

FINANCIAL PLAN
20
22



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, 2021

Christopher P. Morrill

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 2021 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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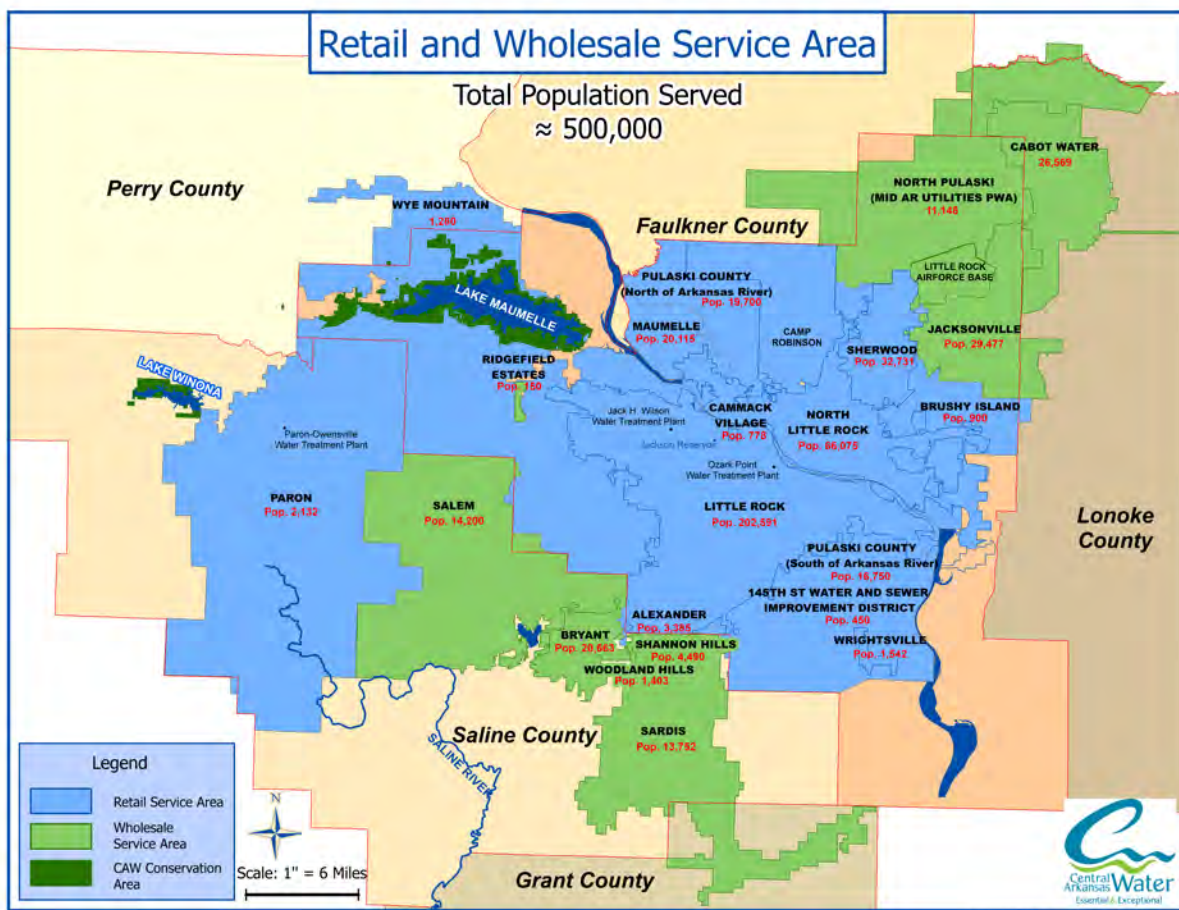
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About Central Arkansas Water

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 214,000 metered connections through retail and wholesale service to customers in Pulaski, Saline, Grant, Perry, Lonoke, White, and Faulkner counties.



