



FINANCIAL PLAN | 2023

CENTRAL ARKANSAS WATER VALUES

DISPLAY INTEGRITY • RESPECT OTHERS • OVERCOME DIFFERENCES

ENCOURAGE CONTINUAL IMPROVEMENT

INCREASE CUSTOMER CONFIDENCE

PARTICIPATE & PROMOTE CAW INITIATIVES & EVENTS • PRIVATELY DISCUSS CONCERNS OR SENSITIVE ISSUES

FIX MISTAKES, DON'T CAST BLAME • EMPOWER OTHERS

LISTEN & UNDERSTAND BEFORE YOU RESPOND • MAINTAIN A HARASSMENT-FREE WORK AREA

PROMOTE OUTSTANDING CUSTOMER SERVICE • BE POSITIVE & PROFESSIONAL

NEVER COMPROMISE QUALITY • DO NOT ACCEPT MEDIOCRITY

HELP OTHERS UNDERSTAND THE SKILLS REQUIRED AT CAW • SOLVE PROBLEMS • PLACE SAFETY FIRST

HOLD SELF & OTHERS ACCOUNTABLE • RECOGNIZE & CELEBRATE OTHERS' ACHIEVEMENTS

SET STANDARDS FOR PERFORMANCE & BEHAVIOR

COMMUNICATE REGULARLY & EFFECTIVELY WITH YOUR TEAM

BE DECISIVE • LEARN ABOUT YOUR CO-WORKERS

TRAIN UNTIL YOU CAN EXPLAIN IT TO OTHERS

RESOLVE PROBLEMS BEFORE THEY ESCALATE

BE A UNIFYING FORCE • PURSUE EXCELLENCE • LET OTHER EMPLOYEES KNOW HOW THEY ARE DOING

PROMOTE A CULTURE OF MUTUAL RESPECT • CHAMPION TEAMWORK

CHANGE UNDESIRABLE BEHAVIORS • ACCEPT CRITICISM & ADMIT ERRORS

ACCEPT HONEST MISTAKES AS PART OF THE LEARNING EXPERIENCE & DEVELOPMENT PROCESS

MEET EXPECTATIONS & DEADLINES

TEST DECISIONS AGAINST VALUES

COMMUNICATE PROBLEMS SOONER RATHER THAN LATER • INCLUDE OTHERS WHEN MAKING DECISIONS

BE APPROACHABLE, ACCESSIBLE, FRIENDLY & COURTEOUS

DON'T MICROMANAGE • BE TRUSTWORTHY

CONSIDER VIABLE ALTERNATIVES • PROPERLY & CONSISTENTLY TRAIN • ASK QUESTIONS

CREATE ACTION PLANS FOR RESOLVING ISSUES • RECOGNIZE & REINFORCE POSITIVE BEHAVIORS

ASK FOR HELP • THINK LIKE AN "OWNER"

CROSS-TRAIN TO DEVELOP TALENT & ENSURE CONTINUITY OF OPERATIONS

DOCUMENT EXCEPTIONAL & LACKING PERFORMANCE • UPHOLD CAW'S POSITIVE IMAGE AT ALL TIMES, IN ALL WAYS



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Arkansas Water
Arkansas**

For the Fiscal Year Beginning

January 01, 2022

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 2022 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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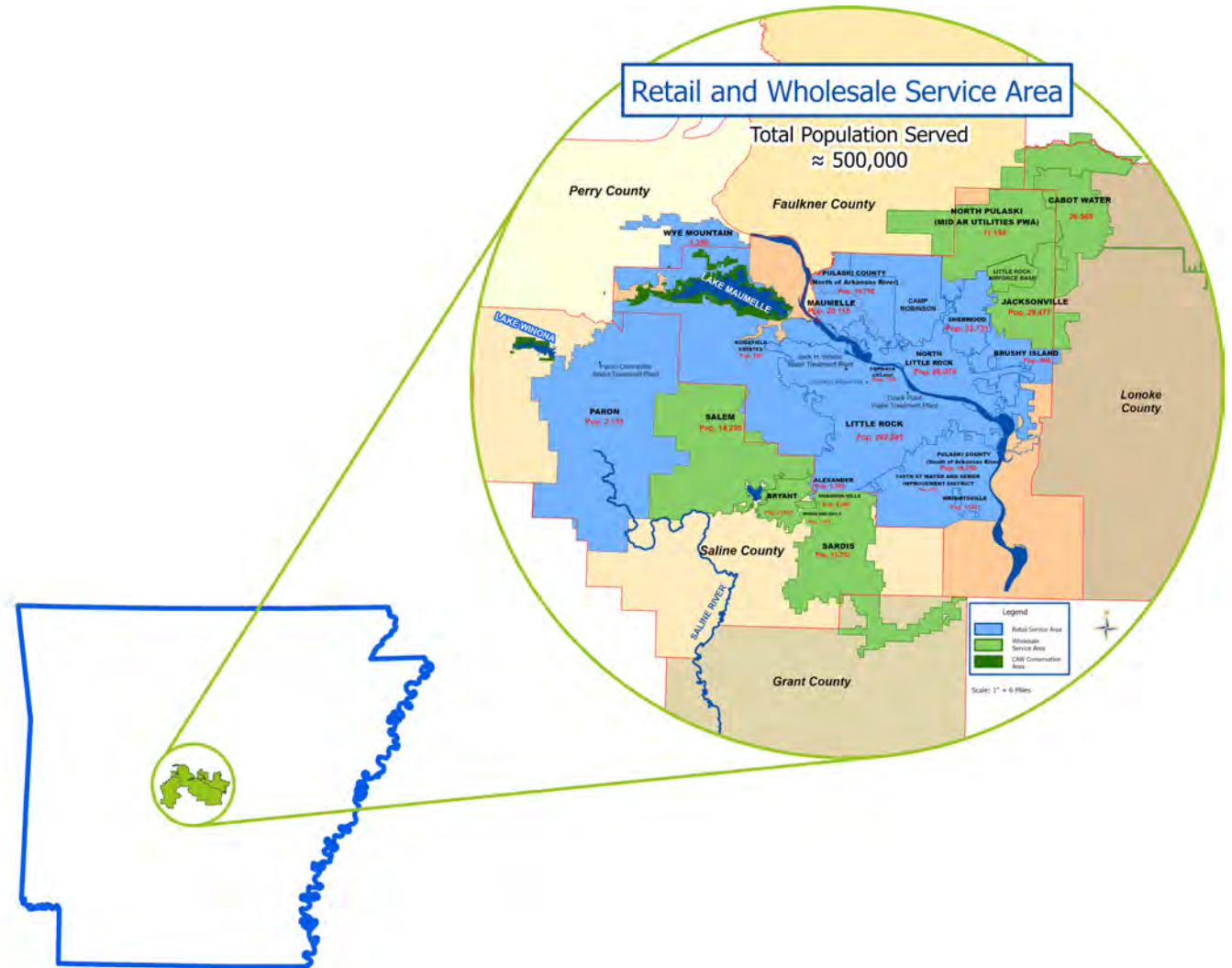
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1 INTRODUCTION

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 202,000 metered connections through retail and wholesale service to customers in Pulaski, Saline, Grant, Perry, Garland, Lonoke, White, and Faulkner counties.



CAW's retail service boundaries encompasses approximately 721 square miles, including the cities and communities of:

- Little Rock
- North Little Rock
- Sherwood
- Maumelle
- Paron-Owensville
- Alexander
- Cammack Village
- College Station
- Wrightsville
- Unincorporated Pulaski County
- Unincorporated Perry County
- Unincorporated Saline County
- Unincorporated Grant 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)
- 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)

CAW has two raw water supply sources, 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) was added to the CAW system in June 2020 and treats approximately 750,000 gallons per day.



CAW has one regulating water storage facility, Jackson Reservoir in Little Rock. There are also 39 storage tanks in CAW's service area. These storage tanks provide up to 50.5 million gallons (MG) in remote storage capacity serving 22 pressure systems, and there is another 25 MG storage in clearwells at the treatment plants.

Overall, there are approximately 2,672 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 pump stations that assist the gravitational delivery of the water.

CAW's Past

CAW has a rich history, dating back to the early 1800s when springs, shallow wells, and rainfall collected in cisterns provided water for the area. CAW has kept pace with the evolution of business and industry moving from the latter stages of the agriculture stage, where life centered around a domestic lifestyle, into the Industrial Revolution where the domestic system of production was replaced by large scale factory system, which encouraged mass production and distribution. CAW kept with the pace of society to move into the next age by updating systems, facilities, and operations to utilize technology to be a world-class utility. The next two pages detail events in CAW's timeline.

The History of Central Arkansas Water Pre Merger

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.



1880s

A succession of investor-owned utilities served Little Rock and North Little Rock through the late 1880s to the mid-1930s (Home Water Company, Little Rock Water Works Company, American Water Works & Electric Company, Arkansaw Water Works Company and North Little Rock Water Company). Picture to the right shows Treatment Water Well E – April 1925 – Arkansaw 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. Picture to the right is the Ozark Point Treatment Plant under construction Oct. 29, 1937.



1936

The City of Little Rock purchases 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. Construction of Lake Winona began in 1936 and finished in 1938.



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. The picture on the right is of Lake Maumelle's construction in 1957.



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. The picture shows a water tank of the City of North Little Rock Water Department.



1966

The Jack H. Wilson Treatment Plant began treating water in 1966. Expansions 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. The picture shows an aerial photo of the Wilson Plant in 2017.



The History of Central Arkansas Water

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.



2016

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



2019

CAW introduced the nation's first water leak detection dog, Vessel. This black lab mix helps the Utility find surfacing and non-surfacing leaks within the distribution system.



2020

CAW welcomed Paron customers into its service territory with the consolidation of the Paron-Owensville Water Authority. With this consolidation, CAW added approximately 1,000 new customer accounts.



2020

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.



2022

CAW purchased property and partnered with Scenic Hill Solar to construct and operate a solar power plant upon. As part of the agreement, Scenic Hill Solar will sell power generated at the plant back to CAW at 5.1 cents per kilowatt hour. The contract between Scenic Hill Solar and CAW includes an initial 20-year agreement, followed by two five-year options to extend. CAW has the option to purchase the solar power plant after five years.



2022

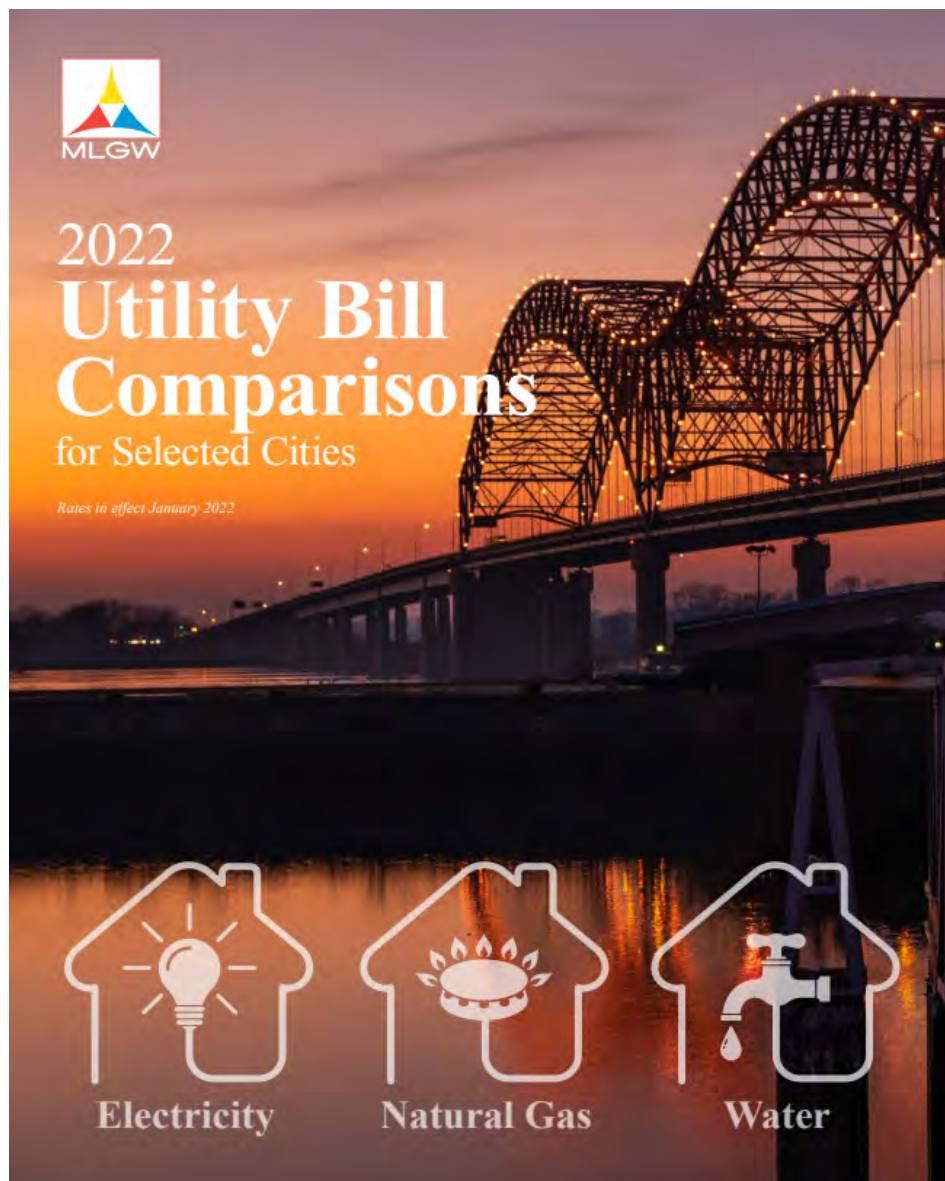
CAW was named one of the Leading Utilities of the World, a global network of the world's most successful and innovative water and wastewater utilities. Membership is the gold standard of utility performance.



CAW's Present

While distinct from the communities it serves, CAW is a governmental entity, serving the best interest of its ratepayers, not stockholders. 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 2022 Memphis Light, Gas, and Water (MLGW) rate survey, CAW continues to offer one of the lowest water rates in the country.



MLGW 2022 Rate Study

Ten Lowest Residential Water Bills

	Location	Company	5 CCF	10 CCF	15 CCF
1	Orlando, FL	Orlando Utilities Commission	\$12.94	\$17.64	\$24.56
2	Phoenix, AZ	City of Phoenix	\$7.74	\$20.48	\$42.76
3	Little Rock, AR	Central Arkansas Water	\$14.69	\$23.24	\$31.79
4	Memphis, TN	Memphis, Light, Gas and Water Division	\$11.97	\$23.93	\$35.90
5	Huntsville, AL	Huntsville Utilities	\$17.60	\$24.29	\$31.43
6	Salt Lake City, UT	Salt Lake City Public Utilities	\$17.43	\$24.83	\$32.23
7	Dallas, TX	Dallas Water Utilities	\$13.06	\$25.39	\$44.42
8	Jacksonville, FL	JEA	\$17.98	\$25.54	\$36.98
9	St. Louis, MO	City of St. Louis Water Division	\$16.80	\$25.65	\$34.50
10	Milwaukee, WI	City of Milwaukee	\$16.87	\$27.57	\$38.27

CAW's mission is to deliver high-quality, affordable, abundant, dependable water services. In addition to providing these services to our customers, CAW has an altruistic spirit in that we should help others where we can.

In 2021, the U.S. government authorized \$1.138 billion in funding to assist households with low incomes to pay past due water and wastewater bills. This program was named Low Income Household Water Assistance Program (LIHWAP) and was a new emergency program in response to needs accelerated by the COVID-19 pandemic. In Arkansas, the program was administered by the U.S. Department of Health and Human Services and the Arkansas Energy Office. Each eligible applicant received up to \$2,000, sent directly to the water / wastewater provider, to pay residential delinquent balances. Through the third quarter of 2022, CAW received had \$360,000 which benefited over 1,100 water and wastewater customers. Federal funding for this program is available through September 2023.

CAW is contracting with PromisePay as another resource for our customers who are in arrears. PromisePay offers a more flexible and more easily accessible way for customers to manage their payments. Customers that are delinquent (more than 30 days past due) have an opportunity to get back on track with a zero-interest installment plan without the worry of having water services shut off. PromisePay has a 95%+ recovery rate on scheduled payments. PromisePay will also disperse information regarding any financial assistance funding, such as LIHWAP, to our delinquent customers.

CAW is not only helping our customers but also answering the call to help other utilities. Arkansas has over 750 community water utilities, many of which are small systems with little staffing and support. In December 2021, CAW was appointed receiver of one of these smaller systems, Perla Water Association. Since CAW began operating the system, services have been restored, broken meters have been replaced, and thousands of dollars of past due debt have been repaid.

In late 2021, CAW began a partnership with Hawkins Weir Engineers, Inc. to conduct a sustainability study to assist small water systems. This project laid the foundation for revitalizing water systems by defining the characteristics of a sustainable water provider and recommending long-term solutions for currently unsustainable utilities. The Natural Resources Division of the Arkansas Department of Agriculture funded this much-needed project.

CAW's Future

In the spring of 2022, CAW began generating clean energy with its Cabot solar field. The 4.8 megawatt (MW) solar field is projected to save approximately \$7 million in energy costs over the next 30 years. CAW plans to continue its campaign to generate clean energy in 2023 with the purchase of land for a second 4.8 MW solar field. CAW has several other projects on the horizon to accomplish our environmental goals, as seen in the Budget Message and Strategic Plan sections, on pages 19 and 43, respectively.

In 2018, CAW finished its Information Technology (IT) Master Plan which identified initiatives to assist CAW meet its goal of providing reliable, high quality service to customers. Key items in this plan include establishing information technology governance process and tools, improving customer services business processes, replacing the customer information system (CIS), replacing the enterprise resources planning (ERP) system, and creating a data analytics and executive dashboard. The first three items have been completed as indicated on the following graphic.



In late 2022, CAW kicked off its campaign for replacing the ERP system. This system will be used to manage information and day-to-day activities that cross several areas of the Utility: accounting, procurement, project management, human resources, risk management and compliance, and supply chain operations. With the current system, these areas have many manual processes, internal databases, and software plug-ins that do not lend themselves to efficiency. With this updated technology, CAW will have process improvements and transparency, elimination of silo databases, a single source of real-time reporting, mobility and ease of access, a cloud solution to reduce IT complexity, and integration across all departments. This venture is projected to continue throughout 2023 and into 2024.

CAW has invested much time and effort into planning for the next 30 years to accomplish its mission of delivering high-quality, affordable, abundant, dependable water services. The Strategic Plan section, beginning on page 38, details CAW's vision, mission, and purpose along with how those items will translate into success for not only today but will also create a solid foundation for providing water for decades to come.

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**Kevin Newton
Chair**



**Board of
Commissioners**



**Jay Barth, Ph.D.
Vice Chair**



**Carmen Smith, J.D.
Secretary/Treasurer**



**Jay Hartman
Member**



**Anthony Kendall
Member**



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



**Jim McKenzie
Member**

Management Team

C. Tad Bohannon, J.D., LL.M, MBA	Chief Executive Officer
Jeff Mascagni, CPA, CGFM, CPFO	Chief Financial Officer
Blake Weindorf, P.E., BCCE	Chief Operating Officer
Vacant	Chief People and Inclusion Officer
David Johnson, J.D.	General Counsel
Danny Dunn	Director of Distribution
Jim Ferguson, P.E.	Director of Engineering
Kevin Hall	Director of Environmental Health & 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 & Communications
Linda Smith	Director of Sustainability & Facilities Management
Sam Zehtaban	Director of Water Production

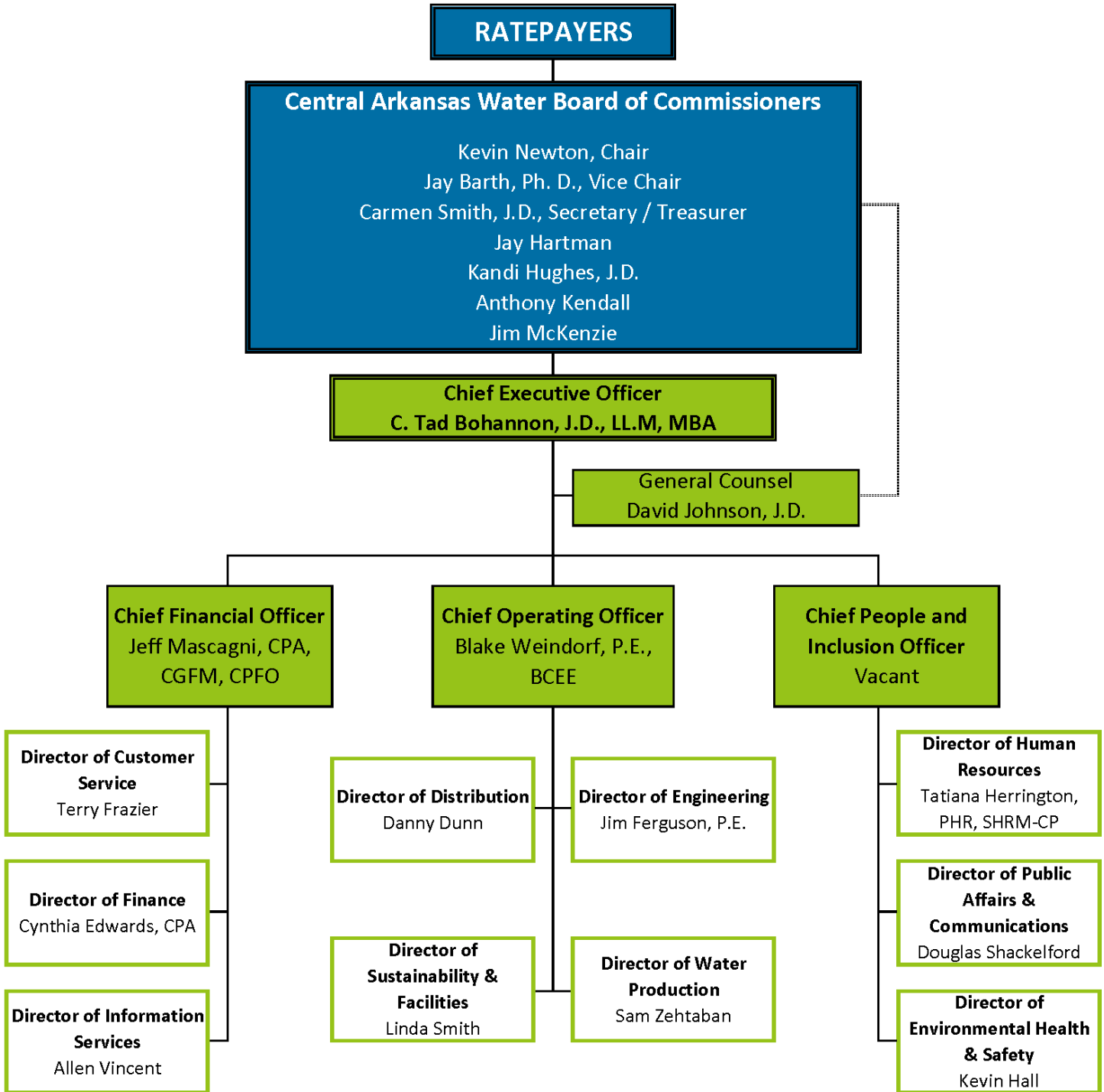
Financial Plan Development Team

Jeff Mascagni, CPA, CGFM, CPFO	Chief Financial Officer
Cynthia Edwards, CPA	Director of Finance
Lauren Schallhorn, CPA	Controller
Angeline Huey	Senior Accountant
Jordan Small	Senior Accountant

CENTRAL ARKANSAS WATER

Organizational Chart

Effective: January 1, 2023



January 12, 2023

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



2023 Financial Plan – Budget Message

Board of Commissioners, Customers, and Interested Stakeholders:

Staff respectfully present the 2023 Financial Plan for Central Arkansas Water. This Financial Plan focuses on the Utility's mission to deliver high-quality, affordable, abundant, and dependable water services.

In addition to that mission, CAW endeavors to be a resilient and trusted utility. Resiliency is defined by Merriam-Webster as "tending to recover from or adjust easily to misfortune or change." Over the years, CAW has proven its resiliency, in large events, such as the extreme winter weather event in February 2021, in water main breaks that occur on a smaller, more frequent basis, and in all matters in between.



CAW published its 2050 Strategic Vision in late 2021. The document details what it means to be a resilient and trusted utility and the five areas that play critical roles in CAW's success. CAW will be resilient when its workforce (High-performing, Innovative, Values-driven, Informed, and Passionate (HIVIP) employees) is able to provide uninterrupted and safe water services in the midst of foreseen and unforeseen threats (System Reliability) without harm to the environment (Environmental Sustainability) in a fiscally sound manner (Finance Viability). CAW will be trusted when it has conveyed the value of water to and achieved strong support from customers, community leadership, and regulatory agencies (Community Support).

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 2050 Strategic Plan, which is discussed starting on page [38](#). Associated performance measures are discussed in more detail within the department narratives (pages [217](#) - [293](#)).

HIVIP Employees

Two of the top 20 issues facing the water industry according to the American Water Works Association's (AWWA) State of the Water Industry are related to the workforce: aging workforce/anticipated retirements and talent attraction and retention. Both items are issues that have been on CAW's radar for several years and have been considered in recent budget cycles.

The workplace has changed over recent years, and along with it, employee expectations. As a new generation enters the workforce, flexibility and technology are two drivers that will affect the workforce for years to come. In pivoting to a remote work atmosphere due to COVID-19, CAW realized an opportunity to not only help the Utility but also help its employees. What was initially a program to combat COVID-19 turned into an opportunity for a permanent remote work policy, of which many employees have taken advantage. As another way to remain competitive, CAW has invested many man-hours as well as dollars into new technological systems to enable employees to perform job duties with more readily available information and less manual steps. In late 2022, CAW kicked off its ERP project which will impact all employees with more readily available information and less paper as well as impact applicants and new hires with an electronic platform to manage the application and on-boarding processes. To assist with these expanded technological needs, the Information Services department is adding four positions in 2023.

Employees are the lifeblood of any organization. CAW is no different. To assist CAW in its endeavor to be an employer of choice, the 2023 Financial Plan includes a seven percent pay plan adjustment to be implemented during the first payroll of the year, along with other compensation adjustments of two percent. In addition to offering competitive pay, CAW staff continues to identify benefits and programs to increase employee retention and create a viable pipeline to ensure continuity in the CAW workforce.

The 2022 Milliman Medical Index has estimated healthcare costs to increase by 4.6%. The U.S. healthcare sector will continue to face an elevated level of uncertainty due to the lingering COVID-19 pandemic and evolving macroeconomic conditions. To mitigate increased costs, CAW implemented wellness initiatives to address the holistic well-being of employees in 2022. Financial, mental, social, physical, and occupational wellness are addressed in these initiatives. Through a partnership with our healthcare broker, McGriff Insurance Services, we have access to wellness resources to aid our initiatives. In the long-term, the health and well-being of our employees will improve, offsetting renewal costs through lower claims utilization to help CAW sustain high-quality healthcare and improve the productivity, engagement, and retention of our workforce.

System Reliability

System reliability covers elements from the watershed areas all the way to the customer's tap. CAW staff are committed to protecting its water sources, improving water quality at the source, and maintaining that same quality throughout the distribution system.

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.

The protection of its surface water sources from both natural- and human-induced threats is one of CAW's highest priorities. These threats include 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 approximately 5,800 acres of land. Throughout 2022 and continuing into 2023, Watershed Management staff are working on an aggressive land acquisition campaign to protect the Lake Maumelle watershed. This campaign led CAW into the green bond market and the 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 [134](#) - [148](#).

As with any natural resource, Lake Maumelle and Lake Winona are ever evolving. While CAW staff plan and work toward optimal lake and lake watershed conditions,

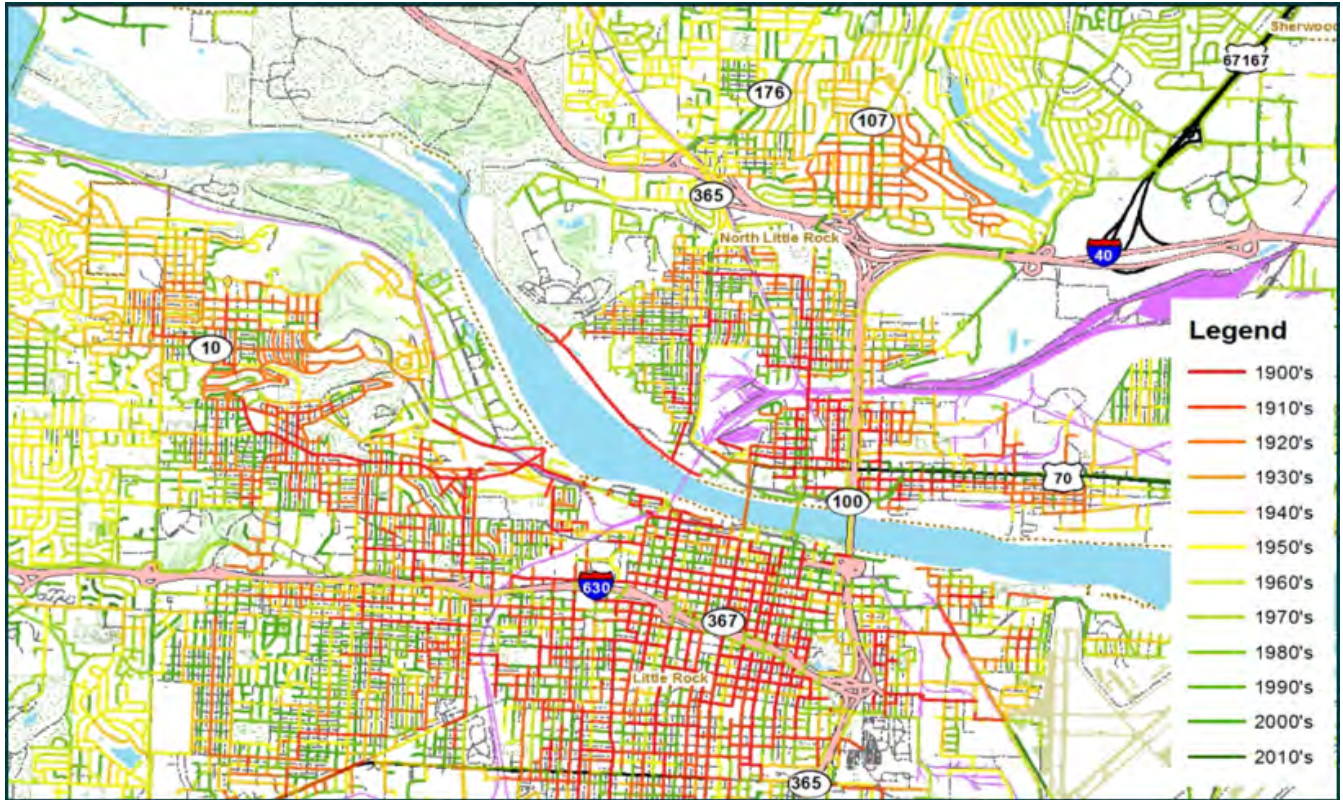
unexpected organisms can find their way into the water. In late 2021, alga mats were found in the sedimentary basins at the Wilson Water Treatment Plant (WTP). Samples were taken, and the alga was traced back to Lake Maumelle. More samples were taken and the culprit was determined to be hydrilla, an invasive plant species. Short- and long-term treatment plans were developed, and remediation measures were started in fall 2022. In the 2023 fiscal year and beyond, staff are budgeting for herbicide application and sediment removal to combat the hydrilla.

To ensure process efficiency and effectiveness, CAW has and will continue to invest in its water treatment plants. In 2021, a three-year rehabilitation project at the Ozark Point WTP was completed and restored to full production. A preliminary engineering report/study was completed for the Wilson WTP in 2022. This rehabilitation project is projected to begin in 2023 and last until 2027.

The renewal and replacement of aging infrastructure remained the number one priority identified in the AWWA 2022 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 map on the following page shows that a significant amount of CAW infrastructure was installed 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.

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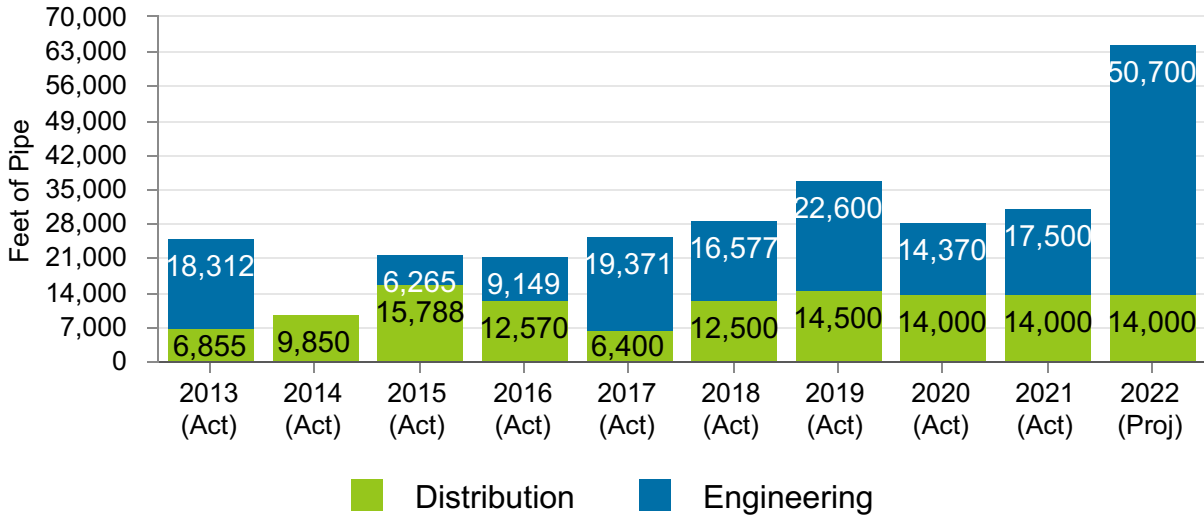


Our 2022 accomplishments include the replacement of approximately 64,700 feet of aging pipe within the system. These aging pipes are composed of galvanized, asbestos-cement, and cast iron pipe and are being replaced with ductile iron and Polyvinyl Chloride (PVC), which are used for improved strength and performance. Replacement of 50,700 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 2022, Distribution personnel have replaced over 120,000 feet of galvanized pipe while replacement of approximately 175,000 feet of the pipe has been contracted by the Engineering department for a total of over 295,000 feet, or just under 56 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 on the next page shows the feet of pipe replaced annually over the past 10-year period.

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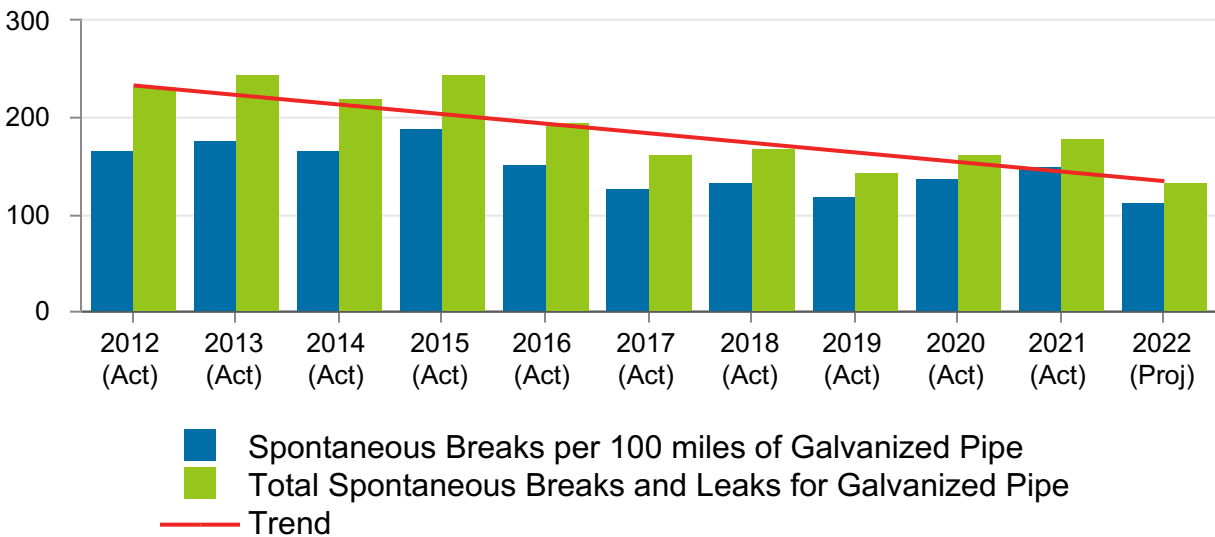
Aging Pipe Replacements



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, replaced less in 2020 due to resource reallocation for increased pipe relocations, and replaced more pipe in 2022 due to 2020C bond funding.

Replacing galvanized pipe has reduced the number of breaks and leaks as shown in the following graph. Replacement of these mains remains a high priority and will continue to be in future years. As such, 24% of the Series 2020C bonds is allocated for replacement of aging infrastructure through the end of 2023.

Breaks and Leaks on Galvanized Pipe



Environmental Sustainability

In 1972, the United Nations (UN) Assembly designated June 5 as World Environment Day. The slogan on that first World Environment Day? “Only One Earth” CAW is part of this movement to protect the one earth that we have by becoming Net Zero by 2050. What is Net Zero? According to Oxford Net Zero, “it is international scientific consensus that, in order to prevent the worst climate damages, global net human-caused emissions of carbon dioxide (CO₂) need to fall by about 45 percent from 2010 levels by 2030, reaching net zero around 2050.” CAW has enacted a plan to become Net Zero by 2050 that follows the UN Sustainable Development goals, seen below.



One of the most recent ways that CAW has begun to lessen its carbon footprint is its inaugural solar field, located in Cabot. The 4.8-MW field has approximately 11,000 panels that generate clean energy. This energy will also help CAW reduce its electric costs by \$7 million over 30 years. CAW is planning to invest in more solar fields to diminish its carbon footprint even more.

In April 2022, CAW released its first Green Bond report. In November 2020, CAW issued its first green bond to finance climate initiatives to achieve energy efficiencies and water savings, implement nature-based solutions, and enhance infrastructure resiliency and redundancy. CAW’s green bond financed a green-gray approach, where the “gray” or low carbon infrastructure projects include pump upgrades and water main replacements. The “green” or nature-based solutions interventions represent nearly 33% of the total bond proceeds and will be utilized to acquire forest lands and place

conservation easements in the watershed for permanent protection to maintain water quality.

Unaccounted for Water (UAW) is a metric that helps CAW to save water. Both the Arkansas Department of Health (ADH) and the AWWA set levels to ensure safe water for all CAW customers. As of September 30, 2022, CAW's UAW percentage was 6.96%, which is well below the ADH water action level of 15% and AWWA's benchmark median of 9.5%

CAW submitted its first Greenhouse Gas Emissions report to the Climate Disclosure Project in September 2022. This report gives an account of CAW's emissions in our buildings, pump stations, and vehicles. As seen in the five-year CIP, beginning on page [134](#), CAW plans to purchase 30 electric vehicles to replace current gasoline/diesel vehicles.

Financial Viability

To generate sufficient cash flow to meet operating needs, debt commitments, capital expansion and replacement requirements, and cash reserves adequate to meet expected standards is key to a sustainable future. 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, CAW's baseline consumption was set at 16.6 billion gallons in 2021. Wholesale and retail consumption remain at these levels, which is a 9.1% decrease from 2022 projected consumption. Summer 2022 was warmer and drier (three degrees warmer than normal and receiving 1.2 inches less in precipitation than normal), leading to above average consumption for the year.

In the summer of 2022, CAW partnered with Raftelis, one of the most recognized names in water utility rate consulting, to perform a rate study to determine needed rates for the next 10 years. In doing so, CAW identified much needed financial outlays for this time period and beyond.

As a result of this rate study and its findings, the following rate structure modifications will go into effect as of July 1, 2023:

- CAW will move from a two-tier to a three-tier structure for residential rate payers. These new tiers will better reflect how the residential customer uses the water system and reduces impact to low volume customers.
- Sprinkler rates will remain a two-tiered structure but will have usage limits tied to tiers two and three of the residential rate structure. The winter shut-offs will be eliminated but the monthly base rate will be lowered.

- The commercial and large volume rate structures will be combined into one category and will be known as the commercial rate. Commercial and large volume usage data have similar peak demand, negating the need for a separate rate class.
- On July 1, 2023, retail rates will increase 11% to generate sufficient cash flows for 2023 and the coming years.
- See pages [63](#) - [72](#) for detailed rate changes effective July 1, 2023.

Monitoring economic metrics also plays a critical role in determining needed operating and capital requirements. Real Gross Domestic Product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year. Real GDP grew at an annual rate of 2.6% during the third quarter of 2022, with full-year real GDP at 1.9%, down from 5.8% in 2021. Forecasters predict real GDP will decrease to 1.1%, provided that a recession does not occur in 2023, based on signs of weak consumer spending and a decrease in housing starts. The forecasters also predict unemployment levels could increase up to 5% in 2023. The national unemployment rate is currently 3.5% (September 2022), down from 4.8% at the same time in 2021. The unemployment rate in Pulaski County is currently at 3.9%, slightly lower than 4.7% last year.

[Community Support](#)

Active community participation, education, and outreach are three critical areas of community support. CAW staff members are always quick to step up and work in our communities. Whether it's giving out water during races, showing students how water gets from the source to their taps, or planting trees, CAW impacts the areas that we serve.

Education is key in ensuring that our customers understand, and advocate, the value of water, water systems, services, and resources. CAW uses the Forest to Faucet model, which follows the water's journey from the source to the treatment facility and through the distribution system to the house, as a teaching tool for students. Teachers from local area schools participate in a summer seminar to incorporate water utility materials and ideas into their teaching curriculum. Staff spend time in local elementary schools reading to students, at the water treatment plants leading tours, and with science, technology, engineering, math (STEM) interns that work at CAW during the summer break. In November 2022, CAW was presented with a unique opportunity to partner with Academies of Central Arkansas and Be Pro Be Proud, where staff members interacted with over 2,500 area ninth graders. The students learned about jobs in the water utility industry as well as at CAW in particular. In the picture on the next page, students had the opportunity to see the inner workings of one of the CAW backhoes.



Various CAW team members are involved in organizations on the local, state, regional, national, and international levels. These team members make connections with other professionals, learn new and innovative methods, and relay their knowledge in speaking engagements or as panel members. These opportunities strengthen community and industry ties and help ensure that CAW remains a world-class utility.

Public meetings are great ways to meet our customers, distribute information about CAW, and receive input from our stakeholders. CAW has held many public meetings over the years for a variety of reasons, including bond issuances and new service areas. In late 2022, CAW used this technique again to discuss the Utility's needs over the next 10 - 30 years and what resources CAW will need to meet those needs.

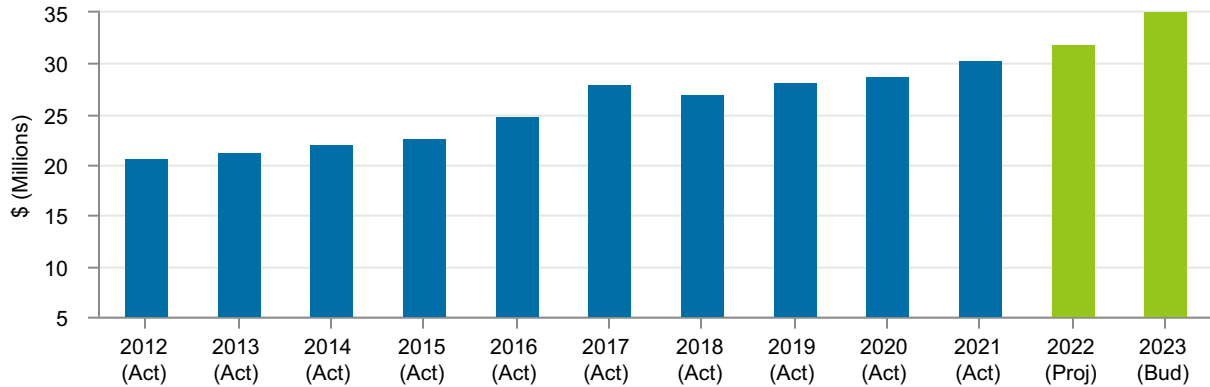
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2023 Budget Summary

2023 Budget Changes from 2022 Projected		
Operating Revenues	\$ Change	% Change
Increase in Retail Water Sales	2,355,875	4.06 %
Decrease in Wholesale Water Sales	(273,503)	(5.33)%
Decrease in Penalties and Turn-on Charges	(654,483)	(37.81)%
Decrease in Ancillary Charges	(515,467)	(5.29)%
Increase in Maumelle Surcharge Revenue	215,986	8.94 %
Increase in Other Revenue	(295,734)	(36.56)%
Total 2023 Operating Revenues Budget	78,636,293	1.07 %
Operating Expenses		
Increase in Labor and Benefits	3,900,039	12.14 %
Increase in Materials, Supplies, and Maintenance	7,471,514	97.37 %
Decrease in Electric and Other Utilities	(1,138,139)	(20.77)%
Increase in Contract Services	162,637	4.80 %
Increase in Chemicals	405,231	15.37 %
Increase in Depreciation	2,785,790	20.82 %
Decrease in Other	(22,938)	(67.99)%
Total 2023 Operating Expenses Budget	78,295,100	20.95 %
Capital Costs		
Increase in Capital Costs	27,668,418	91.71 %
Debt Service		
Decrease in Total Bond Debt Service	(341,489)	(4.37)%

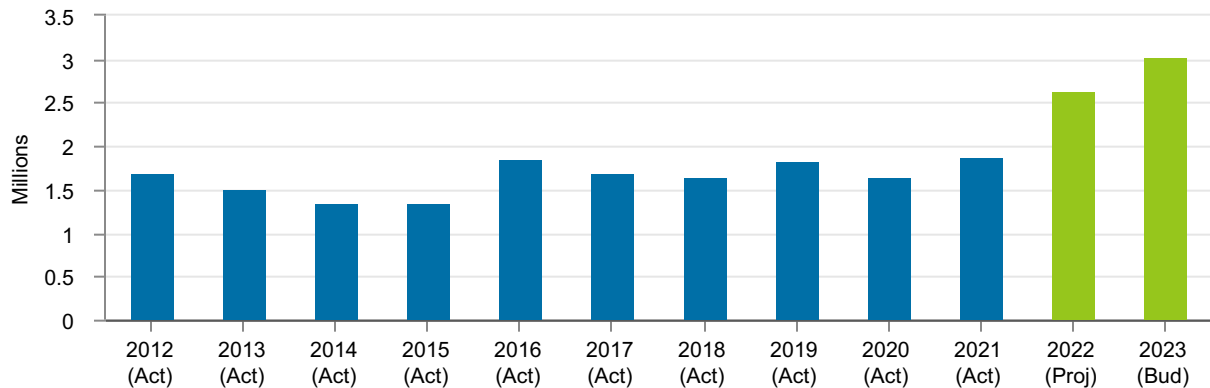
The proposed budget for 2023 includes \$78.3 million in operating expenses, \$57.8 million in capital costs, and \$7.5 million in bond debt service. The graph on the next page shows labor and benefits for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2022 and the budgeted amount for 2023, which are both shown in green. 2023 includes increases of 4.6% and 5% in medical and dental insurance premiums, respectively, and wage adjustments of 9% for employees. The total labor and benefits adjustment will amount to \$3.9 million, which represents a 12.14% increase over the 2022 projected amount. This increase is due to the health care and wage variances mentioned above, to budgeted amounts not spent in 2022 due to an average of 13 vacancies for the year, and an additional 11 positions in the 2023 budget.

Labor and Benefits



The graph below shows chemical costs for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2022 and the budgeted amount for 2023, which are both shown in green. The Maumelle Water Management (MWM) merger caused the 2016 increase, and lower consumption driven by COVID-19 coupled with cooler and wetter weather caused the 2020 decrease. The fluctuating costs in the preceding years were due to weather-driven consumption changes. The increases in the 2022 projected and 2023 budget amounts are driven by increasing supply costs.

Chemical Cost



Proposed Financial Plan Highlights

- 16.6 billion Gallons – Consumption (9.1% decrease from 2022 Projected)
- \$78,636,293 Operating Revenues (1.07% increase from 2022 Projected)
- \$78,295,100 Operating Expenses (20.95% Increase from 2022 Projected)
- 359 Funded Positions (9.79% increase compared to 9/1/2022 Actual)
- 11% Retail increase beginning July 1, 2023
- No Wholesale rate increases in 2023
- \$7,465,251 Bond Debt Service (4.37% decrease from 2022 Projected)
- \$57,837,606 Capital Costs (91.71% increase from 2022 Projected)
- \$11,932,500 Capital Costs Funded From Rates (56.22% increase from 2022 Projected)

Acknowledgment

The 2023 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.

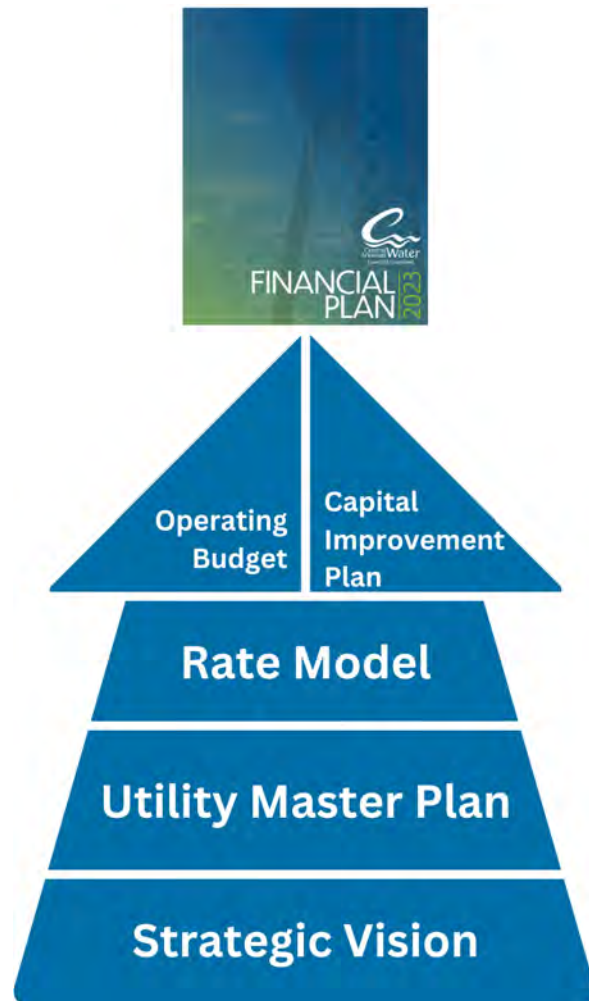
Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'C. Tad Bohannon', with a long horizontal flourish extending to the right.

C. Tad Bohannon
Chief Executive Officer

Budget Process and Calendar

As with any business, planning is key to success. Beginning with its strategic vision, CAW has several components that are critical to the planning process as evidenced in the following graphic.



Strategic Vision

CAW's 2050 Strategic Vision provides an outline of the five critical areas, or "Big Drops", for the Utility to focus its efforts in the coming decades to realize its purpose of protecting public health by providing outstanding water services. The Strategic Vision guides the development of the rate model and the use of resources in both the Operating Budget and Capital Improvement Plan.

Water Utility Master Plan

The Water Utility Master Plan provides guidance for future growth, rehabilitation/replacement of existing facilities, and preparation of the Capital Improvement Plan. In 2010, CAW contracted the services of a third-party consulting firm to develop the 50-year plan that addresses the needs and improvements of CAW system to meet increasing demand, update aging infrastructure and comply with more stringent water quality regulations.

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 last rate model was updated in 2018, with a new rate model expected to be completed by the end of 2022. Guided by the 2050 Strategic Vision, CAW took a new approach with the 2022 rate study and looked beyond the normal three to five year range and is anticipating a ten year rate model. This expanded plan is a result of a conscious effort by the Utility to shift focus to capital asset investment.

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. In parallel with the operating budget planning process discussed below, department directors develop capital expenditure budgets for their sections. Once all sections are complete, the Finance department meets with all directors to adjust spending to levels set forth in the Rate Model.

Although asset investments are approved through the budget process, final Board approvals are obtained as projects exceeding \$100,000 are initiated.

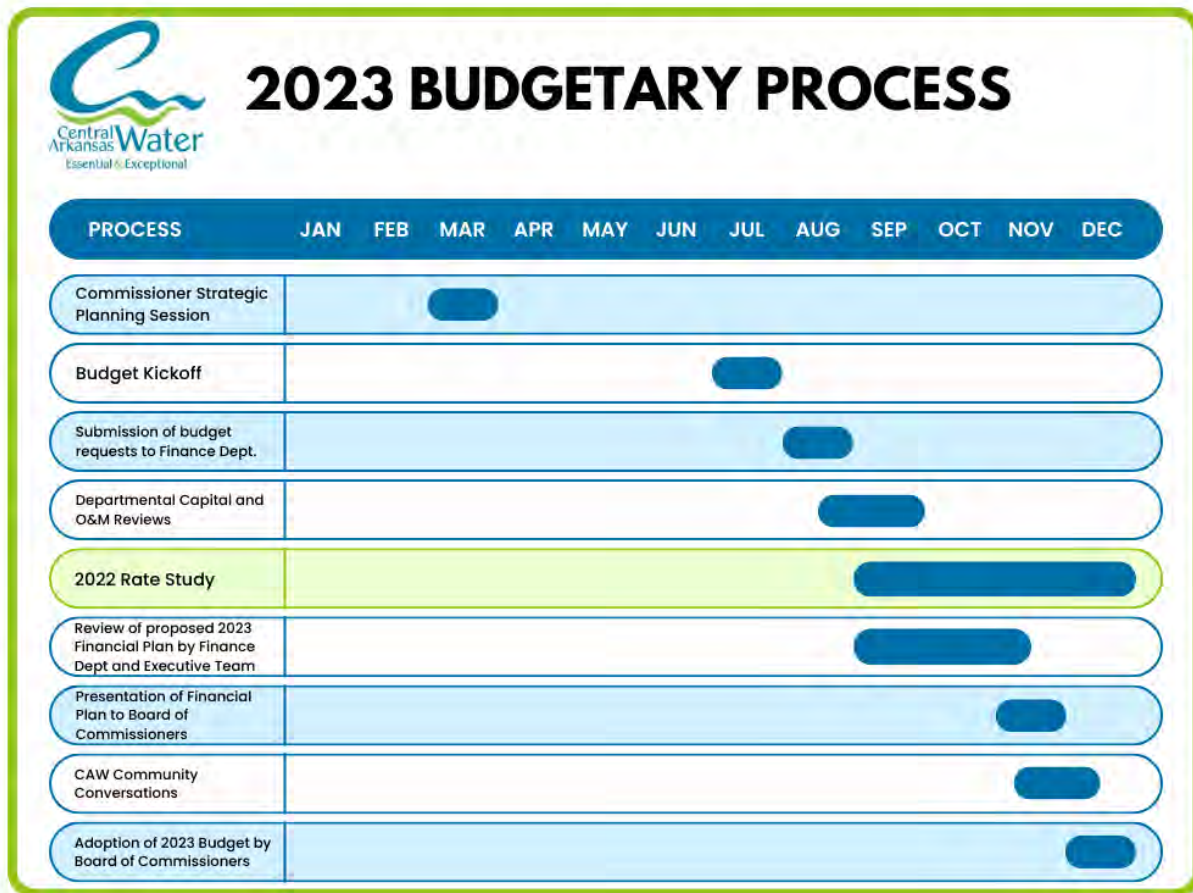
Operating Budget

The Operating Budget provides a comprehensive view of revenues and expenses. A balanced budget is prepared and adopted annually. The process for developing the annual budget begins with an annual commissioner planning session. There, the Commissioners work to develop or update the long term strategic plan based on the plans mentioned above and the Utility's focus for the future. Based on the strategic focus determined, the executive staff meets mid-year to determine parameters for the next annual budget. These parameters are then distributed to department directors during the budget kick-off meeting in mid-July. Department directors use these parameters to develop an operating expense budget for each section of their department. The Finance department staff then compile the operating expense budgets with revenue budgets from the rate model to comprise the annual operating budget.

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 (HR), or Public Affairs and Communications sections must be approved by the Chief People and Inclusion Officer (CPIO). The Chief Financial Officer (CFO) then approves all changes or reallocations during the plan year.

The budgetary process began with a strategic planning session in March 2022 as seen in the image below.



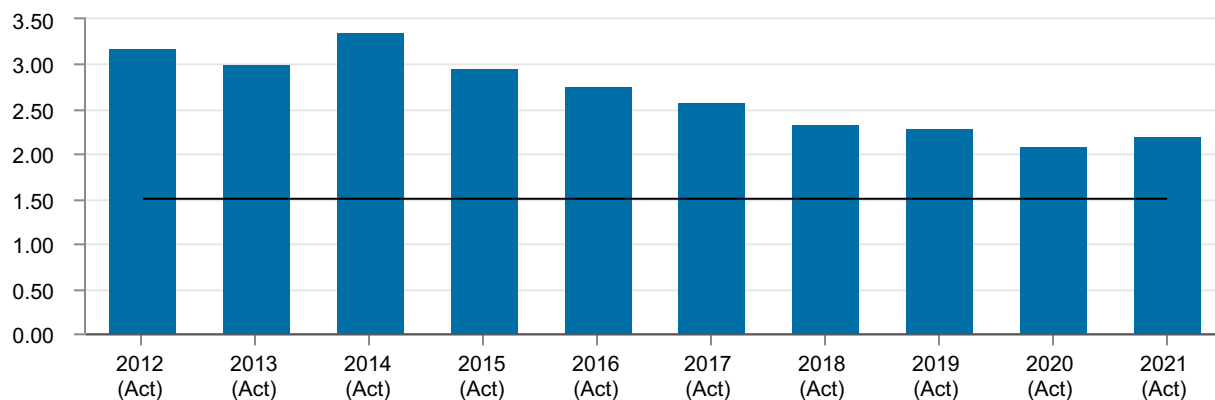
Financial Policies and Goals

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 [93](#))
- Ensuring that operating reserves are maintained at a minimum level of 45 days of budgeted operating costs sufficient to meet all operating, capital, and debt service obligations (see page [94](#))
- Ensuring that days cash on hand remains at a minimum level of 150 days to maintain operating reserves (see page [95](#))
- Maintaining debt utilization below the 39% AWWA benchmark (see page [96](#))
- Maintaining a five-year capital plan with annual updates (see page [134](#))
- 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

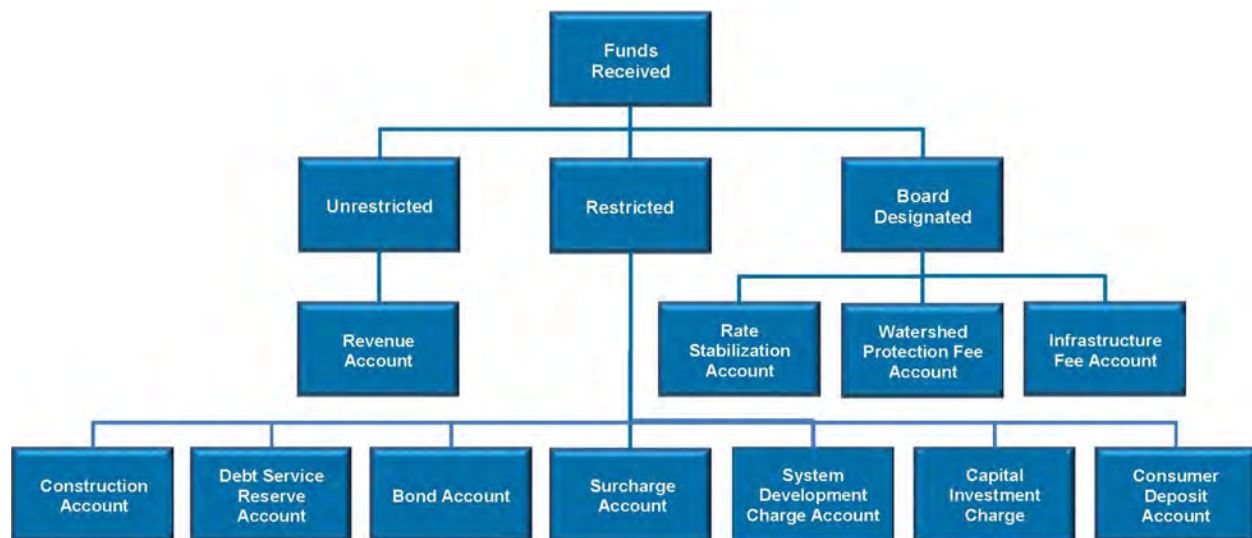
The CAW Financial Plan, proposed by the CEO and adopted by the Board of Commissioners, is a reflection of the Utility's policies, goals, and priorities. It is a tool used to communicate to the public and staff regarding funds available and allocation decisions related to capital improvements, technology, 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.
- **Infrastructure Fee Account.** Infrastructure fees 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 Wilson WTP improvements, Lake Maumelle improvements, and a new 60-inch diameter raw water pipeline from Lake Maumelle to the Wilson WTP.

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 (ANRD) bonds are the exception in that a bond fund is not required. Biannual debt service payments are made directly to ANRD.
- **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 service. 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 service. All revenues from Frazier Pike surcharges applied to customers of the Frazier Pike service area are deposited into a segregated Frazier Pike Surcharge Account. These revenues are restricted to pay for expenses specifically identified in the CAW-Frazier Pike consolidation agreement, including required debt service. All revenues from Wye Mountain surcharges applied to customers of the Wye Mountain service area are deposited into a segregated Wye Mountain Surcharge Account. These revenues are restricted to pay for expenses specifically identified in the CAW-Wye Mountain consolidation agreement, including required debt service. All revenues from Ridgefield Estates surcharges applied to customers of the Ridgefield Estates service area are deposited into a segregated Ridgefield Estates Surcharge Account. These revenues are restricted to pay for expenses specifically identified in the CAW-Ridgefield Estates consolidation agreement, including required debt service.
- **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

Historically, 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. During the preparation of the 2022 rate model, CAW and the rate consultants developed an extended forecast of 10 years for the operating budget and capital improvement plan. The rate structure resulting from the 2022 rate model was developed to ensure sufficient funding for the Utility's cash flow needs for the next 10 years. 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, and 2020BCD 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

Assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year are reported as capital assets. Capital assets are recorded at historical cost, including all direct salaries, materials and supplies related to construction and improvements completed by Utility staff. Contributed assets are recorded at the acquisition value on the date of contribution. Costs related to major additions and betterments of capital assets are capitalized, while costs of repairs and maintenance that do not add value or extend the useful life are expensed as incurred.. 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
 - (f) impact on water quality and supply preservation, and
 - (g) 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.

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Strategic Vision

Over the past 20 plus years, CAW has laid the groundwork to be a resilient and trusted utility. Countless employees over the years have provided outstanding water services and protected public health by delivering high-quality, affordable, abundant, dependable water services. As a result of this work, CAW has been recognized in a number of areas as seen in the below graphic.



In addition to these awards, CAW team members are active in local, state, regional, national, and international organizations. These team members make connections, share proven methodologies, and learn new things to ensure that CAW remains a world-class utility.

While appreciating what our predecessors have done to get us to where we are and focusing on what current employees are doing each day, CAW is looking past its immediate needs and thinking long-term to ensure that the consumers of tomorrow receive the same high-quality water with the same resiliency that we provide today.

CAW, like many utilities, recognizes the changes in the coming decades. In its 2022 State of the Water Industry report, AWWA listed the top 20 issues facing the water industry as follows:

- 1 Renewal and replacement of aging water infrastructure
- 2 Financing for capital improvements
- 3 Long-term drinking water supply availability
- 4 Aging workforce / anticipated retirements
- 5 Public understanding of the value of water systems / services
- 6 Emergency preparedness
- 7 Watershed / source water protection
- 8 Public understanding of the value of water resources
- 9 Groundwater management and overuse
- 10 Cybersecurity issues
- 11 Talent attraction and retention
- 12 Compliance with current regulations
- 13 Drought or periodic water shortages
- 14 Cost recovery
- 15 Compliance with future regulations
- 16 Water conservation / efficiency
- 17 Asset management
- 18 Debt management
- 19 Energy use / efficiency and cost
- 20 Improving customer, constituent and community relationships

CAW's 2050 Strategic Vision outlines ways to address these and other critical matters for the coming years. CAW commissioners and staff have worked together and studied these challenges and arrived at five areas, or "Big Drops" on which to concentrate our efforts to achieve CAW's mission and realize its vision to be a resilient and trusted utility. These five areas, HIVIP Employees, System Reliability, Environmental Sustainability, Financial Viability, and Community Support will be highlighted and defined in the following pages.

Each Big Drop has a definition, list of components, list of focus areas, and goal accomplishment to lead the CAW team to success now, in 2050, and beyond.

