when using GAC. How often the GAC should be changed needs to be based on contaminant levels and water use.

Specifications for filter media follow the AWWA Standard for Granular Filter Material B604-18, ANSI/AWWA B100-01, American Water Works Association.

Project Name: Install and Replace Hydrants
Department: Distribution
Focus Area: Hydrants
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Danny Dunn	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	110,000	115,000	120,000	125,000	130,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The project will consist of installing new hydrants and the replacement of existing hydrants that have been hit and damaged by vehicles.

Project Name: Install Meters for New Services
Department: Distribution
Focus Area: Meters
Location: System-wide



Name:
Danny Dunn

Est Start Date:
January 2021

Duration: (Months)
Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	155,000	180,000	185,000	190,000	195,000

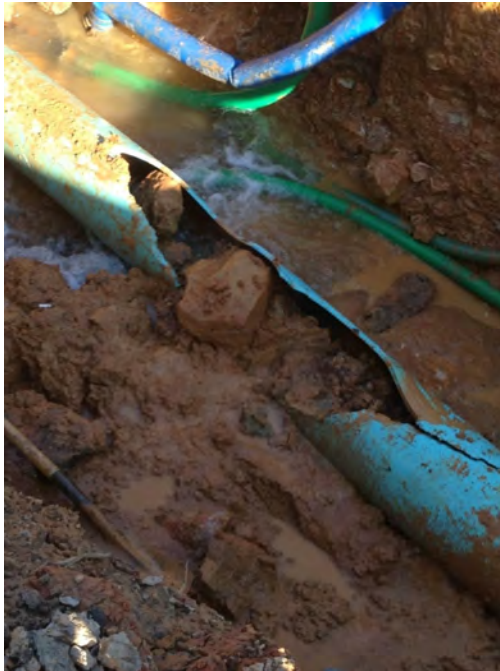
O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

These meters are dedicated to the installation of new residential, commercial, and industrial service accounts. They are for new services requested for new construction and infrastructure additions. These meters range from 5/8-inch to 6-inch in diameter and are essential for customer service, revenue generation, and system growth within the system.

Project Name: Install, Replace, and Relocate Mains
Department: Distribution
Focus Area: Mains
Location: System-wide



Name:
Danny Dunn

Est Start Date:
January 2021

Duration: (Months)
Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	180,000	200,000	220,000	220,000	240,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

This project will consist of the relocation, replacement, and repair of existing mains that can be capitalized.

Project Name: Install, Replace, and Transfer Services - Maumelle
Department: Distribution
Focus Area: Services
Location: Maumelle Service Area



Name:	Est Start Date:	Duration: (Months)
Danny Dunn	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
MWM RATES	255,000	250,000	250,000	245,000	245,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The project will consist of replacing existing services for residential and commercial customers due to failure and/or preventative maintenance.

Project Name: Purchase/Install Meters - Change Out Program
Department: Distribution
Focus Area: Meters
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Danny Dunn	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	600,000	620,000	640,000	660,000	680,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The meter change out program consists of a routine cycle to change out meters which have reached the end of their useful lives as determined through industry knowledge and experience: 16 years for 5/8-inch meters, 12 years for 3/4-inch meters, 10 years for 1-inch meters, 8 years for 1-1/2-inch meters, and 6 years for 2-inch meters.

Project Name: Purchase/Install Services (New, Replace, Transfer)
Department: Distribution
Focus Area: Services
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Danny Dunn	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	1,385,000	1,400,000	1,410,000	1,420,000	1,430,000

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The project will consist of installing service lines at new service locations and replacing existing services for residential and commercial customers due to failure and/or preventative maintenance.

Project Name: Restore Tank No. 2 and No. 22
Department: Distribution
Focus Area: Tanks
Location: System-wide



Name:	Est Start Date:	Duration: (Months)
Danny Dunn	October 2023	15 Months

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	—	—	775,000	775,000	—

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The project consists of required improvements to each elevated water storage tank. Specifically, the roof and exterior of Tank No. 2 located near the Interstate 430 and Interstate 630 interchange in west Little Rock will be sandblasted and repainted for the first time since construction of the tank in 1986. The roof portion will be performed in 2023, while the tank exterior will be completed in 2024. Tank No. 22 located in Indian Hills is planned to be repainted at the end of 2023 and into the first quarter of 2024.

Project Name: Replace Vehicles
Department: All
Focus Area: Vehicles
Location: James T. Harvey Administration Building and Clearwater



Name:	Est Start Date:	Duration: (Months)
Various	January 2021	Ongoing

Capital Costs

Source	2021	2022	2023	2024	2025
RATES	626,000	556,000	878,500	1,022,500	919,500

O&M Impact

G/L	2021	2022	2023	2024	2025
	—	—	—	—	—

PROJECT PURPOSE

The Utility utilizes a fleet management plan as the primary guide to CAW's fleet management decisions. Truck replacements are determined based on chronic repair needs and projected mileage. Vehicle age also factors into replacement but is a secondary factor behind repair needs and mileage. Current fleet management guidelines dictate that a vehicle should be replaced when it reaches 100,000 miles or when chronic repair needs dictate replacement.

Detail of Vehicle Replacements						
		2021	2022	2023	2024	2025
Administration	Replace Truck (278)	22,000			22,000	
Administration	Replace Truck (414)			28,000		
Information Services	Replace GIS Field Data Collector Vehicle			25,000		
Customer Service	Replace Meter Reader Truck	22,000			22,000	
Engineering	Replace Vehicle - Engineering Department	28,000	28,000	29,000	30,000	30,000
Water Production	Replace Truck (487)	28,000				
Distribution	New 1 Ton Van	41,000				
Distribution	Purchase 1.5 Ton Service Truck (New for Right-a-Way Crew)	56,000	58,000			
Distribution	Replace 1 Ton Service Truck (416)		51,000	51,000		51,000
Distribution	Replace 1.5 Ton Service Truck (522 - crane truck) - Maumelle		58,000			
Distribution	Replace 1/2 Ton Trucks (4 trucks - 474, 481, 511, 555)	94,000	115,000	115,000	115,000	115,000
Distribution	Replace 2 Ton Dump Trucks (2 trucks - 227, 471)	184,000	95,000	95,500	186,500	186,500
Distribution	Replace 3 Ton Dump Truck				120,000	120,000
Distribution	Replace 3 Ton Truck			120,000	112,000	
Distribution	Replace 3/4 Ton Service Truck (521) - Maumelle	35,000				
Distribution	Replace 3/4 Ton Service Trucks (2 trucks - 422, 491) Maumelle	75,000	110,000	112,000	112,000	112,000
Distribution	Replace 1 Ton Van (424)	41,000	41,000	43,000	43,000	45,000
Distribution	Replace 2 Ton Crew Truck			260,000	260,000	260,000
GRAND TOTAL		\$626,000	\$556,000	\$878,500	\$1,022,500	\$919,500

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Project Planner

Activity 2021 - 2025	Budgeted in 1000s	FY 2021				FY 2022				FY 2023				FY 2024				FY 2025			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FLP Large Acre Property Purchase	6,000					3,000				3,000											
Improve Wilson Classroom Space - Job No. 08370	500			300		200															
Purchase Conservation Easements	900		200			100				200				200							200
Purchase Property	1,960		500			135				325				500							500
Redevelopment Project: 6th & Cumberland Apartments	3,100		3,100																		
Redevelopment Project: JTH Building	7,030		3,515			3,515															
Purchase Document Management System	600					300				150				150							
Replace Customer Information System - Job No. 08288	1,850	1,850																			
Upgrade Microsoft Dynamics Finance and Operations System	600									600											
Construct Booster Pump Station No. 17B - Highland Ridge	600									600											
Developer Funded Capital	12,500		2,500			2,500				2,500				2,500							2,500
Developer Participation - New Mains	650		100			150				100				150							150
Improve Booster Pump Station No. 22 - Crystal Hill Road	500													500							
Improve Lake Winona Spillway - deteriorated concrete surface	500			500																	
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	2,740		500			2,240															
Improve Ozark Point Plant - Phase 2 Construction - Project No. 4687 - Job No. 07516B	8,086	8,086																			
Improve Ozark Point Plant - Phase 2 Construction Phase Engineering Services - Project No. 4687 - Job No. 07516	733	733																			
Improve Pump Station No. 1A - Phase 2 Construction - Wilson Plant - Job No. 07515	3,200					1,600				1,600											
Improve Raw Water Pump Station No. 12 - Jackson Reservoir	1,500									1,500											
Improve/Rehab Wilson Plant - Construction Phase	15,000									10,000				5,000							
Improve/Rehab Wilson Plant - Engineering Design and Construction Phase Services	1,900					1,500				250				150							
Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping	700		700																		
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 - North Little Rock	2,000		2,000																		
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main	550		550																		
Paint/Improve Ground Storage Tank No. 30B - Maumelle	600							300	300												
Participation - West Pulaski Public Water Authority - Burlingame/Kanis Rd	2,200			4,000		10,000				6,000											
Relocate 12-inch Water Main Along South University - 28th to Colonel Glenn	500																				500
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 & 3 - Job No. 08335 (Payment No. 1 made in 2020)	2,355		1,550							805											
Relocate 30/16/12/8-inch Water Mains - Cantrell Road/AR Hwy 10/Rodney Parham Rd - Phase 1	1,197		1,197																		

Project Planner

Activity 2021 - 2025	Budgeted in 1000s	FY 2021				FY 2022				FY 2023				FY 2024				FY 2025			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Relocate 16/12/8-inch Water Mains - Cantrell Road/AR Highway 10/Sam Peck/Taylor Loop - Phase 2	1,800									1,800											
Relocate Water Mains - Rodney Parham Road Improvements - LR	500	500																			
Relocate Water Mains - Country Club Rd - N. Hills to Beaconsfield - Sherwood	850	850																			
Relocate Water Mains - Hwy 10/Cantrell Road	1,318					1,318															
Relocate Water Mains - 24" Along Hemphill Rd - Sherwood	500					500															
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	1,700	500				300				300				300				300			
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System-wide	28,240	4,600				5,132				5,894				5,992				6,622			
Improve All Intake Gates at Water Sources and Reservoir	500							250		250											
Replace GAC Media - Ozark Point Plant	900							300		300				300							
Install and Replace Hydrants	600	110				115				120				125				130			
Install Meters for New Services	905	155				180				185				190				195			
Install, Replace, and Relocate Mains	1,060	180				200				220				220				240			
Install, Replace, and Transfer Services - Maumelle	1,245	255				250				250				245				245			
Purchase/Install Meters - Change Out Program	3,200	600				620				640				660				680			
Purchase/Install Services (New, Replace, Transfer)	7,045	1,385				1,400				1,410				1,420				1,430			
Restore Tank No. 2 and No. 22	1,550												775	775							
Replace Vehicles	4,003	626				556				879				1,023				919			
Total Projects	132,464	24	26	25	23	22	22	22	21	25	25	22	22	19	19	17	15	14	14	14	13

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CONSOLIDATIONS

PARON-OWENSVILLE

OVERVIEW

POWA customers became part of the CAW family on June 1, 2020. CAW and POWA were hardly strangers as POWA had been purchasing raw water from CAW for many years. This water system was a rural system as evidenced by the addition of almost 166 square miles of service area with less 1,000 customers served.



CAW issued the Central Arkansas Water Water Revenue Bond (POWA Project), Series 2020A for this merger. These bonds were used to pay off the POWA outstanding debt with ANRC, Arkansas Development Finance Authority, and United States Department of Agriculture, Rural Development. Funds from this bond are also being used for needed capital outlays for the water system. See page [182](#) for a list of remaining capital projects. These projects will be completed in 2021 and 2022. The bond has a three-year construction period, and repayment will not begin until 2023. Outstanding balance as of September 30, 2020 of this bond was \$3,664,000.

CAW staff collaborated with the former owners of the POWA system during most of 2020 to ensure that all operations were transferred as efficiently and effectively as possible. CAW's goal was to make this merger as seamless as possible from the

customer point of view while still ensuring that processes were conducted up to CAW standards.

Water Production and Distribution staff have worked tirelessly to correct system deficiencies as noted by the Arkansas Department of Health (ADH) in 2016. In July 2020, the significant deficiencies were lifted by the ADH. GIS staff and PAGIS mapped all of the meters, valves, and fire hydrants in the first three months of being part of the CAW service area.

IS, Customer Service, and Finance staff joined resources to assume the customer billing process for the Paron-Owensville area customers. POWA had used a third party billing vendor to invoice its customers, and CAW will continue its use until the CU Go-Live in 2021. Customer Service staff trained on this system and began answering customer inquiries almost immediately.

As the 2020A bond purchase agreement dictates that this bond is a special obligation bond payable solely from the net revenues derived from operation of the water system, separate financial statements are prepared. To this end, all POWA budget components are reflected separately and not included as part of the CAW budget sections.

The Statement of Revenues, Expenses, and Changes in Net Position is shown only in the natural classification format as there are no POWA departments. Staff from the various CAW departments will perform all POWA operations.

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**POWA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(BY NATURAL CLASSIFICATION – PERCENTAGE CHANGES)**

	2020 PROJECTED	2020 BUDGET	2021 BUDGET	CHANGE FROM 2020 PROJECTED	CHANGE FROM 2020 BUDGET
Operating Revenues					
Retail Water Sales	\$ 623,433	\$ 516,000	\$ 620,000	(0.55)%	20.16 %
Penalties and Turn-on Charges	6,852	600	6,800	(0.76)%	1033.33 %
Ancillary Charges	17,448	18,402	17,500	0.30 %	(4.90)%
Paron Surcharge Revenue	61,629	31,500	65,500	6.28 %	107.94 %
Total Operating Revenues	709,362	566,502	709,800	0.06 %	25.30 %
Operating Expenses					
Materials, Supplies, and Maintenance	212,163	179,988	202,000	(4.79)%	12.23 %
Electric and Other Utilities	33,015	21,816	35,000	6.01 %	60.43 %
Contract Services	62,043	25,308	5,500	(91.14)%	(78.27)%
Chemicals	17,310	8,850	19,000	9.76 %	114.69 %
Transition Costs	74,440	15,750	175,000	135.09 %	1011.11 %
Depreciation	181,263	139,500	191,000	5.37 %	36.92 %
Total Operating Expenses	580,234	391,212	627,500	8.15 %	60.40 %
Operating Income (Loss)	129,128	175,290	82,300	(36.26)%	(53.05)%
Non-operating Revenue (Expense)					
Investment Income	69	—	70	1.45 %	100.00 %
Interest Expense	—	—	(73,000)	100.00 %	100.00 %
Total Non-operating Revenue (Expense)	69	—	(72,930)	(105795.65)%	100.00 %
Change in Net Position	\$ 129,197	\$ 175,290	\$ 9,370	(92.75)%	(94.65)%

NOTE: 2020 Projected and Budget are annualized based on the seven months included in the CAW system.

POWA CAPITAL IMPROVEMENT PLAN

DESCRIPTION	2020A Bond	Surcharges
ArcFlash Hazard Analysis on Nine (9) sites	\$—	\$15,000
CAW Project Engineering	—	125,000
Install Calcium Hypo Disinfection at Two (2) Pump Stations	16,000	4,500
Install Flush Valves - 15 Sites in Distribution System	—	90,000
Ladder Climbing Safety Systems - Tanks 2&4	54,000	—
Manway Access and Handrail Improvements	83,000	—
New Valve Vaults - Tanks 1 and 3B	24,000	—
Pump Station #3 Standby Generator	35,000	5,000
Pump Station SCADA Upgrades	75,000	6,100
Recoat Five (5) Water Tanks	780,000	—
Replace Raw and Filtered Turbidimeters	—	20,000
Replace Tank Roof Vents	22,000	—
Water Tank Mixing Systems	75,000	—
Water Tanks SCADA Upgrades	78,700	6,400
Water Treatment Plant Standby Generator	95,000	7,500
TOTAL	\$1,337,700	\$279,500

NOTE: As these are projects that were identified as part of the POWA consolidation process, all of these projects will be completed by the end of December 2022.

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POWA DEBT SERVICE SCHEDULE

YEAR	PRINCIPAL	INTEREST	TOTAL
2021	\$ —	\$ —	—
2022	—	—	—
2023	255,064	104,764	359,828
2024	259,547	100,281	359,828
2025	264,108	95,720	359,828
2026	268,752	91,076	359,828
2027	273,475	86,353	359,828
2028	278,282	81,546	359,828
2029	283,173	76,655	359,828
2030	288,150	71,678	359,828
2031	293,215	66,613	359,828
2032	298,370	61,458	359,828
2033	303,613	56,215	359,828
2034	308,950	50,878	359,828
2035	314,380	45,448	359,828
2036	319,906	39,922	359,828
2037	325,528	34,300	359,828
2038	331,250	28,578	359,828
2039	337,072	22,756	359,828
2040	342,996	16,832	359,828
2041	349,025	10,803	359,828
2042	355,144	4,669	359,813
TOTAL	\$ 6,050,000	\$ 1,146,545	\$ 7,196,545

NOTE: For debt utilization calculation purposes, the Central Arkansas Water Revenue Bond (POWA Project), Series 2020A is included in the Debt Service section of this document, beginning on page [83](#).

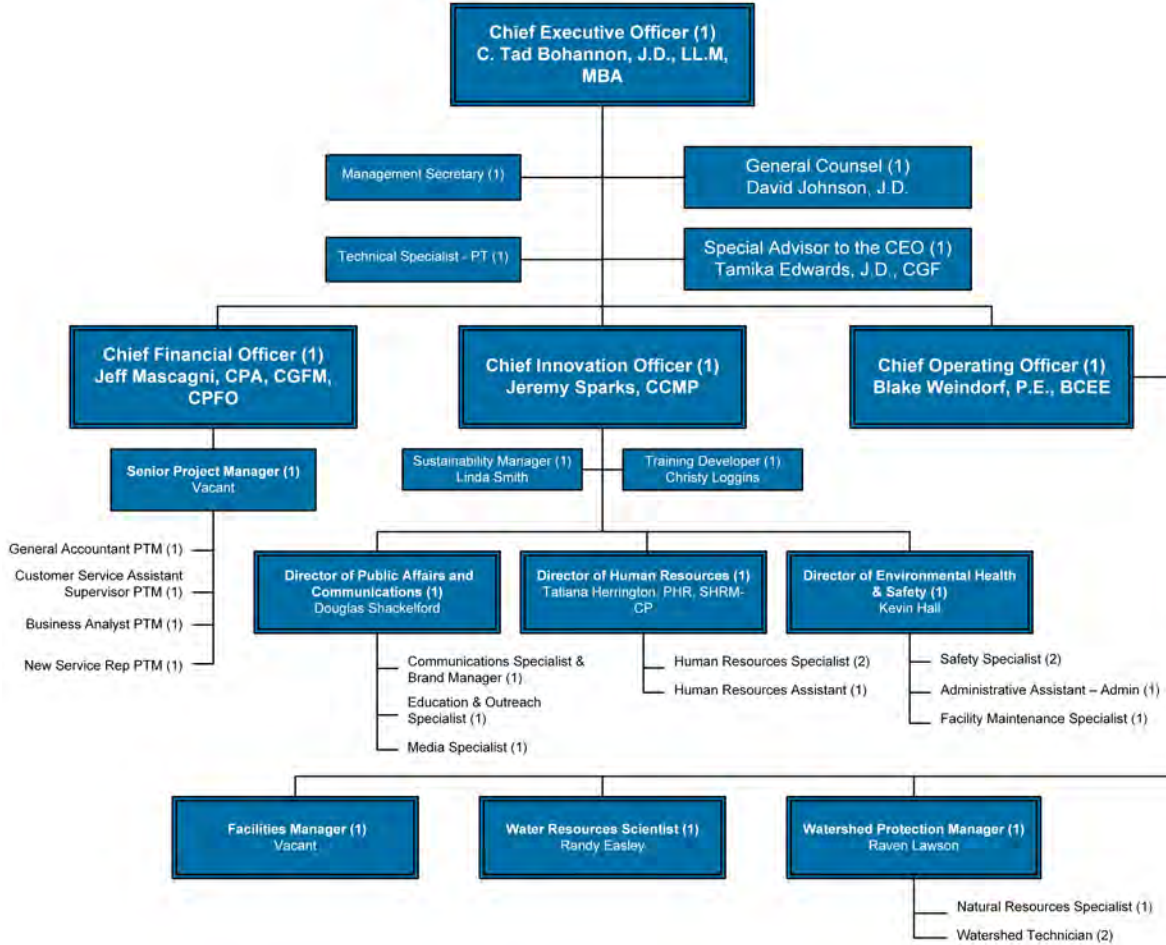
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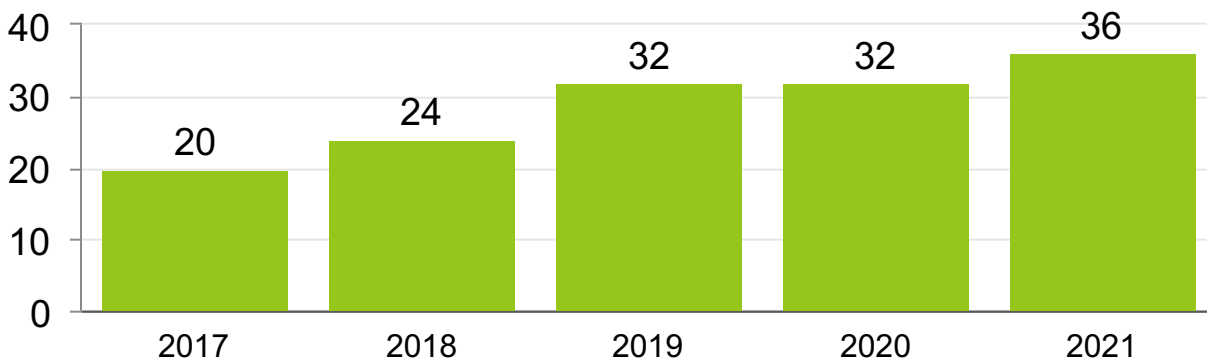
DEPARTMENTS

ADMINISTRATION DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year



EXECUTIVE STAFF

Chief Executive Officer

The highest-ranking officer in the organization, the CEO, reports directly to the Board of Commissioners. The CEO collaborates with the Board to establish a strategic plan for the Utility and is responsible for implementing plan initiatives throughout the organization. The CEO also is responsible for the overall management of the Utility and the organization's profile and image. As the Utility's leader, the CEO frequently fills the roles of motivator, mentor, and advocate. The CEO has direct supervision over the COO, CFO, CINO, and Special Advisor to the CEO on Diversity, Equity, Inclusion, and Engagement as well as day-to-day supervision of the General Counsel (GC).

Chief Operating Officer

The COO is responsible for managing the day-to-day operational activities of the Utility and ensuring the required resources and assets are in place to deliver high-quality water and dependable service. The COO is responsible for the development, design, and implementation of business processes and systems that effectively and efficiently deliver water and service to customers. The COO directly supervises the Engineering, Distribution, and Water Production Departments, as well as day-to-day supervision of the Facilities Manager, the Water Resources Scientist, and the Watershed Protection Manager.

Chief Financial Officer

The CFO is responsible for managing all financial, customer service, and technology driven aspects of the Utility as well as the day to day supervision of the Senior Project Manager. The CFO ensures that strategic objectives are financially supported through financial planning, implementing the annual budget, and developing sufficient rates. The CFO is responsible for accurate and timely financial reporting, maintaining banking relationships, investment and debt management, billing activities, and customer payment processing. The CFO also has oversight in the processing and contracting of procurement requests for materials, supplies, and services in addition to risk management practices.

Chief Innovation Officer

The CINO is responsible for managing administrative aspects of the Utility and for ensuring a HIVIP workforce is in place to carry out CAW's mission. The CINO directly supervises EHS, Human Resources, and Public Affairs and Communications of the Administration Department. The Training Content Developer and Sustainability Manager report directly to the CINO as well. The CINO is responsible for overseeing organizational change initiatives, benchmarking, and business system process

modeling. The CINO also leads the strategic planning process and the professional development of CAW employees.

General Counsel

The GC reports directly to the CEO and the Board of Commissioners. The GC enhances CAW by providing prompt resolution of legal issues, proactive advice, and counsel to the Utility’s administration. The GC is responsible for working with the Board, the Utility’s officers, and department directors to ensure operations of the Utility maintain compliance with relevant laws, regulations, and policies. The GC serves as legal adviser and counsel to the Board and staff; provides assistance in interpreting the legal ramifications of proposals, policy directives, and other actions; advises, promotes, and manages efforts related to federal, state, or local legislation; and handles special projects as requested by the Board, or CEO.

Special Advisor to the CEO on Diversity, Equity, Inclusion and Engagement

The Special Advisor reports directly to the CEO. The Special Advisor is responsible for working across all departments within CAW and in partnership with various community organizations to eliminate systemic organizational marginalization and to promote inclusive practices for the betterment of the Utility, the communities the Utility serves, and the water profession. The Special Advisor serves as an advisor to the CEO, the Board, and staff to assist with the recognition and alleviation of racial and other cultural biases in CAW policies, practices, and procedures. The Special Advisor will also assist with the creation and implementation of policies and programs that promote equity and inclusion.

EUM Attribute:	Employee and Leadership Development
Goal:	Implement increased leadership and employee development training for CAW managers and employees.
EUM Attribute:	Stakeholder Understanding/Support
Goal:	Maintain open dialogue with city and county officials, major customers, regional partners, and community organizations.

2020 Accomplishments

CAW leadership continued its pursuit of the mission of delivering high quality water and dependable service, protecting and ensuring a long-term water supply, and serving as responsible stewards of public health, utility resources, and the environment. The CAW Executive Team was very active in 2020, leading projects that range from infrastructure improvement, to feasibility studies, to employee development and engagement. The

team quickly responded to ever-changing dynamics in the face of the global COVID-19 pandemic. Leadership developed a Continuity of Operations Plan in mid-March and formed a Pandemic Response Team that continued to keep our vision and mission a priority and our directions and response clearly communicated across the Utility. The CAW workforce responded positively to the measures developed in the plan ensuring the health and safety of our community with continuous delivery of water exceeding all standards. Leadership remained involved in the CIS replacement project with the continued system implementation of Cayenta Utilities, with Go-Live planned for second quarter 2021. Ozark Point Treatment Plant improvements remained a focus of 2020, with continued construction at the plant. The work on the plant itself will be complete in the second quarter of 2021 with final rehabilitation of the clearwells at the plant is expected to continue into early 2022. CAW completed a successful consolidation with Paron-Owensville Water Authority taking over operations of the system on June 1, 2020. Staff also pursued re-development projects in the downtown Little Rock area in 2020 working on feasibility plans to unlock stranded infrastructure; by adding meters to vacant lots, and producing alternative revenues to offset needed improvements at the current downtown offices. This project will continue into 2021 with a focus on residential developments on existing utility owned property as well as the potential for shared retail space in the current building. In 2019, CAW leadership introduced CAW-U to train, equip, and promote employee development. CAW-U continued in 2020 graduating its first leadership class and enrolling its second round of employees to develop and bolster leadership qualities in our next generation of leaders. The FLOW Innovation Lab continued in 2020 as well, working to gain employee insight about topics that pertain to the CAW culture.