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

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

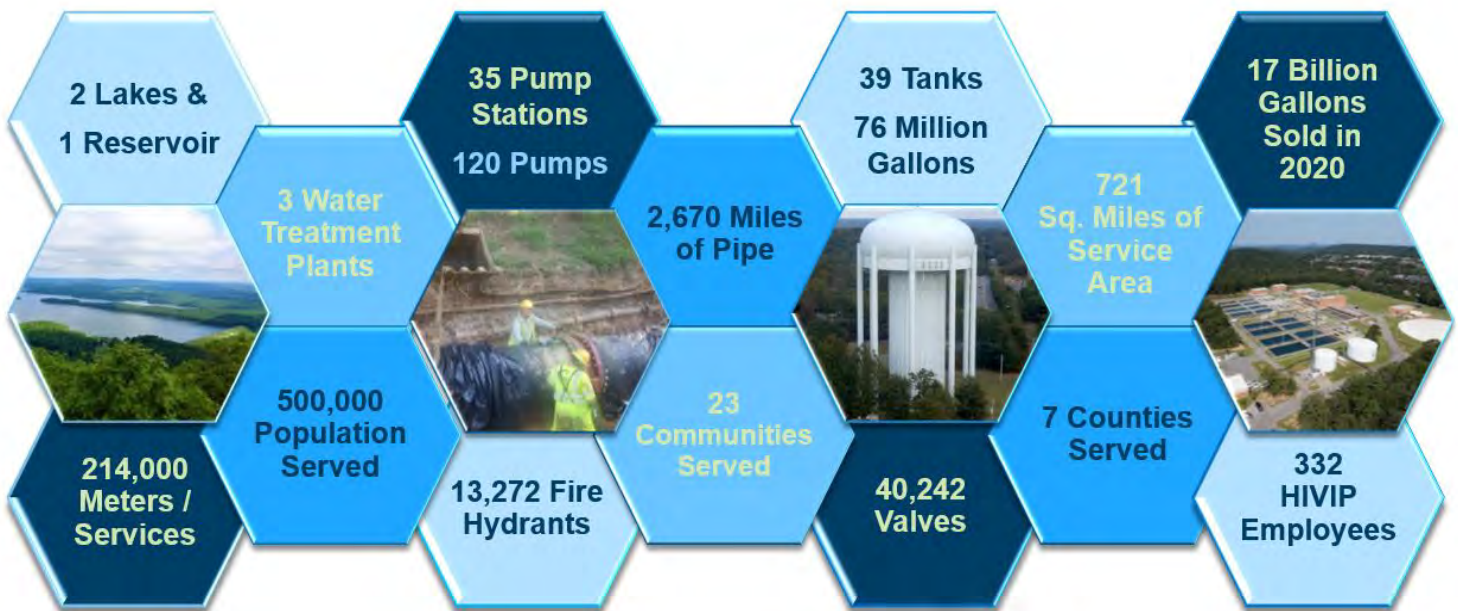
- Alexander
- Brushy Island Public Water Authority
- Cammack Village
- College Station
- Wrightsville
- Wye Mountain
- 145th Street Water and Sewer Improvement District
- Frazier Pike Public Facilities Board
- Unincorporated Pulaski County

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

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

The Utility contributes supplemental treated water supply to:

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



The Utility's service boundaries encompass approximately 721 square miles and has multiple components within its service area. There are two raw water supplies, Lake Maumelle and Lake Winona. The combined safe yield from these two surface water sources is 120 million gallons a day (MGD).

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

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

Overall, there are approximately 2,664 miles of pipe in the CAW system, which carries water from the water sources to the water treatment plants and storage facilities, and ultimately to the consumer's home or business. There are currently 35 remote booster stations that assist the gravitational delivery of the water.

To depict the importance of water and to illustrate its journey, CAW partnered with local artist, Tanya Hollifield, to create a mural at 301 E. Capitol in Little Rock. This mural is CAW's contribution to the U.S. Water Alliance initiative called Water, Arts and Culture Accelerator, which establishes partnerships with local artists and accelerates action together on a climate-related water challenge.



CAW's Past

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

Mid-1870s

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

Late 1880s to mid-1930s

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



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

1886

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

1936

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

1958

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



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



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



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

1959

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

2001

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



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

1966

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

2018

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

2020

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



1957 – Lake Maumelle construction.