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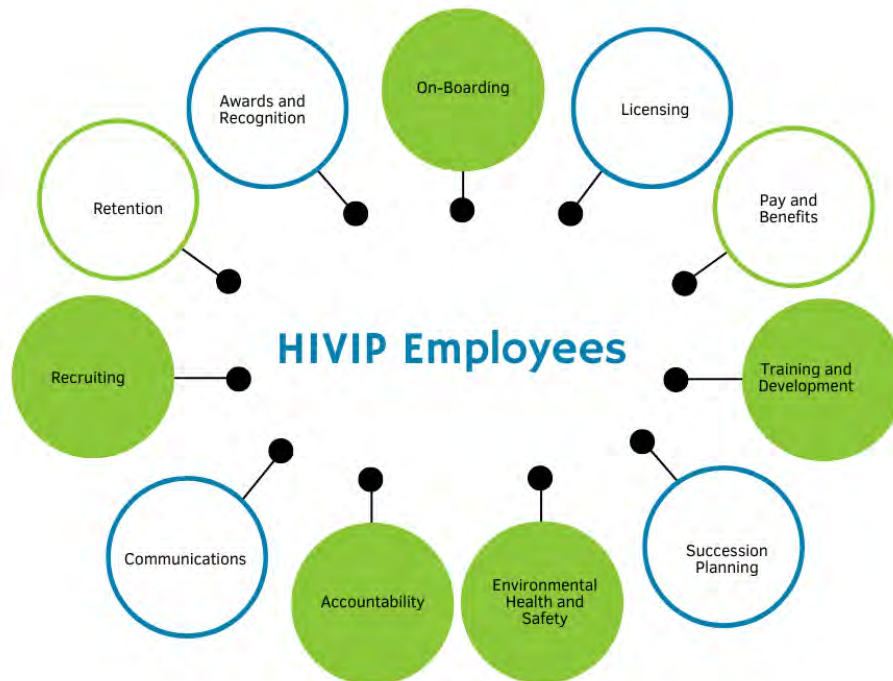


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HIVIP employees are defined as **H**igh Performing, **I**nnovative, **V**alues-Driven, **I**nformed, and **P**assionate team members. CAW will have a HIVIP workforce when CAW has highly satisfied employees and a harmonious workplace that values individuals and emphasizes accountability, reliability, and teamwork.

The following graphic shows the associated components.



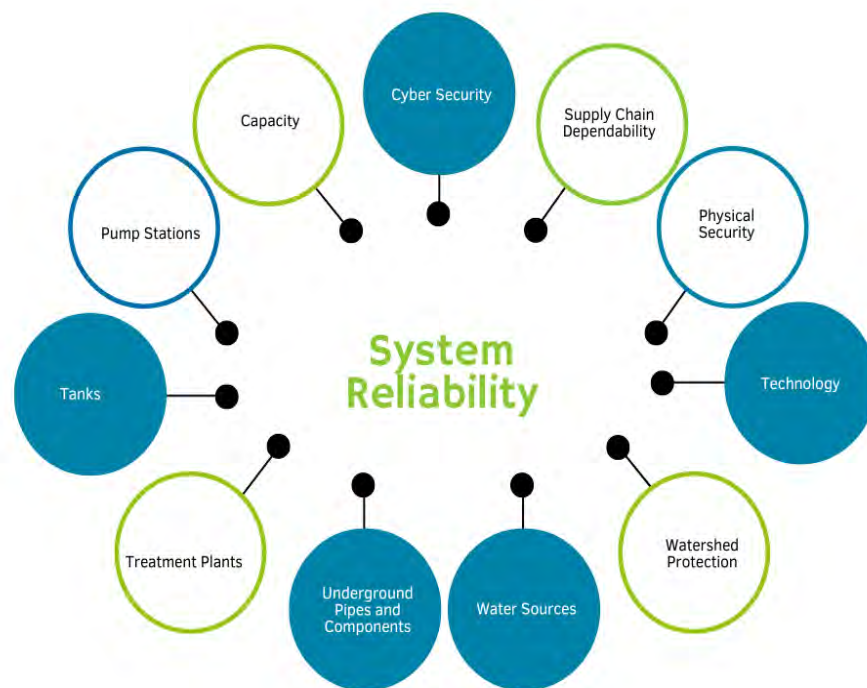
Numerous areas of focus have been identified as key areas to focus Utility resources in reaching this goal.

- Promote a diverse, equitable, and inclusive HIVIP culture
- Reward HIVIP actions, behaviors, and attitudes
- Maintain measurable and transparent recruitment and retention processes
- Align employee development with current and long-term labor needs
- Promote and incentivize a healthy workforce
- Manage the employee life cycle efficiently
- Compensate employees based on HIVIP performance rather than tenure
- Offer competitive salaries and benefits
- Measure and improve workforce productivity
- Create a sustainable workforce pipeline



System reliability is providing uninterrupted water services. CAW will have system reliability when its systems are resilient enough to fulfill CAW's mission in the midst of seen and unforeseen threats.

The following graphic shows the associated components.



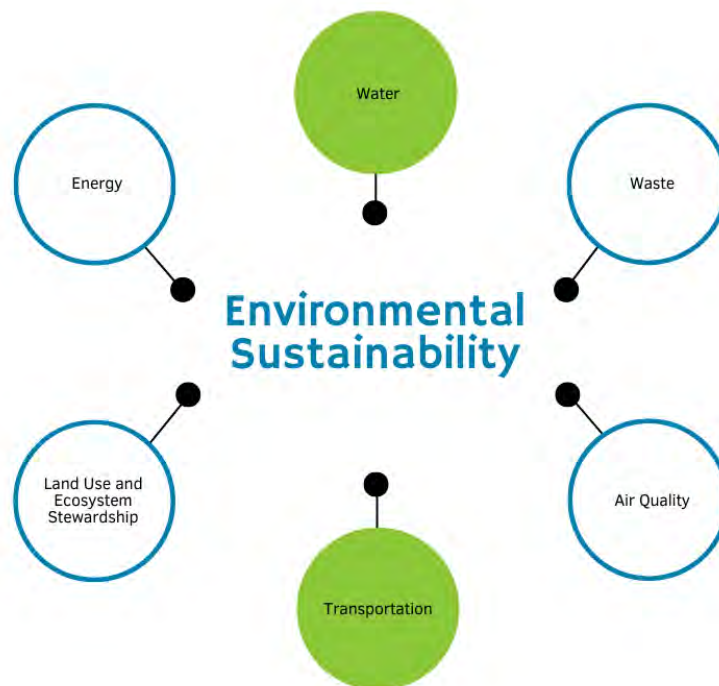
Numerous areas of focus have been identified as key areas to focus Utility resources in reaching this goal.

- Protect public health
- Operate critical systems well within regulatory and industry standards
- Maintain sufficient source water supply and system capacity to meet future demand
- Secure supply chain for all critical components
- Deploy and optimize technology with careful consideration of cost and benefits
- Maintain an effective asset management program
- Ensure systems are resilient to identified threats
- Protect source water quality
- Model innovation and efficiencies



Environmental sustainability is fulfilling CAW's mission without harm to the environment. CAW will be environmentally sustainable when CAW, its employees, its suppliers, and their suppliers produce net zero carbon emissions, and it produces less than 10% waste through operations.

The following graphic shows the associated components.



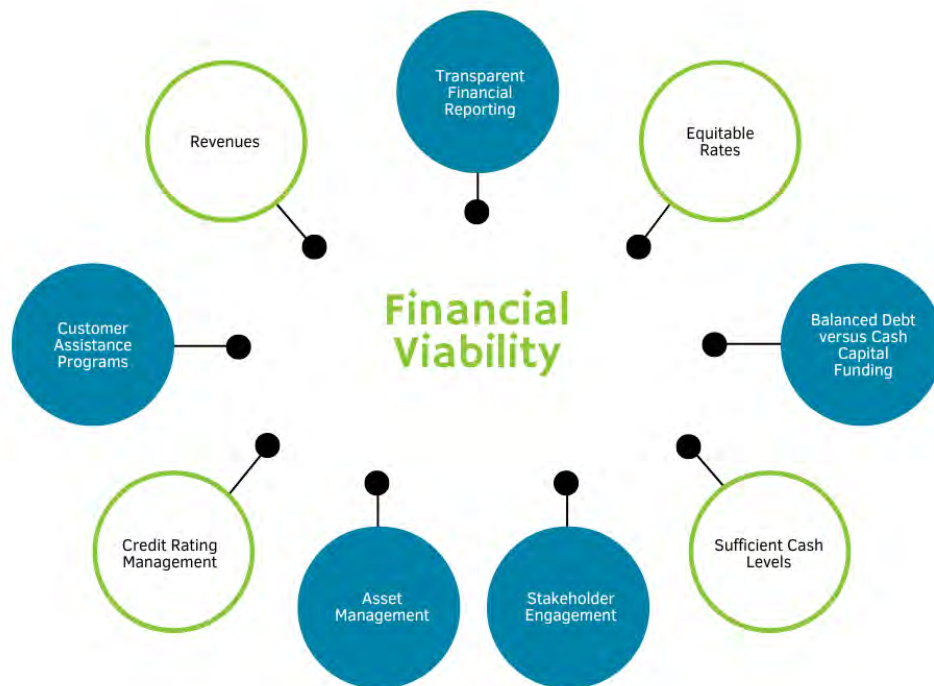
Numerous areas of focus have been identified as key areas to focus Utility resources in reaching this goal.

- Reach net zero carbon footprint
- Embed full life cycle environmental impact in all aspects of operations and purchasing
- Divert waste going to landfill
- Prepare for and resolve climate change risks



Financial viability is the ability to generate sufficient cash flow to meet operating needs, debt commitments, capital expansion and replacement requirements, and cash reserves adequate to meet expected standards and navigate economic uncertainties without overburdening current or future customers. CAW will be financially viable when revenues are sufficient to maintain its systems and operations in a sustainable manner.

The following graphic shows the associated components.



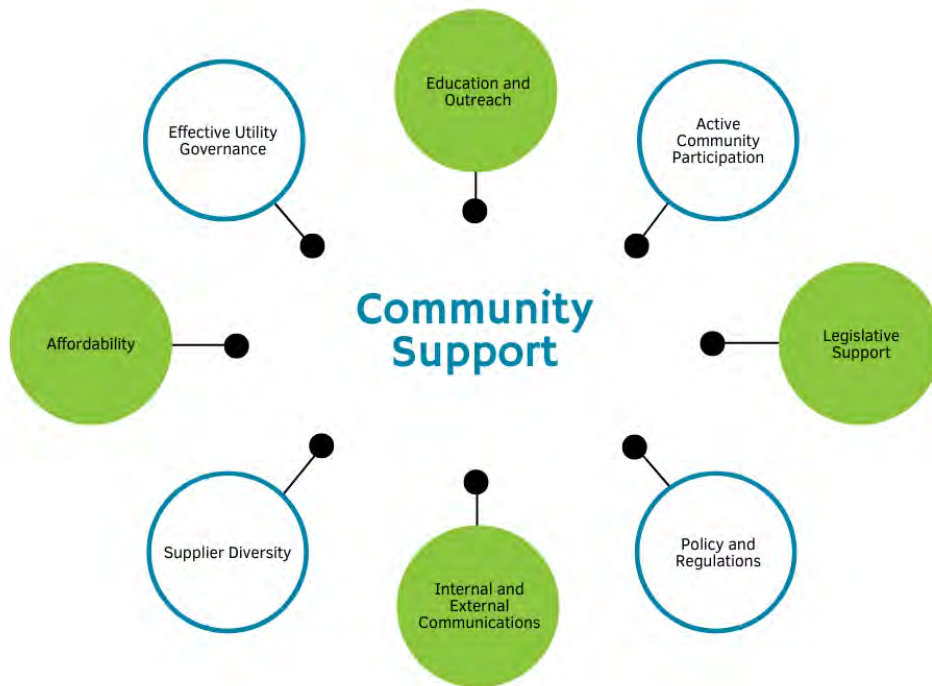
Numerous areas of focus have been identified as key areas to focus Utility resources in reaching this goal.

- Report financial information in a timely and effective manner to guide management decisions
- Maintain predictable rates that are affordable and meet current obligations without overburdening future customers
- Increase customer base
- Reduce reliance on rates to fund operations, maintenance, and replacement
- Maintain Moody's AA ratings or better
- Establish customer assistance program(s) with effective funding mechanisms



Community support is public understanding of and advocating for the value of water, water systems, services, and resources. CAW's stakeholders will support efforts by CAW to fulfill its mission, vision, and purpose when they understand the value of high-quality water services and the requirements to provide those services.

The following graphic shows the associated components.



Numerous areas of focus have been identified as key areas to focus Utility resources in reaching this goal.

- Operate in a community-centered manner
- Improve community awareness
- Meet evolving customer and community expectations
- Promote effective utility governance
- Use inclusive internal and external communication practices
- Solicit meaningful input from communities and stakeholders impacted by business decisions
- Partner with national, state, and local organizations to advance diversity, equity, and inclusion
- Collaborate closely with governmental stakeholders and regulatory agencies
- Model innovation and efficiencies

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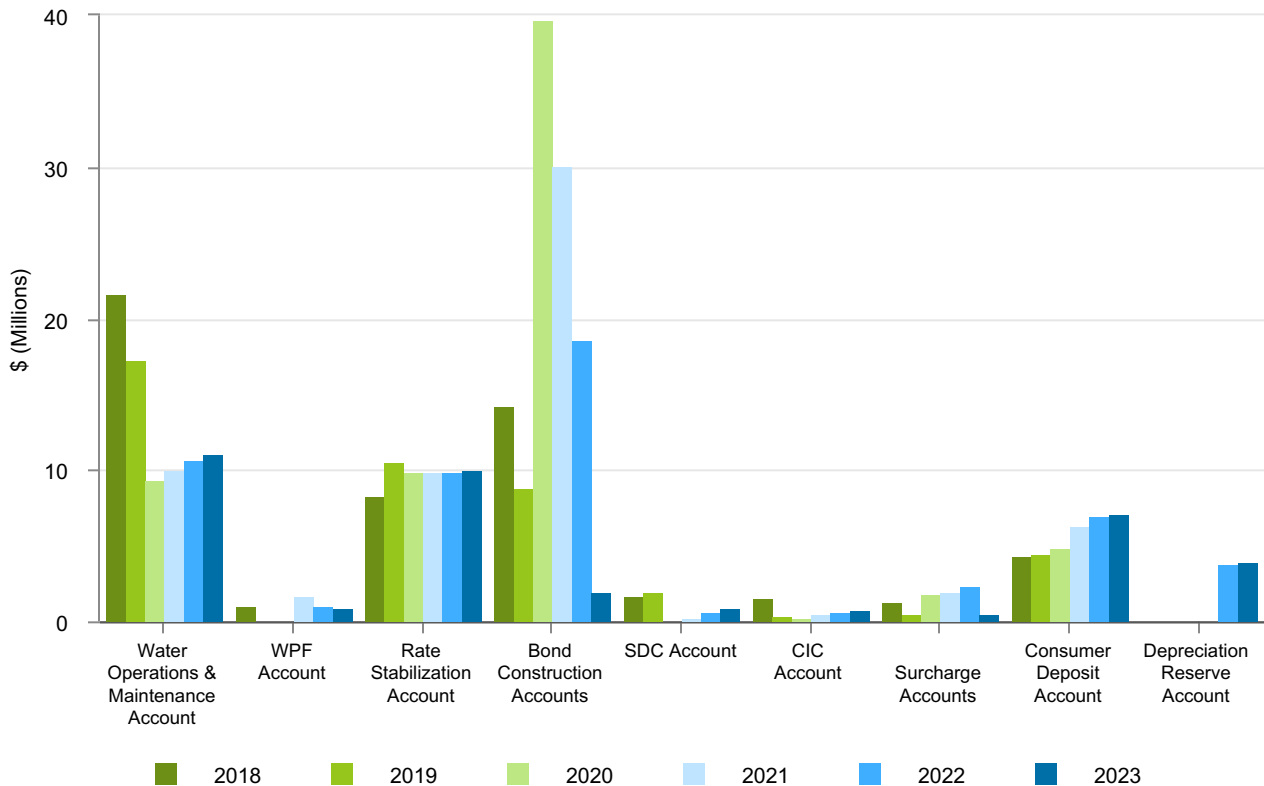


2 SOURCES & USES OF FUNDS

SOURCES AND USES OF FUNDS – OVERVIEW

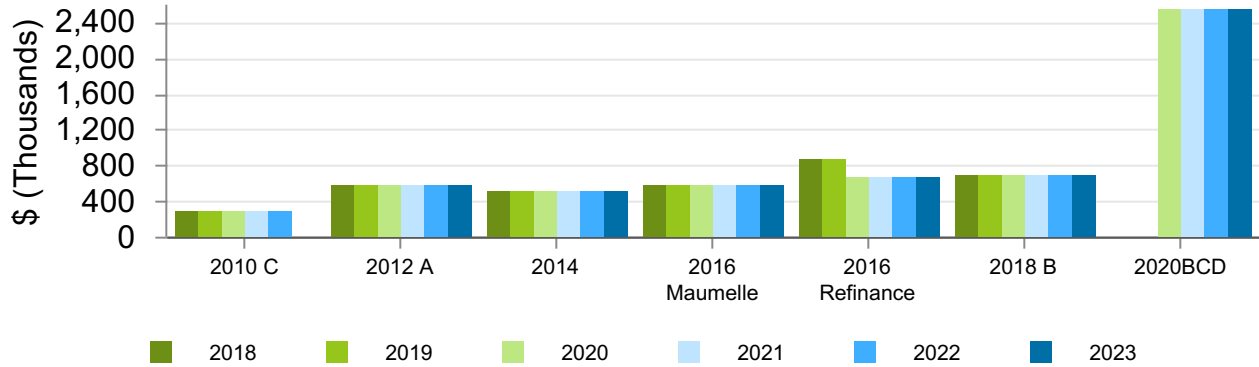
CAW anticipates a total of \$70,770,519 in both restricted and unrestricted funds to carry forward at December 31, 2022. Unrestricted water operations and maintenance funds amount to \$10,722,774 in addition to \$1,005,079 WPF funds, and \$9,926,675 rate stabilization funds. Bond construction accounts for the 2020B and 2020C Bonds total \$18,634,212. The restricted SDC account totals \$604,337; the CIC account totals \$607,186; the surcharge accounts amount to \$2,357,809; the restricted consumer deposits account equals \$7,054,289, and the restricted depreciation reserve equals \$3,886,146. The graph below shows the year-end balances for these accounts types for the past five years and the anticipated year-end 2023 balance.

Restricted and Unrestricted Funds



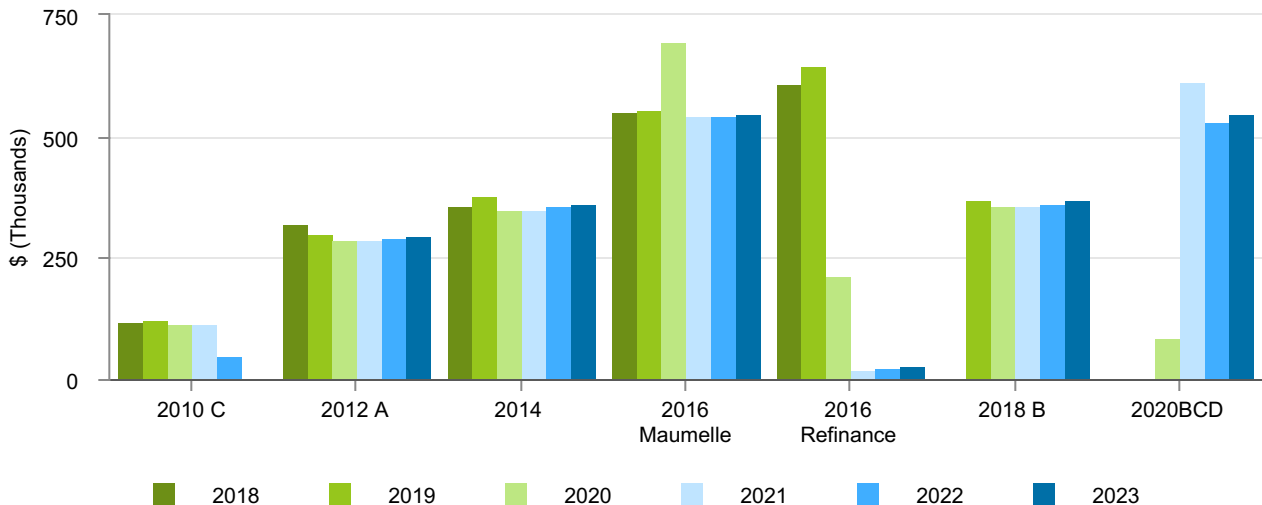
The bond trust indentures require CAW to maintain certain reserves during the life of the bond issues. The debt service reserve account covers the principal and interest for the final year of each bond issue. The debt service reserve account totals \$309,291 for the 2010C Bond issue; \$602,159 for the 2012A Bond issue; \$542,500 for the 2014 Bond issue; \$600,713 for the 2016 Maumelle Bond issue; \$698,700 for the 2016 Refinance Bond issue, \$717,894 for the 2018B Bond issue; and \$2,580,169 for the 2020BCD 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 2023.

Debt Service Reserve Account



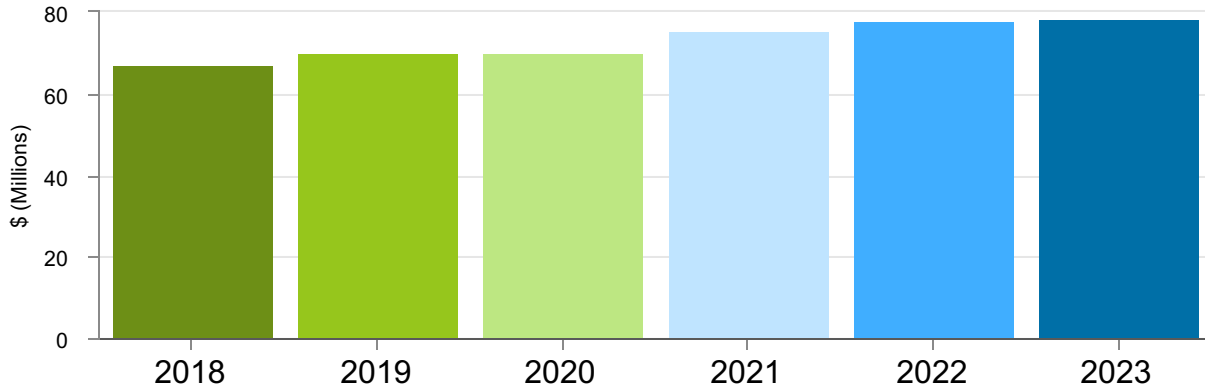
The Bond Account accumulates sufficient funds annually to pay the principal and interest on each bond issue. As of December 31, 2022, the account amounts to \$47,828 for the 2010C Bond issue; \$292,203 for the 2012A Bond issue; \$356,905 for the 2014 Bond issue; \$541,926 for the 2016 Maumelle Bond issue; \$23,670 for the 2016 Refinance Bond issue; \$363,698 for the 2018B Bond issue; and \$532,239 for the 2020BCD Bond issue. The graph below shows the year-end balances for these bond accounts for the past five years along with the anticipated 2023 year-end balance. The working capital reserve represents 45 days of operating expenses, and for 2022, that amount is \$7,762,117.

Bond Account



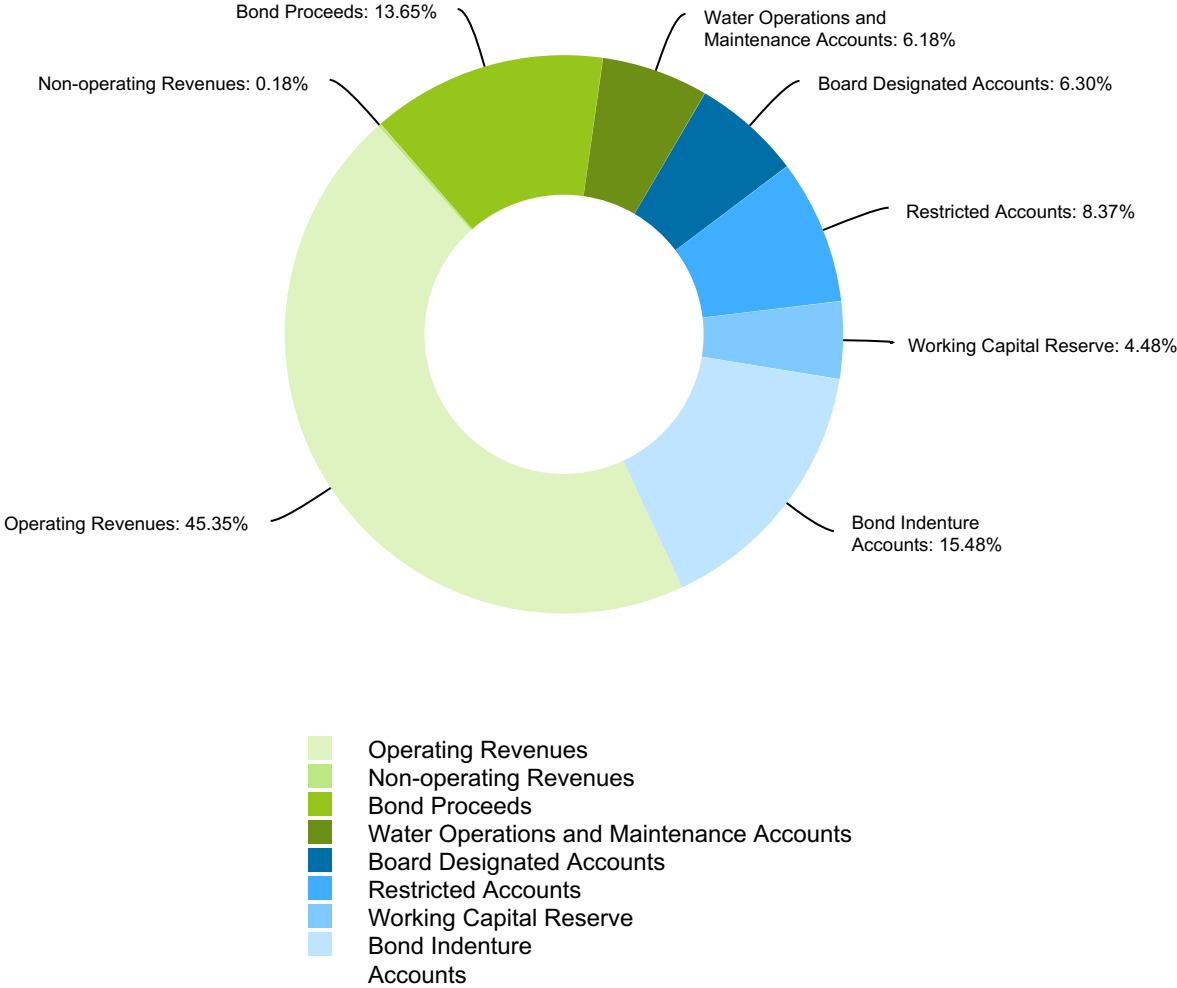
The carry-forward balances, along with anticipated operating revenues of \$78,636,293, non-operating revenues of \$315,396, ANRD bond proceeds of \$16,660,106, and taxable bond proceeds of \$7,000,000 will fund normal operations and the capital improvement plan.

Operating Revenues



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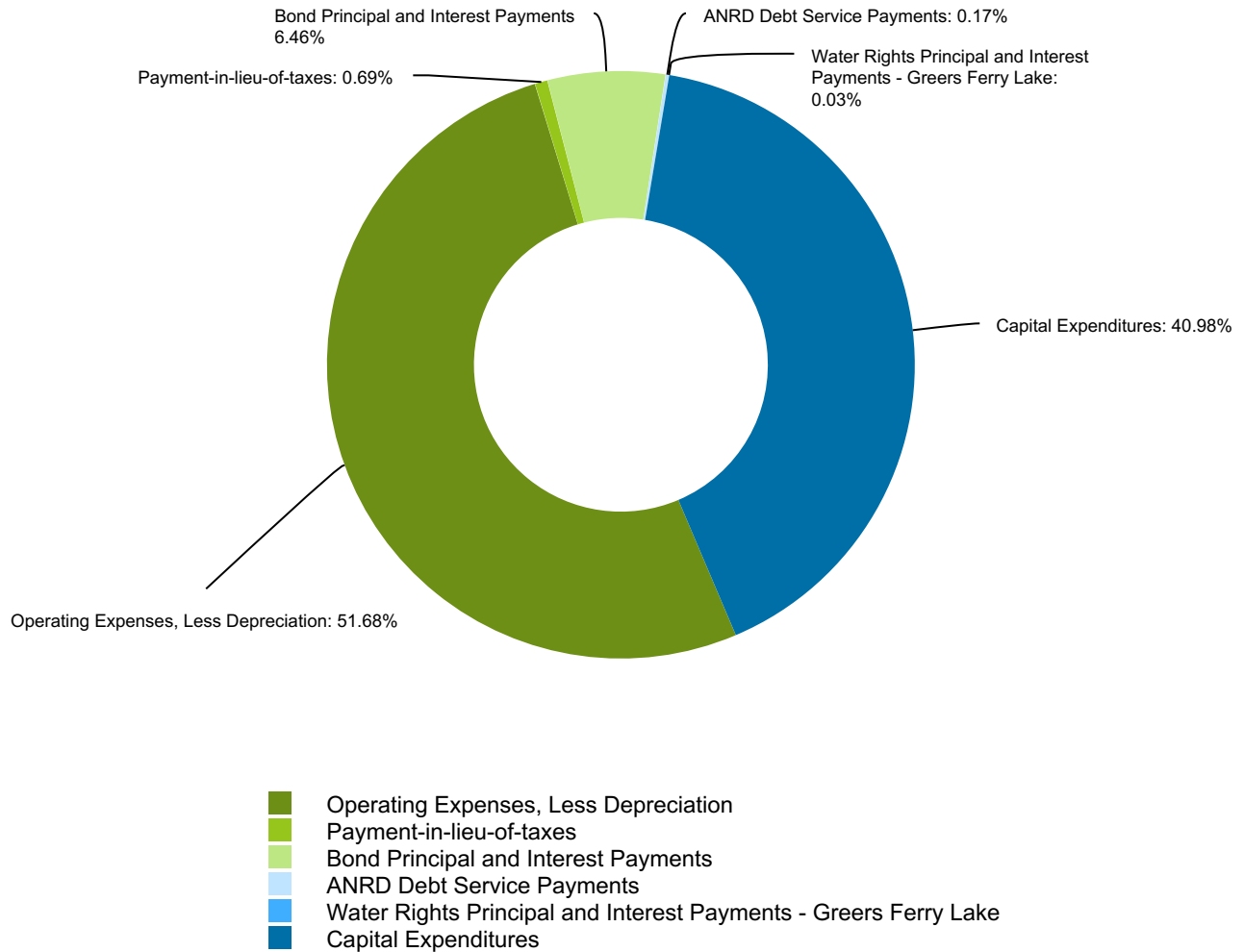
SOURCES OF FUNDS



Utility staff anticipate 45.4% 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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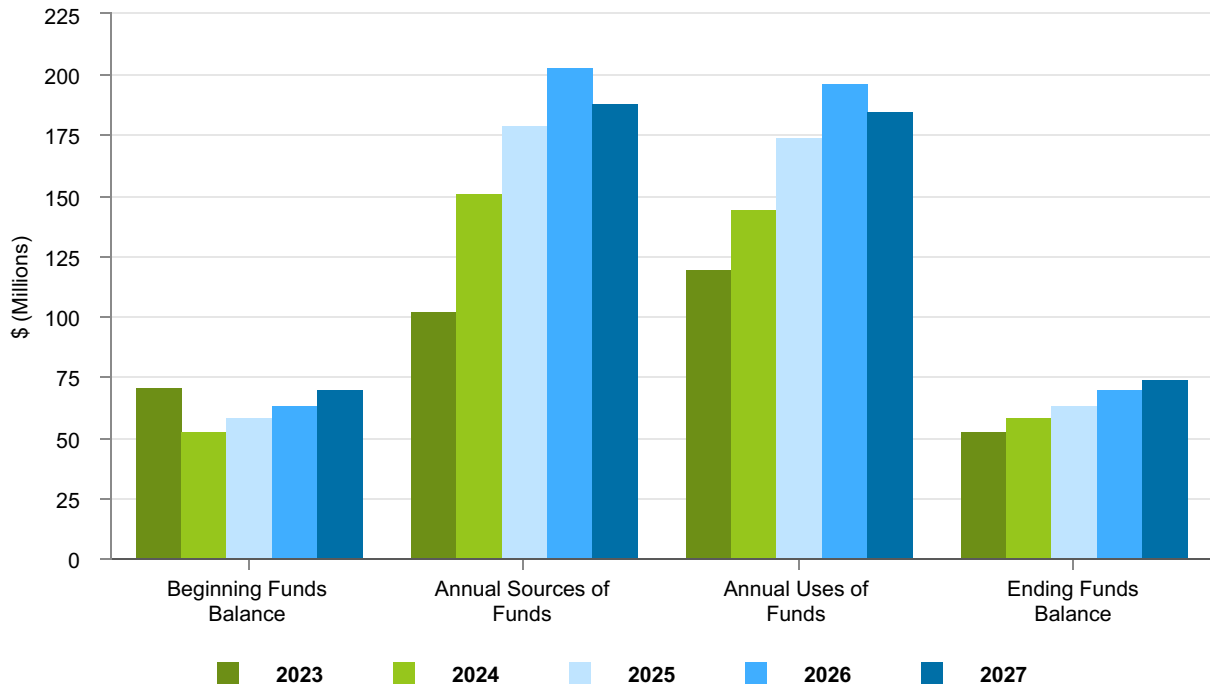
USES OF FUNDS



Operating expenses and Payments-in-lieu-of-taxes account for 52.4% of total uses of funds, while capital costs account for 41.0%, and long-term debt principal and interest payments add up to 6.7%. 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, \$53,157,853 will remain in both restricted and unrestricted funds at December 31, 2023.

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. The rate structure for January 2019 through June 2023 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 through June 2023. A proposed rate schedule will be presented to the Board of Commissioners for approval on December 15, 2022 and is anticipated to take effect July 1, 2023.

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STATEMENT OF SOURCES AND USES OF FUNDS

Sources of Funds:

Carry Forward, as of December 31, 2022

Unrestricted Accounts	
Revenue Account	\$ 10,722,774
Board Designated Accounts	
Watershed Protection Fee Account	1,005,079
Rate Stabilization Account	9,926,675
Restricted Accounts	
System Development Charge Account	604,337
Capital Investment Charge Account	607,186
Debt Surcharge Account	2,357,809
Consumer Deposit Account	7,054,289
Depreciation Reserve Account	3,886,146
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	698,700
Debt Service Reserve Account – 2018B	717,894
Debt Service Reserve Account – 2020BCD	2,580,169
Construction Account – 2020B	6,677,119
Construction Account – 2020C	11,957,093
Bond Account – 2010C	47,828
Bond Account – 2012A	292,203
Bond Account – 2014	356,905
Bond Account – 2016 Maumelle	541,926
Bond Account – 2016 Refinance	23,670
Bond Account – 2018B	363,698
Bond Account – 2020BCD	532,239
Working Capital Reserve	7,762,117
Total Carry Forward, as of December 31, 2022	70,770,519

2023 Sources of Funds

Operating Revenues	78,636,293
Non-operating Revenues	315,396
Bond Proceeds	23,660,106

Total 2023 Sources of Funds **102,611,795**

Total Sources of Funds **173,382,314**

2023 Uses of Funds:

Operating and Non-operating Expenses	
Operating Expenses, Less Depreciation	62,129,649
Payment-in-lieu-of-taxes	829,747
Bond Principal and Interest Payments	7,766,370
ANRD Debt Service Payments	198,881
Water Rights Principal and Interest Payments	33,389
Capital Costs	<u>49,266,425</u>

Total Uses of Funds **120,224,461**

Funds Available at December 31, 2023

Unrestricted Accounts	
Revenue Account	\$ 11,113,511
Board Designated Accounts	
Watershed Protection Fee Account	905,887
Rate Stabilization Account	9,978,821
Restricted Accounts	
System Development Charge Account	932,511
Capital Investment Charge Account	756,376
Debt Surcharge Account	467,168
Consumer Deposit Account	7,091,346
Depreciation Reserve Account	3,945,418
Bond Indenture Accounts	
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	698,700
Debt Service Reserve Account – 2018B	717,894
Debt Service Reserve Account – 2020BCD	2,580,169
Construction Account – 2020C	2,025,000
Bond Account – 2012A	296,675
Bond Account – 2014	361,402
Bond Account – 2016 Maumelle	547,639
Bond Account – 2016 Refinance	27,282

Bond Account – 2018B	369,106
Bond Account – 2020BCD	547,800
Working Capital Reserve	<u>8,049,776</u>
<i>Carry Forward, as of December 31, 2023</i>	<u>\$ 53,157,853</u>

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

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget
Beginning Funds Balance	\$ 70,770,519	\$ 53,157,853	\$ 59,010,322	\$ 64,042,691	\$ 70,495,327
Operating Revenues	78,636,293	92,809,162	100,558,293	107,832,395	116,388,805
Non-operating Revenues	315,396	963,987	1,100,294	1,200,143	1,328,388
Bond / Loan Proceeds	23,660,106	57,224,250	78,163,000	94,694,250	71,119,500
Annual Sources of Funds	<u>102,611,795</u>	<u>150,997,399</u>	<u>179,821,587</u>	<u>203,726,788</u>	<u>188,836,693</u>
Operating Expenses	62,129,649	64,446,288	67,738,580	70,184,449	73,001,794
Payment-in-lieu-of-taxes	829,747	846,342	863,269	880,534	898,145
Bond Principal and Interest	7,266,370	6,251,589	9,486,694	11,545,793	14,054,734
ANRD Debt Service	198,881	2,288,573	4,456,787	4,575,738	4,575,738
Additional Principal Payments	500,000	500,000	500,000	500,000	500,000
Water Rights - Greers Ferry Lake Payment	33,389	33,388	33,388	33,388	33,388
Capital Costs	49,266,425	70,778,750	91,710,500	109,554,250	91,979,500
Annual Uses of Funds	<u>120,224,461</u>	<u>145,144,930</u>	<u>174,789,218</u>	<u>197,274,152</u>	<u>185,043,299</u>
Increase (Decrease) in Funds Balance	(17,612,666)	5,852,469	5,032,369	6,452,636	3,793,394
Ending Funds Balance	<u>53,157,853</u>	<u>59,010,322</u>	<u>64,042,691</u>	<u>70,495,327</u>	<u>74,288,721</u>
Breakdown of Funds Balance					
Unrestricted	11,113,511	14,642,508	16,687,492	18,383,391	20,978,442
Board Designated					
Watershed Protection	905,887	1,276,049	1,635,482	2,188,000	2,760,260
Infrastructure Fee	—	900,052	879,956	953,042	1,927,499
Rate Stabilization	9,978,821	10,178,397	10,381,965	12,089,604	10,831,396
Restricted					
System Development Charges	932,511	1,276,162	1,626,685	1,984,218	2,348,903
Capital Investment Charges	756,376	917,503	1,081,853	1,249,491	1,420,480
Debt Surcharges	467,168	1,575,231	2,510,950	3,467,784	4,442,204
Customer Deposits	7,091,346	7,233,173	7,377,836	7,525,393	7,675,901
Depreciation Reserve	3,945,418	4,562,276	5,027,915	5,391,620	5,819,440
Bond Reserves	9,917,039	7,991,209	8,071,121	8,151,833	6,835,951
Working Capital	8,049,776	8,457,762	8,761,436	9,110,951	9,248,245
Ending Funds Balance	<u>\$ 53,157,853</u>	<u>\$ 59,010,322</u>	<u>\$ 64,042,691</u>	<u>\$ 70,495,327</u>	<u>\$ 74,288,721</u>

Note: Operating Revenues reflect rate increases included in the 2022 Rate Model; these increases have not yet been approved by the CAW Board of Commissioners.

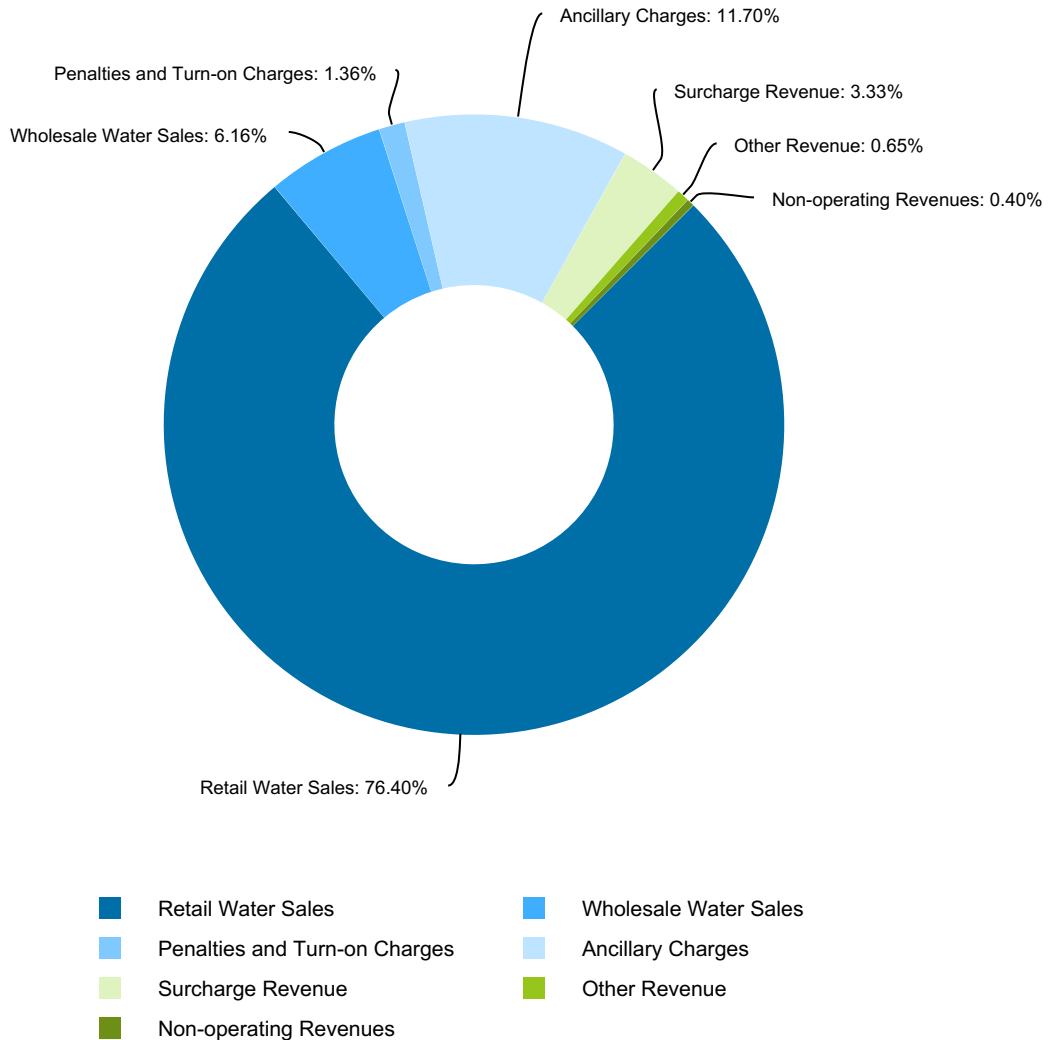


3 REVENUES, EXPENSES, & NET POSITION

REVENUES, EXPENSES, AND NET POSITION – OVERVIEW

REVENUES – OVERVIEW

In 2023, CAW is planning to receive 82.6% of its fiscal year revenue from metered sales (retail and wholesale water sales). The remaining revenues of 17.4% are penalties and turn-on charges, ancillary charges, surcharge revenue, other revenue, and non-operating revenues as depicted below:



Retail Water Sales

Retail water sales include four types of metered service: residential, commercial, 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; or (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or Federal governmental agency. 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 7.5% of total consumption based revenues in the 2023 budget.

Ancillary Charges

Ancillary charges include SDCs, CICs, WPFs, Infrastructure Fees, 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 irrigation 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 increased to 90 cents for households with a 5/8" meter.

Infrastructure Fees are based upon meter size and apply to all meters. The fee is restricted to finance the Wilson WTP improvements, Lake Maumelle improvements, and a new 60-inch diameter raw water pipeline.

Billing fees are assessed to CAW's 18 billing partners for all billing and customer service functions provided. Billing partners include water, waste water, refuse, and urban service 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.

Frazier Pike Surcharge Revenue consists of revenue generated by the transition surcharges charged to customers of the Frazier Pike service area as part of the consolidation agreement. These surcharges were established to fund needed improvements to the Frazier Pike 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.

Wye Mountain Surcharge Revenue consists of revenue generated by the transition surcharges charged to customers of the Wye Mountain service area as part of the consolidation agreement. These surcharges were established to fund needed improvements to the Wye Mountain 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.

Ridgefield Estates Surcharge Revenue consists of revenue generated by the transition surcharges charged to customers of the Ridgefield Estates service area as part of the consolidation agreement. These surcharges were established to fund needed improvements to the Ridgefield Estates 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, telecommunication tower leases, rent, and other miscellaneous items. Current renters include Fassler Hall, Westrock Landing, Grande Maumelle Sailing Club, and Opera in the Rock.

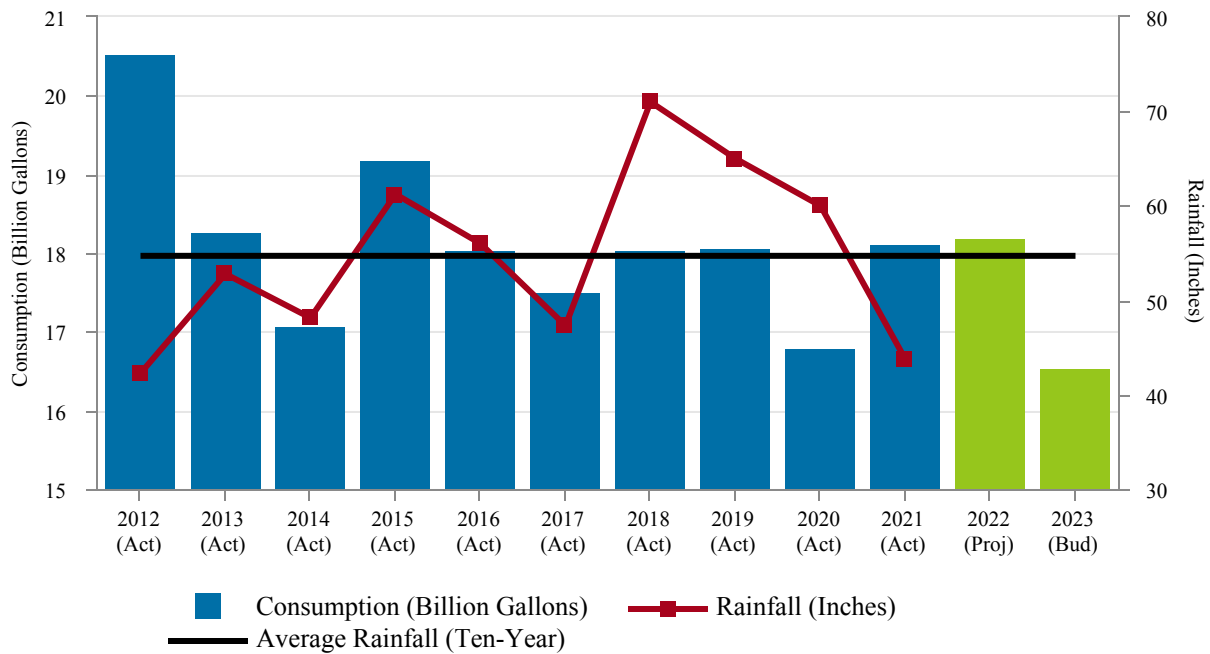
Water Demand

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 on the next page, the water consumption is shown for a 12-year period -- ten years of actual data, with the projected amount for 2022 and the budgeted amount for 2023.

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



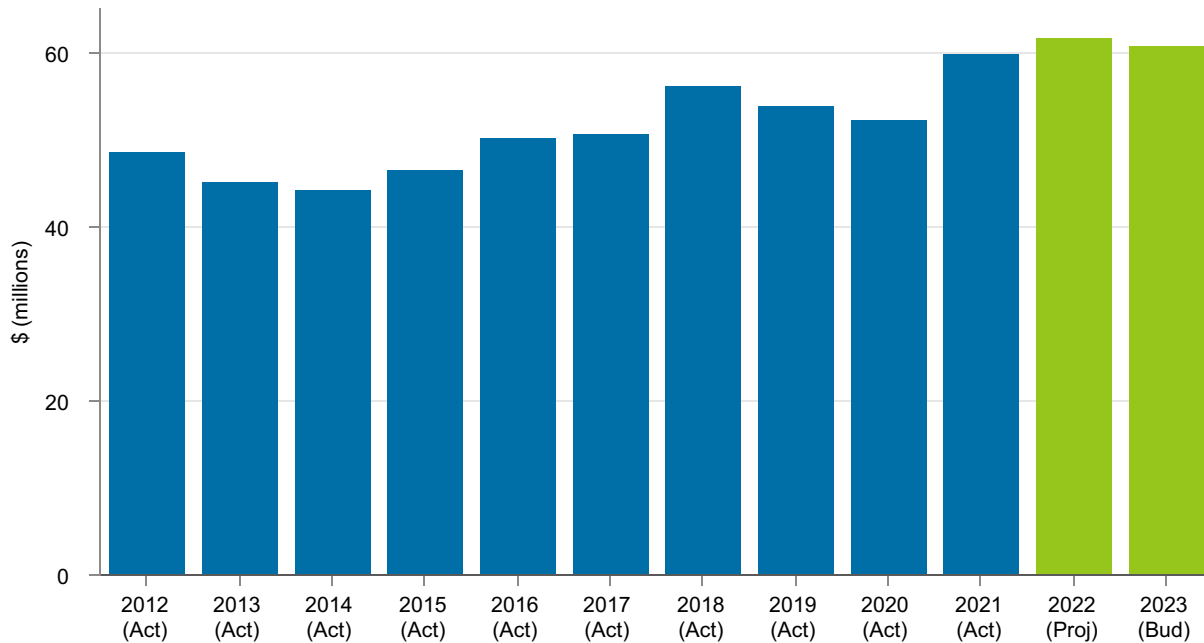
Developing accurate demand forecasts is one of the biggest challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered. Different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

For the development of the 2018 rate model, residential class usage was forecasted by splitting total residential usage 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 irrigation class usage. A blend of the two most recent calendar years actual usage was used to forecast commercial and large volume classes.

As the 2018 rate model aged, CAW monitored the actual usage in comparison to consumption budgeted as determined above. As a result of decreased consumption, the retail baseline was reset to 16.6 billion gallons in 2021.

With the creation of the 2022 rate model, CAW and the rate consultants leveraged assumptions made in the 2018 model. Retail and wholesale consumption remains flat in 2023 and is projected to remain flat through the five year period ending in 2027.

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 2022 and the budgeted amount for 2023, which are both shown in green. The 2023 budget is only slightly less than the 2022 projected consumption, which is 10.0% higher than 2022 budgeted consumption. A dry and warm year was the driver for the the additional consumption.

Water Rates and Fees

The CAW Board of Commissioners approved a rate schedule for January 2019 through June 2023 on December 20, 2018 with resolution 2018-13. The rate schedule through June 2023 has no retail or wholesale rate increases. The Commission will be requested to approve a new rate schedule on December 15, 2022 that is anticipated to go into effect July 1, 2023. Approved and proposed rates and fees for 2023 are presented on the following pages.

2023 rates are as follows:

Monthly Availability Charge
(for non-sprinkler usage)

METER SIZE (diameter)	RATES			
	AS OF JANUARY 1, 2023		EFFECTIVE JULY 1, 2023	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
5/8"	\$ 7.85	\$ 10.28	\$ 8.76	\$ 11.39
3/4"	10.14	13.28	11.51	14.96
1"	14.41	18.87	17.00	22.10
1 1/2"	24.37	31.90	30.72	39.94
2"	39.52	51.73	47.19	61.35
3"	73.07	95.64	99.34	129.14
4"	118.85	155.58	176.20	229.05
6"	235.08	307.72	360.10	468.12
8"	397.64	520.51	771.81	1,003.35
10"	572.49	749.38	1,156.08	1,502.90
12"	1,042.65	1,364.83	1,458.00	1,895.40

Monthly Availability Charge
(for sprinkler only usage)

METER SIZE (diameter)	RATES			
	AS OF JANUARY 1, 2023		EFFECTIVE JULY 1, 2023	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
5/8"	\$ 7.85	\$ 10.28	\$ 5.27	\$ 6.85
3/4"	10.14	13.28	7.90	10.28
1"	14.41	18.87	13.17	17.13
1 1/2"	24.37	31.90	26.35	34.25
2"	39.52	51.73	42.16	54.80
3"	73.07	95.64	92.22	119.88
4"	118.85	155.58	165.99	215.78
6"	235.08	307.72	342.51	445.27
8"	397.64	520.51	737.72	959.04
10"	572.49	749.38	1,106.58	1,438.55
12"	1,042.65	1,364.83	1,396.40	1,815.32

Additional Monthly Volumetric Charge
(\$ per 100 cubic feet (CF) through 6/30/2023)

CUSTOMER CLASS	RATES			
	AS OF JANUARY 1, 2023			
	1-33 CCF		>33 CCF	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
RESIDENTIAL	\$ 1.71	\$ 2.73	\$ 2.22	\$ 3.57
COMMERCIAL	1.60	2.56	1.60	2.56
LARGE VOLUME	1.30	2.09	1.30	2.09
SPRINKLER	1.71	2.73	2.22	3.57

Additional Monthly Volumetric Charge
(\$ per 100 CF beginning 7/1/2023)

CUSTOMER CLASS	RATES					
	EFFECTIVE JULY 1, 2023					
	1-5 CCF		6-15 CCF		>15 CCF	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE	INSIDE	OUTSIDE
RESIDENTIAL	\$ 1.69	\$ 2.70	\$ 2.20	\$ 3.52	\$ 2.70	\$ 4.32
COMMERCIAL	1.67	\$ 2.67	1.67	\$ 2.67	1.67	\$ 2.67
SPRINKLER	2.20	\$ 3.52	2.20	\$ 3.52	2.70	\$ 4.32

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Monthly Watershed Protection Fee

METER SIZE (diameter)	AS OF JANUARY 1, 2023
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

	AS OF JANUARY 1, 2023
Billing Fee	\$1.92
Paperless Billing Discount	(0.50)
Auto Pay Discount	(0.20)

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Private Fire Service Charges

	RATES			
	AS OF JANUARY 1, 2023		EFFECTIVE JULY 1, 2023	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
FIRE HYDRANTS	\$ 79.51	\$ 115.02	\$ 88.26	\$ 127.68
FIRE CONNECTION - MIN CHARGE	92.20	133.38	102.35	148.06
AUTOMATIC SPRINKLER SYSTEM - MIN CHARGE (1,000 HEADS)	92.20	133.38	102.35	148.06
ADDITIONAL HEADS, EACH	0.09	0.15	0.10	0.17
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	18.03	26.10	20.02	28.98
1 1/2" DIAMETER, EACH	28.07	40.59	31.16	45.06
2" DIAMETER, EACH	46.12	66.69	51.20	74.03
2 1/2" DIAMETER, EACH	92.20	133.38	102.35	148.06

Wholesale Additional Monthly Volumetric Charge

Resolution 2018-13 also established a wholesale rate schedule for 2019-2023. The approved 2023 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
	AS OF JANUARY 1, 2023
	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
	AS OF JANUARY 1, 2023
	\$ 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. This 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 seventh wholesale customer executed an amended wholesale agreement with this contract structure in 2022. These 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 on the next pages.

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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%

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	
	AS OF JANUARY 1, 2023	EFFECTIVE JULY 1, 2023
	\$ PER 100 CF	\$ PER 100 CF
Raw Water Customer	\$0.66	\$0.73

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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 based on meter size 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.

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

The CAW-POWA Consolidation Agreement provides for the collection of debt surcharges on each meter within the POWA service area. The surcharge is \$11.00 and is consistent across all meter sizes. 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.

The CAW-Frazier Pike Consolidation Agreement provides for the collection of debt surcharges on each meter within the Frazier Pike service area. The surcharge is \$28.15 and is consistent across all meter sizes. 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.

The CAW-Wye Mountain Consolidation Agreement provides for the collection of debt surcharges on each meter within the Wye Mountain service area. The surcharge is \$32.00 and is consistent across all meter sizes. 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.

The CAW-Ridgefield Estates Consolidation Agreement provides for the collection of debt surcharges on each meter within the Ridgefield Estates service area. The surcharge is \$146.00 and is consistent across all meter sizes. 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.

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.

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EXPENSES - OVERVIEW

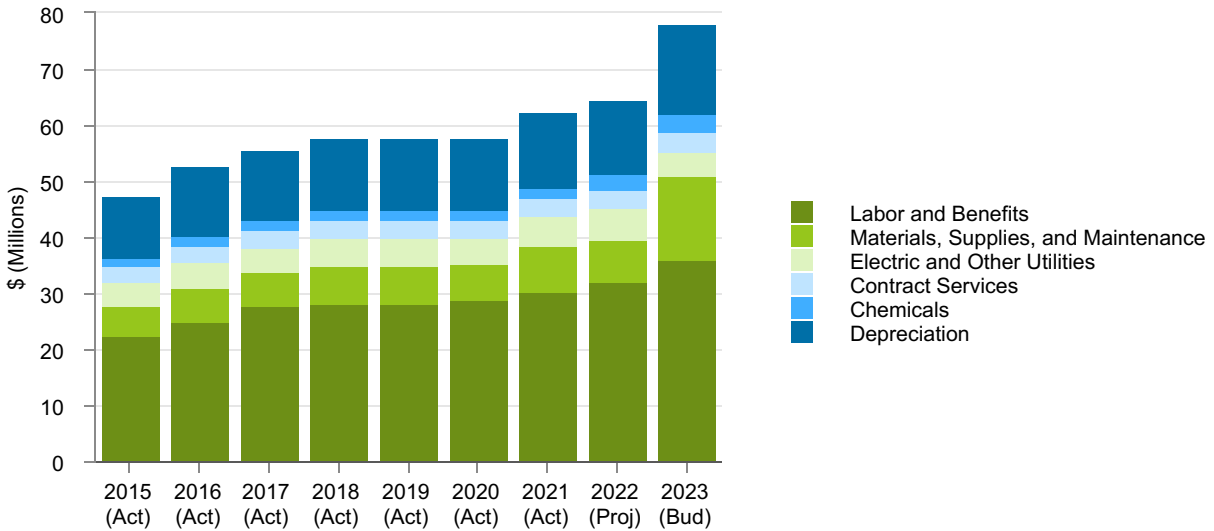
Operating Expenses

Depreciation is a major component of operating expenses and amounts to \$16.2 million, or 20.6%, of total operating expenses for 2023. Projections indicate that total depreciation in 2022 will be under budgeted amounts by 2.0%. 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 359 budgeted positions for 2023, which is an increase of 11 positions in comparison to 2022 positions. As of September 1, 2022, 327 positions were staffed. Historically, the Utility's turnover rate is low, and staffing levels remain consistent from year to year. However, for 2022, CAW's turnover rate was slightly higher at 10.4% year to date through September. 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 9% for exempt and non-exempt employees. Total wage and benefit costs associated with this increase amount to \$2,441,286. Premiums for the traditional Preferred Provider Organization (PPO) plan are increasing 5%. However, a high deductible health plan (HDHP) plan, offered since 2020, and a separate retiree plan are assisting CAW to defray rising insurance costs. Department directors proposed a 35.8% overall increase in operating expenses (excluding depreciation, transition costs, wages, and benefits) from the 2022 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, 2023.

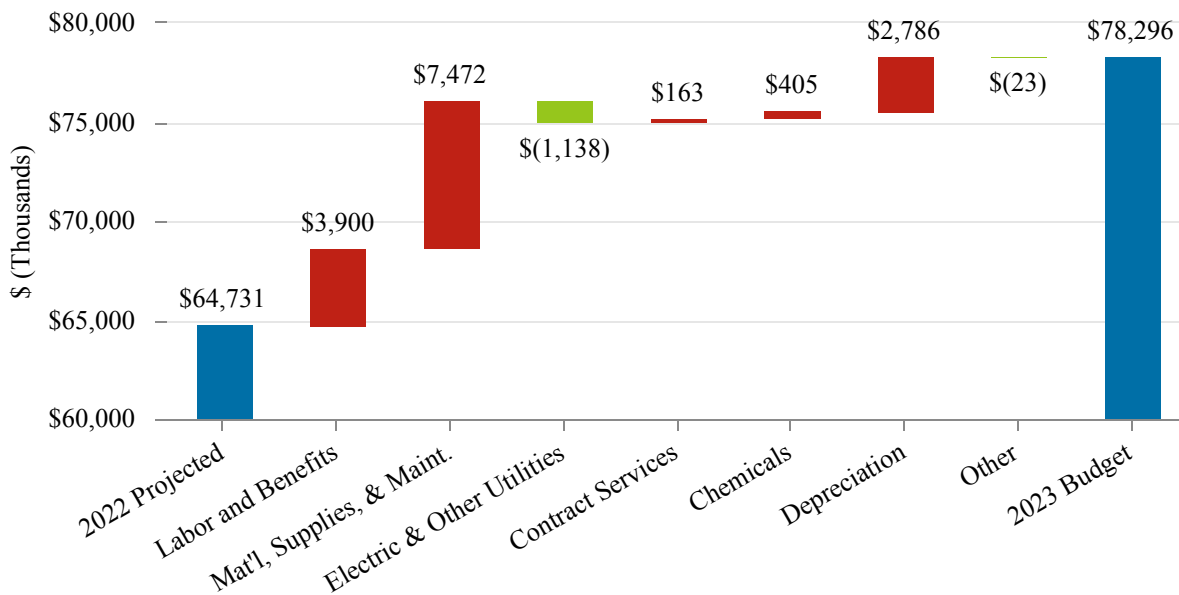
The following graph presents total actual Operating Expenses by Natural Classification for the years 2015 through 2021. Projected numbers are shown for 2022 while budgeted numbers are shown for 2023. Labor and benefits account for the majority of operating expenses with 46.0% for the 2023 budgeted amount. The Utility-wide wage adjustment in connection with the anticipated insurance cost increase accounts for the budgeted increase in labor and benefits costs.

Operating Expenses by Natural Classification



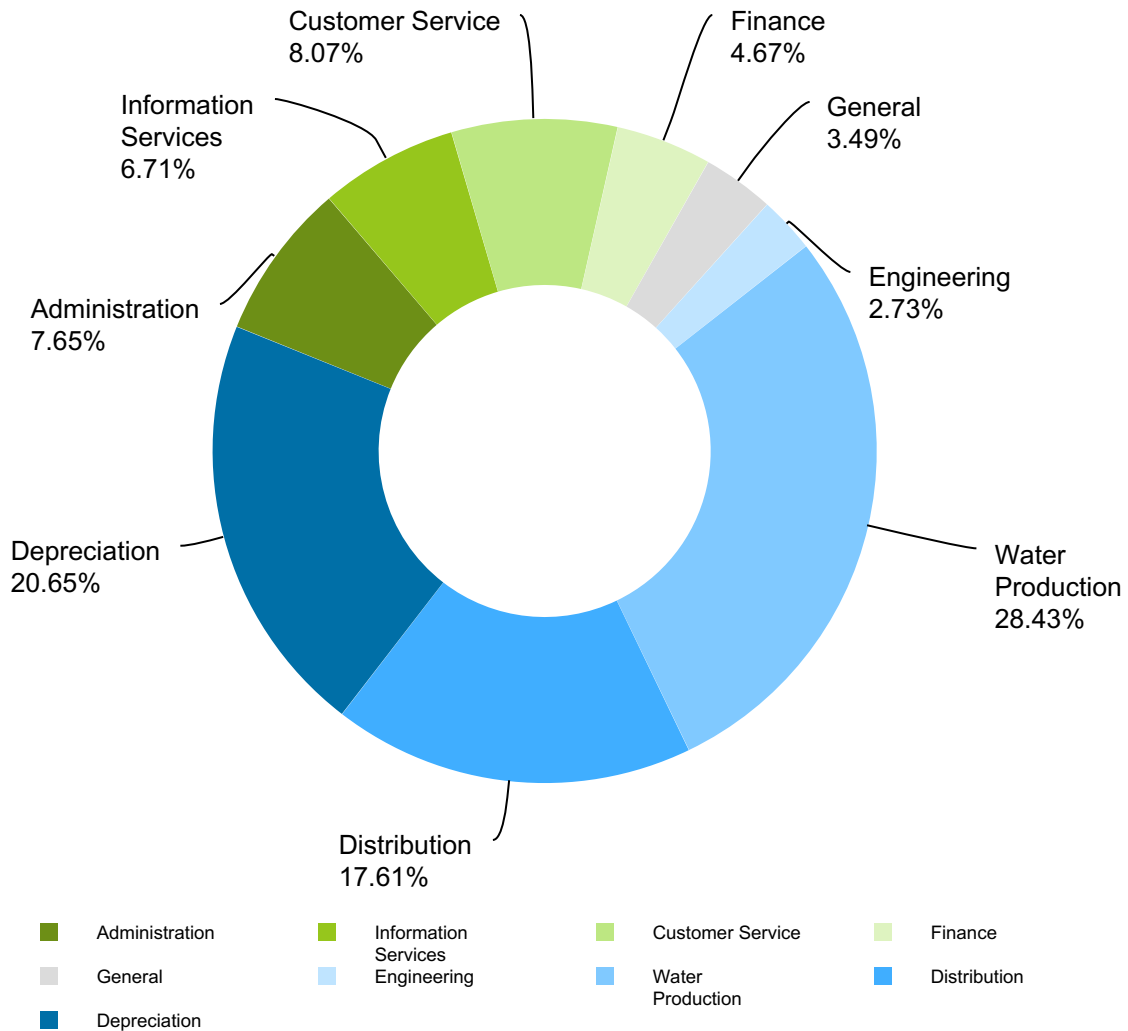
The following graph presents budgeted Operating Expenses by Natural Classification for 2022 Projected and 2023 Budget (blue bars) with specific Natural Classification areas driving changes in expenses between the two periods. Green bars indicate decreases in expenses, while red bars indicate increases in expenses.