While 2020 has been a year of uncertainty, it has not slowed down the staff at the Utility. Staff continues to be highly engaged and has risen to new levels in the face of adversity. National awards and recognition for the Utility in 2020 included being recognized as one of five utilities in the One Water Alliance inaugural Water, Arts, and Culture Accelerator; being named as one of the Water Environment Federation's 'Utility of the Future Today' for CAW's work in Partnership & Engagement; receiving the Partnership for Safe Water Directors Award for CAW's Distribution System Optimization Program; and being the First in World to issue Certified Green Bonds dedicated to protect a Watershed for Water Quality.

2021 Goals

- Continue improving customer experience
- Successfully Go-Live in Cayenta Utilities
- Continue developing long-term Succession Plan
- Improve long-term financial and source water sustainability
- Continue increasing cross-departmental functionality

- Continue formalizing Standard Operating Procedures and processes
- Increase employee developmental opportunities
- Increase community knowledge and satisfaction

Executive Staff - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 1,364,873	\$ 1,596,058	\$ 1,513,523	\$ 1,537,094
Materials, Supplies, and Maintenance	151,539	321,170	355,800	201,400
Electric and Other Utilities	2,933	1,770	2,400	2,400
Contract Services	292,282	294,040	463,400	323,500
Other	17,085	31,690	39,750	32,000
Total Expenses	1,828,712	2,244,728	2,374,873	2,096,394
Total Capital Costs	—	—	9,000,000	6,965,000
Total Administration	\$ 1,828,712	\$ 2,244,728	\$ 11,374,873	\$ 9,061,394

Change by Natural Classification - 2020 Projected to 2021 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

HUMAN RESOURCES

The Human Resources Section provides services and support for all aspects of the employee life cycle in addition to aligning human capital with the Utility's strategic initiatives.

Mission

The Human Resources staff strives to provide the Utility with a well-qualified, diverse, and dedicated work force through recruitment efforts and programs. Human Resources provides CAW employees with excellent service, support, information, and assistance regarding policies, benefits, and programs.

Human Resources is committed to ensuring that the Utility's recruitment programs, policies, procedures, compensation, and employee benefits programs continue to attract and retain high performing, innovative, values-driven, informed, and passionate (HIVIP) employees throughout the organization. This role is in ongoing support of the Utility's commitment to exceptional water quality and customer service, fiscal responsibility, resource stewardship and sustainability, and legal and ethical accountability.

In addition, HR is committed to ensuring CAW's fair and equitable treatment of all employees, in accordance with legal and professional standards.

EUM Attribute:	Employee and Leadership Development
Goal:	Develop, Maintain, and Recruit a Diverse, Sustainable, High-Performing Workforce

Objective 1: Recruit, develop, appropriately reward, and retain a high-performing, innovative, value-driven, informed, passionate, and diverse work force committed to achieving CAW's Mission and Strategic Goals.

2020 Accomplishments

According to the 2019 AWWA Utility Benchmarking Program, median turnover rates are 8.6% for the water utility industry. Turnover in 2020 is trending at 7.5%. We have hired 22 new employees year-to-date and offered 15 promotions.

CAW offered internship programs in engineering and water production. These efforts enhance our recruiting pipeline for STEM positions within the Utility and enhance our contributions to the community.

CAW also established a partnership with the Women's Foundation of Arkansas to offer STEM internships in summer 2021 to college-level junior and senior minority females and with the Academies of Central Arkansas to expose high school students to career options in the utility industry.

Intentional effort was focused on our employee benefits guide to include all offered benefits and resources to employees and to attract talent to the Utility.

Objective 2: Measure and Improve Employee Satisfaction Levels

2020 Accomplishments

Approximately every three years, CAW partners with the Society for Human Resource Management to conduct an employee engagement survey on our behalf to provide anonymity for employees and unbiased results. The survey measures aspects of job satisfaction and engagement including career development, relationships with management, compensation and benefits, the work environment and engagement opinions and behaviors.

The survey closed on September 9, 2020. The results show an overall increased engagement score of 4.08, up from 4.05 in 2017.

Objective 3: Expand Employee Skills and Technical Training to Develop and Prepare Employees for Future Positions, and increase span of Employee Certification and Licensing

2020 Accomplishments

According to the 2019 Global Recruitment Insights and Data site, the top employment challenge, according to recruiters, is talent shortages. To combat this challenge and to improve in-house promotions, CAW-U, our internal professional development program, was initiated in 2019. Track 1 focused on water license preparation. 90% of the operators enrolled in Track 1 earned their certification within nine months. Track 2, our leadership preparation track, had over 30 applicants resulting in two classes being formed. The first CAW-U Leadership class graduated in September 2020 while the second class started in August 2020.

2021 Goals

Benefits and Wellness – Human Resources will focus educational efforts to employees regarding health, well being and benefit offerings. Initial education will begin with lifestyle health conditions that were high claims drivers in 2020. These efforts should begin to show a declining cost trend in the future.

Employee Handbook – Human Resources and Legal will work together to update our policies and the employee handbook.

Employee Engagement – Focus on opportunities to continue to improve communication, and professional development.

HRIS System – Select and implement an HRIS system that will reduce administration and paper, increase data accuracy, organizational efficiency, the ability to report on employee data and the user-experience for employees and leaders regarding employment activities.

CAWU – Human Resources will continue to expand the offerings of CAWU to provide leadership and skills training needed to encourage succession from the Utility, when possible.

Internships and Recruiting – Develop a structured recruiting and internship program for the Utility and create an intentional focus on creating a recruiting pipeline through our internship programs.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Turnover	6.3%	7.9%	7.5%
Cost of Benefits*	29%	29%	29%
Diversity and Inclusion Training	Yes	Yes	Yes

* Calculation methodology revised to provide benchmarking with Bureau of Labor Statistics/SHRM Cost of Benefits Calculation as percentage of total compensation (wages and benefits), rather than percentage of wages only.

Human Resource - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 508,582	\$ 456,754	\$ 502,975	\$ 401,273
Materials, Supplies, and Maintenance	36,882	41,258	64,250	34,646
Electric and Other Utilities	120	400	480	—
Contract Services	35,932	38,128	53,300	46,498
Total Expenses	581,516	536,540	621,005	482,417
Total Capital Costs	—	—	—	—
Total Human Resources	\$ 581,516	\$ 536,540	\$ 621,005	\$ 482,417

Change by Natural Classification - 2019 Projected to 2020 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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PUBLIC AFFAIRS AND COMMUNICATIONS

The Public Affairs and Communications Section manages a comprehensive and multi-faceted corporate public relations and communications program for CAW. Programming encompasses consumer, community, public, and news media relations, as well as other external communications with customers and the public. The section ensures the Utility provides accurate, timely, and responsive information relating to service, rates, outreach, public-policy decisions, and initiatives that are integral to the Utility's role as a water service provider. Communications also is responsible for maintaining a positive public presence for the Utility. Staffing for the section includes the Director of Public Affairs and Communications, the Communications Specialist and Brand Manager, the Education and Outreach Specialist, the Media Specialist, and contractual support from external public relations agencies.

Communications works extensively with other departments to meet the Utility's special and general communications objectives. The section develops and provides information to customers and the public through multiple venues that include billing statement inserts; billing statement messages; a series of customized pamphlets, brochures, and other publications; news releases; news conferences; facility tours; advertising; public presentations and meetings; community and special events; the distribution of water-related literature and oversight of special projects; Utility sustainability objectives; CAW website (www.carkw.com); and social media venues such as Twitter, Facebook, YouTube, Nextdoor, LinkedIn and Instagram. The section also provides direction on consumer and other research, as well as manages contracts with external public relations agencies.

Mission

CAW's philosophy of external communications is: (1) to foster dialogue with customers to ensure the continual enhancement of service so as to meet the needs and reasonable expectations of customers; (2) to provide customers with information in advance of changes in rates, water service, policies, procedures, and operations; (3) to keep pace to the extent economically practical with advancements in communications technology; (4) to advance public participation in policy and decision-making; (5) to cultivate ambassadors to reinforce the value of the services CAW provides; and (6) to maintain relations that reflects the Utility's culture as a hometown utility and contributing corporate community partner.

EUM Attribute:	Stakeholder Understanding and Support
Goal:	Actively involve stakeholders to engender understanding and support and disseminate information through multiple venues to optimize audience diversity and outreach

Objective 1: Expand Education and Outreach initiatives to disseminate the Utility's mission, operations, and enrich understanding about the product and delivery.

2020 Accomplishments

Since 2017, the Public Affairs and Communications Section has offered the Citizens' Water Academy program targeting a diverse sector of community leaders, stakeholders and residents in central Arkansas as a way to introduce critical areas of operations, encourage continued learning, and advocate for this valuable resource. In 2020, the global pandemic presented an opportunity for the Utility to introduce an innovative approach to the program through hosting its first virtual session to the public to encourage a safe learning experience within a digital environment. This approach will open access and opportunities for citizen education beyond the reach of our previous format.

Objective 2: Expand opportunities to communicate with customers through diverse outreach venues, including social media technology such as Facebook, Twitter, and web blogs.

2020 Accomplishments

In 2020, targeted social media marketing strategies continued to expand the Utility's digital outreach footprint. Additionally, CAW's Media Specialist presented media best practices to more than 1,000 attendees during the Utility Management Conference. CAW's total following on its various social media outlets increased 15% in the first nine months of 2020 to about 90,000 followers. Communications staff also authored an article on CAW's deployment of Vessel, the nation's first leak detection dog, in the April 2020 edition of Opflow. Communications also co-wrote and edited an AWWA Journal article on our Lead Service Replacement program, wrote an article on our GIS efforts for Esri that was picked up by Water Word, and assisted with authoring and editing a water article on our West Pulaski Expansion project for an Esri e-Book.

Objective 3: Comply with and/or exceed Federal and state regulatory deadlines for issuance of the annual Water Quality Report by July 1st.

2020 Accomplishments

The annual Water Quality Report was issued on June 1, 2020. On June 24, 2020, postcard notices were mailed to all customers and all ground addresses within U.S. zip codes that are completely or significantly within the Utility's service area.

Objective 4: Maintain frequent and regular contact with public officials and other key stakeholder groups regarding rates, water quality, and watershed protection.

2020 Accomplishments

CAW maintains almost constant dialogue with public officials within the service area. In 2020, Communications staff stayed in contact with public officials by attending a myriad of meetings in the central Arkansas area. These include meetings of the Little Rock City Board of Directors, North Little Rock City Council, Maumelle City Council, Country Club of Arkansas Property Owners Association, Heights Property Owners Association, Little Rock Engineers Club, the Little Rock chapter of the National Association of Women in Construction, as well as numerous Rotary Club chapters. Communications staff continued to seek opportunities to share best practices with industry peers. These events ranged from local conferences such as those held by Arkansas Water Works and Water Environment Association and Arkansas Education Association to regional and national conferences such as the Water Customer Care Forum.

Objective 5: Foster public engagement in policy and decision-making through public meetings and public hearings.

2020 Accomplishments

During 2020, CAW completed its fourth major acquisition through merger with the Paron-Owensville Water Authority. CAW hosted several community meet-and-greet events to explain merger operations, in addition to mailing Customer Service Guidebooks directly to new customers to assist Paron residents during the transition.

Objective 6: Issue responses to Arkansas Freedom of Information Act requests within required time frames.

2020 Accomplishments

100% compliance.

EUM Attribute:	Customer Satisfaction
Goal:	To provide customer service that exceeds expectation in quality, delivery, rates, and dependability

Objective 1: Regularly conduct customer satisfaction surveys, targeting overall performance rating to exceed 80%.

2020 Accomplishments

CAW routinely explores alternative methods to engage with consumers in addition to efficient ways to address customer concerns. During 2020 the Utility sought opportunities with Google to measure customer engagement and satisfaction. CAW experienced a positive gain in customer satisfaction response in comparison to previous years.

Other 2020 Accomplishments

CAW partnered with agencies and facilities across its service area to implement a bottle-filling station program. This program supports the installation of bottle-filler fountains in public areas, such as the Little Rock Zoo, the River Market, educational facilities, and other locations throughout the community. These fillers are branded to explain why tap water is a better choice versus bottled water and to promote reuse and sustainability in CAW's service area. As of September 30, five stations had been placed at the Little Rock Zoo, with several others at schools expected to be installed before year-end. The Public Affairs and Communications Section will lead CAW in continuing this project into 2021.

Beginning during the fourth quarter of 2019 throughout 2020, CAW deployed Vessel, the first water leak detection canine in the United States. Vessel, along with our Leak Detection Specialist, successfully found leaks in the approximately 530 square miles of service area. In addition to her leak detection duties, she made numerous public appearances and has become a social media hit. Additional information about Vessel's accomplishments can be found page [249](#).

The Public Affairs and Communications Department also spearheaded the launch of CAW's third website redesign which will provide a more efficient avenue to provide service, information and consumer engagement. This project endeavor will increase additional methods to interact with consumers, facilitate positive brand representation, and payment options.

2021 Goals

CAW will host a community-wide 20th Anniversary Celebration to commemorate the Utility's merger as a regional service provider. This celebration will be an invaluable opportunity to address stakeholders regarding our continual efforts to remain a world-class utility providing exceptional service.

CAW is also working to expand service to the West Pulaski County/Ferndale area in 2021. Currently, close to 1000 homes in that area do not receive public water. CAW has agreed with the West Pulaski Public Water Authority to take over that service area and construct the infrastructure necessary to provide water to the area. Construction in the area should begin in 2021.

CAW will continue to advocate for a regional approach to water service to assist struggling water utilities across the state. Currently, there are more than 700 water districts in the state of Arkansas, many of them serving less than 100 people. Regional approaches to water can bolster water service to struggling areas by providing better service through economies of scale, as well as the elimination of debt and improved infrastructure. Those issues continue to hamstring small water utilities. Advocation for partnerships and mergers to all levels of government are necessary to sustain public water for many areas of our state, and CAW will continue to lead that charge.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Expand and Diversify Communications Outreach Venues	Yes	Yes	Yes
Issue Federal Water Quality Report Before July 1st	Yes	Yes	Yes
Issue Responses to Arkansas Freedom of Information Act Requests Within Required Time Frames	Yes	Yes	Yes

Public Affairs and Communications - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 478,850	\$ 497,252	\$ 492,688	\$ 522,036
Materials, Supplies, and Maintenance	120,464	177,910	250,550	189,150
Electric and Other Utilities	2,800	1,050	2,520	1,440
Contract Services	125,898	77,394	137,100	99,200
Other	10,900	13,482	12,000	12,000
Total Expenses	738,912	767,088	894,858	823,826
Total Capital Costs	—	—	200,000	300,000
Total Communications & Public Affairs	\$ 738,912	\$ 767,088	\$ 1,094,858	\$ 1,123,826

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Change by Natural Classification - 2020 Projected to 2021 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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ENVIRONMENTAL HEALTH & SAFETY

EHS works to create and maintain a safe workplace environment, both in the field and in the office, by preventing accidents and occupational illnesses. EHS staff conduct intense employee training, perform routine health and safety inspections throughout the Utility, and eliminate unsafe acts and conditions.

Each Director, Manager, and Supervisor has the responsibility of enforcing the Utility's safety policies and procedures and setting a good health and safety example for employees. While EHS has the responsibility of providing the necessary training and support to facilitate effective enforcement and workplace safety, supervisors reinforce sound practices by leading by example and wearing the proper personal protective equipment, following all safety rules and regulations, actively participating in safety inspections and safety meetings, and being good role models for employees.

Mission

EHS ensures that each CAW employee benefits from a safe and healthy place of employment.

EUM Attribute:	Operational Resiliency
Goal:	Eliminate or reduce employee injuries and motor vehicle crashes.

Objective 1: Provide Occupational Safety & Health Administration (OSHA) required safety training for all affected CAW employees, leading to reduced workers compensation claims, costs, and lost time compared to previous year.

2020 Accomplishments

COVID-19 put a six-month pause on most in-person safety training. During a "typical" year EHS provides more than 100 training sessions. EHS began classroom training in August 2020. Our target is to provide 75 health and safety training sessions for CAW employees by the end of the year. The majority of the training EHS provides is OSHA required. Examples of training include CPR, defensive driving, competent person, confined spaces, respiratory protection, hearing conservation, forklift certification, and emergency response, among others.

Objective 2: Inspect all facilities on a quarterly basis and all vehicles annually

2020 Accomplishments

EHS will complete a thorough safety inspection by the end of 2020 at all CAW facilities (JTH, Maryland Avenue Complex, Clearwater, Wilson Plant, Ozark Point Plant, Lake Maumelle, Lake Winona, and Paron facilities) and will work with staff to ensure that all hazards identified during those inspections are corrected.

Every CAW vehicle will be inspected at least once; however, most vehicles will be inspected by EHS or department supervisors several times throughout the year.

Objective 3: Inspect all construction sites to ensure adherence to all Federal and State regulations and all CAW rules and regulations

2020 Accomplishments

EHS anticipates visiting over 100 job sites by the end of 2020. During these safety inspections, EHS personnel observe the operations, evaluate possible safety concerns, OSHA compliance, and public safety awareness, and note any corrections of safety issues found during job site visits.

2021 Goals

EHS will continue to implement recommendations of the Vulnerability Assessment in 2021, providing additional safety and security enhancements as needed at various Utility facilities and updating or creating Emergency Action Response Plans for a number of scenarios identified by the Vulnerability Assessment.

Additionally, EHS will create new safety policies as well as update current safety policies included in the Utility Safety Manual.

EHS will work closely with the Distribution Department to conduct a utility-wide electrical safety survey. This will include creating standard operating procedures while working near high voltage services and equipment.

As an ongoing response to COVID-19 and the increased availability of technology, EHS will continue developing “self-paced” online safety training in 2021. This proficiency-based model will allow employees to have a schedule that meets their individual training requirements.

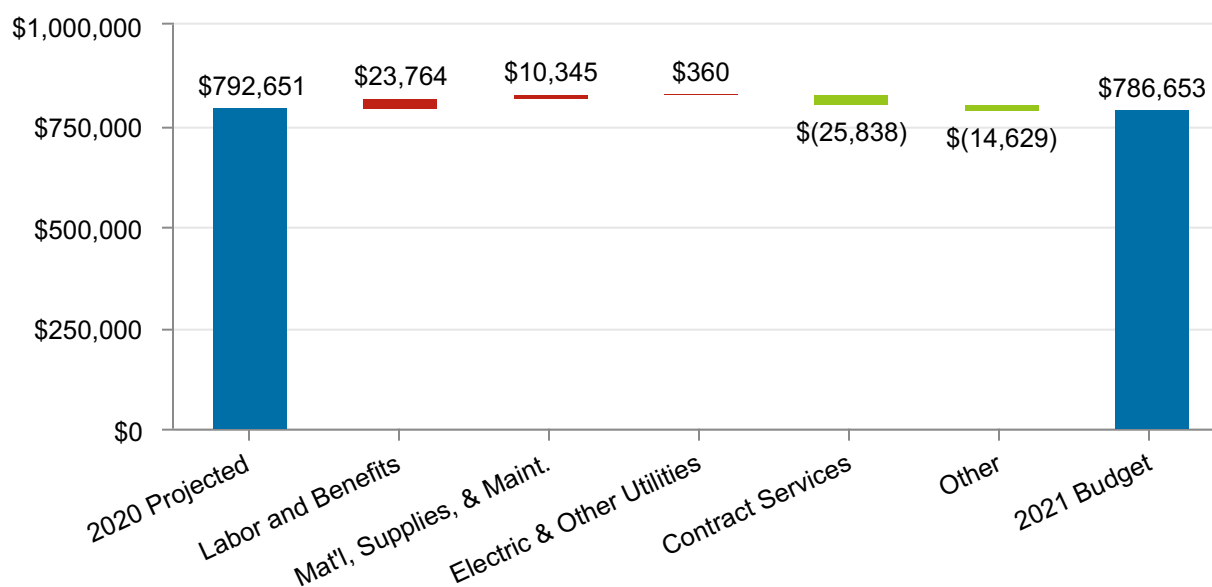
Finally, EHS will continue to develop and grow our Lone Worker Policy and process for those employees who work alone with limited or no contact with other CAW employees throughout the work week.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Safety Training Classes	114	75	115
Safety Training Hours (cumulative)	3,541	2,000	3,200
Workers' Comp Claims	12	14	10
Workers' Comp Claim Costs	\$57,804	\$50,000	\$125,000
Workers' Comp Lost Time (days)	1	40	0
"At Fault" Vehicular Accidents	8	10	6
"Not At Fault" Vehicular Accidents	9	6	6
Perform all Facility and Vehicular Inspections	Yes	Yes	Yes

Environmental Health & Safety - Expense Summary

	2019 ACTUAL	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 502,567	\$ 438,496	\$ 512,693	\$ 462,260
Materials, Supplies, and Maintenance	81,812	80,055	152,496	90,400
Electric and Other Utilities	1,440	1,080	1,440	1,440
Contract Services	161,514	248,391	207,403	222,553
Other	—	24,629	—	10,000
Total Expenses	747,333	792,651	874,032	786,653
Total Capital Costs	—	—	20,000	78,000
Total Environmental Health & Safety	\$ 747,333	\$ 792,651	\$ 894,032	\$ 864,653

Change by Natural Classification - 2020 Projected to 2021 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

WATERSHED PROTECTION

The Watershed Protection Section provides the Utility’s work related to watershed management, watershed stewardship, and water quality and ecological monitoring. The Lake Maumelle Watershed Management Plan (WMP) and other guiding documents serve as a framework for the Utility’s source water protection program for its two water supply reservoirs, Lake Maumelle and Lake Winona. The section's goals are to protect, restore, and enhance the natural environment of these two reservoirs' watersheds through a variety of pollution prevention, watershed, and source water protection approaches as part of an overall strategy to maintain and enhance ecological and community sustainability. The activities of the section ensure CAW is cognizant of and attentive to the impacts its watershed decisions have on current and long-term watershed health. Major responsibilities of the section include managing and monitoring water resources, managing and monitoring utility-owned forested and non-forested lands and recreation uses and use areas, managing and inspecting landscape-scale impacts and opportunities, promoting and conducting education and stewardship initiatives for homeowners and private landowners, and promoting and conducting watershed and utility-specific education and outreach.

CAW ensures high quality water at the customer’s tap through a robust water quality monitoring program for both lakes, select tributaries, water treatment, and delivery systems. CAW conducts targeted studies initiated within the various elements of the system in order to better understand and assess water quality and implications for management and treatment

Mission

The Watershed Protection staff protect, restore, and enhance the natural watershed environment of the Utility's two water supply sources to ensure CAW can provide high-quality water with minimal treatment.

EUM Attribute:	Product Quality
Goal:	Provide an uninterrupted supply of high-quality potable water that meets or exceeds all Safe Drinking Water Act (SDWA) regulations

Objective 1: Continue land acquisition per WMP to provide greater source water protection.

2020 Accomplishments

In 2020, the section added a Land Conservation Coordinator to spearhead innovative funding and financing for future large-scale acquisitions and conservation efforts. By working with partners and with funding support through the Healthy Watersheds Consortium Grant, staff was able to receive the first-ever certified Green Bond under the Water Infrastructure Criteria to leverage Watershed Protection Fees for land acquisitions for watershed protection. With this bond, staff was able to apply for Forest Legacy funding and are seeking other grant opportunities for the anticipated 2022 acquisition of more than 4,500 acres in the Lake Maumelle Watershed. Also, in 2020, CAW added more than 200 acres in Conservation Easements and explored innovative approaches for obtaining more in the future. One of these Conservation Easements is on the site of the Arkansas Natural Heritage Commission's Rattlesnake Ridge Natural Area.

Objective 2: Maintain or increase Lake Water Quality Monitoring

2020 Accomplishments

Under an ongoing agreement with U.S. Geological Survey (USGS), long term, ongoing water quality and flow monitoring continues for Lake Maumelle and its tributaries. In 2020 staff developed a Reservoir Monitoring Plan establishing sampling plans for Lake Maumelle, Lake Winona, and Jackson Reservoir and documented the Standard Operation Procedures (SOPs) for the monitoring/sampling. In 2021, staff will be finalizing the Quality Assurance Project Plan (QAPP) recommended by EPA to formalize the procedures for data collection, analysis, and reporting. The monitoring plan, SOP, and QAPP establish a framework to ensure a comprehensive reservoir monitoring that will allow for better decision making towards impairment and treatment needs.

Objective 3: Comprehensive Ecology Management

2020 Accomplishments

In 2020, staff is projected to complete nearly 1,000 acres of prescribed burning this fall, and 341 acres are planned for ecological thinning by the end of 2020. Staff also planted an additional 6,000 trees to reforest approximately 20 acres of the Forest Legacy Property and has purchased another 11,000 trees and plans to plant another 35 acres in the Spring of 2021.

Watershed Protection added a Natural Resource Specialist in 2019 whose primary responsibility is monitoring and assessment of the watershed and reservoir tributaries. With added staff comprehensive monitoring efforts of biological communities in our tributaries and forested ecosystems have begun; along with planning a more comprehensive, long-term monitoring

program of the lakes and tributaries. This monitoring will provide a better assessment of watershed and reservoir health as well as provide a method for prioritizing management efforts.

Work with the U.S. Army Corps of Engineers on a study to understand and improve the hydrologic function of the Forest Legacy Project (FLP) site will be completed at the end of 2020. Enhancing and restoring these functions is part of a larger restoration and management plan for the FLP site. Additionally, a pilot program to utilize satellite telemetry to develop information for land-based changes to land use / land cover, and to ascertain the efficacy of its use for water quality monitoring was completed in 2020.