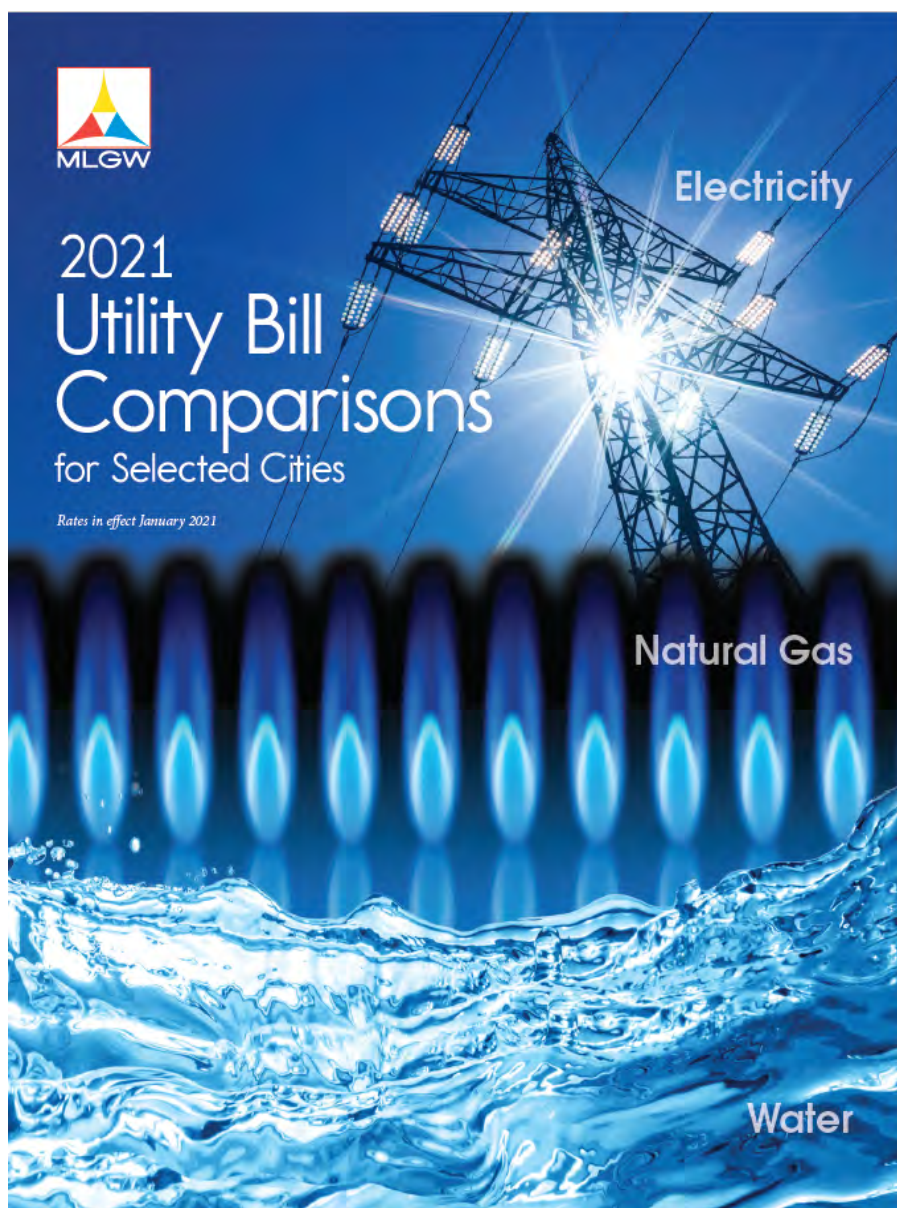


2017 aerial photo of the Wilson Plant.

CAW's Present

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

CAW is an industry leader in the areas of excellent water quality, exemplary regulatory compliance, outstanding system reliability, prudent financial management, affordable rates, effective source-water protection, exceptional customer service, and strong public involvement. In the 2021 Memphis Light, Gas, and Water (MLGW) rate survey, CAW continues to offer one of the lowest water rates in the country.



MLGW 2021 Rate Survey

Ten Lowest Residential Water Bills

	Location	Company	5 CCF	10 CCF	15 CCF
1	Phoenix, AZ	City of Phoenix	\$7.74	\$20.08	\$46.19
2	Orlando, FL	Orlando Utilities Commission	\$13.67	\$21.32	\$30.23
3	Memphis, TN	Memphis Light, Gas, and Water Division	\$11.41	\$22.81	\$34.22
4	Salt Lake City, UT	Salt Lake City Public Utilities	\$16.13	\$22.98	\$29.83
5	Little Rock, AR	Central Arkansas Water	\$14.69	\$23.24	\$31.79
6	Huntsville, AL	Huntsville Utilities	\$17.60	\$24.29	\$31.43
7	Dallas, TX	Dallas Water Utilities	\$12.90	\$25.05	\$43.79
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	Miami, FL	Miami-Dade Water and Sewer Department	\$10.67	\$27.17	\$43.67

CAW began 2021 with what has become somewhat an anomaly in the South, an extreme winter storm. This storm, with multiple days of snow and sub-freezing temperatures, caused line breaks resulting in many hours of CAW staff making repairs and stopping additional water loss. Water production was at a all-time high for the month of February with several days above 100 MGD.