Change by Natural Classification - 2022 Projected to 2023 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 \$597,000 or 11.1% budget increase from the 2022 projection. This increase is due in part to the company-wide wage adjustment. Additionally, there is one new position budgeted in the Sustainability & Facilities Management section. Administration includes Commissioners' expenses, Executive Staff, HR, Legal, Public Affairs and Communications, Environmental Health & Safety (EHS), Watershed Protection, and Sustainability & Facilities Management.

HR includes funds for employee assistance/wellness programs and amounts for recruitment and succession planning/leadership development programs. Public Affairs & 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 Sustainability & Facilities Management section is tasked with maintaining the Utility's multiple facilities and grounds while implementing new methods to improve CAW's environmental and economic impact.

The Information Services (IS) department budget for 2023 reflects an increase of \$1,091,000 or 26.2% from 2022 projected amounts. The total increase is due to increased software maintenance costs, vacant positions in 2022, and four additional positions in 2022. The total number of departmental employees increases to 26, with four vacancies as of September 1, 2022. The IS department oversees information services, computer operations, and telecommunications.

The Customer Service department reflects an increase in the 2023 budget of \$611,000 or 10.7% compared to the 2022 projection. The primary cause for the increase is the company-wide wage adjustment. The total number of employees in the Customer Service department increases to 75 for 2023. The Customer Service Department provides customers with information, resolves problems, and reads water meters.

The Finance department is projecting a \$636,000 increase or 21.1% from the 2022 projected amounts. This increase is primarily due to two unfilled positions for the majority of 2022. 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 at 23 in 2023, with one vacant position at September 1, 2022. The Finance department is responsible for accounting, finance, budgeting, billing, and purchasing.

The General category budget reflects a \$499,000 or 15.5% decrease from 2022 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 \$332,500 or 18.4% increase from the previous year's projections. The primary cause for the increase is the company-wide wage adjustment. In 2023, the amount budgeted for capitalized labor is \$561,000, which will be reflected as capital charges rather than operating expense. This is

consistent with the budgeted capitalized labor for 2022. Engineering is responsible for planning, design, and construction inspection of improvements within the CAW system.

Water Production's operating budget is increasing by \$6,648,000 or 42.6% compared to the 2022 projections. This increase is driven anticipated increases in chemical costs related to the mitigation of hydrilla within Lake Maumelle. Variable costs such as chemical treatment, wastewater disposal, and power are driven by increases or decreases in water consumption. Water Production is responsible for obtaining untreated water from source sites and treating prior to distribution to customers.

Distribution, is showing a budget increase of \$1,361,000 or 11.0% from 2022 projected amounts. As of September 1, 2022, the department maintained a total of 114 employees with nine vacancies, net of the transition of Field Representatives to Customer Service. The increase in projected costs is driven by the anticipation of these vacancies plus four additional positions being filled during 2023. Distribution forecasts that approximately \$1.68 million in payroll costs will be capitalized in 2023. This is consistent with 2022 budgeted capitalized labor. This department provides dispatch and maintains water mains, other distribution system components, meters, and all warehouses.

Depreciation reflects an increase of \$2,786,000 or 20.8%. 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 2023 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 2023 budget will result in a Net Position decrease of approximately \$616,000, or approximately \$3,116,000 before contributions.

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

	2021	2022	2022	2023	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2022	2022
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 55,808,991	\$ 57,959,585	\$ 55,208,820	\$ 60,315,460	4.06 %	9.25 %
Wholesale Water Sales	5,155,867	5,135,503	4,826,600	4,862,000	(5.33)%	0.73 %
Penalties and Turn-on Charges	1,673,041	1,730,983	2,216,700	1,076,500	(37.81)%	(51.44)%
Ancillary Charges	9,632,193	9,753,164	8,951,057	9,237,697	(5.29)%	3.20 %
Debt Surcharge Revenue	2,331,135	2,415,549	2,584,116	2,631,535	8.94 %	1.84 %
Other Revenue	338,067	808,835	506,489	513,101	(36.56)%	1.31 %
Total Operating Revenues	74,939,294	77,803,619	74,293,782	78,636,293	1.07 %	5.85 %
Operating Expenses						
Labor and Benefits	30,506,012	32,137,330	32,244,840	36,037,369	12.14 %	11.76 %
Materials, Supplies, and Maintenance	7,971,493	7,673,073	7,374,986	15,144,587	97.37 %	105.35 %
Electric and Other Utilities	5,330,353	5,479,029	4,322,752	4,340,890	(20.77)%	0.42 %
Contract Services	3,274,467	3,391,002	3,148,956	3,553,639	4.80 %	12.85 %
Chemicals	1,893,596	2,637,136	2,542,225	3,042,367	15.37 %	19.67 %
Transition Costs	51,782	—	—	—	— %	— %
Depreciation	13,458,540	13,379,658	13,656,783	16,165,448	20.82 %	18.37 %
Other	63,182	33,738	24,500	10,800	(67.99)%	(55.92)%
Total Operating Expenses	62,549,425	64,730,966	63,315,042	78,295,100	20.95 %	23.66 %
Operating Income (Loss)	12,389,869	13,072,653	10,978,740	341,193	(97.39)%	(96.89)%
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(795,408)	(822,036)	(822,036)	(829,747)	0.94 %	0.94 %
Investment Income	46,774	470,303	22,727	315,396	(32.94)%	1,287.76 %
Gain/Loss on Sale of Assets	281,258	41,503	—	—	(100.00)%	— %
Bond Interest Expense	(3,287,474)	(2,679,816)	(2,640,484)	(2,496,987)	(6.82)%	(5.43)%
Bond Interest Expense - Maumelle	(542,638)	(458,820)	(489,770)	(429,803)	(6.32)%	(12.24)%
Interest Expense - Other	(92,859)	(33,537)	(80,522)	(16,116)	(51.95)%	(79.99)%
Total Non-operating Revenue (Expense)	(4,390,347)	(3,482,403)	(4,010,085)	(3,457,257)	(0.72)%	(13.79)%
Net Income (Loss) Before Contributions	7,999,522	9,590,250	6,968,655	(3,116,064)	(132.49)%	(144.72)%
Contributions						
Capital Contributions from Grantors	—	6,000	—	—	(100.00)%	— %
Contributions-in-aid of Construction	3,845,608	2,712,298	2,500,000	2,500,000	(7.83)%	— %
Total Contributions	3,845,608	2,718,298	2,500,000	2,500,000	(8.03)%	— %
Change in Net Position	\$ 11,845,130	\$ 12,308,548	\$ 9,468,655	\$ (616,064)	(105.01)%	(106.51)%

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

	2021	2022	2022	2023	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2022	2022
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 55,808,991	\$ 57,959,585	\$ 55,208,820	\$ 60,315,460	4.06 %	9.25 %
Wholesale Water Sales	5,155,867	5,135,503	4,826,600	4,862,000	(5.33)%	0.73 %
Penalties and Turn-on Charges	1,673,041	1,730,983	2,216,700	1,076,500	(37.81)%	(51.44)%
Ancillary Charges	9,632,193	9,753,164	8,951,057	9,237,697	(5.29)%	3.20 %
Maumelle Surcharge Revenue	2,331,135	2,415,549	2,584,116	2,631,535	8.94 %	1.84 %
Other Revenue	338,067	808,835	506,489	513,101	(36.56)%	1.31 %
Total Operating Revenues	74,939,294	77,803,619	74,293,782	78,636,293	1.07 %	5.85 %
Operating Expenses						
Administration	5,266,404	5,395,156	5,553,662	5,992,157	11.07 %	7.90 %
Information Services	4,142,847	4,159,171	4,617,479	5,250,176	26.23 %	13.70 %
Customer Service	5,227,002	5,705,096	5,478,754	6,315,785	10.70 %	15.28 %
Finance	2,996,147	3,018,187	3,201,880	3,654,558	21.08 %	14.14 %
General	2,608,495	3,231,220	2,537,865	2,732,092	(15.45)%	7.65 %
Engineering	1,780,953	1,805,694	1,936,730	2,138,168	18.41 %	10.40 %
Water Production	14,037,750	15,607,947	14,267,040	22,256,417	42.60 %	56.00 %
Distribution	13,031,287	12,428,837	12,064,849	13,790,299	10.95 %	14.30 %
Depreciation	13,458,540	13,379,658	13,656,783	16,165,448	20.82 %	18.37 %
Total Operating Expenses	62,549,425	64,730,966	63,315,042	78,295,100	20.95 %	23.66 %
Operating Income (Loss)	12,389,869	13,072,653	10,978,740	341,193	(97.39)%	(96.89)%
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(795,408)	(822,036)	(822,036)	(829,747)	0.94 %	0.94 %
Investment Income	46,774	470,303	22,727	315,396	(32.94)%	1,287.76 %
Gain/Loss on Sale of Assets	281,258	41,503	—	—	(100.00)%	— %
Bond Interest Expense	(3,287,474)	(2,679,816)	(2,640,484)	(2,496,987)	(6.82)%	(5.43)%
Bond Interest Expense - Maumelle	(542,638)	(458,820)	(489,770)	(429,803)	(6.32)%	(12.24)%
Interest Expense-Other	(92,859)	(33,537)	(80,522)	(16,116)	(51.95)%	(79.99)%
Total Non-operating Revenue (Expense)	(4,390,347)	(3,482,403)	(4,010,085)	(3,457,257)	(0.72)%	(13.79)%
Net Income (Loss) Before Contributions	7,999,522	9,590,250	6,968,655	(3,116,064)	(132.49)%	(144.72)%
Contributions						
Capital Contributions from Grantors	—	6,000	—	—	(100.00)%	— %
Contributions-in-aid of Construction	3,845,608	2,712,298	2,500,000	2,500,000	(7.83)%	— %
Total Contributions	3,845,608	2,718,298	2,500,000	2,500,000	(8.03)%	— %
Change in Net Position	\$ 11,845,130	\$ 12,308,548	\$ 9,468,655	\$ (616,064)	(105.01)%	(106.51)%

STATEMENT OF REVENUES

	INSIDE	OUTSIDE	TOTAL
Operating Revenues			
Retail Water Sales – Little Rock			
Residential	\$ 14,013,329	\$ 2,856,344	\$ 16,869,673
Commercial	10,246,352	562,788	10,809,140
Sprinkler	9,683,934	263,212	9,947,146
Raw Water	27,905	55,810	83,715
Private Fire Service	755,937	47,992	803,929
Total Little Rock	34,727,457	3,786,146	38,513,603
Retail Water Sales – North Little Rock			
Residential	4,979,295	5,942,563	10,921,858
Commercial	3,249,498	1,060,566	4,310,064
Sprinkler	1,501,072	718,691	2,219,763
Private Fire Service	173,261	38,254	211,515
Total North Little Rock	9,903,126	7,760,074	17,663,200
Retail Water Sales – Maumelle			
Residential		2,456,027	2,456,027
Commercial		796,157	796,157
Sprinkler		840,699	840,699
Private Fire Service		45,774	45,774
Total Maumelle		4,138,657	4,138,657
Total Retail Water Sales	44,630,583	15,684,877	60,315,460
Wholesale Water Sales			
Bryant Water and Sewer Department		1,250,000	1,250,000
Shannon Hills		164,000	164,000
Sardis Water Association		127,000	127,000
Saline County Water and Sewer Public Facilities Board (Woodland Hills)		41,000	41,000
Salem Water Users Association		1,260,000	1,260,000
Jacksonville Water Works		1,698,000	1,698,000
Mid Arkansas Utilities		87,000	87,000
Cabot Water Works		235,000	235,000
Total Wholesale Water Sales		4,862,000	4,862,000
Penalties and Turn-on Charges			
Penalties		1,000,500	1,000,500
Turn-on Charges		76,000	76,000
Total Penalties and Turn-on Charges		1,076,500	1,076,500
Ancillary Charges			
Billing and Ancillary Fees		5,650,227	5,650,227
Connection Fees		850,000	850,000
Watershed Protection Fees		2,266,470	2,266,470
Capital Investment Charges		146,000	146,000
System Development Charges		325,000	325,000
Total Ancillary Charges		9,237,697	9,237,697

	INSIDE	OUTSIDE	TOTAL
<i>Debt Surcharge Revenue</i>			
Maumelle Surcharge Revenue		2,297,000	2,297,000
Frazier Pike Surcharge Revenue		22,295	22,295
Wye Mountain Surcharge Revenue		224,640	224,640
Ridgefield Estates Surcharge Revenue		87,600	87,600
<i>Total Debt Surcharge Revenues</i>		<u>2,631,535</u>	<u>2,631,535</u>
<i>Other Revenue</i>		<u>513,101</u>	<u>513,101</u>
<i>Total Operating Revenues</i>	<u>44,630,583</u>	<u>34,005,710</u>	<u>78,636,293</u>
<i>Non-operating Revenues</i>			
Interest Income		190,000	190,000
Bond Issue Interest Income		125,396	125,396
<i>Total Non-operating Revenues</i>		<u>315,396</u>	<u>315,396</u>
<i>Total Operating and Non-operating Revenues</i>	<u>\$44,630,583</u>	<u>\$34,321,106</u>	<u>\$78,951,689</u>

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

	Materials							Departmental Other	Total
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation			
Administration									
Executive Staff	\$ 1,586,658	\$ 187,565	\$ 2,400	\$ 336,960	\$ —	\$ —	\$ —	\$ 2,113,583	
Human Resources	588,888	4,646	—	117,479	—	—	—	711,013	
Public Affairs and Communications	662,100	202,750	960	80,750	—	—	10,800	957,360	
Environmental Health and Safety	371,717	118,400	1,440	168,737	—	—	—	660,294	
Water Quality	—	—	—	—	—	—	—	—	
Watershed Management	607,923	82,200	6,000	341,433	—	—	—	1,037,556	
Commissioners Expense	—	1,200	—	10,650	—	—	—	11,850	
Sustainability & Facilities Management	466,201	28,600	—	5,700	—	—	—	500,501	
Total Administration	4,283,487	625,361	10,800	1,061,709	—	—	10,800	5,992,157	
Information Services									
Administration	1,801,134	1,399,008	650,159	122,296	—	—	—	3,972,597	
Geographic Information System	1,036,584	197,354	—	43,641	—	—	—	1,277,579	
Total Information Systems	2,837,718	1,596,362	650,159	165,937	—	—	—	5,250,176	
Customer Service									
Administration	552,914	40,824	1,440	69,931	—	—	—	665,109	
Cashiering	290,725	—	—	—	—	—	—	290,725	
Call Center	2,195,913	—	—	—	—	—	—	2,195,913	
Walk-in	79,417	—	—	—	—	—	—	79,417	
Field	1,721,343	12,000	—	—	—	—	—	1,733,343	
Meter Reading	760,501	—	—	—	—	—	—	760,501	
Production Meter Reading	590,777	—	—	—	—	—	—	590,777	
Total Customer Service	6,191,590	52,824	1,440	69,931	—	—	—	6,315,785	
Finance									
Administration	1,490,174	92,905	—	433,946	—	—	—	2,017,025	
Billing	581,727	697,050	—	2,200	—	—	—	1,280,977	
Purchasing	348,859	970	480	6,247	—	—	—	356,556	
Total Finance	2,420,760	790,925	480	442,393	—	—	—	3,654,558	
General and Depreciation	1,807,057	198,264	125,000	601,771	—	16,165,448	—	18,897,540	
Engineering									
Administration	1,714,452	59,220	5,760	21,102	—	—	—	1,800,534	
New Service	—	—	—	—	—	—	—	—	
Cross-Connection Control	327,530	6,384	1,440	2,280	—	—	—	337,634	
Total Engineering	2,041,982	65,604	7,200	23,382	—	—	—	2,138,168	
Water Production									
Administration	389,705	2,273	1,440	3,114	—	—	—	396,532	
Lake Maumelle	631,049	39,914	1,250,000	7,010	52,783	—	—	1,980,756	
Lake Winona	90,962	8,350	7,965	331	—	—	—	107,608	
Ozark Point Plant	349,855	92,600	206,500	500	709,102	—	—	1,358,557	
Wilson Plant	2,684,065	176,735	1,536,180	40,480	2,280,482	—	—	6,717,942	
Plant Maintenance – Ozark/ Wilson	1,120,107	440,916	—	2,650	—	—	—	1,563,673	
Booster Stations/ Jackson Reservoir	729,818	98,286	490,426	—	—	—	—	1,318,530	
Compliance	667,903	7,099,735	—	407,610	—	—	—	8,175,248	
Laboratory	357,451	225,820	—	54,300	—	—	—	637,571	
Total Water Production	7,020,915	8,184,629	3,492,511	515,995	3,042,367	—	—	22,256,417	

	Materials						Departmental	
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other	Total
Distribution								
Administration	650,549	238,150	53,300	668,901	—	—	—	1,610,900
Meters, Warehouse, and Dispatch	1,502,916	2,568	—	1,020	—	—	—	1,506,504
Distribution System Maintenance	7,280,395	3,389,900	—	2,600	—	—	—	10,672,895
Distribution Field Service	—	—	—	—	—	—	—	—
Total Distribution	9,433,860	3,630,618	53,300	672,521	—	—	—	13,790,299
Total	\$36,037,369	\$ 15,144,587	\$ 4,340,890	\$3,553,639	\$ 3,042,367	\$ 16,165,448	\$ 10,800	\$ 78,295,100

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STATEMENT OF NET POSITION

Beginning Net Position, 1/1/2022	\$ 390,369,029
Operating Revenues, 2022	77,803,619
Operating Expenses, 2022	(64,730,966)
Other Expense, 2022	(3,482,403)
Contributions, 2022	2,718,298
Change in Net Position, 2022	<u>12,308,548</u>
Ending Net Position, 12/31/2022	<u><u>402,677,577</u></u>
Beginning Net Position, 1/1/2023	402,677,577
Operating Revenues, 2023	78,636,293
Operating Expenses, 2023	(78,295,100)
Other Expense, 2023	(3,457,257)
Contributions, 2023	2,500,000
Change in Net Position, 2023	<u>(616,064)</u>
Ending Net Position, 12/31/2023	<u><u>\$ 402,061,513</u></u>

Ending Net Position is based on 2022 projected numbers and 2023 budgeted numbers.

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BUDGETED POSITIONS

Central Arkansas Water budgets employee positions on an annual basis. Total budgeted positions will increase in the 2023 budget. A total of 359 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 HR, Public Affairs & Communications, Environmental Health & Safety, Watershed Protection, and Sustainability & Facilities Management as well as the CEO and his staff. Administration is budgeted with 35 positions in 2023. As of September 1, 2022 there were seven vacancies in this department. There was an overall increase in the department of one position, a Heating, Ventilation, and Air Conditioning (HVAC) Tech.

Information Services

The budgeted IS staff increases by four from the 2022 budget to a total of 26 employees. Staff will work with one new Business Analyst who will come on board in 2023 to assist with the new ERP Project. Other new positions include two IS staff members, an Assistant Director of Information Services and a Cyber Security Analyst, as well as one Geographic Information System (GIS) staff, an Asset Management Analyst. The IS budgeted positions include a Director, 16 IS support staff, a GIS Manager, and eight GIS staff. Actual department employment is 18, with four vacant positions as of September 1, 2022.

Customer Service

The 2023 budgeted positions for Customer Service increases by 21 from the 2022 budget with 75 budgeted positions. The position increase is primarily due to the transfer of the Field Representatives from the Distribution department to Customer Service. The department consists of employees in the Administration, Cashiers, Call Center, Field, Meter Reading - Truck, and Meter Reading - Production sections. Customer Service underwent a major restructuring in 2022 and a Director of Customer Service was hired to plan the unit's growth and development. A Lead Meter Reader position was created to assist with administrative duties and training. Other added positions include an additional Lead Customer Service Representative (CSR) and an additional Customer Service Specialist.

Finance

Finance positions remain the same from 2022 to 2023 with a total of 23 employees. The 2023 Finance budgeted positions include 14 Accounting staff, three Purchasing staff, and six Billing staff. Finance employs one part-time CAW retiree.

Engineering

The Engineering department 2023 budget decreases by two from the 2022 budget. The department includes 18 Engineering staff and four Cross Connection staff. The reason for the decrease was transferring New Service section to the Distribution department. The Administrative Assistant position is filled by a CAW retiree who works on a part-time basis.

Water Production

The budgeted positions for Water Production has a total of 60 employees for the 2023 budget year, same as the 2022 budget. Water Production staff includes the Director of Water Production, Administrative personnel, and staff in the following sections: Compliance, Treatment Plants, Maintenance, Laboratory, and Water Source.

Distribution

Total staffing in Distribution department is 118 for the 2023 budget, which is significantly less than 2022. This large decrease in positions is due to the transfer of the Field Representatives to the Customer Service department and offset by moving New Service from Engineering to Distribution. The Distribution department includes a Director, an Assistant Director, Administrative Staff, as well as staff in the Meters, Warehouse, Dispatch: and Distribution System Maintenance sections. Water Distribution Specialists, ranging from level I to level III, account for the greatest number of positions with 59.

Change in Budgeted Positions by Year					
	2019	2020	2021	2022	2023
Administration	+9	—	+4	(2)	+1
Information Services	—	+1	+1	+2	+4
Customer Service	—	—	—	+1	+21
Finance	(2)	—	—	+1	—
Engineering	+2	(1)	—	(1)	(2)
Water Production	+1	(1)	—	(5)	—
Distribution	(2)	+1	+2	+4	(15)

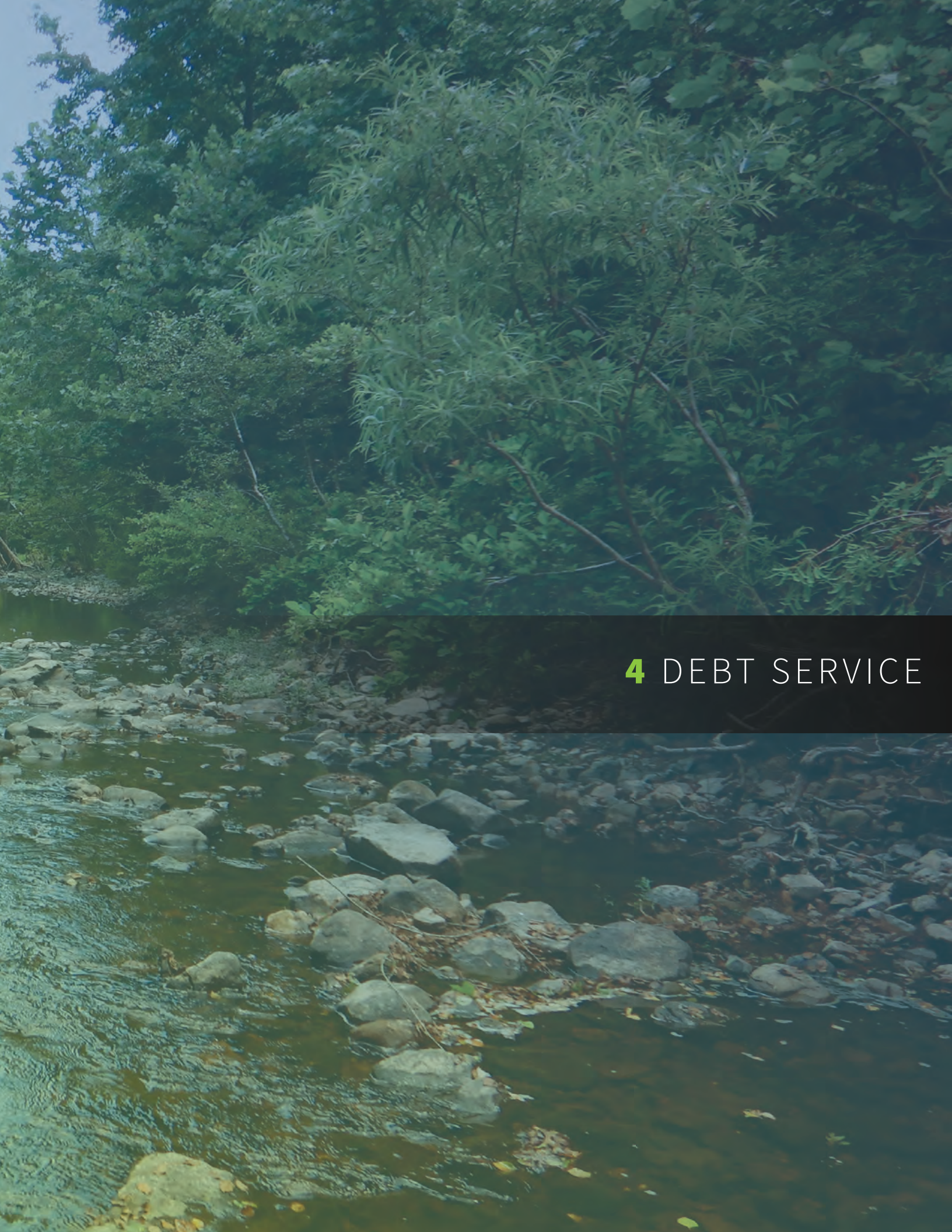
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SUMMARY OF BUDGETED POSITIONS

	2019	2020	2021	2022	9/1/2022	2023
	Budget	Budget	Actual	Budget	Actual	Budget
Administration						
Management	8	9	9	10	7	9
Human Resources	4	4	3	4	4	6
Public Affairs & Communications	4	4	4	4	4	4
Environmental Health & Safety	5	5	3	4	3	4
Water Resources	1	1	1	1	—	—
Watershed Protection	4	4	7	6	5	6
Special Projects	6	5	—	—	—	—
Sustainability & Facilities Management	—	—	4	5	4	6
Total	32	32	31	34	27	35
Information Services						
Administration	11	12	11	14	11	17
GIS	7	7	6	8	7	9
Total	18	19	17	22	18	26
Customer Service						
Administration	1	1	2	2	2	2
Cashiers	6	6	5	6	3	5
Call Center	19	19	20	21	29	27
Walk-in	4	4	2	2	—	—
Field	—	—	—	—	18	17
Meter Reading - Truck	9	9	9	9	11	10
Meter Reading - Production	14	14	13	14	10	14
Total	53	53	51	54	73	75
Finance						
Administration	13	13	12	14	13	14
Billing	6	6	6	6	6	6
Purchasing	3	3	3	3	3	3
Total	22	22	21	23	22	23
Engineering						
Administration	18	18	17	17	18	18
New Service	3	3	4	4	—	—
Cross Connection	4	4	3	3	2	4
Regionalism	1	—	—	—	—	—
Total	26	25	24	24	20	22
Water Production						
Administration	3	3	3	3	3	3
Lake Maumelle	4	4	6	7	5	7
Lake Winona	2	2	3	3	1	3
Ozark Point WTP	6	5	7	8	4	5
Wilson WTP	24	24	19	15	23	17
Plant Maintenance - Ozark/Wilson	10	10	8	8	7	8
Pump Station Maintenance	8	9	8	8	10	8
Compliance	4	4	4	5	6	6
Laboratory	4	4	3	3	3	3
Total	65	65	61	60	62	60

	2019	2020	2021	2022	9/1/2022	2023
	Budget	Budget	Actual	Budget	Actual	Budget
Distribution						
Administration	4	4	4	4	4	4
Meters, Warehouse, Dispatch	14	14	15	15	15	17
Distribution System Maintenance	92	92	91	97	86	97
Field Representatives	17	17	17	17	—	—
Total	127	127	127	133	105	118
Total All Departments	343	343	332	350	327	359

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4 DEBT SERVICE

DEBT SERVICE – OVERVIEW

All of CAW's outstanding Revenue Bonds, other than the 2016 Maumelle Acquisition and Construction Bonds, 2020A Water Revenue Bond (POWA Project), 2021A Water Revenue Bond (Frazier Pike Project), the 2021B Water Revenue Bond (Wye Mountain), and the 2022A Water Revenue Bond (Ridgefield Estates Project), 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 a snapshot of outstanding bonds as of September 30, 2022.

Issue	Maturity Date	Original Amount	Outstanding Balance (Sept 30, 2022)
2010A	October 2032	\$ 13,400,000	\$ 7,696,000
2010C	October 2030	8,830,000	620,000
2011A	April 2034	4,000,000	2,700,000
2012A	October 2032	17,515,000	10,790,000
2014	October 2034	10,850,000	3,825,000
2016 - Refinance	October 2027	17,860,000	4,025,000
2016 - MWM	April 2046	22,750,000	14,860,000
2017 - Wilson	April 2041	4,991,000	4,491,000
2018B	October 2038	20,000,000	20,000,000
2019 - Ozark	April 2043	37,000,000	35,528,000
2020A - POWA	October 2042	6,050,000	4,167,000
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
2021A - Frazier Pike	December 2033	200,000	187,000
2021B - Wye Mountain	October 2032	1,384,000	1,324,000
2022A - Ridgefield	April 2053	1,757,000	454,000
2022B - Wilson Pump Station 1A	April 2045	4,000,000	75,000
TOTAL		\$ 222,472,000	\$ 162,627,000

In May 2021, CAW and ANRD agreed to modify the terms of five outstanding agreements due to the COVID-19 pandemic. In these agreements, three years of principal payments beginning with the October 15, 2021 principal payment were deferred to begin October 15, 2024. In addition to the deferred principal, the interest rate and servicing fee was lowered to 0% from April 15, 2021 to April 14, 2024. The results of these agreement modifications are increased cash flow capabilities for the three-year period and extensions of the maturity date by three years.

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 \$14.9 million outstanding principal on this bond issuance.

The 2020A POWA bond issue is payable from debt surcharges applied to all customers in the former POWA service area and net POWA revenues. The surcharges will remain in place until sufficient funds have been collected to repay the \$6.1 million principal on this bond issuance.

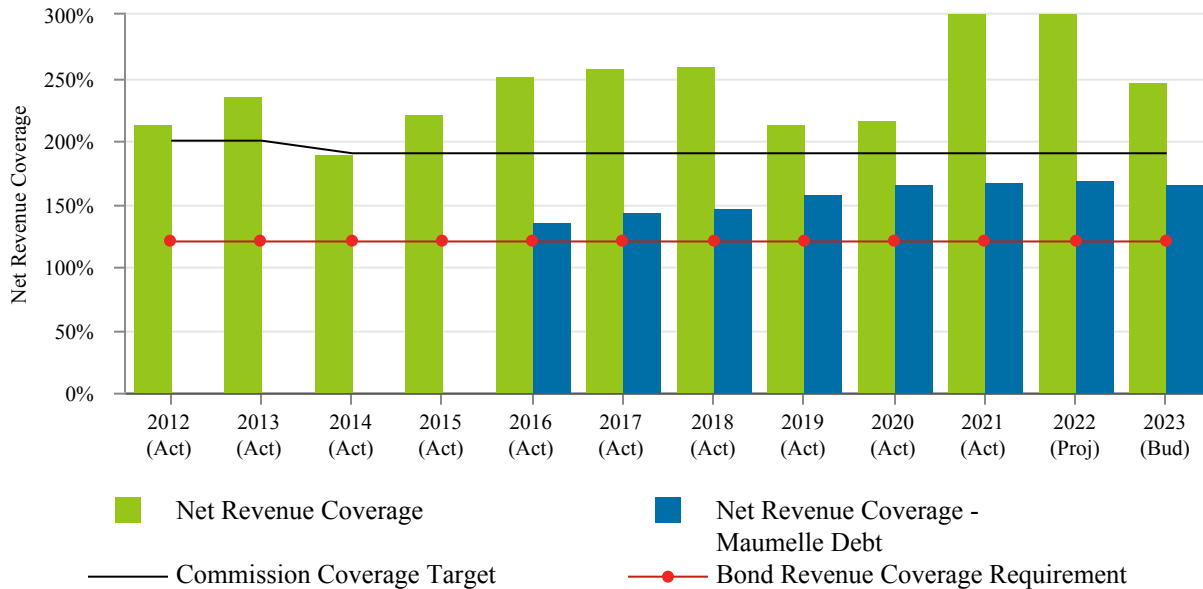
The 2021A Frazier Pike bond issue, which closed in September 2021, is payable from debt surcharges applied to all customers in the Frazier Pike service area. These charges will remain in place until sufficient funds have been collected to repay the \$187,000 outstanding principal on this bond issuance.

The 2021B Wye Mountain bond issue, which closed in October 2021, is payable from debt surcharges applied to all customers in the Wye Mountain service area. These charges will remain in place until sufficient funds have been collected to repay the \$1.3 million outstanding principal on this bond issuance.

The 2022A Ridgefield Estates bond issue, which closed in April 2022, is payable from debt surcharges applied to all customers in the Ridgefield Estates service area. These charges will remain in place until sufficient funds have been collected to repay the \$1.8 million principal on this bond issuance.

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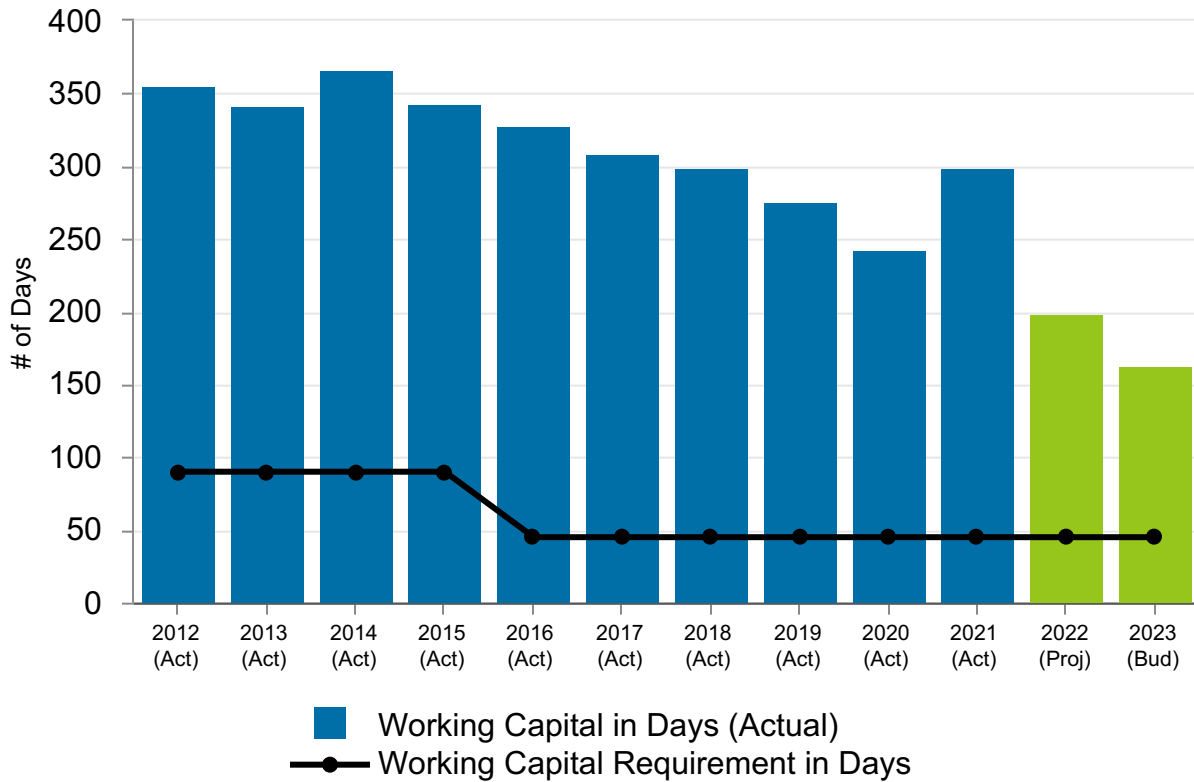
Debt Service Coverage Ratio by Year



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 above shows actual coverage for 2012 through 2021, projected coverage for 2022, and budgeted coverage for 2023. 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 calculations reflect coverage at 247% for 2023. The determination for a transfer to the Rate Stabilization Account will be made in the first quarter of 2023.

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 estimated at 166% for 2023.

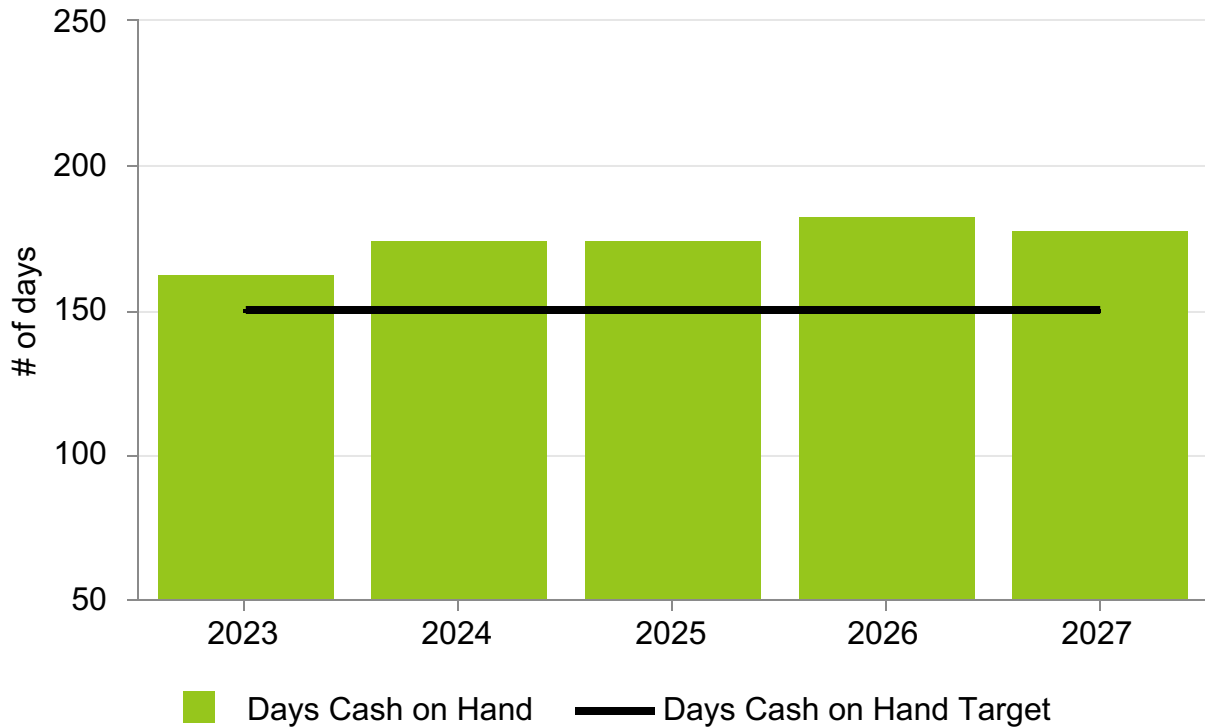
Operating Reserves by Year



Bond covenants also require maintenance of minimum operating reserves. The chart above shows actual reserves on hand compared to the bond requirement for 2012 through 2021, shown in blue, and planned reserves on hand compared to the bond requirement for 2022 and 2023 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 2020 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. The elevated reserves in 2021 are due to higher than normal consumption levels and revenues resulting from the extreme winter weather event that occurred in February 2021.

A continued decline in working capital through 2023 is expected due to increased debt service from the ANRD funded improvements at the Wilson and Ozark Point Plants along with successive years of inflationary pressure on operating costs. With the anticipated rate increases, working capital is expected to increase 2024-2027.

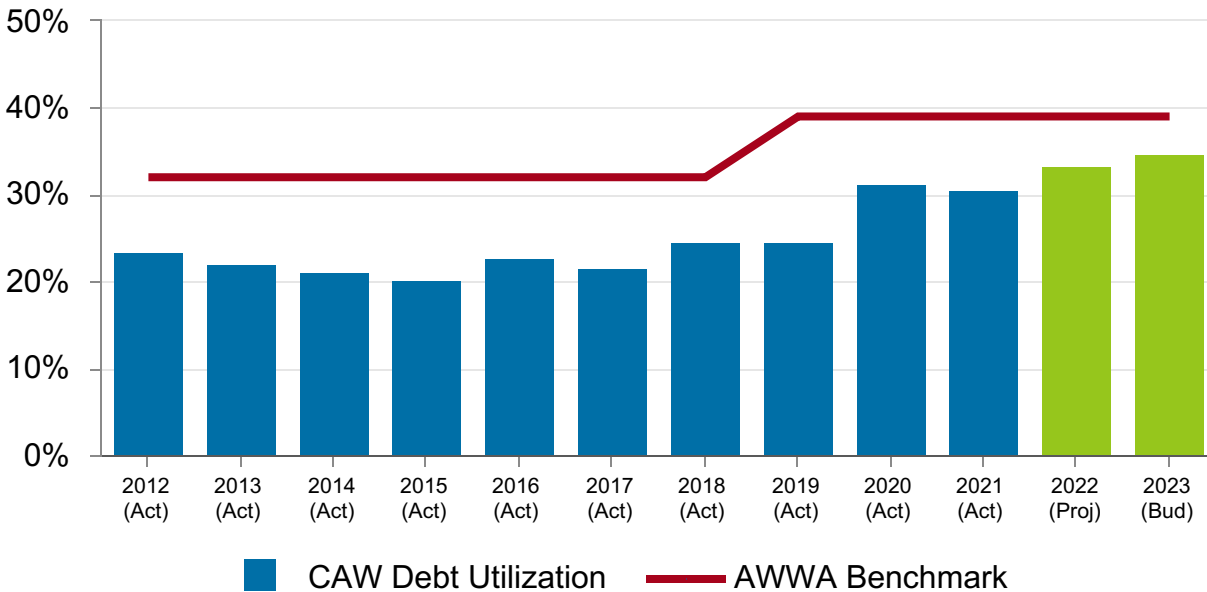
Days Cash on Hand by Year



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 163 days cash on hand at the end of 2023. Projected days cash on hand is expected to decrease significantly in 2023 as a result of an anticipated increase in operating expenses. Days cash on hand is expected to marginally increase in 2024 through 2026 as a result of the anticipated rate increases.

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Debt Utilization Ratio by Year



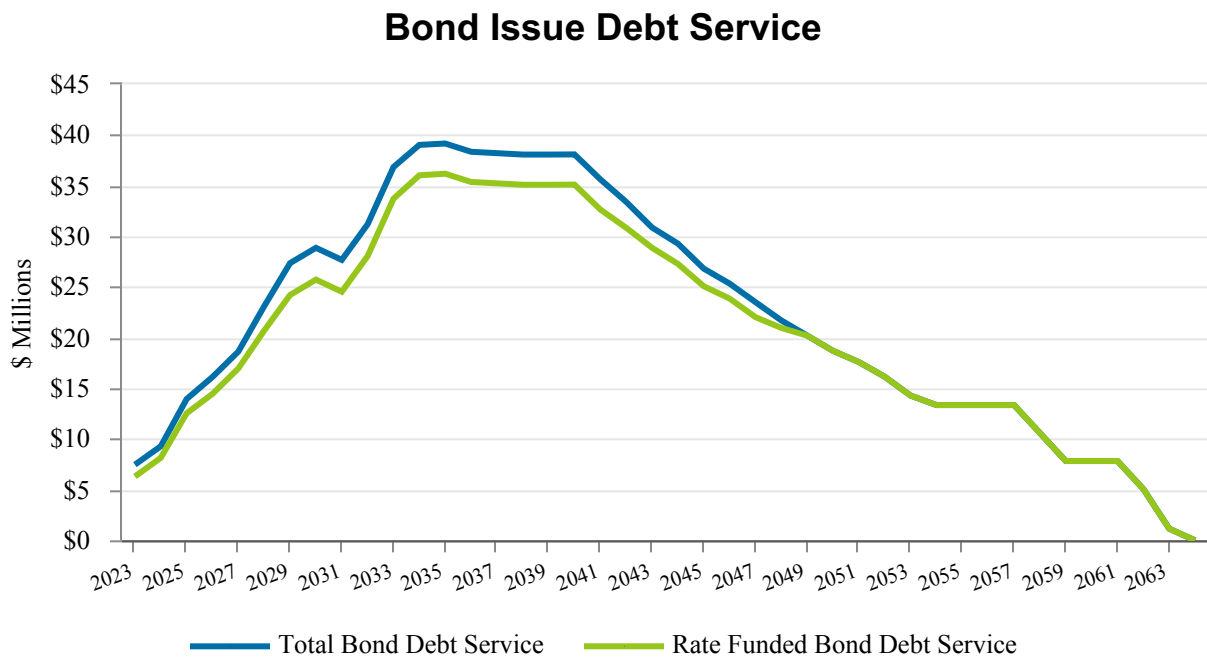
NOTE: The benchmark is derived from a 2017 survey by AWWA where the median debt obligation for water utilities was 39%. Prior to the 2017 survey, the benchmark was derived from the 2013 survey where the median debt obligation was 32%.

In 2019, ANRD bonds were issued for to fund the Ozark Point Plant improvements. Proceeds from this bond issue are being drawn over a three-year period, and repayment will begin in 2024. 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. This will result in a decrease of debt utilization for 2023. However, a taxable bond issue of approximately \$7 million is anticipated in 2023 to fund the remediation of invasive species in Lake Maumelle, which will offset this decrease. Repayment of these bonds will begin in 2024.

The chart on the above depicts CAW’s actual debt utilization ratio for 2012 through 2021, shown in blue, and estimated ratios for 2022 and 2023, shown in green, factoring in planned debt additions and repayments, as well as additional capital assets net of anticipated accumulated depreciation. The increase in 2020 is due to three November 2020 bond issues. Along with additional funding for capital projects, these bond issues refunded two current bond issues, 2015 and 2018A, and partially refunded the 2016 refunding bond issue.

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 chart below and table 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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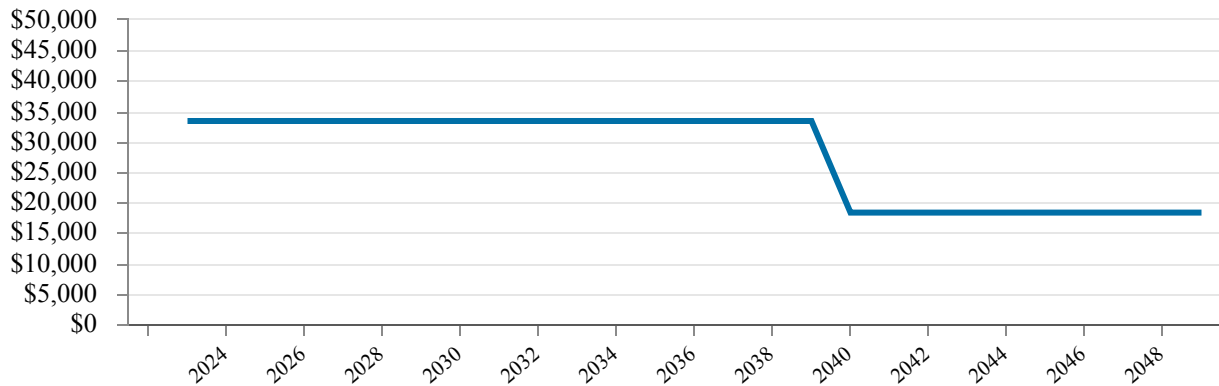
DEBT SERVICE SCHEDULE

YEAR	OUTSTANDING DEBT			FUTURE DEBT			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2023	4,653,063	2,812,188	7,465,251	—	—	—	7,465,251
2024	5,159,235	3,380,927	8,540,162	36,787	708,026	744,813	9,284,975
2025	6,706,861	3,921,565	10,628,426	2,077,405	1,237,651	3,315,056	13,943,482
2026	6,971,638	3,780,151	10,751,789	3,337,440	2,032,302	5,369,742	16,121,531
2027	7,149,895	3,604,594	10,754,489	4,939,571	2,936,412	7,875,983	18,630,472
2028	7,234,899	3,431,678	10,666,577	7,070,859	5,371,902	12,442,761	23,109,338
2029	7,441,689	3,223,668	10,665,357	9,144,460	7,546,655	16,691,115	27,356,472
2030	7,670,316	2,996,067	10,666,383	10,248,648	7,951,908	18,200,556	28,866,939
2031	7,905,814	2,759,178	10,664,992	8,847,843	8,162,520	17,010,363	27,675,355
2032	8,110,812	2,535,776	10,646,588	9,896,214	10,651,081	20,547,295	31,193,883
2033	9,021,510	2,312,453	11,333,963	11,369,425	14,131,528	25,500,953	36,834,916
2034	9,452,172	2,030,467	11,482,639	12,539,805	15,000,672	27,540,477	39,023,116
2035	9,817,642	1,800,497	11,618,139	13,038,339	14,502,139	27,540,478	39,158,617
2036	9,239,920	1,563,899	10,803,819	13,556,891	13,983,586	27,540,477	38,344,296
2037	9,336,302	1,330,539	10,666,841	14,096,274	13,444,203	27,540,477	38,207,318
2038	9,432,848	1,097,093	10,529,941	14,657,332	12,883,145	27,540,477	38,070,418
2039	9,670,562	858,894	10,529,456	15,240,944	12,299,533	27,540,477	38,069,933
2040	9,904,904	637,863	10,542,767	15,848,025	11,692,452	27,540,477	38,083,244
2041	7,670,912	412,342	8,083,254	16,479,527	11,060,950	27,540,477	35,623,731
2042	5,618,631	241,587	5,860,218	17,136,442	10,404,035	27,540,477	33,400,695
2043	3,213,102	114,416	3,327,518	17,819,801	9,720,676	27,540,477	30,867,995
2044	1,784,992	38,153	1,823,145	18,449,452	9,009,799	27,459,251	29,282,396
2045	185,152	14,660	199,812	18,337,507	8,275,190	26,612,697	26,812,509
2046	68,749	12,107	80,856	17,693,598	7,558,863	25,252,461	25,333,317
2047	70,305	10,551	80,856	16,557,186	6,865,209	23,422,395	23,503,251
2048	71,895	8,961	80,856	15,388,323	6,230,330	21,618,653	21,699,509
2049	73,523	7,333	80,856	14,494,042	5,629,393	20,123,435	20,204,291
2050	75,186	5,670	80,856	13,543,283	5,071,786	18,615,069	18,695,925
2051	76,887	3,969	80,856	12,965,190	4,545,722	17,510,912	17,591,768
2052	78,627	2,229	80,856	12,017,923	4,041,845	16,059,768	16,140,624
2053	39,999	450	40,449	10,656,259	3,584,369	14,240,628	14,281,077
2054	—	—	—	10,169,080	3,181,129	13,350,209	13,350,209
2055	—	—	—	10,570,469	2,779,741	13,350,210	13,350,210
2056	—	—	—	10,988,113	2,362,097	13,350,210	13,350,210
2057	—	—	—	11,422,685	1,927,524	13,350,209	13,350,209
2058	—	—	—	9,113,303	1,475,321	10,588,624	10,588,624
2059	—	—	—	6,686,926	1,140,110	7,827,036	7,827,036
2060	—	—	—	6,991,223	835,813	7,827,036	7,827,036
2061	—	—	—	7,309,368	517,669	7,827,037	7,827,037
2062	—	—	—	4,877,577	185,047	5,062,624	5,062,624
2063	—	—	—	1,123,819	25,286	1,149,105	1,149,105
TOTAL	\$163,908,042	\$44,949,925	\$208,857,967	\$446,737,358	\$260,963,619	\$707,700,977	\$916,558,944

WATER RIGHTS PAYABLE DEBT SERVICE

YEAR	GREERS FERRY ALLOCATION #1			GREERS FERRY ALLOCATION #2			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2023	8,395	6,672	15,067	8,523	9,798	18,321	33,388
2024	8,689	6,378	15,067	8,768	9,553	18,321	33,388
2025	8,993	6,074	15,067	9,020	9,301	18,321	33,388
2026	9,308	5,759	15,067	9,280	9,042	18,322	33,389
2027	9,634	5,433	15,067	9,546	8,775	18,321	33,388
2028	9,971	5,096	15,067	9,821	8,501	18,322	33,389
2029	10,320	4,747	15,067	10,103	8,218	18,321	33,388
2030	10,681	4,386	15,067	10,394	7,928	18,322	33,389
2031	11,055	4,012	15,067	10,692	7,629	18,321	33,388
2032	11,442	3,625	15,067	11,000	7,322	18,322	33,389
2033	11,842	3,225	15,067	11,316	7,006	18,322	33,389
2034	12,257	2,810	15,067	11,641	6,680	18,321	33,388
2035	12,686	2,381	15,067	11,976	6,345	18,321	33,388
2036	13,130	1,937	15,067	12,320	6,001	18,321	33,388
2037	13,590	1,477	15,067	12,675	5,647	18,322	33,389
2038	14,065	1,002	15,067	13,039	5,283	18,322	33,389
2039	14,557	510	15,067	13,414	4,908	18,322	33,389
2040	—	—	—	13,800	4,522	18,322	18,322
2041	—	—	—	14,196	4,125	18,321	18,321
2042	—	—	—	14,604	3,717	18,321	18,321
2043	—	—	—	15,024	3,297	18,321	18,321
2044	—	—	—	15,456	2,865	18,321	18,321
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	\$ 190,615	\$ 65,524	\$ 256,139	\$ 340,816	\$ 153,864		\$ 750,819

Water Rights Payable Debt Service



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An aerial photograph of a dense forest, showing a mix of dark green and lighter green foliage. A dark teal horizontal band is superimposed across the middle of the image, containing the text '5 CAPITAL IMPROVEMENT PLAN'.

5 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. Funded projects planned for 2023 - 2027 total \$431.9 million. The CIP addresses infrastructure investments; anticipated capital needs; repair, replacement, and relocation of existing infrastructure; and 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.

CAW's capital-related challenges align with those recognized by the AWWA through its annual ranking of the water section's most pressing challenges. The top two items have long been recognized by water utilities far and wide. These are the renewal and replacement of aging water and wastewater infrastructure and financing for capital improvements. With multiple projects competing for finite funding, CAW has a mechanism in place to determine the capital project schedule each year.

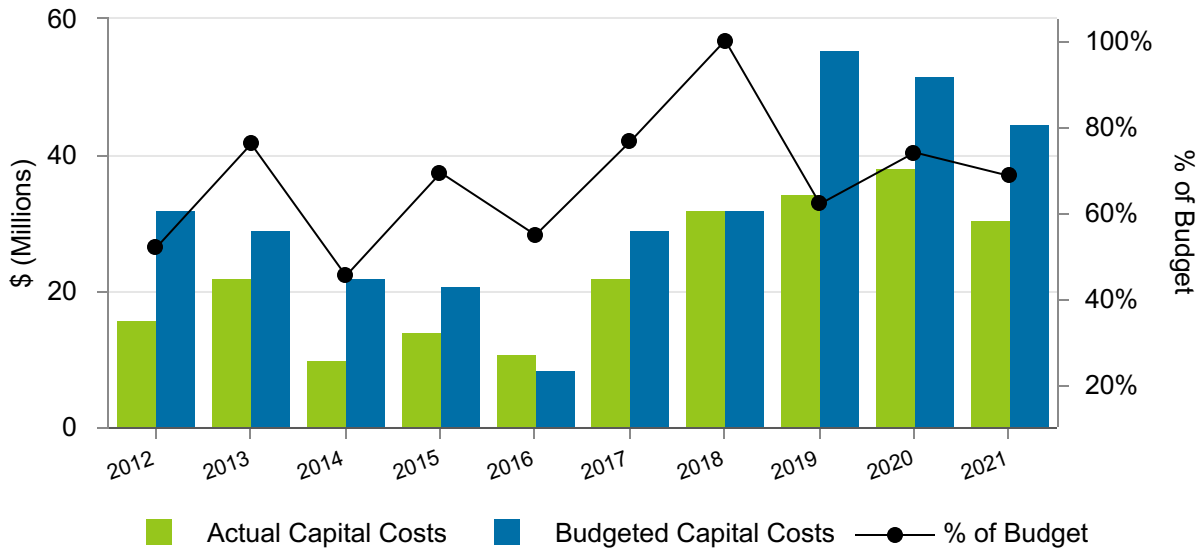
The prioritization process for the CIP involves evaluating capital needs and ranking potential projects or purchases based on a number of criterion including age and condition of asset to be replaced, operational improvements, compliance and system expansion requirements, and impact on future operating 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 older transmission mains made of asbestos-cement and cast iron will continue to be a focus of CAW's replacement efforts.

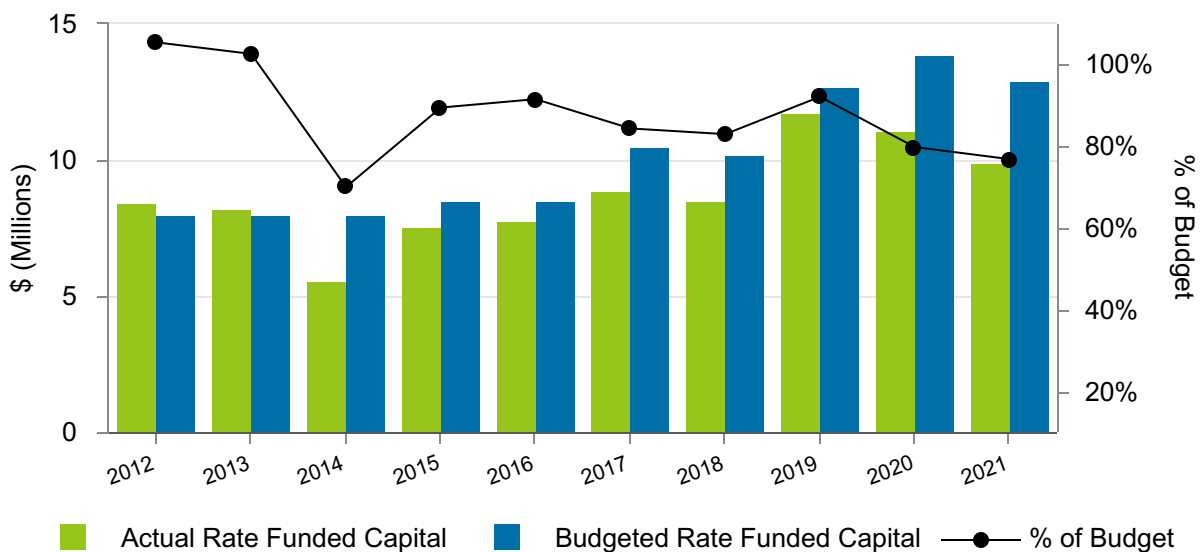
CAW historically has not completed 100% of planned capital projects each budget year; however, the Utility must allocate funding for the projects from the proper funding source. Total actual Capital Costs compared to budget for 2012 through 2021 are as follows:

Capital Costs by Year

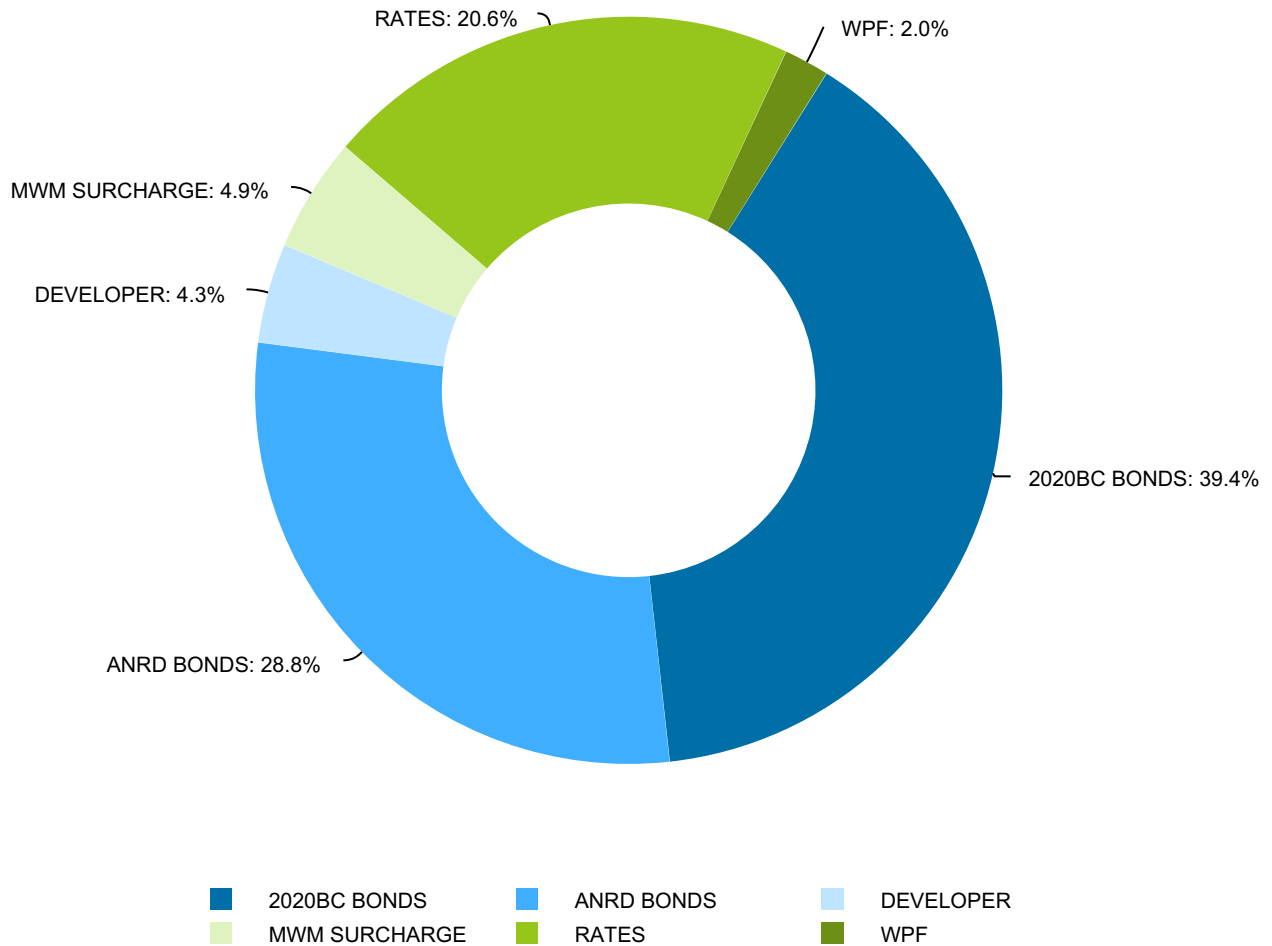


While overall actual capital spending sometimes varies greatly from budget due to delays in major relocation projects, the Utility has historically executed over 87% of projects funded by rates over the last ten years.

Capital Costs from Rates by Year



2023 CAPITAL COSTS By FUNDING SOURCE

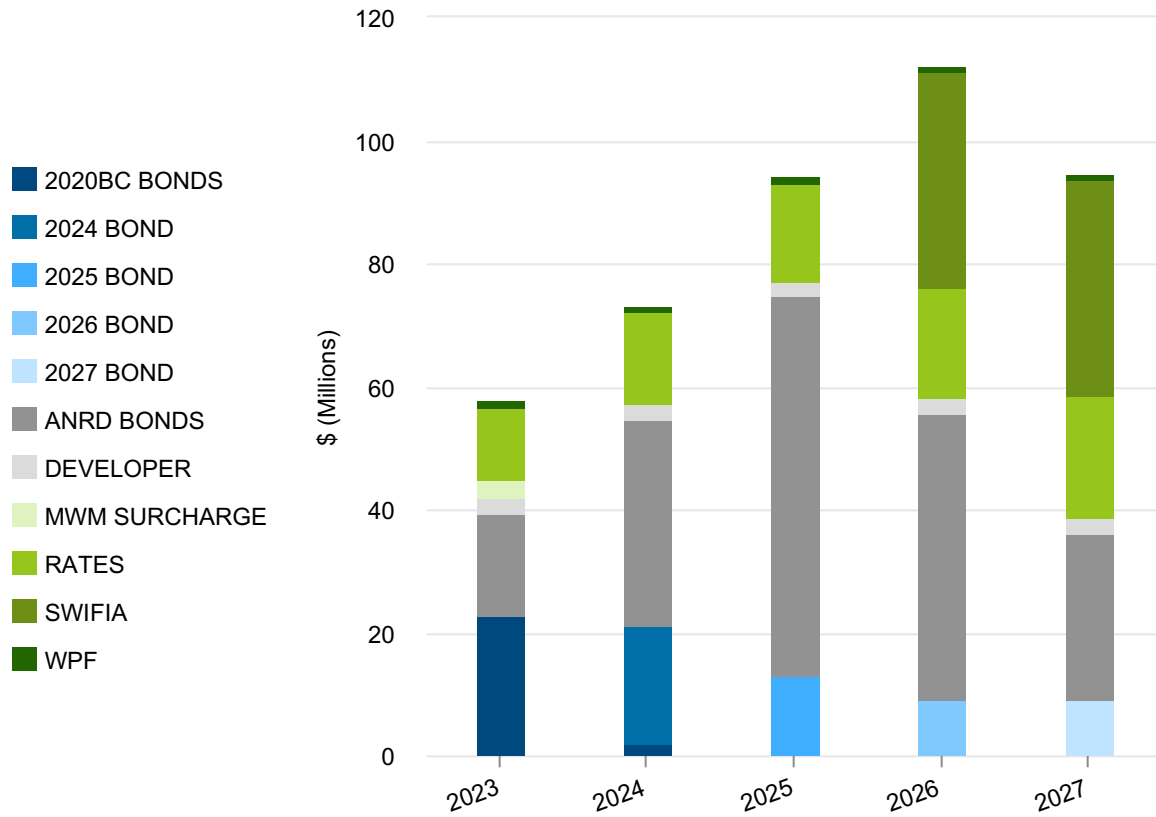


The top three funding sources for planned 2023 Capital Costs are 2020BC Bonds at 39.4%, ANRD Bonds at 28.8%, and Rates with 20.6%.

In 2023, rates largely fund the selection and installation of a new ERP software. Additionally, rates will fund distribution projects to install, replace, and transfer services as well as replace plant equipment. 2020BC bonds will fund replacements of galvanized water mains, relocations, purchasing property for the Legacy Large Acre Project, and redevelopment of the raw water pump station No.12 at Jackson Reservoir.