Other 2020 Accomplishments

The removal of the low-water crossing and bridge replacement near Hwy. 10 on the FLP property was completed. This removal proactively addressed a failing crossing, which would have resulted in producing an influx of sediment into the Maumelle River system. Removal of the structure opens the waterway to allow continuous flow, improves flood attenuation, and provides improved passage for spawning fishes. Additionally, the bridge provides CAW with continual access to the FLP site.

Additionally, renovations of the FLP cabin were completed during 2020. Renovating the cabin was among the many building and structure improvements that have taken place at the FLP site that help make it a central location for watershed management activities. Through renovation, CAW has provided field staff with a climate-controlled office, breakroom, and workspace.

With cooperation from stakeholders in the watershed, the looping of the trail at Bufflehead Bay use/demonstration area will be completed in late 2020. As an extension of the watershed education efforts, the trail was extended through the forest management demonstration area at Bufflehead Bay. This area is a popular spot to learn about how proper forest management can improve or maintain water quality and how the management efforts visually changes the landscape. Additionally, staff, in partnership with the Arkansas Game and Fish Commission, launched an Arkansas Water Trail for paddle-craft in the area west of the Highway 10 bridge that launches from Sleepy Hollow.

2021 Goals

The Watershed Protection staff will continue to build relationships with local, state, and Federal agencies, as well as non-governmental organizations to advance CAW's water quality goals. Existing relationships have led to additional project funding, enhanced public education and outreach, completion of wildlife surveys, and technical assistance for forest management. Further refinement in the assessment methodology applies to both watershed and reservoir health. In order to enhance the Utility's conservation

management objectives, staff will conduct 1,400 acres prescribed burns, conduct 500 acres of ecological thinning, and inventory approximately 800 acres of forest stands.

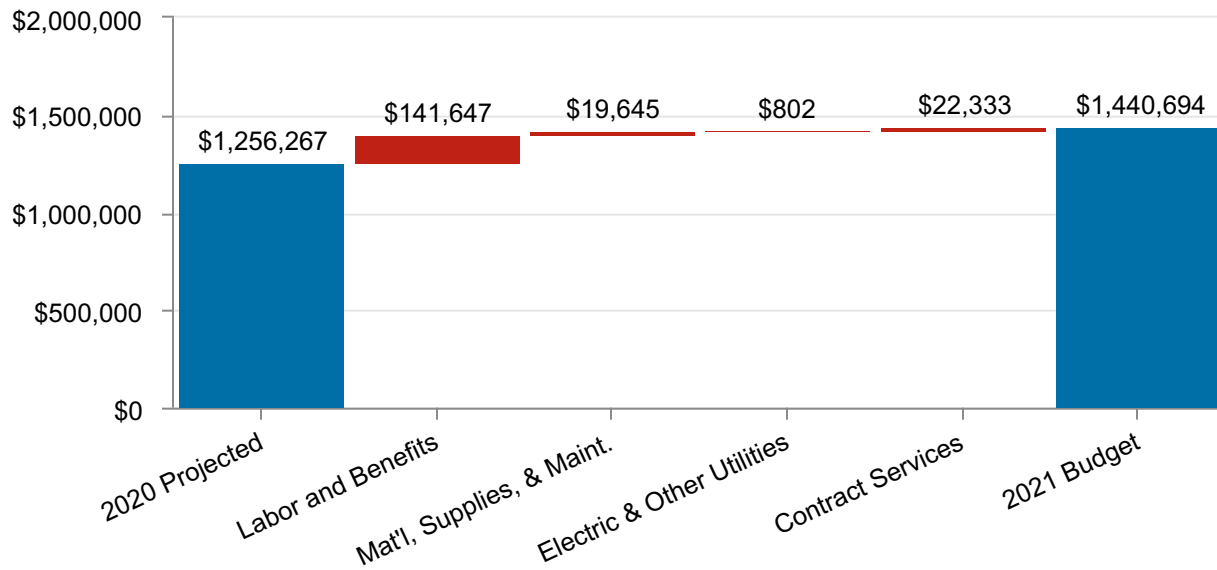
Staff will continue to focus on increasing property holdings and easements in key watershed areas and building and retaining partnerships essential for success of the Program’s objectives. Staff will also continue to find and implement creative strategies for watershed management and water quality enhancement through active management approaches, increased monitoring efforts, strategic education and outreach events and publications, and by seeking unique opportunities for funding projects that are congruent to the mission and goals of the section and Utility.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Land Acquisition (cumulative acres of fee-simple and conservation easements)	1,146	306	4,500
Acres Treated with Prescribed Burning (cumulative acres)	1,172	1,000	1,400
Acres Treated with Ecological Thinning (cumulative acres)	10	341	553
Acres Reforested	—	20	35
Inventory Forest Stands (acres)	—	—	800

Water Quality and Watershed Protection - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 548,799	\$ 589,711	\$ 599,112	\$ 731,358
Materials, Supplies, and Maintenance	107,665	77,225	104,470	96,870
Electric and Other Utilities	5,789	4,375	2,760	5,177
Contract Services	568,326	584,956	590,639	607,289
Total Expenses	1,230,579	1,256,267	1,296,981	1,440,694
Total Capital Costs	2,320,812	—	1,161,000	1,351,000
Total Water Quality & Watershed Protection	\$ 3,551,391	\$ 1,256,267	\$ 2,457,981	\$ 2,791,694

Change by Natural Classification - 2020 Projected to 2021 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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SPECIAL PROJECTS

The Special Projects Section was established in late 2018 to manage the Utility's CIS replacement project. The section consists of six experienced members from various departments within the Utility and is led by the Chief Innovation Officer. This team will dedicate half of 2021 to completing/supporting the implementation of Cayenta Utilities CIS, converting customer data from the legacy system, testing the new system, documenting critical business processes, and providing support for the new system during the post go-live stabilization period. Go-live is scheduled for April of 2021 with post go-live support estimated to be three to six months.



The CIS replacement project, dubbed the Pinnacle Project, will leverage current technology to transform CAW's current billing and customer service processes to be more efficient, while improving the overall customer experience. Implementing industry leading practices improve the efficiency of the Utility by:

- eliminating redundant processes,
- reducing the number of manual exchanges to accomplish tasks,
- expanding cross-training of staff, and
- providing improved reporting to support decision making.

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Pinnacle Project

Scaling New Heights

What is it?
Leveraging technology to achieve peak performance.

Why Change?
Our current system has reached the end of support and must be replaced.

We desire to grow and exceed stakeholder expectations.

Pinnacle will streamline today's operations and empower CAW to reach new levels of service.

What will be different?

	From	To
<p>Modernized A system built on industry leading practices and contemporary technology</p>	<p>Rigid, brittle, customized software program</p> <p>Convoluted and inefficient processes</p>	<p>Configurable, scalable, reliable technology platform</p> <p>Industry leading practices</p>
<p>Unified Improved, centralized access to reports, data, and training resources</p>	<p>Undocumented decisions trees and process flows</p> <p>Multiple independent databases</p>	<p>HIVIP employees with access to knowledgebase</p> <p>Integrated business planning opportunities</p>
<p>Enhanced Intuitive user experience for staff and customers</p>	<p>Limited antiquated options for customer engagement</p>	<p>Robust customer self-service portal</p> <p>Higher level of customer service</p>

2020 Accomplishments

In 2020 the Pinnacle Team continued to work through the waterfall methodology completing several aspects of the Cayenta CIS Implementation Project. While minor configuration and payment interface development are being finalized, most of the development and all functional testing have been completed. The biggest success of 2020, and certainly the turning point of the project was reaching a successful data conversation in July. However, it unexpectedly took four iterations to reach our first successful conversion. Due to the lack of data integrity and conversion issues we faced, the Go-Live was pushed from July 2020 until April 2021.

Leadership has recharted the path to completion and re-energized the team by adding business resources to the project. The way forward includes four major tracks of work: Integrated Testing, Bill-to-Bill / Financial Reconciliation, User Acceptance Testing, and End User Training. While these are independent bodies of work, there are many interdependencies which are being managed at the project manager and executive sponsor levels.

Since September 8, 2020 we have been engaged in Integrated Testing. Integration Testing is a process-oriented approach testing end-to-end business processes. These

processes include third-party system interfaces, software modifications, and other custom developed functionality. The team is scheduled to run 1,166 test scripts by November 30, 2020. As of September 30, we are 10% ahead of our testing schedule with a 90% pass rate. This is a huge win for the team and creates the momentum needed to enter User Acceptance Testing. While our focus is not an initial 100% pass rate, we will only be successful when we have completed 100% of the test scripts and Cayenta has configured and retested all the failed, cautioned, and/or blocked test cases.

Bill-to-Bill / Financial Reconciliation (B2B/Fin Rec) is running concurrent with Integrated Testing. In fact, we have completed two of the four scheduled rounds of B2B/Fin Rec. This exercise is vital to a successful Go-Live as it proves if CAW can bill for the correct amount of consumption and revenue in the new billing system. Since our successful Conversion 5, we have made positive strides in shoring up our numbers. With each subsequent conversion, the Fin Rec becomes clearer. This exercise will not be completed until mid-February 2021 and will only be deemed successful if/when we have a 90% consumption match between Cayenta and enQuesta, 90% of the B2B match between Cayenta and enQuesta, and 100% analysis and explanation of cycle billing differences. The 90% consumption match is appropriate as we acknowledge not all meter edits can be made to Cayenta as they are in enQuesta. We also acknowledge the enQuesta report has negative consumption while Cayenta can only be edited down to 0 CCF. Likewise, the 90% B2B match is due to enQuesta having system-specific components, such as clipped bills for manual review, bills that generate negative bills, and re-bills. These specificities make a true 100% comparison unrealistic. While this is a very large undertaking and has generated a huge workload, this level of comparison critical to a successful Go-Live.

User Acceptance Testing (UAT) will officially begin the second week of January 2021 and last through March 2021. However, preparing testers and writing test scripts is well underway. UAT is the first chance for a large group of business stakeholders to interact with the new system. In fact, nearly two dozen team members will be on-boarded to support the core team in running the UAT test scripts. Should we find a process that does not work as designed – just like during INT4 – CU will make necessary corrections and the script(s) will be retested/revalidated (regression testing). We anticipate failed scripts but will measure our success by on-boarding business partners with eight hours of training prior to UAT and validating 100% of the test scripts by March 30, 2021.

End User Training (EUT) is the last major body of work but of significant importance. While it has taken the technical team over two years to design, build, and test the solution, the impacted stakeholders will be trained on the system in the last eight weeks of the project schedule. To get a head start, overview and conceptual training began in March 2020. This initial training has proved to be vital in ensuring each end user is prepared to operate the system at and post Go-Live. Throughout the process, over 100 team members representing eight business areas will receive training. The total number of training hours a user will receive depends on his or her specific usage of the system

and will range from 15 hours for Meter Readers to 45 hours for Customer Support Representatives. The success criteria for EUT are specific. Without exception, 100% of stakeholders must be trained by April 4, 2021 and earn an 80% on the end of course knowledge check. This 80% standard ensures team members understand the new technology prior to Go-Live. We will have Refresher Training post Go-Live for any individual scoring less than 80% in a session and for those team members who desire one-on-one coaching.

2021 Goals

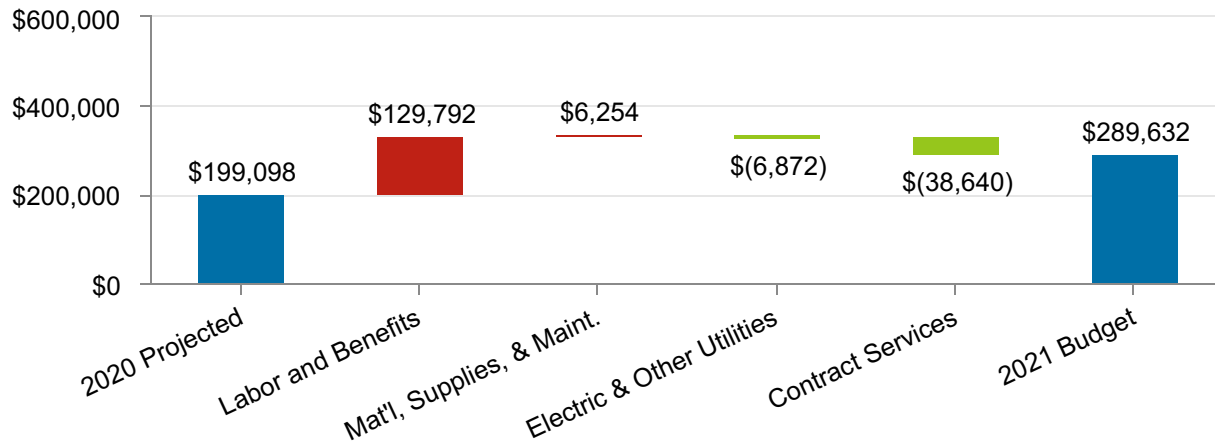
Project tasks and goals for 2021 include:

- Complete custom reports, and portals
- Complete Customer Self Service website implementation
- Complete Americans with Disabilities Act (ADA) Compliance Audit
- Complete data conversion activities
- Complete User Acceptance Testing
- Communicate changes and impacts to stakeholders
- Complete Readiness and Adoption Surveys
- Deliver end-user training
- Go-Live with new system in April of 2021
- Provide on-going refresher training
- Post Go-Live support / Hyper Care

Special Projects - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 162,662	\$ 107,065	\$ 10,231	\$ 236,857
Materials, Supplies, and Maintenance	17,221	18,821	34,900	25,075
Electric and Other Utilities	—	6,872	27,500	—
Contract Services	68,332	66,340	89,340	27,700
Total Expenses	248,215	199,098	161,971	289,632
Total Capital Costs	—	—	—	—
Total Special Projects	\$ 248,215	\$ 199,098	\$ 161,971	\$ 289,632

Change by Natural Classification - 2020 Projected to 2021 Budget

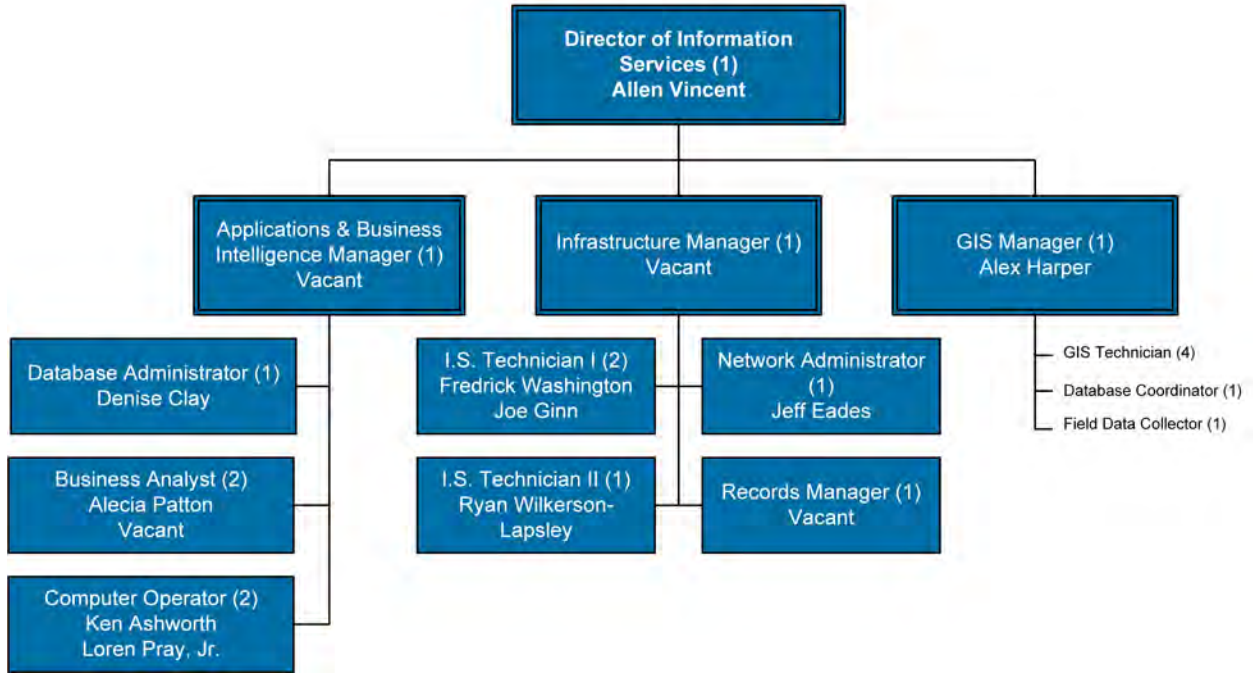


Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

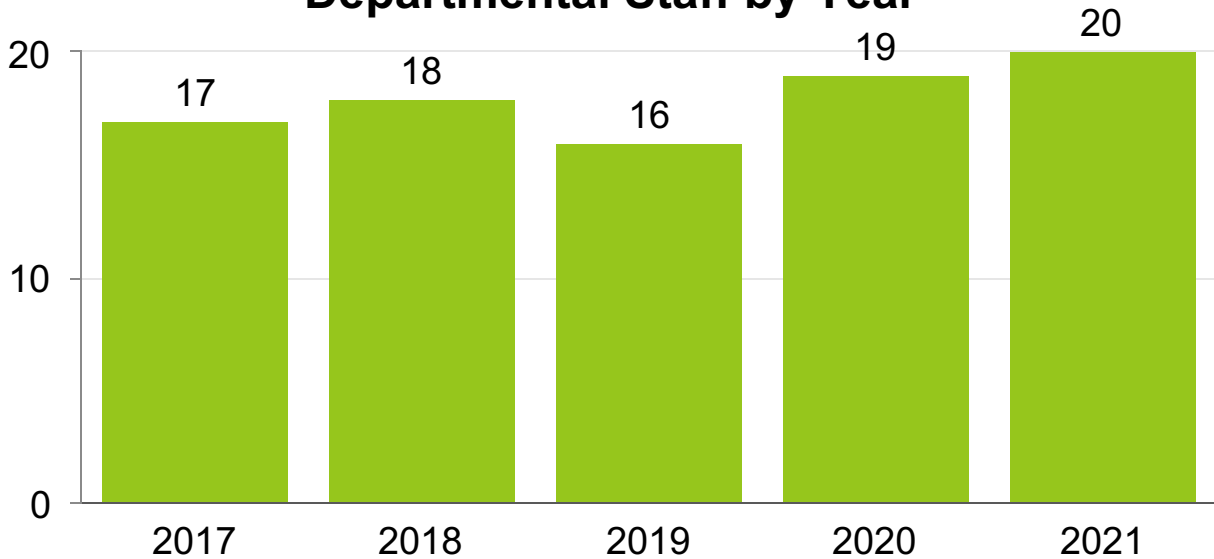
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INFORMATION SERVICES DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year

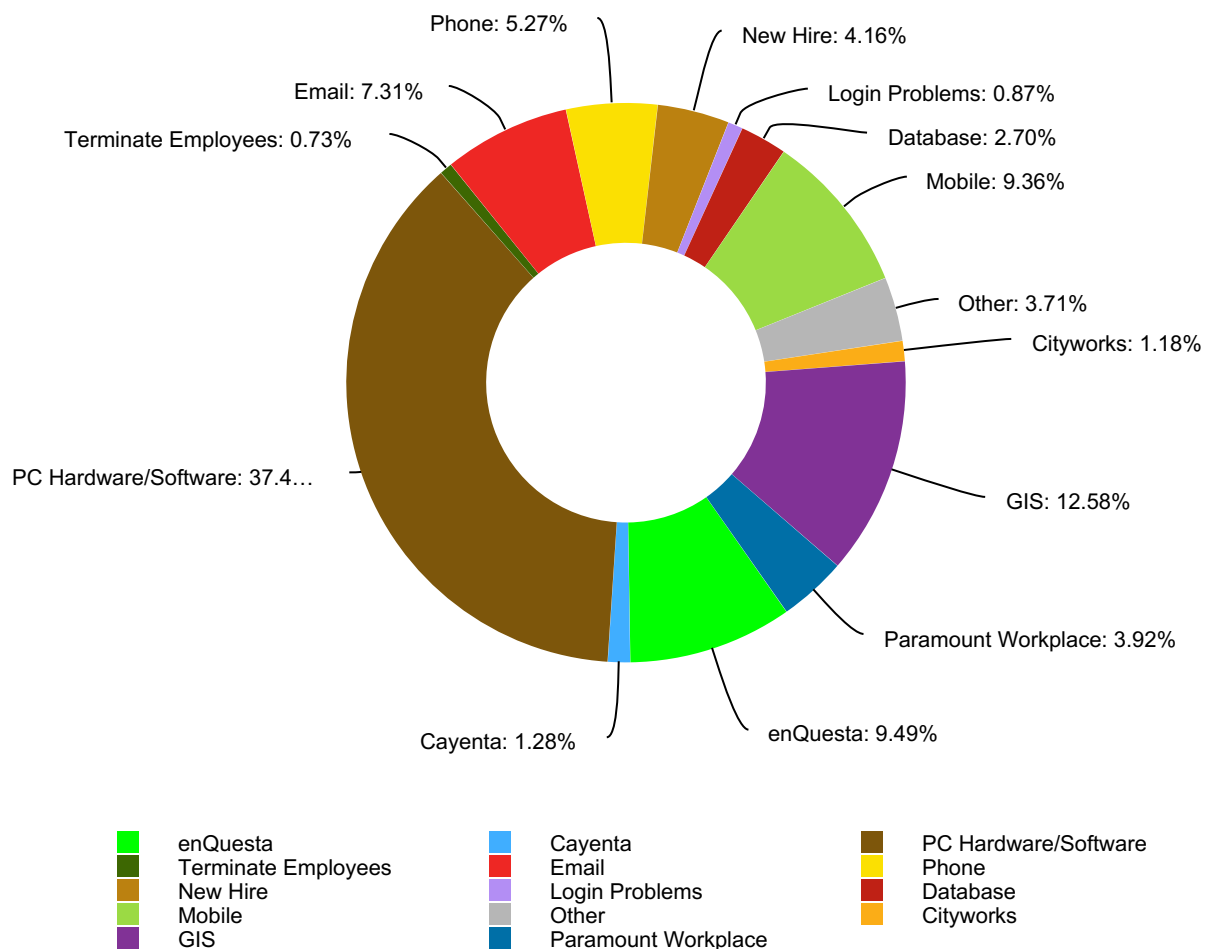


INFORMATION SERVICES DEPARTMENT

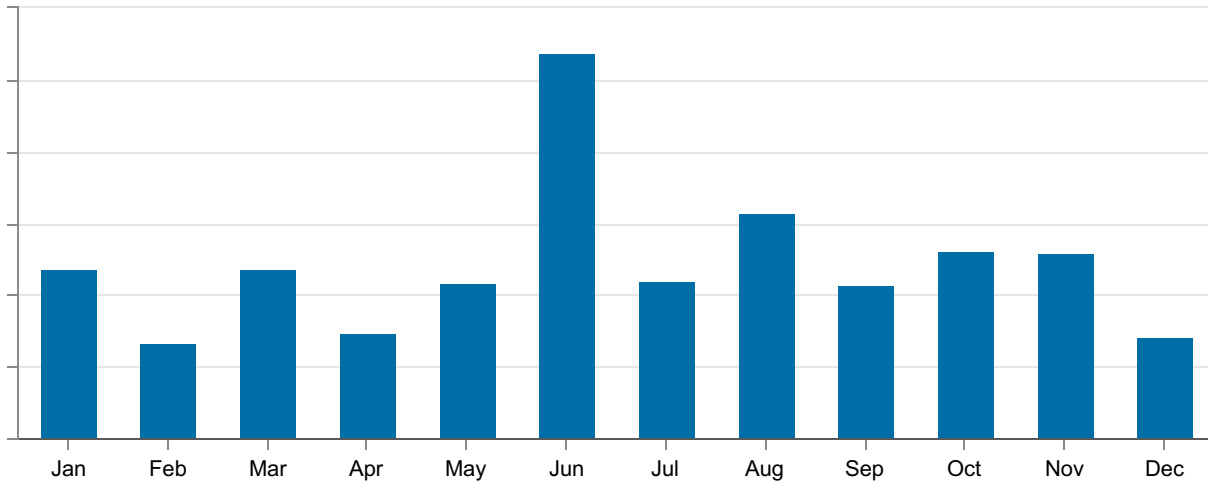
The IS Department maintains the computer hardware, software, and other electronic infrastructure that is necessary to support the day-to-day and mission-critical operations of the Utility. There are thousands of computer systems in place and hardware devices that make up CAW's wide area network to support the Utility's range of operations, from the Customer Service Call Center to the control of remote distribution system facilities.

The IS Department manages and maintains the devices and systems, provides appropriate support services, ensures availability 24 hours per day, and supplies security for data maintained on the various systems. The department also researches, evaluates, and implements emerging technologies and approaches in order to improve technological automation of the Utility and translate these investments into increased efficiency and productivity for all areas of operations.

2019 Completed Tickets By Type (Actual)



2019 Completed Help Desk Tickets



Mission

The IS Department provides the Utility with electronic infrastructure that ensures constant reliability and security for core elements of the Utility’s operations.

<p>EUM Attribute:</p> <p>Goal:</p>	<p>Operational Optimization</p> <p>Research and test current computer software and hardware that are on the market so that CAW implements leading industry practices in automation that will cost-effectively improve the Utility’s operations, business practices, and service to customers.</p>
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Objective 1: Paron-Owensville Water / CAW Consolidation

2020 Accomplishments

In late 2019, leading to the start of 2020, the process began for the consolidation of CAW and Paron-Owensville Water. The GIS section had to request from Pulaski Area GIS (PAGis) to create the base map layers (building polygons, address points, street centerlines, etc.) for this area since it falls outside of Pulaski County. PAGis did this work under a contract with CAW and provided the base map data to the GIS section. While the base map was being created, field staff including the Field Data Collector, used GPS to collect water features (hydrants, valves and meters) in the Paron system. Since the base map was not completed yet, the GIS section provided updateable map documents on laptops with approximate feature locations, as well as provided ArcGIS Online maps to be used on iPad devices for field personnel. Once the base map was finished and provided, and with the use of

the newly collected GPS points, the GIS editors were able to place water mains and other features in the production GIS system.