In the fulfillment of a multi-year process to analyze and streamline current business processes as well as improve the ways CAW uses technology, CAW completed its conversion to Cayenta Utilities (CU). CAW went live with the new system in June 2021 with the assistance of integral staff members. This team, also known as the Pinnacle Project team, worked diligently through multiple data conversions and integrated testing protocols to ensure that the data was in the best form possible, determine the most effective and efficient business processes to provide all needed data, ensure that all CAW staff received the needed training to help customers, and assist with troubleshooting that comes along with any new system.

In the summer of 2021, CAW was honored to partner with the Women's Foundation of Arkansas to host four interns in the pilot year of the Tjuana Byrd Summer Internship Program. Four women of color, pursuing degrees in the fields of science, technology, engineering, and math, spent 10 weeks working with CAW staff in the Administration, Finance, Engineering, and Water Production departments.

As shown in the timeline on page 5, July 1, 2001 was a big day in CAW's history, and in 2021, CAW celebrated 20 years of providing water to central Arkansas. The cities of Little Rock and North Little Rock both made city proclamations on July 1 to commemorate the day. Citizens and city officials joined CAW staff to celebrate the achievement.

In 2021, CAW continued projects that were financed with green bonds certified by the Climate Bonds Initiative. These bonds financed a combination of "green" and "gray" infrastructure projects. 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.

The Lake Maumelle watershed remains a high priority for CAW. In 2021, CAW purchased approximately 465 acres in the watershed. These acquisitions follow the Watershed Management Plan's goals of protecting, restoring, and enhancing the natural watershed environment, which accounts for high-quality water with minimal treatment.

CAW's Future

In early 2018, CAW collaborated with Performance Services for recommendations on energy cost savings and more efficient energy avenues. Performance Services recommended adding solar arrays onto CAW land holdings and the surface of Lake Maumelle. In 2019, CAW signed a 20-year contract with Scenic Hill Solar to purchase power. In addition to this contract, CAW and Scenic Hill Solar agreed to a Solar Site Lease agreement to place solar panels needed for this power. Approval from the Public Service Commission was received, and ground was broken on the project in April 2021 with completion projected for early 2022.

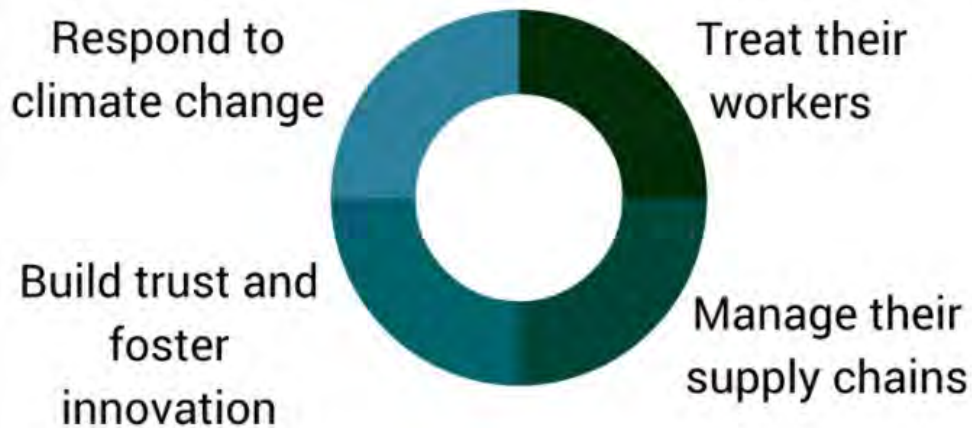
CAW, in partnership with Hawkins-Weir Engineers, Inc., was awarded a contract in late 2021 by the Natural Resources Division of the Arkansas Department of Agriculture to perform water system analyses in select areas of the state. These studies will determine the benefit that regionalism or consolidation could have in the system's pursuit of viability and sustainability.