BUDGETED CAPITAL COSTS

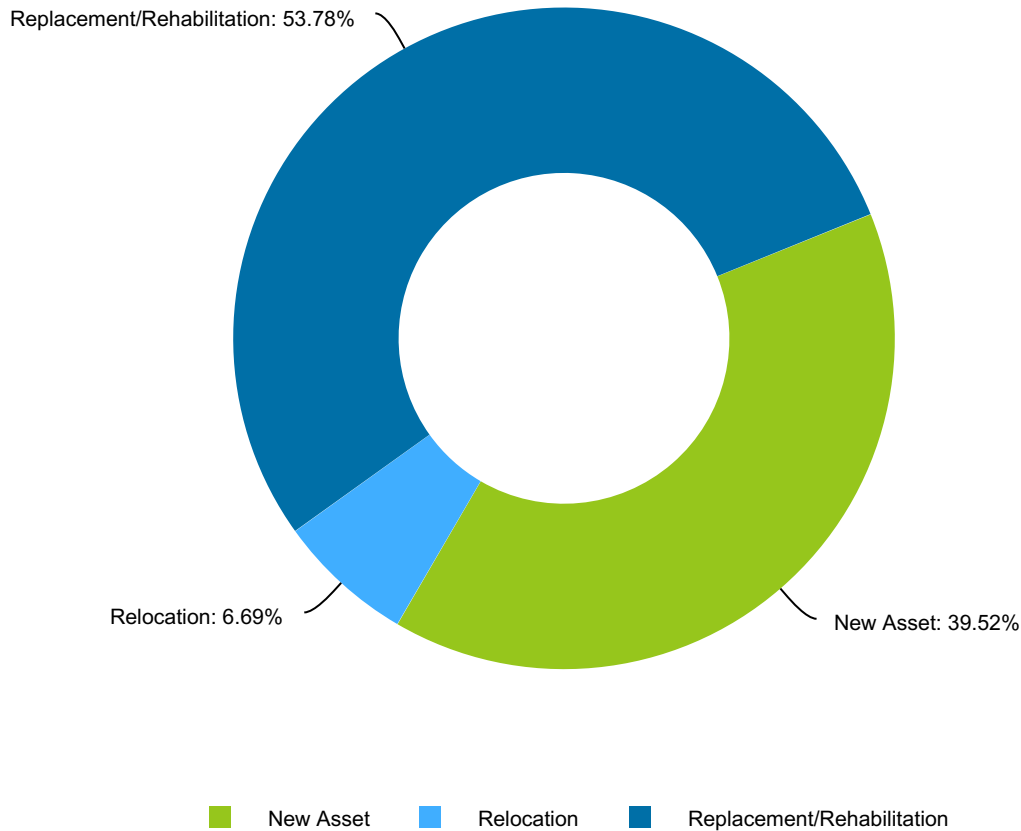
By FUNDING SOURCE



Rates are an important source of funding, supporting projects in each department over the next five years. In addition to the 2023 projects referenced on the prior page, CAW has many projects in the pipeline for 2024 - 2027. As in 2023, rate funding will be spent on the ERP project, distribution services, and equipment replacement. ANRD funding accounts for the largest funding source in 2024, 2025, and 2026 with expansion of infrastructure into west Pulaski county and renovations of the Wilson Plant. In 2026 - 2027, State Water Infrastructure Finance and Innovation Act (SWIFIA) funding will aid in the the installation of the 60-inch raw water line from Lake Maumelle to the Wilson Plant and the restoration of Lake Maumelle through sediment removal.

2024 - 2027 bonds provide funding for the renovation of the JTH building, as well as funding for infrastructure improvements such as relocating and installing water mains and pump station improvements.

2023 CAPITAL COSTS By PURPOSE



There are three main categories of 2023 Capital Costs, as noted in the above graph. The New Asset category total capital costs are \$22.9 million, of which the three largest projects make up 51.6% of costs, including engineering and water main construction related to the West Pulaski Public Water Authority (WPPWA) expansion project phase 1 at 27.6%, property purchase for the Legacy Large Acre property at 13.1%, and developer funded capital for new developments at 10.9%.

The Relocation category total capital costs are \$3.9 million, of that 100% are dedicated to support relocation of existing water mains throughout the Utility's service area required by either city, county, and/or state due to roadway development projects.

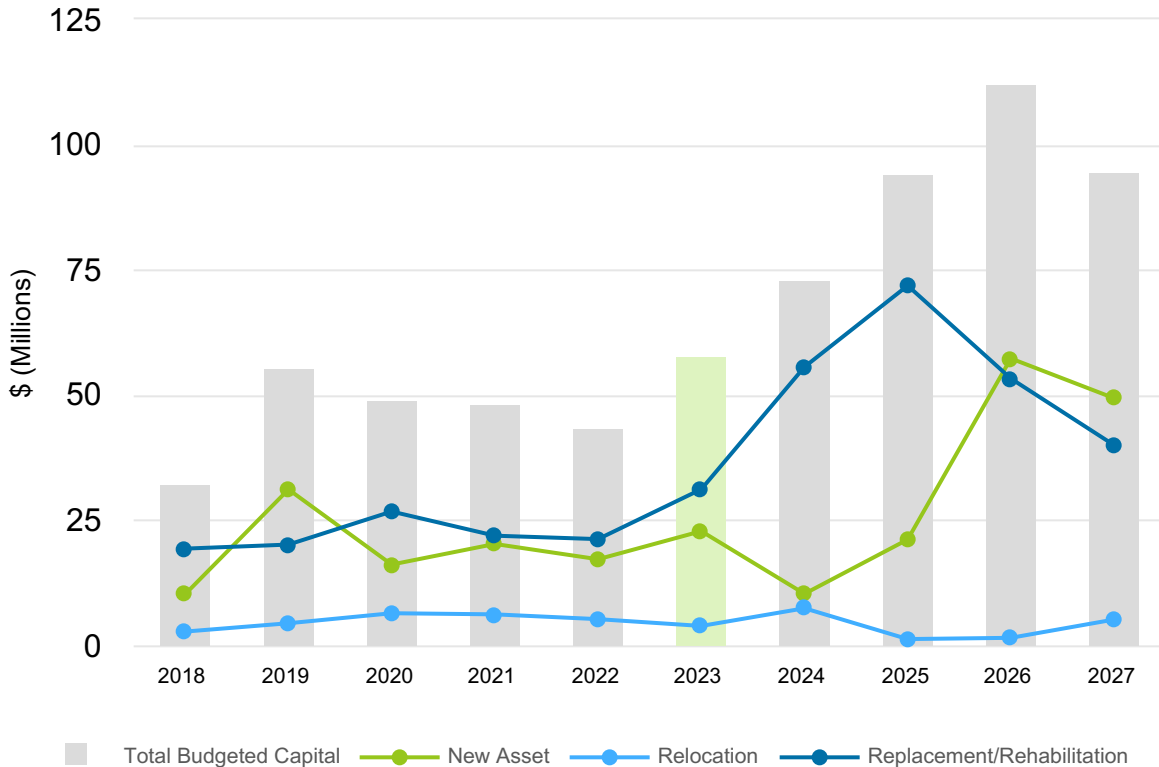
The Replacement/Rehabilitation category total capital costs are \$31.1 million, of that the three largest projects account for 37.6% of costs. These projects include the expansion and rehabilitation of the Wilson Plant at 22.5% and construction of the raw water pump station No. 12 at 8.7%, and removal of sludge from the Maumelle wastewater lagoon at 6.5%.

Annual Cost Trend

CAW anticipates completing approximately \$431.9 million in capital improvement projects from 2023 - 2027. During this five-year period, the largest year of capital costs is projected to be 2026.

BUDGETED CAPITAL COSTS

By PURPOSE



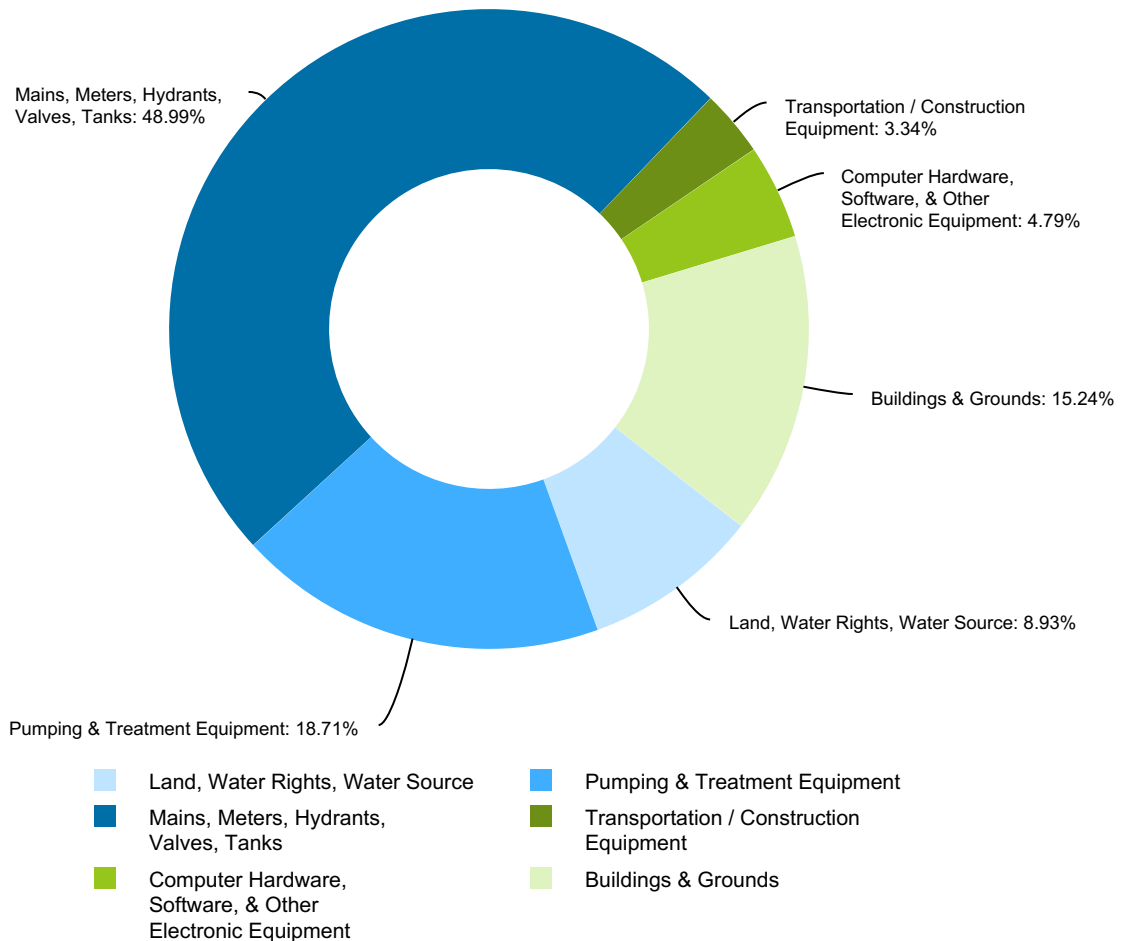
The New Asset capital costs decrease from 2023 to 2024 is due to a one year delay between phases one and two of the WPPWA expansion project. The increase in new asset capital costs from 2024 to 2025 is attributed to the installation of the 60-inch raw water line project along with the continuation of the WPPWA project.

The costs in the Relocation category increased from 2023 to 2024 due to the Cantrell Road water main relocation project. Relocation costs can vary year over year since they are dictated to the Utility by either city, county, and/or state to support roadway projects.

Replacement/Rehabilitation costs are highest in 2023 - 2025 due to the improvement of the Wilson Plant, redevelopment of the JTH building, and Lake Maumelle sediment removal. The remaining cost is allocated among replacing aging galvanized, asbestos-cement, and cast iron water mains throughout the CAW system.

2023 CAPITAL COSTS

By ASSET

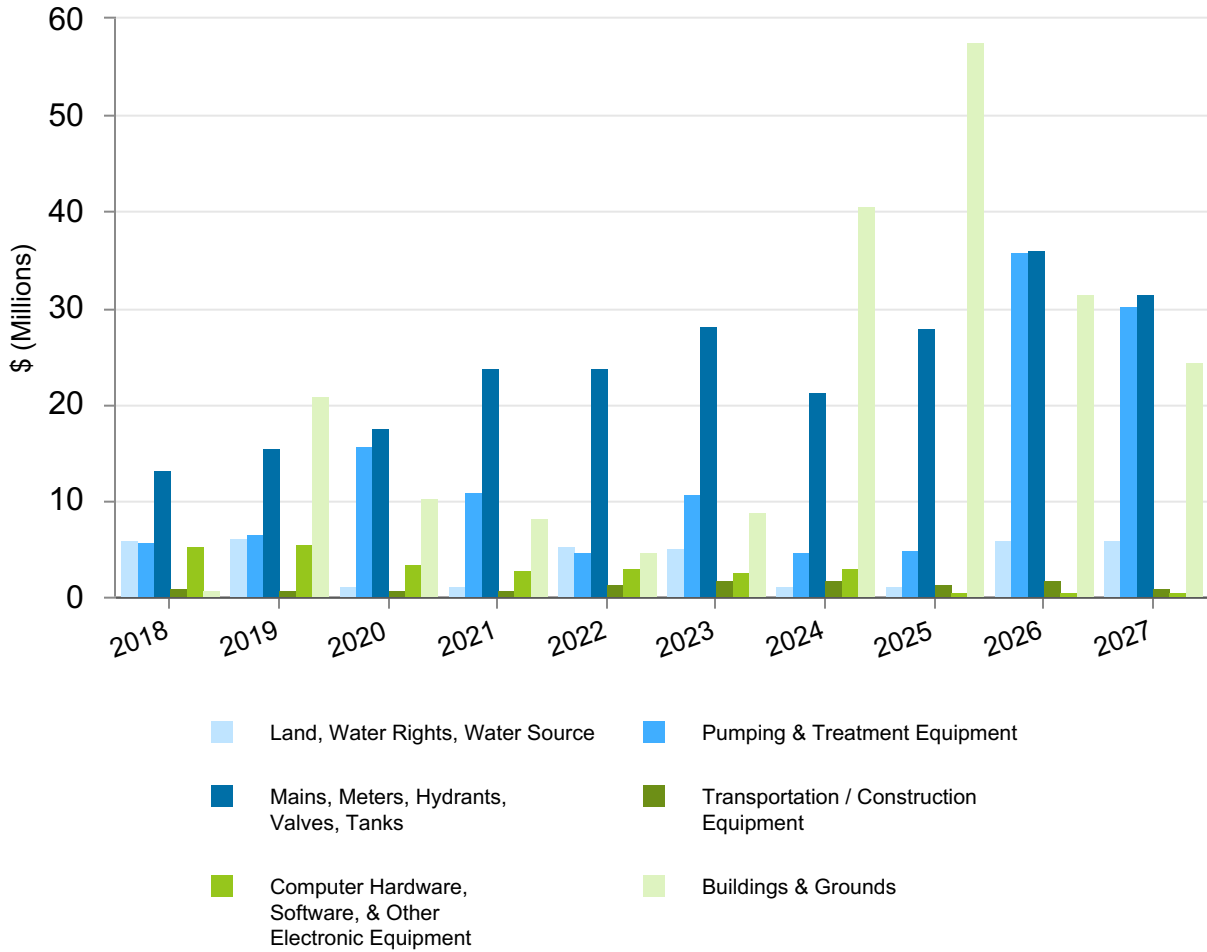


The largest portion of 2023 capital costs is 49.0% designated for distribution system assets (mains, meters, hydrants, valves, and tanks). Another 18.7% is related to pumping and treatment work for the replacement/rehabilitation of pumping stations. The third largest category is 15.2% is for buildings and grounds with the majority budgeted for facility redevelopment projects.

A departmental justification and any applicable impact on operations and maintenance expense is provided for each project in the 2023 CIP on pages [120](#) - [133](#). Additionally, all projects included in the next five years with a total cost of \$750,000 or greater are detailed on pages [149](#) - [210](#).

BUDGETED CAPITAL COSTS

By ASSET



The Five-Year Capital Plan include plans addressing critical infrastructure investments, rehabilitation, and, replacements; relocation of existing infrastructure; and the development or acquisition of new facilities, property, and equipment. All of which are essential components of the Utility's infrastructure stability and operation resiliency and sustainability.

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 2018. 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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CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
ADMINISTRATION							
Conduct Lake Maumelle Bathymetry Survey	75,000						75,000
Forest Restoration and Enhancement - Job No. 07554	15,000						15,000
Implement Watershed Management Pilot Project	35,000						35,000
Improve Forest Roads and Access - Job No. 07390	25,000						25,000
Improve Landscaping/Fencing for pump stations	35,000					35,000	
Improve Watershed Office Building	10,000					10,000	
Install Energy Efficiency monitoring/control equipment	25,000					25,000	
Install Electric Vehicle (EV) Charging Station at JTH Building	15,000					15,000	
Install EV Charging stations at Clearwater (CLW)	15,000	15,000					
Install Security System Improvements	25,000					25,000	
Install Solar installation at Pump Station 23 in North Little Rock (NLR)	100,000					100,000	
Install Training Facility and Material Storage Yard	125,000	125,000					
Pegasus Pipeline Sateltyics Change Analysis - Satellite Monitoring	61,250						61,250
Purchase Conservation Easements	200,000						200,000
Purchase Land for 4.8 MW Solar Field #2	600,000					600,000	
Purchase Furniture for Deli Building	50,000					50,000	
Purchase Truck for Facility Maintenance	60,000					60,000	
Purchase Property	325,000						325,000
Purchase Property for Legacy Large Acre Property Project	3,000,000	3,000,000					
Purchase two portable Indoor Air Quality monitoring units	5,000					5,000	
Remodel Higginbotham House	50,000					50,000	
Remodel House for Watershed Facilities	70,000	70,000					
Renovate Lake Maumelle Pumping Station Building	50,000					50,000	
Replace HVAC components	50,000					50,000	
Replace Small Dump Truck #227	45,000					45,000	
Replace Truck #472 - EHS	30,000					30,000	
Replace Truck #485 - Watershed Protection	28,000					28,000	
Restore Hydrologic Flow - U.S. Army Corps of Engineers (USACE) Sec. 206 Project	58,000						58,000

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
ADMINISTRATION - Continued							
Restore River, Floodplain and Wetland at Forest Legacy Property	125,000						125,000
Update Watershed Management Plan	211,250						211,250
Upgrade Park & Recreational Areas	30,000					30,000	
TOTAL ADMINISTRATION	\$5,548,500	\$3,210,000	\$—	\$—	\$—	\$1,208,000	\$1,130,500
INFORMATION SERVICES							
Conduct Information Technology Risk Management Assessment	50,000					50,000	
Install Cityworks Enhancements	30,000					30,000	
Install Data Storage Protection/Server Backup & Recovery	50,000					50,000	
Purchase DMZ4 Chemical Tracking	30,000					30,000	
Purchase ESRI Tools Enhancements	25,000					25,000	
Purchase Network Video Recorder (NVR) Security Hardware	20,000					20,000	
Purchase Operational Data Management and Reporting software	30,000					30,000	
Purchase Security Information and Event Management (SIEM) Solution	75,000					75,000	
Replace GIS Field Data Collector Vehicle	30,000					30,000	
Replace Global Positioning System (GPS) Equipment	30,000					30,000	
Replace Servers (CLW, Maryland (MAC), Wilson Plant)	40,000					40,000	
Replace Wireless Access Points	75,000					75,000	
Select/Install ERP system	1,500,000					1,500,000	
Upgrade Phone System	75,000					75,000	
TOTAL INFORMATION SERVICES	\$2,060,000	\$—	\$—	\$—	\$—	\$2,060,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
CUSTOMER SERVICE							
Replace Truck #458	30,000					30,000	
Replace Truck #504	30,000					30,000	
Replace Truck #511	30,000					30,000	
Replace Truck #537	30,000					30,000	
TOTAL CUSTOMER SERVICE	\$120,000	\$—	\$—	\$—	\$—	\$120,000	\$—

ENGINEERING							
Acquire Professional Services for Engineering	5,000					5,000	
Acquire Professional Services for Land Surveying	5,000					5,000	
Acquire Professional Services for Property Appraisals	5,000					5,000	
Conduct Condition Assessment of Lake Maumelle 72-inch Raw Water Transmission Main	900,000	900,000					
Developer Funded Capital	2,500,000			2,500,000			
Developer Funded New Mains installations	150,000					150,000	
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	6,300,000		6,300,000				
Improve Booster Pump Station No. 11	250,000	250,000					
Improve Pump Station No. 1A - Phase 2 Const. & Engr. - Wilson Plant Job No. 07515	1,919,053		1,919,053				
Improve/Rehab Wilson WTP - Engineering Design	7,000,000		7,000,000				
Improve/Replace Raw Water Pump Station No. 12 - Jackson Reservoir Construction Phase	2,700,000	2,700,000					
Improve/Replace Raw Water Pump Station No. 12 - Jackson Reservoir Engr. Design & Const .Services Phase	82,500	82,500					
Install 8-inch Water Main across I-40 at Harris Road - Job 08784	700,000	700,000					
Install Water Main/Merger with Ridgefield Estates - Job No. 08860	1,441,053		1,441,053				
Install Water Main/Merger with Ridgefield Estates - CAW assistance	360,000					360,000	
Preform Calibration of Hydraulic Model	250,000					250,000	

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
ENGINEERING - Continued							
Purchase GPS Units	11,000					11,000	
Purchase Pressure Recorders	11,000					11,000	
Rehabilitate Lake Winona Spillway	300,000	300,000					
Relocate 12-inch Water Main - Along Jonesboro Dr - Little Rock (LR)	150,000	150,000					
Relocate 24-inch Transmission Main - Job No. 08335	805,000	805,000					
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 1	692,000	692,000					
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 2	1,175,000	1,175,000					
Relocate Water Mains at Zion and Cobb Streets in Little Rock	300,000	300,000					
Relocate Water Mains for various Known and forecasted locations for City, County, and State developments	750,000	750,000					
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000,000				2,000,000		
Renovate various Facilities internal/external features	50,000					50,000	
Replace 12-inch Water Main - Stagecoach Rd at I-430 - LR	375,000	375,000					
Replace 8-inch Water Main - River Rd & Paul Duke - NLR	150,000	150,000					
Replace Galvanized Water Mains - LR 2022 Phase 1	246,834	246,834					
Replace Galvanized Water Mains - LR 2022 Phase 2	375,620	375,620					
Replace Galvanized Water Mains - LR 2022 Phase 3	452,142	452,142					
Replace Galvanized Water Mains - LR 2022 Phase 4	1,000,000	1,000,000					
Replace Galvanized Water Mains - NLR 2022 Phase 1	814,464	814,464					
Replace Galvanized Water Mains - NLR 2022 Phase 2	706,274	706,274					
Replace Galvanized Water Mains - NLR 2022 Phase 3	1,000,000	1,000,000					
Replace Raw Water Pumping Unit No. 4 at Lake Maumelle Raw Water Pumping Station - Job No. 08959	600,000	600,000					
Replace Vehicle	30,000					30,000	
Replace Water Mains, Aging Galvanized, Asbestos-Cement, and Cast Iron system wide	1,404,666	1,404,666					
TOTAL ENGINEERING	\$37,966,606	\$15,929,500	\$16,660,106	\$2,500,000	\$2,000,000	\$877,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
WATER PRODUCTION							
Conduct Generator PM	35,000					35,000	
Construct Booster Pump Station No. 17B - Highland Ridge	1,000,000	1,000,000					
Implement Tank Management System	60,000					60,000	
Improve all Intake Gates at Lake Maumelle and Lake Winona	750,000	750,000					
Improve Plant Equipment/Assets	500,000					500,000	
Improve Tank No. 17A interior/exterior - Highland Ridge	850,000	850,000					
Improve Tank No. 2 exterior	300,000					300,000	
Improve Tank No. 30B interior/exterior	850,000				850,000		
Improve Wash water, Stand tank, Stairs, Surge pipes, and Lime Tank exterior at Ozark Plant	100,000					100,000	
Improve/Install lime feed application point in piping at Lake Maumelle	300,000					300,000	
Improve/Rehab Pump Station No. 26A/26B/27 - NLR High Service Zone	400,000	400,000					
Install cameras security system on the interior/exterior of Lake Maumelle facilities	15,000					15,000	
Install Flow Meter at Highway 5 valve	10,000					10,000	
Install Flow Meter at Scenic Hill Valve	10,000					10,000	
Install Flow Meter on Pressure Reducing Valve (PRV) to Tank 19C	10,000					10,000	
Install Flow Meters at Stations No. 8A & 8B	20,000					20,000	
Install Flow Meters on Gravel Ridge valves	20,000					20,000	
Install Flow Meters on NorthBelt valves	20,000					20,000	
Install Soft Starts on Pumps 2 and 3 at Station No. 14	18,000					18,000	
Install Variable Frequency Drive (VFD) on Pump 3 at Ozark treatment plant	300,000					300,000	
Purchase Sampling Stations	15,000					15,000	
Purchase Spare Parts for Chlorine Dioxide at Ozark and Wilson Plants	90,000					90,000	
Purchase Van for Instrument Tech III	43,000					43,000	
Purchase Welder machine for Crane Truck	10,000					10,000	
Replace Autoclave at Wilson Lab	15,000					15,000	
Replace chlorine dioxide piping, Flow Meters and Valves	125,000					125,000	

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
Replace Control Room Furniture at Ozark Plant	30,000					30,000	
WATER PRODUCTION - Continued							
Replace Hypo Flow Meters at Ozark Plant	30,000					30,000	
Replace Jackson Reservoir fence	80,000					80,000	
Replace Lab Water System with Type 1 Water System	10,000					10,000	
Replace Lake Maumelle Pumps 1, 2 and 4 Programmable Logic Controllers (PLC)	100,000					100,000	
Replace Lime Dust Collector at Ozark Plant	125,000					125,000	
Replace Main Disconnect Pump Station No. 16A	6,000					6,000	
Replace Main Disconnect Pump Station No. 2	6,000					6,000	
Replace Pump No. 2 at Station No. 17	40,000					40,000	
Replace Remote Terminal Unit (RTU) Batteries	25,000					25,000	
Replace Supervisory Control and Data Acquisition System (SCADA) System Programmable Logic Controllers	350,000	350,000					
Replace Total Organic Carbon Analyzer	100,000					100,000	
Replace Truck #435	35,000					35,000	
TOTAL WATER PRODUCTION	\$6,803,000	\$3,350,000	\$—	\$—	\$850,000	\$2,603,000	\$—

DISTRIBUTION

Expand CLW Warehouse	150,000					150,000	
Expand Concrete Pavement Area at CLW Yard - Job No. 08268	125,000					125,000	
Install and Replace Hydrants	115,000					115,000	
Install Hydrants - Maumelle	7,000					7,000	
Install Mains - Maumelle	13,000					13,000	
Install Meters - Maumelle	8,000					8,000	
Install Meters for New Services	260,000					260,000	
Install New Windows at CLW	13,000					13,000	
Install Valves	60,000					60,000	

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
Install Valves - Maumelle	9,000					9,000	
DISTRIBUTION - Continued							
Install, Replace, and Relocate Mains	230,000					230,000	
Install, Replace, and Transfer Services - Maumelle	290,000					290,000	
Purchase Attachment Sweeper	15,000					15,000	
Purchase Hydraulic Hoe Ram for Mini Excavators	14,000					14,000	
Purchase 1/2 Ton Truck to pull Hydraulic drilling machine	90,000					90,000	
Purchase 3/4 Ton Truck	70,000					70,000	
Purchase Air Conditioning (AC) Machine	6,000					6,000	
Purchase Crew Trucks	160,000					160,000	
Purchase Diagnostic Tools	8,500					8,500	
Purchase Ditch Pumps	11,000					11,000	
Purchase Two Stanley Hydrant Saver	15,000					15,000	
Purchase Two Vac-tron Trucks and Trailers	220,000					220,000	
Purchase/Install Meters - Change Out Program	800,000					800,000	
Purchase/Install Services (New, Replace, Transfer)	1,380,000					1,380,000	
Replace 1 Ton Service Truck #416	74,000					74,000	
Replace 2 Ton Dump Truck #518	110,000					110,000	
Replace 3 Ton Dump Truck #544	140,000					140,000	
Replace Air Motors for Tap Machines	19,000					19,000	
Replace Air Piercing Tool	20,000					20,000	
Replace CL12 Tap Machine	35,000	35,000					
Replace Large 2 Post Lift	12,000					12,000	
Replace Large 4 Post Lift	65,000					65,000	
Replace B-101 Tap Machines	15,000					15,000	
Replace Metro-tech locator pipe locating equipment	15,000					15,000	
Replace Plant furniture	10,000					10,000	
Replace Roof - CLW Facility	240,000	240,000					

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES 2023

DESCRIPTION	TOTAL	2020BC BONDS	ANRD BONDS	DEVELOPER	MWM SURCHARGE	RATES	WPF
DISTRIBUTION - Continued							
Replace Tap Mates	45,000					45,000	
Replace Two 1 Ton Crew Trucks #478 & #479	270,000					270,000	
Replace Two 1/2 Ton Trucks #510 & #519 with Electric Vehicles	60,000					60,000	
Replace Two 3/4 Ton Trucks #599 & #513	140,000					140,000	
TOTAL DISTRIBUTION	\$5,339,500	\$275,000	\$—	\$—	\$—	\$5,064,500	\$—
GRAND TOTAL	\$57,837,606	\$22,764,500	\$16,660,106	\$2,500,000	\$2,850,000	\$11,932,500	\$1,130,500

Explanation of Funding Sources	
2020BC Bond	2020B Bond and 2020C Bond
ANRD Bonds	Arkansas Natural Resources Bonds*
Developer	Developer Funding Capital
MWM Surcharge	Maumelle Surcharge
Rates	Rates
WPF	Watershed Protection Fees

*See chart on page 116 for break out of ANRD bond issues

ANRD Bond Funded Capital Projects

There are approximately \$16.7 million in ANRD bond funded capital projects during 2023. These projects are all in the Engineering department, but span multiple bond issues. A detailed list of these projects and their related bond issue is presented below.

DESCRIPTION	TOTAL	ANRD RIDGEFIELD	ANRD WILSON	ANRD WILSON WTP	ANRD WPPWA
Expansion Project: West Pulaski Public Water Authority Engineering and Water Main Construction - Phase 1	6,300,000				6,300,000
Improve Pump Station No. 1A Phase 2 Construction & Engr Wilson Plant - Job No. 07515	1,919,053		1,919,053		
Improve/Rehab Wilson WTP Engineering Design Phase	7,000,000			7,000,000	
Install Water Main/Merger with Ridgefield Estates Job No. 08860	1,441,053	1,441,053			
TOTAL	\$16,660,106	\$1,441,053	\$1,919,053	\$7,000,000	\$6,300,000

Explanation of Bond Issues	
ANRD Ridgefield	Future Arkansas Natural Resources - Ridgefield Estates
ANRD Wilson	Future Arkansas Natural Resources - Wilson Pump Station
ANRD Wilson WTP	Future Arkansas Natural Resources - Wilson Water Treatment Plant
ANRD WPPWA	Future Arkansas Natural Resources - West Pulaski Public Water Authority

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CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ADMINISTRATION		
Conduct Lake Maumelle Bathymetry Survey	75,000	
Bathymetric surveys allow us to measure the depth of a water body as well as map the underwater features of a water body.		
Forest Restoration and Enhancement - Job No. 07554	15,000	
Continuation of obligations for land/forest improvements associated with land purchases.		
Implement Watershed Management Pilot Project	35,000	
Install pilot Best Management Program (BMP) project on the Ferndale Property as recommended in the 2007 WMP.		
Improve Forest Roads and Access - Job No. 07390	25,000	
Unmanaged roads significantly impact watershed quality. Management of these roadways is critical for water quality improvement.		
Improve Landscaping/Fencing for pump stations	35,000	
Improve landscaping and fencing pump stations.		
Improve Watershed Office Building	10,000	
Replace windows, doors, and upgrade bathrooms and labs.		
Install Energy Efficiency monitoring/control equipment	25,000	
Add energy efficiency and controls equipment to monitor/optimize energy use at four locations in CAW's footprint.		
Install EV Charging Station at JTH Building	15,000	
The JTH EV Charging station is intended for CAW and public use.		
Install EV Charging stations at CLW	15,000	
The CLW EV Charging station is intended for CAW and public use.		
Install Security System Improvements	25,000	
Replace outdated security systems with current technologies to improve security and monitoring.		
Install Solar installation at Pump Station 23 in NLR	100,000	4,000
Installing solar panels at the NLR Pump Station 23 will reduce energy cost.		
Install Training Facility and Material Storage Yard	125,000	
Purchase and Installation of a new storage and material laydown area. Also, a space to teach and train on distribution techniques such as equipment operations, leak detection, buried asset locating, and hydrant installation/maintenance.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ADMINISTRATION - Continued		
Pegasus Pipeline Satelytics Change Analysis - Satellite Monitoring Acquire advanced warning systems to monitor for potential threats to source water protection, such as the Pegasus Oil Pipeline within the watershed area.	61,250	
Purchase Conservation Easements Continuance of land acquisition through conservation easements is consistent with the 2007 WMP and will assist in the full implementation of that plan.	200,000	
Purchase Land for 4.8 MW Solar Field #2 Acquire 40-75 acres of additional land to construct a 4.8 MW solar field to reduce energy cost.	600,000	
Purchase Furniture for Deli Building The renovation of the former Deli building will add 10 personnel workstations.	50,000	
Purchase Truck for Facility Maintenance Purchase a New EV medium-duty truck with an open bed. This truck will be used for transporting furniture, supplies, and equipment.	60,000	1,000
Purchase Property Continued land purchases are consistent with the 2007 WMP recommendations and assist in the implementation of the plan.	325,000	
Purchase Property for Legacy Large Acre Property Project Land Purchases for Watershed Protection from Green Bond.	3,000,000	
Purchase Two portable Indoor Air Quality monitoring units Purchase two portable Air Quality testing units for employees health testing.	5,000	
Remodel Higginbotham House Estimated Cost to remodel the former sod farm office as a rental property.	50,000	
Remodel House for Watershed Facilities Estimated cost to remodel house in watershed to create offices and meeting spaces.	70,000	
Renovate Lake Maumelle Pumping Station Building Restore the useful life of the pump station by making necessary improvements.	50,000	
Replace HVAC components Replace failing HVAC and mechanical components at the JTH building to keep it operational until fully renovated.	50,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ADMINISTRATION - Continued		
Replace Small Dump Truck #227 Replace Small Dump Truck #227 used for grounds keeping.	45,000	
Replace Truck #472 - EHS Replace truck due to high mileage and excessive maintenance cost.	30,000	
Replace Truck #485 - Watershed Protection Replace truck due to high mileage and excessive maintenance cost.	28,000	
Restore Hydrologic Flow - USACE Sec. 206 Project Restore hydrologic flow of the Maumelle River at the former Winrock Grass Farm (WGF) to historic, pre-farmed conditions.	58,000	
Restore River, Floodplain and Wetland at Forest Legacy Property Project is designed to improve hydrologic function to riparian areas of the WGF in compliance with Forest Legacy purchase obligations.	125,000	
Update Watershed Management Plan Update Watershed Management Plan to optimize watershed areas and related water sources.	211,250	
Upgrade Park & Recreational Areas Park facilities are in desperate need of replacing structural assets	30,000	
INFORMATION SERVICES		
Conduct Information Technology Risk Management Assessment Information technology risk assessment will help identify, estimate, and prioritize risks to organizational operations.	50,000	
Install Cityworks Enhancements Install enhancements to support redlining and GIS editing tools.	30,000	
Install Data Storage Protection/Server Backup & Recovery Backup solution for the data left on physical servers and will provide a better tool for backup and recovery.	50,000	5,000
Purchase DMZ4 Chemical Tracking Use Cityworks to track chemical inventory.	30,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
INFORMATION SERVICES - Continued		
Purchase ESRI Tools Enhancements	25,000	
Supports business needs related to spatial analysis and various business processes.		
Purchase NVRs Security Hardware	20,000	
Network video recorders will provide enhanced security through surveillance		
Purchase Operational Data Management and Reporting software	30,000	
Improve effectiveness and efficiency through the adoption of processes and tools for management of water operations data.		
Purchase SIEM Solution	75,000	
This solution will allow CAW to efficiently collect and analyze log data from all of its digital assets in one place.		
Replace GIS Field Data Collector Vehicle	30,000	2,000
Replace due to end of service life and prevent issues with the new billing system.		
Replace Servers at CLW, MAC, Wilson Plant	40,000	5,000
Provides continuity of operations, prevents failure, and downtime. Includes server replacement plus replacing GIS and Cityworks servers.		
Replace GPS Equipment	30,000	2,000
Replace existing GPS equipment with new technology.		
Replace Wireless Access Points	75,000	1,000
Allows for a centralized management solution for these devices.		
Select/Install ERP system	1,500,000	180,000
Automatic business processes and provide business insights to internal controls. A central database collects input from HR/Accounting/Payroll.		
Upgrade Phone System	75,000	
Replace the current system, which is over 15 years old, with a Software as a Service (SaaS) solution. The new system will improve the call center and the ability to do after call surveys.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ENGINEERING		
Acquire Professional Services for Engineering	5,000	
Professional design and consultation as required for various projects.		
Acquire Professional Services for Land Surveying	5,000	
Land surveying is required for the acquisition of new land, easements, and maintenance of property rights on existing land and easement holdings.		
Acquire Professional Services for Property Appraisals	5,000	
Professional appraisal services are required for the acquisition of new land and easements.		
Conduct Condition Assessment of Lake Maumelle 72-inch Raw Water Transmission Main	900,000	
Condition assessment of the Lake Maumelle 72-inch Raw water pipeline, 40,000 feet from the lake to Wilson Treatment Plant		
Developer Funded Capital	2,500,000	
Developer contributed capital improvements to CAW's water system as a result of new developments in the CAW service area.		
Developer Funded New Mains installations	150,000	
Extension and/or upsize new mains by CAW in cooperation with developers of new water main installation; provides for future extensions and growth.		
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	6,300,000	
Engineering and Construction cost for the WPPWA water main extensions.		
Improve Booster Pump Station No. 11	250,000	
Construct pump, electrical improvements, and rehabilitation to extend the service life of Pump Station No. 11. Carryover from 2022		
Improve Pump Station No. 1A - Phase 2 Construction & Engr. - Wilson Plant - Job No. 07515	1,919,053	
Construction of recommended pump, structure, and electrical improvements to the existing Wilson Plant Pump Station No. 1A.		
Improve/Rehab Wilson WTP - Engineering Design Phase	7,000,000	
Rehabilitate and improve Wilson WTP to increase functional life, efficiency, and effectiveness of the plant.		
Improve/Replace Raw Water Pump Station No. 12 - Jackson Reservoir - Construction	2,700,000	
Rebuild pumps and electrical system of the Jackson Reservoir raw water Pump Station No. 12		
Improve/Replace Raw Water Pump Station No. 12 - Jackson Reservoir - Engineering Design & Const. Services	82,500	
Rebuild raw water Pump Station No. 12 - pumps, motors, and electrical. Engineering design and construction services phase.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ENGINEERING - Continued		
Install 8-inch Water Main across I-40 at Harris Road - Job 08784	700,000	
Install 890 feet under I-40 at Harris Road for looping and improved hydraulics, water age, and compliance issues north of I-40.		
Install Water Main/Merger with Ridgefield Estates - Job No. 08860	1,441,053	
New water main installation in Ridgefield Estates.		
Install Water Main/Merger with Ridgefield Estates - CAW assistance	360,000	
CAW assistance to Ridgefield Estates Property Owners' Association to facilitate merger and water mains installations.		
Perform Calibration of Hydraulic Model	250,000	
Perform field calibration of the water system computerized hydraulic model.		
Purchase GPS Units	11,000	
Purchase GPS units for the Engineering department.		
Purchase Pressure Recorders	11,000	
New Pressure Recorders will replace existing depleted equipment.		
Rehabilitate Lake Winona Spillway	300,000	
Improve/rehabilitate the Lake Winona spillway due to deteriorated concrete surface. (carryover from 2022 plus additional)		
Relocate 12-inch Water Main - Along Jonesboro Dr - LR	150,000	
Water Main relocation along Jonesboro Dr in Little Rock for street and drainage improvements.		
Relocate 24-inch Transmission Main - Job No. 08335	805,000	
Payment No. 3 for the relocation of the existing 24-inch transmission main from the old to the new I-30 Arkansas River bridge.		
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 1	692,000	
Relocate approximately 10,500 feet of 8-inch water main along Jacksonville-Cato Rd, Sherwood road improvements. Includes carryover from 2022 and adjustments.		
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 2	1,175,000	
Relocate approx. 10,500 feet of 8-inch water main along Jacksonville-Cato Rd, Sherwood road improvements.		
Relocate Water Mains at Zion and Cobb Streets in Little Rock	300,000	
Water main relocations along Zion and Cobb Streets in Little Rock for street and drainage improvements.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ENGINEERING - Continued		
Relocate Water Mains for various Known and forecasted locations for City, County, and State developments	750,000	
Relocate water mains due to road and drainage improvements by the city, County, and State developments.		
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000,000	
Sludge removal from the water and wastewater lagoons, in accordance with the Maumelle merger.		
Renovate various Facilities internal/external features	50,000	
Renovate outdated external areas of certain CAW facilities.		
Replace 12-inch Water Main - Stagecoach Rd at I-430 - LR	375,000	
Replace 12-inch water main behind 8001 Stagecoach Rd due to corrosion breaks.		
Replace 8-inch Water Main - River Rd & Paul Duke - NLR	150,000	
Replace the exposed 8-inch water main at River Rd and Paul Duke in North Little Rock.		
Replace Galvanized Water Mains - LR 2022 Phase 1	246,834	
Replace aging, high maintenance galvanized water mains / Job No. 08894 / In progress / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - LR 2022 Phase 2	375,620	
Replace aged, high maintenance galvanized water mains / Job No. 08894A / In progress / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - LR 2022 Phase 3	452,142	
Replace aged, high maintenance galvanized water mains / Job No. 08894B / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - LR 2022 Phase 4	1,000,000	
Replace aged, high maintenance galvanized water mains / Job No. 08942 / In progress / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - NLR 2022 Phase 1	814,464	
Replace aged, high maintenance galvanized water mains / Job No. 08894C / In progress / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - NLR 2022 Phase 2	706,274	
Replace aged, high maintenance galvanized water mains / Job No. 08894D / In progress / Carryover from 2022 to 2023		
Replace Galvanized Water Mains - NLR 2022 Phase 3	1,000,000	
Replace aged, high maintenance galvanized water mains / In progress / Carryover from 2022 to 2023		
Replace Raw Water Pumping Unit No. 4 at Lake Maumelle Raw Water Pumping Station - Job No. 08959	600,000	
Replace the Jackson Reservoir intake structure slide gates and install a 39-inch to 42-inch isolation valve.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
ENGINEERING - Continued		
Replace Vehicles Replace vehicles due to excessive mileage and maintenance costs.	30,000	
Replace Water Mains, Aging Galvanized, Asbestos-Cement, and Cast Iron system wide Replace old, high-maintenance galvanized, asbestos-cement, and cast iron pipes experiencing numerous leaks and breaks.	1,404,666	
WATER PRODUCTION		
Conduct Generator PM Ensure backup power in case of power outage.	35,000	
Construct Booster Pump Station 17B - Highland Ridge Additional spare is needed due to exceeding firm capacity during summer months demand.	1,000,000	
Implement Tank Management System Tank Management System ensures water quality in tanks is maintained.	60,000	
Improve all Intake Gates at Lake Maumelle and Lake Winona Replace degraded intake gates for pump protection.	750,000	
Improve plant Equipment/assets Update/Replace various plant equipment at the end of their useful lives.	500,000	
Improve Tank No. 2 exterior Paint exterior of tank to protect/preserve its longevity.	300,000	
Improve Tank No. 30B interior/exterior Paint exterior of tank to protect/preserve its longevity.	850,000	
Improve Wash water, Stand tank, Stairs, Surge pipes, and Lime Tank exterior at Ozark Plant Protect/preserve assets longevity.	100,000	
Improve/Install lime feed application point in piping at Lake Maumelle Application point so can feed lime with any pumping configuration.	300,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
WATER PRODUCTION - Continued		
Improve/Rehab Pump Station No. 26A/26B/27 - NLR High Service Zone More efficient power use while pumping.	400,000	
Install cameras security system on the interior/exterior of Lake Maumelle facilities Security cameras for inside the surge tank building and outside of Generator Building for improved security and safety.	15,000	
Install Flow Meter at Highway 5 valve Flow Meters to help reduce Unaccounted for Water loss.	10,000	
Install Flow Meter at Scenic Hill Valve Flow Meters to help reduce Unaccounted for Water loss.	10,000	
Install Flow Meter on PRVs to Tank 19C Flow Meters to help reduce Unaccounted for Water loss.	10,000	
Install Flow Meters at Stations 8A & 8B Flow Meters to help reduce Unaccounted for Water loss.	20,000	
Install Flow Meters on Gravel Ridge valves Flow Meters to help reduce Unaccounted for Water loss.	20,000	
Install Flow Meters on NorthBelt Valves Flow Meters to help reduce Unaccounted for Water loss.	20,000	
Install Soft Starts on Pumps 2 and 3 at Station 14 Preserve pump motor by reducing wear and pressure surge upon startup.	18,000	
Install VFD on Pump 3 at Ozark treatment plant Allows operations to improve control of pressure and manage summer months demand, lessening the risk of high pressure main breaks.	300,000	
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	
Purchase Spare Parts for Chlorine Dioxide at Ozark and Wilson Plants Equipment is near the end of useful life, and no backup equipment on hand.	90,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
WATER PRODUCTION - Continued		
<p>Purchase Van for Instrument Tech III</p> <p>The new Instrument Tech III requires a van. The van will be used to transport various instruments from site to site.</p>	43,000	
<p>Purchase Welder machine for Crane Truck</p> <p>This machine will be used to repair/fuse various metal piping on and off job sites.</p>	10,000	
<p>Rehabilitate/Improve Tank No. 17A interior/exterior - Highland Ridge</p> <p>Paint the exterior of the tank to protect/preserve its longevity.</p>	850,000	
<p>Replace Autoclave at Wilson Lab</p> <p>Replace autoclave due to age and no backup unit.</p>	15,000	
<p>Replace chlorine dioxide piping, Flow Meters and Valves</p> <p>Equipment is at the end of its useful life and needs to be replaced with functioning equipment.</p>	125,000	
<p>Replace Control Room Furniture at Ozark Plant</p> <p>Current furniture is beyond useful life.</p>	30,000	
<p>Replace Hypo Flow Meters at Ozark Plant</p> <p>Meters are at end of their useful lives and are experiencing operational failures.</p>	30,000	
<p>Replace Jackson Reservoir fence</p> <p>Ensure access is restricted to authorized personnel only.</p>	80,000	
<p>Replace Lab Water System with Type 1 Water System</p> <p>The current unit is experiencing operational difficulties. Without this equipment, certain Type 1 water analyses can not be performed, which is critical for operation.</p>	10,000	
<p>Replace Lake Maumelle Pumps 1, 2 and 4 PLCs</p> <p>PLCs are legacy and program is proprietary by Allen Bradley.</p>	100,000	
<p>Replace Lime Dust Collector at Ozark Plant</p> <p>Lime Dust Collector is beyond useful life.</p>	125,000	
<p>Replace Main Disconnect Pump Station 16A</p> <p>Main disconnect is beyond useful life.</p>	6,000	
<p>Replace Main Disconnect Pump Station 2</p> <p>Main disconnect is beyond useful life.</p>	6,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
WATER PRODUCTION - Continued		
Replace Pump No. 2 at Station 17	40,000	
Additional spare is needed due to exceeding firm capacity during summer months demand.		
Replace RTU Batteries	25,000	
Replace due to age so backup power for SCADA communication with remote sites.		
Replace SCADA System Programmable Logic Controllers	350,000	
Replace PLCs due to support services ending in 2021.		
Replace Total Organic Carbon Analyzer	100,000	
Replace due to out of date technology and ending support services.		
Replace Truck #435	35,000	
Replace truck due to high mileage and excessive maintenance costs.		
DISTRIBUTION		
Expand CLW Warehouse	150,000	
Expand warehouse for increasing storage needs.		
Expand Concrete Pavement Area at CLW Yard - Job No. 08268	125,000	
Install concrete in yard area around fire hydrants.		
Install and Replace Hydrants	115,000	
Install and replace hydrants to maintain fire protection levels along with water quality by means of flushing.		
Install Hydrants - Maumelle	7,000	
Install hydrants for Maumelle to maintain fire protection levels along with water quality by means of flushing.		
Install Mains - Maumelle	13,000	
Install capital mains within the distribution system in Maumelle.		
Install Meters - Maumelle	8,000	
Install meters for new services requested for new construction and infrastructure additions in Maumelle.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
DISTRIBUTION - Continued		
Install Meters for New Services	260,000	
Install meters for new services requested for new construction and infrastructure additions.		
Install New Windows at Clear Water Facility	13,000	
Windows have a bad film on the inside of the panes. Will need to replace or take and the windows out and reseal window.		
Install Valves	60,000	
Install and replace valves within the distribution system.		
Install Valves - Maumelle	9,000	
Install and replace valves within the Maumelle distribution system.		
Install, Replace, and Relocate Mains	230,000	
Capital Mains installed by Distribution on larger repairs for sections cut-in and for small relocations projects.		
Install, Replace, and Transfer Services - Maumelle	290,000	
Install, replace, and transfer Maumelle services relating to new and existing jobs.		
Purchase Attachment Sweeper	15,000	
Attachment Sweeper will be used for various jobs.		
Purchase Hydraulic Hoe Ram for Mini Excavators	14,000	
Purchase Hydraulic Hoe Ram for Mini Excavators.		
Purchase 1/2 Ton Truck to pull Hydraulic drilling machine	90,000	
This truck will used to pull the Hydraulic drilling machine.		
Purchase 3/4 Ton Truck	70,000	
Replace truck due to high mileage and excessive maintenance costs.		
Purchase Air Conditioning Machine	6,000	
Purchase a new air conditioning machine for the garage.		
Purchase Crew Trucks	160,000	
This crew truck will be add for the Foreman in Zone six. Additional trucks are needed as staff level increases		
Purchase Diagnostic Tools	8,500	
New diagnostic tool will assist in various diagnostic analyses.		

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
DISTRIBUTION - Continued		
Purchase Ditch Pumps New Ditch Pumps will replace existing depleted equipment.	11,000	
Purchase two Stanley Hydrant Saver This tool will be use to repair fire hydrants system wide.	15,000	
Purchase two Vac-tron Trucks and Trailers Replace truck due to excessive mileage and maintenance costs.	220,000	
Purchase/Install Meters - Change Out Program Replace meters in service for 16 years or longer with new meters, thereby enhancing water metering by removing slow meters that impact revenues.	800,000	
Purchase/Install Services (New, Replace, Transfer) Install, replace, and transfer services relating to new and existing jobs.	1,380,000	
Replace 1 Ton Service Truck #416 Replace truck due to high mileage and excessive maintenance costs.	74,000	
Replace 2 Ton Dump Truck #518 Replace truck due to high mileage and excessive maintenance costs.	110,000	
Replace 3 Ton Dump Truck #544 Replace truck due to high mileage and excessive maintenance costs.	140,000	
Replace Air Motors for Tap Machines The equipment is at the end of useful life and costly to repair.	19,000	
Replace Air Piercing Tool Replace non-serviceable air piercing tool used for trenchless installation of services.	20,000	
Replace CL12 Tap Machine Need to replace aging and costly to repair equipment.	35,000	
Replace Large 2 Post Lift The new lift will be used to repair fleet vehicles. The existing lift is at the end of useful life.	12,000	

CAPITAL IMPROVEMENT PLAN - 2023 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2023 O&M IMPACT
DISTRIBUTION - Continued		
Replace Large 4 Post Lift The new lift will be used to repair fleet vehicles. The existing lift is at the end of useful life and is deemed hazardous.	65,000	
Replace B-101 Tap Machines The new equipment will replace the old depleted equipment.	15,000	
Replace Metro-tech locator pipe locating equipment New Technology will replace existing depleted equipment.	15,000	
Replace Plant furniture Replace furniture that received water damage and older furniture.	10,000	
Replace Roof - CLW Facility The CLW building is in need of roof replacement.	240,000	
Replace Tap Mates Need to replace aging and costly to repair equipment.	45,000	
Replace Two 1 Ton Crew Trucks #478 & #479 Replace Crew trucks due to maintenance cost and high mileage.	270,000	
Replace two 1/2 Ton Trucks #510 & #519 with EVs Replace two 1/2 Ton Trucks with EVs..	60,000	
Replace two 3/4 Ton Trucks #599 & #513 Replace Two trucks due to excessive mileage and maintenance costs.	140,000	

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
ADMINISTRATION					
Conduct Lake Maumelle Bathymetry Survey	75,000				
Conduct Lake Winona Bathymetry Survey			25,000		
Construct Education Center					3,000,000
Forest Restoration and Enhancement - Job No. 07554	15,000	15,000	15,000	15,000	15,000
Implement Watershed Management Pilot Project	35,000				
Improve Forest Roads and Access - Job No. 07390	25,000	25,000	25,000	20,000	20,000
Improve Landscaping/Fencing for pump stations	35,000	35,000	35,000	35,000	35,000
Renovate Lake Maumelle Pumping Station Building	50,000				
Improve Watershed Office Building	10,000	5,000			
Install Energy Efficiency monitoring/control equipment	25,000		25,000		25,000
Install EV Charging Management Software for CLW				30,000	
Install EV Charging Station at CLW		15,000			
Install EV Charging Station at JTH Building	15,000				
Install EV Charging Station at Wilson					15,000
Install EV Charging stations at CLW	15,000				
Install Infrastructure for 4.8MW Floating Solar at Lake Maumelle					200,000
Install Security Fencing and gates at JTH			25,000		
Install Security System Improvements	25,000	30,000	25,000	25,000	25,000
Install Solar installation at Pump Station 23 in NLR	100,000				
Install Solar Parking shade structure with Battery Storage at LMPS				50,000	
Install Solar Parking shade Structure with Battery Storage at Wilson					125,000
Install Solar Shade Structure with Battery storage for CLW parking lot		125,000	125,000	125,000	125,000
Install Training Facility and Material Storage Yard	125,000	50,000			
Land-Use Land-Cover GIS Analysis - Lake Maumelle Watershed			35,000		
Pegasus Pipeline Sateltyics Change Analysis - Satellite Monitoring	61,250	122,500	122,500		

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
ADMINISTRATION - Continued					
Purchase Cityworks software upgrades for Asset Management RUL		25,000			
Purchase Conservation Easements	200,000	200,000	250,000	250,000	250,000
Purchase ESG data collection software					15,000
Purchase Land for 4.8 MW Solar Field #2	600,000				
Purchase Furniture for Deli Building	50,000				
Purchase Truck		30,000			
Purchase Truck for Facility Maintenance	60,000				
Purchase Pontoon Boat		43,000			
Purchase Property	325,000	500,000	500,000	500,000	500,000
Purchase Property for Legacy Large Acre Property Project	3,000,000				
Purchase Skid steer with mulcher			50,000		
Purchase Tractor Attachments		12,000			
Purchase Trailer for Grounds keeping crew					20,000
Purchase two portable Indoor Air Quality monitoring units	5,000				
Redevelopment Project: JTH Building		5,525,000	5,500,000		
Remodel Higginbotham House	50,000				
Remodel House for Watershed Facilities	70,000				
Replace 5 Natural gas boilers and Hot water heaters		25,000	25,000	25,000	50,000
Replace Fassler Hall electric and plumbing			10,000		
Replace HVAC components	50,000	25,000			
Replace HVAC Police Substation		10,000			
Replace Larger Metal Trailer			7,000		
Replace Mowers and equipment for Groundskeeping		10,000			10,000
Replace Small Dump Truck #227	45,000				
Replace SxS John Deere UTV			20,000		

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages [149](#) - [210](#).

Vehicles in blue are aggregated and combined in the Projects Section on pages [206](#) - [208](#).

DESCRIPTION	2023	2024	2025	2026	2027
ADMINISTRATION - Continued					
Replace Truck #472 - EHS	30,000				
Replace Truck #485 - Watershed Protection	28,000				
Replace Truck #520 - Groundskeeper			35,000		
Replace Truck #548 - Lead Groundskeeper				35,000	
Replace Trucks - Watershed protection				32,000	
Replace UTV					15,000
Replace Watershed equipment (boat motors, mowers)			15,000		
Replace Winona House electric and septic					10,000
Replace/Upgrade Drone		7,000			
Restore Hydrologic Flow - USACE Sec. 206 Project	58,000	42,000			
Restore River, Floodplain and Wetland at Forest Legacy Property	125,000	125,000	75,000	75,000	75,000
Upcharge for EV fleet - 4 vehicles		50,000	50,000	50,000	50,000
Update Watershed Management Plan	211,250				
Upgrade Park & Recreational Areas	30,000	20,000	10,000		
TOTAL ADMINISTRATION	\$5,548,500	\$7,071,500	\$7,004,500	\$1,267,000	\$4,580,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
INFORMATION SERVICES					
CAP1 Capital Project Planning & Project Management Application		250,000			
Conduct Information Technology Risk Management Assessment	50,000				
Convert to ArcGIS Utility Network		25,000	100,000		
Expand storage to current Pure storage array for virtual servers				200,000	
Install Cityworks Enhancements	30,000				
Install Data Storage Protection/Server Backup & Recovery	50,000				
Install New infrastructure switches for New building		350,000			
Install Security camera system for New building			150,000		
Preform Ortho Photography of Watershed				30,000	
Purchase Billing Printer			48,000		
Purchase Cityworks Cloud		50,000	50,000	50,000	50,000
Purchase DMZ VMWare Host				300,000	
Purchase DMZ4 Chemical Tracking	30,000				
Purchase Document Management System				25,000	275,000
Purchase Drone					20,000
Purchase ESRI Tools Enhancements	25,000				
Purchase New battery backup for New building		400,000			
Purchase NVRs Security Hardware	20,000			20,000	
Purchase Operational Data Management and Reporting software	30,000				
Purchase SEIM Solution	75,000				
Purchase VMWare license additions			32,000		
Purchase Work order Management system					25,000
Replace Core Switch		200,000			
Replace GIS Field Data Collector Vehicle	30,000				
Replace GPS Equipment	30,000				30,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
INFORMATION SERVICES - Continued					
Replace Network Firewalls change years		75,000		45,000	
Replace office Phone hardware				25,000	
Replace SCADA Switches				35,000	
Replace Server Uninterruptible Power Supply (UPS) units			20,000		
Replace Servers (CLW, MAC, Wilson Plant)	40,000			40,000	
Replace Wireless Access Points	75,000				
Select/Install ERP system	1,500,000	1,500,000			
Upgrade cameras to New technology			20,000		20,000
Upgrade endpoint routers/switches to 25 gigabyte (GB)		200,000			
Upgrade GIS Custom Map Tools for Cityworks Server		30,000			
Upgrade Phone System	75,000				
Upgrade/Purchase GPS Vehicle Tracking				35,000	
TOTAL INFORMATION SERVICES	\$2,060,000	\$3,080,000	\$420,000	\$805,000	\$420,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
CUSTOMER SERVICE					
Replace Dodge Caravan #451		37,000			
Replace Truck #458	30,000				
Replace Truck #504	30,000				
Replace Truck #509			35,000		
Replace Truck #511	30,000				
Replace Truck #537	30,000				
Replace Truck #539		32,500			
Replace Truck #540			35,000		
Replace Truck #553			35,000		
Replace Truck #554			35,000		
Replace Truck #555				37,500	
Replace Truck #559		32,500			
Replace Truck #560				37,500	
Replace Truck #572				37,500	
Replace Truck #575		32,500			
Replace Truck #576				37,500	
Replace Truck #577					40,000
Replace Truck #578		32,500			
Replace Truck #580					40,000
Replace Truck #593					40,000
Replace Truck #596					40,000
TOTAL CUSTOMER SERVICE	\$120,000	\$167,000	\$140,000	\$150,000	\$160,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
ENGINEERING					
Acquire Professional Services for Engineering	5,000	5,000	5,000	5,000	5,000
Acquire Professional Services for Land Surveying	5,000	5,000	5,000	5,000	5,000
Acquire Professional Services for Property Appraisals	5,000	5,000	5,000	5,000	5,000
Conduct Comprehensive Dam Inspections - Maumelle/Winona/Jackson			80,000		
Conduct Condition Assessment of Lake Maumelle 48-inch Raw Water Transmission Main		900,000			
Conduct Condition Assessment of Lake Maumelle 72-inch Raw Water Transmission Main	900,000				
Conduct Right-of-Way Survey of Winona Raw Water Line Property Line/Alignment Survey			150,000		
Developer Funded Capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Developer Funded New Mains installations	150,000	150,000	150,000	150,000	150,000
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	6,300,000				
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 2			9,500,000	9,000,000	
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 3				6,500,000	6,000,000
Improve Booster Pump Station No. 11	250,000				
Improve Pump Station No. 1A - Phase 2 Const. & Engr. - Wilson Plant Job No. 07515	1,919,053				
Improve/Rehab Wilson WTP - Engineering Design Phase	7,000,000	2,500,000			
Improve/Rehab Wilson WTP - Const. & Engr. Phase		1,000,000	2,000,000	1,000,000	1,000,000
Improve/Rehab Wilson WTP - Construction Phase		30,000,000	50,000,000	30,000,000	20,000,000
Improve/Replace Raw Water Pump Station No. 12 Jackson Reservoir - Construction	2,700,000	2,000,000			
Improve/Replace Raw Water Pump Station No. 12 Jackson Reservoir - Engineering Design & Services	82,500	25,000			

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages [149 - 210](#).

Vehicles in blue are aggregated and combined in the Projects Section on pages [206 - 208](#).

DESCRIPTION	2023	2024	2025	2026	2027
ENGINEERING - Continued					
Install 60-inch Raw Water Line - Lake Maumelle to Hwy 10 Engr Design & Construction				30,000,000	30,000,000
Install 8-inch Water Main - Interconnection Panther Mtn to Maumelle Main Job 08786				950,000	
Install 8-inch Water Main across I-40 at Harris Road - Job 08784	700,000				
Install Water Main/Merger with Ridgefield Estates - Job No. 08860	1,441,053				
Issue Loan to Ridgefield Estates POA	360,000				
Preform Calibration of Hydraulic Model	250,000				
Purchase GPS Units	11,000	11,000			
Purchase Pressure Recorders	11,000				
Rehabilitate Lake Winona Spillway	300,000				
Relocate 12-inch Water Main - Along Jonesboro Dr - LR	150,000				
Relocate 12-inch Water Main - Along So. University & 28th to Col. Glenn - LR					900,000
Relocate 24-inch Transmission Main - Job No. 08335	805,000				
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 1	692,000				
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 2	1,175,000				
Relocate Water Mains - Cantrell Rd/Hwy 10 - Phase 2 Pleasant Ridge to Taylor Loop			10,100,000		
Relocate Water Mains - Cantrell Rd/Hwy 10 - Phase 2 Pleasant Ridge to Taylor Loop - REIMBURSEMENT			(3,700,000)		
Relocate Water Mains at Zion and Cobb Streets in Little Rock	300,000				
Relocate Water Mains for various Known and forecasted locations for City, County, and State developments	750,000	1,000,000	1,250,000	1,500,000	1,750,000
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000,000				
Renovate various Facilities internal/external features	50,000	50,000	50,000	50,000	50,000
Repair of Raw Water Lines - Lake Maumelle		1,000,000	1,000,000		

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages [149](#) - [210](#).

Vehicles in blue are aggregated and combined in the Projects Section on pages [206](#) - [208](#).