Staff added the Paron facilities to the CAW security system, several cameras both inside and outside, card read on doors, and door sensors. Paron will be added to CAW Wide Area Network (WAN) through leased fiber lines through AT&T. The fiber will give staff full control over the Paron system from Little Rock. The current Paron billing system will be in use until the accounts can be converted to the new Cayenta billing system. Training was provided on Paron billing, which included billing, editing accounts, reading the meters and uploading/downloading readings into the system.

Objective 2: Mobile Meter Reading Device Improvements

2020 Accomplishments

With the end-of-life for the current meter device and wanting to take advantage of current technology, IS staff worked with meter reading staff to move to a mobile device for meter reading. With the updated meter reading server software, it was possible to read meters using an iPhone or Android device. Staff looked at an iPhone which looked great in the beginning but had issues in bright sunlight and rain. Then the staff tested the Honeywell CN80, which has a keypad, and after field testing, it was decided to go with the CN80. Staff purchased 18 devices during the past year with an additional five more coming in 2021. With the new technology there is no need for the meter readers to come into the office; they are able to upload from the field. Operations staff can see the meter reader read status because the units sync to the server every 15 minutes.

Objective 3: Infrastructure/Cyber Security Improvements

2020 Accomplishments

To improve the uptime of the network server and the applications they support, we implemented a 20 kilovolt ampere Uninterruptible Power Supply (UPS). This UPS gives us enough battery power to keep the servers up for four hours without electricity. During a recent storm, the UPS proved itself to be reliable and up to the task. Once we go to battery power, staff receives an email so we can decide if the server should be shut down in a controlled manner; this extends server life. New, faster 10 gigabyte switches were added to the network to provide better support for the new billing system and increased network speed. Logging features were added to the internet firewall, so that if a hacker attacked the network, staff would have the ability to review to determine the threat. A new email feature will use artificial

intelligence to help filter out spam/malware emails to better protect CAW as a whole.

Objective 4: Cityworks Production Update to version 15.4.2

2020 Accomplishments

In 2019, the GIS section created a Cityworks 15.4.2 testing environment for developers to create the integration between Cityworks and Cayenta. This testing environment was also used to test out and plan for the Cityworks upgrade by the GIS staff. There were a few cosmetic and report changes that needed to be made during the testing phase. It was determined that the custom Cityworks map tools needed to be updated to a new version of Javascript, which was handled by Woolpert and the ad-hoc agreement for the custom tools that CAW has with them. These tools were re-written and function the same way as the end-users are used to seeing. Once these were updated, help documentation creation began. These documents were used during the training of office and field personnel before and after the go-live of the new version. Go live happened in June of 2020. Even though most workflows stay the same, this upgrade to 15.4.2 gives end users a cleaner look at inboxes, work orders and service requests while also allowing CAW the opportunity to implement other parts of Cityworks that have not been put into production (i.e. inspections). This upgrade will also enable more mobile-based web applications in the future.

Other 2020 Accomplishments

The COVID-19 pandemic was and still is a challenge. In a short period, the staff managed to spin up several new features that were only in the planning stages. IS staff rounded up every working laptop and ordered an additional 30 new laptops. We also equipped some employees to take their desktops home until new laptops were on site. The call center was the first step. Staff worked the first weekend to find a way that Customer Service Representatives could answer calls from home using Cisco Jabber software installed on the laptop. The next week was used to train the CSRs on the software and connection procedures into the network. They were then able to work from home without any issues. Part of our Microsoft Office 365 Suite includes Microsoft Teams. It is how employees communicate with each other virtually, as well as how the Utility conducts various meetings, including the CAW Board of Commissioners monthly meetings.

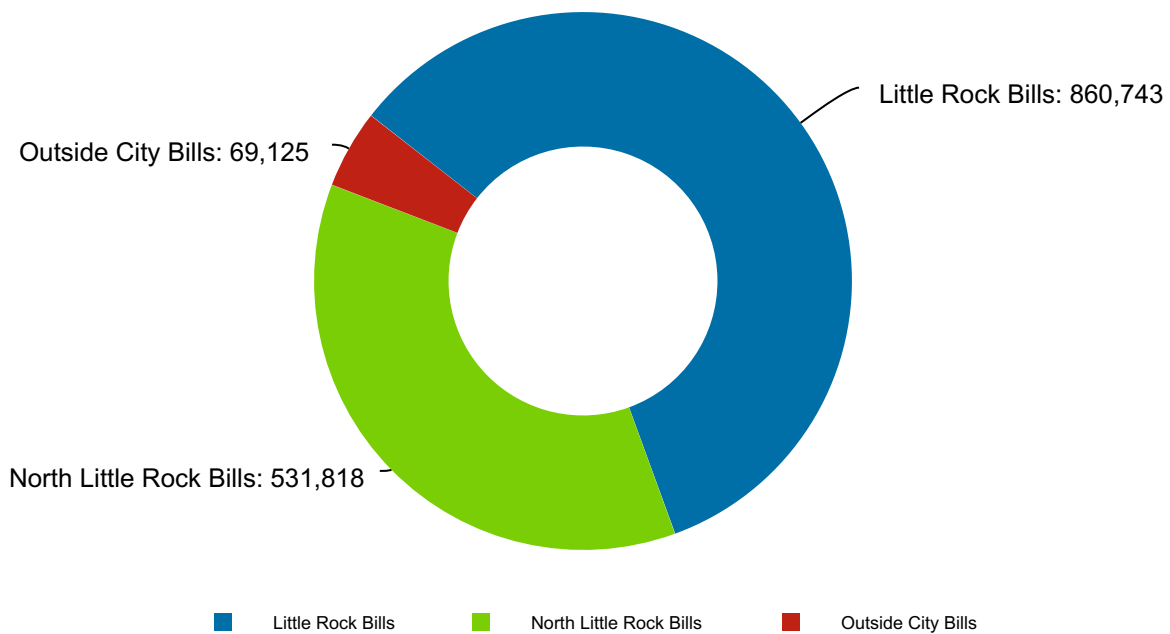
2021 Goals

In 2021, IS will continue to implement the recommendations of the 2017 IT Master Plan. The CIS replacement will be top priority. Implementation of the new CIS is expected to play a prominent role in 2021 IS staff commitments. Other systems anticipated to be

implemented as a result of IT Master Plan recommendations are Human Resources Time & Attendance System, and Project Management Virtual Desktop Technology and Collaboration.

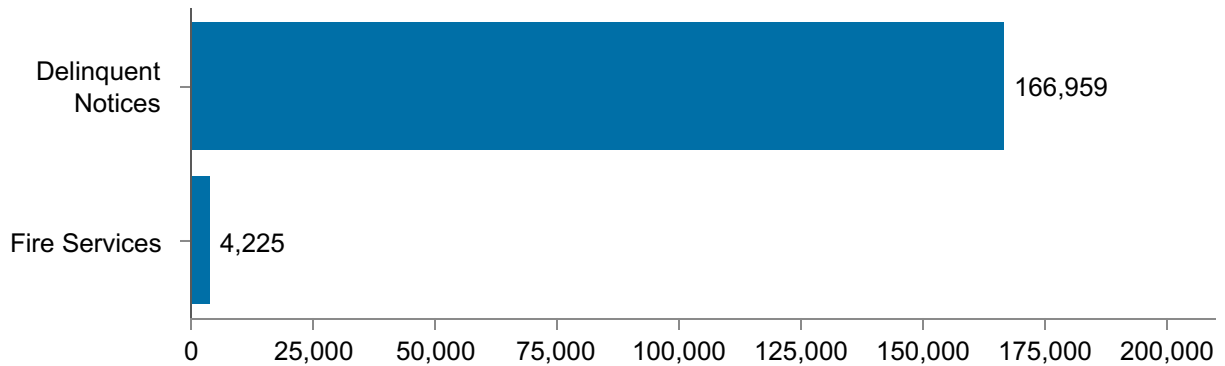
In 2021, the GIS section will work on an Outage Notification solution. An RFQ will go out at the end of 2020, and work towards an Outage Notification solution will begin at the beginning of 2021. This solution will require GIS to upgrade the ArcGIS Server Enterprise version to at least 10.6.1. A shift from a geometric network to a Utility Network might be needed to be able to handle the tracing features that are required as part of the solution. Researching new quality check tools that are provided by Esri to see if they meet the GIS section's needs will also be done. The GIS section will put more of a focus on the ArcGIS Online side of GIS to be able to provide and share web and mobile mapping applications. When it comes to the implementation of Cayenta in 2021, the GIS section will play a supportive role especially with the integration between Cayenta and Cityworks.

Bills Printed Annually



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Non-Bill Printings

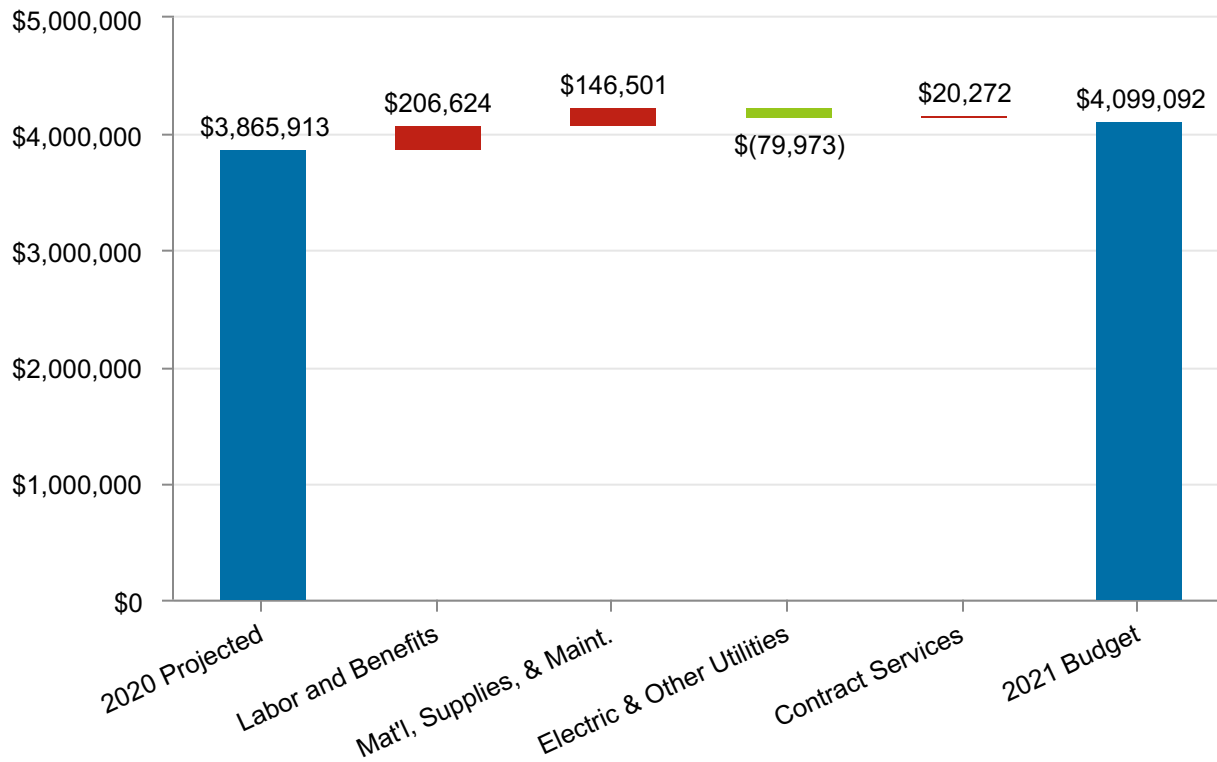


Information Services - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 1,577,519	\$ 1,750,028	\$ 1,863,638	\$ 1,956,652
Materials, Supplies, and Maintenance	1,085,694	1,327,382	1,497,929	1,473,883
Electric and Other Utilities	595,340	627,973	506,000	548,000
Contract Services	133,263	100,285	36,441	120,557
Transition Cost	—	586	—	—
Other	—	59,659	—	—
Total Expenses	3,391,816	3,865,913	3,904,008	4,099,092
Total Capital Costs	2,882,549	3,086,130	3,086,130	2,940,000
Total Information Services	\$ 6,274,365	\$ 3,865,913	\$ 6,990,138	\$ 7,039,092

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Change by Natural Classification - 2020 Projected to 2021 Budget

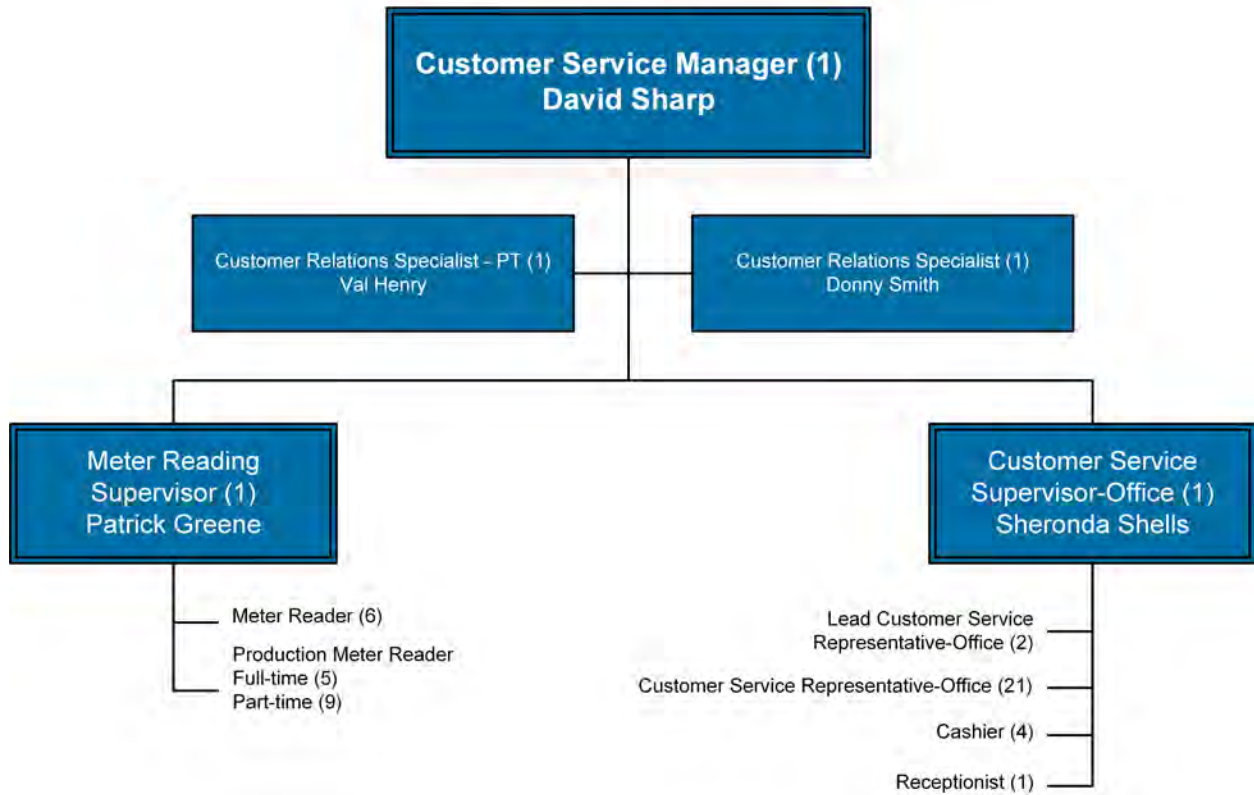


Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

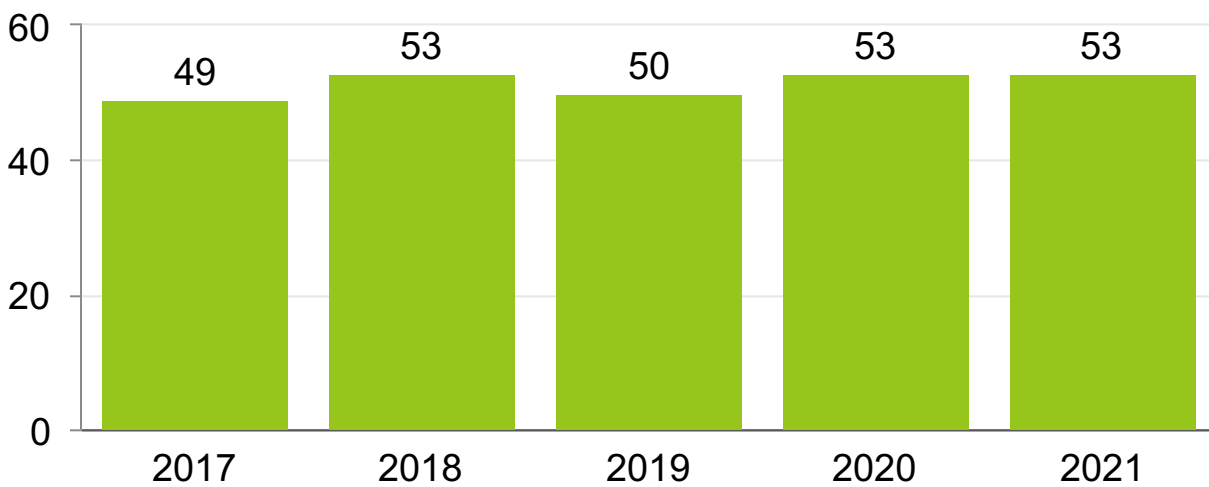
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CUSTOMER SERVICE DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year - Customer Service



CUSTOMER SERVICE DEPARTMENT

The Customer Service Department has historically been the first point of contact for many of our customers. The Customer Service Department gathers data and provides information to customers about everything from meter installation all the way to their monthly billing statement and everything in between. Additionally, customers contact us for general information and utility-specific guidelines and procedures. The Customer Service Department consists of CAW's Meter Reading team, the CAW Contact Center, and our Cash Processing Team.

Mission

The Customer Service Department is committed to providing quality service to customers in ways that are helpful, caring, and responsive. Customers include water customers, as well as departments within the Utility. The Department's goal is to offer services that not only meet but clearly exceed external and internal customer expectations. The Department accomplishes its mission through teamwork, communication, courtesy, integrity, and innovation and takes responsibility for the efficient and effective delivery of quality service.

The Customer Service Department's goal primarily can be simplified to two words: Be Accurate. We accomplish this in a variety of ways, but it starts with a high degree of accuracy in our monthly meter reading responsibility. Last year our meter readers read more than 150,000 customer meters every month. Certainly, this is a daunting task, but our dedicated and focused employees performed this task month in and month out for the entire year. They also did this with an accuracy rate of greater than 99%. With that good data we can provide correct billing and ensure proper revenue flow to support the Utility's financials. Our Contact Center and Cash Processing Teams are both committed to ensuring that each customer interaction surpasses expectation. We focus on sharing accurate information about Utility processes and any customer billing inquiries. We also give maximum effort that our in-person contact is positive and delivered with warmth, care and CAW pride.

EUM Attribute:	Customer Satisfaction
Goal:	To provide customer service that exceeds expectations

Objective 1: Maintain abandoned calls percentage at or below 4%.

2020 Accomplishments

As of September 30, 2020, CAW's Call Center had fielded 121,987 customer calls with an average abandonment rate below Utility goal (4%) at 3.93%. The call volume represented a decrease of approximately 40,000 calls compared to the same period last year. This reduction is solely attributed to

our cessation of service deactivation for nonpayment due to the COVID-19 pandemic

Objective 2: Maintain average call answer time at or below 40 seconds.

2020 Accomplishments

The average speed of answer (ASA) year-to-date as of September 2020 was 45.66 seconds. This is higher than CAW's goal of <40 seconds. The major driving factor for being above goal was a heavy call center absentee rate in January 2020 that resulted in a monthly ASA of over 108 seconds. Clearly this was much higher than the preferred service level. However, since that time there has been improvement month by month. This positive trend is expected to continue, and we should end the year near the 40 second Utility goal timeframe.

Other 2020 Accomplishments

Covid-19 lead to CAW's designation as an essential municipal organization, which in turn expedited the need in facilitating an ability for our employees to be able to work remotely from home. We responded quickly with gathering and communicating the necessary requirements to accomplish this and partnered with CAW's Information Services team in bringing that to fruition. Within two weeks, we had enabled 43% of our staff to provide customer support from their homes rather than commuting to the office. This in turn has had many positive side benefits including increased job satisfaction, more reliable customer support, and reduced commuting expense for our valued employees.

Meter Reading services last year had upgraded to iPhone handheld meter reading devices from an iTron handheld device approaching end of support. We also moved from iTron's MVRS platform to their Field Collection System meter reading software system. Upon this migration, we began to have some issues with the iPhones. Processing time was slow and the devices were having intermittent communication problems with the home office. This year we migrated to a droid device and saw improvements in both processing speed and reliability. We have since been able to stay on schedule better with our meter reading calendar.

Another challenge that CAW had to solve was how to continue providing a cash payment option at our administration building when we ceased lobby operation due to COVID-19. Many of our customers are cash based and are accustomed to paying at our headquarters. With our lobby closed, our traffic flow through the drive-thru increased dramatically. We created a Customer Service team that assisted with payment flow either by using a temporary pay station or shuttling payments from our drive-thru line to an available cash processor. We improved our transaction times and minimized wait times in our one-lane drive-thru. With the approaching Go-Live of the Cayenta Go-Live,

our Content Training Developer has been working extensively with the Contact Center staff to introduce them to CU. We have had weekly training sessions in advance of cut over. This has given them a much better appreciation of what to expect with the new platform. Our staff will be even more ready for the change when the time arrives.

2021 Goals

With the Cayenta CIS Go-Live anticipated in second quarter of 2021, the Customer Service Department will be heavily involved in ensuring a successful deployment of the new system. Select Customer Support Representatives (CSRs) are acting as subject matter experts during Integration Testing, User Acceptance Testing, and End User Training. Additionally, all CSRs will receive approximately 45 hours of training prior to Go-Live.

Currently, the Department has two vacant positions for CSRs. We plan to focus recruitment to fill these positions toward qualified, bilingual candidates. This will allow us to serve our more diverse customer base will lessening our reliance on a third-party translation service.

We are currently overhauling our company website. Our Communications Department has been working closely with all departments at the Utility to solicit needs that should be integrated into the new product. Customer Service interaction is important to our online presence. We will continue to work closely with our co-workers to make sure that a positive customer interaction is key to its functionality and design.