CAW has invested much time and effort into planning for the next 30 years to accomplish its mission of delivering high-quality water and dependable service that exceed customer expectations; protecting and ensuring a long-term water supply for future generations; and serving as responsible stewards of public health, Utility resources, and the environment. The Strategic Plan section, beginning on page 34, details CAW's philosophies in affordability, community, and sustainability and how those

items will translate into success for not only today but will also create a solid foundation for providing water for years to come.

ESG, or as it's more commonly known, Environmental, Social, and Governance, has come to the forefront as the integration of environmental, social, and governance factors into investment processes and decision making. These factors include a variety of items that have traditionally not been a part of financial analysis but could affect an entity's credit profile. CAW formed an ESG team in 2021 and began the work of establishing goals, timelines, and key metrics for reporting. By assessing these factors, CAW is increasing its transparency not only in the municipal investment market but in its overall operations.

ESG: HOW CORPORATIONS..



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**Jim McKenzie
Chair**



**Board of
Commissioners**



**Kevin Newton
Vice Chair**



**Jay Barth, Ph.D.
Secretary/Treasurer**



**Jay Hartman
Member**



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



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



**Anthony Kendall
Member**

Management Team

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

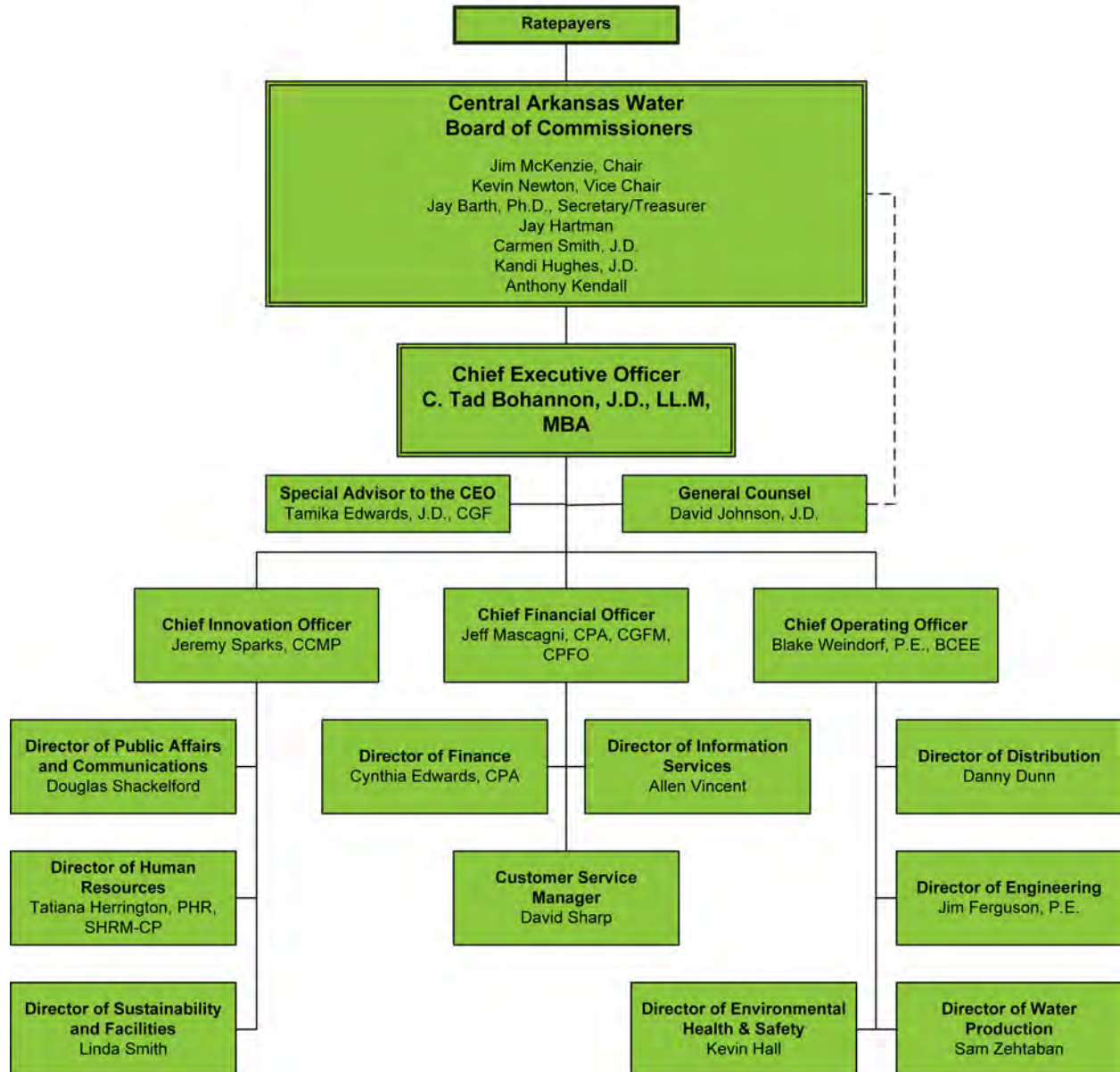
Financial Plan Development Team

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

CENTRAL ARKANSAS WATER

Organizational Chart

Effective: January 1, 2022



December 16, 2021

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



2022 Financial Plan – Budget Message

Board of Commissioners, Customers, and Interested Stakeholders:

Staff respectfully present the 2022 Financial Plan for Central Arkansas Water. This Financial Plan focuses on the Utility's mission of enhancing the quality of life in central Arkansas by delivering high-quality water and dependable service that exceed customer expectations; protecting and ensuring a long-term water supply for future generations; and serving as responsible stewards of public health, Utility resources, and the environment.