DESCRIPTION	2023	2024	2025	2026	2027
ENGINEERING - Continued					
Replace 12-inch Water Main - Along Baseline Rd - LR					2,500,000
Replace 12-inch Water Main - Stagecoach Rd at I-430 - LR	375,000				
Replace 12-inch Water Main - Under Interstate 30 at Roosevelt Rd - LR				450,000	
Replace 8-inch Water Main - Main St at RR Viaduct - NLR					700,000
Replace 8-inch Water Main - River Rd & Paul Duke - NLR	150,000				
Replace Galvanized Water Mains - LR 2022 Phase 1	246,834				
Replace Galvanized Water Mains - LR 2022 Phase 2	375,620				
Replace Galvanized Water Mains - LR 2022 Phase 3	452,142				
Replace Galvanized Water Mains - LR 2022 Phase 4	1,000,000				
Replace Galvanized Water Mains - NLR 2022 Phase 1	814,464				
Replace Galvanized Water Mains - NLR 2022 Phase 2	706,274				
Replace Galvanized Water Mains - NLR 2022 Phase 3	1,000,000				
Replace Raw Water Pumping Unit No. 4 at Lake Maumelle Raw Water Pumping Station - Job No. 08959	\$600,000				
Replace Vehicles	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000
Replace Water Mains, Aging Galvanized, Asbestos-Cement, and Cast Iron system wide	\$1,404,666	\$6,000,000	\$7,000,000	\$8,000,000	\$9,000,000
TOTAL ENGINEERING	\$37,966,606	\$53,591,000	\$73,735,000	\$90,155,000	\$74,605,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
WATER PRODUCTION					
Conduct Generator PM	35,000	35,000	35,000	35,000	35,000
Construct Booster Pump Station 17B - Highland Ridge	1,000,000				
Implement Tank Management System	60,000	65,000	60,000		
Improve all Intake Gates at Lake Maumelle and Lake Winona	750,000				
Improve Booster Pump Station No. 22 - Convert to Supply Maumelle				3,000,000	
Improve Plant Equipment/Assets	500,000	500,000	500,000	500,000	300,000
Improve Pump Station 10			800,000		
Improve Station 23 to pump directly from fill line pressure				1,000,000	
Improve Tank No. 21 interior/exterior					1,100,000
Improve Tank No. 18 interior/exterior				500,000	
Improve Tank No. 19C interior/exterior - Wye Mountain					300,000
Improve Tank No. 2 exterior	300,000	450,000			
Improve Tank No. 22 interior/exterior		500,000	800,000		
Improve Tank No. 28 interior/exterior			350,000		
Improve Tank No. 30B interior/exterior	850,000				
Improve Wash water, Stand tank, Stairs, Surge pipes, and Lime Tank exterior at Ozark Plant	100,000				
Improve/Install lime feed application point in piping at Lake Maumelle	300,000				
Improve/Rehab Pump Station No. 26A/26B/27 - NLR High Service Zone	400,000				
Inspect all Clearwells by ROV					12,000
Install cameras security system on the interior/exterior of Lake Maumelle facilities	15,000				
Install Flow Meter at Highway 5 valve	10,000				
Install Flow Meter at Scenic Hill Valve	10,000				
Install Flow Meter on PRVs to Tank 19C	10,000				
Install Flow Meters at Stations 8A & 8B	20,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
WATER PRODUCTION - Continued					
Install Flow Meters on Gravel Ridge valves	20,000				
Install Flow Meters on NorthBelt Valves	20,000				
Install Soft Starts on Pumps 2 and 3 at Station 14	18,000				
Install third generator at Lake Maumelle Pump station			1,500,000		
Install VFD in High Service Pump Station 1B		500,000			
Install VFD on Pump 3 at Ozark treatment plant	300,000				
Purchase Rockwell Support/Training		35,000		35,000	
Purchase Sampling Stations	15,000	15,000	15,000		
Purchase Spare Parts for Chlorine Dioxide at Ozark and Wilson Plants	90,000				
Purchase Van for Instrument Tech III	43,000				
Purchase Welder machine for Crane Truck	10,000				
Rebuild Pump and Motor 7 Lake Maumelle		360,000			
Rehab Pump and Motor at Lake Maumelle			500,000		
Rehabilitate Pump Station 14				1,000,000	
Rehabilitate/Improve Tank No. 17A interior/exterior - Highland Ridge	850,000				
Replace Autoclave at Wilson Lab	15,000				
Replace chlorine Dioxide piping, Flow meters, and Valves	125,000				
Replace Control Room Furniture at Ozark Plant	30,000				
Replace gas chromatography mass spectrometry equipment			150,000		
Replace Granular Activated Carbon Media (GAC) at Ozark Point Plant		300,000	300,000	300,000	
Replace Hypo Flow Meters at Ozark Plant	30,000				
Replace Inductively Coupled Plasma (ICP)					140,000
Replace ICP/Mass Spec		150,000			
Replace Jackson Reservoir fence	80,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
WATER PRODUCTION - Continued					
Replace Lab Water System with Type 1 Water System	10,000				
Replace Lake Maumelle Pumps 1, 2 and 4 PLCs	100,000				
Replace Lime Dust Collector at Ozark Plant	125,000				
Replace Main Disconnect Pump Station 16A	6,000				
Replace Main Disconnect Pump Station 2	6,000				
Replace Plant Chemical Feed PLCs			80,000		
Replace Pump No. 2 at Station 17	40,000				
Replace RTU Batteries	25,000				
Replace SCADA System Programmable Logic Controllers	350,000	350,000			
Replace seven CL-17s On-Line Monitors of Chlorine Residuals at Wilson and Ozark			55,000		
Replace Total Organic Carbon Analyzer	100,000				
Replace Truck #435	35,000				
Replace Truck #557		35,000			
Replace Truck #570			35,000		
Restore lake volume through sediment removal - Dredging				5,000,000	5,000,000
TOTAL WATER PRODUCTION	\$6,803,000	\$3,295,000	\$5,180,000	\$11,370,000	\$6,887,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
DISTRIBUTION					
Expand CLW Warehouse	150,000	300,000			
Expand Concrete Pavement Area at CLW Yard - Job No. 08268	125,000	125,000			
Install and Replace Hydrants	115,000	120,000	125,000	130,000	135,000
Install Hydrants - Maumelle	7,000	7,250	7,500	7,750	8,000
Install Mains - Maumelle	13,000	14,000	15,000	16,000	17,000
Install Meters - Maumelle	8,000	9,000	10,000	11,000	12,000
Install Meters for New Services	260,000	270,000	280,000	290,000	300,000
Install New Windows at Clear Water Facility	13,000				
Install storage area for large Fittings		120,000			
Install Valves	60,000	65,000	70,000	75,000	80,000
Install Valves - Maumelle	9,000	10,000	11,000	12,000	13,000
Install, Replace, and Relocate Mains	230,000	240,000	250,000	260,000	270,000
Install, Replace, and Transfer Services - Maumelle	290,000	300,000	310,000	320,000	330,000
Purchase Attachment Sweeper	15,000				
Purchase Drone		30,000			
Purchase Hydraulic Hoe Ram for Mini Excavators	14,000	19,000			
Purchase 1/2 Ton Truck to pull Hydraulic drilling machine	90,000				
Purchase 3/4 Ton Trucks	70,000	70,000			
Purchase 3/4 Ton Truck for Troubleshooters		70,000		85,000	
Purchase AC Machine	6,000				
Purchase Crew Trucks		25,000		25,000	
Purchase Crew Trucks	160,000	160,000		170,000	
Purchase Diagnostic Tools	8,500				
Purchase Ditch Pumps	11,000	11,000	12,000	12,000	5,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages [149 - 210](#).

Vehicles in blue are aggregated and combined in the Projects Section on pages [206 - 208](#).

DESCRIPTION	2023	2024	2025	2026	2027
DISTRIBUTION - Continued					
Purchase Leak Detection Equipment		40,000			45,000
Purchase UTV for Right-a-Way Crew		25,000			
Purchase Valve Operator/ Vac-Tron Truck		135,000			
Purchase Tractor and Bush Hog for Easement Maintenance		70,000			
Purchase Two Hydro-Excavator Trucks				500,000	
Purchase Two Stanley Hydrant Saver	15,000	15,000			
Purchase Two Vac-trons and Trailers	220,000				
Purchase/Install Advanced Metering Infrastructure (AMI) Meters			3,332,500	3,312,500	3,292,500
Purchase/Install Meters - Change Out Program	800,000	820,000	840,000	860,000	880,000
Purchase/Install Services (New, Replace, Transfer)	1,380,000	1,400,000	1,420,000	1,440,000	1,460,000
Remodel MAC Personnel Office					120,000
Replace 1 Ton Service Truck #416	74,000		78,000		80,000
Replace 2 Ton Dump Truck #518	110,000	220,000	220,000	230,000	230,000
Replace 3 Ton Dump Truck #544	140,000		150,000		
Replace Air Motors for Tap Machines	19,000	19,000	19,000	19,000	
Replace Air Piercing Tool	20,000	20,000	20,000		
Replace CL12 Tap Machine	35,000				
Replace floors, Ceiling Tiles, and paint Walls at CLW Facility		175,000			
Replace Large 2 Post Lift	12,000				
Replace Large 4 Post Lift	65,000				
Replace meter test bench in Meter Shop		280,000			
Replace B-101 Tap Machines	15,000	15,000	16,000	16,000	17,000
Replace Metro-tech locator pipe locating equipment	15,000	15,000	16,000	16,000	17,000
Replace Plant furniture	10,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 149 - 210.

Vehicles in blue are aggregated and combined in the Projects Section on pages 206 - 208.

DESCRIPTION	2023	2024	2025	2026	2027
DISTRIBUTION - Continued					
Replace Roof - CLW Facility	240,000				
Replace Roof - MAC Training Facility			40,000		
Replace Tap Mates	45,000				
Replace Two 1 Ton Crew Trucks #478 & #479	270,000	280,000	290,000	300,000	310,000
Replace Two 1/2 Ton Trucks #510 & #519 with EVs	60,000	100,000	105,000	105,000	110,000
Replace Two 3/4 Ton Trucks #599 & #513	140,000	140,000	94,000	95,000	96,000
Resurface Parking Lot		340,000			
TOTAL DISTRIBUTION	<u>\$5,339,500</u>	<u>\$6,074,250</u>	<u>\$7,731,000</u>	<u>\$8,307,250</u>	<u>\$7,827,500</u>
GRAND TOTAL	<u>\$57,837,606</u>	<u>\$73,278,750</u>	<u>\$94,210,500</u>	<u>\$112,054,250</u>	<u>\$94,479,500</u>

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6 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 \$750,000 or greater over the five-year capital planning period of 2023 through 2027. 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: Construct Watershed Education Center & Office Building
Department: Administration
Focus Area: Buildings and Grounds
Location: Lake Maumelle Watershed



Project Lead:
Raven Lawson

Estimated Start Date:
January 2027

Duration:
12 Months

CAPITAL COSTS	
SOURCE	2027 BOND
2023	—
2024	—
2025	—
2026	—
2027	3,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

One of the key components of the Watershed Protection program is to promote education and outreach as a critical piece of the strategy as initiated in the 2007 Watershed Management Plan. In the years since the Plan’s adoption, the Program has grown significantly in acres under management, staff size, and scope. To continue to support this program, proper office space, lab space, storage, and meeting and education facilities are needed, and these facilities should be near where the daily work is being conducted. Having a proper presence in the watersheds is critical to growing support for the work we do and for the continuation of the program into the future.

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



Project Lead:
Raven Lawson

Estimated Start Date:
January 2023

Duration:
Ongoing

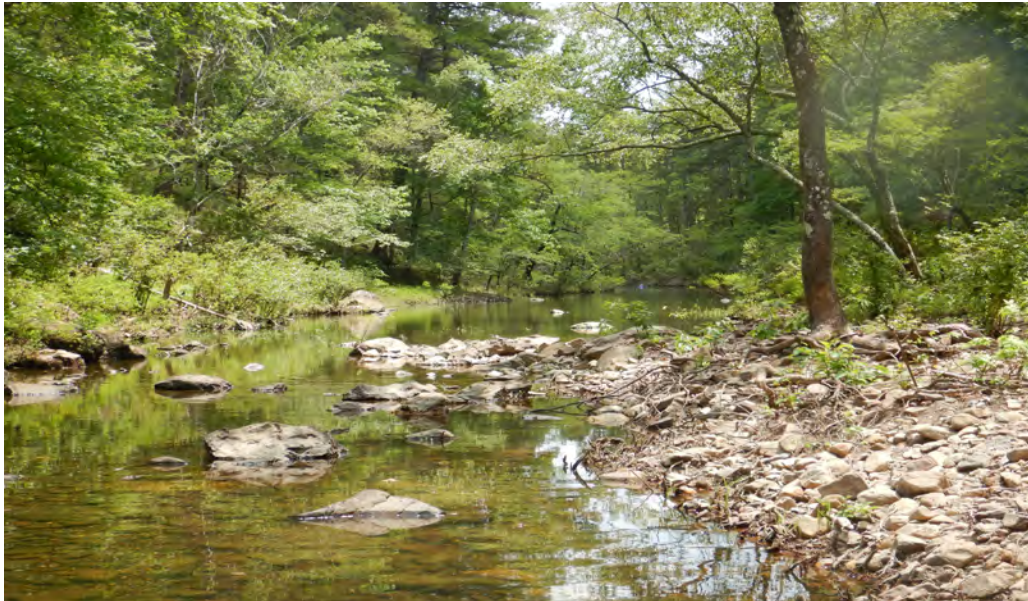
CAPITAL COSTS	
SOURCE	WPF
2023	200,000
2024	200,000
2025	250,000
2026	250,000
2027	250,000

O&M IMPACT	
G/L	Land Management
2023	7,500
2024	10,000
2025	12,500
2026	15,000
2027	15,000

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. These purposes might 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



Project Lead:
Raven Lawson

Estimated Start Date:
January 2023

Duration:
Ongoing

CAPITAL COSTS	
SOURCE	WPF
2023	325,000
2024	500,000
2025	500,000
2026	500,000
2027	500,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 continuation of land purchases is consistent with recommendations of the 2007 WMP and will assist in the full implementation plan.

Project Name: Purchase Property for Legacy Large Acre Property
Department: Administration
Focus Area: Buildings and Grounds
Location: Multiple Locations



Project Lead:
Raven Lawson

Estimated Start Date:
January 2023

Duration:
12 months

CAPITAL COSTS	
SOURCE	2020C bond
2023	3,000,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 continuation of land purchases is consistent with recommendations of the 2007 WMP and will assist in the full implementation plan.

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



Project Lead:
 Blake Weindorf

Estimated Start Date:
 January 2024

Duration:
 24 months

CAPITAL COSTS		
SOURCE	2024 BOND	2025 BOND
2023	—	—
2024	5,525,000	—
2025	—	5,500,000
2026	—	—
2027	—	—

O&M IMPACT	
G/L	Building Maintenance
2023	—
2024	—
2025	(30,000)
2026	(30,000)
2027	(30,000)

PROJECT PURPOSE

Complete renovation of the JTH Building is estimated to cost \$11,025,000. Needed improvements of the JTH Building include a recommended upgraded HVAC system from an investment grade audit, efficient lighting systems, and renewed office spaces/layouts. Potential combined meeting and training spaces will be incorporated to promote collaboration, safety, and synergy. The first floor will include a redesigned retail space that will be used to better serve the public.

Project Name: Select/Install Enterprise Resource Planning Software
Department: Information Services
Focus Area: Finance
Location: JTH Administration Building



Project Lead:
Allen Vincent

Estimated Start Date:
April 2023

Duration:
18 Months

CAPITAL COSTS	
SOURCE	RATES
2023	1,500,000
2024	1,500,000
2025	—
2026	—
2027	—

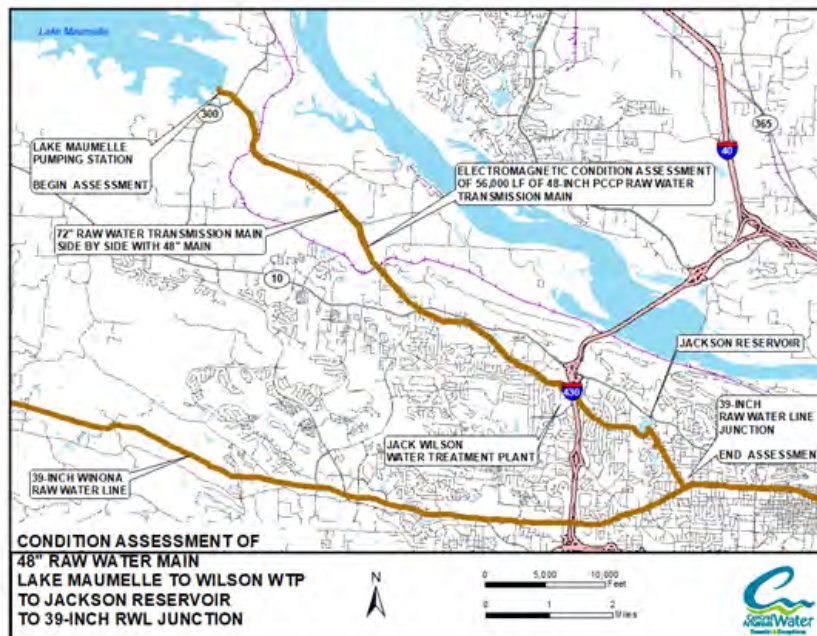
O&M IMPACT	
G/L	Software Maintenance
2023	180,000
2024	360,000
2025	360,000
2026	360,000
2027	360,000

PROJECT PURPOSE

CAW will select and install an ERP software tool that centralizes CAW’s database of information, automates routine tasks, and simplifies business processes. The end-goal in using this tool is to optimize operations and more efficiently use employee time. These objectives can lead to an increase in revenue margins and efficiencies while improving communication across the company.

ERP software is unique because it touches many or all of the different aspects of CAW. It’s an end-to-end integrated solution that encompasses all HR, financial, purchasing, reporting and analytical needs.

Project Name: Condition Assessment of Lake Maumelle Raw Water Transmission Main - 48-inch Raw Water Line
Department: Engineering
Focus Area: Source
Location: Little Rock / Pulaski County



Project Lead:
Jim Ferguson

Estimated Start Date:
September 2024

Duration:
4 Months

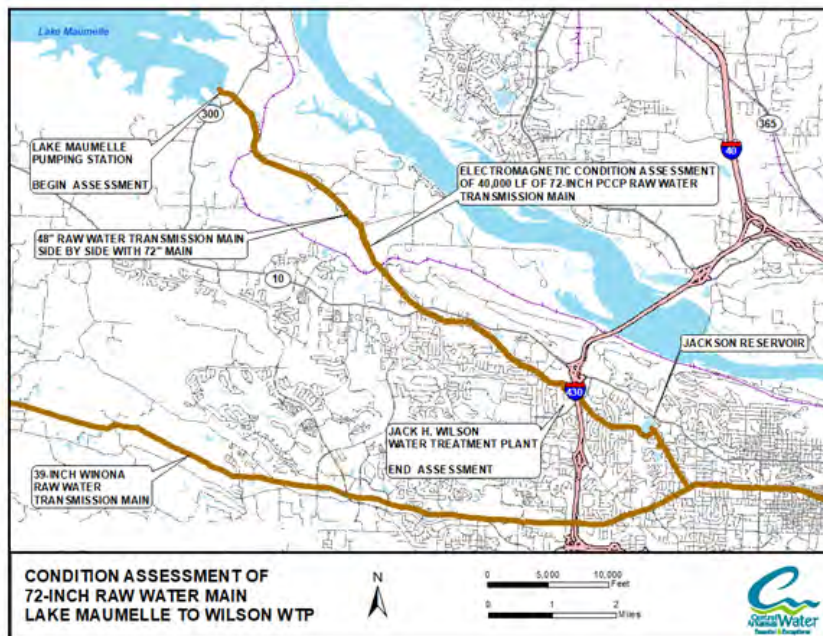
CAPITAL COSTS	
SOURCE	2024 BOND
2023	—
2024	900,000
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of a condition assessment, using submersible electromagnetic equipment, of the smaller and oldest of the two raw water transmission mains extending from the Lake Maumelle pumping station to the Wilson Plant. The existing pipeline is a 48-inch diameter prestressed concrete cylinder pipe placed into service in 1958. From Jackson Reservoir to the Winona raw water line (RWL) junction, the existing pipeline is a 39-inch diameter bar-wrapped concrete cylinder pipe installed in 1938. The pipeline is approximately 56,000 feet in length. Any defects or areas of concern will be addressed for repair and/or mitigation under a future project.

Project Name: Condition Assessment of Lake Maumelle Raw Water Transmission Main - 72-inch Raw Water Line
Department: Engineering
Focus Area: Source
Location: Little Rock / Pulaski County



Project Lead:
Jim Ferguson

Estimated Start Date:
March 2023

Duration:
6 Months

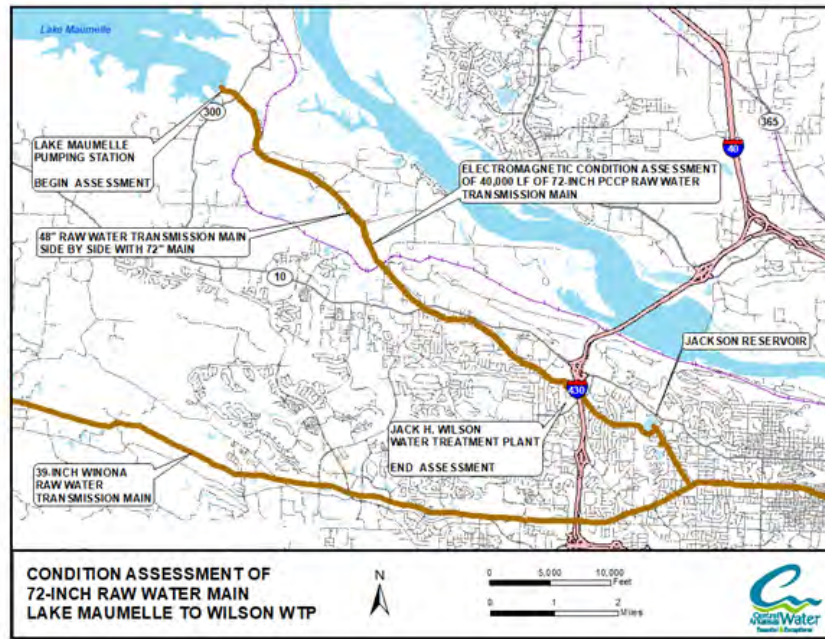
CAPITAL COSTS	
SOURCE	2020B bond
2023	900,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of a condition assessment, using submersible electromagnetic equipment, of the larger of the two raw water transmission mains extending from the Lake Maumelle pumping station to the Wilson Plant. This pipeline is a 72-inch diameter prestressed concrete cylinder pipe placed into service in 1978 and is approximately 40,000 feet in length or 7.57 miles. Any defects or areas of concern will be addressed for repair and/or mitigation under a future project.

Project Name: Replacement/Rehabilitation of Raw Water Lines - Lake Maumelle RWL
Department: Engineering
Focus Area: Source
Location: Little Rock / Pulaski County



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2024

Duration:
24 Months

CAPITAL COSTS		
SOURCE	2024 BOND	2025 BOND
2023	—	—
2024	1,000,000	—
2025	—	1,000,000
2026	—	—
2027	—	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

After the condition assessment of the Lake Maumelle 72-inch PCCP raw water line, to be performed in 2023, replacement or rehabilitation of pipeline sections may be necessary. This pipeline is the largest of the two Lake Maumelle raw water lines and is vitally important for the provision of adequate raw water to the Wilson Plant.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS	
SOURCE	DEVELOPER
2023	2,500,000
2024	2,500,000
2025	2,500,000
2026	2,500,000
2027	2,500,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 construction phase, to ensure compliance with CAW design standards.

Project Name: Developer Funded New Mains installations
Department: Engineering
Focus Area: Mains
Location: System wide



Project Lead:
Andrew Pownall

Estimated Start Date:
January 2023

Duration:
Ongoing

CAPITAL COSTS	
SOURCE	RATES
2023	150,000
2024	150,000
2025	150,000
2026	150,000
2027	150,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

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

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 May 2023

Duration:
 10 Months

CAPITAL COSTS	
SOURCE	ANRD WILSON
2023	1,919,053
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 were 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 millions of 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

PROJECT PURPOSE - Continued

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/Rehab Wilson WTP – Engineering Design
Department: Engineering
Focus Area: Water Treatment Plant
Location: Wilson Plant



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 18 Months

CAPITAL COSTS	
SOURCE	ANRD WILSON WTP
2023	7,000,000
2024	2,500,000
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of detailed engineering design 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 preliminary engineering report was completed in 2022 that provided detailed recommendations for the rehabilitation and improvements to the Plant.

Project Name: Improve/Rehab Wilson WTP – Const. & Engr. Phase
Department: Engineering
Focus Area: Water Treatment Plant
Location: Wilson Plant



Project Lead:
 Jim Ferguson

Estimated Start Date:
 July 2024

Duration:
 42 Months

CAPITAL COSTS	
SOURCE	ANRD WILSON WTP
2023	—
2024	1,000,000
2025	2,000,000
2026	1,000,000
2027	1,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of detailed engineering design 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 preliminary engineering report was completed in 2022 that provided detailed recommendations for the rehabilitation and improvements to the Plant. The engineering design of the improvements will be completed by mid-2024, with construction beginning as soon as possible after the design bid. Construction of the Plant rehabilitation and improvements should be completed by mid-2027.

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



EXISTING



PROPOSED



Project Lead:
 Jim Ferguson

Estimated Start Date:
 July 2024

Duration:
 42 Months

CAPITAL COSTS	
SOURCE	ANRD WILSON WTP
2023	—
2024	30,000,000
2025	50,000,000
2026	30,000,000
2027	20,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 preliminary engineering report was completed in 2022 that provided detailed recommendations for the rehabilitation and improvements to the Plant. Engineering design of the improvements will be completed by mid-2024 with construction beginning as soon as possible after the design is bid. Construction of the Plant rehabilitation and improvements should complete mid-2027.

Project Name: Improve/Reconstruct Raw Water Pump Station No. 12
Jackson Reservoir - Construction

Department: Engineering

Focus Area: Pumps

Location: Jackson Reservoir - Little Rock



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2023

Duration:
18 Months

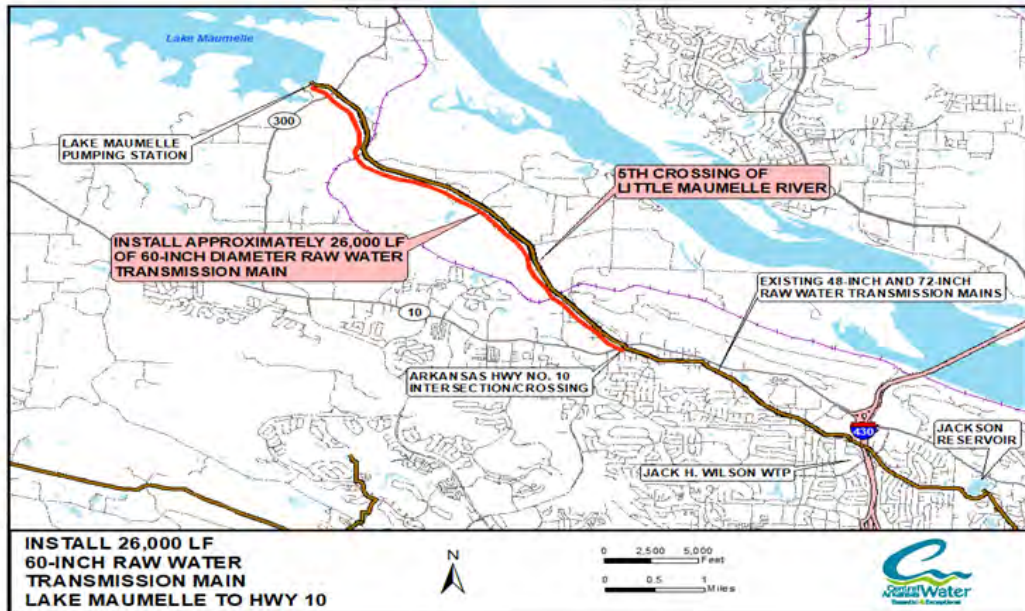
CAPITAL COSTS	
SOURCE	2020C Bond
2023	2,700,000
2024	2,000,000
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 guarantee the best and continued operation of this critical component of the raw water transmission system. Additional work included in this project will be the rehabilitation of the intake structure within the Jackson Reservoir, the installation of a 36-inch diameter shut-off/isolation valve between the pump station and the reservoir dam, and the removal of accumulated sludge within the reservoir. This budget item is for the construction phase of the pump station No. 12 improvements. The engineering design of the improvements was completed in 2022.

Project Name: Install 60-inch Raw Water Line - Lake Maumelle to Hwy 10 - Engr. Design & Construction
Department: Engineering
Focus Area: Mains
Location: Lake Maumelle



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2026

Duration:
 24 Months

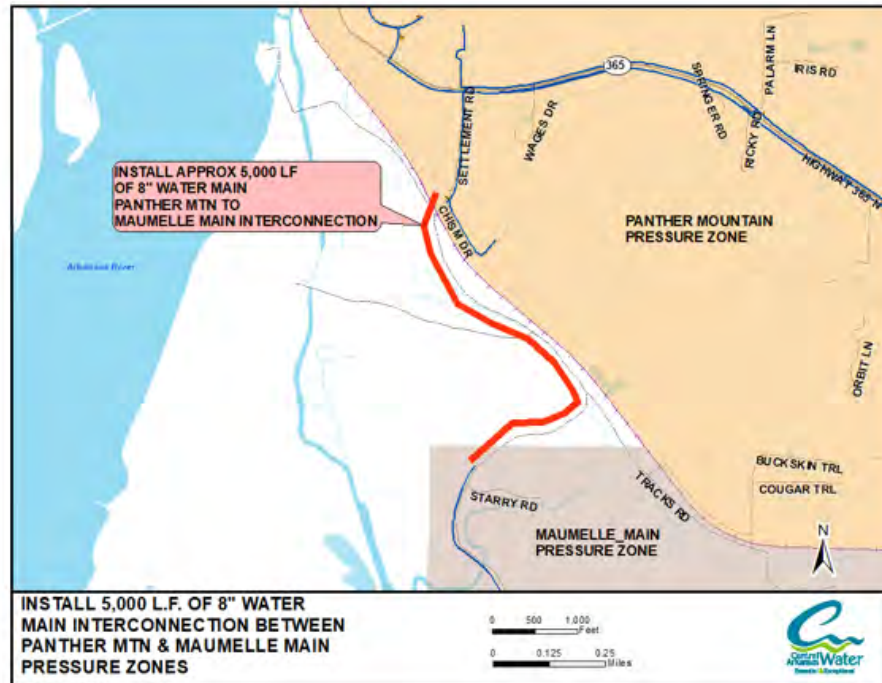
CAPITAL COSTS	
SOURCE	SWIFIA - RWL
2023	—
2024	—
2025	—
2026	30,000,000
2027	30,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project is to install approximately 26,000 feet of 60-inch diameter raw water transmission main from the Lake Maumelle Pumping Station to Arkansas Highway No. 10. This would include a fifth crossing of the Little Maumelle River. This Phase 1 transmission main installation will allow the retirement of the 48-inch transmission main, constructed in 1958, that was the original pipe installation from Lake Maumelle to the Jackson Reservoir. The raw water main was subsequently connected to the Wilson Plant when it was constructed in 1965. The 60-inch diameter transmission main installation will also increase the raw water pumping capacity from Lake Maumelle.

Project Name: Install 8-inch Water Main - Interconnection Panther Mtn to Maumelle Main - Job 08786
Department: Engineering
Focus Area: Mains
Location: Pulaski County



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2026

Duration:
 6 Months

CAPITAL COSTS	
SOURCE	2026 BOND
2023	—
2024	—
2025	—
2026	950,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

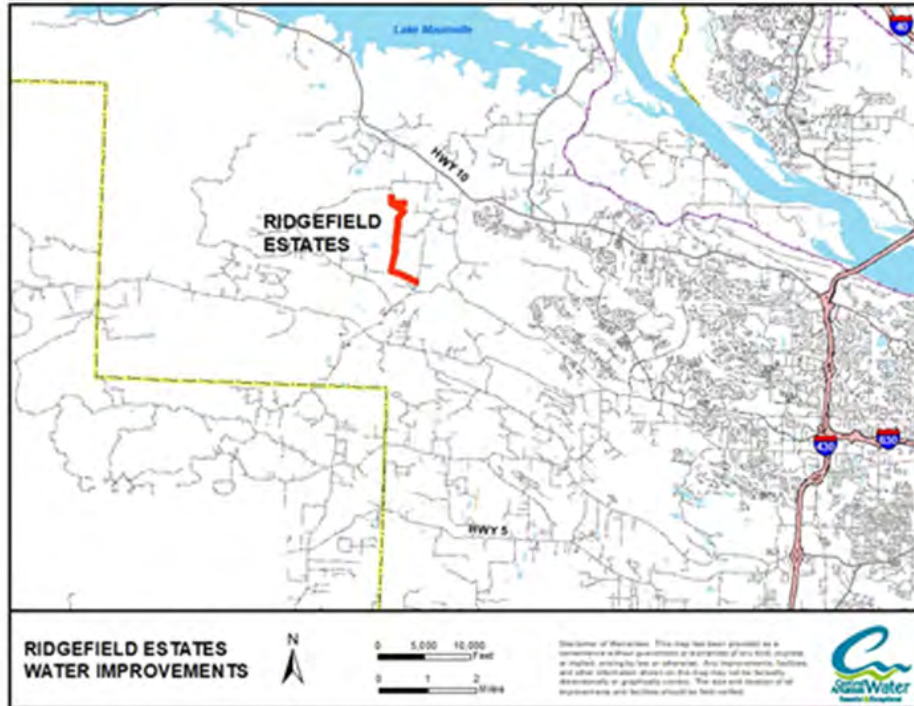
This project will construct approximately 5,000 feet of 8-inch water main between the Panther Mountain pressure zone and the Maumelle Main pressure zone. This interconnection will allow for a practical means to transfer potable water between the pressure zones and produce a higher water quality in the zones. The interconnection will be controlled by a remotely operated pressure reducing valve. This interconnection was deemed advisable by a recent water quality study.

Project Name: Install Water Main/Merger with Ridgefield Estates
Job No. 08860

Department: Engineering

Focus Area: System Expansion - Mains

Location: West Pulaski County



Project Lead:
Andrew Pownall

Estimated Start Date:
July 2023

Duration:
12 Months

CAPITAL COSTS	
SOURCE	ANRD RIDGEFIELD
2023	1,441,053
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	
2024	
2025	
2026	
2027	

PROJECT PURPOSE

This project will consist of the installation of new water mains to CAW standards that will facilitate the merger of the existing Ridgefield Estates water system with CAW. Engineering design and construction phase engineering services are being provided by CAW, and Ridgefield Estates is funding the construction costs.

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

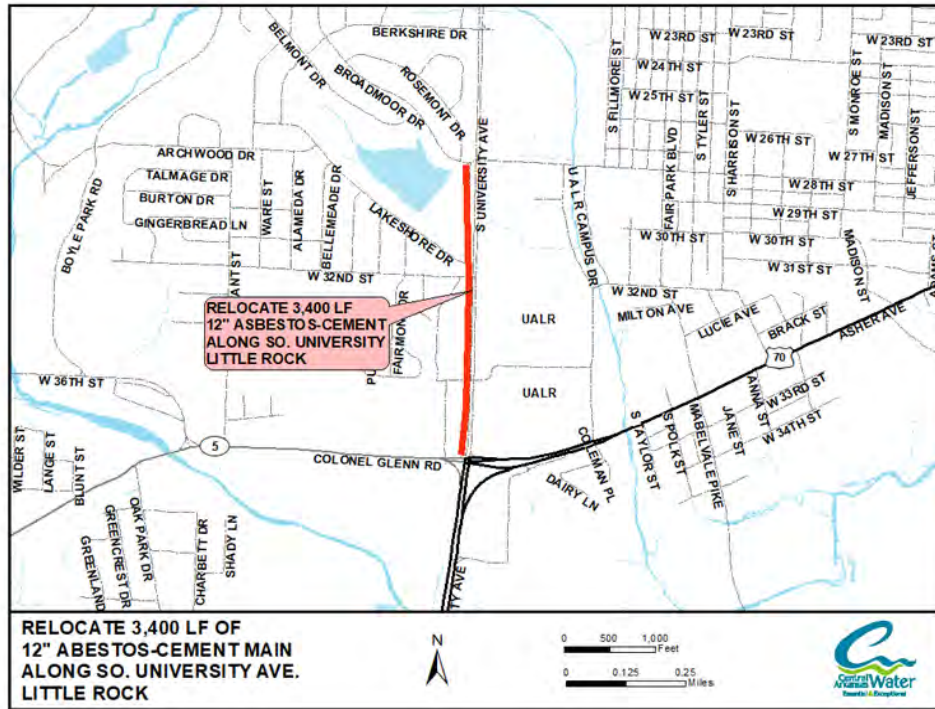


PROJECT PURPOSE

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 2020C bond issue. 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 So. University & 28th to Col. Glenn - LR
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2027

Duration:
 9 Months

CAPITAL COSTS	
SOURCE	RATES
2023	—
2024	—
2025	—
2026	—
2027	900,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This water main relocation along South University Ave is anticipated to occur in 2027, due to the anticipated road and drainage improvements planned for the route.

Project Name: Relocate 24-inch Transmission Main - Along Interstate 30 (I-30) Ark River Bridge - Job No. 08335
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Jim Ferguson

Estimated Start Date:
September 2023

Duration:
6 Months

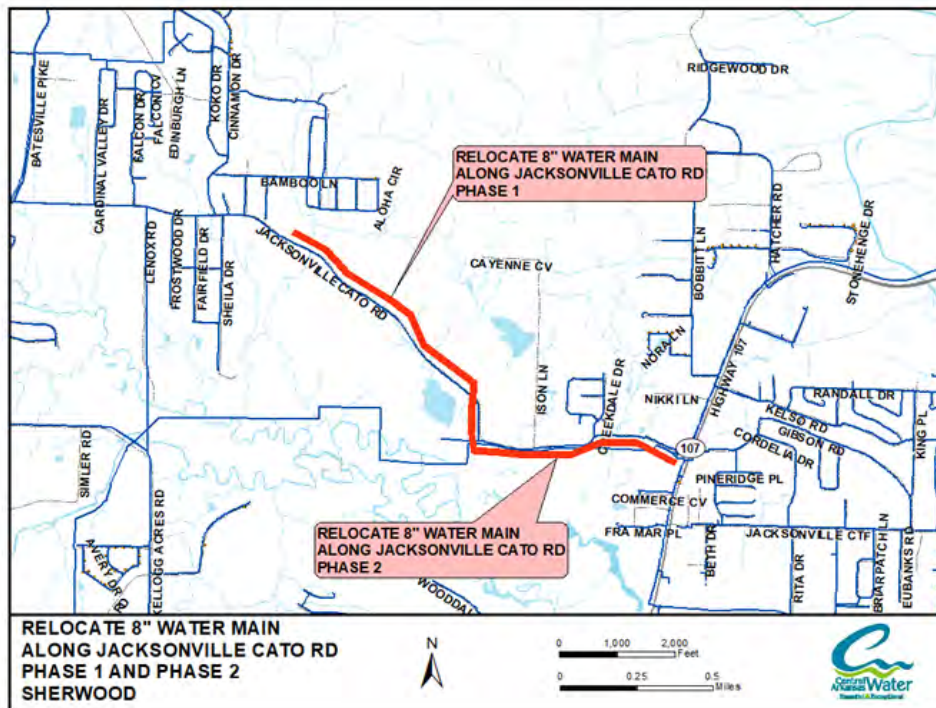
CAPITAL COSTS	
SOURCE	2020C Bond
2023	805,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This water main relocation is part of the 30 Crossing project, which includes the replacement of the bridge on Interstate 30 which crosses the Arkansas River and connects the cities of Little Rock and North Little Rock. This project began in 2020 and is expected to continue into 2023. This is the last of three payments to the Arkansas Department of Transportation (ArDOT), the first of which was made in January 2020 and the second of which was made in September 2022.

Project Name: Relocate 8-inch Water Main - Jacksonville Cato Rd Phase 2
Department: Engineering
Focus Area: Mains
Location: Sherwood



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
6 Months

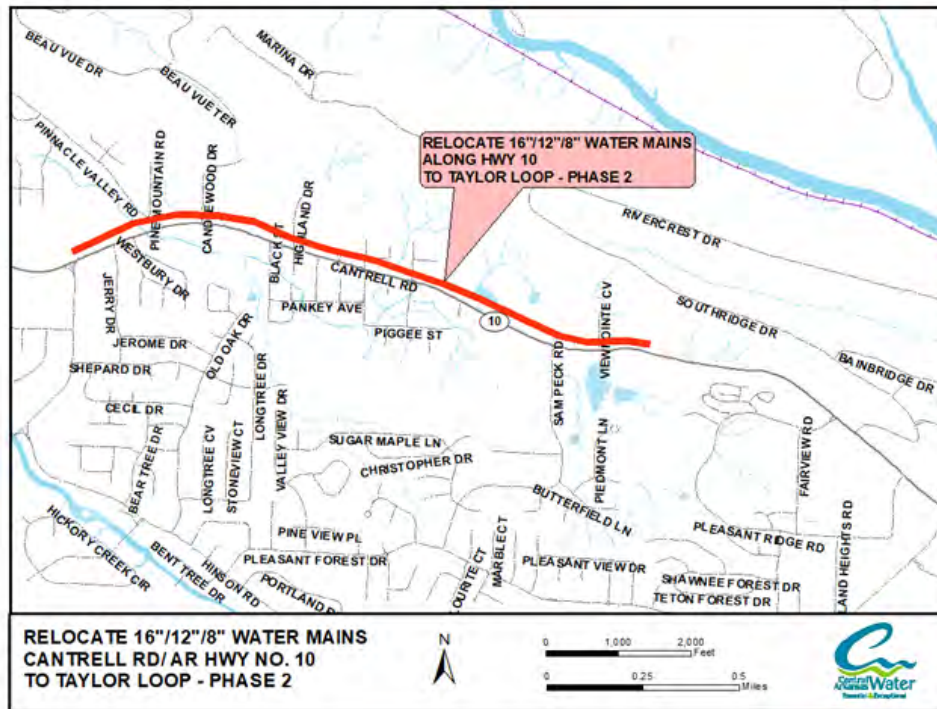
CAPITAL COSTS	
SOURCE	2020C BOND
2023	1,175,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This is Phase 2 of relocation 8-inch Water main along Jacksonville Cato Road in Sherwood. This relocation is needed due to road and drainage improvements along the route being constructed by the City of Sherwood. The project is set to commence in March 2022 and projected to conclude in early 2024.

Project Name: Relocate Water Mains – Cantrell Rd/Hwy 10 – Phase 2
Pleasant Ridge to Taylor Loop
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Joe O'Hara

Estimated Start Date:
January 2024

Duration:
18 Months

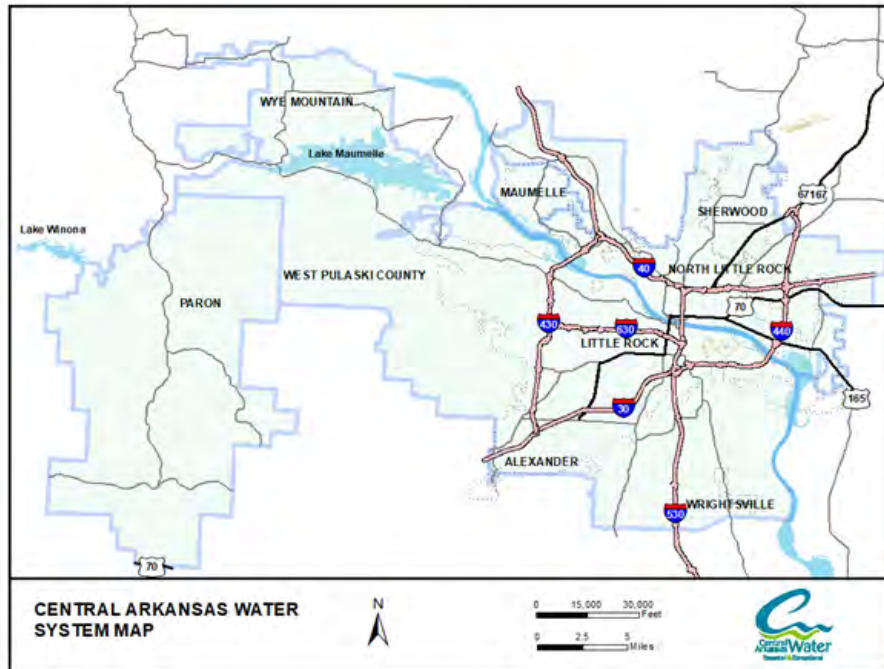
CAPITAL COSTS	
SOURCE	2024 BOND
2023	—
2024	10,100,000
2025	(3,700,000)
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will be the second phase of relocations in Little Rock along Cantrell Road (Arkansas State Highway No. 10), extending from Pleasant Ridge Rd to Taylor Loop Road. Initial funding of the project will be CAW's responsibility, but a reimbursement for certain eligible work will be made from the Arkansas Department of Transportation to CAW upon completion of all relocation work.

Project Name: Relocate Water Mains for various known and forecasted locations
Department: Engineering
Focus Area: Mains
Location: City, County, and State developments



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2023

Duration:
On-going

CAPITAL COSTS					
SOURCE	2020B BOND	2024 BOND	2025 BOND	2026 BOND	2027 BOND
2023	750,000			—	
2024		1,000,000			—
2025			1,250,000		—
2026				1,500,000	—
2027					1,750,000

O&M IMPACT	
G/L	N/A
2022	—
2023	—
2024	—
2025	—
2026	—

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. This budget item is to fund those various smaller relocation projects being known or unknown at this time.

Project Name: Remove Sludge - Maumelle Water/Wastewater Lagoon
 Job No. 07602
Department: Engineering
Focus Area: Plant
Location: Maumelle



Project Lead:
 Jim Ferguson

Estimated Start Date:
 June 2023

Duration:
 4 Months

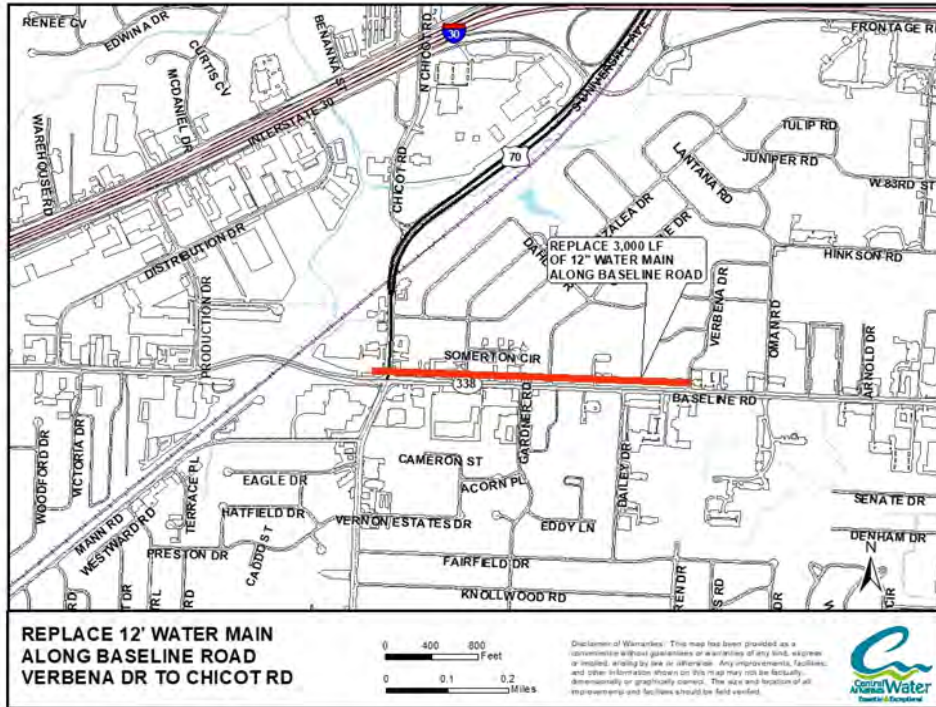
CAPITAL COSTS	
SOURCE	MWM SURCHARGE
2023	2,000,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project consists of removal of sludge from the former wastewater facility treatment lagoons in Maumelle. As part of the CAW/MWM merger agreement, sludge attributed to the Maumelle water treatment plant is to be removed. Funding for the sludge removal is being derived from the Maumelle surcharge fund.

Project Name: Replace 12-inch Water Main - Along Baseline Rd
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2027

Duration:
 8 Months

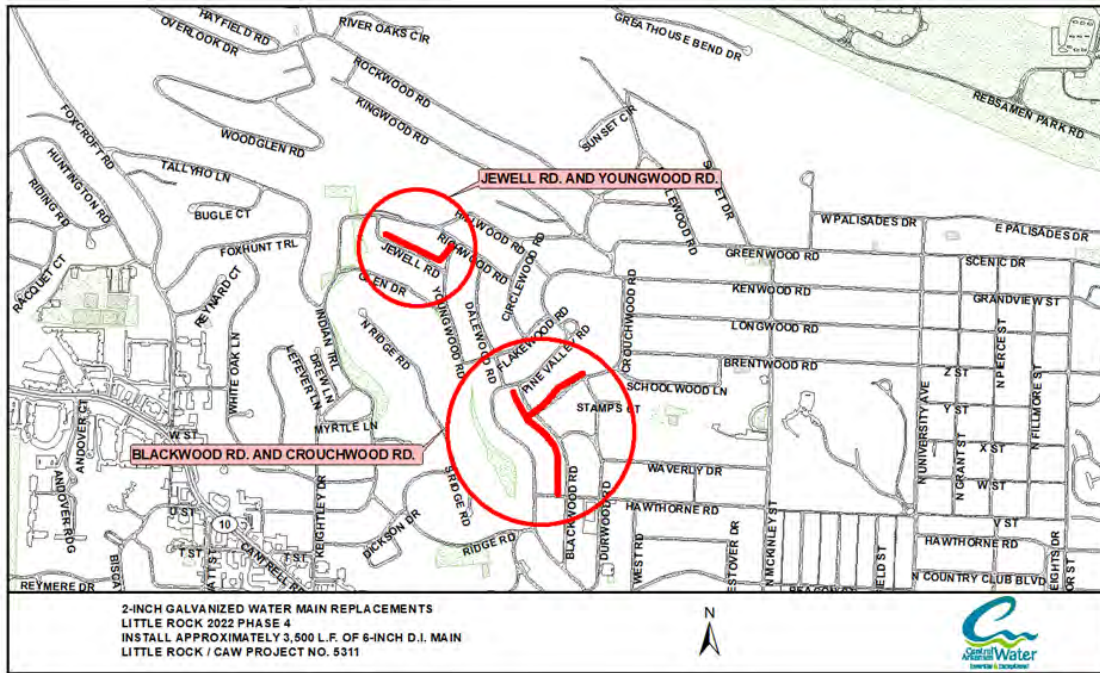
CAPITAL COSTS	
SOURCE	2027 BOND
2023	—
2024	—
2025	—
2026	—
2027	2,500,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will replace approximately 3,000 feet of existing 67 year old cast iron water main along Baseline Rd (Hwy 338) that has been the subject of numerous leaks and breaks due to corrosion of the pipe. The replacement will extend from Verbena Dr to Chicot Road. The pipe is being replaced prior to resurfacing of the highway.

Project Name: Replace Galvanized Water Mains - LR 2022 Phase 4
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
12 Months

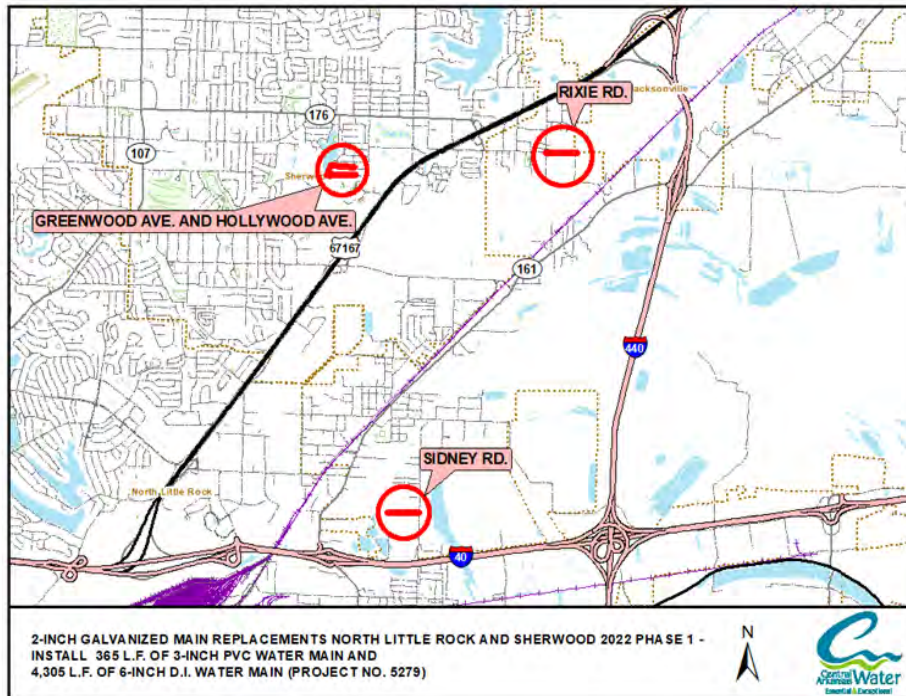
CAPITAL COSTS	
SOURCE	2020C Bond
2023	1,000,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will replace approximately 3,500 feet of aged, high maintenance galvanized water main with new pipe, including some pipes upsized to facilitate fire hydrant installation. These pipes have been the subject of numerous leaks and breaks due to the age of the galvanized pipe. This project is 2022 Phase 4 replacements in Little Rock.

Project Name: Replace Galvanized Water Mains - NLR 2022 Phase 1
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
12 Months

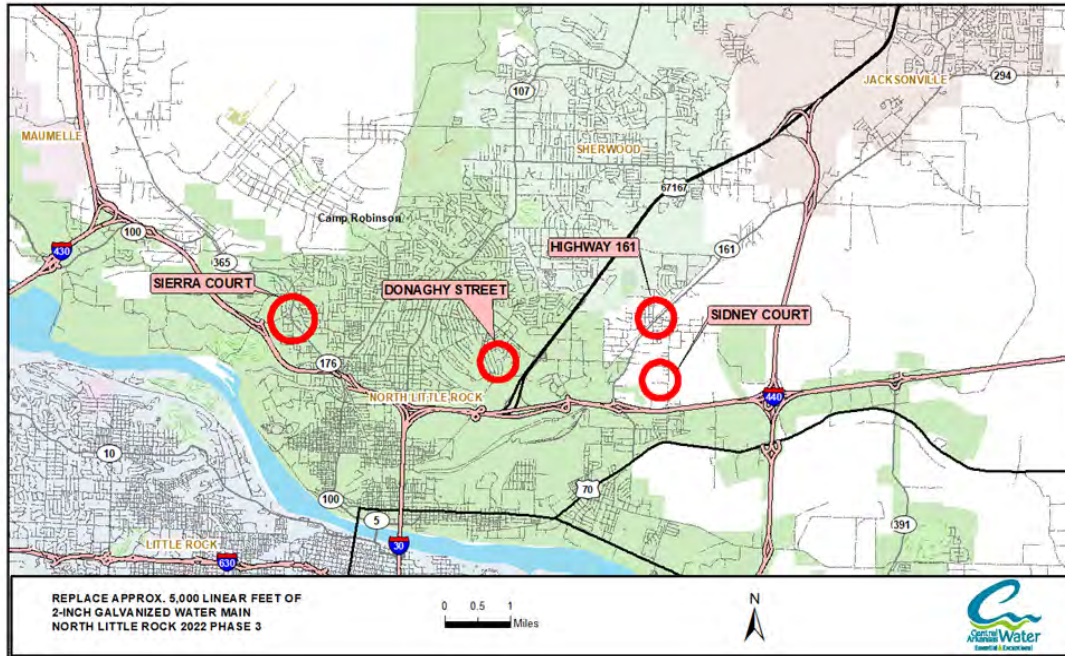
CAPITAL COSTS	
SOURCE	2020C Bond
2023	814,464
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will replace approximately 4,670 feet of aged, high maintenance galvanized water main with new pipe, including some pipes upsized to facilitate fire hydrant installation. These pipes have been the subject of numerous leaks and breaks due to the age of the galvanized pipe. This project is 2022 Phase 1 replacements in North Little Rock.

Project Name: Replace Galvanized Water Mains - NLR 2022 Phase 3
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
12 Months

CAPITAL COSTS	
SOURCE	2020C Bond
2023	1,000,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will replace approximately 5,000 feet of aged, high maintenance galvanized water main with new pipe, including some pipes upsized to facilitate fire hydrant installation. These pipes have been the subject of numerous leaks and breaks due to the age of the galvanized pipe. This project is 2022 Phase 3 replacements in North Little Rock.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS			
SOURCE	2020B BOND	RATES	2024-2027 BONDS
2023	1,404,666	—	—
2024	—	1,600,750	4,399,250
2025	—	4,387,000	2,613,000
2026	—	6,705,750	1,294,250
2027	—	7,130,500	1,869,500

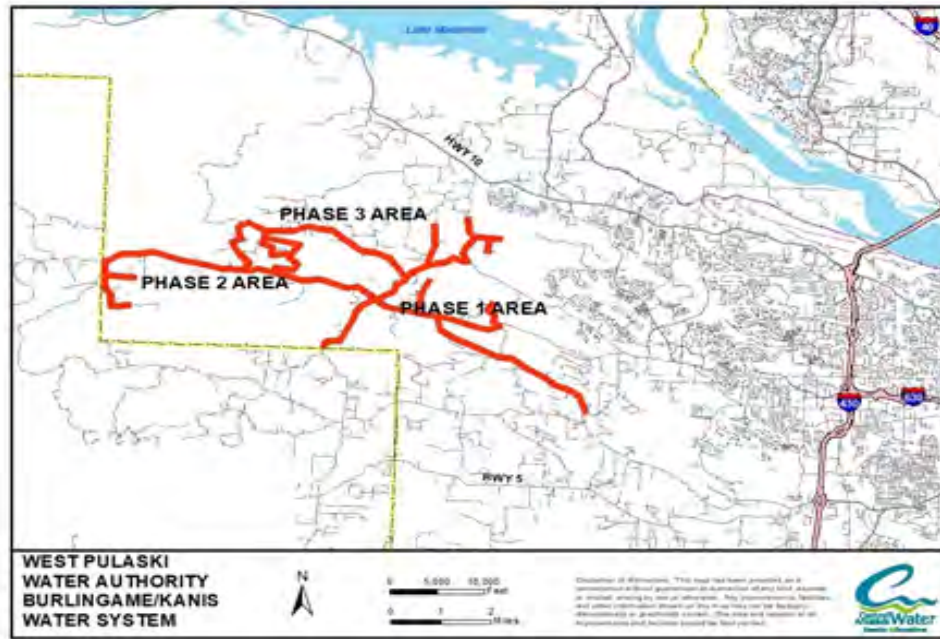
O&M IMPACT	
G/L	N/A
2023	*
2024	*
2025	*
2026	*
2027	*

*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: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phases 1, 2, and 3
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
Andrew Pownall

Estimated Start Date:
January 2023

Duration:
12 Months

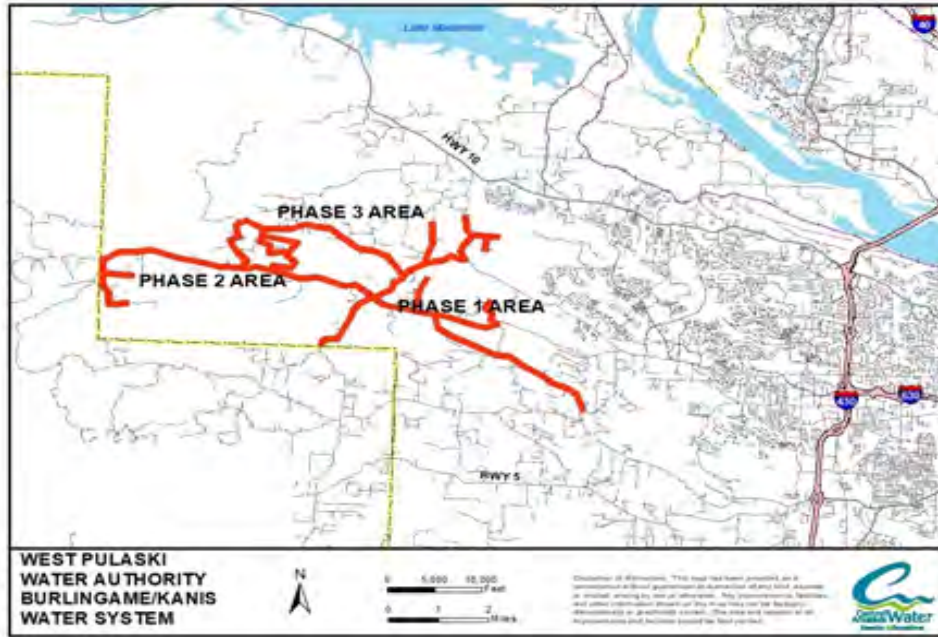
CAPITAL COSTS	
SOURCE	ANRD WPPWA
2023	6,300,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of CAW participation for a system expansion in the Burlingame Rd/Kanis Rd/Ferndale Cutoff/Buzzard Mountain/Brush Mountain areas of west Pulaski County. The project is being funded by the WPPWA 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 WPPWA obtain favorable loans and grants to fund the approximately \$37 million project. \$2,000,000 of this funding is eligible for an ANRD grant, provided required milestones are met, leaving \$4,300,000 as debt to be repaid.

Project Name: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 2
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
Andrew Pownall

Estimated Start Date:
January 2025

Duration:
24 Months

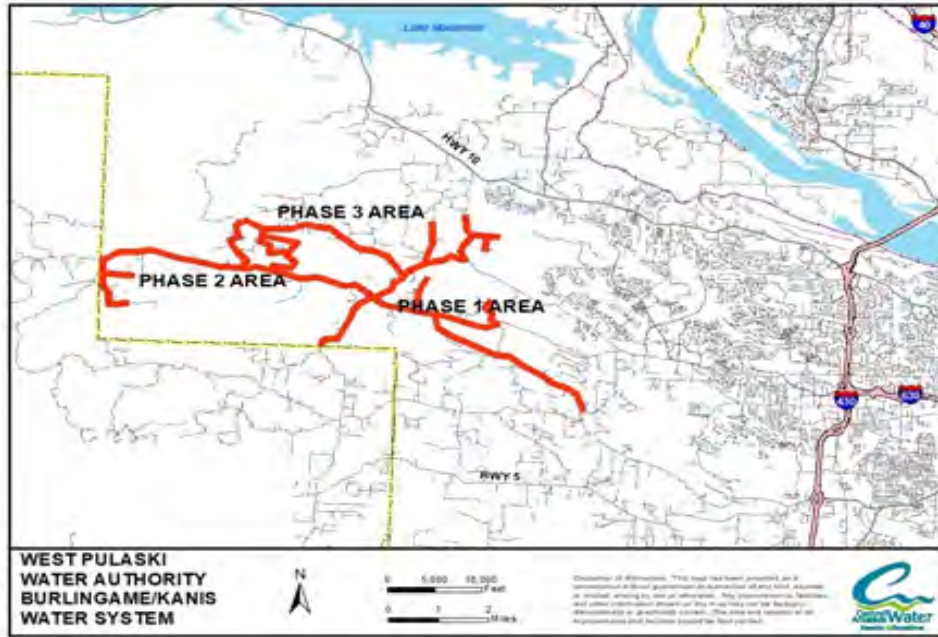
CAPITAL COSTS	
SOURCE	ANRD WPPWA
2023	—
2024	—
2025	9,500,000
2026	9,000,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of CAW participation for a system expansion in the Burlingame Rd/Kanis Rd/Ferndale Cutoff/Buzzard Mountain/Brush Mountain areas of west Pulaski County. The project is being funded by the WPPWA 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 WPPWA obtain favorable loans and grants to fund the approximately \$37 million project.

Project Name: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 3
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
Andrew Pownall

Estimated Start Date:
January 2026

Duration:
24 Months

CAPITAL COSTS	
SOURCE	ANRD WPPWA
2023	—
2024	—
2025	—
2026	6,500,000
2027	6,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of CAW participation for a system expansion in the Burlingame Rd/Kanis Rd/Ferndale Cutoff/Buzzard Mountain/Brush Mountain areas of west Pulaski County. The project is being funded by the WPPWA 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 WPPWA obtain favorable loans and grants to fund the approximately \$37 million project.

Project Name: Construct Booster Pump Station No. 17B
Department: Water Production
Focus Area: Distribution System
Location: Highland Ridge Gradient



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 10 Months

CAPITAL COSTS	
SOURCE	2020B BOND
2023	1,000,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

Station 17A was commissioned in 1994 and moved to its current location in 1999. Station 16B was built in 1999. The original demand of this area was properly supplied with the pumps at Station 17A. With the increase of home building and sprinkler meters in the area, the demand at Station 17A has increased during peak hours. Construction of an additional pump station will alleviate the stress on the system in this area.

Station capacity has been exceeded during summer peak, requiring an additional pump station. There is only main feed between the east and west parts of this area, so an additional pump station in the west area will be well served.

Project Name: Improve all Intake Gates
Department: Water Production
Focus Area: Water Supply
Location: Lake Maumelle & Lake Winona



Project Lead:
 Todd Crook

Estimated Start Date:
 January 2023

Duration:
 3 Months

CAPITAL COSTS	
SOURCE	2020C BOND
2023	750,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

The infrastructure is aging, and the screens and gates are in a deteriorated 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. 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: Improve Booster Pump Station No. 22
Department: Water Production
Focus Area: Distribution System
Location: North Intermediate System



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2026

Duration:
 10 Months

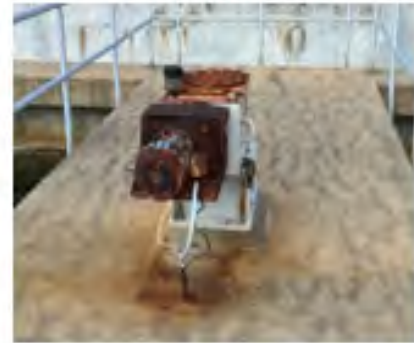
CAPITAL COSTS	
SOURCE	2026 BOND
2023	—
2024	—
2025	—
2026	3,000,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project consists of the replacement of the existing four pump units (pump and motor) currently located in the booster pump station. This pump station is responsible for ensuring the supply of water to North Little Rock, Sherwood, Maumelle, Jacksonville and Cabot as well as other parts of the system north of the river. The pump station has a firm capacity of 25 MGD, and it is approximately 45 years old. The pumping units will be replaced with new, more efficient units. Electrical costs should be reduced with the installation of more efficient pumps, motors, and motor control center with upgraded electrical components. Operational reliability will be increased with the new equipment installation.

Project Name: Improve Plant Equipment/Assets
Department: Water Production
Focus Area: Treatment Plant
Location: Jack H. Wilson Treatment Plant



Project Lead:
Doug Farler

Estimated Start Date:
January 2023

Duration:
48 Months

CAPITAL COSTS	
SOURCE	RATES
2023	500,000
2024	500,000
2025	500,000
2026	500,000
2027	300,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

The Wilson Plant last underwent rehabilitation and additions in the year 2000. Chemical building additions have been made since then, including sodium hypochlorite in 2011 and chlorine dioxide in 2014. The plant itself has seen changing source water conditions, raising winter demand, and weather influences on source water quality. There is a planned rehabilitation project set to begin between 2024 and 2027. Funding for this intermediate work is needed to maintain plant operations, equipment, and water quality.