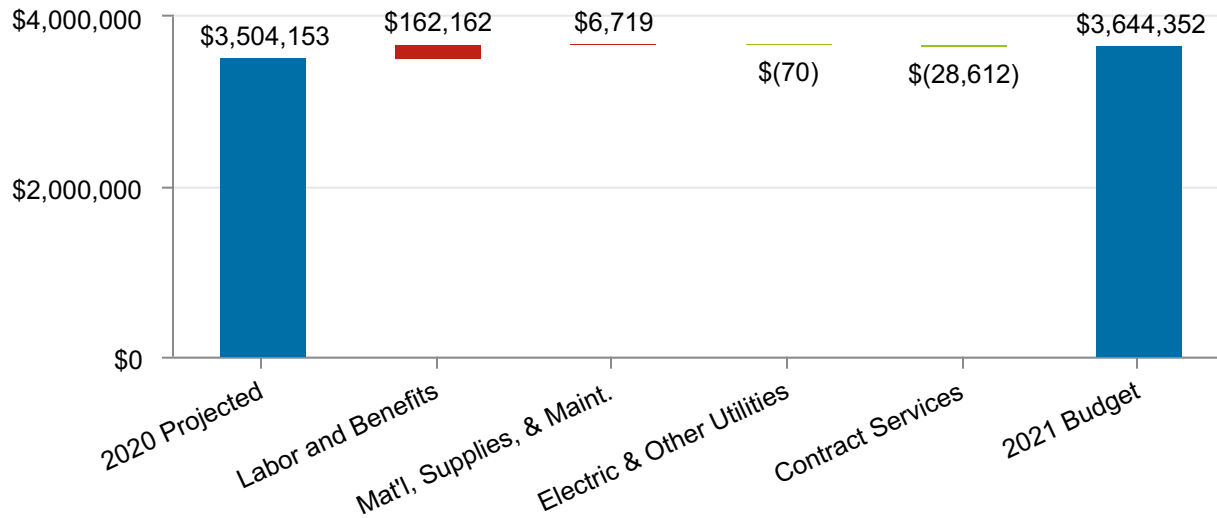
Department desk phones were upgraded to VOIP soft phones this year. This will also provide CAW with another communications channel for customers to take advantage. Chat will begin next year and as we approach roll out we will be working closely with developers to automate as much as possible, but also create scripts for our employees to use in communicating with customers.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Abandoned Calls Percentage	5.24%	4.01%	<4.00%
Average Call Answer Time (in seconds)	64	50	<40
e-Bill Customers	16,251	16,636	17,051

Customer Service - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 3,280,326	\$ 3,371,250	\$ 3,476,193	\$ 3,533,412
Materials, Supplies, and Maintenance	39,506	31,961	48,780	38,680
Electric and Other Utilities	234	1,030	1,080	960
Contract Services	119,313	99,912	63,672	71,300
Total Expenses	3,439,379	3,504,153	3,589,725	3,644,352
Total Capital Costs	—	—	—	22,000
Total Customer Service	\$ 3,439,379	\$ 3,504,153	\$ 3,589,725	\$ 3,666,352

Change by Natural Classification - 2020 Projected to 2021 Budget

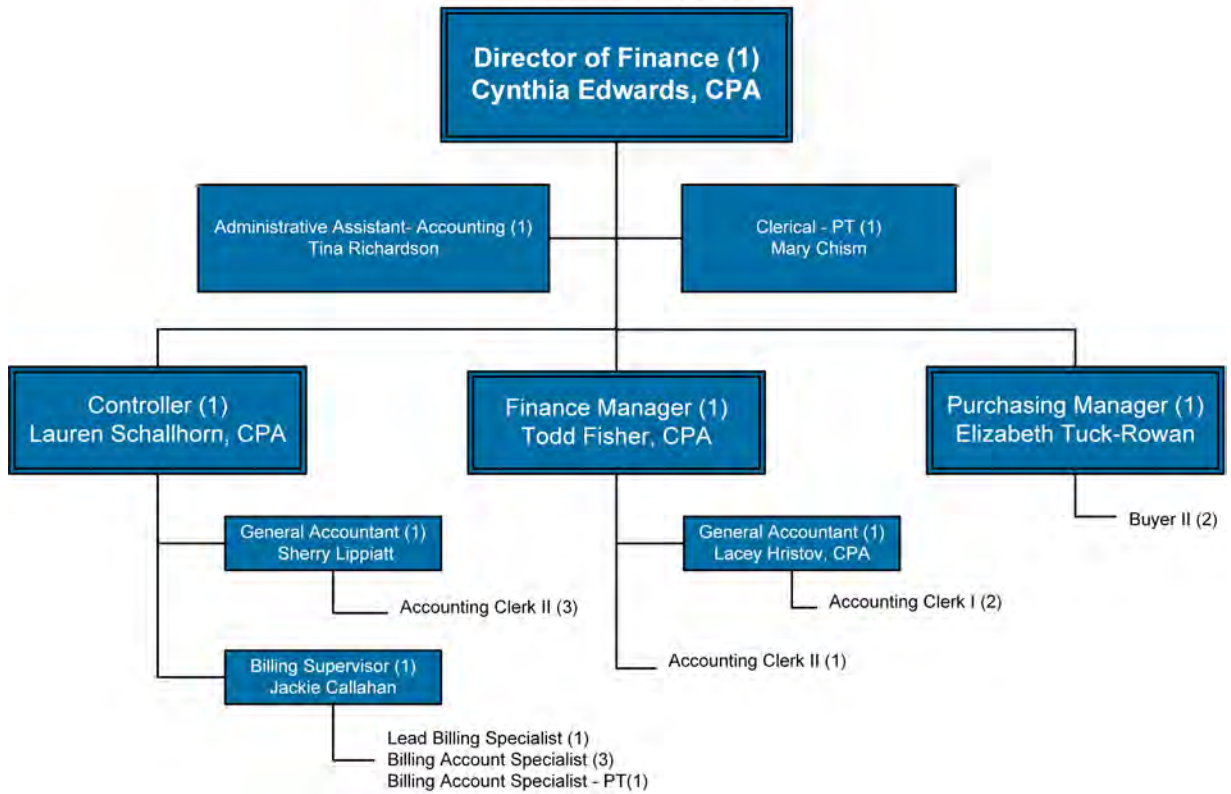


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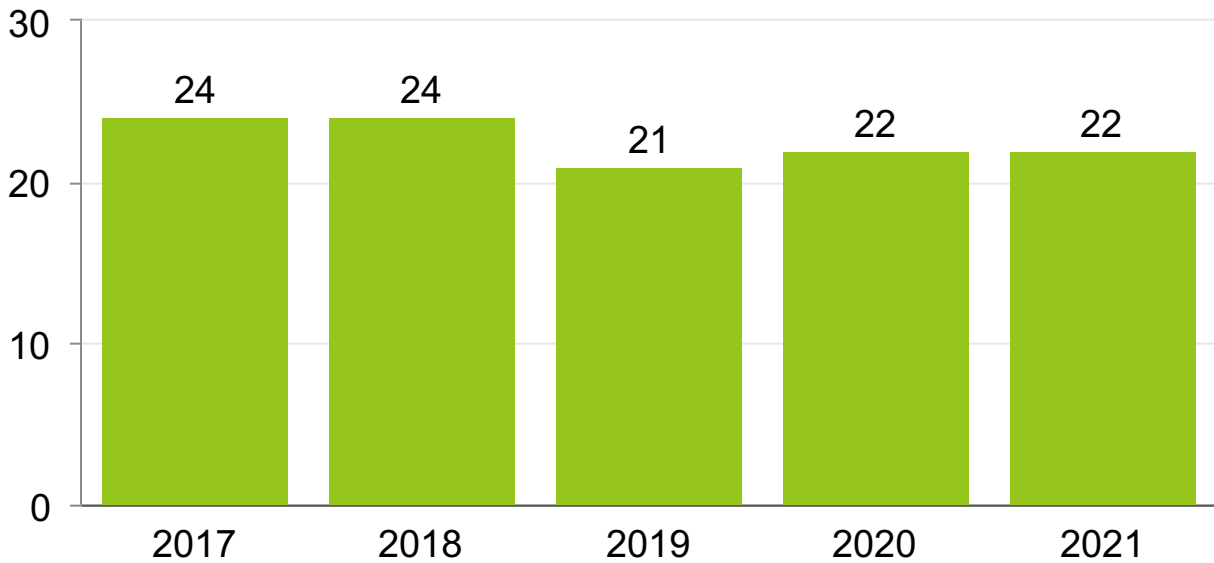
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FINANCE DEPARTMENT

Effective: January 1, 2021



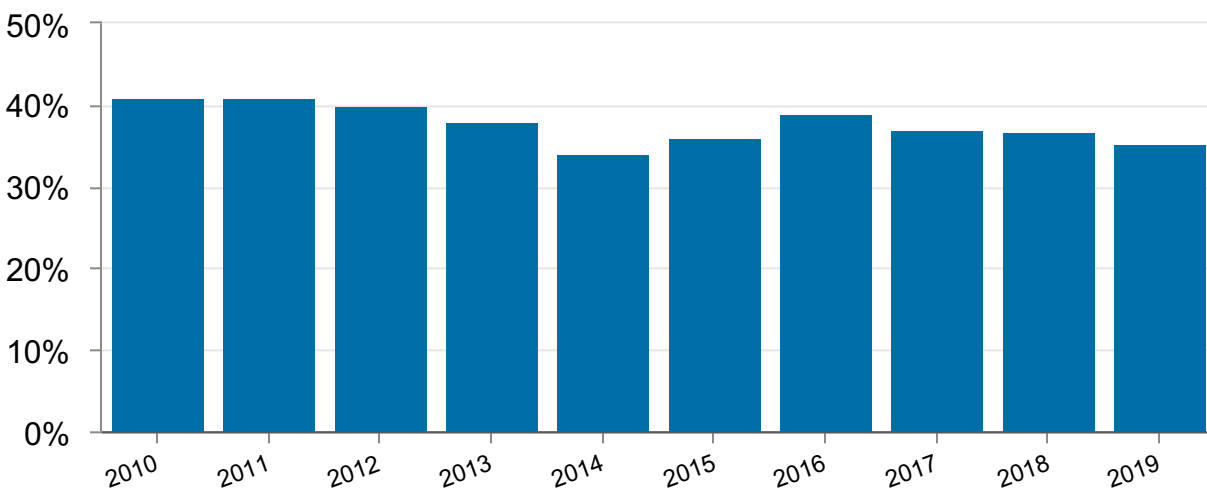
Departmental Staff by Year - Finance



FINANCE DEPARTMENT

The Finance Department is the Utility's business operations center. The department includes multi-disciplined and cross-functional teams of professionals involved in accounting, finance, billing, and purchasing. The department's combined 22 staff members stay attuned to the needs and expectations of external and internal customers while maintaining the rigors of cyclical mission-critical functions involving approximately 160,000 metered accounts, 17 billing partners, and monthly billings that collectively total over \$150 million annually.

Water Revenue as % of Total Billings by Year



The department's responsibilities cover a broad range of functions that include financial planning and reporting, fiscal control, interdepartmental budgeting, billing, utility-wide purchasing, remittance processing, credit and collections, rate-making, investments, bond-issue preparation, banking relationships, business insurance coverage, and risk management.

Mission

The Finance Department provides leadership and support on all financial matters ensuring efficient utility operation by providing timely and accurate information. The department ensures compliance with current regulatory requirements and provides guidance to internal and external stakeholders supporting the Utility mission and values.

EUM Attribute:	Financial Viability
Goal:	Ensure the long-term financial success of the Utility through sound financial management practices.

Objective 1: Distribute financial reports by the second Thursday of each month for the previous month's activity.

2020 Accomplishments

Finance consistently met this goal during 2020, providing the financial reports by the target deadline.

Objective 2: Receive the GFOA Distinguished Budget Award

2020 Accomplishments

Finance met this goal again in 2020, receiving the GFOA Distinguished Budget Award for the eleventh consecutive year.

Objective 3: Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting

2020 Accomplishments

Finance submitted the 2019 Comprehensive Annual Financial Report (CAFR) for the GFOA Certificate of Achievement for Excellence in Financial Reporting Award for the eleventh consecutive year. Award notifications were pending at the end of 2020.

Objective 4: Finalize and distribute Comprehensive Annual Financial Report by April 30.

2020 Accomplishments

Finance met this goal once again in 2020. The 2019 CAFR was approved by the Commission on April 16, 2020.

Objective 5: Maintain stabilized net revenue bond coverage at or above Commission target (currently 190%)

2020 Accomplishments

Finance has met this goal each of the last seven years. The 2021 Financial Plan maintains net revenue coverage above this target at 258%.

Objective 6: Maintain days cash on hand at or above 150 days

2020 Accomplishments

CAW has maintained days cash on hand at or above 150 days continuously since 2010. CAW is projected to end 2020 with 195 days cash on hand and is budgeted for 183 days cash on hand to end 2021.

Objective 7: Maintain debt utilization at or below AWWA benchmark (currently < 39%)

2020 Accomplishments

CAW has continuously maintained a debt utilization ratio well below this benchmark over its history. This continued in 2020 with a projected debt utilization of 40.2%. Budgeted debt utilization for 2021 is 38.9%.

Other 2020 Accomplishments

In June 2020, the Utility issued \$6.1 million in Water Revenue bonds to fund the Paron-Owensville Water Authority merger project. Additionally, the Utility issued \$52 million in additional bonds to fund capital projects and watershed management in November 2020. Included in these bonds is \$31.8 million in green bonds, certified under the Climate Bonds Initiative's water infrastructure criteria – the first of their kind to acquire and protect forests specifically to support clean drinking water.

CAW received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its second Popular Annual Financial Report (PAFR), which was produced for the year ended December 31, 2018. The PAFR is a condensed, easy-to-read snapshot of CAW's activities for the year. Finance staff are building upon this success and submitted its third PAFR for the year ended December 31, 2019 to the GFOA for award consideration.

Finance assisted the Pinnacle Project team with both staffing resources and business process knowledge as the team worked through the analysis and design and functional testing phases of the project.

Finance provided financial analysis pertinent to developing the surcharge necessary to fund the POWA merger project. This surcharge is paid by residents in the Paron service area and is restricted to repay the ANRC debt issued to consolidate existing POWA debt and perform necessary upgrades to the existing system. Additionally, after the merger was completed, the Finance Department created monthly financial statements specifically for the new service area. The POWA financial statements are distributed on the second Thursday of the month in conjunction with the distribution of Utility-wide financial statements.

2021 Goals

Staff will assist the IS department and HR section with the HRIS project. This project will not only help Finance in moving toward a less paper-intensive environment but will show benefits in all departments across the Utility.

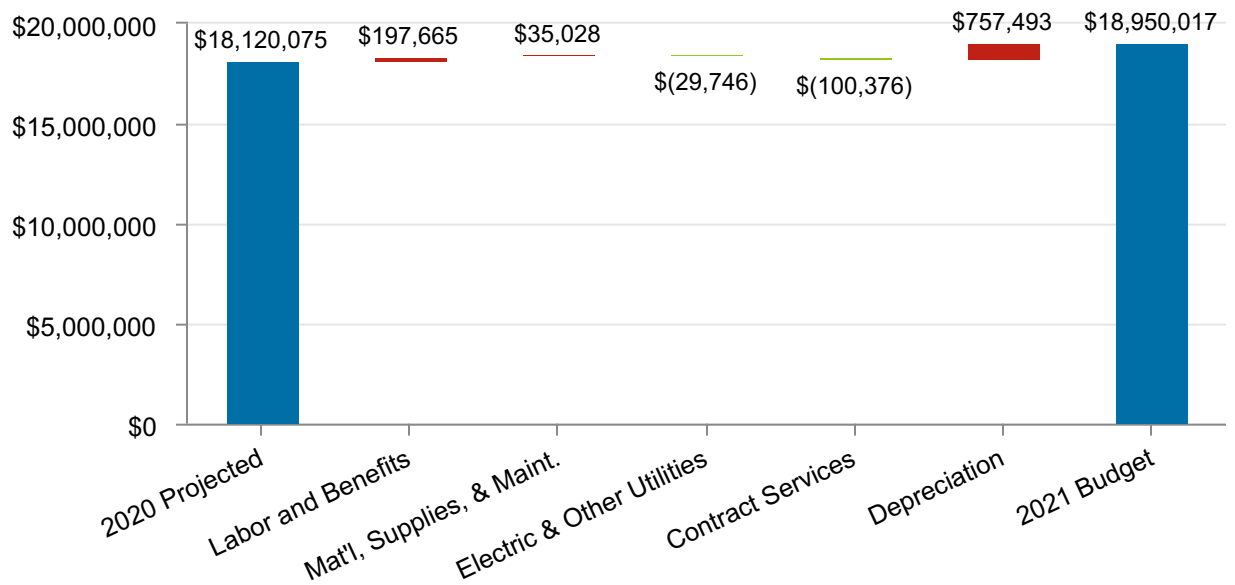
Staff will continue to support the Pinnacle Project through the remaining testing phases, user training, and Go-Live of Cayenta Utilities during the second quarter of 2021. This extremely critical project relies on a cross-departmental team of CAW subject matter experts who have been tasked with determining necessary system requirements and assisting with the integration of the selected system into CAW's operations.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Interim Financial Reports Distributed by 2 nd Thursday Each Month	Yes	Yes	Yes
GFOA Distinguished Budget Award Was Received	Yes	Yes	Yes
GFOA Certificate of Achievement for Excellence in Financial Reporting Was Received	Yes	Yes	Yes
CAFR Finalized and Distributed by April 30 th	Yes	Yes	Yes
Revenue Bond Coverage	2.61	2.15	2.58
Days Cash on Hand	299	290	183
Debt Utilization	32.41%	33.51%	30.30%

Finance, General, and Depreciation - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 3,225,969	\$ 3,263,703	\$ 3,323,702	\$ 3,461,368
Materials, Supplies, and Maintenance	956,872	910,497	924,859	945,525
Electric and Other Utilities	116,240	116,311	104,960	86,565
Contract Services	935,971	837,872	783,164	737,496
Depreciation	12,888,535	12,961,570	13,057,839	13,719,063
Total Expenses	18,123,587	18,120,075	18,194,524	18,950,017
Total Capital Costs	37,813	—	—	—
Total Finance	\$ 18,161,400	\$ 18,120,075	\$ 18,194,524	\$ 18,950,017

Change by Natural Classification - 2020 Projected to 2021 Budget

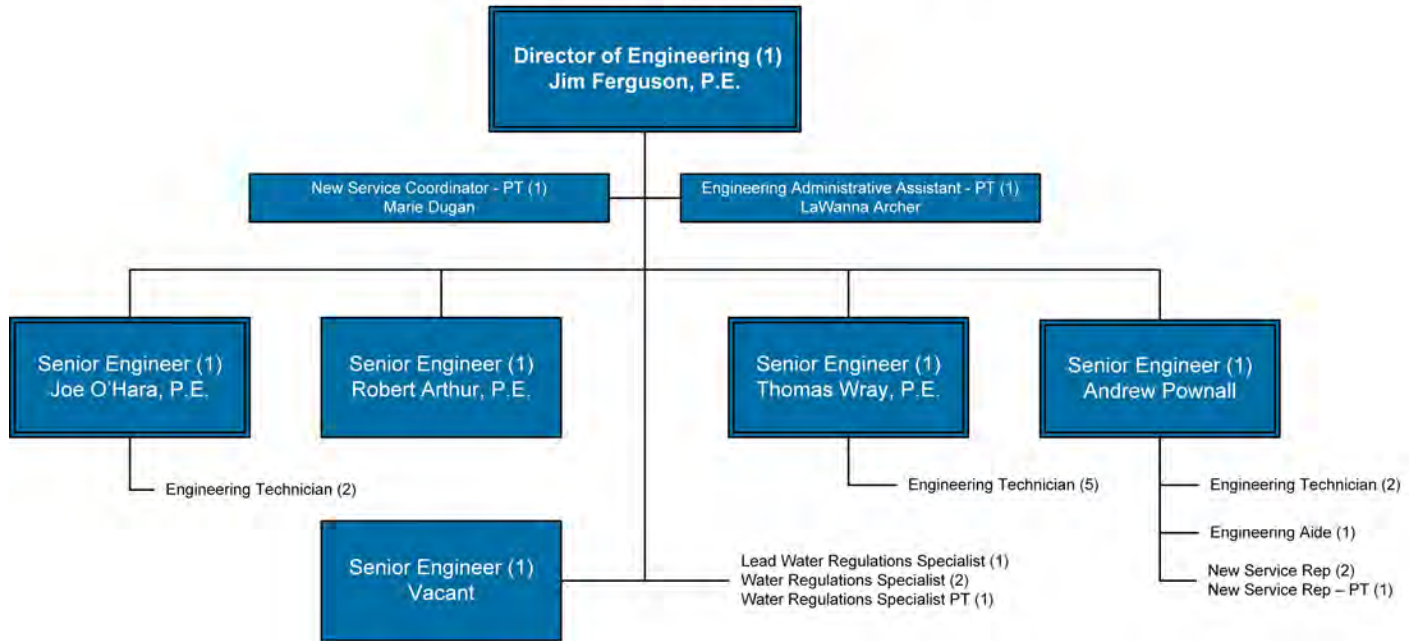


Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

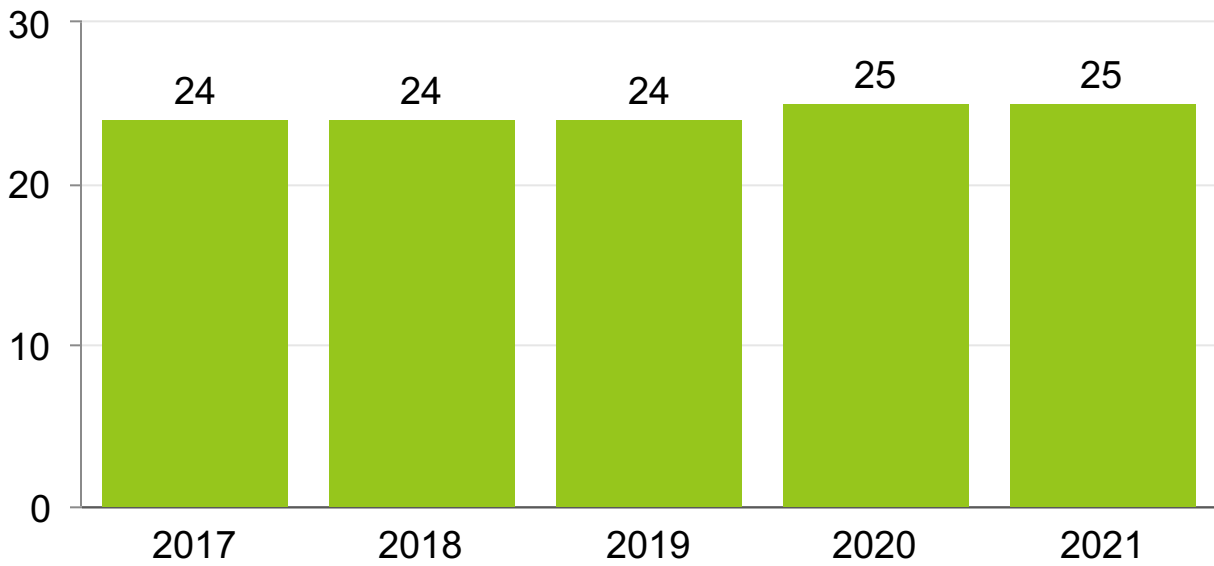
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ENGINEERING DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year



ENGINEERING DEPARTMENT

The Engineering Department oversees the engineering, development, review, and management of all treatment, pumping, storage, and distribution improvements and the approval of residential, commercial, and large volume requests for services. The department also maintains vigilance within the service area to protect the system from contamination from backflow or cross-connections.

The Engineering Department consists of three sections: Engineering and Planning, Cross-Connection Control Program (CCCP), and New Service.

The Engineering and Planning Section works to develop and adhere to the Water Utility Master Plan for existing and future improvements and revises the Water Utility Master Plan to address and meet the growing and ever-changing dynamics of the CAW system. This section also continually reviews and modifies the CAW standard specifications, standard details, and operating guidelines to ensure that the needs of the CAW system are being met in a cost-efficient and practical manner. Planners, engineers, and engineering technicians work directly with new and existing customers, developers, consulting engineers, architects, plumbers, and contractors to plan and construct needed expansion or revision of water system facilities. The section's goal is to produce in-house design of any pipeline installation, replacement, and/or relocation project that is classified as capital costs. The use of outside consulting engineers for design support is limited to capital projects involving specific technical matters that are beyond the staff engineers' areas of competence or time restrictions.

The CCCP section monitors CAW customer compliance with ADH requirements concerning prevention of contamination of the system through real or potential cross-connections or backflow. The program maintains an extensive database of customer accounts, backflow requirements, and testing updates.

The New Construction/New Service Section maintains information concerning water service availability and receives and processes requests for service from new customers to the CAW system. This section is highly interconnected with the CIS, Cityworks work-order system, GIS mapping computer systems, and various Engineering Department databases.

EUM Attribute:	Infrastructure Stability
Goal:	Maintain proper and adequate planning for expansion of new system infrastructure and rehabilitation of existing infrastructure so as to meet the needs and security of existing and future customers of the CAW system.

Objective 1: Master planning and construction plan review throughout the system to determine scope of needed facility and pipeline installations or improvements.

2020 Accomplishments

In 2020, the Engineering Department managed the acquisition of a \$600,000 engineering services contract to provide a comprehensive study and engineering report on the condition and treatment processes at the 133 MGD Jack H. Wilson Water Treatment Plant. The information produced by the study and report will be used to perform detailed engineering design of improvements and rehabilitation of the WTP, to maintain its vital and continued service for Central Arkansas Water. The engineering design work is anticipated to occur during the year 2022 and construction is anticipated to commence in 2023.

The Engineering Department has reviewed and approved 22 residential subdivisions for new construction in 2020 throughout the entire CAW service area. It is anticipated that the year 2020 will see 1,300 new metered water accounts installed and activated.

The Engineering Department managed the installation of 2,100 feet of new water main installation necessary for improved hydraulics within the water system.

Objective 2: Improve infrastructure to mitigate spontaneous water main failures within the system; replace problematic, high maintenance galvanized iron pipe, asbestos-cement pipe, PVC pipe, and cast iron pipe.

2020 Accomplishments

CAW is projected to replace approximately 28,370 feet of galvanized, asbestos-cement, steel, PVC and cast iron pipe through the combination of contracted work (14,370 feet) and work performed in-house by the Distribution Department (14,000 feet) by December 31, 2020. Galvanized, asbestos-cement, PVC and cast iron pipe contribute to the majority of spontaneous water main failures in the CAW system. Approximately 37,100 feet of pipe were replaced in 2019.

Other 2020 Accomplishments

The Engineering Department reviewed approximately 25 street and drainage projects initiated by the Arkansas Department of Transportation (ARDOT), Pulaski County Public Works, and the cities of Little Rock, North Little Rock, Sherwood and Maumelle. Several of these proposed improvement projects were found to require relocation of CAW water lines. The Engineering Department designed and contracted nine capital construction projects to relocate water lines for street and drainage improvements in 2020. Several small projects were designed for CAW crews to perform necessary water line relocations. While relocations result in new infrastructure installation, these projects are not initiated for system needs or to replace pipe that is past its useful life. Therefore, these mandatory projects compete for limited capital funds that could otherwise be used for replacing aging infrastructure that is past its useful life or that has a chronic history of spontaneous leaks or breaks.

The Engineering Department has worked closely with the Arkansas Department of Transportation for water facility relocations along State Highway No. 10 in west Little Rock and along Interstate 30 through downtown Little Rock and North Little Rock.

The Engineering Department continues to manage the \$37 million rehabilitation and improvement project currently underway at the Ozark Point Water Treatment Plant.

2021 Goals

Engineering plans to oversee the replacement of approximately 35,000 feet of old, high-maintenance galvanized, asbestos-cement, PVC, and cast iron pipe in 2021. Approximately 90% of this footage will be replaced through contracted capital jobs, and 10% will be replaced by the Distribution Department using in-house forces.

Street, road, and drainage improvement projects initiated by ARDOT and the cities of Little Rock, North Little Rock, Sherwood, and Maumelle will be reviewed. Many of these projects could require the relocation of water facilities.

Engineering will continue to manage the construction phase of the Ozark Point Water Treatment Plant Rehabilitation and Improvements project. This project design was completed in early 2019, bid, and awarded for construction in mid 2019. Construction commenced in late 2019 and is expected to complete before the end of 2021.

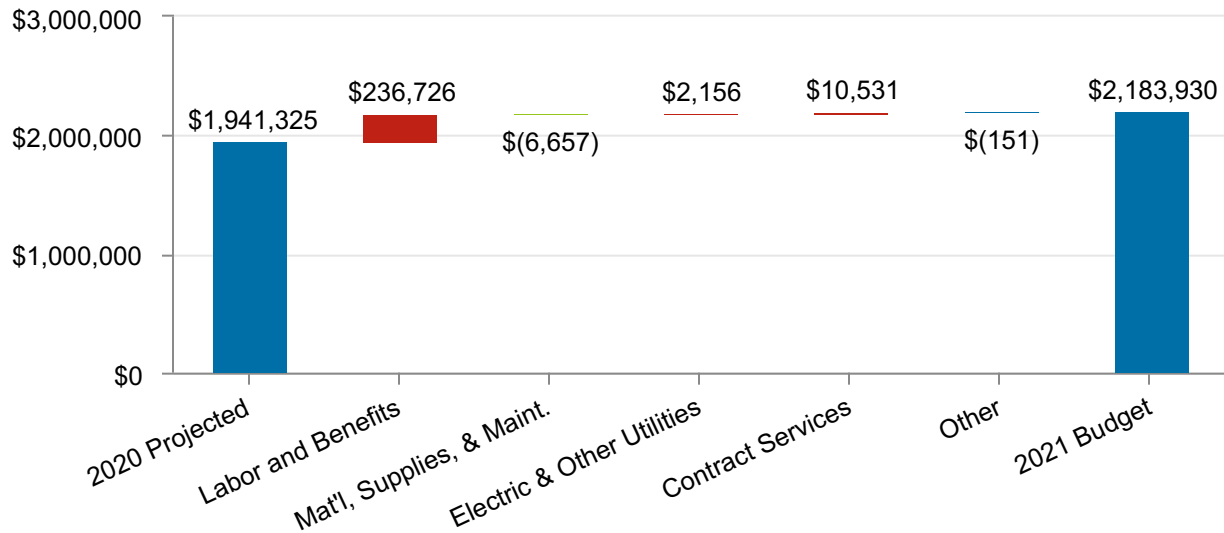
Engineering will continue to work with ARDOT for the relocation of an existing 24-inch water transmission main currently attached to the Interstate 30 Arkansas River bridge. The bridge will be replaced as part of the 30 Crossing interstate improvement project. A new transmission main will be attached to the new interstate river bridge. Work on the new bridge is scheduled to commence in 2021.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Galvanized, Asbestos-Cement, and Cast Iron Pipe Replacement (linear feet)	37,100	28,370	35,000

Engineering – Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 1,842,775	\$ 1,851,846	\$ 2,118,688	\$ 2,088,572
Materials, Supplies, and Maintenance	54,793	70,973	89,640	64,316
Electric and Other Utilities	4,756	5,044	5,880	7,200
Contract Services	24,013	13,311	33,542	23,842
Transition Costs	7,408	—	—	—
Other	—	151	—	—
Total Expenses	1,933,745	1,941,325	2,247,750	2,183,930
Total Capital Costs	23,705,644	—	29,963,335	31,639,797
Total Engineering	\$ 25,639,389	\$ 1,941,325	\$ 32,211,085	\$ 33,823,727

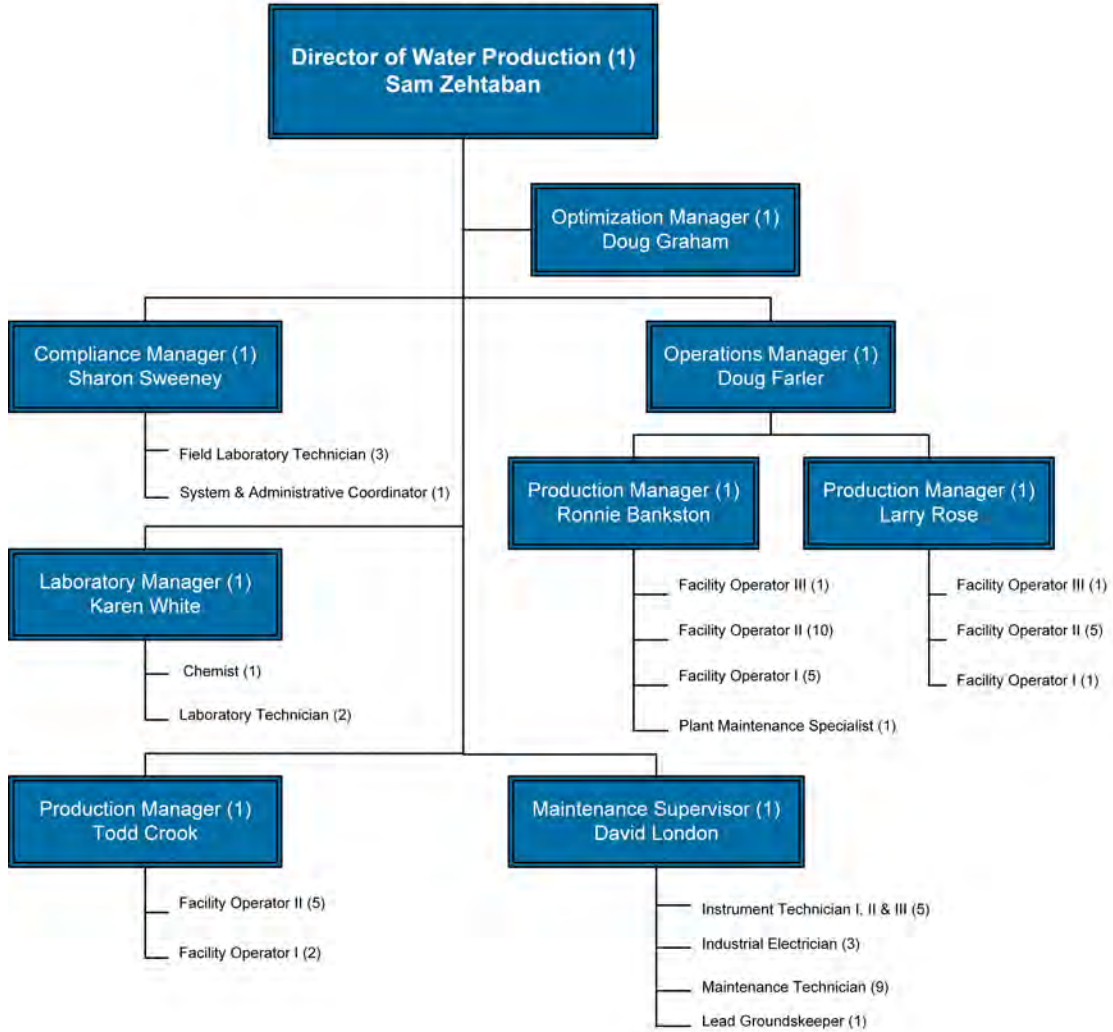
Change by Natural Classification - 2020 Projected to 2021 Budget



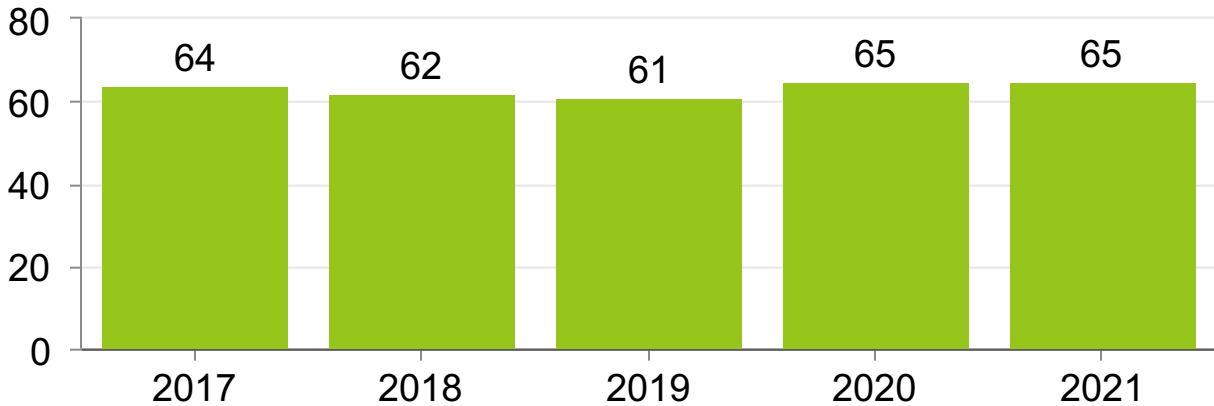
Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

WATER PRODUCTION DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year - Water Production



WATER PRODUCTION DEPARTMENT

The Water Production Department monitors and operates the water treatment and delivery facilities, ensures cost-effective performance in all facets of operation and maintains water quality information, ensures compliance with all regulations, and facilitates operational technology development. The treatment plants produced an average of 60 MG of potable water per day in 2019. On a day-to-day basis, Water Production manages and administers operations of the source water facilities, treatment plants, distribution system pumping stations, storage tanks, remotely operated valves and the SCADA system. Staff also monitors water quality through sample collection and analysis of water from the plants and distribution system. All staff members are required to obtain an Arkansas Water Operator's License issued by the Arkansas Department of Health (ADH). Supervisory and some additional operating staff also hold an Arkansas Wastewater Operators License from the Arkansas Department of Energy and Environment, Division of Environmental Quality, (DEQ) which is required for permitted discharges regulated by the National Pollutant Discharge Elimination System (NPDES.)

Water Production's responsibilities include operation of the source water facilities, Wilson Plant, Ozark Point Plant, Paron Plant and high-service pumping stations; operation of the distribution system booster pumping stations, storage tanks, and intersystem valves; compliance with the Safe Drinking Water Act (SDWA); and the monitoring and treatment of NPDES permitted waste discharges. The Department also oversees all sampling and laboratory operations including an ADH certified bacteriological lab.

Mission

The Watershed Production staff protect public health and promote the economic vitality of central Arkansas by providing customers uninterrupted service of high-quality drinking water that meets all Federal and State water quality regulations.

EUM Attribute:	Product Quality
Goal:	Provide an uninterrupted supply of high quality potable water that meets or exceeds all SDWA regulations.

Objective 1: Maintain 100% SDWA compliance.

2020 Accomplishments

Through continued monitoring and operation of treatment processes, the distribution system, and other Utility facilities, CAW maintained 100% SDWA compliance through October 2020 and does not foresee any issue that would cause the Utility to deviate from this compliance trend.

Objective 2: 100% of monthly filtered water compliance monitoring samples \leq 0.3 Nephelometric Turbidity Units (NTUs); NTU is measurement of water clarity.

2020 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the department has successfully managed to maintain 100% compliance at both the Wilson and Ozark Point Plants.

Objective 3: 95% of monthly filtered water compliance monitoring samples \leq 0.1 NTUs.

2020 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the department has successfully managed to maintain 100% compliance at both the Wilson and Ozark Point Plants. Staff completed classroom as well as hands on participation in filter surveillance at Wilson aiding in enhance filter performance.

Objective 4: 100% monthly water compliance monitoring samples with Total Coliform Monitoring Rule (TCR).

2020 Accomplishments

CAW has maintained 100% compliance with the TCR. Additionally, there have been no monitoring violations. Twenty four dedicated sampling stations were purchased and installed to provide more consistent compliance monitoring data.

Other 2020 Accomplishments

The Water Production Department continued its proactive work of enhancing operations through optimization of treatment processes, system operation to include tank management, system enhancements, and personnel training. There are now nine tank mixers and eight chlorine residual probes installed at tanks throughout the distribution system. Staff members are involved on several teams to enhance operations, treatment and information technology. The department continued to identify strengths and opportunities that can be improved upon and opportunities for change that could result in a more efficient and effective operation. One of these was the testing of a new coagulant at the Wilson Plant to enhance water quality and possibly reduce overall operational treatment costs. New flow meters and valves were installed on the supply lines going to the clear wells at the Ozark Point Plant. Staff developed a scope for and chose a consulting engineer to perform a study of the Wilson Treatment Plant regarding

data collection and review, regulatory assessment, process assessment, process optimization and facility condition assessment.

The Ozark Point Plant rehabilitation/upgrade required the plant to be shut down for seven months in 2020 with only half of the plant operational during the remaining five months. The additional demand was filled by the Wilson Plant during 2020. Lake Maumelle Pump Station Pump No. 4 has been rebuilt helping ensure supply reliability. With the consolidation of CAW and Paron-Owensville Water, staff has begun cross training on Winona operations, and Paron treatment and system operations.

CAW continued enhanced distribution system water quality monitoring at 23 routinely monitored Total Coliform Rule sample sites spatially located throughout CAW's distribution system. This was accomplished by collecting and analyzing samples for multiple parameters including Adenosine Triphosphate, two emerging pathogens of concern – Total Organ Carbon (TOC) and Total Trihalomethanes (TTHMs), and wet chemistry scans. This robust suite of analyses allows CAW to respond to potential water quality issues more proactively and adaptively manage the distribution system. This led to operational changes to improve water quality in the Arch Street and Intermediate pressure zones. Additional tank mixers were installed in four tanks during 2020. Water Production staff is performing compliance and distribution system monitoring for the Paron water system with a focus on improving water quality in that service area. Staff is working closely with the Distribution Department to convey water quality information and assist with operational changes.

After visiting with several Laboratory Information Management System (LIMS) vendors, a system from Ethos was selected for purchasing, installation, training and implementation. CAW's laboratory staff has been working on system development with Ethos and began training in September.

Water Production staff submitted a feature article on CAW's lead service line replacement program which was published in the April 2020 edition of the American Water Works Association Journal. Staff continue post lead service line replacement sampling and customer support as the remaining lead service lines are removed from the CAW system.

2021 Goals

In 2021, the Water Production Department will continue work on the goal of enhancing operations through optimization of treatment processes, system operation to include tank management, system enhancements and personnel training. The department will undertake additional training, as well as more advanced cross training, for managers, operators and other personnel to realize additional efficiencies in the Water Production Department. The department will also continue to identify strengths that can be improved upon and opportunities for change that will result in more efficient and

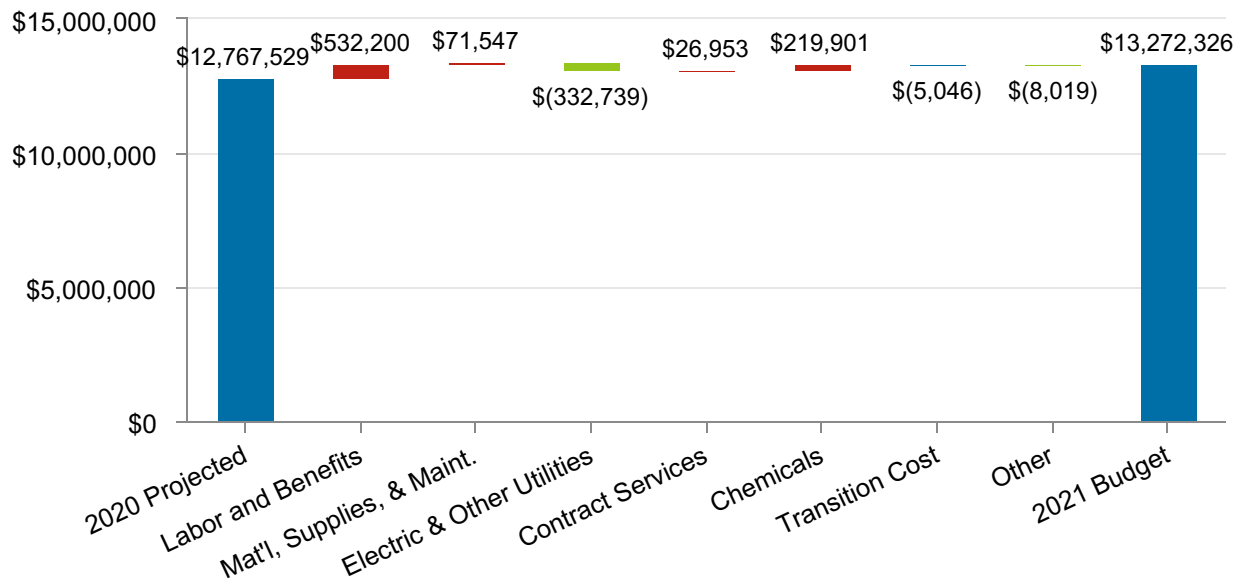
effective operation. Ozark Point Plant will be brought back online in late spring 2021 with newly-designed Flocculation/Sedimentation basins and associated equipment.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
100% SDWA Compliance	Yes	Yes	Yes
≤ 80% of All MCL	Yes	Yes	Yes
100% TCR Monitoring	Yes	Yes	Yes
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Wilson Plant	12	12	12
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Ozark Point Plant	12	12	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs –Wilson Plant	12	12	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs – Ozark Point Plant	12	12	12

Water Production – Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 6,286,029	\$ 6,412,651	\$ 6,580,558	\$ 6,944,851
Materials, Supplies, and Maintenance	918,697	921,233	1,193,698	992,780
Electric and Other Utilities	4,067,718	3,702,168	3,456,264	3,369,429
Contract Services	129,034	104,213	158,792	131,166
Chemicals	1,837,118	1,614,199	1,891,988	1,834,100
Transition Cost	—	5,046	—	—
Other	—	8,019	—	—
Total Expenses	13,238,596	12,767,529	13,281,300	13,272,326
Total Capital Costs	605,699	—	2,154,000	1,294,800
Total Water Production	\$ 13,844,295	\$ 12,767,529	\$ 15,435,300	\$ 14,567,126

Change by Natural Classification - 2020 Projected to 2021 Budget

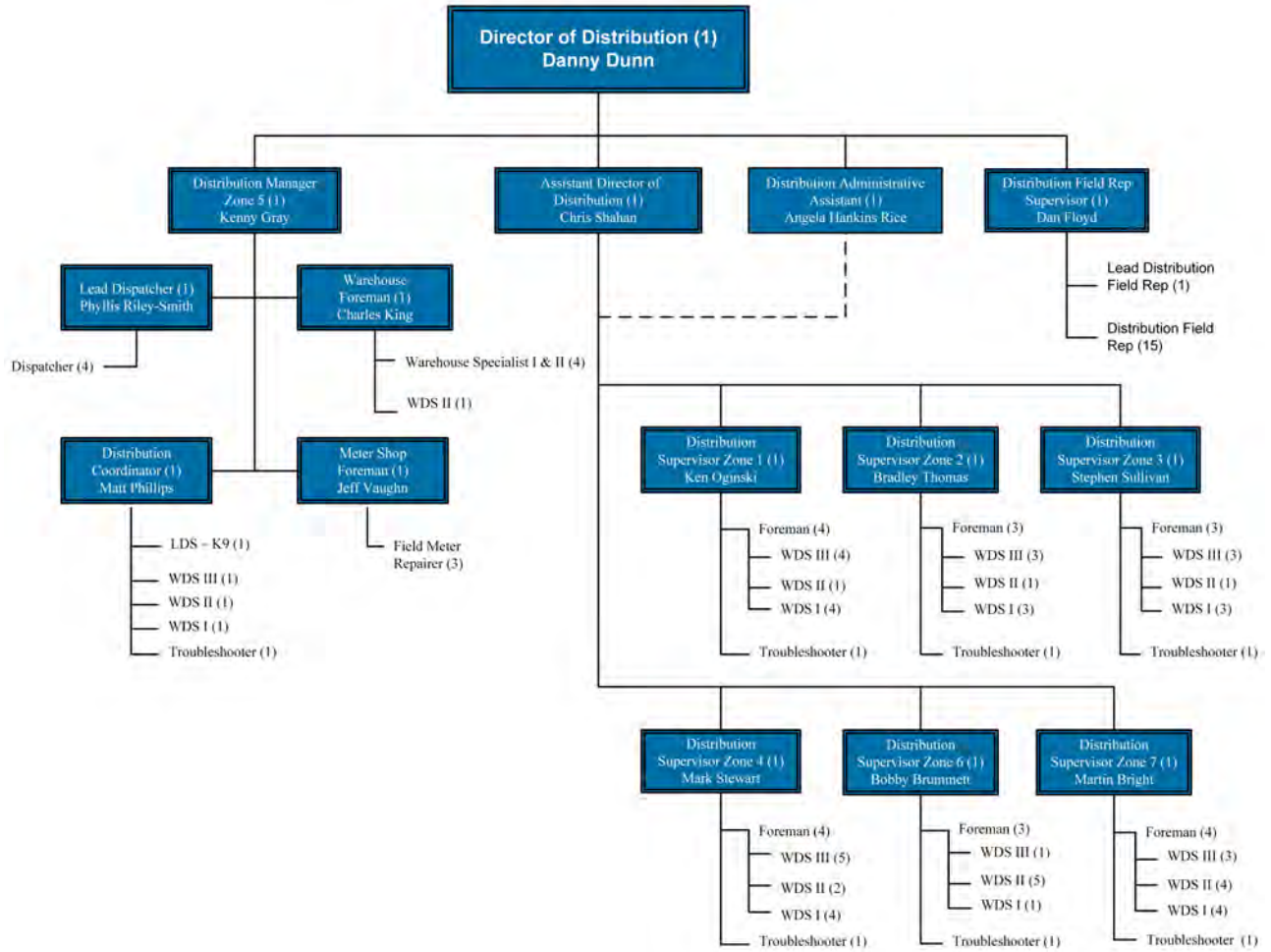


Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

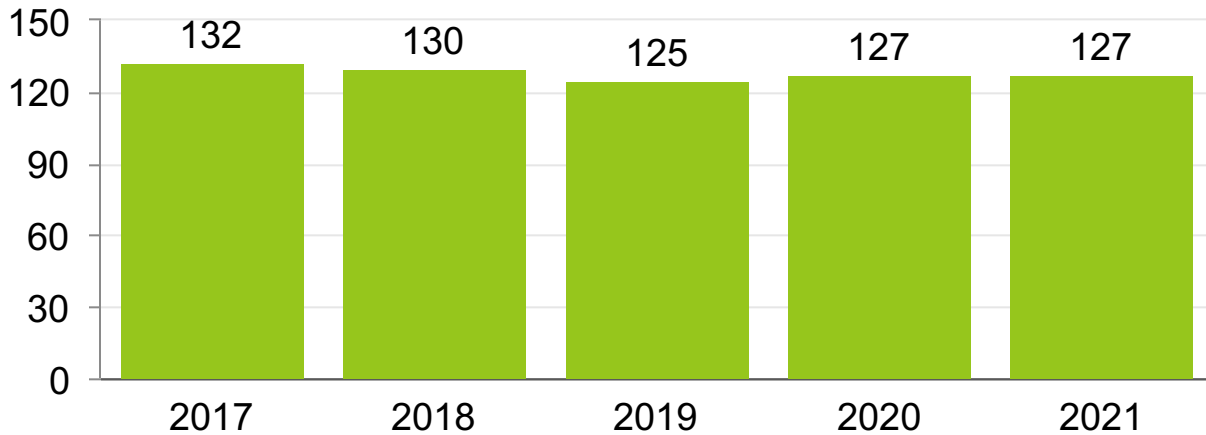
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DISTRIBUTION DEPARTMENT

Effective: January 1, 2021



Departmental Staff by Year



DISTRIBUTION DEPARTMENT

The Distribution Department ensures that the infrastructure used to transport water to customers is maintained to current standards and is quickly repaired when necessary. Although CAW's distribution system is highly technical, the Distribution Department's goal is simple: to provide dependable water service and high-quality water to CAW customers. To meet this overarching goal, the department undertakes a wide variety of initiatives to improve the distribution system's stability, reliability, resiliency, and sustainability.

As the most direct link between a water utility and its customers, the distribution system also substantially shapes the public's perception of the Utility and its level of satisfaction with the Utility's service. Through proactive maintenance, as well as emergency repair activities, professional communication and customer service are emphasized in all elements of the department's work.

Mission

The Distribution Department is committed to operating and maintaining CAW's distribution system with dependable service that exceeds customer expectations in order to deliver high quality water to customers whenever they need it.

EUM Attribute:	Infrastructure Stability
Goal:	To ensure asset repair, rehabilitation, and replacement efforts are coordinated within the community to minimize disruptions and other negative consequences

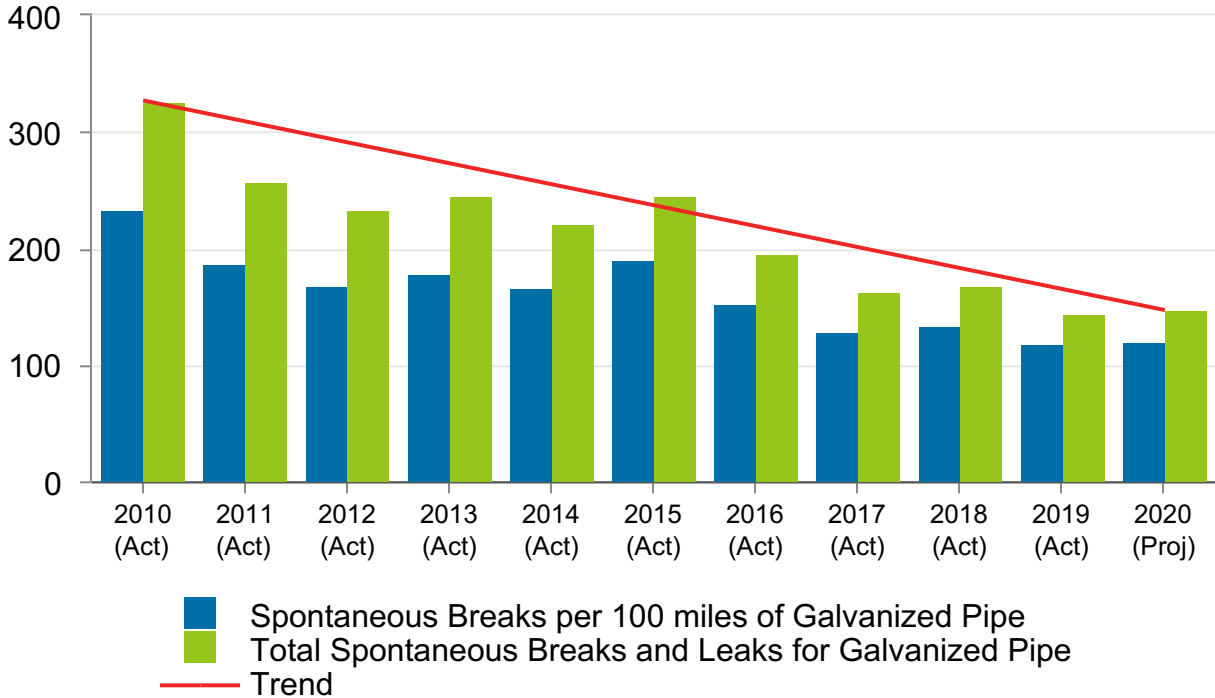
Objective 1: Reduce the total number of main breaks per 100 miles of pipe from previous year.

2020 Accomplishments

The Distribution Department continued the aging pipe replacement program implemented in 2015. This program focuses on replacing mains with high failure rates within the distribution system. Galvanized mains account for 38% of the distribution system's annual leaks and breaks, but only 6% of the system's pipe makeup. Distribution's goal is to replace 14,000 feet of aging pipe annually. This program furthers CAW's asset management plan's goal, which identified a need to increase the amount of galvanized mains replaced each year. CAW's 2014 pilot study of aging pipe replacement determined that in-house construction crews are the most cost-effective way to increase replacement of problem assets. Since the pilot study, Distribution Department staff, along with the Engineering Department's two-inch galvanized pipe replacement program, has reduced the number of spontaneous breaks per 100 miles of galvanized pipe from 191 breaks in 2015 down to 119 in 2019.

Distribution estimates we will see 117 galvanized pipe breaks by the end of 2021. If the current trend continues and that holds true, Distribution will have 98 breaks per 100 miles of galvanized pipe in the system by the end of 2021.