Project Name: Improve Pump Station No. 10
Department: Water Production
Focus Area: Distribution
Location: West Markham, Little Rock



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2025

Duration:
 10 Months

CAPITAL COSTS	
SOURCE	2025 BOND
2023	—
2024	—
2025	800,000
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

Pump Station 10 was constructed in 1970 and requires necessary improvements to maintain assets and supply water to rate payers. Additionally, this station provides an alternative means to pump water into the West Markham system.

Project Name: Improve Station No. 23 to pump directly from fill line pressure
Department: Water Production
Focus Area: Distribution System
Location: Montgomery Pump Station



Project Lead:
Jim Ferguson

Estimated Start Date:
October 2026

Duration:
7 Months

CAPITAL COSTS	
SOURCE	2026 BOND
2023	—
2024	—
2025	—
2026	1,000,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	(45,000)
2027	—

PROJECT PURPOSE

Pump station 23 was built in 1963 and needs to be rehabilitated to pull water from the transmission main as well as the tank. It is currently configured to pull water from the tank only, which causes water age/quality issues. This can also cause a loss of energy due to the pump suction pulling from the bottom of the tank rather than from the fill line. One pump has a valve, so it can be configured to pump directly from the fill line. However, it is normally configured to pull from the tank, and the other three pumps are permanently configured to pull from the tank. Having two to three pumps with the ability to pump directly from the fill line pressure will reduce power usage and water age.

Project Name: Improve Tank No. 2 exterior
Department: Water Production
Focus Area: Distribution System
Location: Intermediate System



Project Lead:
Tom Wray

Estimated Start Date:
October 2023

Duration:
7 Months

CAPITAL COSTS	
SOURCE	RATES
2023	300,000
2024	450,000
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

The roof and exterior of this tank, 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. By improving the tank exterior, the life of the asset is extended, negating the needs for additional tanks to be constructed.

Project Name: Improve Tank No. 17A interior/exterior
Department: Water Production
Focus Area: Distribution System
Location: Highland Ridge



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
5 Months

CAPITAL COSTS	
SOURCE	2020B BOND
2023	850,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

The interior and exterior of this tank will be sandblasted and repainted for the first time since construction of the tank in 1990. By improving the tank exterior, the life of the asset is extended, negating the needs for additional tanks to be constructed

Project Name: Improve Tank No. 21 interior/exterior
Department: Water Production
Focus Area: Distribution System
Location: North Gravity



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2027

Duration:
 6 Months

CAPITAL COSTS	
SOURCE	RATES
2023	—
2024	—
2025	—
2026	—
2027	1,100,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This tank will be sandblasted and repainted to rehabilitate the existing structure. By improving the tank exterior, the life of the asset is extended, negating the needs for additional tanks to be constructed

Project Name: Improve Tank No. 22 interior/exterior
Department: Water Production
Focus Area: Distribution System
Location: Indian Hills



Project Lead:
Tom Wray

Estimated Start Date:
October 2024

Duration:
7 Months

CAPITAL COSTS	
SOURCE	RATES
2023	—
2024	500,000
2025	800,000
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project consists of improvements to Tank No. 22 located in the Indian Hills area of North Little Rock. The 1,000,000 gallon elevated steel water tank will be painted on the interior and exterior, and any additional required improvements will be made.

Project Name: Paint/Improve Tank No. 30B interior/exterior
Department: Water Production
Focus Area: Distribution System
Location: Maumelle



Project Lead:
Tom Wray

Estimated Start Date:
January 2023

Duration:
3 Months

CAPITAL COSTS	
SOURCE	MWM SURCHARGE
2023	850,000
2024	—
2025	—
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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: Install third Generator
Department: Water Production
Focus Area: Source
Location: Lake Maumelle Pump Station



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2025

Duration:
 12 Months

CAPITAL COSTS	
SOURCE	2025 BOND
2023	—
2024	—
2025	1,500,000
2026	—
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

Current generators were installed in 1987, and each one will run a full-size pump. Together they will run 2.5 pumps. Current generators are water cooled using lake water. The addition of a third generator will provide backup power for needed pumping capacity.

Project Name: Rehabilitate Pump Station No. 14
Department: Water Production
Focus Area: Distribution System
Location: Mabelvale



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2026

Duration:
 6 Months

CAPITAL COSTS	
SOURCE	2026 BOND
2023	—
2024	—
2025	—
2026	1,000,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

Pump Station 14 was constructed in 1974 and requires necessary improvements to maintain assets and supply water to rate payers. This project will rehabilitate three of the four pumping units to improve asset useful life and maintain water quality for rate payers. This project will ensure equipment is capable to reliably support the supply of water to Little Rock, Pulaski County, and to the Bryant Water system. Without this pump station in operation, the pressure and flow could not be maintained in parts of the CAW system.

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



Project Lead:
Sam Zehtaban

Estimated Start Date:
March 2024

Duration:
22 Months

CAPITAL COSTS	
Source	RATES
2023	—
2024	300,000
2025	300,000
2026	300,000
2027	—

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

Activated carbon is commonly used to absorb 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-absorption process.

The need to periodically 'reactivate (regenerate)' or replace the GAC to maintain the absorption 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: Restore Lake volume through sediment removal
Department: Water Production
Focus Area: Source
Location: Lake Maumelle



Project Lead:
Sam Zehtaban

Estimated Start Date:
November 2026

Duration:
36 Months

CAPITAL COSTS	
SOURCE	SWIFIA
2023	—
2024	—
2025	—
2026	5,000,000
2027	5,000,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

In the nearly 70 years since Lake Maumelle’s creation, much sediment has accumulated in the formerly open bay west of the Highway 10 bridge. This sediment has altered water flow and formed visible islands. Sediment removal will increase lake storage volume, remove nutrients that feed invasive species, and reduce algal growth. Additionally, sediment removal eliminates habitat for invasive plants and reduce lake turbidity values. Sediment removal will improve operational resiliency by enhancing both water quality and quantity.

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2023	260,000
2024	270,000
2025	280,000
2026	290,000
2027	300,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

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

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS	
SOURCE	RATES
2023	230,000
2024	240,000
2025	250,000
2026	260,000
2027	270,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

This project will consist of the relocation, replacement, and repair existing mains. The material and labor costs for this project will be capitalized.

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

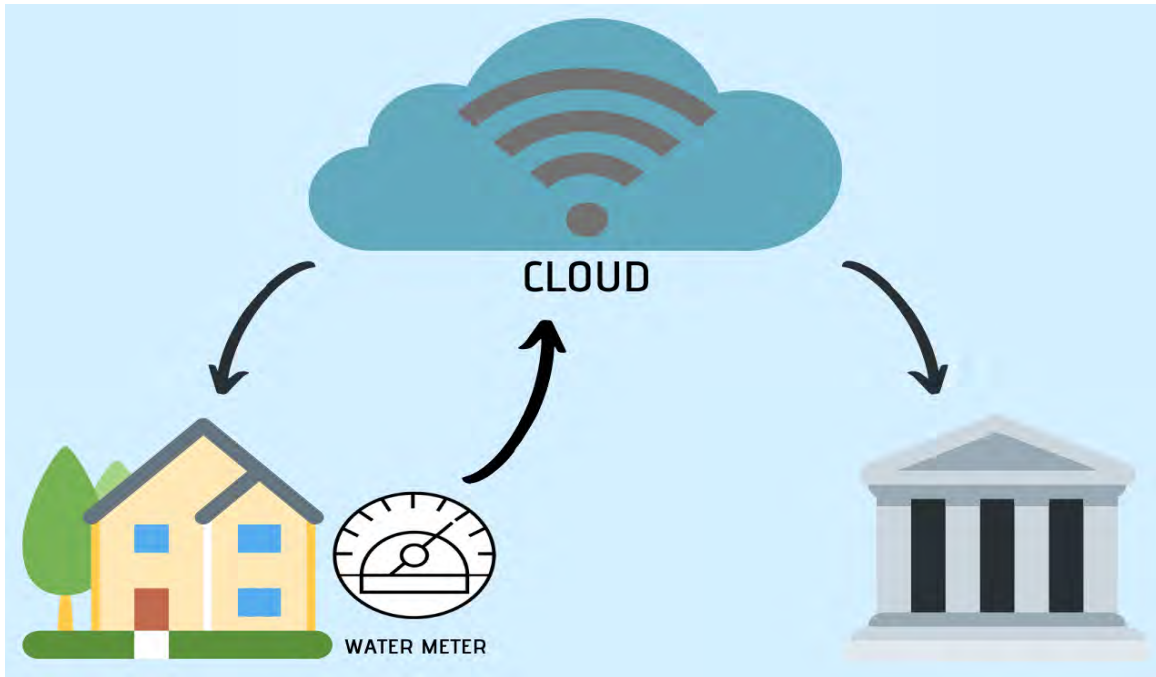
CAPITAL COSTS	
Source	RATES
2023	290,000
2024	300,000
2025	310,000
2026	320,000
2027	330,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 AMI Meters
Department: Distribution
Focus Area: Meters
Location: System Wide - CAW



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2025

Duration:
 Ongoing

CAPITAL COSTS	
SOURCE	RATES
2023	—
2024	—
2025	3,332,500
2026	3,312,500
2027	3,292,500

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

AMI utilizes an integrated system of smart water meters, communications networks, and data management systems to allow for automated communication between a smart water meter and the Utility. By deploying AMI meters to service addresses within its service area, CAW can more efficiently and accurately bill metered water consumption. AMI will also allow customers to access their meter readings and consumption trends in real time and can alert users of a possible leak.

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS	
SOURCE	RATES
2023	800,000
2024	820,000
2025	840,000
2026	860,000
2027	880,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

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 prior research: 16 years for 5/8” meters; 12 years for 3/4” meters; 10 years for 1” meters; 8 years for 1-1/2” meters; and 6 years for 2” meters.

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

CAPITAL COSTS	
SOURCE	RATES
2023	1,380,000
2024	1,400,000
2025	1,420,000
2026	1,440,000
2027	1,460,000

O&M IMPACT	
G/L	N/A
2023	—
2024	—
2025	—
2026	—
2027	—

PROJECT PURPOSE

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

Project Name: Replace/New Vehicles
Department: All
Focus Area: Vehicles
Location: All Facilities and Buildings



Project Lead:
Multiple

Estimated Start Date:
January 2023

Duration:
Ongoing

Capital Costs

Source	2023	2024	2025	2026	2027
RATES	1,735,000	1,497,000	1,207,000	1,767,000	1,041,000

O&M Impact

G/L	2023	2024	2025	2026	2027
Maintenance	*	*	*	*	*

*While this project will reduce maintenance costs of operating older vehicles, this amount is not easily quantifiable.

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 need, chronic repair maintenance, 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						
DEPARTMENT	PROJECT NAME	2023	2024	2025	2026	2027
Administration	Purchase Truck		30,000			
Administration	Purchase Truck for Facility Maintenance	60,000				
Administration	Replace Small Dump Truck #227	45,000				
Administration	Replace SxS John Deere UTV			20,000		
Administration	Replace Truck #472 - EHS	30,000				
Administration	Replace Truck #485 - Watershed Protection	28,000				
Administration	Replace Truck #520 - Groundskeeper			35,000		
Administration	Replace Truck #548 - Lead Groundskeeper				35,000	
Administration	Replace Trucks - Watershed protection				32,000	
Administration	Replace UTV					15,000
Customer Service	Replace Dodge Caravan #451		37,000			
Customer Service	Replace Truck #458	30,000				
Customer Service	Replace Truck #504	30,000				
Customer Service	Replace Truck #509			35,000		
Customer Service	Replace Truck #511	30,000				
Customer Service	Replace Truck #537	30,000				
Customer Service	Replace Truck #539		32,500			
Customer Service	Replace Truck #540			35,000		
Customer Service	Replace Truck #553			35,000		
Customer Service	Replace Truck #554			35,000		
Customer Service	Replace Truck #555				37,500	
Customer Service	Replace Truck #559		32,500			
Customer Service	Replace Truck #560				37,500	
Customer Service	Replace Truck #572				37,500	
Customer Service	Replace Truck #575		32,500			
Customer Service	Replace Truck #576				37,500	
Customer Service	Replace Truck #577					40,000
Customer Service	Replace Truck #578		32,500			
Customer Service	Replace Truck #580					40,000
Customer Service	Replace Truck #593					40,000
Customer Service	Replace Truck #596					40,000
Engineering	Replace Vehicle	30,000	40,000	40,000	40,000	40,000
Water Production	Purchase Van for Instrument Tech III	43,000				
Water Production	Purchase Welder machine for Crane Truck	10,000				
Water Production	Replace Truck #435	35,000				
Water Production	Replace Truck #557		35,000			
Water Production	Replace Truck #570			35,000		
Distribution	Purchase 1/2 Ton Truck to pull Hydraulic drilling machine	90,000				
Distribution	Purchase 3/4 Ton Truck	70,000	70,000			
Distribution	Purchase 3/4 Ton Truck for Troubleshooters		70,000		85,000	

Detail of Vehicle Replacements						
DEPARTMENT	PROJECT NAME	2023	2024	2025	2026	2027
Distribution	Purchase Crew Truck		25,000		25,000	
Distribution	Purchase Crew Trucks	160,000	160,000		170,000	
Distribution	Purchase UTV for Right-a-Way Crew		25,000			
Distribution	Purchase Valve Operator/ Vac-Tron Truck		135,000			
Distribution	Purchase Two Hydro-Excavator Trucks				500,000	
Distribution	Purchase two Vac-tron Trucks and Trailers	220,000				
Distribution	Replace 1 Ton Service Truck #416	74,000		78,000		80,000
Distribution	Replace 2 Ton Dump Truck #518	110,000	220,000	220,000	230,000	230,000
Distribution	Replace 3 Ton Dump Truck #544	140,000		150,000		
Distribution	Replace Two 1 Ton Crew Trucks #478 & #479	270,000	280,000	290,000	300,000	310,000
Distribution	Replace two 1/2 Ton Trucks #510 & #519 with Electric Vehicles	60,000	100,000	105,000	105,000	110,000
Distribution	Replace two 3/4 Ton Trucks #599 & #513	140,000	140,000	94,000	95,000	96,000
Grand Total		1,735,000	1,497,000	1,207,000	1,767,000	1,041,000

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Project Planner

Activity 2023 - 2027	Budgeted in 1000s	FY 2023				FY 2024				FY 2025				FY 2026				FY 2027							
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Construct Education Center	3,000																					3,000			
Purchase Conservation Easements	1,150		200				200				250				250								250		
Purchase Property	2,325		325				500				500				500								500		
Purchase Property for Legacy Large Acre Property Project	3,000		3,000																						
Redevelopment Project: JTH Building	11,075						5,525				5,550														
Select/Install ERP system	3,000		1,500				1,500																		
Condition Assessment of Lake Maumelle Raw Water Transmission Main - 48-inch Raw Water Line	900							900																	
Condition Assessment of Lake Maumelle Raw Water Transmission Main - 72-inch Raw Water Line	900		900																						
Repair of Raw Water Lines - Lake Maumelle RWL	2,000						1,000				1,000														
Developer Funded Capital	12,500		2,500				2,500				2,500				2,500								2,500		
Developer Funded New Mains installations	750		150				150				150				150								150		
Improve Pump Station No. 1A - Phase 2 Construction & Engr - Wilson Plant - Job No. 07515	1,919.053		1,919.053																						
Improve/Rehab Wilson WTP - Engineering Design	9,500		7,000				2,500																		
Improve/Rehab Wilson WTP – Const. & Engr. Phase	34,000						1,000				2,000				30,000								1,000		
Improve/Rehab Wilson WTP - Construction Phase	100,000						30,000				50,000												20,000		
Improve/Replace Raw Water Pump Station No. 12 at Jackson Reservoir - Construction	4,700		2,700				2,000																		
Install 60-inch Raw Water Line - Lake Maumelle to Hwy 10 - Engr. Design & Construction	60,000														30,000								30,000		
Install 8-inch Water Main - Interconnection Panther Mtn to Maumelle Main - Job 08786	950														950										
Install Water Main/Merger with Ridgefield Estates - Job No. 08860	1,441.053			1,441.053																					
Relocate 12-inch Water Main - Along So. University & 28th to Col. Glenn - LR	900																						900		
Relocate 24-inch Transmission Main - Along Interstate 30 (I-30) Ark River Bridge - Job No. 08335	805			805																					
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood - Phase 2	1,750						1,750																		
Relocate Water Mains - Cantrell Rd/Hwy 10 - Phase 2 - Pleasant Ridge to Taylor Loop	6,400						6,400																		
Relocate Water Mains for various known and forecasted locations	5,350		750				100				1,250				1,500								1,750		
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000		2,000																						
Replace 12-inch Water Main - Along Baseline Rd	2,500																						2,500		
Replace Galvanized Water Mains - LR 2022 Phase 4	100		100																						
Replace Galvanized Water Mains - NLR 2022 Phase 1	814		814																						
Replace Galvanized Water Mains - NLR 2022 Phase 3	1,000		1,000																						

Project Planner

Activity 2023 - 2027	Budgeted in 1000s	FY 2023				FY 2024				FY 2025				FY 2026				FY 2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Replace Water Mains, Aging Galvanized, Asbestos-Cement, and Cast Iron	31,404	1,404				6,000				7,000				8,000				9,000			
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	6,300	6,300																			
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 2	18,500									9,500				9,000							
Expansion Project: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 3	12,500													6,500				6,000			
Construct Booster Pump Station No. 17B	1,000	1,000																			
Improve all Intake Gates at Lake Maumelle and Lake Winona	750	750																			
Improve Booster Pump Station No. 22 - Convert to Supply Maumelle	3,000													3,000							
Improve plant Equipment/Assets	2,500	500				500				500				500				500			
Improve Pump Station No. 10	800													800							
Improve Station No. 23 to pump directly from fill line pressure	1,000																	1,000			
Improve Tank No. 2 exterior	750				300	450															
Improve Tank No. 17A interior/exterior	850	850																			
Improve Tank No. 21 interior/exterior	11,000																	11,000			
Improve Tank No. 22 interior/exterior	1,300									500		800									
Improve Tank No. 30B interior/exterior	850	850																			
Install third generator at Lake Maumelle Pump station	1,500									1,500											
Rehabilitate Pump Station No. 14	1,000																	1,000			
Replace Granular Activated Carbon Media - Ozark Point Plant	900					300				300				300							
Restore lake volume through sediment removal	10,000																	5,000			
Install Meters for New Services	1,400	260				270				280				290				300			
Install, Replace, and Relocate Mains	1,250	230				240				250				260				270			
Install, Replace, and Transfer Services - Maumelle	1,550	290				300				310				320				330			
Purchase/Install AMI Meters	9,939									3,333				3,313				3,293			
Purchase/Install Meters - Change Out Program	4,200	800				820				840				860				880			
Purchase/Install Services (New, Replace, Transfer)	7,100	1,380				1,400				1,420				1,440				1,460			
Total Projects	406,072,106	24	25	26	25	25	24	21	22	22	22	20	21	22	20	19	21	24	23	21	20



7 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 which added over 950 customers and 166 square miles to the CAW service area..



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 ANRD, 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 [214](#) for a list of remaining capital projects. These projects began in 2020 and are projected to be completed by the end of 2023. The bond has a three-year construction period, and repayment will not begin until October 2024. Outstanding balance as of September 30, 2022 of this bond was \$4,167,000, with \$1,883,000 remaining to be drawn for approved projects.

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 worked tirelessly to correct system deficiencies as noted by the ADH in 2016, and in July 2020, the significant deficiencies were lifted by the ADH. There have been no deficiencies noted since the merger. GIS staff and Pulaski Area GIS (PAGIS) mapped all of the meters, valves, and fire hydrants in the summer of 2020 and have continued to maintain and enhance the service area maps to assist in the service area operations.

IS, Customer Service, and Finance staff have continued working with POWA's prior third party billing vendor to invoice its customers as well as answer customer inquiries. In June 2022, these customer accounts were incorporated into the Cayenta Utilities (CU) system.

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)**

	2021	2022	2022	2023	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2022	2022
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 591,051	\$ 609,397	\$ 577,551	\$ 578,987	(4.99)%	0.25 %
Penalties and Turn-on Charges	13,555	5,359	9,222	9,450	76.34 %	2.47 %
Ancillary Charges	14,030	10,863	14,170	12,450	14.61 %	(12.14)%
Paron Surcharge Revenue	62,436	134,752	125,400	125,400	(6.94)%	— %
Other	16,292	(1,383)	—	—	(100.00)%	— %
Total Operating Revenues	697,364	758,988	726,343	726,287	(4.31)%	(0.01)%
Operating Expenses						
Labor and Benefits	—	165,215	213,270	232,464	100.00 %	100.00 %
Materials, Supplies, and Maintenance	123,777	145,143	120,914	126,244	(13.02)%	4.41 %
Electric and Other Utilities	29,175	28,068	29,115	30,660	9.23 %	5.31 %
Contract Services	4,043	1,401	1,085	1,134	(19.07)%	4.50 %
Chemicals	13,138	16,922	18,984	22,781	34.62 %	20.00 %
Transition Costs	51,782	—	—	—	— %	— %
Depreciation	138,024	149,746	187,549	187,549	25.24 %	— %
Other	—	—	—	—	— %	— %
Total Operating Expenses	359,939	506,495	570,917	600,832	18.63 %	5.24 %
Operating Income (Loss)	337,425	252,493	155,426	125,455	(50.31)%	(19.28)%
Non-operating Revenue (Expense)						
Investment Income	257	307	143	143	(53.42)%	— %
Bond Interest Expense	(68,876)	(35,442)	—	(45,375)	28.03 %	— %
Total Non-operating Revenue (Expense)	(68,619)	(35,135)	143	(45,232)	28.74 %	(31730.77)%
Change in Net Position	\$ 268,806	\$ 217,358	\$ 155,569	\$ 80,223	(63.09)%	(48.43)%

POWA CAPITAL IMPROVEMENT PLAN

DESCRIPTION	2020A Bond
Improve Ground Storage Tanks No. 1, 2, 3A, 3B, and 4	\$ 705,117
Construct clarifier at Paron Plant	<u>1,000,000</u>
TOTAL	<u><u>\$ 1,705,117</u></u>

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 2023.

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POWA DEBT SERVICE SCHEDULE

YEAR	PRINCIPAL	INTEREST	TOTAL
2023	\$ —	\$ —	—
2024	126,976	52,938	179,914
2025	257,296	102,532	359,828
2026	261,818	98,010	359,828
2027	266,420	93,408	359,828
2028	271,103	88,725	359,828
2029	275,868	83,960	359,828
2030	280,717	79,111	359,828
2031	285,651	74,177	359,828
2032	290,671	69,157	359,828
2033	295,781	64,047	359,828
2034	300,981	58,847	359,828
2035	306,269	53,559	359,828
2036	311,653	48,175	359,828
2037	317,131	42,697	359,828
2038	322,705	37,123	359,828
2039	328,377	31,451	359,828
2040	334,148	25,680	359,828
2041	340,021	19,807	359,828
2042	345,997	13,831	359,828
2043	352,079	7,749	359,828
2044	178,338	1,561	179,899
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 [91](#).

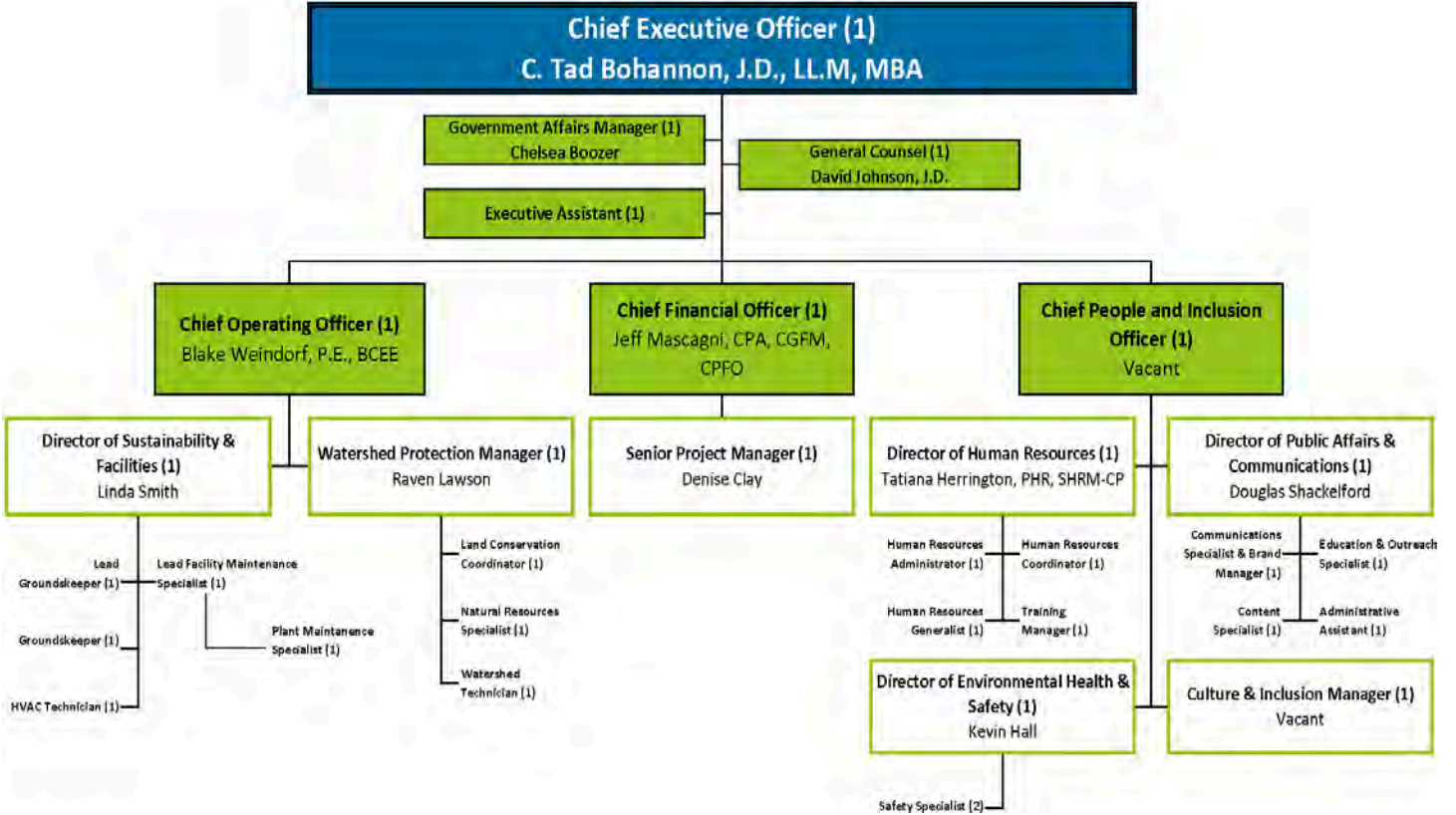
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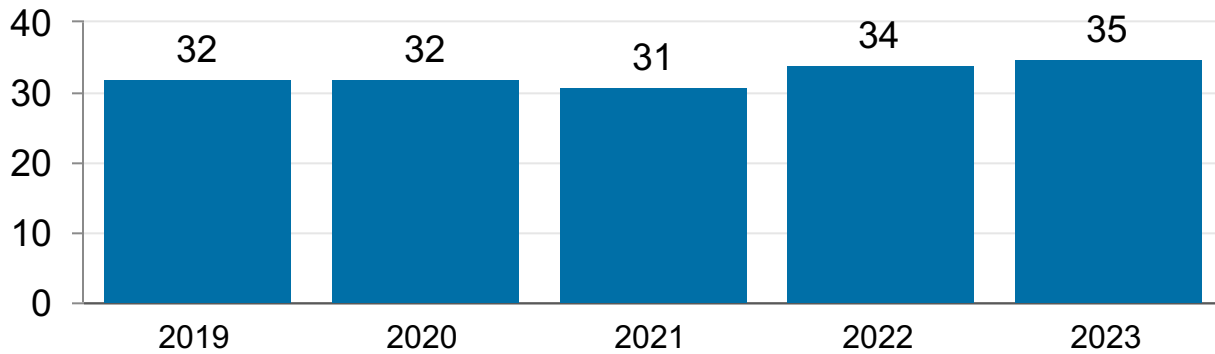
8 DEPARTMENTS

ADMINISTRATION DEPARTMENT

Effective January 1, 2023



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 C-Suite and the Government Affairs Manager (GAM), as well as day-to-day supervision of the General Counsel (GC).

Chief Financial Officer

Another member of the C-Suite, the CFO is responsible for managing all financial, customer service, and technology-driven aspects of the Utility. The CFO ensures 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, rate modeling, 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 Operating Officer

The COO, a C-Suite member, 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, along with the Sustainability & Facilities Management and Watershed sections.

Chief People and Inclusion Officer

The CPIO, another member of the C-Suite, 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 CPIO directly supervises Environmental Health & Safety, HR, Public Affairs & Communications, as well as the Culture & Inclusion Manager. The CPIO operates to deliver transformative programs and oversees the Utilities strategic plan development, implementation, and achievement.

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; and advises, promotes, and manages efforts related to federal, state, or local legislation.

Government Affairs Manager

The GAM also reports directly to the CEO and assists the CEO with cultivating community, professional, wholesale, large customer, governmental, and stakeholder relationships to promote the mission, vision, and goals of the Utility. The GAM investigates, recommends, and promotes practices that support long-term economic sustainability of the Utility; plans, manages, and coordinates regionalism activities for the Utility; coordinates, oversees, and monitors work related to future water resources; develops purchase/supply contracts and merger agreements with other utilities; and produces Utility articles for appropriate publications to assist in delivering the Utility's messages in support of its strategic goals.

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EXECUTIVE STAFF OBJECTIVES AND ACCOMPLISHMENTS

2022 Accomplishments

CAW leadership continued its pursuit of excellence, placing the protection of public health as its highest priority, while meeting customers' needs and operating in a financially viable and environmentally sustainable manner. In 2022, the CAW executive team led projects ranging from development and implementation of infrastructure improvements to system mergers to employee development and engagement as well as progressing with the development of its 2050 Strategic Plan.

The team continued to respond to ever-changing dynamics in the face of the global COVID-19 pandemic which surged again in early 2022. Utilizing the Continuity of Operations Plan, CAW Leaders and the Pandemic Response Team continued to keep the vision and mission a priority ensuring the health and safety of the community with continuous delivery of water exceeding all standards.

Fortunately, as the pandemic relented in 2022, staff were able to resume in-person meetings. This enabled a renewed focus on employee development through CAW University (CAW-U) as well as reinforcing our HIVIP culture with training at all levels on performance and behavior expectations. Following over two years of reduced points of contact, the return of normal activities was a morale booster for staff throughout the Utility.

Ozark Point Plant improvements remained a focus of 2022. Major work on the plant was completed in June 2021, and the final phases on the clearwell improvements were completed in July 2022. A well-attended public open house was held in October 2022 to display the updated and rehabilitated plant.

CAW continued work for the state in a private-public partnership with a local engineering firm to perform professional services to determine if consolidation, regionalization, or another sustainable solution is feasible for utilities in areas identified by ANRD. This project will carry into 2023 and is funded by an Environmental Protection Agency (EPA) grant to provide drinking water program assistance to underserved, small, and disadvantaged communities to carry out projects and activities needed for public water systems to comply with the Safe Drinking Water Act.

CAW held a ribbon cutting ceremony to celebrate the solar field near Cabot in June 2022. The long-awaited project began producing power to offset CAW electric demands and begin many years of savings for CAW while moving the utility closer to its goal of net-zero carbon usage.

With significant efforts from the GIS team, an online Outage Map was deployed allowing real-time viewing of work on the distribution system that causes customers to be shut-off during repairs. This platform also laid the foundation for a notification system to be

deployed where customers can choose the option to be notified during repairs via phone, e-mail, and/or text.

In December 2021, CAW was appointed by a court as receiver of the Perla systems. Perla is located in Hot Spring County, Arkansas and its systems encompass a 38.2 square-mile area and includes 785 water customers and 250 wastewater customers in the city limits and outlying areas. Staff moved quickly to correct many deficiencies throughout the Perla Water and Wastewater systems, alleviating the Consent Administrative Order from the Arkansas Department of Environmental Quality (DEQ) as well as problems outlined by ADH. Work included cataloging assets; populating CAW CIS, the Computerized Maintenance Management System (CMMS), & GIS systems; completing the facilities assessment and Preliminary Engineering Report; emergency sewer system repairs; a rate study; replacing all meters (radio read registers, boxes, and setters); and installing auto-flushers sample stations; as well as reducing unaccounted for water from roughly 75% to below 25%.

At the encouragement of DEQ, CAW engaged in conversations with the City of Wrightsville as well as the Sweet Home, Higgins, Red Oak Wastewater system about the distress of their wastewater systems in September 2022. Staff are still evaluating the feasibility of assisting these systems as well as the implementation of a business plan to evaluate the risks and benefits of a potential consolidation of those awards and recognition for the Utility included

2022 local, state, and national awards and recognition for the Utility included the following:

- CAW was named a Leading Utility of the World, a network of the world's most forward-thinking water and wastewater utilities, whose members represent the gold standard of utility innovation and performance.
- Once again, CAW was recognized with the Triple Crown award from GFOA, this time for fiscal year 2020. The GFOA Triple Crown recognizes governments that receive GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award in the same year. CAW is one of just 317 governments that received this designation for 2020. CAW has received the Triple Crown award for two consecutive years.
- The Ozark Treatment Plant renovation was recognized as one of the top projects in 2022 by *Water & Wastewater Digest*.
- CAW was named one of 35 utilities to participate in the U.S. Water Alliance's water equity project to advance policies and programs to secure a sustainable water future for all by "implementing a range of equitable policies, such as affordability programs, climate resilience plans, workforce development strategies, community benefits policies, community engagement, internal racial equity programs, and more."

- CAW received a \$200,000 grant from the Arkansas Department of Transportation to construct trails for public use on the south side of Lake Maumelle in just one of many additional steps to encircle the lake with public trails.
- CAW was named as one of the Water Environment Federation's 'Utility of the Future Today' for Watershed Stewardship.

2023 Goals

CAW continues to expand its operational strength by developing a gold-standard workforce, building a strong entry-level applicant pool through educational curriculums, internship opportunities, and societal re-entry programs, increasing cross-departmental functionality, formalizing standard operating procedures, and improving internal training to prepare HIVIP employees with skills required in the future and for promotion. High quality employee training and promotion opportunities not only contribute to the Utility's success and efficiency, they also build trust among team members.

CAW is also focused on improving its diverse, equitable, and inclusive culture. In 2023, with the addition of a new CPIO as well as a Culture and Inclusion Manager, CAW will move beyond baseline analysis and begin establishing well-defined metrics and develop processes to ensure consistent communication about CAW's diversity, equity and inclusion (DEI) priorities and goals. DEI strategies will also be defined and implemented through work with cross-functional stakeholders. These strategies will strengthen talent retention and recruitment, supplier diversity, communications, and customer service. CAW employees will also learn frameworks and other tools to expand DEI engagement within the Utility, the community, and the industry.

CAW will continue to focus on employee safety, health, and wellness. This focus not only reduces costs and attrition, but it fundamentally improves the lives of CAW employees.

Members of the IT Governance team and invested stakeholders will develop requirements and select an ERP system to increase effectiveness in record keeping as well as efficiencies in the day-to-day administrative processes in the Utility. This system will function across multiple departments in the Utility. Finance, IS, and HR will continue to collaborate on this project. Other system reliability issues are addressed in sections discussing maintenance and repair of CAW's water treatment facilities and its distribution system, as well as measures to be achieved to protect water quality within CAW's source waters.

Commencing in the third quarter of 2022 and continuing into the first quarter of 2023, CAW's administration team will continue to build support for the proposed 10-year rate schedule to fund the necessary operating, maintenance, and capital expenses through 2032. Successful implementation of the proposed ten-year rate schedule is critical for the continued System Reliability and Financial Viability of the utility, and the continued development of a HIVIP workforce.

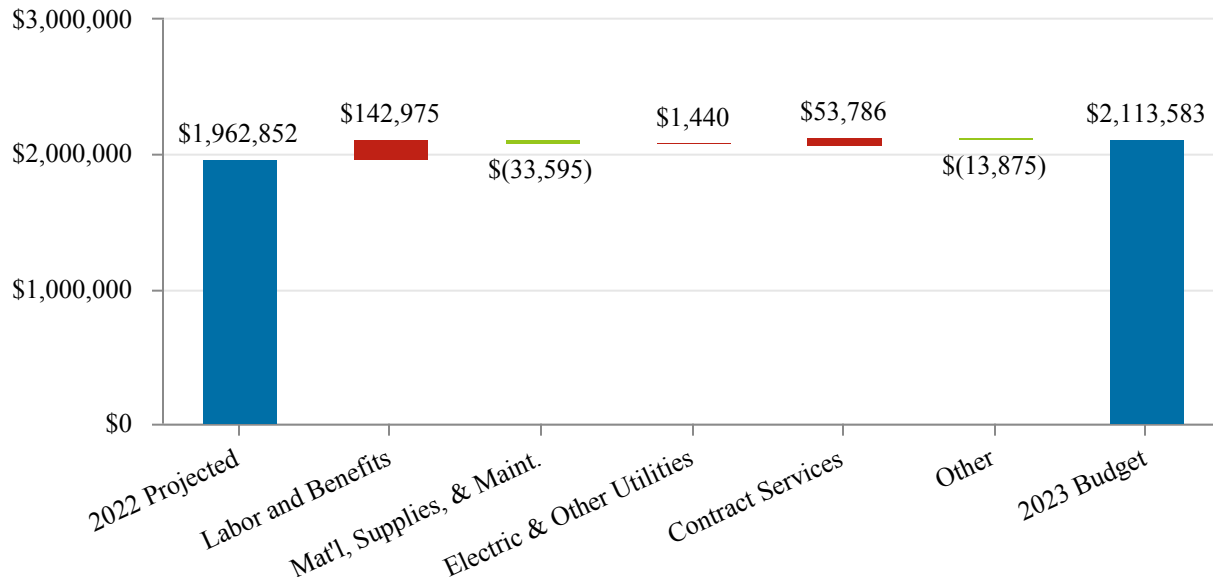
CAW leadership will also continue to improve CAW’s customer experience and consumer confidence, including that of our wholesale customers. The upcoming rate increase will also have an impact on wholesale customer loyalty and satisfaction. Two of the next customer service related projects to stem from the Pinnacle project, chat functionality and customer notifications, should improve the customer experience greatly during 2023.

CAW will also examine and find ways to improve the impact of its communications and outreach programs.

Executive Staff - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 1,845,510	\$ 1,443,683	\$ 1,644,424	\$ 1,586,658
Materials, Supplies, and Maintenance	126,735	221,160	213,665	187,565
Electric and Other Utilities	880	960	2,400	2,400
Contract Services	348,896	283,174	310,083	336,960
Other	29,794	13,875	—	—
Total Expenses	2,351,815	1,962,852	2,170,572	2,113,583
Total Capital Costs	137,672	904,244	3,540,000	3,540,000
Total Administration	\$ 2,489,487	\$ 2,867,096	\$ 5,710,572	\$ 5,653,583

Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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 SECTION

The HR 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 HR section strives to provide the Utility with a HIVIP workforce through recruitment efforts, benefit plan design, training and development, and policies to ensure equal opportunity and treatment for all stakeholders through trusted business support and expertise in people.

HUMAN RESOURCES SECTION OBJECTIVES AND ACCOMPLISHMENTS



Hire HIVIP Employees to keep CAW an essential and exception employer of choice.

2022 Accomplishments

Talent acquisition this year is more active than ever at CAW. Efficiencies have been made in the selection process with focus on diverse interview panels and intentional efforts to reach marginalized populations of our available talent pool. In 2021 we hired 31 new employees. As of September 30, 2022, CAW has hired 38 new employees. Time to fill positions externally has improved by 3.8 weeks over 2021.

Other 2022 Accomplishments

CAW offered internships in Engineering, Sustainability & Facilities Management, Watershed, Water Production and Customer Service, ranging from high school student to full-time teachers. Our efforts to grow our internship program will enhance CAW's recruiting pipeline for STEM positions, continue to build community partnerships, increase awareness of careers in the water industry and create opportunities for interns to have meaningful work.

Training and development efforts were ramped up in 2022 because of softened COVID restrictions. 98% of our employees attended HIVIP training, and we hosted Treatment and Distribution licensing prep. 15 CAW employee experts contributed to class instruction.

2023 Goals

CAW will be impacted by retirement vacancies for the next 10 years. To mitigate skills gaps in our workforce we will implement the leadership development pipeline. This process will enable CAW to plan for future vacancies through the development of our internal talent.

New development efforts for 2023 will include new supervisor training, leadership competency training and coaching and diversity, equity and inclusion training for leaders and employees. Focus will remain on improving and growing our recruiting and selection process, wellness initiatives, internship program and implementing the new enterprise resource system.

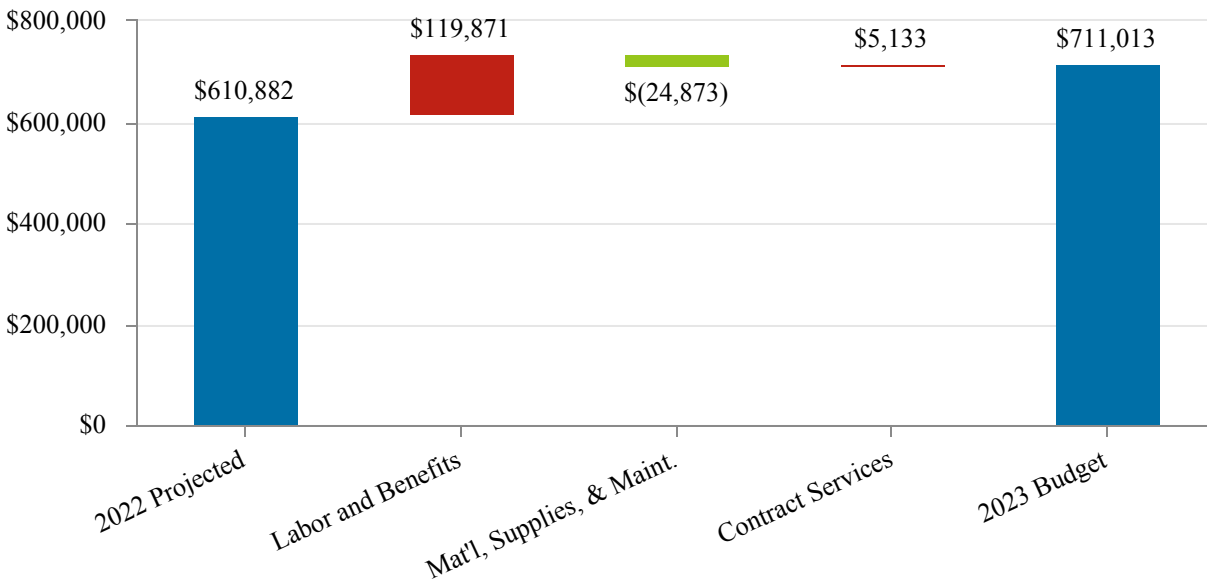
Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Turnover	11.2%	11.5%	8.0%
Cost of Benefits	30%	32%	31%
Diversity and Inclusion Training	Yes	No	Yes

Human Resources - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 405,424	\$ 469,017	\$ 415,257	\$ 588,888
Materials, Supplies, and Maintenance	13,315	29,519	32,646	4,646
Contract Services	39,379	112,346	38,667	117,479
Total Expenses	458,118	610,882	486,570	711,013
Total Capital Costs	—	—	—	—
Total Human Resources	\$ 458,118	\$ 610,882	\$ 486,570	\$ 711,013

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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 & COMMUNICATIONS SECTION

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, and the Content Specialist., Contractual support from external public relations agencies is utilized as needed for Utility projects.

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

PUBLIC AFFAIRS & COMMUNICATIONS RESOURCES SECTION OBJECTIVES AND ACCOMPLISHMENTS

Expand education and outreach initiatives to disseminate the Utility's mission, operations, and enrich understanding about the product and delivery.



2022 Accomplishments

Since 2017, the Public Affairs & Communications section has offered the Citizens' Water Academy program targeting a diverse sector of community leaders, stakeholders, and residents in central Arkansas to introduce critical areas of operations, encourage continued learning, and advocate for this valuable resource. In 2022 additional outlets for outreach included "Community Conversation" meetings in November and December to invite customers to visit with CAW staff and learn more about the future of the utility, and the creation of a 'Girls in STEM' camp for middle school students, which was held over the summer.

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



2022 Accomplishments

In 2022 targeted social media marketing strategies continued to expand the Utility's digital outreach footprint. Additionally, CAW presented media best practices at multiple virtual conferences. CAW's total following on its various social media outlets increased 10% in 2022, eclipsing 110,000 followers. Communications staff also authored numerous articles on Utility programs that were made available on social media. Topics included GIS mapping, strategic forestry initiatives, the nation's first green bond for watershed protection, and CAW's deployment of Vessel, the nation's first leak detection dog. Communications was interviewed numerous times for national stories.

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



2022 Accomplishments

The annual Water Quality Report was issued on June 1, 2022. On June 28, 2022 postcard Utility update 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.

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



2022 Accomplishments

During 2022, CAW continued to engage residents in western Pulaski County, Arkansas, for the potential of bringing water service to that area. This part of the county does not currently have a public water system and has engaged with CAW to potentially bring water to the area to improve public health and fire protection in the area. CAW also held public meetings throughout November and December for all customers concerning the long-term rate study and held meetings in the Perla meeting as the court-appointed receiver for that system.

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



2022 Accomplishments

100% compliance.

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



2022 Accomplishments

CAW routinely explores alternative methods of engaging with consumers in addition to addressing customer concerns. During 2022 the Utility sought opportunities with Google to measure customer engagement and satisfaction. CAW completed its bi-annual customer satisfaction survey in 2021 with an overall satisfaction score of 90%. The next survey is scheduled for 2023.

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Other 2022 Accomplishments

CAW continued to partner 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. 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. In 2022, two stations were added to local parks which cater to children with special needs. With those two additional stations, CAW has installed more than 20 water stations throughout the community since the beginning of 2021.

CAW was chosen as one of Arkansas' "Most Admired Businesses" by the readers of Arkansas Money & Politics magazine. CAW was also named "Leading Utility of the World" in 2022, which is a leading industry award only given to the top tier of utilities worldwide.

Communications staff were recognized for their accomplishments, including the Education and Outreach Specialist being recognized as Non-Formal Educator of the Year by the Arkansas Environmental Education Association, and the Director of Public Affairs and Communications being recognized as a member of the inaugural "40 in their Forties" class by Arkansas Money & Politics magazine. The Director was also named to the American Water Works Association Public Affairs Council, which is a prestigious national board of communicators who serve the industry.

Communications also worked closely with the Information Services and Customer Service departments on the rollout of new chat functionality on carkw.com. Upcoming features include text message notifications for CAW customers, which will begin at the beginning of 2023.

2023 Goals

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 improvement of substandard infrastructure, which are issues that 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, with Communications working closely with the CAW Government Affairs Manager to spearhead this drive to promote regionalism.

CAW will add additional communications outlets for our customers, including text message notification at the beginning of 2023. The text notification program will focus on important announcements about water outages, boil water notices, and billing reminders.

Communications is planning a third website, which will focus on CAW's education program. This website will feature animation to attract attention from younger customers to educate them on the value of water. The site will also feature curriculum that can be utilized in a classroom environment by students of all ages.

Communications is working through a partnership with the Academies of Central Arkansas to create a professional program for students at Maumelle High School. Students will have an opportunity to work toward their water distribution or water treatment license while in high school, which would lead to immediate work opportunities in the industry upon graduation.

Communications is also working in a partnership to design and implement a virtual water industry work environment software program for implementation in the “Be Pro Be Proud” traveling exhibit. This software will allow students to simulate a water industry experience through a virtual headset and solve problems in real time.

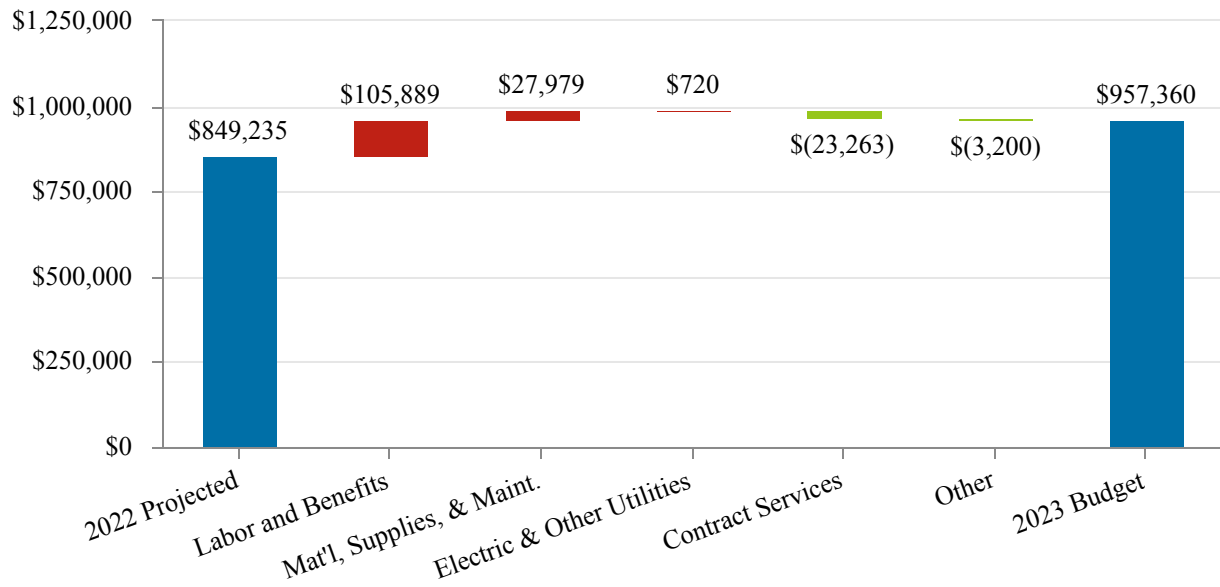
Communications will release additional customer service and HR videos to assist customers with questions and concerns on a variety of topics, including billing, water outages, new service, and future planning. The HR videos will focus on identifying great candidates for positions at CAW and will assist in streamlining the application process and celebrating the High-Performing, Innovative, Values-Driven, Informed and Passionate workforce at CAW.

Performance Measures	2021 Actual	2022 Estimated	2023 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 & Communications - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 497,212	\$ 556,211	\$ 490,892	\$ 662,100
Materials, Supplies, and Maintenance	257,134	174,771	211,700	202,750
Electric and Other Utilities	160	240	960	960
Contract Services	106,266	104,013	97,100	80,750
Other	9,000	14,000	12,000	10,800
Total Expenses	869,772	849,235	812,652	957,360
Total Capital Costs	—	180,000	300,000	300,000
Total Communications & Public Affairs	\$ 869,772	\$ 1,029,235	\$ 1,112,652	\$ 1,257,360

Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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 SECTION

The EHS section 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, 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.

ENVIRONMENTAL HEALTH & SAFETY SECTION OBJECTIVES AND ACCOMPLISHMENTS



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.

2022 Accomplishments

EHS provided 135 training sessions with over 3,000 total training hours. Examples of training include CPR, defensive driving, competent person, confined spaces, respiratory protection, hearing conservation, forklift certification, and emergency response.

Inspect all facilities on a quarterly basis and all vehicles annually.



2022 Accomplishments

EHS completed a thorough safety inspection in 2022 at all CAW facilities (JTH, MAC, CLW, Wilson Plant, Ozark Point Plant, Lake Maumelle, Lake Winona, and Paron facilities) and worked with staff to ensure that all hazards identified during those inspections are corrected. Every CAW vehicle was inspected at least twice. However, most vehicles were more frequently inspected by EHS or department supervisors throughout the year. EHS assisted Engineering with Paron tank inspections (railing, safety climb, hatches, locks, inside surfaces and measurements on sample points inside each tank).

Inspect all construction sites to ensure adherence to all federal and state regulations and all CAW rules and regulations.



2022 Accomplishments

EHS visited over 950 job sites in 2022. During these safety inspections, EHS personnel observed operations, evaluated possible safety concerns, ensured OSHA compliance and public safety awareness, and noted any corrections of safety issues found during job site visits.

2023 Goals

EHS will continue to implement recommendations of its vulnerability assessment in 2023, providing additional safety and security enhancements as needed at various Utility facilities and updating/creating Emergency Action Response Plans for several scenarios identified by the vulnerability assessment.

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 CAW's Lone Worker Policy and process for those employees who work alone with limited or no contact with other CAW employees throughout the work week.

Front facing cameras will be installed in all utility vehicles to help reduce / eliminate vehicle crashes.

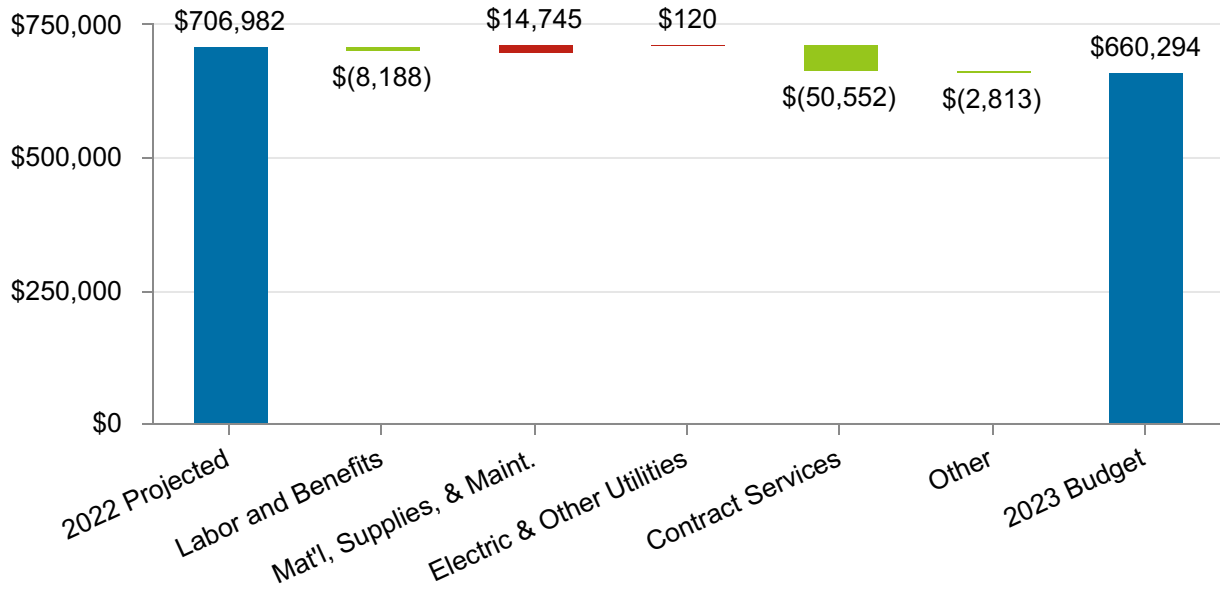
Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Safety Training Classes	100	135	140
Safety Training Hours (cumulative)	2,115	3,233	3,000
Workers' Comp Claims	10	5	5
Workers' Comp Claim Costs	\$69,931	\$90,000	\$50,000
Workers' Comp Lost Time (days)	108	0	0
"At Fault" Vehicular Accidents	7	12	8
"Not At Fault" Vehicular Accidents	9	7	8
Perform all Facility and Vehicular Inspections	Yes	Yes	Yes

Environmental Health & Safety - Expense Summary

	2021 ACTUAL	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 403,548	\$ 379,905	\$ 419,054	\$ 371,717
Materials, Supplies, and Maintenance	57,320	103,655	90,400	118,400
Electric and Other Utilities	1,080	1,320	1,440	1,440
Contract Services	276,448	219,289	240,568	168,737
Other	4,837	2,813	10,000	—
Total Expenses	743,233	706,982	761,462	660,294
Total Capital Costs	17,247	21,610	55,000	55,000
Total Environmental Health & Safety	\$ 760,480	\$ 728,592	\$ 816,462	\$ 715,294

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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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WATERSHED PROTECTION SECTION

The Watershed Protection section executes 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 Program'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 Program ensure CAW is cognizant of and attentive to the impacts its watershed-related management decisions have on current and long-term watershed health. Major responsibilities of the Program 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 sources 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, and ultimately ensure CAW can provide high-quality water with minimal treatment.

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WATERSHED PROTECTION OBJECTIVES AND ACCOMPLISHMENTS

Continue Land Acquisition per WMP to provide greater source water protection.

2022 Accomplishments

In 2022, the program continued 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 continue to utilize funding generated through the first-ever certified Green Bond (October 2020) 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 2023 and 2024 acquisition of more than 4,500 acres in the Lake Maumelle Watershed.

A total of 306 acres were purchased with these funds through the 3rd quarter of 2022 while an additional 136 acres were placed into a Conservation Easements.



Maintain or Increase Lake Water Quality Monitoring

2022 Accomplishments

Water Quality:

Under an ongoing agreement with U.S. Geological Survey (USGS), and with assistance from CAW staff, long term, ongoing water quality and flow monitoring continued for Lake Maumelle and its tributaries. In 2022, CAW staff, in conjunction with a team of Hazen and Sawyer scientists, formed a lake management team and began developing a comprehensive reservoir monitoring plan. The lake management team conducted in-depth monitoring on both Lake Maumelle and Lake Winona to supplement routine USGS monitoring.

Watershed:

Completed an Emergency Spill Response Plan tabletop exercise and responded to one spill on the Maumelle River.



Comprehensive Ecology Management & Monitoring

2022 Accomplishments

In 2022, staff completed 1,620 acres of prescribed fire and 41 acres of invasive species removal, while rehabilitating 5 miles of unpaved forest roads. Three-hundred and forty-one acres were planned for ecological thinning, however due to overly wet conditions, a local mill fire, and mill-worker shortages due to Covid-19 outbreaks, only 50 of those acres were able to be harvested in 2021. Ecological thinning will resume in 2023.

A 115 acre tract of recently purchased clearcut timber land was replanted in native shortleaf pine (50,000 trees) using grant proceeds while staff also planted an additional 12,000 trees to reforest approximately 40 acres of the Forest Legacy Property. CAW surpassed a lifetime total of more than 100,000 replanted trees, ending 2022 with more than 122,000 planted on 355 acres since 2014.

Additionally, with partner assistance, the Program continued to rehabilitate a 12-acre Native Plant Restoration Field (restoration begin in 2021) planted with locally-collected, local-genotype, native flowering plants and grasses and added another two-acre field in 2022 near the field station offices with a \$600 materials grant from Project Wingspan. Staff also fostered more than 200 globally rare (but native to the Maumelle Watershed) plant seedlings at a personal greenhouse to return to the watershed through inclusion in these restoration projects. These restorations add a more robust root-system to lowland fields adjacent to the Maumelle River and tributary, thus increasing source water protection, as well as providing critical habitat to local wildlife including quail and pollinators.

Watershed Protection added a Natural Resource Specialist in 2019 whose primary responsibility is monitoring and assessment of the watershed and reservoir tributaries. Staff with the assistance of summer interns, completed comprehensive monitoring efforts of biological communities in our tributaries and forested ecosystems. Sampling and Assessment totals for 2022 were: 14 Macroinvertebrate Sampling Days; 12 Post-Burn Assessments; 12 Forest Monitoring Plot Assessments; 10 Fish Community Sampling Days; and 2 Culvert Assessments. These efforts aid to create the beginnings of a robust collection of long-term monitoring into the 3rd (forest) and 4th (tributaries) seasons of collection. This monitoring will continue to provide a better assessment of watershed health as well as provide a method for prioritizing management efforts.



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Work also continued 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 was completed and presented to regional officials in 2021. The outcome of a potential project award is anticipated in December 2022 and is projected to have a project total of \$2.5M. This project would enhance and restore aquatic functions across this landscape as part of a larger restoration and management plan for the FLP site. Staff assisted the US Fish and Wildlife Service and the Arkansas Game and Fish Commission in repopulating federally threatened freshwater mussel species on the Alum Fork of the Saline River (Lake Winona watershed).

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Promote Good Stewardship Through Action & Education

2022 Accomplishments

In 2022, Program staff worked with agency and non-profit partners (Arkansas Natural Heritage Commission, Arkansas State Parks, the Arkansas Office of Outdoor Recreation, and The Nature Conservancy) of the Maumelle Pinnacles Conservation Area (MPCA) whose organizational goals center around creating conservation stewards through recreational opportunities and furthering the conservation missions of each organization. In November, CAW was awarded a Transportation Alternatives Program grant of \$200,000 to extend trail areas from Bufflehead Bay (completed in 2021) to the Natural Areas of Blue Mountain and Rattlesnake Ridge and through to Pinnacle Mountain State Park. A Recreation Master Plan for the MPCA, being sponsored by the Arkansas Office of Outdoor Recreation, will be completed in 2023.



In October, the CAW Board adopted the first combined set of Rules governing CAW-owned lands and waterways of both the Lake Winona and Lake Maumelle watersheds. These new Rules will go into effect January 1, 2023.

In November, in partnership with the Arkansas Game and Fish Commission, CAW oversaw the removal of an abandoned low-water crossing on Bringle Creek following an extensive cleanup effort of an old homesite across the creek. This project restored natural flow to the system and allowed property to be reclaimed as forestland.

In 2022, staff were invited to give more than 15 presentations or webinars across the US including state-specific conferences for West Virginia, Texas, and Michigan, and was invited to close the Esri Infrastructure Management Conference's Plenary Session. Staff also participated in 3 radio and 1 television news interviews; led 14 tours and hikes for various groups (internal and external); hosted three summer learning camps: the Arkansas Youth Conservation Corp., CAW's One -Water STEM Camp, and the Arkansas Forestry Association's Teacher Conservation Tour- Woods & Watersheds.

The Watershed Protection Manager, Raven Lawson, had published articles in the Journal of the American Water Works Association and the Water Research Foundation's- Advances in Water Research.

Other 2022 Accomplishments

And CAW's Watershed Protection Manager, Raven Lawson, was selected as the American Water Works Association's Source Water Protection Committee Chair for a three-year term and serves as the Young Professionals Chair for the 2023 Arkansas Water Conference.

2023 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. In order to enhance the Utility's conservation management objectives, staff will conduct nearly 1,500 acres of prescribed burns, conduct 500 acres of ecological thinning, inventory approximately 1000 acres of forest stands.

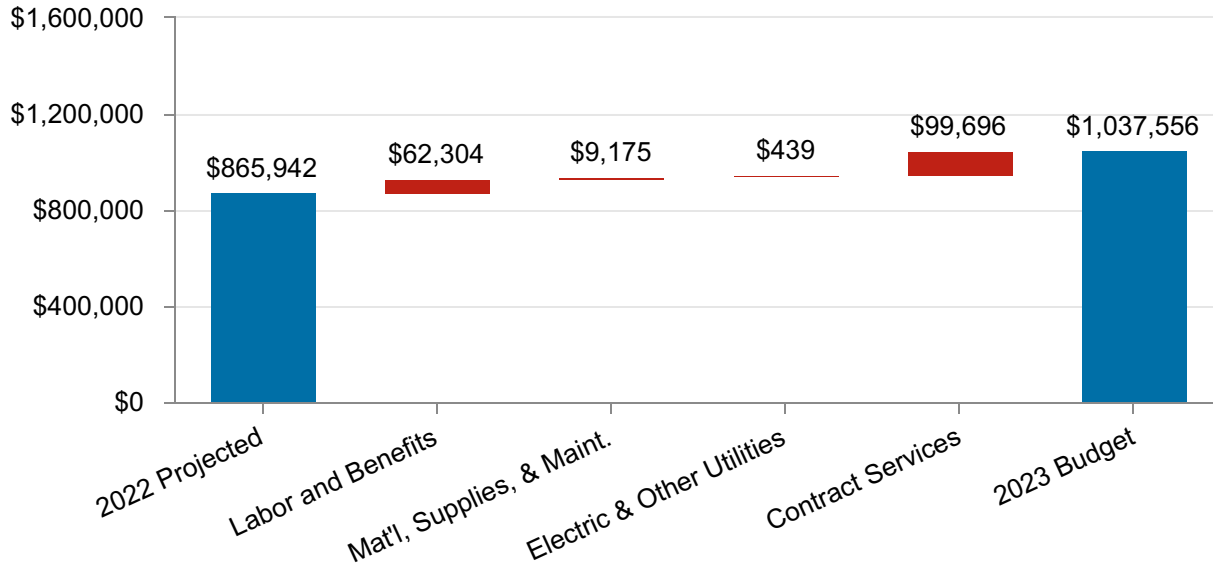
Staff will continue to focus on increasing property holdings and easements in key watershed areas and building and retaining partnerships essential for success of the Program's objectives. Staff will also continue to find and implement creative strategies for watershed management and water quality enhancement 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	2021 Actual	2022 Estimated	2023 Budget
Land Acquisition (cumulative acres of fee-simple and conservation easements)	391	442	400
Acres Treated with Prescribed Burning (cumulative acres)	739	1,620	1,500
Acres Treated with Ecological Thinning (cumulative acres)	50	—	500
Acres Reforested	40	155	—
Inventory Forest Stands (acres)	276	500	1,000

Watershed Protection - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 510,491	\$ 545,619	\$ 579,996	\$ 607,923
Materials, Supplies, and Maintenance	53,266	73,025	75,200	82,200
Electric and Other Utilities	5,393	5,561	6,600	6,000
Contract Services	194,986	241,737	255,235	341,433
Total Expenses	764,136	865,942	917,031	1,037,556
Total Capital Costs	2,136,294	2,262,099	3,596,000	4,302,250
Total Water Quality & Watershed Protection	\$ 2,900,430	\$ 3,128,041	\$ 4,513,031	\$ 5,339,806

Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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.