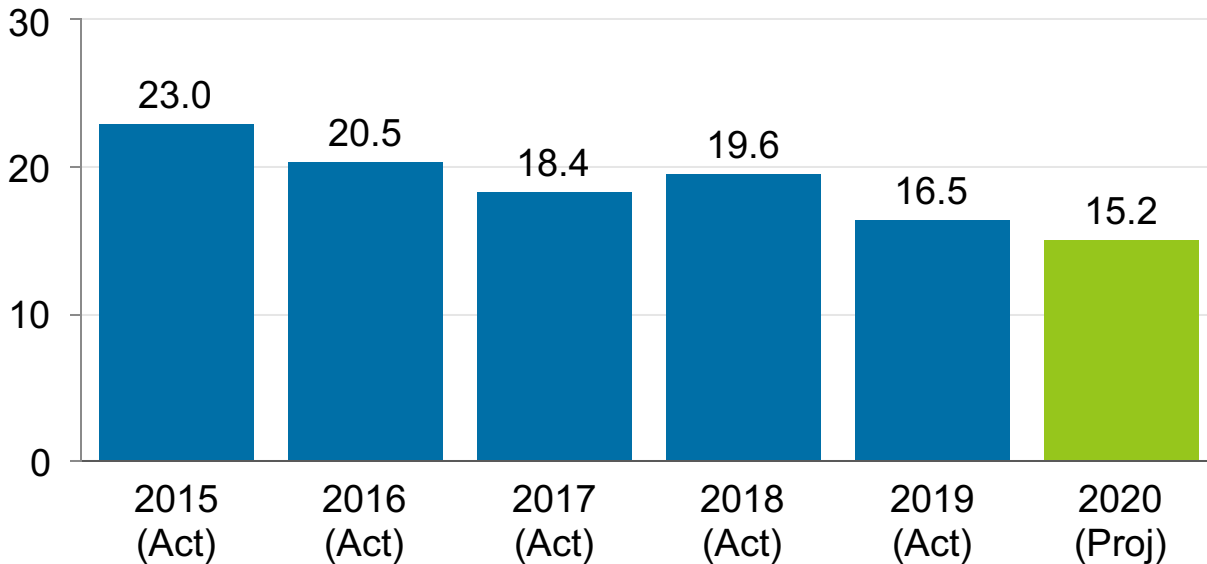
Breaks and Leaks on Galvanized Pipe



Main breaks caused by poor performing galvanized mains greatly influence the overall break rate for the system. By focusing on replacing galvanized pipes throughout the distribution system, spontaneous main breaks system-wide continue to decrease significantly from previous years. Distribution estimates a decrease for main breaks system-wide at 15.2 spontaneous main breaks per 100 miles of pipeline for 2020.

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Main Breaks per 100 Miles of Pipe



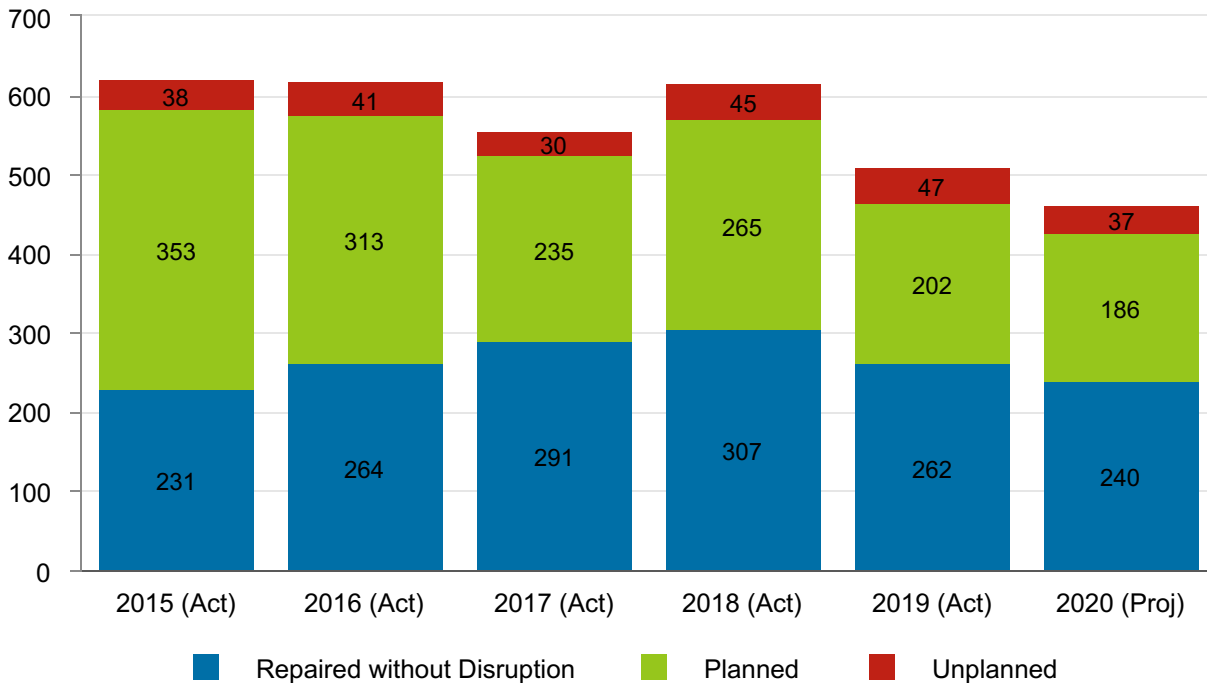
Objective 2: Reduce the number of unplanned outages from previous year.

2020 Accomplishments

The Distribution Department continues efforts to minimize emergency outages, repair main breaks without resulting in a disruption, and schedule required interruptions whenever possible. In 2019, we saw a slight rise in unplanned outages at 47. Based on observed trends through mid-August, staff expect unplanned outages in 2020 to decrease to around 37 outages. The graph below depicts the actual service outages for 2016 - 2019, with 2020 projected information.

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Planned vs Unplanned Outage by Year



EUM Attribute:	Operational Optimization
Goal:	Maximize resource efficiency

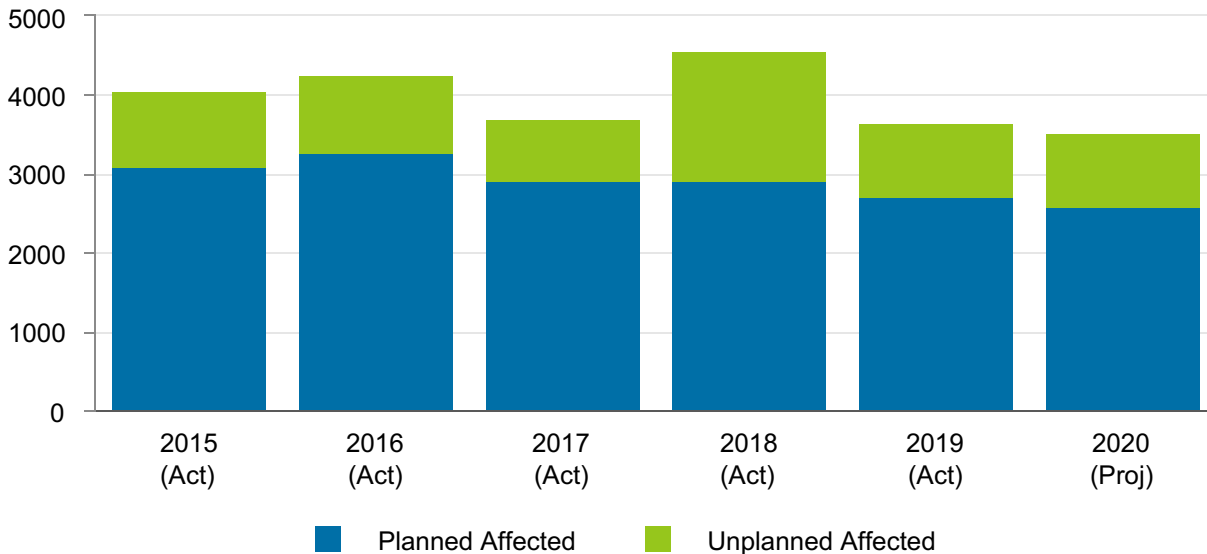
Objective 1: Reduce the number of customers affected by unplanned outages.

2020 Accomplishments

In 2019, the number of customers affected by unplanned outages was reduced to 946. With main breaks expected to be reduced for 2020, Distribution anticipates the number of customers affected by unplanned outages near 920 customers for the year.

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Customer Outages by Year



The Distribution Department implemented a system-wide valve inspection program in July 2013, which was completed in 2016. The objective was to reduce the number of customers affected by outages and property damage, by inspecting and ensuring each of the 34,645 valves in the distribution system is locatable and operable. Through a three-year inspection program, 1,059 covered and inoperable valves were deemed to be ‘unlocated’. In 2017, Distribution personnel worked to locate and inspect these unlocated valves, beginning with the larger sized to smaller sized valves. Staff located and inspected 409 of those through mid-August 2020. The Zone Supervisor deemed 52 valves as abandoned, due to new construction throughout the system. Distribution will continue to work toward locating and operating all of these valves by the end of 2020. Shown below is a breakdown of the remaining unlocated valves in the system. It should be noted that the 374 two-inch valves are mostly attributed toward service stubs and blow-offs; these do not aid in reducing unplanned outages and do not interfere with isolating mains in the system. Distribution plans to locate and inspect the 203 unlocated valves four inches and larger by the end of 2020.

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Un-Locatable Valves	
Valves	Number
2"	374
3"	21
4"	15
6"	79
8"	99
10"	4
12"	6
Total	598

Objective 2: Maintain unaccounted for water below AWWA Benchmark (median = 9.5%) and ADH action level > 15%.

2020 Accomplishments

The distribution system is closely monitored for any increase in unaccounted-for water. When significant increases occur, indicating a possible unreported leak or main break, Distribution personnel survey right-of-ways and easements that are not easily visible to locate leaks. Distribution saw an increase in the 12-month rolling average of unaccounted-for water through September 2020, currently at 10.61%. Distribution will continue its proactive work to get this number below the AWWA benchmark of 9.5%.

GIS has created an easement inspection layer, similar to the valve inspection layer. Distribution staff started inspecting each easement in August 2019 and documents areas of concern using the CityWorks System. Once all easements are inspected, and priority levels are given on each easement, Distribution will be able to run a report to determine the areas of most concern. Following the easement condition assessment, Distribution plans to begin work clearing easements. To aid crews in clearing the easements, CAW purchased a mulching head and leased a skid steer in the annual contract for 2020. This will allow Distribution personnel to access the easement when searching for leaks in remote areas and then proactively deploy a robust leak detection program.

In the fall of 2019, Distribution added a Leak Detection Specialist position to its staff, who will be working with its new Leak Detecting Canine (Vessel) locating leaks throughout the system. Vessel and the Leak Detection Specialist have documented 85 work orders in a three-month working period in 2020, following a training period in 2019. Their success rate at finding leaks

or water that isn't potable is at 97%. Vessel not only helps crews when needed, but she has also assisted customers who have a leak.

EUM Attribute:	Financial Viability
Goal:	Manage budget effectively

Objective 1: Schedule and complete at least 85% of approved capital budget projects.

2020 Accomplishments

Due to COVID-19 and the projects being put on hold, Distribution's budget shows that through September 2020, approximately \$2.75 million of the \$3.67 million budget, or 75%, has been spent.

Objective 2: Reduce O&M Costs associated with main breaks.

2020 Accomplishments

In 2019 the budget for main repairs was \$785,000. Due to the unforeseen price increase in the asphalt contract at the start of 2019, Distribution was over budget by \$145,000 for costs associated with those repairs. After reviewing spending tendencies in this budget category, the 2020 budget for repairs to water mains was increased to \$860,000 for the increased cost in asphalt repairs. Midway through 2020, we show to be about \$45,000 under budget for main repairs.

Other 2020 Accomplishments

Since the successful merger with MWM in 2016, Distribution has been aggressive with service line replacement efforts in the related service area. Due to the poor condition of Maumelle's service lines, Distribution continues to focus resources on service line replacements there. We replaced 165 services in 2016, 185 in 2017, 180 in 2018, 191 in 2019, and project to have replaced 200 services by the end of in 2020. The five-year total cost for service replacements inside Maumelle is projected at just over \$1.73 million. Even with this considerable investment in repairing leaks in Maumelle, the unaccounted-for water amounts within Maumelle remain higher than the rest of the CAW distribution system. CAW plans to focus proactively on leak detection within Maumelle in 2021.

In March, everyone was impacted by the COVID-19. To prevent the spread of COVID-19, CAW created the Pandemic Team, which put guidelines in place for social distancing, wearing face mask/face shields, and sanitizing workstations. Distribution

staff did an excellent job of adhering to policies and procedures created by the Pandemic Team. Employees were also asked to use these practices while away from work.

In May of 2020, Distribution staff started inspecting 12-inch and smaller valves. Staff have inspected 8,919 valves through September of 2020. This is the second cycle of a program that began in 2013. After reviewing the program, staff determined that it would be most effective to inspect these valves on a five-year cycle. Based on this determination, all 12-inch and smaller valves (33,860) should be inspected by the end of 2024. In September of 2020, Distribution staff began inspecting all 16-inch and larger valves (792) in the system and had completed 95 at the end of September. The remainder are expected to be completed by the end of 2020. 16-inch and larger valves are routinely inspected every year.

In 2018, the department completed locating and collecting GPS points on all meters (151,082) throughout the system at that time. Distribution staff continue to capture GPS points on all new meters quarterly. As of September, an additional 2,186 meters were mapped in 2020. With plans in the future to implement a customer outage reporting program within the new CIS platform, the Distribution staff has worked with GIS to add the lateral asset service lines from the meter box to the mains. Connecting all lateral service lines from the meter box to the main was completed in January 2020. Roughly 25% of these services will need to be field verified for accuracy. Distribution will begin verifying these services in the fall of 2020. This will complete the necessary link needed to provide outage notifications in the future to improve customer service response.

CAW and Paron-Owensville Water merged on June 1, 2020. Distribution and Plant Maintenance had boots on the ground, working in late May capturing information for a mapping system and working at the treatment plant and tanks. Since the merger, the staff has completed 203 work orders in that area. Inspectors captured GPS points on 97 fire hydrants, 362 valves, and 1,031 meters. Obtaining these points will aid GIS in developing the mapping system for that area.

2021 Goals

Through the end of 2020 and into 2021, staff will work with GIS to complete the task of mapping service lines and verifying their connections to the mains in the system. This should be completed by the end of 2021. Distribution will continue its aging pipe replacement program with an additional 14,000 feet in 2021, contributing to reduced main breaks, fewer unplanned outages, and a smaller number of customers affected by breaks. Distribution plans to continue its efforts in SOP development and will push finished SOPs with associated Job Standards in 2021. This data will allow staff to track production from an individual standpoint and assist with evaluating employee efficiencies. GIS created an easement inspection layer like the valve inspection layer. This added layer will allow the easement crew to focus on the highest priority easements first; it will also aid the leak detection program. In 2021, Distribution will start clearing the highest priority level easements. Distribution will continue to work on the

2021 strategic plan initiatives, including revised condition assessments to improve the Asset Management Program, Leak Detection/Non-Revenue Water Audit, and employee performance and training enhancement.

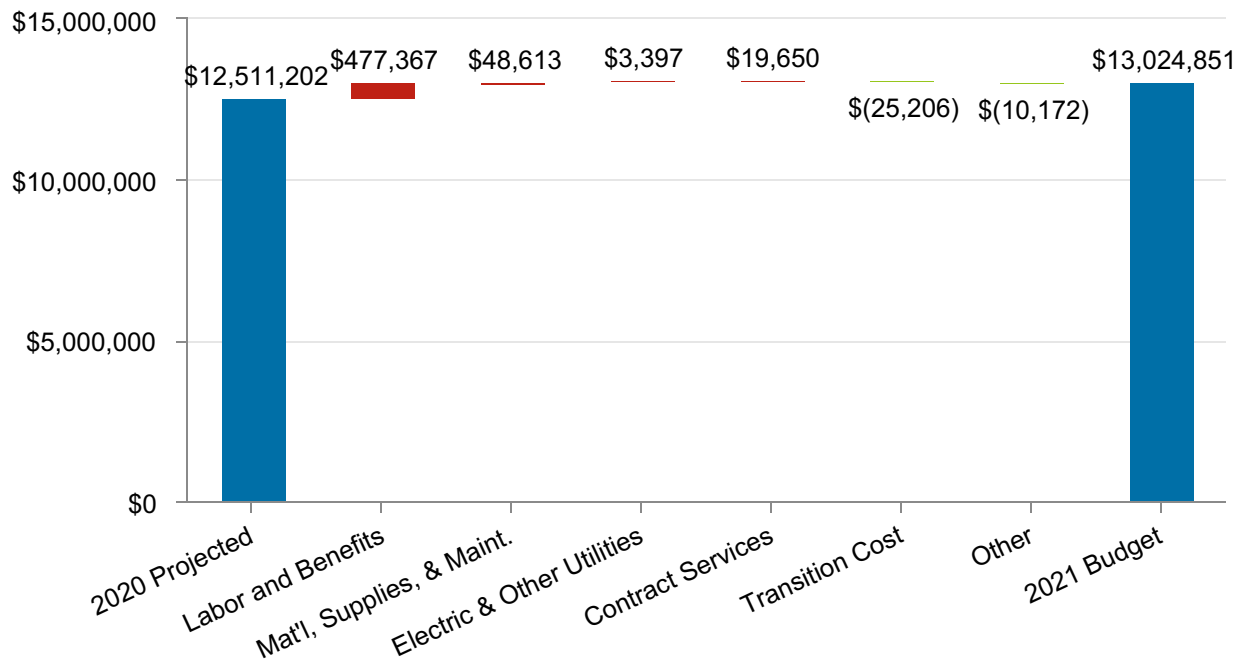
Distribution personnel will start staging equipment and repair material out in the Paron area. Staging this equipment and repair material will allow the crews to make repairs in that service area faster. This will reduce the wear and tear on trucks because of the drive time it takes to get back to the warehouse. Also, we will focus on installing auto-flushers throughout that system to help with the aging of water.

Performance Measures	2019 Actual	2020 Estimated	2021 Budget
Replace 2-inch Aging Pipe (Feet)	14,000	14,000	14,000
Spontaneous Main Breaks per 100 Miles of Pipe	16.5	15.2	14.9
Unplanned Outages	48	47	45
Customers Affected	1008	980	960
Locate and Inspect 'Un-locatable' Valves	274	400	350
Unaccounted For Water ≤ 9.5%	12.0%	11.0%	10.1%
Complete Capital Budget Projects	91%	75%	92%
Main Break O&M Costs	\$750K	\$860K	\$860K
Field Rep Order Completion Rate	99.8%	99.8%	99.8%
Field Rep Order Accuracy Rate	99.9%	99.9%	99.9%
Field Rep Work Order Rate per Day	50.1	50.2	50.3

Distribution - Expense Summary

	2019 Actual	2020 Projected	2020 Budget	2021 Budget
Labor and Benefits	\$ 8,594,995	\$ 8,792,560	\$ 9,220,730	\$ 9,269,927
Materials, Supplies, and Maintenance	3,148,554	2,970,497	2,998,350	3,019,110
Electric and Other Utilities	63,489	53,903	58,300	57,300
Contract Services	635,574	658,864	690,914	678,514
Transition Cost	—	25,206	—	—
Other	—	10,172	—	—
Total Expenses	12,442,612	12,511,202	12,968,294	13,024,851
Total Capital Costs	3,926,736	—	3,672,750	3,732,500
Total Distribution	\$ 16,369,348	\$ 12,511,202	\$ 16,641,044	\$ 16,757,351

Change by Natural Classification - 2020 Projected to 2021 Budget



Graph shows departmental expense progression from 2020 Projected to 2021 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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APPENDIX

Statistical Information

Pulaski County is the largest county by population in the state of Arkansas, with a population of approximately 392,000.⁴ Its county seat is Little Rock, which is also the state’s capital and largest city. Pulaski County has a total area of 845 square miles, of which 808 square miles are land and 37 square miles are water.¹ Pulaski County forms the core of the Little Rock-North Little Rock-Conway Metropolitan Statistical Area, which accounted for approximately 741,000 people.²

Local, state, and federal government have been the area’s major employers for many years. Medical facilities, banks, and other service industries are also very important to the economy. Government and medical facility employers in particular have kept the local economy relatively stable. Both the cities of Little Rock and North Little Rock have revitalized their respective downtown areas, which in turn fueled attraction of major corporations in a variety of industries.³



Demographics	
<i>Pulaski County</i>	
Population Est. (2019) ⁴	391,911
Per Capita Income (2018) ⁴	\$31,359
Median Household Income (2018) ⁴	\$50,093
Unemployment Percentage Rate (2019) ⁵	3.1%
<i>Pulaski County (continued)</i>	

Median Age (2010) ⁶	36.0
Race (2010) ⁶	
* White	55.4%
* Black or African-American	34.8%
* American Indian	0.3%
* Asian	1.9%
* Hispanic	5.8%
* Other	1.8%
Little Rock	
Population (2019) ⁴	197,312
Per Capita Income (2018) ⁴	\$34,546
Median Household Income (2018) ⁴	\$49,957
Unemployment Percentage Rate (2019) ⁵	3.1%
Median Age (2010) ⁷	35.1
Race (2010) ⁷	
* White	46.7%
* Black or African-American	42.2%
* American Indian	0.3%
* Asian	2.6%
* Hispanic	6.8%
* Other	1.4%
North Little Rock	
Population (2019) ¹¹	65,903
Per Capita Income (2018) ¹¹	\$25,629
Median Household Income (2018) ¹¹	\$41,780
Unemployment Percentage Rate (2019) ⁵	3.9%
Median Age (2010) ⁸	35.9
Race (2010) ⁹	
* White	51.6%
* Black or African-American	39.6%
* American Indian	0.3%
* Asian	0.9%
* Hispanic	5.7%
* Other	1.9%
Sherwood	
Population (2019) ¹²	31,436
Per Capita Income (2018) ¹²	\$29,734
Median Household Income (2018) ¹²	\$61,632
Unemployment Percentage Rate (2019) ⁵	2.9%
Median Age (2010) ⁹	37.0

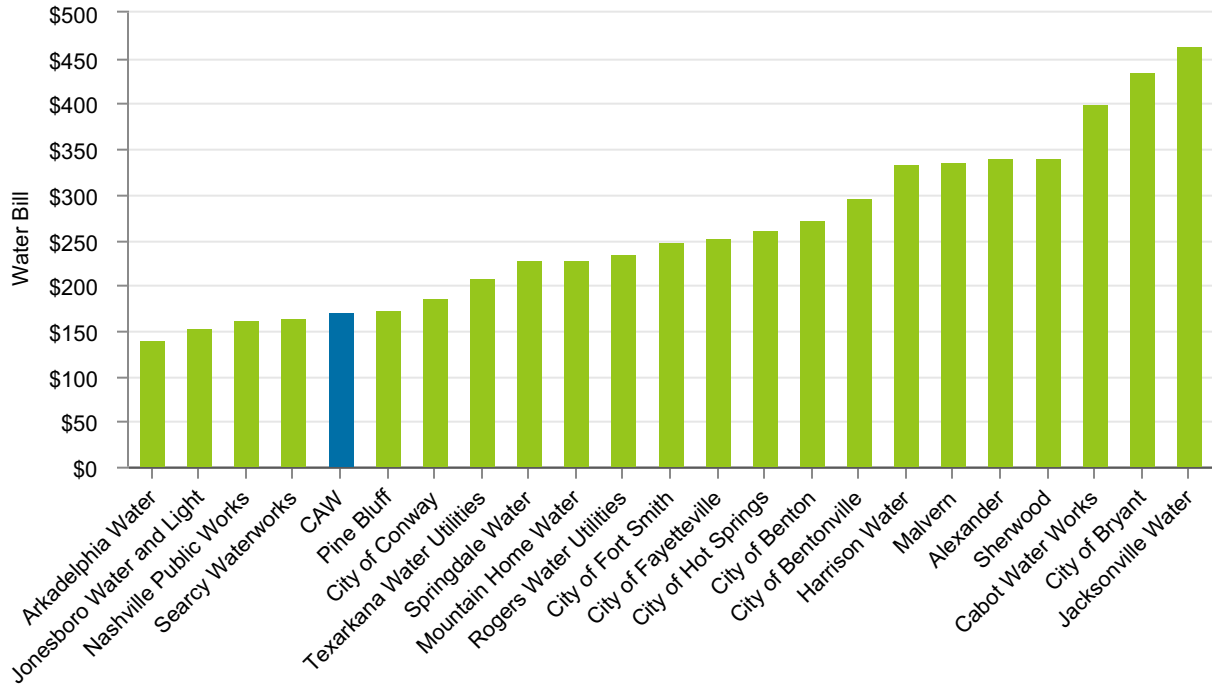
Race (2010) ⁹	
* White	73.4%
* Black or African-American	18.4%
* American Indian	0.5%
* Asian	1.6%
* Hispanic	4.0%
* Other	2.1%
Maumelle	
Population (2019) ¹³	18,199
Per Capita Income (2018) ¹³	\$43,066
Median Household Income (2018) ¹³	\$87,295
Unemployment Percentage Rate (2019) ¹⁴	3.3%
Median Age (2010) ¹⁰	37.5
Race (2010) ¹⁰	
* White	81.3%
* Black or African-American	12.0%
* American Indian	0.3%
* Asian	2.3%
* Hispanic	2.4%
* Other	1.7%
CAW Service Area	
Square Miles	696
Miles of Public Water Distribution Pipe (2020)	2,660
Number of Meters in Service (2019)	
* Residential	118,138
* Commercial	12,211
* Large Volume	53
* Sprinkler	26,918
* Wholesale	22
Total Consumption (2019) (in billion gallons)	17.45
Average Daily Consumption (2019) (in million gallons)	51.30
Max. Day Consumption (2019) (in million gallons)	86.71
All-Time Max. Day Consumption (2012) (in million gallons)	126.0

CAW Rate Comparison - Commercial (2018)¹⁷			
1" - Meter			
<i>Water Provider</i>	<i>Commercial (74.8k Gallons)</i>	<i>Commercial (187.5k Gallons)</i>	<i>Commercial (374.0k Gallons)</i>
Alexander	341.01	876.51	1,769.01
Arkadelphia Water	141.99	289.63	533.94
Cabot Water Works	400.46	986.50	1,971.90
CAW	171.21	411.21	811.21
City of Benton	273.54	676.33	1,342.88
City of Bentonville	297.54	716.78	1,410.56
City of Bryant	436.55	1,084.58	2,156.95
City of Conway	187.65	446.86	875.81
City of Fayetteville	253.22	622.88	1,208.70
City of Fort Smith	249.98	609.98	1,209.98
City of Hot Springs	261.72	658.97	1,311.72
Harrison Water	334.93	815.03	1,445.82
Jacksonville Water	463.82	1,098.12	2,129.46
Jonesboro Water and Light	154.82	380.22	650.56
Malvern	337.93	828.18	1,648.15
Mountain Home Water	230.36	517.75	993.32
Nashville Public Works	163.23	355.95	674.86
Pine Bluff	173.88	394.47	762.12
Rogers Water Utilities	235.96	543.19	1,037.41
Searcy Waterworks	165.40	400.95	790.73
Sherwood	341.01	876.51	1,769.01
Springdale Water	228.77	569.12	1,119.95
Texarkana Water Utilities	209.22	513.51	1,017.06

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CAW Water Rate Comparison - Commercial

(74.8k Gallons)



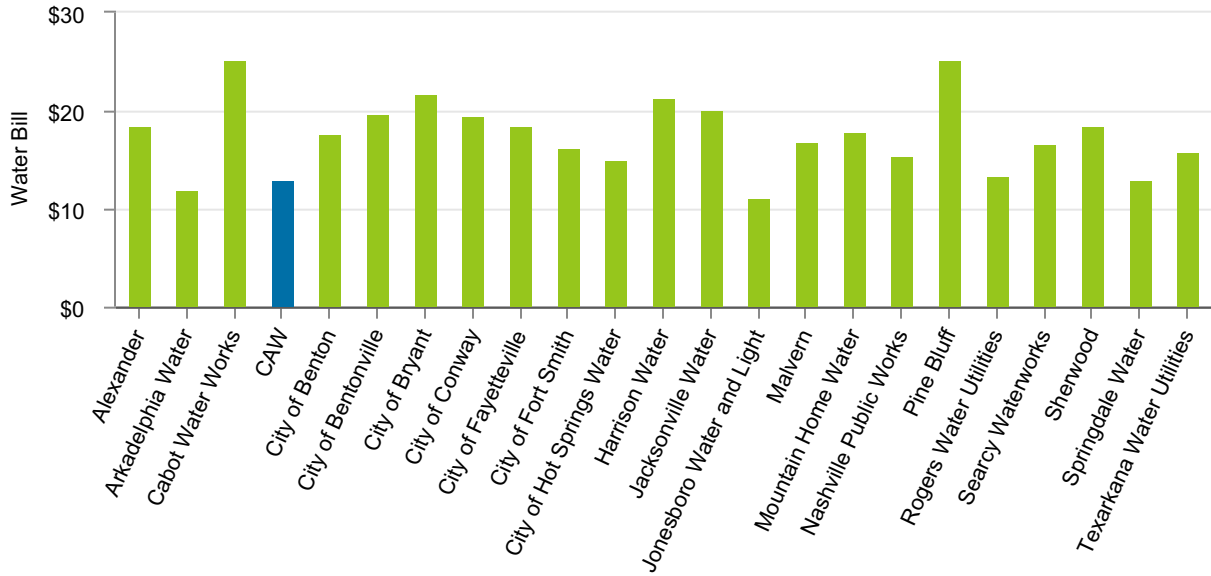
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CAW Rate Comparison - Residential (2018)¹⁷			
5/8" - Meter			
<i>Water Provider</i>	<i>Residential (3.7k Gallons)</i>	<i>Residential (7.35k Gallons)</i>	<i>Residential (11.2k Gallons)</i>
Alexander	18.47	32.12	45.77
Arkadelphia Water	11.97	20.18	27.80
Cabot Water Works	25.34	40.00	55.54
CAW	12.98	21.53	30.08
City of Benton	17.83	31.41	44.63
City of Bentonville	19.74	33.73	47.49
City of Bryant	21.74	43.59	64.86
City of Conway	19.64	29.18	39.24
City of Fayetteville	18.56	33.80	48.63
City of Fort Smith	16.37	31.17	45.97
City of Hot Springs Water	15.02	25.35	36.08
Harrison Water	21.35	39.21	56.60
Jacksonville Water	20.27	44.48	68.04
Jonesboro Water and Light	11.25	18.85	26.25
Malvern	16.90	33.43	49.52
Mountain Home Water	17.96	27.65	37.08
Nashville Public Works	15.44	26.05	36.37
Pine Bluff	25.27	35.40	45.54
Rogers Water Utilities	13.47	24.83	35.89
Searcy Waterworks	16.80	24.75	32.48
Sherwood	18.47	32.12	45.77
Springdale Water	12.97	24.64	36.00
Texarkana Water Utilities	15.89	29.61	42.96

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CAW Water Rate Comparison - Residential

(3.7k Gallons)



Pulaski County Largest Employers (2019)¹⁵	
State of Arkansas	Government
Local Government	Government
Federal Government	Government
University of Arkansas for Medical Sciences	Education / Medical Services
Baptist Health System	Medical Services
Little Rock Air Force Base	Government
Arkansas Children's Hospital	Medical Services
Central Arkansas Veterans Health Care Systems	Medical Services
Little Rock School District	Education
CHI St. Vincent	Medical Services

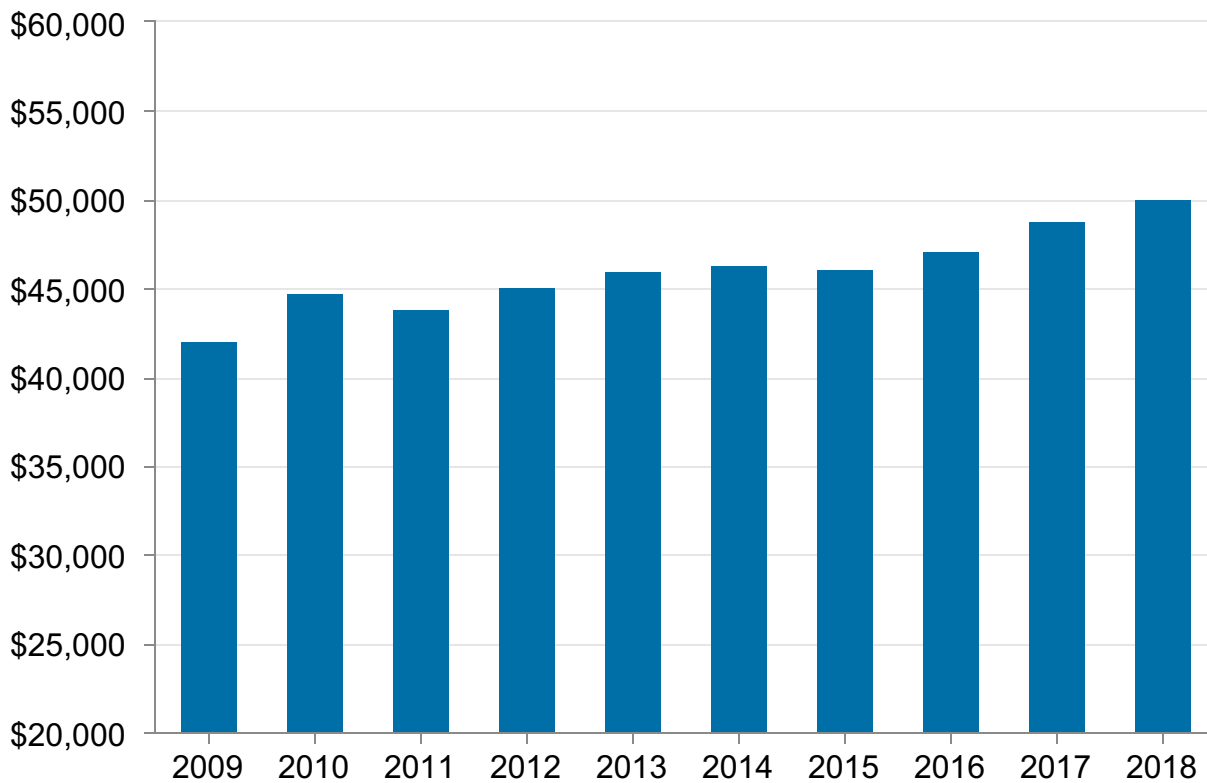


Arkansas' Ten Largest Cities by Population¹⁶ Unemployment Percentage Rate (2019)⁵	
Little Rock	3.1%
Fort Smith	3.2%
Fayetteville	2.3%
Springdale	2.1%
Jonesboro	2.6%
North Little Rock	3.9%
Conway	2.8%
Rogers	2.1%
Pine Bluff	6.0%
Bentonville	2.0%

Pulaski County – Median Household Income⁴	
<i>Year</i>	<i>Per Capita Income</i>
2009	42,107
2010	44,733
2011	43,898
2012	45,135
2013	46,013
2014	46,410
2015	46,140
2016	47,101
2017	48,850
2018	50,093

Median Household Income is a direct reflection of the local economy and residents' ability to pay water billings. During improving economic times, CAW expects to have fewer and smaller write-off accounts.

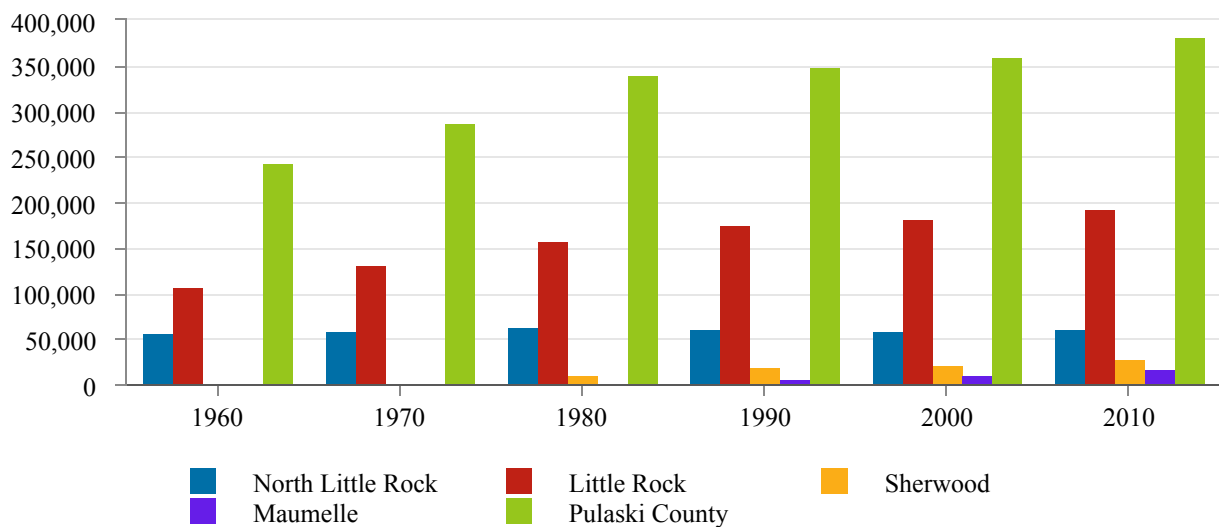
Pulaski County - Median Household Income



County and State Unemployment ⁵		
Year	Pulaski County	State of Arkansas
2010	7.1 %	7.9 %
2011	7.2 %	7.9 %
2012	6.6 %	7.3 %
2013	6.0 %	7.5 %
2014	5.6 %	6.1 %
2015	5.1 %	3.9 %
2016	3.4 %	3.8 %
2017	3.4 %	3.6 %
2018	3.4 %	3.7 %
2019	3.3 %	3.6 %

Population by Decade					
Year	Little Rock ⁴	North Little Rock ¹¹	Sherwood ¹²	Maumelle ¹³	Pulaski County ⁴
1960	107,813	58,032	222	N/A	242,980
1970	132,483	60,040	2,754	N/A	287,189
1980	159,151	64,388	10,423	N/A	340,597
1990	175,795	61,741	18,893	6,714	349,660
2000	183,133	60,433	21,511	10,557	361,474
2010	193,524	62,304	29,523	17,163	382,748

Population by Decade



CAW's Ten Largest Customers Percent of Revenues (2019)	
Jacksonville Water Works	2.43%
Bryant Water and Sewer Department	1.85%
Salem Water Users	1.73%
Cabot Waterworks	0.36%
University of Arkansas for Medical Sciences	0.35%
Arkansas Department of Corrections	0.30%
3M Company	0.29%
Kimberly Clark	0.28%
Baptist Health Medical Center	0.25%
Shannon Hills Water Department	0.24%

Sources:

- ¹ "About Pulaski County." *Pulaski County*, pulaskicounty.net/about-us/. Accessed 24 August 2020.
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- ³ "Little Rock: Economy - Major Industries and Commercial Activity, *City-Data*, www.city-data.com/us-cities/The-South/Little-Rock-Economy.html. Accessed 24 August 2020.
- ⁴ "Quick Facts Little Rock and Pulaski County." *United States Census Bureau*, <https://www.census.gov/quickfacts/fact/table/pulaskicountyarkansas,littlerockcityarkansas/PST045218>. Accessed 24 August 2020.
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- ⁶ "Census Data." Little Rock Demographic Fact Sheet, *Metroplan*, June 2011, http://www.metroplan.org/sites/default/files/LittleRock_FactSheet2010.pdf. Accessed 24 August 2020.
- ⁷ "Census Data." Pulaski County Demographic Fact Sheet, *Metroplan*, June 2011, <http://www.metroplan.org/sites/default/files/PulaskiCo-FactSheet2010.pdf>. Accessed 24 August 2020.
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- ¹⁰ "Census Data." Maumelle Demographic Fact Sheet, *Metroplan*, June 2011, www.metroplan.org/sites/default/files/Maumelle_FactSheet2010.pdf. Accessed 24 August 2020.
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- ¹² "Quick Facts Sherwood." *United States Census Bureau*, www.census.gov/quickfacts/fact/table/sherwoodcityarkansas/POP715217. Accessed 24 August 2020.
- ¹³ "Quick Facts Maumelle." *United States Census Bureau*, <https://www.census.gov/quickfacts/fact/table/maumellecityarkansas/LND110210>. Accessed 24 August 2020.
- ¹⁴ "Maumelle, AR Unemployment Rate Report." *Home Facts*, <https://www.homefacts.com/unemployment/Arkansas/Pulaski-County/Maumelle.html>. Accessed 24 August 2020.
- ¹⁵ "Major Employers." *Little Rock Chamber*, <https://www.littlerockchamber.com/economic-development/locate-or-expand/major-employers/>. Accessed 24 August 2020.
- ¹⁶ "Arkansas Bigger Cities (over 6000 residents)." *City-Data*, www.city-data.com/city/Arkansas.html. Accessed 24 August 2020.
- ¹⁷ CAW Survey, Arkansas Water Rates, July 2018.

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Glossary of Key Budget Terms

Accounting Standards – the financial statements are prepared in accordance with principles generally accepted in the United States of America and all applicable pronouncements of the GASB.

Accrual Basis of Accounting – a basis of accounting that recognizes the financial effect of transactions when such transactions occur, regardless of the timing of the related cash flow.

Balanced Budget – planned expenses do not exceed estimated financial resources available for a specified period.

Board of Commissioners – the seven-member board that governs Central Arkansas Water.

Biota – the total collection of organisms in a region, or a time period. The biota of the Earth make up the biosphere.

Bonds – certificates of indebtedness issued by an entity that guarantees payment of principal and interest at a future date.

Budget – an annual financial plan that identifies revenue sources and amounts, services to be provided, and amounts of money to fund said services.

Capital Assets – assets that have an initial value or cost greater than or equal to \$5,000 and an estimated useful life greater than one year.

Capital Outlay – fund disbursements for the purchase of capital assets, such as furniture, vehicles, machinery, and building improvements.

Clean Water Act – the Federal law that establishes how the United States will restore and maintain the chemical, physical, and biological integrity of the country's waters (oceans, lakes, streams and rivers, ground water, and wetlands.) The law provides protection for the country's waters from both point and non-point sources of pollution.

Commercial Customers – all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and that are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a State or Federal government agency; or (iv) a non-residential customer that does not fit the definition of an Large Volume Customer.

Contributions-in-aid-of-construction – funds or equity contributed by customers, developers, or other entities for improvements and/or extensions to the Utility’s assets.

Contractual Services – goods and services that Central Arkansas Water acquires under contract from an outside company or vendor. Professional services and insurance are examples of contractual services.

Debt Service – expenses for principal and interest on outstanding bond issues.

Debt Service Reserves – funds used to pay debt service of revenue bonds, if the sources of the pledged revenues do not generate sufficient funds to satisfy the debt service requirements. Debt Service Reserves are funded in whole or part from the proceeds of the bonds or are allowed to gradually accumulate over a period of years through required payments from the pledged revenues.

Depreciation – an accounting allocation of a portion of the cost of a capital asset to the operating expenses of the current fiscal period.

Enterprise Fund – a self-contained governmental fund operated to account for services supported by user charges and fees.

Expenses – the cost of doing business in a proprietary organization. Expenses may be either direct outflows or the using up of an asset, such as the depreciation of capital assets.

Fiscal Year – a period of 12 consecutive months designated as the budget year. Central Arkansas Water’s fiscal year is the calendar year.

Fund – an accounting entity with a set of self-balancing accounts that is used to account for financial transactions for specific activities. CAW is accounted for as a stand-alone enterprise fund.

Gain/Loss on Sale of Assets – income or expense that is based upon the amount of proceeds compared to the net book value of the capital assets.

Generally Accepted Accounting Principles (GAAP) – the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

Governmental Accounting Standards Board (GASB) – the board that establishes generally accepted accounting principles for state and local governmental units.

Horizontal Asset – underground assets such as pipelines, vaults, valves, etc.

Investment – securities purchased and held for the production of revenues in the form of interest.

Large Volume Customers – any Commercial Customer (i) who uses at least 1,500,000 cf of water per meter during the 12-month period from September 1 to August 31, or (ii) who agrees to take or pay for a minimum of 125,000 cf of water per meter per month on an annual basis. Customers who qualify for large volume service described in (i) above shall be assigned to the large volume class for the calendar year beginning the following January.

Long-Term Debt – debt with a maturity of more than one year from date reported.

Maintenance – the use of materials and services in the effort to renew, repair, or renovate existing land, structures, vehicles, and equipment.

Net Revenues – revenues less operating and maintenance expenses (excluding depreciation and amortization) and PILOT.

Non-operating Revenue and Expense – all revenues and expenses that do not meet the definitions of operating revenues and operating expenses.

Operating Expenses – costs required to provide service or maintain principal ongoing operations.

Operating Revenues – sources of income that are in connection with principal ongoing operations.

Payment-in-lieu-of-taxes (PILOT) – negotiated payment to local government in lieu of property tax.

Rating – an indication of the likelihood that an obligation will be re-paid.

Raw Water – untreated water.

Residential Customers – all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence.

Retail Water Sales – includes Residential, Commercial, Large Volume, Sprinkler, and Raw Water Metered Services, as well as Private Fire Services.

Safe Drinking Water Act (SDWA) – Federal legislation passed in 1974 that regulates the treatment of water for human consumption and requires testing for and elimination of contaminants that might be present in the water.

Senior Debt – debt that takes priority over other debt securities sold by the issuer. Senior debt includes the Series 2010A, Series 2010C, Series 2011A, Series 2012A, Series 2014, Series 2015, Series 2016 Refinance Bonds, Series 2018A, and Series 2018B.

Sprinkler Customers – all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes.

Subordinated Debt – debt that ranks below other debt with regard to claims on revenues. Subordinated debt includes the Series 2016 Maumelle Acquisition and Construction Bonds.

System Development Charges (SDC) – a one-time connection charge that provides a means for financing a portion of the source of supply, raw water transmission facilities, treatment plants, and treated water transmission facilities required to provide service to a new customer.

Wholesale Customers – all customers purchasing water through a wholesale meter contract.

Glossary of Acronyms and Abbreviations

A&D	Analysis and Design
ADA	Americans with Disabilities Act
ADH	Arkansas Department of Health
ANRC	Arkansas Department of Agriculture, Natural Resources Division
APERS	Arkansas Public Employees Retirement System
ARDOT	Arkansas Department of Transportation
ASA	Average speed of Answer
AWIA	America's Water Infrastructure Act
AWWA	American Water Works Association
BCEE	Board Certified Environmental Engineer
BMP	Best Management Practices
CAFR	Comprehensive Annual Financial Report
CAW	Central Arkansas Water
CAW-U	CAW University
CCCP	Cross-Connection Control Program
CCF	Hundred Cubic Feet
CCMP	Certified Change Management Professional
CEO	Chief Executive Officer
CF	Cubic Feet
CFO	Chief Financial Officer
CGF	Certified Group Facilitator
CGFM	Certified Government Financial Manager
CIC	Capital Investment Charges
CINO	Chief Innovation Officer
CIP	Capital Improvement Plan
CIS	Customer Information System
CL2	Chlorine
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPE	Comprehensive Performance Evaluation
CPFO	Certified Public Finance Officer
CSR	Customer Service Representative
CU	Cayenta Utilities
DEQ	Division of Environmental Quality

DMS	Document Management System
EHS	Environmental Health and Safety
EPA	Environmental Protection Agency
EUM	Effective Utility Management
EUT	End User Training
FLOW	Find Logical Opportunities and Wins
FLP	Forest Legacy Project
G/L	General Ledger
GAAP	Generally Accepted Accounting Principles
GAC	Granular Activated Carbon
GASB	Governmental Accounting Standards Board
GC	General Counsel
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPS	Global Positioning System
HDHP	High Deductible Health Plan
HIVIP	High performing, Innovative, Values-Driven, Informed and Passionate
HR	Human Resources
HRIS	Human Resources Information System
IS	Information Services
ITMP	Information Technology Master Plan
J.D.	Juris Doctorate
JTH	James T. Harvey Administration Building
LIMS	Laboratory Information Management System
LL.M	Master of Laws
MBA	Masters of Business Administration
MG	Million Gallons
MGD	Million Gallons per Day
MLGW	Memphis Light, Gas, and Water
MWM	Maumelle Water Management
NLR	North Little Rock
NPDES	National Pollutant Discharge Elimination System
NTU	Nephelometric Turbidity Unit
OSHA	Occupational Safety & Health Administration
PAFR	Popular Annual Financial Report

PAGIS	Pulaski Area GIS
P.E.	Professional Engineer
PER	Preliminary Engineering Report
Ph.D.	Doctor of Philosophy
PHR	Professional in Human Resources
PILOT	Payment-in-lieu-of-taxes
POWA	Paron-Owensville Water Authority
PPO	Preferred Provider Organization
QAPP	Quality Assurance Project Plan
RFP	Request for Proposal
SCADA	Supervisory Control and Data Acquisition System
SDC	System Development Charge
SDWA	Safe Drinking Water Act
SHRM	Society for Human Resource Management
SHRM-CP	SHRM Certified Professional
SOP	Standard Operating Procedure
TCR	Total Coliform Rule
TTHM	Total Trihalomethanes
TOC	Total Organic Carbon
UAT	User Acceptance Training
UPS	Uninterruptible Power Supply
USGS	U.S. Geological Survey
WAN	Wide Area Network
WMP	Watershed Management Plan
WPF	Watershed Protection Fee
WPPWA	West Pulaski Public Water Authority



CAW AWARDS 2001 - 2020

Gold Award for Exceptional Utility Performance, AMWA, 2001
 America's Crown Communities Award, National League of Cities, 2001
 Big Heart Award, Watershed Human and Community Development Agency, 2005
 Public Agency of the Year, Sierra Club of Arkansas, 2006
 The International Davey Award, 2012
 Platinum Award for Utility Excellence, AMWA, 2012
 Jack Evans Regional Leadership Award, Metroplan, 2012
 Diversity Award, AWWA, 2013
 Leadership in Fitness Award, AR Governor's Council on Fitness and Baptist Health, 2013
 Best Tasting Drinking Water, Central District AWW&WEA, 2014 - 2015
 Government Recycler of the Year Award, Arkansas Recycling Coalition, 2015
 Sustainable Water Utility Management Award, AMWA, 2015
 Best Tasting Drinking Water in Arkansas, AWW&WEA, 2018
 GFOA Certificate of Achievement for Excellence in Financial Reporting, 10 years
 GFOA Distinguished Budget Presentation Award, 11 years
 GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting, 2 years
 Outstanding Performance Award, Arkansas Workers' Compensation Commission, 16 years
 Patriot Award, Employer Support of the Guard and Reserve, 2019
 Best Places to Work in Arkansas, Arkansas Business, 2019
 Best Tasting Drinking Water, Southwest Section AWWA, 2019
 Partnership for Safe Water Director's Award, Industry Collaboration, 2020
 Utility of the Future Today Award, Water Environment Federation, 2020
 Large Business of the Year, North Little Rock Chamber, 2020

CAW STAFF AWARDS 2001 - 2020

GLEN T. KELLOGG LEADERSHIP AWARD RECIPIENTS

Fred Glover, 2001	Marie Crawford, 2007
Steve Morgan, 2002	Robert Hart, 2012
Bruno Kirsch, Jr., 2006	Dale Kimbrow, 2014
Ron Brown, 2006	Blake Weindorf, 2016

WATER MANAGER OF THE YEAR, AWW&WEA, 2017

Terry Bice

PURCHASING MANAGER OF THE YEAR, NIGP, 2016

Elizabeth Tuck-Rowan

SAFETY PROFESSIONAL OF THE YEAR, AWEA, 2014

Robert Martin

STEM PROFESSIONAL EDUCATOR OF THE YEAR, UALR, 2018

Jane Hurley

EDWARD J. ERXLEBEN AWARD, NIGP, 2018

Elizabeth Tuck-Rowan

GEORGE WARREN FULLER AWARD, SOUTHWEST SECTION AWWA, 2019

Blake Weindorf

HYDRANT HYSTERIA TEAM - FIRST PLACE, SOUTHWEST SECTION AWWA, 2019

Kim Hamby and Angela Rice



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