SUSTAINABILITY & FACILITIES MANAGEMENT SECTION

The Sustainability & Facilities Management section was created as a new section in the Administration department in mid-2021 combining employees from various departments for more efficient support of environmental sustainability, facilities, and grounds operations.

Mission

Facilities staff provide effective and responsive service for the management and operation of facilities, buildings, and grounds in support of our mission to deliver high quality, affordable, abundant, and dependable water services through a productive workplace.

Sustainability staff develop and implement the Utility's environmental strategies to minimize the environmental impact in the areas of carbon emissions, energy, water, waste, air quality, transportation, and watershed forest management.


Our overall vision is in the key strategic area of Environmental Sustainability where we nurture the valuable resources entrusted to us.

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SUSTAINABILITY & FACILITIES MANAGEMENT SECTION OBJECTIVES AND ACCOMPLISHMENTS

Implement a Climate Action Plan that includes adaptation, mitigation, and Net Zero Carbon Emissions by 2050.

2022 Accomplishments




Sustainability & Facilities Management continued in a second year energy efficiency program with CLEARResult at four high energy use locations: the JTH Administration building, Wilson Plant, Ozark Plant and the Lake Maumelle Pumping Station. This program provides financial incentives and rebates for identified energy upgrades. Electrical use at JTH has been reduced 6.1% through lighting, controls and HVAC improvements. The Wilson Plant electrical use per volume of water remained flat which was a significant milestone during the year. Future low cost energy efficiency projects were identified.

The 4.8 MW Cabot Solar field began production in May 2022 which is designed to offset approximately 20% of demand and lock in low cost rates for future years.

A Climate Action Plan to reach Net Zero Carbon Emissions by 2050 was reviewed by the commissioners. Baseline year for Scope 1 and 2 reporting of greenhouse gases was established and data collection has begun. Key milestones required by decade were established to reach the 2050 goal. Our first Environmental, Sustainability and Governance report will be issued in the 4th quarter 2022.

Minimize the amount of waste by enhancing recycling programs at every facility toward a 50% reduction in landfill waste by 2050.

2022 Accomplishments



Sustainability & Facilities Management recycled all eligible waste streams to divert from landfills. Messaging from the Sustainability Team to encourage recycling of eligible items was increased. Cardboard, paper, metals, batteries, coffee pods, glass, light bulbs, and electronic waste were recycled at a 21% increase over prior year. A significant project to reduce unneeded older files and paper records through special recycling and shredding days was completed. Trash, metals and tires from Lake Maumelle and Watershed were also recycled with partner cleanups.

Other 2022 Accomplishments

Facilities and grounds keeping staff were combined from three different departments for operational efficiency. Cross training facilities staff and groundskeepers across buildings showed results with quicker response time to work orders, and reduced use of outside vendors. Facilities condition assessment and identification of future needs of JTH for future renovations was completed with input from affected departments.

The JTH Improvements Team met monthly to assess the JTH Administration building for needed renovations, identify key department priorities, and forecast space needs to meet changing work from home impacts. Tenant occupied spaces at the former Little Rock Police substation at 301 E Capitol, Lake Winona house, and Marina all had additional improvements. The former Deli Building at 314 E. 6th completed renovations to become a satellite office location.

Facilities staff met an increased daily workload from the continuing COVID pandemic. Midday disinfecting of high touch areas became part of the preventative maintenance daily assignments. Facilities staff installed partitions, separated workstations, and frequently moved office furniture to accommodate Centers for Disease Control recommendations for social distancing.

2023 Goals

In the area of Sustainability, goals include the installation of solar panels at Pump Station 23 in North Little Rock, ongoing collection of data for Scope 1 and 2 Green House Gas emissions, continued energy efficiency projects, and design of the next large solar field. The first 100% electric trucks for Distribution will be deployed along with charging stations at JTH and CLW Distribution facility. Inventory and assessment of the Watershed forested lands for future carbon credit use will begin.

Facilities staff will continue to support the daily needs of the Utility with janitorial, maintenance, landscaping, grounds, and office operations in timely and responsive manner. The goal is for all work orders and support tickets to be addressed within 24 hours or the expected deadline. The feasibility study of the JTH renovation will be completed, and construction budget established.

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Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Report Energy Intensity (kBTU/MG)	6325	6255	6150
Energy from internal Solar Production, GWh	0	5.93	7.13
Calculate Scope 1, 2 Greenhouse Gas Emissions, Metric Tons of Carbon Dioxide, Equivalent	18,466.00	19,000.00	17,000.00
Completed Facilities Work Orders by deadline or within 24 hours	85%	90%	91%
Number of Electric or Hybrid vehicles	2	2	10

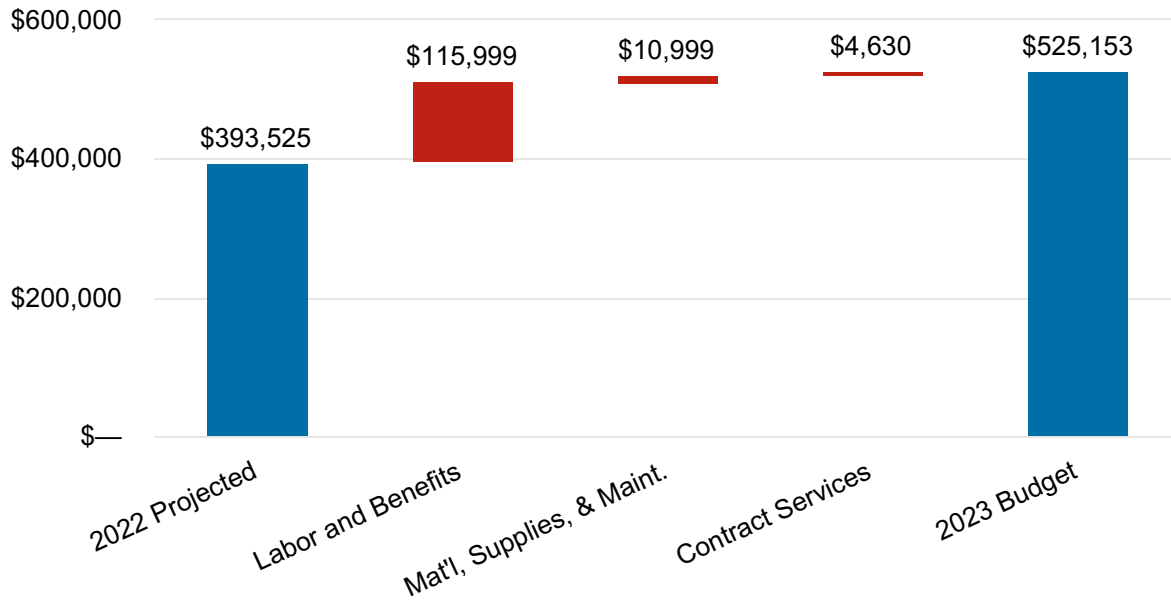
*Energy Intensity reported every three years

Sustainability & Facilities Management - Expense Summary

	2021 Actual*	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ —	\$ 350,202	\$ 372,925	\$ 466,201
Materials, Supplies, and Maintenance	—	17,601	19,700	28,600
Contract Services	—	1,070	900	5,700
Total Expenses	—	368,873	393,525	500,501
Total Capital Costs	—	29,320	171,000	1,005,000
Total Special Projects	\$ —	\$ 398,193	\$ 564,525	\$ 1,505,501

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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.

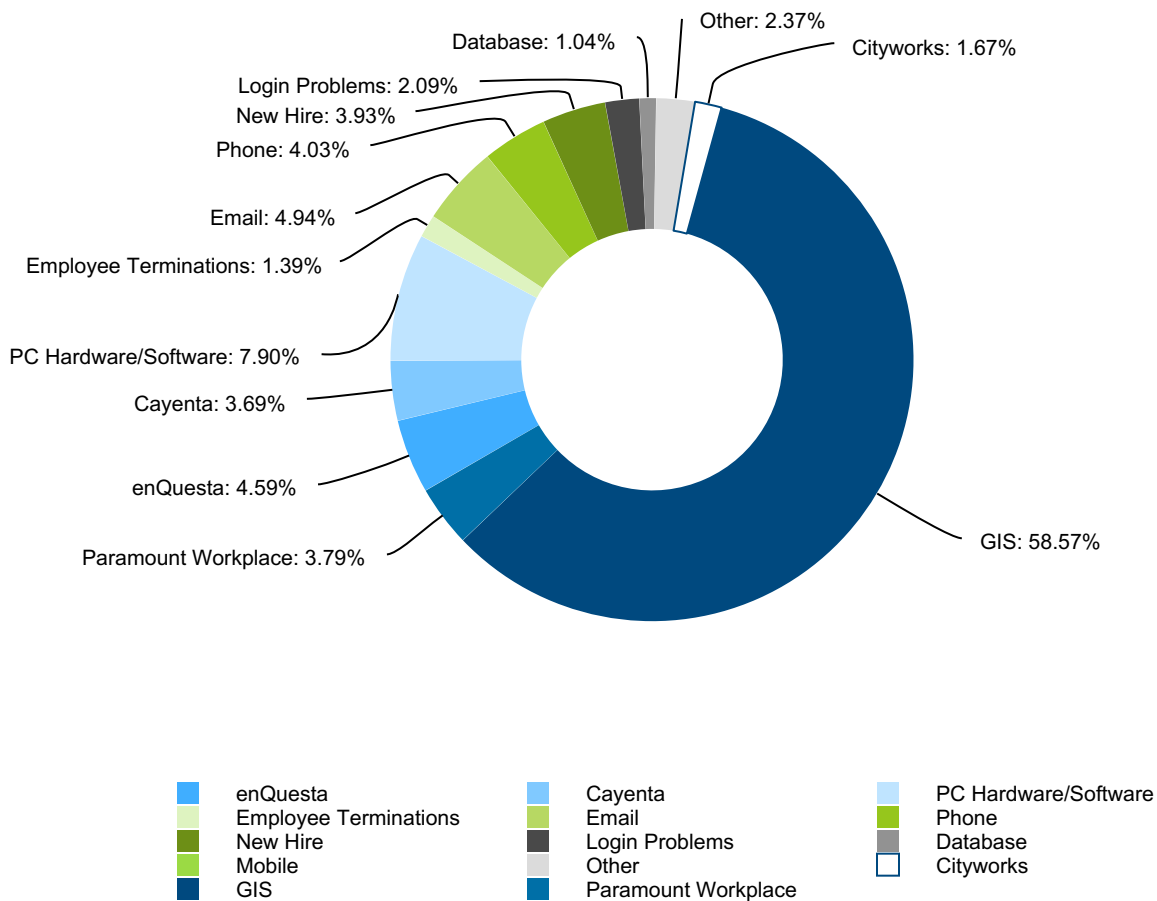
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INFORMATION SERVICES DEPARTMENT

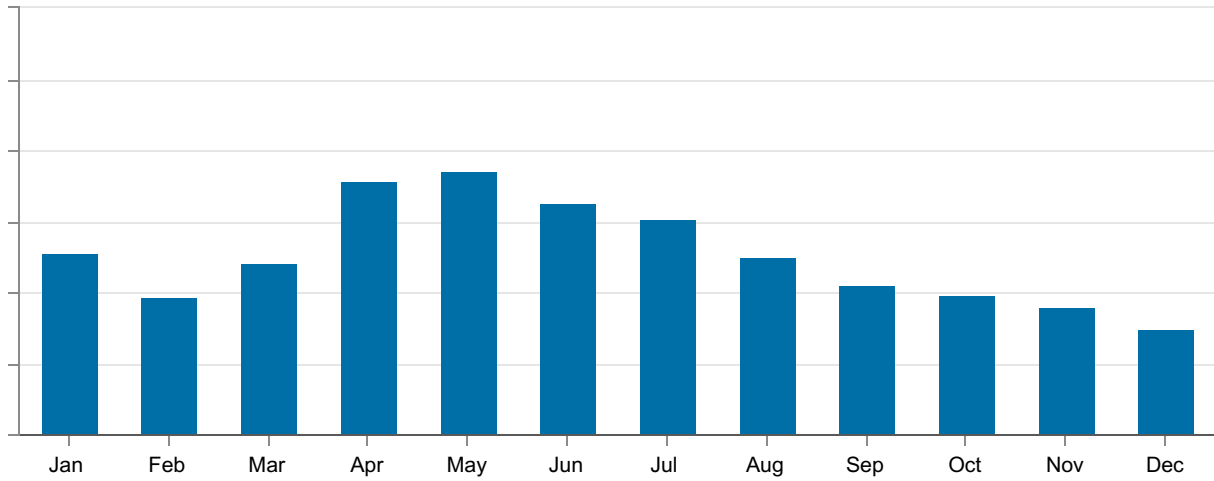
The IS department maintains the computer hardware, software, and other electronic infrastructure that is necessary to support the day-to-day and mission-critical operations of the Utility. There are thousands of computer systems in place and hardware devices that make up CAW's wide area network to support 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.

2021 Completed Tickets By Type (Actual)



2021 Completed Help Desk Tickets



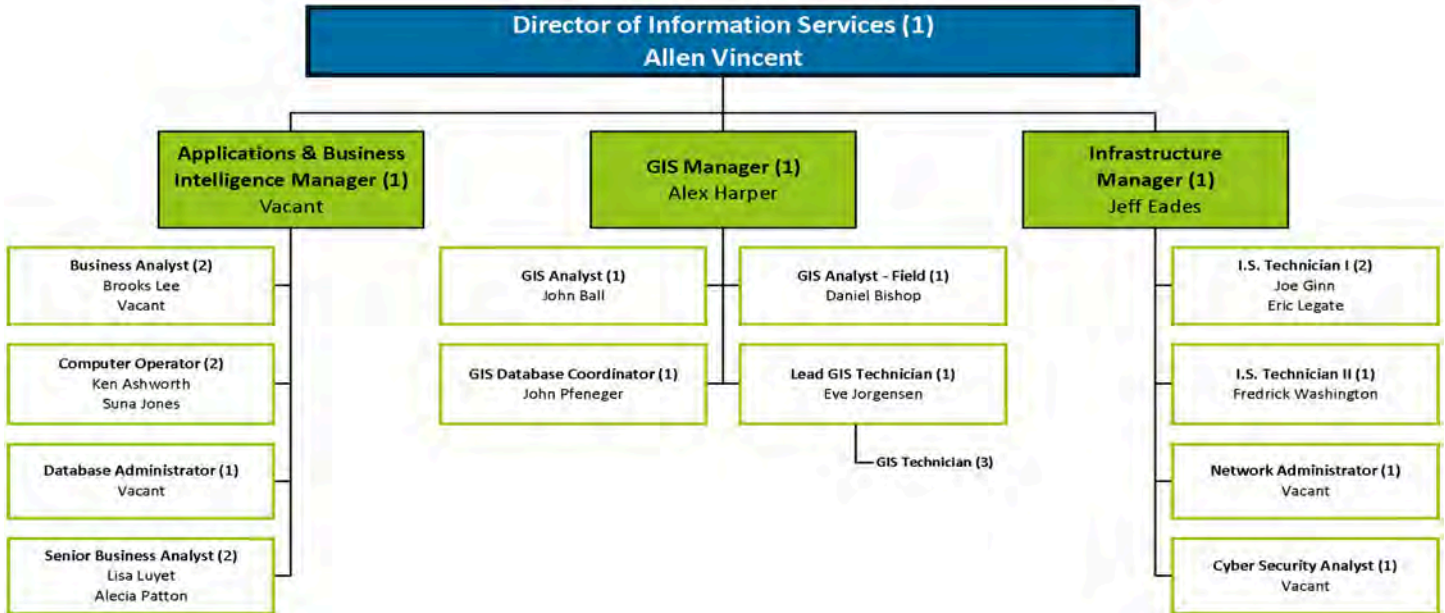
Mission

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

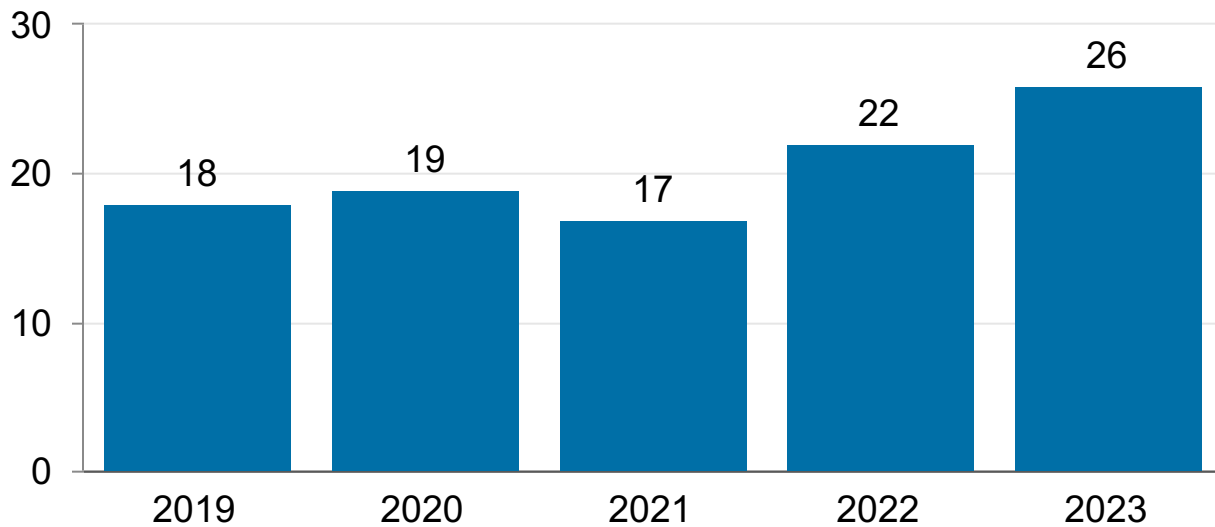
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INFORMATION SERVICES DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year



INFORMATION SERVICES DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS



Implement Routing Software

2022 Accomplishments

Staff is working with Route Smart, the vendor for the routing software, so that meter reading is more efficient. Currently, the team is working with Cayenta to understand better the API that will transfer the data into the billing system.



Implement ERP Software

2022 Accomplishments

During the year, the team started collecting requirements from departments. Staff will work with two new Business Analysts who will come on board over the next few months to work on this project. We also will bring EMA back to assist with the project.



Implement Customer Service Call Back feature to phone system

2022 Accomplishments

To improve customer service, staff added a callback feature to the phone system, which allows customers to avoid waiting on hold for long periods by calling customers back once an agent becomes available.



Transition Paron and Ridgefield customers to Cayenta Utilities

2022 Accomplishments

Staff added both Paron and Ridgefield customers to the Cayenta billing system using the tools provided with the billing system. Staff used these tools without any third-party support and hit their go-live date.

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Improve Perla billing results and implement GIS features for Perla assets



2022 Accomplishments

Major progress was made on the Paron Billing and GIS systems. The initial review of the billing system determined most meters were not being read, and only the minimum bill was being sent out. Staff worked with Distribution on meter replacement and trained the Perla staff on the importance of keeping the meter numbers correct. The meter replacements increased the amount of billed water. Currently, the staff is in the last part of installing radio meters. The GIS section had to build the GIS features for the system from as-builts and GPS collection. CAW's GIS section developed waste-water features so the small Perla waste-water system could be shown on the map. A web map application for the Perla system was created and deployed on all mobile devices.

Implement Water Outage Solution and Notification



2022 Accomplishments

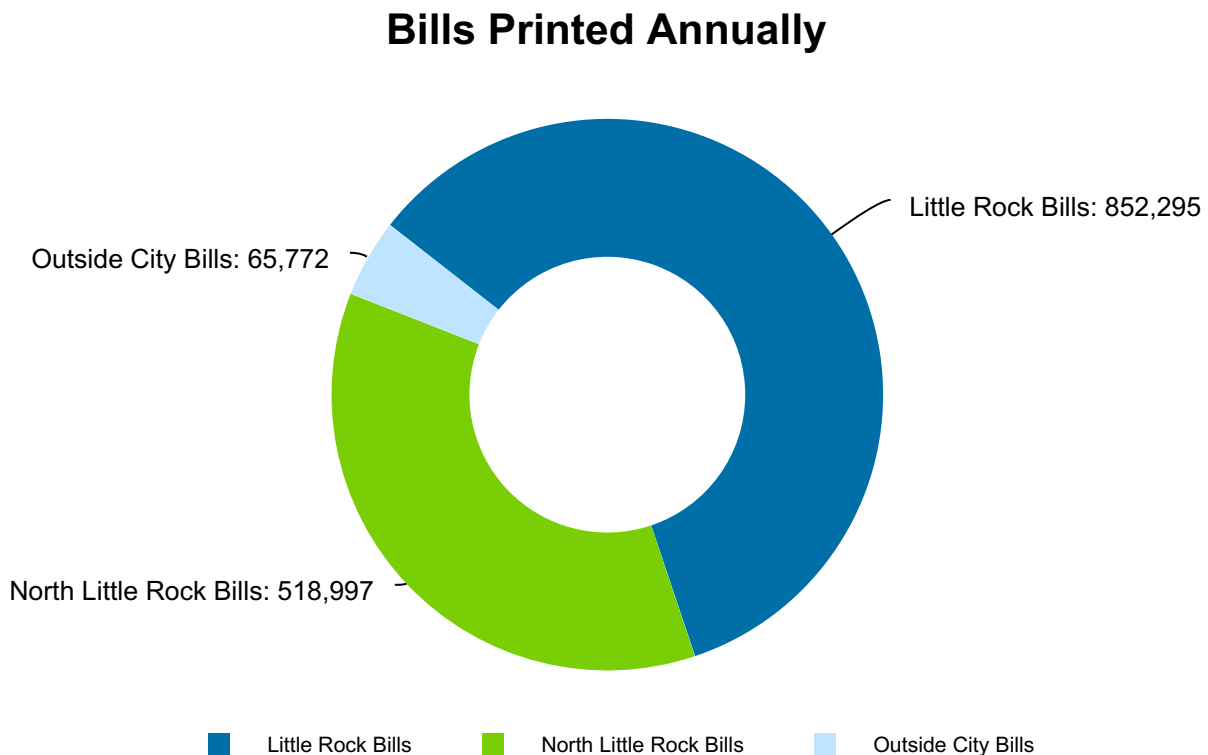
The water outage solution and customer notification is a Phase two project of the CU Implementation. Using customer contact information from CU, the water outage solution joined that information to the meter GIS layer and selected those meters affected by an outage. Distribution staff can place a flag on a main where an outage has happened, and the solution traces up and downstream to isolate the area on the map. Meters with customer contact information are selected, and, with the use of Notify, affected customers can then be sent notifications. A public-facing outage map is not available that shows where customer disruptions are currently occurring.

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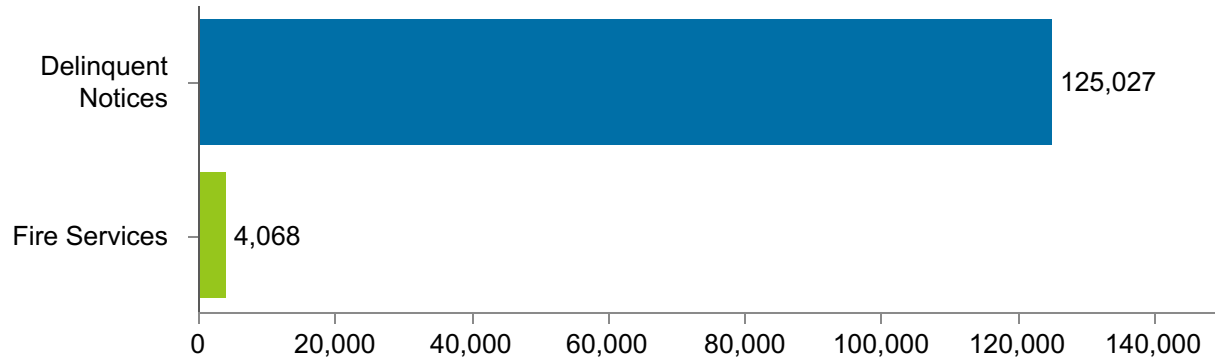
2023 Goals

In 2023, IS will continue to implement the recommendations of the 2017 IT Master Plan. The implementation of a new ERP solution that will combine many HR, financial, and planning systems into one system will begin in 2023. Other systems anticipated to be implemented are a phone system replacement in the Call Center utilizing a SaaS environment that will give CAW more options than the current system.

In 2023, the GIS section will work on expanding the outage notification solution to include other desired customer notifications. The development and deployment of a Service Line Inventory are required by the EPA's revisions to the Lead and Copper Rule. This deployment will require GIS to publish a public-facing web mapping application to show where, if any, possible lead plumbing could be in our system. The GIS section will also be researching more ArcGIS Online solutions like shareable web maps, mobile mapping applications, and dashboards. Future upgrades to ArcGIS will be researched, with needed features such as tool sets and automation tasks.



Non-Bill Printings

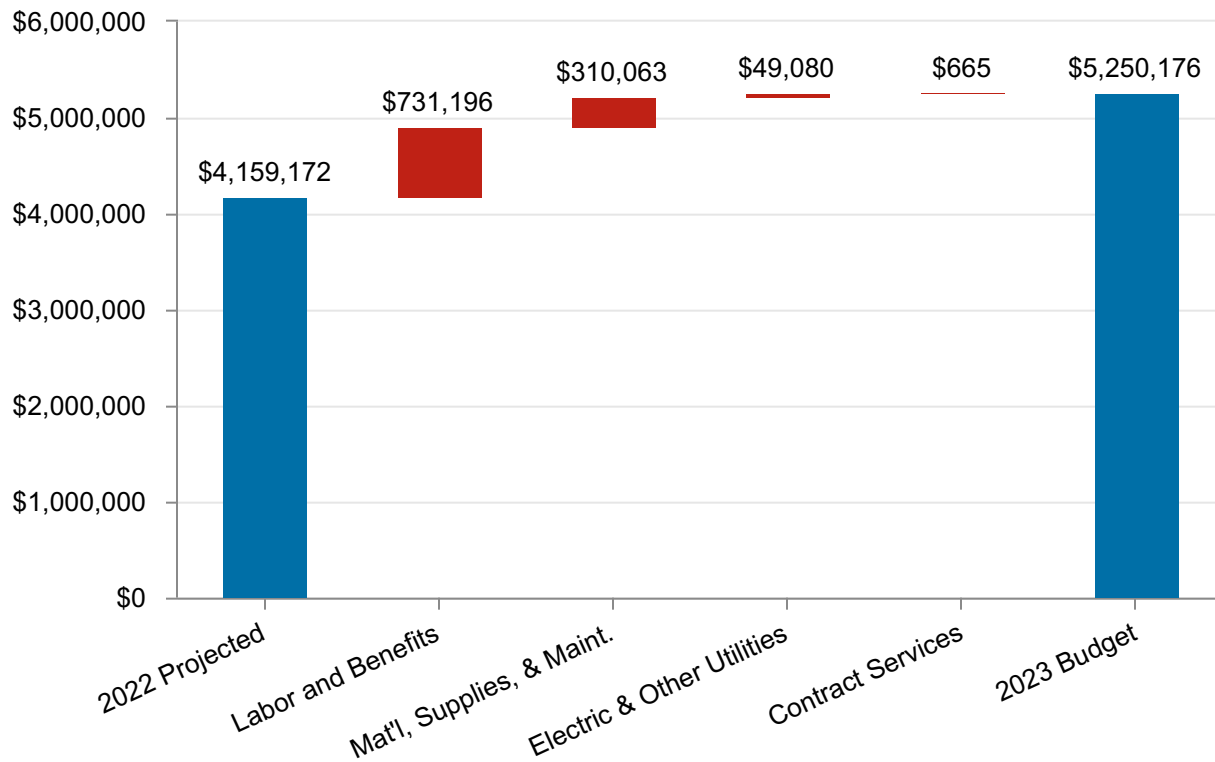


Information Services - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 1,730,007	\$ 2,106,522	\$ 2,389,571	\$ 2,837,718
Materials, Supplies, and Maintenance	1,585,190	1,286,299	1,499,832	1,596,362
Electric and Other Utilities	733,478	601,079	590,518	650,159
Contract Services	94,172	165,272	137,557	165,937
Transition Cost	—	—	—	—
Other	—	—	—	—
Total Expenses	4,142,847	4,159,172	4,617,478	5,250,176
Total Capital Costs	2,609,097	912,978	2,840,000	2,840,000
Total Information Services	\$ 6,751,944	\$ 5,072,150	\$ 7,457,478	\$ 8,090,176

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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

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

Mission

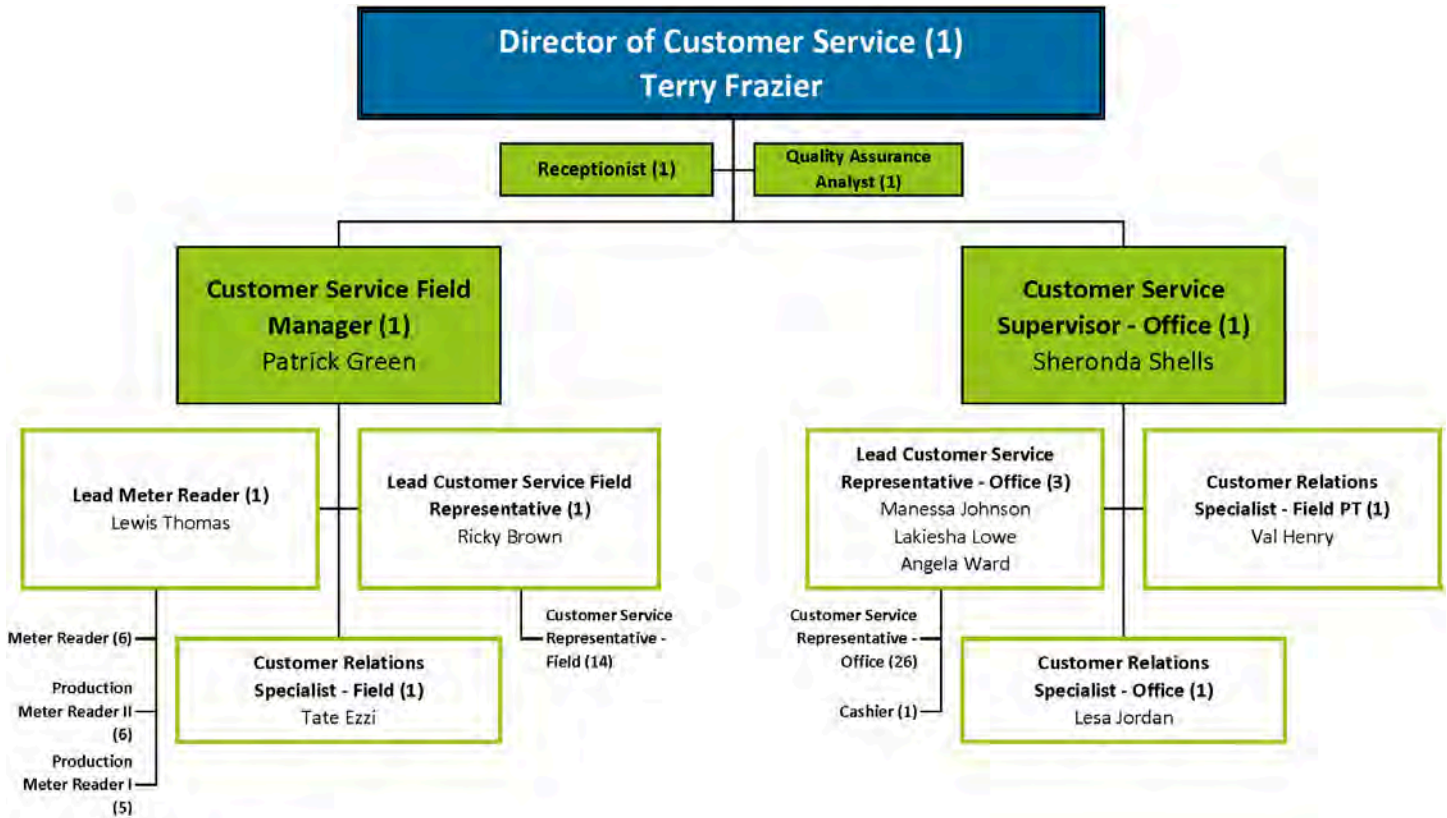
The Customer Service department is committed to providing quality service to customers in ways that are helpful, caring, and responsive. Customers include water customers, as well as departments within the Utility. The department's goal is to offer services that not only meet but clearly exceed external 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. This is accomplished in a variety of ways, but it starts with a high degree of accuracy in the monthly meter reading. Last year CAW's meter readers read more than 150,000 customer meters each month. Certainly, this is a daunting task, but the dedicated and focused employees performed this task each month with an accuracy rate of greater than 99%. With accurate data, CAW can provide correct billing and ensure proper revenue flow to support the Utility's operations. CAW's Contact Center and Cash Processing teams are both committed to ensuring that each customer interaction surpasses expectation. These teams also focus on sharing accurate information about Utility processes and answering customer billing inquiries.

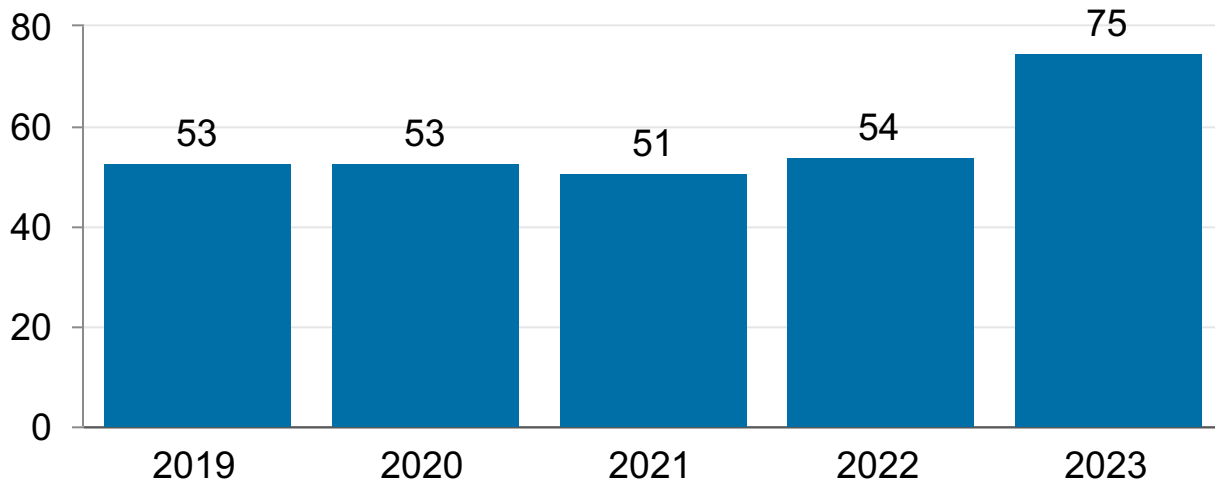
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CUSTOMER SERVICE DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year - Customer Service



CUSTOMER SERVICE DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS

Maintain abandoned calls percentage at or below 4%.



2022 Accomplishments

As of September 30, 2022, CAW's Call Center had fielded 155,949 customer calls with an average abandonment rate of 5.05%. The call volume represented an increase of approximately 5,000 calls compared to the same period last year. However, the abandonment rate has significantly decreased over 10% due to adequate staffing and departmental restructuring. We have also adjusted to process changes with our new CIS and created more automation where possible.

Maintain average call answer time at or below 40 seconds.



2022 Accomplishments

The average speed of answer (ASA) year-to-date as of September 2022 was 29.62 seconds. This is also attributed to adequate staffing and a form Quality Assurance program that assists in recognizing areas of improvement for the Customer Service Representatives. On our days with higher call volume, customers have the option of holding their place in line and receiving a call back. This technology enhancement is convenient for our customers and only deployed when the call queue detects the necessity.

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Other 2022 Accomplishments

Our department underwent a major restructuring in 2022 and a Director of Customer Service was hired to plan the unit's growth and development. One of the first actions was to add additional Customer Service Representatives to assist with the deployment of our Chat feature. With the assistance of our Information Services and Communications departments, we were able to create automated responses for anticipated questions using our Chatbot, and when the request is made to speak with an agent, the chatbot will transition to a live agent. In addition to more Customer Service Representatives, we also added a Quality Assurance Analyst to our Team and this person has aided in recognizing areas of improvement based on call quality and customer satisfaction. Realizing the need for our multi-account commercial customers to have a consistent point of contact, a Customer Relations Specialist position was created. This person will follow up with delinquent commercial accounts to ensure multiple notifications will be made prior to the possibility of disconnecting service as well as assisting with billing needs for their multiple accounts. Since 2021, we have hired four additional Bilingual Customer Service Representatives in order to support our local community diversity efforts. Our Communications section has also utilized these new representatives in community events outside of our normal operating hours to connect with our evolving diverse community.

In our Field section, we created a Field Manager position whose duty is to oversee the field section of the department. One of the first orders of business for this section was to transition our Distribution Field Representatives to our Customer Service department as Customer Service Representatives-Field. The transition has been successful, and in addition to the Field Manager position, a Lead Meter Reader position was created to assist with administrative duties and training.

In our Contact Center, we have also deployed a "callback" feature where customers have the option of holding their place in our queue without holding the line. This has greatly attributed to our lower call abandonment rate. As we continue to assess the needs of the Utility and customers, we will continue to evolve our department to operate efficiently.

2023 Goals

CAW Customer Service will be enhancing its departmental structure to include job titles of CSR I, CSR II, and CSR III. These additional levels will allow for better pay and benefits, expanded career paths, and further separation of duties which will ultimately increase efficiency. This restructuring will include an offline team who handles emails, web requests, chat, and will be cross trained in service order dispatching, cashiering, and receptionist duties.

Customer Service staff are currently working with the IS department to acquire an upgraded phone system that will allow customers to complete basic requests without

the assistance of an agent. Our current options are limited to making payments and setting up arrangements.

With our Drive-Thru closure, we are working with our Finance department to find ways to offer more payment vendors around our service area. With the help of one our payment vendors, we are seeking to add additional payment centers in our rural areas. As we onboard those payment centers, Customer Service will be instrumental in communicating this with our customers. If we are successful with implementing real-time payment reporting, this will eliminate the need to report payments.

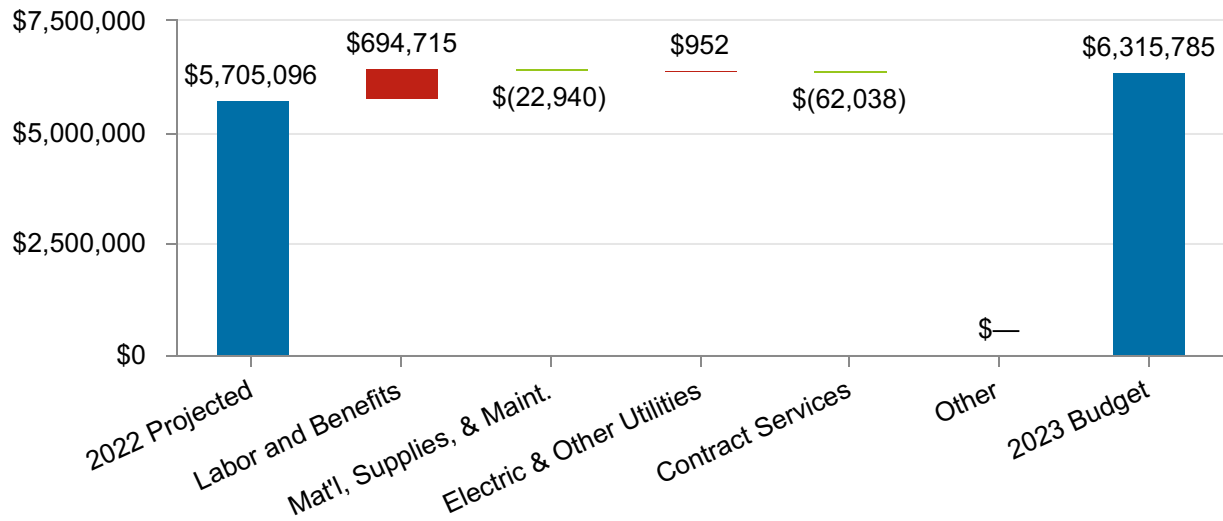
As we continue to focus on call quality, we are upgrading the original part-time position to a full-time Quality Assurance staff member who will assist with both office and field quality scoring as well as providing training plans for areas of improvement. To maintain our metrics, this position will also monitor staffing needs for daily and seasonal productivity.

Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Abandoned Calls Percentage	15.06%	4.52%	<3.00%
Average Call Answer Time (in seconds)	301.84	29.62	<30

Customer Service - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 5,057,134	\$ 5,496,875	\$ 5,352,834	\$ 6,191,590
Materials, Supplies, and Maintenance	40,332	75,764	57,528	52,824
Electric and Other Utilities	640	488	960	1,440
Contract Services	128,869	131,969	67,432	69,931
Other	27	—	—	—
Total Expenses	5,227,002	5,705,096	5,478,754	6,315,785
Total Capital Costs	19,258	—	—	120,000
Total Customer Service	\$ 5,246,260	\$ 5,705,096	\$ 5,478,754	\$ 6,435,785

Change by Natural Classification - 2022 Projected to 2023 Budget



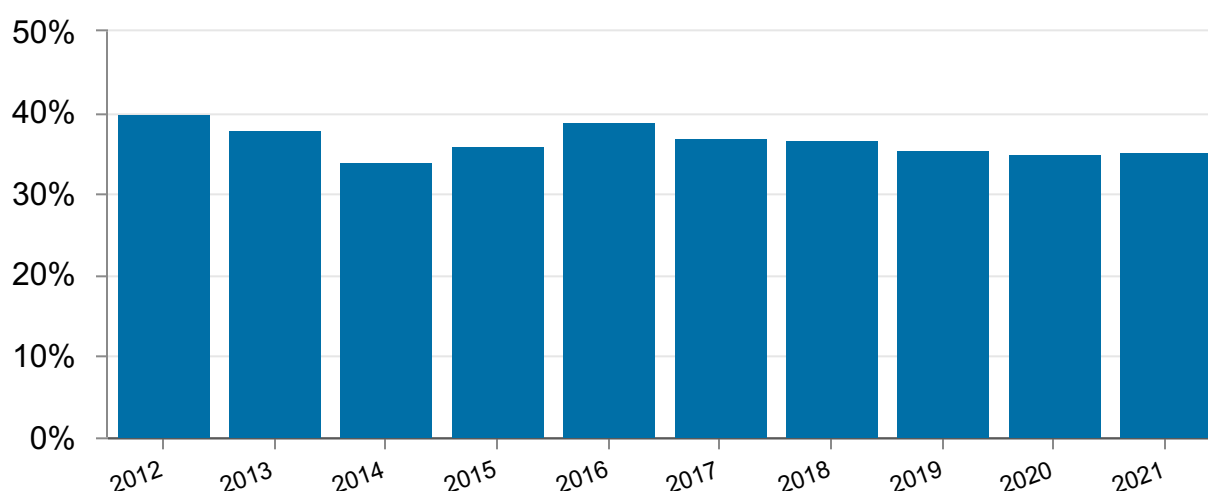
Graph shows departmental expense progression from 2022 Projected to 2023 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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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 23 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 161,000 metered accounts, 19 billing partners, and monthly receipts that collectively total over \$214 million annually.

Water Revenue as % of Total Billings by Year



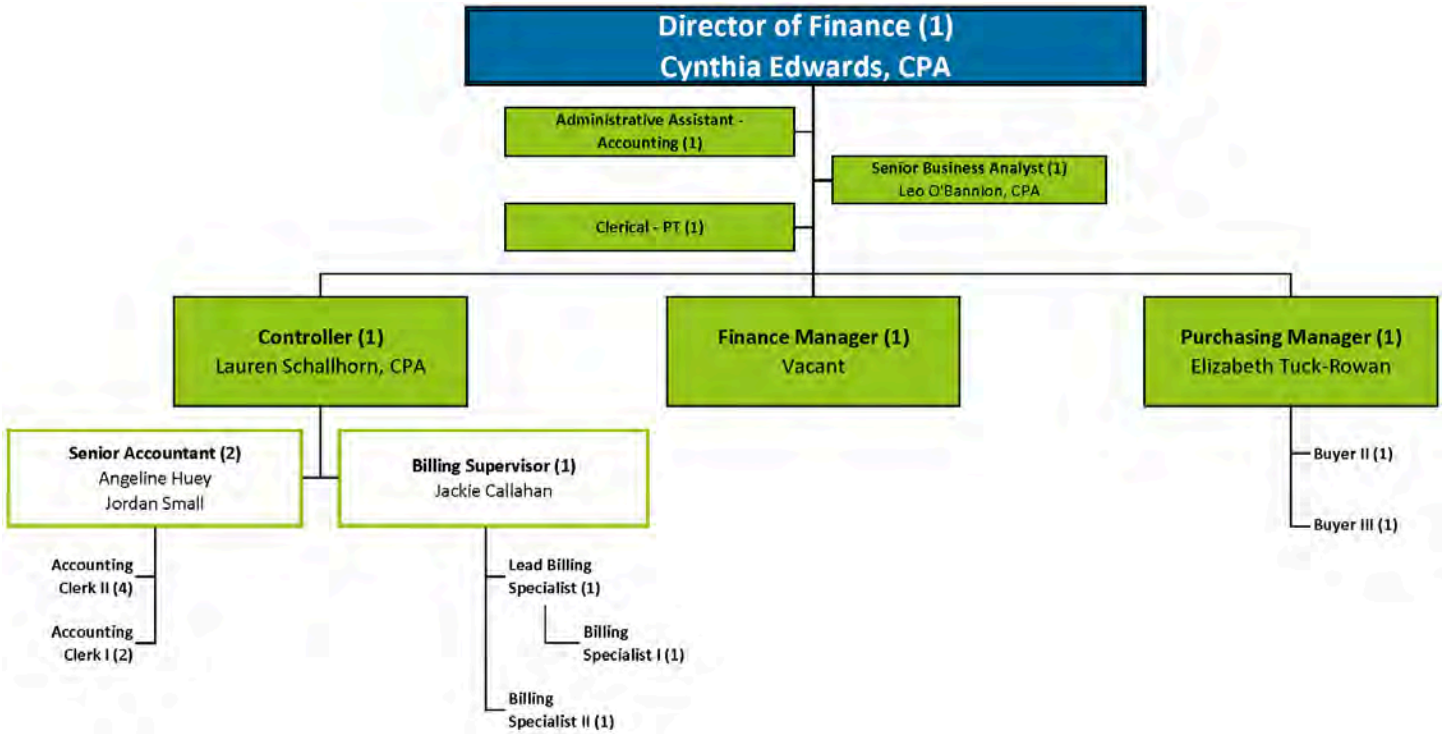
The department’s responsibilities cover a broad range of functions that include financial planning and reporting, fiscal control, interdepartmental budgeting, billing, utility-wide purchasing, remittance processing, credit and collections, rate-making, investments, bond-issue preparation, banking relationships,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

Mission

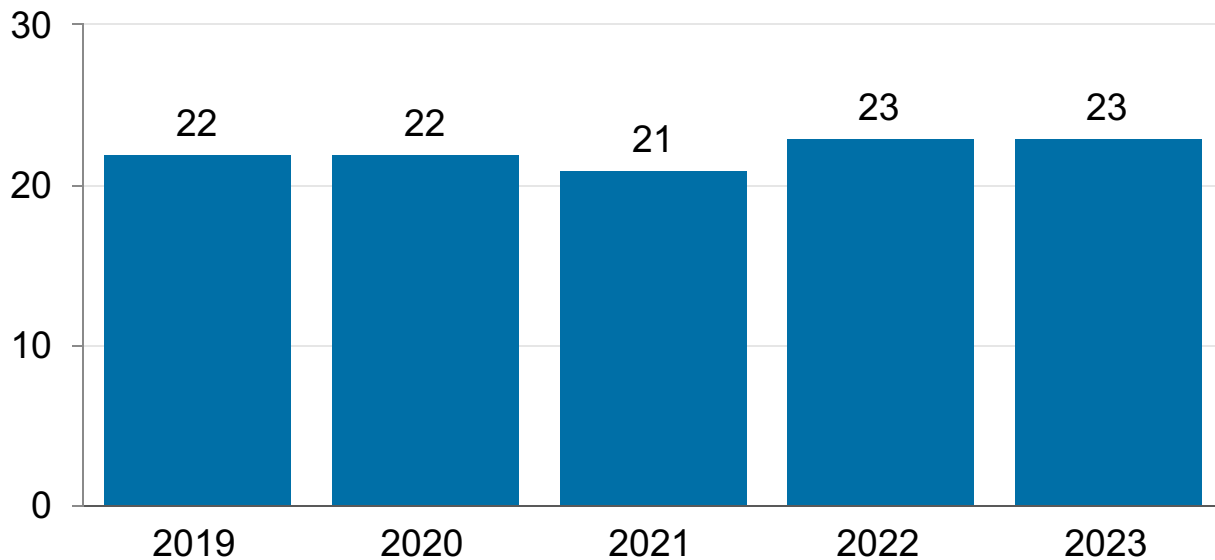
The Finance department provides leadership and support on all financial matters ensuring efficient utility operation by providing timely and accurate information. The department ensures compliance with current regulatory requirements and provides guidance to internal and external stakeholders supporting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

FINANCE DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year - Finance



FINANCE DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS



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

2022 Accomplishments

Finance did not consistently meet this goal during 2022, due to staff shortage.



Receive the GFOA Distinguished Budget Award

2022 Accomplishments

Finance met this goal again in 2022, receiving the GFOA Distinguished Budget Award for the 13th consecutive year.



Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting

2022 Accomplishments

Finance submitted the 2021 Annual Comprehensive Financial Report (ACFR) for the GFOA Certificate of Achievement for Excellence in Financial Reporting Award for the 12th consecutive year. Award notifications were pending at the end of 2022.



Finalize and distribute Annual Comprehensive Financial Report by April 30.

2022 Accomplishments

Finance met this goal once again in 2022. The 2021 ACFR was approved by the Commission on April 15, 2022.



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

2022 Accomplishments

Finance has met this goal each of the last eight years. The 2023 Financial Plan maintains net revenue coverage above this target at 247%.



Maintain days cash on hand at or above 150 days

2022 Accomplishments

CAW has maintained days cash on hand at or above 150 days continuously since 2010. CAW is projected to end 2022 with 199 days cash on hand and is budgeted for 163 days cash on hand to end 2023.



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

2022 Accomplishments

CAW has continuously maintained a debt utilization ratio well below this benchmark over its history. This continued in 2022 with a projected debt utilization of 30.7%. Budgeted debt utilization for 2022 is 33.5%.

Other 2022 Accomplishments

In April 2022, the Utility issued \$1.75 million in Water Revenue bonds to fund the acquisition of the Ridgefield Property Owners Association Water System. Additionally, the Utility issued \$4 million in Water Revenue bonds to fund improvements to the Wilson WTP Pump Station #1A. This is phase two of the pump station improvements. Phase one was completed in late 2019.

CAW received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its third Popular Annual Financial Report (PAFR), which was produced for the year ended December 31, 2020. 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 fifth PAFR for the year ended December 31, 2021 to the GFOA for award consideration.

Staff assisted with administration of LIHWAP, a federally-funded program that provides emergency assistance to low-income households. LIHWAP offered qualified applicants up to \$2,000 to assist with past-due water and wastewater bills. Through the end of October 2022, \$420,000 had been received which benefited over 1,200 customers.

2023 Goals

In late 2022, the much-anticipated ERP project began, and Finance staff assisted in the compilation of needed system requirements. In 2023, Finance staff will continue assisting with this compilation and in the selection of the ERP vendor. As the project moves in the implementation phase, staff will serve as subject matter experts in the accounting and finance related tasks.

Finance staff anticipates assisting with several Water Revenue Bonds in 2022, the largest of which will be related to phase one of the West Pulaski Public Water Authority expansion project. This bond issue is expected to be approximately \$7 million.

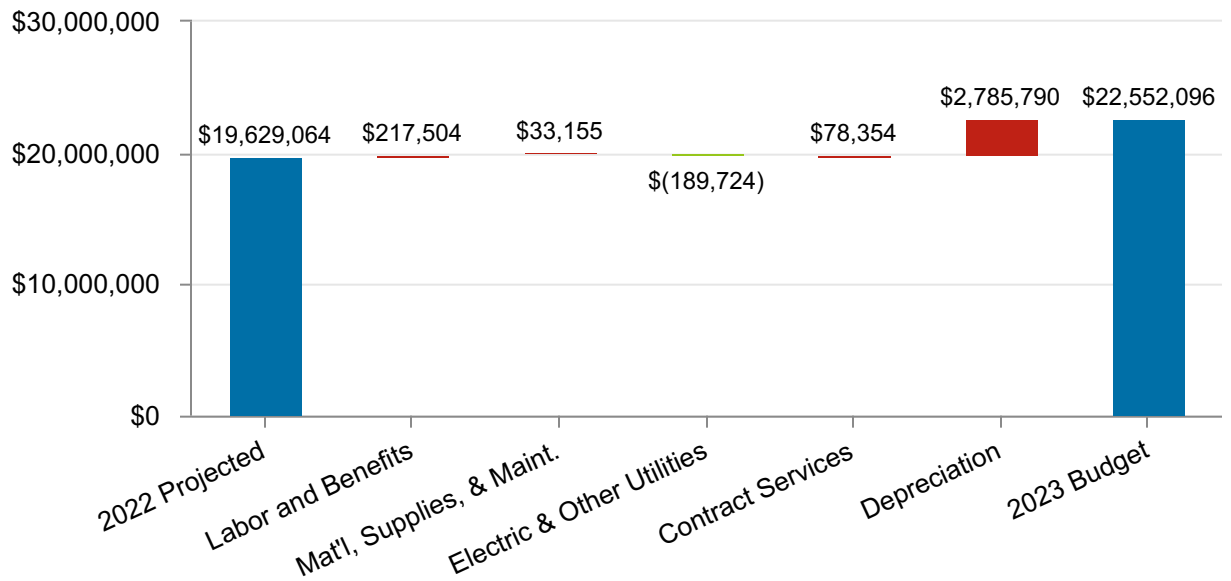
Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Interim Financial Reports Distributed by 2 nd Thursday Each Month	Yes	No	Yes
GFOA Distinguished Budget Award Was Received	Yes	Yes	Yes
GFOA Certificate of Achievement for Excellence in Financial Reporting Was Received	Yes	Yes	Yes
CAFR Finalized and Distributed by April 30 th	Yes	Yes	Yes
Revenue Bond Coverage	2.18	2.40	2.42
Days Cash on Hand	216	199	163
Debt Utilization	31.24%	30.72%	33.50%

Finance, General, and Depreciation - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 3,500,579	\$ 4,010,311	\$ 3,883,827	\$ 4,227,815
Materials, Supplies, and Maintenance	967,497	956,034	945,125	989,189
Electric and Other Utilities	156,935	315,204	128,480	125,480
Contract Services	966,309	965,810	782,312	1,044,164
Depreciation	13,458,540	13,379,658	13,656,783	16,165,448
Other	13,323	2,047	—	—
Total Expenses	19,063,183	19,629,064	19,396,527	22,552,096
Total Capital Costs	—	—	—	—
Total Finance	\$ 19,063,183	\$ 19,629,064	\$ 19,396,527	\$ 22,552,096

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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

The Engineering department oversees the engineering, planning, development, review and management of all treatment, pumping, storage and distribution improvements. The Engineering department reviews, comments, and approves residential, commercial, and large volume requests for services that involve extension or construction of new water mains and other water facilities. 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 two sections: Engineering & Planning and the Cross-Connection Control Program (CCCP). For decades, the New Construction/New Service section has been within the Engineering department, but mid-year 2022 this section was transferred to the Distribution department to better coordinate the installation of water meters for requested service.

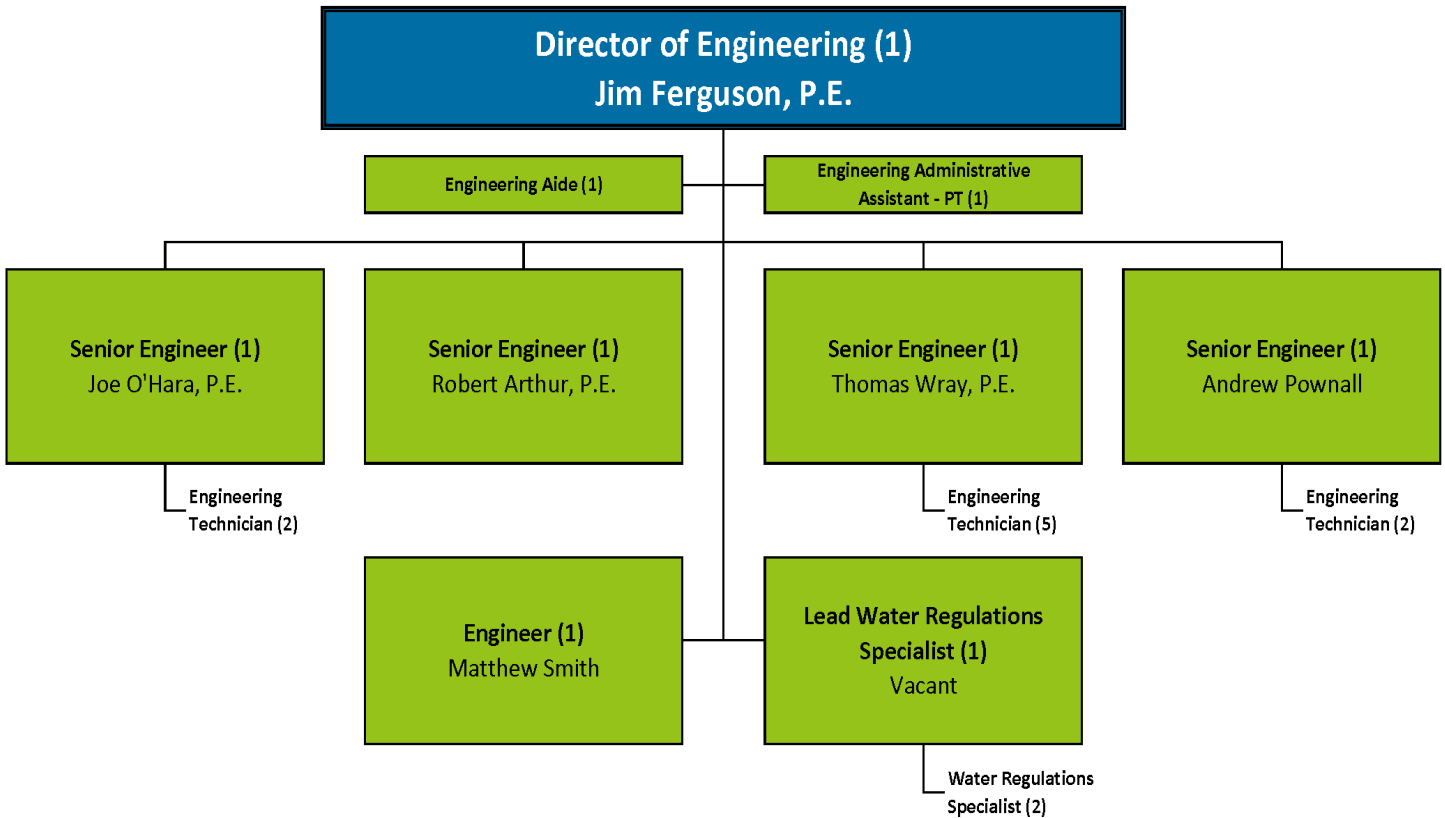
The Engineering & Planning section works to develop and adhere to the Water Utility Master Plan for existing and future improvements and revises the Water Utility Master Plan to address and meet the growing and ever-changing dynamics of the CAW system. This section also continually reviews and modifies 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. The Engineering & Planning section maintains a comprehensive computerized hydraulic model of the CAW system. 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 a capital cost. 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 Arkansas Department of Health 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.

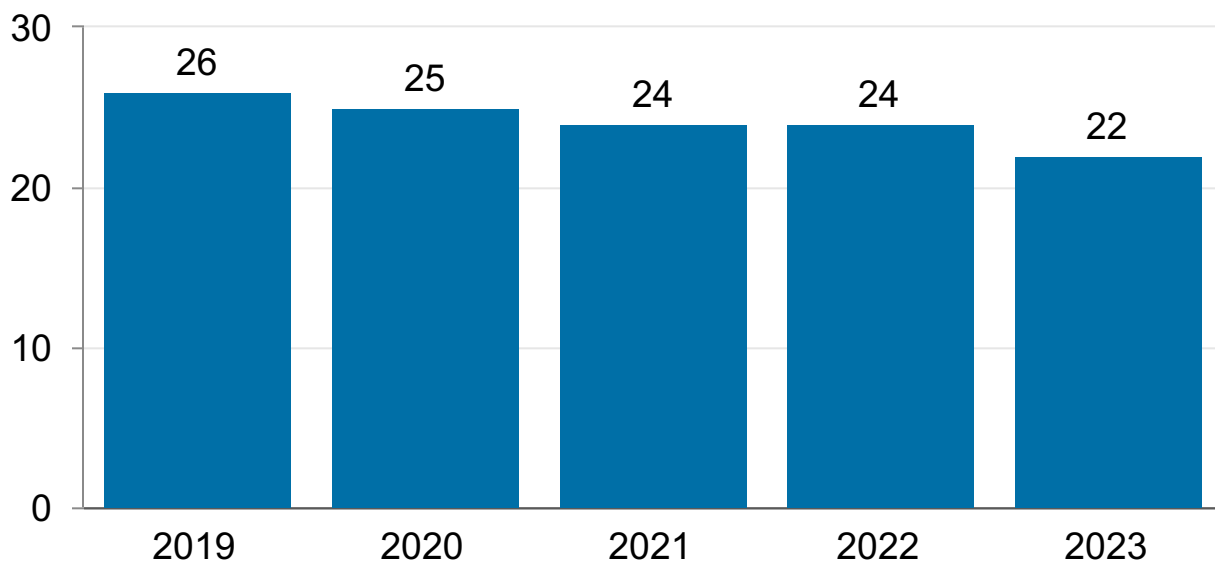
The Engineering department will continue to have a close relationship and extensive interaction with the transferred New Construction/New Service section, which maintains information concerning water service availability and receives and processes requests for service from new customers to the CAW system. This section is highly interconnected with the customer information/billing database, Cityworks work-order system, GIS mapping computer systems, and various Engineering department databases and as-built water facility construction plans.

ENGINEERING DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year



ENGINEERING DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS

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

2022 Accomplishments

Beginning in 2020, the Engineering department procured and managed 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 plant, to maintain its vital and continued service for CAW. The study's plant and field work concluded in late 2021. The final report was completed and submitted to CAW by May 2022. The study proposes \$120 Million in improvements to the Wilson WTP with the engineering design to commence in early 2023 after funding is secured.



The Engineering department has reviewed and approved 16 residential subdivisions for new construction in 2022 spread throughout the entire CAW service area. It is anticipated that the year 2022 will see approximately 1,100 new metered water accounts installed and activated.

The Engineering department performed the engineering for and managed the installation of 8,800 feet of new 16-inch and 12-inch water main installation necessary for improved hydraulics and fire flow service within the North Little Rock High Service Pressure Zone. The new water mains replaced old, undersized 8-inch mains along portions of Remount Road and West Maryland Ave.

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

2022 Accomplishments

CAW is projected to replace approximately 64,700 feet of galvanized, asbestos-cement, PVC, and cast-iron pipe through the combination of contracted work (50,700 feet) and work performed in-house by the Distribution department (14,000 feet) during the year 2022. Galvanized, asbestos-cement, PVC, and cast-iron pipe contribute to most spontaneous water main failures in the CAW system. Approximately 31,530 feet of pipe were replaced in 2022 (17,500 feet by contractors; 14,000 feet by the Distribution Dept).

Other 2022 Accomplishments

The Engineering department reviewed approximately 15 street and drainage projects initiated by 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 and appurtenances. The Engineering department designed and contracted three significant capital projects to relocate water lines for street and drainage improvements in 2022, one of which had construction completed in 2022 and two of which will have construction completed in 2023. Several small projects were designed by the Engineering department for the CAW Distribution department 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 relocation 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. A total of 3,565 feet of water pipe, ranging in size from 6-inch to 24-inch were relocated in the year 2022. Approximately 24,700 feet of water pipe were relocated in the year 2021.

CAW's Engineering department has worked with ArDOT for the last four years toward the relocation of our existing 24-inch diameter water transmission main attached to the Interstate 30 Bridge over the Arkansas River. In September 2022, this relocation was completed with the installation of 2,390 feet (included in the relocation footage noted in the paragraph above) of new underground and above ground 24-inch steel pipe attached to the new Interstate 30 Bridge constructed by ArDOT. This relocation is in addition to 2,740 feet of 8-inch thru 20-inch diameter water main relocated along Interstate 30 completed in 2021.

Another 2022 accomplishment of the department was completing the management of the \$37 million rehabilitation and improvement project at the Ozark Point Water Treatment Plant. The \$27 million Phase 2 project (plant physical rehabilitation and improvements) was completed in mid-2021. The \$3.5 million Phase 1 project (Clearwell

#3 modifications and Clearwell #4 modifications and painting) began in 2021 and was completed mid-2022.

Engineering, in cooperation with the Water Production department, specified, bid, and purchased a replacement unit for the 30 MGD vertical turbine pump Unit #4 at the Lake Maumelle Raw Water Pumping Station.

The Engineering department has managed the \$4.5 million Wilson WTP High Service Pump Station No. 1A Phase 2 improvement project. Final engineering design was completed in 2022, with bidding and contractor selection also completed this year.

Engineering oversaw the selection of a design engineer for the estimated \$5.1 million Raw Water Pumping Station No. 12 and accompanying Jackson Reservoir improvement project. Design commenced in 2022.

2023 Goals

The Engineering department's goal is to design and oversee the replacement of approximately 40,000 feet of old, high-maintenance galvanized, asbestos-cement, PVC, and cast-iron pipe in 2023. Approximately 65% of this footage will be replaced through contracted capital jobs and 35% will be replaced by the Distribution department using in-house personnel.

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

Engineering anticipates the design phase for the Jack H. Wilson Water Treatment Plant rehabilitation and improvements project to commence in early 2023, based on the preliminary engineering study concluded in 2022.

Engineering will manage to completion the Wilson WTP High Service Pump Station No. 1A Phase 2 improvement project, of which construction commenced in 2022 and will complete by mid-year 2023.

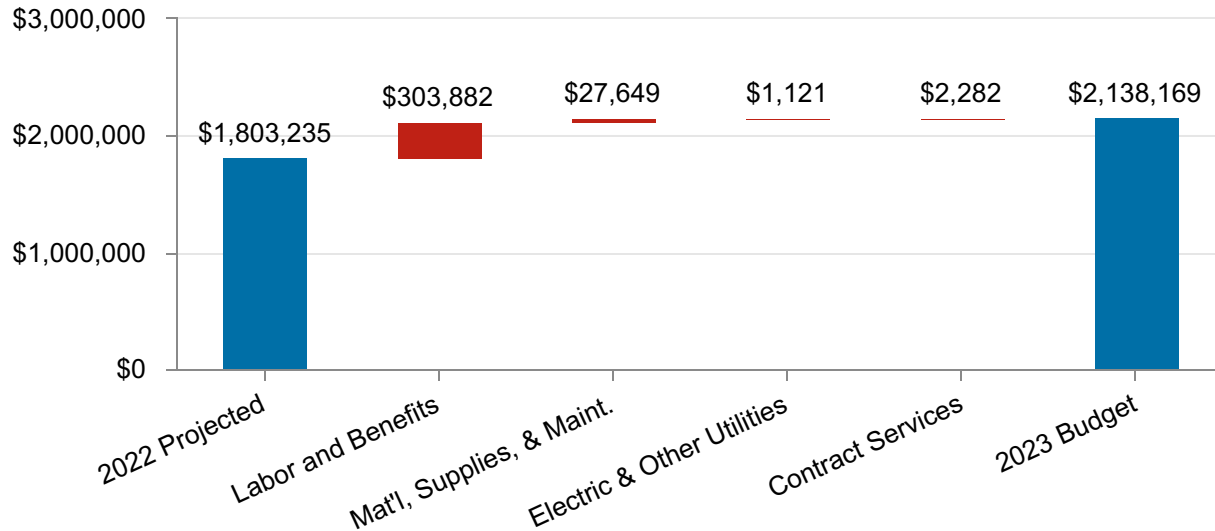
Engineering will manage and move forward to start of construction the Raw Water Pumping Station No. 12 and Jackson Reservoir improvement project. Construction on this project should commence in 2023 and be completed by the end of the same year.

Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Galvanized, Asbestos-Cement, and Cast Iron Pipe Replacement (feet)	31,530	64,700	40,000

Engineering – Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 1,722,607	\$ 1,738,101	\$ 1,840,994	\$ 2,041,983
Materials, Supplies, and Maintenance	43,324	37,955	64,844	65,604
Electric and Other Utilities	5,228	6,079	7,200	7,200
Contract Services	9,731	21,100	23,693	23,382
Other	63	—	—	—
Total Expenses	1,780,953	1,803,235	1,936,731	2,138,169
Total Capital Costs	19,610,329	19,941,617	28,159,000	37,966,606
Total Engineering	\$ 21,391,282	\$ 21,744,852	\$ 30,095,731	\$ 40,104,775

Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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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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 64 MG of potable water per day in 2021. 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 ADH. Supervisory and some additional operating staff also hold an Arkansas Wastewater Operators License from the Arkansas Department of Energy and Environment, which is required for permitted discharges regulated by the National Pollutant Discharge Elimination System (NPDES).

Water Production's responsibilities include operation and maintenance of the source water facilities, Wilson Plant, Ozark Point Plant, Paron Plant, Perla collection system and high-service pumping stations; the distribution system booster pumping stations, storage tanks, and inter system 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 and DEQ certification for analyses of our NPDES permitted waste discharges.

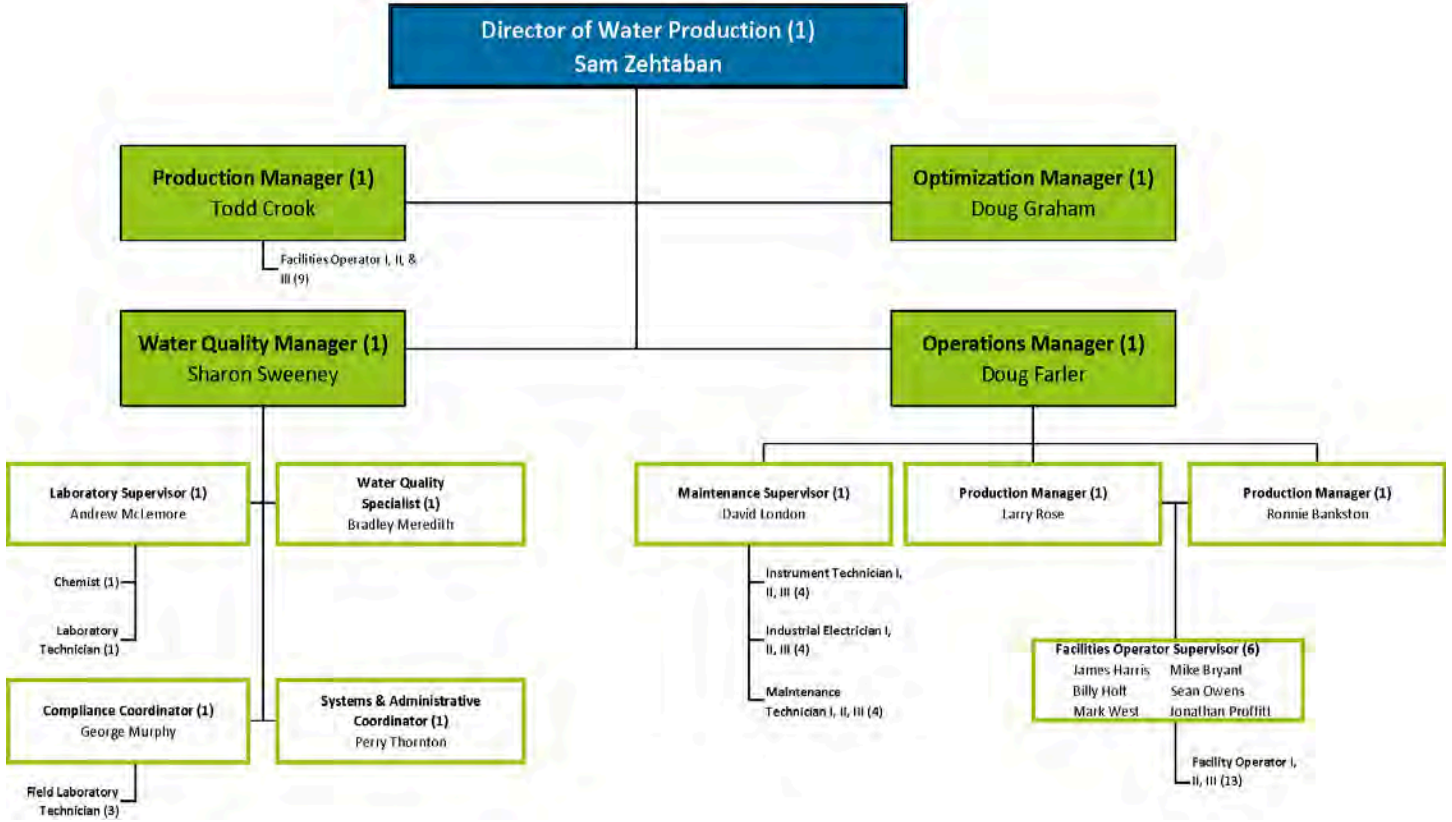
Mission

The Water 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.

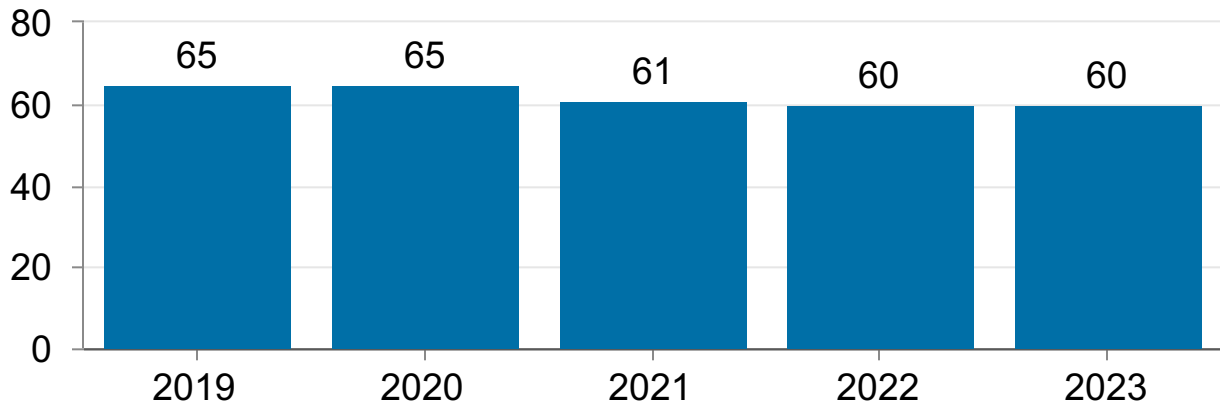
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WATER PRODUCTION DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year - Water Production



WATER PRODUCTION DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS

Maintain 100% SDWA compliance.



2022 Accomplishments

Through continued monitoring and operation of treatment processes, the distribution system, and other Utility facilities, CAW maintained 100% SDWA compliance through October 2022 and does not foresee any issue that would cause the Utility to deviate from this compliance trend.

100% of monthly filtered water compliance monitoring samples \leq 0.3 Nephelometric Turbidity Units (NTUs); NTU is measurement of water clarity.



2022 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the department has successfully managed to maintain 100% compliance at the Wilson, Ozark Point, and Paron Plants.

95% of monthly filtered water compliance monitoring samples \leq 0.1 NTUs.



2022 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the department has successfully managed to maintain 100% compliance at the Wilson, Ozark Point, and Paron Plants.

100% monthly water compliance monitoring samples with Total Coliform Monitoring Rule (TCR).



2022 Accomplishments

CAW has maintained 100% compliance with the TCR. Additionally, there have been no monitoring violations.

Other 2022 Accomplishments

The Water Production department continued its proactive work of enhancing operations through optimization treatment and distribution system operation to meet Partnership for Safe Water standards. Accomplishments for 2022 include the addition of tank mixers and chlorine residual monitors at remote storage tank locations. CAW now has 20 tank mixers and 10 chlorine residual monitors deployed. These items, combined with operational changes, contribute to operational resiliency and guarantee water quality from source to tap by increasing chlorine residual values while simultaneously decreasing disinfection byproducts. Staff installed 20 additional water quality monitoring sampling stations and continued a robust distribution system water quality monitoring program that supports operational resiliency. Water Production staff continue optimizing Paron water system operations and have improved water quality despite and in response to a Lead and Copper Rule violation.

The Water Production department staff members participate on several utility teams to enhance operations, treatment, and information technology as well as on the state licensing committee and national committees chaired by the American Water Works Association and Water Research Foundation. Department staff continue to identify strengths and opportunities for improvement that could result in operational efficiencies.

2023 Goals

In 2023, 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 operations.

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Performance Measures	2021 Actual	2022 Estimated	2023 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 WTP	12	12	12
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Ozark Point WTP	7*	8*	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs –Wilson WTP	9	11	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs – Ozark Point WTP	1*	2*	12

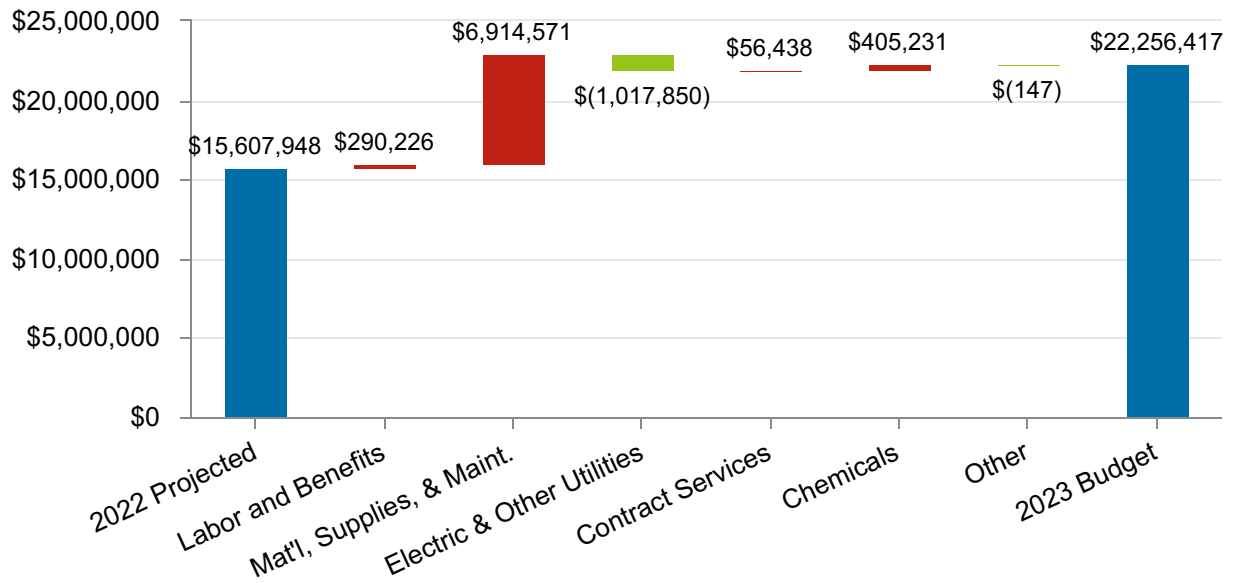
*Ozark Point WTP underwent renovation during 2021 and 2022.

Water Production – Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 6,245,674	\$ 6,730,688	\$ 6,599,057	\$ 7,020,914
Materials, Supplies, and Maintenance	998,165	1,270,058	1,077,568	8,184,629
Electric and Other Utilities	4,369,352	4,510,361	3,530,894	3,492,511
Contract Services	479,078	459,558	517,297	515,996
Chemicals	1,893,596	2,637,136	2,542,225	3,042,367
Transition Cost	51,782	—	—	—
Other	103	147	—	—
Total Expenses	14,037,750	15,607,948	14,267,041	22,256,417
Total Capital Costs	1,066,574	815,161	1,821,000	6,803,000
Total Water Production	\$ 15,104,324	\$ 16,423,109	\$ 16,088,041	\$ 29,059,417

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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

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.

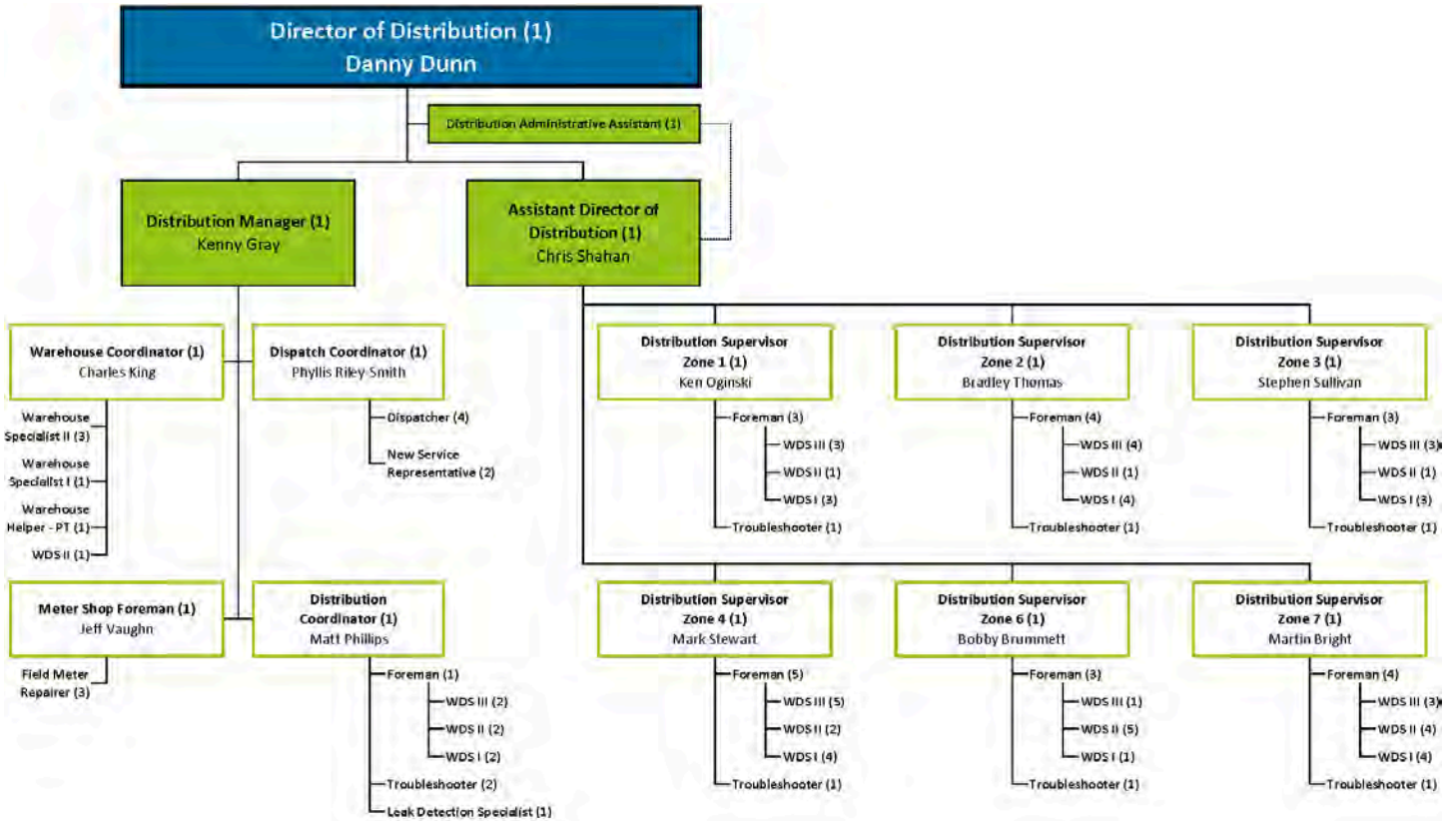
Mission

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.

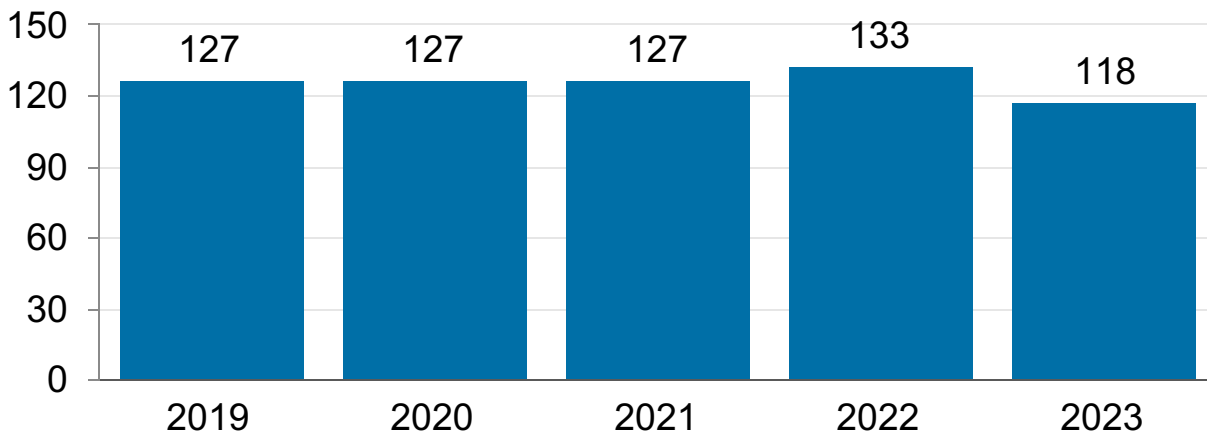
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DISTRIBUTION DEPARTMENT

Effective January 1, 2023



Departmental Staff by Year



DISTRIBUTION DEPARTMENT OBJECTIVES AND ACCOMPLISHMENTS

Reduce the total number of main breaks per 100 miles of pipe from previous year.

2022 Accomplishments

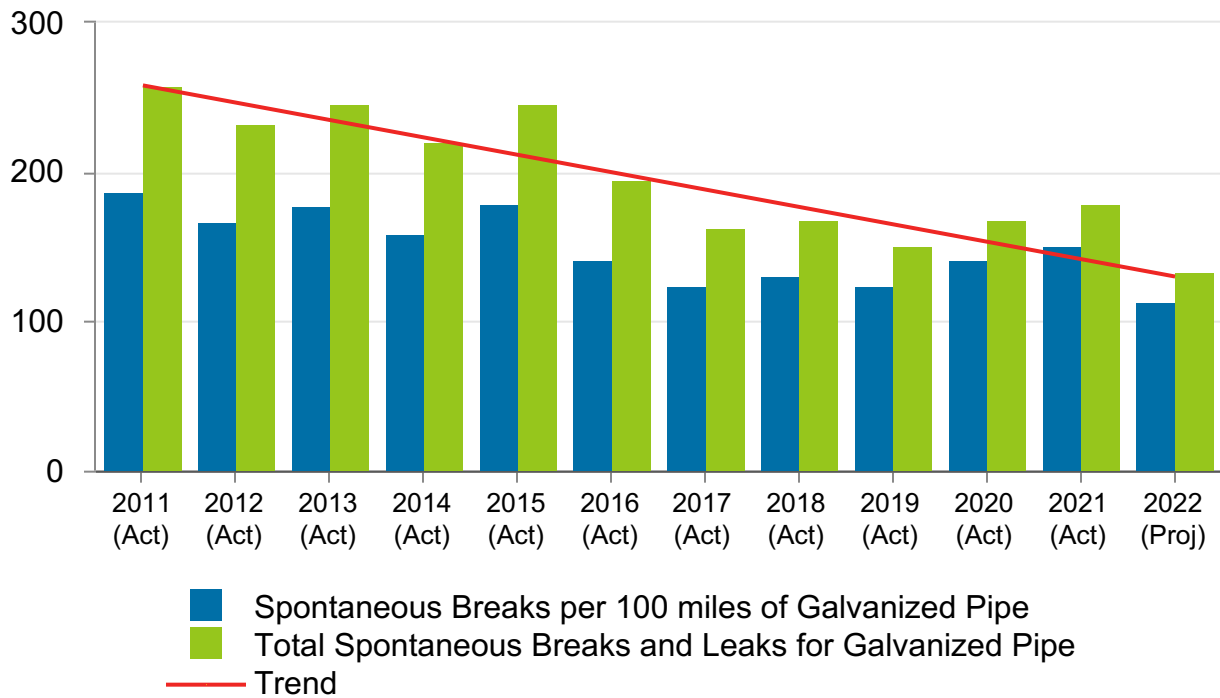
The Distribution department continued the aging pipe replacement program implemented in 2015. This program focuses on replacing mains with high failure rates within the distribution system. Galvanized mains account for 27% of the distribution system's annual leaks and breaks but only 4.45% of the system's pipe makeup. Distribution's goal is to replace 15,000 feet of aging pipe annually. This program furthers the CAW's asset management plan's goal, which identified a need to increase the amount of this type of main 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 the replacement of these problem assets. Since the pilot study, Distribution department staff and the Engineering department's 2-inch galvanized pipe replacement program have reduced the number of spontaneous breaks per 100 miles of galvanized pipe from 167 leaks in 2015 to 151 in 2021.



Since 2015, the breaks per 100 miles of pipe have fluctuated, with the lowest breaks per 100 miles of pipe at 124, in 2019. CAW experienced frigid temperatures in 2018 and then again in 2021. In those years, the galvanized main breaks increased to 169 in 2018 and 180 in 2021. Galvanized pipe is some of the oldest lines in the system and was not buried very deep. Those extreme temperatures create havoc on not only our galvanized pipe but our cast iron pipe as well. So far, 2022 has been a pretty good year, with 80 spontaneous breaks through July. We predict 40 more breaks through the end of the year, with the overall breaks totaling 134. Main breaks caused by poor performing galvanized mains greatly influence the overall break rate for the system. By replacing galvanized pipes throughout the distribution system, spontaneous main breaks system-wide continue to decrease significantly from previous years. As a result, 2017 recorded a record low of 18.4 unexpected main breaks per 100 miles of pipe, down from 20.5 in 2016 and 23 in 2015.

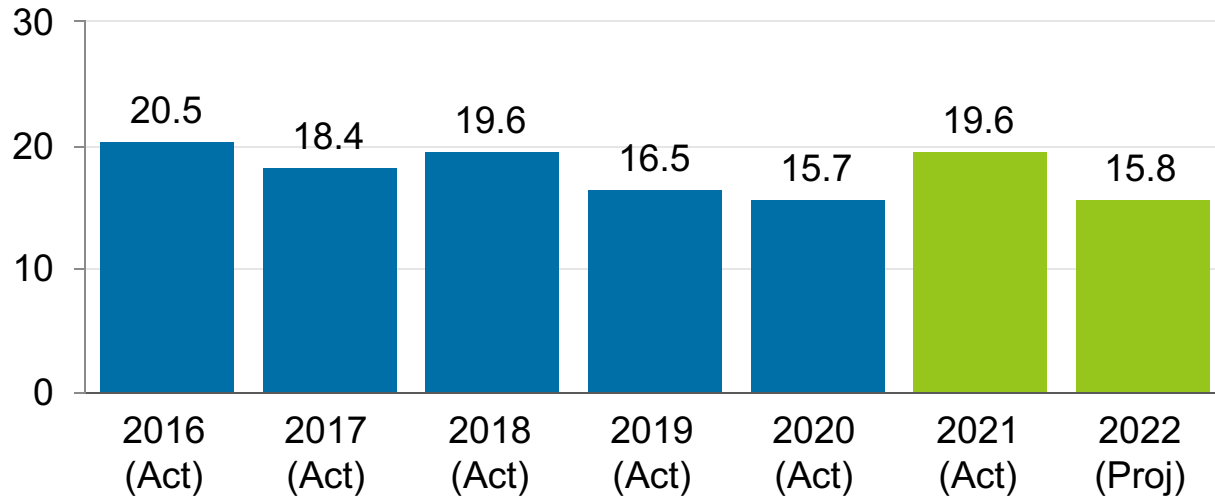
The spontaneous main breaks for 2018 increased to 19.6 due to higher-than-normal breaks because of cold temperatures. In 2019, we continued to show a reduction of main breaks per 100 miles of pipe at 16.5 breaks. With continued efforts by the Distribution and Engineering departments, we reduced the spontaneous breaks per 100 miles of pipe to 15.7 in 2020. During the first part of 2021, the extremely cold temperatures created several breaks on our aging galvanized and cast-iron mains. At the end of 2021, the spontaneous breaks per 100 miles of pipe increased to 19.6. This number is still lower than the 2015 break percentage of 23%. Pipe failures on our galvanized pipe through July 2022 have shown us some relief. By the end of 2022, we should be back to below 16% on the overall spontaneous breaks per 100 miles of pipe.

Breaks and Leaks on Galvanized Pipe



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Main Breaks per 100 Miles of Pipe



Reduce the number of unplanned outages from previous year.

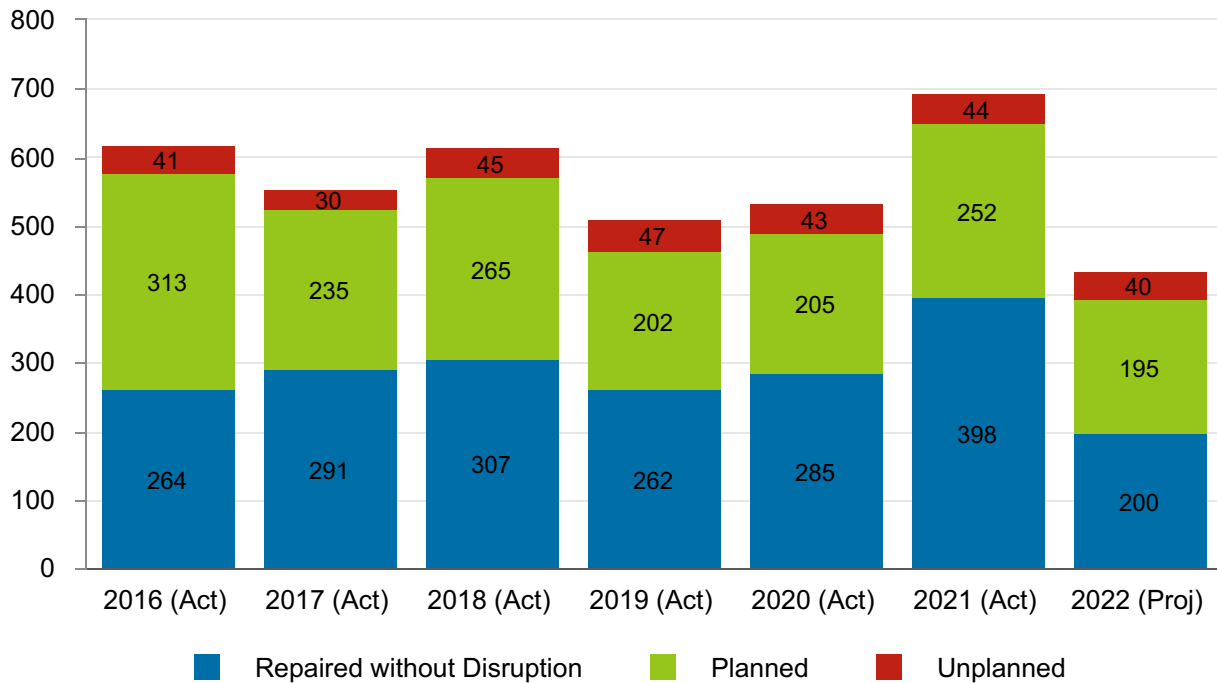
2022 Accomplishments



The Distribution department continues efforts to minimize emergency outages, repair main breaks without disruption, and pre-schedules required interruptions whenever possible. Distribution saw a record low of unplanned outages in 2017 at only 30. However, in 2018, Distribution had an increase to 45 unplanned outages due to higher-than-normal breaks in January, February, and June. In 2019, we saw a slight rise in unplanned outages at 47. In 2020, Unplanned outages were slightly lowered to 43 outages. In 2021, CAW experienced a winter event like no other. At the end of the year, the unplanned shutdown was at 44.

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Planned vs Unplanned Outage by Year



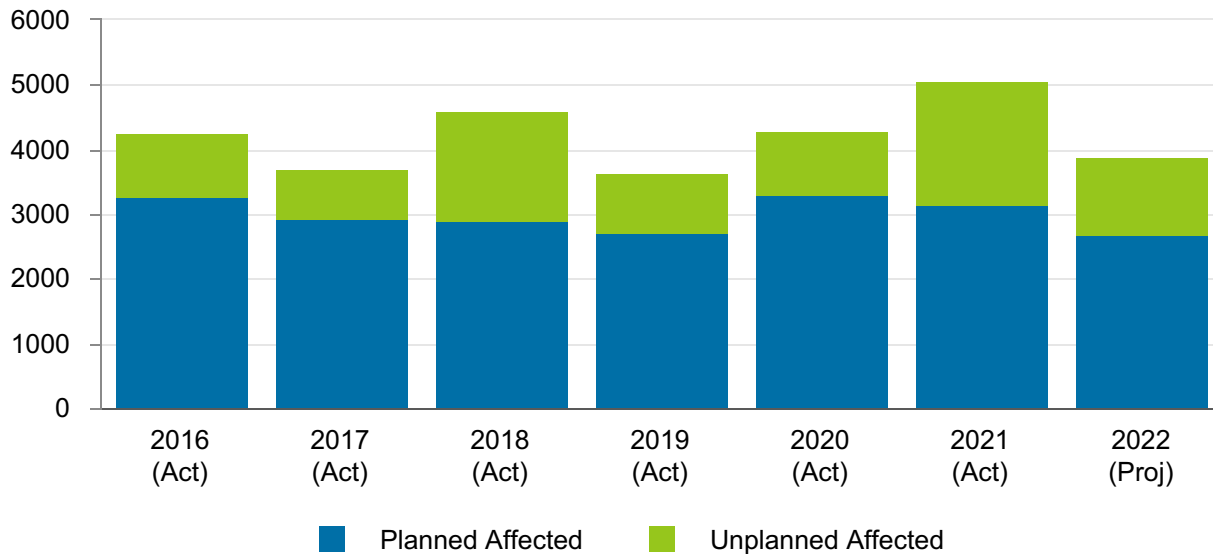
Reduce the number of customers affected by unplanned outages.

2022 Accomplishments

Along with the increase in main breaks for 2018, Distribution had an increase in the number of customers affected by unplanned outages in the system from 771 in 2017 to 1,687 affected in 2018. While this is a sizeable increase, 480 customers were affected by two breaks on the same section of the main that feeds an isolated area. Without these, the 2018 customers affected would have been 1,279. Along with the reduced number of main breaks in 2019, the customer outage for the unplanned, affected customer was reduced to 946. In 2020 we saw a few more breaks than in 2019, increasing the unplanned outage to 988. Over the last several years, we've seen a reduction in main breaks per year, averaging around 550. In 2021 we had two significant main breaks that affected 965 customers. The total number of customers for the year on unplanned outages was 1940. Without the large breaks, we would have seen an all-time low in customers affected. For this year, 2022, we are projecting a low of 1200 customers affected. The historical average number of customer outages is close to 4,000 customers annually.



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 35,460 valves in the distribution system was locatable and operable. Through a three-year inspection program, 1,059 covered and inoperable valves were deemed unlocatable. In 2017, Distribution personnel worked to locate and inspect these unlocatable valves, beginning with the larger sized to smaller sized valves. As a result, staff located and inspected 108 unlocatable valves in 2017 and 2018 combined. Through 2020 and into mid-August 2021, the team has located 527 unlocatable valves throughout the system. As part of the 2020 Strategic Plan, Distribution will continue to work toward finding and operating all these valves by the end of 2022.

On the next page is a breakdown of the remaining 277 unlocatable valves in the system. It should be noted that the 187 unlocatable 2-inch valves are mostly attributed to service stubs and blow-offs; these do not aid in reducing unplanned outages and do not interfere with isolating mains in the system. Distribution will continue to locate and inspect the 90 unlocatable valves four inches and larger by the end of 2022. Along with finding the unlocatable valves, the staff is working its way through the system again, inspecting 12" and smaller valves. By the end of 2022, roughly 27,000 12" and smaller valves will be inspected again. In 2023, the inspector should be able to finish inspecting all 12" and smaller valves (7,459).

Un-Locatable Valves	
Valves	Number
2"	187
3"	2
4"	1
6"	36
8"	51
10"	—
12"	—
Total	277

Schedule and complete at least 80% of approved capital budget projects.



2022 Accomplishments

Due to the market disruption in 2021, we still have issues getting materials ordered and delivered. The warehouse has done a great job of keeping track and order parts ahead of schedule, so the crews have the material to complete their tasks. Unfortunately, replacement trucks for our existing fleet have been hard to find. We finally got a build date (August 2022) on the ¾-ton trucks we ordered in February of 2021. Unfortunately, we could not order ¾-ton trucks due to limited production for 2022. Inflation has reached an all-time high as well this year. We will continue seeing the increased cost of items and longer wait times on getting pipe and parts.

Reduce O&M Costs associated with main breaks.



2022 Accomplishments

In 2021 the cost for main repairs throughout the system was \$1,150,898. Distribution ended the year over budget by \$290,000. Keep in mind that the cold weather caused the system to have 80 more main breaks during February and March of 2021. Through the first part of 2022, we have spent \$428,000.00 repairing mains in the system. The 2022 total budget for repairing mains is \$855,000. As it looks now, we will be over budget by about 10,000. With the hike in inflations, I would have thought that cost to repair mains would have been higher.

Maintain unaccounted for water below AWWA Benchmark (median = 9.5%) and ADH action level > 15%.

2022 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 surveys rights-of-way and easements that are not easily visible to locate leaks. Distribution saw a decrease in the 12-month rolling average of unaccounted-for water through June 2022, at 9.16%. Distribution will continue its proactive work to keep this number below the AWWA benchmark of 9.5%.

GIS has created an easement inspection layer, like the valve inspection layer. This new layer will be added to our CityWorks System by the end of the year (2022). Distribution staff inspected all easements in 2019, and priority levels were given on each easement. In December 2020, Distribution hired additional personnel to start clearing easements and helping in the Paron area. To aid crews in clearing the easements, CAW purchased a mulching head and leased a skid steer in the annual contract for 2020. The easement clearing has been a slow process because of the additional work going on in Paron. In 2022, we hired an extra crew to help with the workload in Paron. Since then, the easement crew has cleared the 39" RWL easement from Lake Winona and the 72" and 48" RLW easement from Lake Maumelle. The team has cleared roughly 9% of the CAW easements. If workload allows, this crew will focus on clearing easements that have cast iron main in them. Opening these areas up 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 2019, Distribution added a Leak Detection Specialist position to its staff, working with its new Leak Detecting Canine (Vessel) to locate leaks throughout the system. Vessel has played a significant role in aiding the Leak Detection Specialist find leaks throughout the system. We are in the process of finding Vessel a new handler. That position should be filled by the end of September 2022.

Vessel and the Leak Detection Specialist have worked over 350 leaks since their hiring. Their success rate at finding leaks or water that isn't potable is around 97%. Vessel not only helps the CAW Crews when needed, but she has also assisted customers that might have a private line leak.



Other 2022 Accomplishments

Merger with MWM: Since the merger with MWM in 2016, Distribution continues to focus resources on Maumelle's service line replacements due to its poor condition. Distribution replaced 165 services in 2016, 185 in 2017, 180 in 2018, 191 services in 2019, 185 services in 2020, 135 services in 2021, and anticipates 200 services in 2022: the seven-year cost total for service replacements inside Maumelle projects at just over \$2.1 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. As a result of the poor underground infrastructure, CAW plans to continue its focus on proactively finding leaks within Maumelle in 2023.

Safety: From March of 2021 (during the Pandemic) through the end of 2021, it was a roller coaster ride trying to schedule training classes for all the employees. The Safety Team had to work with the different departments to schedule meetings. Some months we were able to have a meeting due to the decreased number of cases, and there were months we couldn't because of the rise in the number of cases. Supervisors started holding their safety tailgate talks through the Teams site on the web. In 2021, Distributions had 10 workers comp claims and 16 vehicle accidents (five at fault). 2022 started great with all employees back in the training room. We had to watch the number of Covid cases to decide if we needed to have several meetings or if we could hold one meeting. Since May, we've been able to have one class at each facility. As of September 30th, 2022 we've had 4 workers comp claims and 16 vehicle accidents.

Valve Inspections: Distribution staff started inspecting 12" and smaller valves in May of 2020. Through 2020, staff checked 13,279 valves. Staff continued to focus on inspecting 12" and smaller valves in 2021. Inspectors were able to inspect 9,099 valves in 2021, along with the inspection of the fire hydrant. With more focus on fire hydrant inspection, inspectors have inspected 384 12" and smaller valves in 2022. This program focuses on touching every valve in the system within five years. The team is on track to complete the inspections of all valves in the system. Staff inspects all the 14" and larger valves. We have 784 of the larger valves throughout our system. These valves get inspected every year.

Fire Hydrant Inspection: All fire hydrants south of the river were inspected. Fire hydrant inspections north of the river are still underway and are expected to finish by the end of 2022. All fire hydrants in the system are touched by staff every two years. The local fire departments also perform the inspection on fire hydrants in their respective areas each year. Since implementing the fire hydrant inspection program, we have reduced the number of work orders that come in from the local fire departments.

Revised Job Standards to Evaluate Employee Efficiencies: With over 650 tasks performed in the department, the Distribution Standards Team divided the responsibilities among all the Supervisors. Supervisors work with team members in their respective groups to complete a Standard Operating Procedure (SOP) for each task. The team plans to actively work on documenting processes until all are reviewed and

completed. Even when SOPs are completed, the Distribution Standards Team will stay in place to revise and update the SOPs to foster continual improvement and drive efficiencies into the work processes.

Paron Merger: After a successful merger with Paron Owensville Water, Distribution saw a need to hire an additional crew due to the workload. That crew also oversaw clearing easements throughout the system when time allowed. After reviewing the workload, we decided to put a hold on clearing easements and focus on the work needed in that area. Staff installed several auto flushers for water quality and added sample stations in different parts of the area. The Paron Area has seen an increase in homes being built. In June of 2022, we hired a second crew to aid in the workload and allow the easement crew to work on clearing the easements. The second crew also works in the Perla area.

Perla Receivership: In late 2021, CAW was granted receivership of the Perla water/wastewater system. This system was in bad shape. Working jointly with Maintenance staff, we put staff in the area to work on getting the sewer pump stations back up and functioning, and searching for leaks because their water loss was extremely high. The maintenance team did an outstanding job of getting all sewer lift stations up and running within a week. The Distribution Team found several leaks throughout the area and started making repairs to services and mains. We also found that over half of the meters in the area were not functioning correctly. We changed out 804 meters in that system. In late August, we had a team go out and change all the registers to Automatic Meter Reading (AMR) registers. This will allow staff to pick up the read by doing a drive-by collection. Unaccounted for water entering the receivership was around 75%. Since then, we have been able to reduce that number to about 25%. Staff will continue to focus on finding leaks in that area.

2023 Goals

Through the end of 2022 and into 2023, staff will work with GIS to complete the tasks of mapping service lines, creating a layer of taps made off of concrete pipes, and creating reports (internal pipe corrosion) for distribution optimization. These layers will allow us to be more efficient while verifying their connections to mains in the system and should be completed by the end of 2022. Distribution will continue its aging pipe replacement program with an additional 15,000 feet in 2023, reducing main breaks, fewer unplanned outages, and fewer customers affected by main breaks. Distribution plans to continue its efforts in SOP development and will push out the first few SOPs with associated Job Standards in 2023. This data will allow staff to track production individually and assist with evaluating employee efficiencies. Staff will continue to focus on clearing easements throughout our system based on priority levels. Distribution will continue to work on the 2050 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 will continue to focus on finding leaks in the Wye Mountain, Paron, and Maumelle areas to reduce the unaccounted for water.

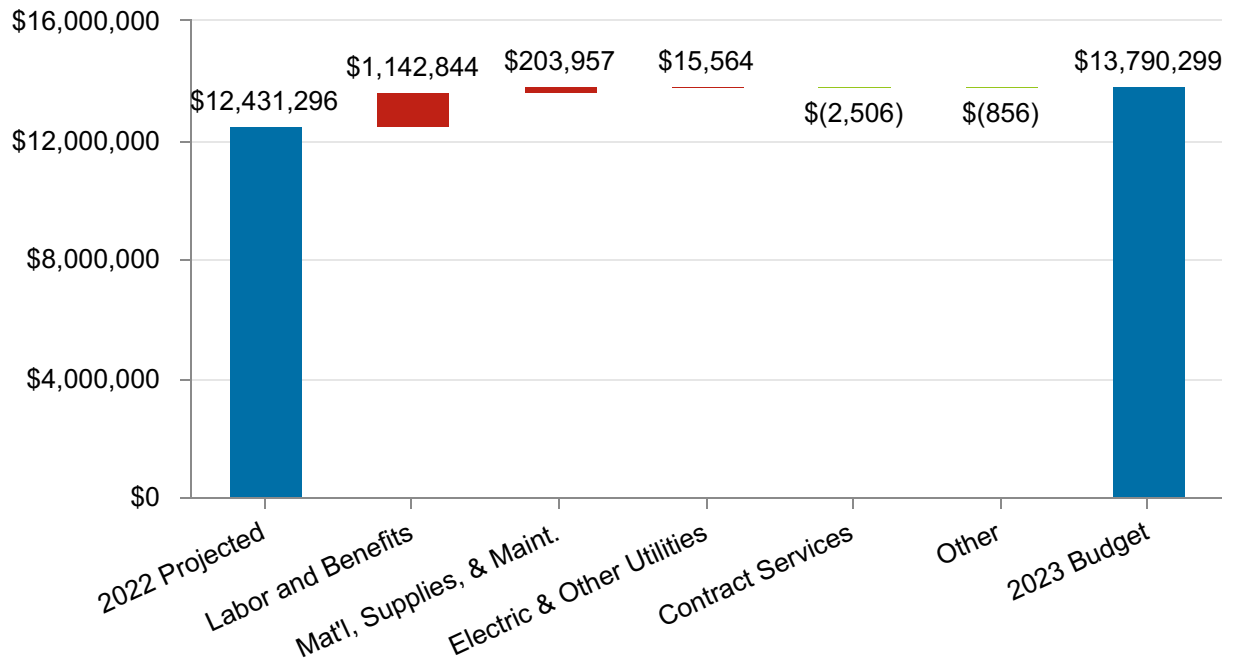
Performance Measures	2021 Actual	2022 Estimated	2023 Budget
Replace 2-inch Aging Pipe (Feet)	14,000	15,000	15,000
Spontaneous Main Breaks per 100 Miles of Pipe	19.6	15.8	15.2
Unplanned Outages	44	44	40
Customers Affected	1940	1200	1000
Locate and Inspect 'Un-locatable' Valves	140	150	127
Unaccounted For Water ≤ 9.5	11.59%	9.5%	9%
Complete Capital Budget Projects	90%	92%	85%
Main Break O&M Costs	\$890K	\$855K	\$855K

Distribution - Expense Summary

	2021 Actual	2022 Projected	2022 Budget	2023 Budget
Labor and Benefits	\$ 8,513,304	\$ 8,291,016	\$ 8,256,010	\$ 9,433,860
Materials, Supplies, and Maintenance	3,826,225	3,426,661	3,085,578	3,630,618
Electric and Other Utilities	57,208	37,736	53,300	53,300
Contract Services	628,514	675,027	667,461	672,521
Other	6,035	856	2,500	—
Total Expenses	13,031,286	12,431,296	12,064,849	13,790,299
Total Capital Costs	2,899,783	4,632,666	4,140,250	5,339,500
Total Distribution	\$ 15,931,069	\$ 17,063,962	\$ 16,205,099	\$ 19,129,799

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Change by Natural Classification - 2022 Projected to 2023 Budget



Graph shows departmental expense progression from 2022 Projected to 2023 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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9 APPENDIX



Statistical Information

Pulaski County is the largest county by population in the state of Arkansas, with a population of approximately 392,000.¹ 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	
Pulaski County	
Population Est. (2021) ²	397,821
Per Capita Income (2020) ²	\$33,773
Median Household Income (2020) ²	\$52,930
Unemployment Percentage Rate (2021) ⁴	2.9%
<i>Pulaski County (continued)</i>	

Median Age (2020) ⁶	38.3
Race (2020) ⁷	
* White	49.9%
* Black or African-American	36.0%
* American Indian	0.6%
* Asian	2.5%
* Hispanic	8.3%
* Other	2.7%
Little Rock	
Population Est. (2021) ²	201,998
Per Capita Income (2021) ²	\$37,188
Median Household Income (2021) ²	\$53,620
Unemployment Percentage Rate (2021) ⁴	3.1%
Median Age (2020)	36.5
Race (2020) ⁷	
* White	43.5%
* Black or African-American	40.6%
* American Indian	0.6%
* Asian	3.5%
* Hispanic	10.1%
* Other	1.7%
North Little Rock	
Population Est. (2021) ²	64,162
Per Capita Income (2021) ²	\$28,021
Median Household Income (2021) ²	\$43,831
Unemployment Percentage Rate (2021) ⁴	2.9%
Median Age (2020) ⁶	35.0
Race (2020) ⁷	
* White	45.4%
* Black or African-American	42.8%
* American Indian	0.5%
* Asian	1.2%
* Hispanic	7.1%
* Other	3.0%
Sherwood	
Population Est. (2021) ²	33,020
Per Capita Income (2021) ²	\$31,878
Median Household Income (2021) ²	\$63,877
Unemployment Percentage Rate (2021) ⁴	2.1%
Median Age (2020) ⁶	38.8

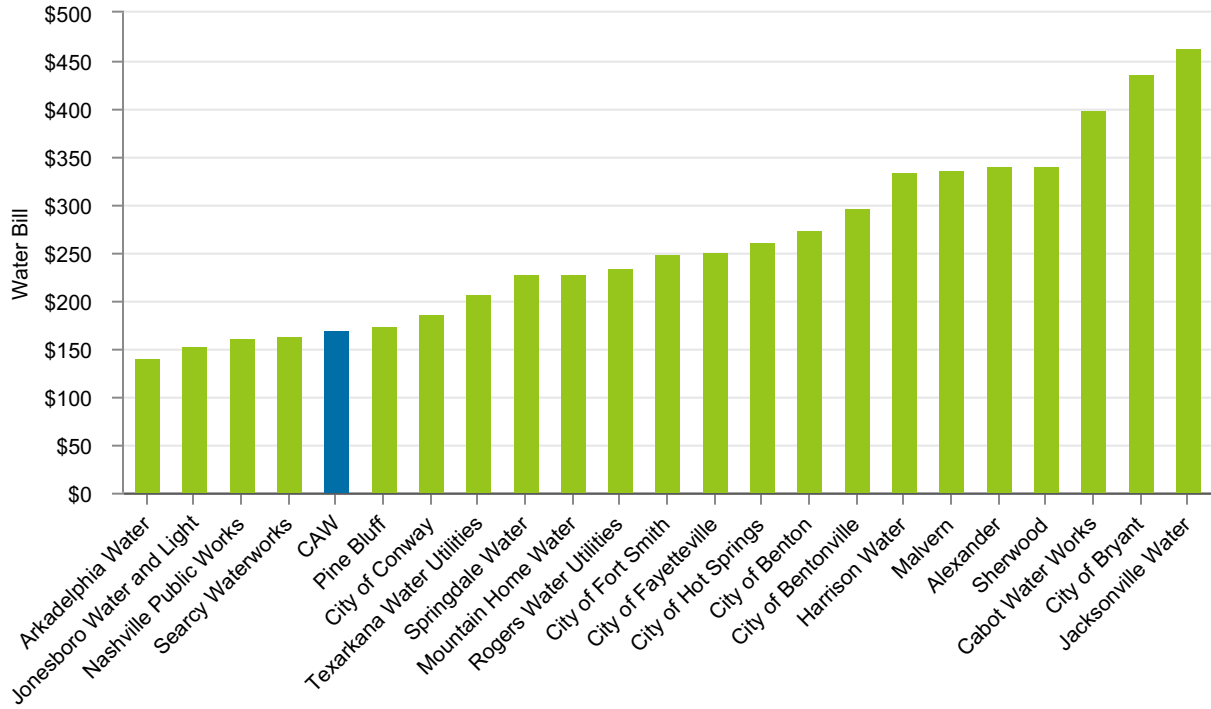
Race (2020) ⁷	
* White	62.4%
* Black or African-American	25.3%
* American Indian	0.5%
* Asian	2.0%
* Hispanic	5.6%
* Other	4.2%
Maumelle	
Population Est. (2021) ²	19,270
Per Capita Income (2021) ²	\$44,714
Median Household Income (2021) ²	\$84,112
Unemployment Percentage Rate (2021) ⁵	3.9%
Median Age (2020) ⁶	40.3
Race (2020) ⁷	
* White	70.4%
* Black or African-American	18.4%
* American Indian	0.5%
* Asian	2.8%
* Hispanic	3.9%
* Other	4.0%
CAW Service Area	
Square Miles (2021)	721.18
Miles of Public Water Distribution Pipe (2021)	2,670
Number of Meters in Service (2020)	
* Residential	119,292
* Commercial	12,273
* Large Volume	53
* Sprinkler	27,223
* Wholesale	22
Total Consumption (2020) (in billion gallons)	16.79
Average Daily Consumption (2020) (in million gallons)	46.00
Max. Day Consumption (2020) (in million gallons)	91.00
All-Time Max. Day Consumption (2012) (in million gallons)	126.0

CAW Rate Comparison - Commercial (2018)¹⁰			
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)



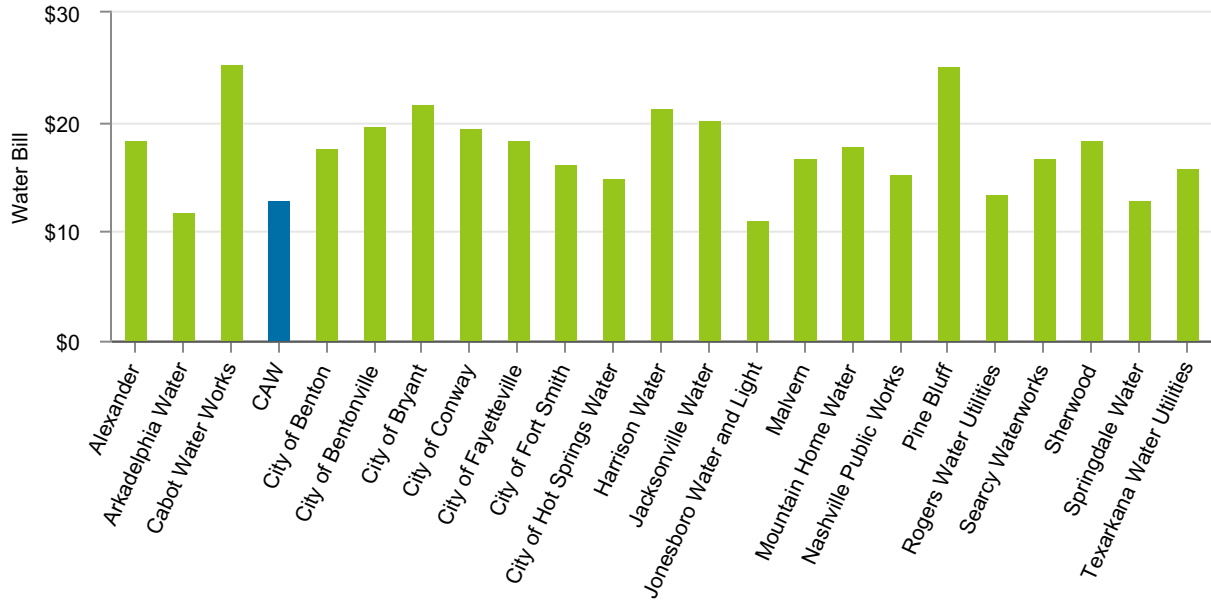
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CAW Rate Comparison - Residential (2018)¹⁰			
5/8" - Meter			
<i>Water Provider</i>	<i>Residential (3.7k Gallons)</i>	<i>Residential (7.35k Gallons)</i>	<i>Residential (11.2k Gallons)</i>
Alexander	18.47	32.12	45.77
Arkadelphia Water	11.97	20.18	27.80
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 (2020) ⁸	
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

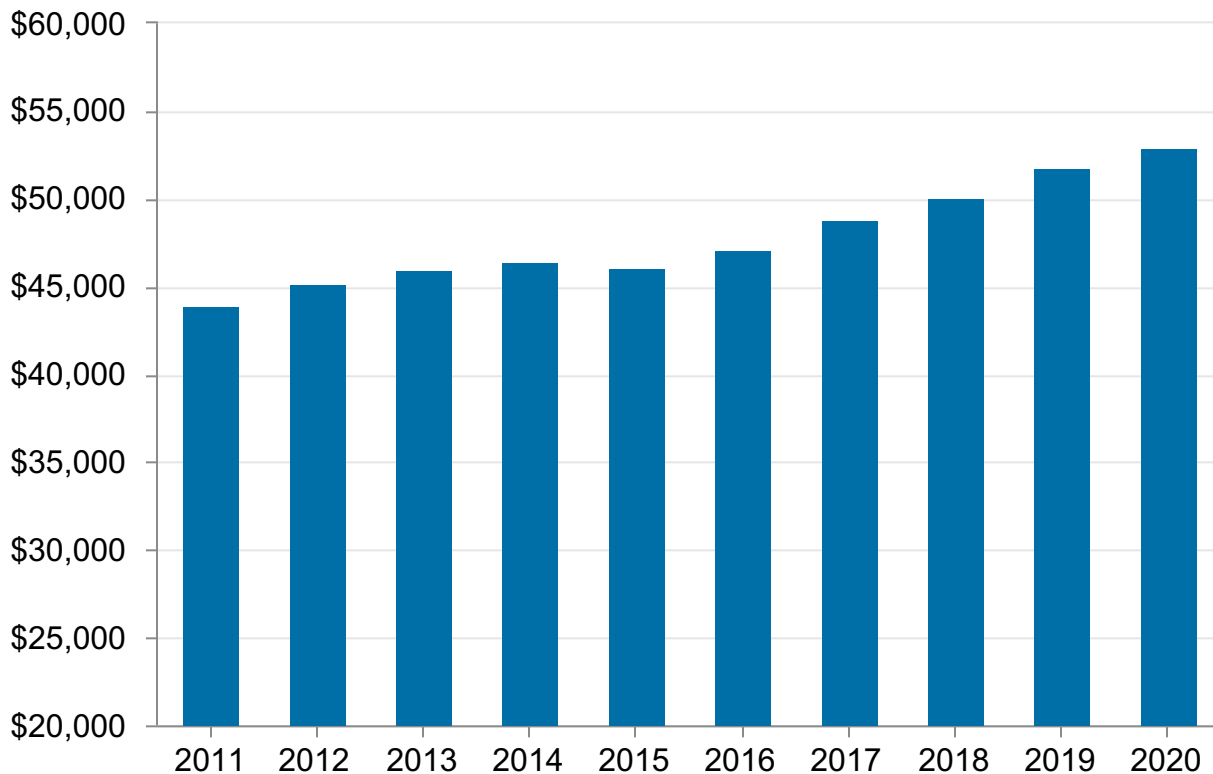


Arkansas' Ten Largest Cities by Population ⁹ Unemployment Percentage Rate (2021) ⁴	
Little Rock	3.1%
Fort Smith	2.2%
Fayetteville	1.7%
Springdale	1.7%
Jonesboro	1.8%
North Little Rock	2.9%
Conway	2.0%
Rogers	1.4%
Pine Bluff	4.7%
Bentonville	1.3%

Pulaski County – Median Household Income ²	
Year	Per Capita Income
2011	43,898
2012	45,135
2013	46,013
2014	46,410
2015	46,140
2016	47,101
2017	48,850
2018	50,093
2019	51,749
2020	52,930

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.

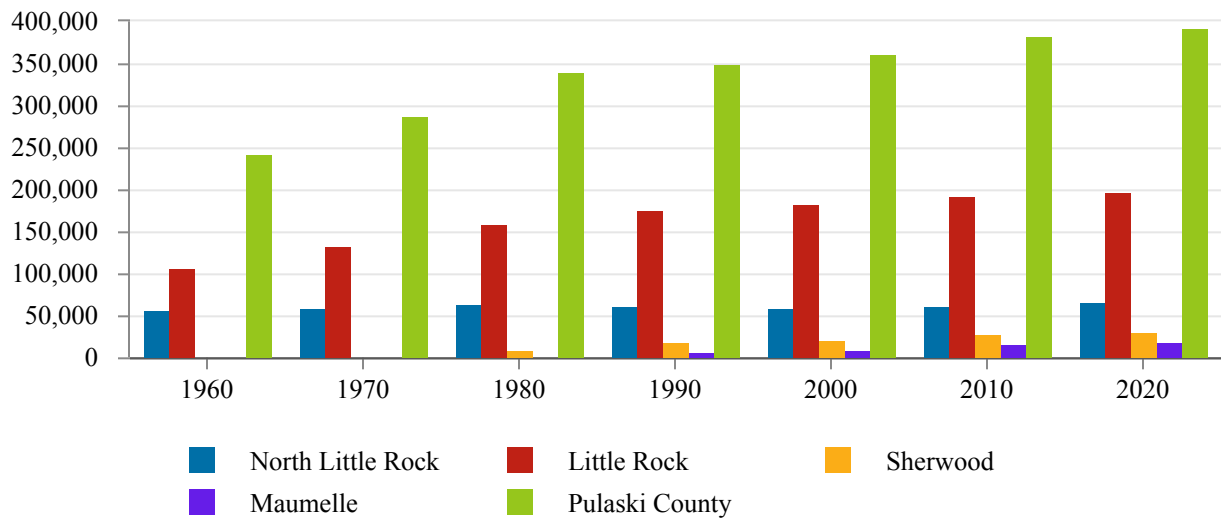
Pulaski County - Median Household Income



County and State Unemployment ⁴		
Year	Pulaski County	State of Arkansas
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 %
2020	5.0 %	4.0 %

Population by Decade					
Year	Little Rock ²	North Little Rock ²	Sherwood ²	Maumelle ²	Pulaski County ²
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
2020	197,312	65,903	31,436	18,199	391,911

Population by Decade



CAW's Ten Largest Customers Percent of Revenues (2021)	
Jacksonville Waterworks	2.56%
Salem Water Users P W A	1.34%
Bryant Water & Sewer	1.26%
AR Department of Corrections	0.32%
3M Company	0.31%
UAMS	0.30%
Cabot Waterworks	0.27%
Shannon Hills Water Dept	0.25%
Sardis Public Water Authority	0.24%
Kimberly Clark	0.22%

Sources:

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- ¹⁰ "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.

Bond Rating – an indication of the likelihood that an obligation will be re-paid.

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; or (iii) a building owned or occupied by a public utility, a department of a municipality, or a State or Federal government agency.

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.

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.

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, 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 2016 Refinance Bonds, Series 2018B and Series 2020BCD.

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.

Sprinkler Customers – all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes.

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.

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Glossary of Acronyms and Abbreviations

AC	Air Conditioning
ACFR	Annual Comprehensive Financial Report
ADH	Arkansas Department of Health
AMI	Advanced Metering Infrastructure
AMR	Automatic Meter Reading
ANRD	Arkansas Department of Agriculture, Natural Resources Division
APERS	Arkansas Public Employees Retirement System
ArDOT	Arkansas Department of Transportation
ASA	Average speed of Answer
AWWA	American Water Works Association
BCEE	Board Certified Environmental Engineer
BMP	Best Management Practices
CAW	Central Arkansas Water
CAW-U	CAW University
CCCP	Cross-Connection Control Program
CCF	Hundred Cubic Feet
CEO	Chief Executive Officer
CF	Cubic Feet
CFO	Chief Financial Officer
CGFM	Certified Government Financial Manager
CIC	Capital Investment Charges
CIP	Capital Improvement Plan
CIS	Customer Information System
CL2	Chlorine
CLW	Clearwater Facility
CMMS	Computerized Maintenance Management System
CO2	Carbon Dioxide
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPFO	Certified Public Finance Officer
CPIO	Chief People and Inclusion Officer
CSR	Customer Service Representative
CU	Cayenta Utilities
DEI	Diversity, Equity, and Inclusion

DEQ	Division of Environmental Quality
EHS	Environmental Health and Safety
EPA	Environmental Protection Agency
ERP	Enterprise Resource Planning
EV	Electric Vehicle
FLP	Forest Legacy Project
G/L	General Ledger
GAAP	Generally Accepted Accounting Principles
GAC	Granular Activated Carbon
GAM	Government Affairs Manager
GASB	Governmental Accounting Standards Board
GB	Gigabyte
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
HVAC	Heating, Ventilation, and Air Conditioning
ICP	Inductively Coupled Plasma
IS	Information Services
IT	Information Technology
J.D.	Juris Doctorate
JTH	James T. Harvey Administration Building
kBTU	Thousand British Thermal Units
LIHWAP	Low Income Household Water Assistance Program
LL.M	Master of Laws
LR	Little Rock
MAC	Maryland Avenue Complex
MBA	Masters of Business Administration
MG	Million Gallons
MGD	Million Gallons per Day
MLGW	Memphis Light, Gas, and Water
MPCA	Maumelle Pinnacles Conservation Area

MSA	Metropolitan Statistical Area
MW	Megawatt
MWM	Maumelle Water Management
NLR	North Little Rock
NPDES	National Pollutant Discharge Elimination System
NTU	Nephelometric Turbidity Unit
NVR	Network Video Recorder
OSHA	Occupational Safety & Health Administration
PAFR	Popular Annual Financial Report
PAGIS	Pulaski Area GIS
P.E.	Professional Engineer
Ph.D.	Doctor of Philosophy
PHR	Professional in Human Resources
PILOT	Payment-in-lieu-of-taxes
PLC	Programmable Logic Controller
POWA	Paron-Owensville Water Authority
PPO	Preferred Provider Organization
PRV	Pressure Reducing Valve
PVC	Polyvinyl Chloride
RTU	Remote Terminal Unit
RWL	Raw Water Line
SaaS	Software as a Service
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
SIEM	Security Information and Event Management
SOP	Standard Operating Procedure
STEM	Science Technology Engineering, Math
SWIFIA	State Water Infrastructure Finance and Innovation Act
TCR	Total Coliform Rule
UAW	Unaccounted For Water
UN	United Nations
UPS	Uninterruptible Power Supply
USACE	United States Army Corps of Engineers
USGS	U.S. Geological Survey

UTV	Utility Terrain Vehicle
VFD	Variable Frequency Drive
WGF	Winrock Grass Farm
WMP	Watershed Management Plan
WPF	Watershed Protection Fee
WPPWA	West Pulaski Public Water Authority
WTP	Water Treatment Plant