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



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

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

This Financial Plan is designed to present the comprehensive financial framework for all Utility activities for the budget year. The management team and staff have developed an operating and capital improvement plan that addresses the strategic initiatives put in place as part of the CAW Strategic Plan, which is discussed starting on page 34. Associated performance measures are discussed in more detail within the department narratives (pages 194 - 264).

Water Source and Water Quality Challenges

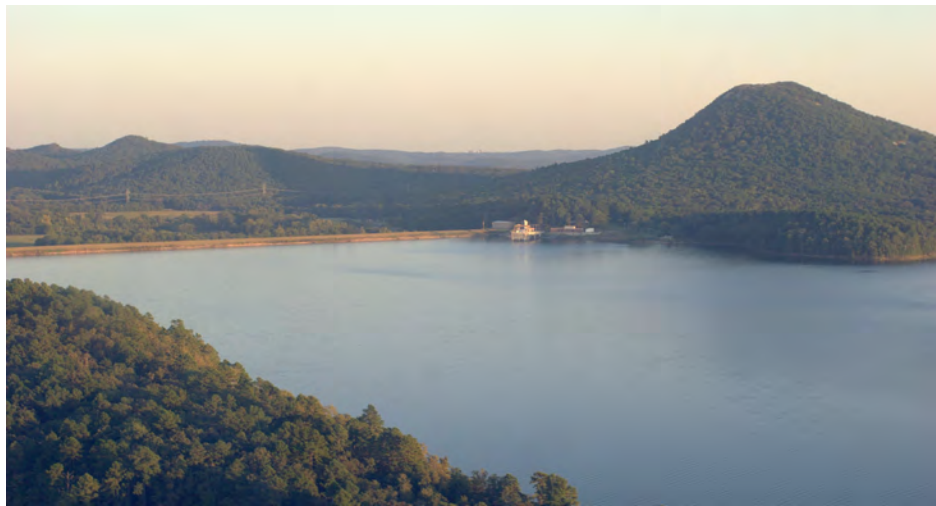
CAW has and will continue to encounter challenges as it works to fulfill its mission of providing high-quality water. Absent a catastrophic failure or natural disaster, CAW has adequate water sources available to meet projected customer needs. Additional water rights from Lake DeGray and Greers Ferry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

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

Since plan adoption, CAW has purchased and obtained conservation easements on approximately 5,400 acres of land. Throughout 2021 and continuing into 2022, Watershed Management staff are working on an aggressive land acquisition campaign to protect our Lake Maumelle watershed. This campaign led CAW into the green bond market and achievement of its first Climate Bond Initiative certification for our 2020C

bond series. Details of associated projects are in the Five-Year Capital Improvement Plan (CIP) Plan, located on pages 120 - 128.

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



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

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

The team submitted the required reporting elements, and CAW subsequently was awarded the organization's Phase III Directors Award, which recognizes outstanding commitment to delivering superior quality drinking water to customers. In the future,

CAW staff plan to participate in the Partnership for Safe Water's Treatment Plant Optimization Program, which will include assessment of the Wilson and Ozark Point plants.

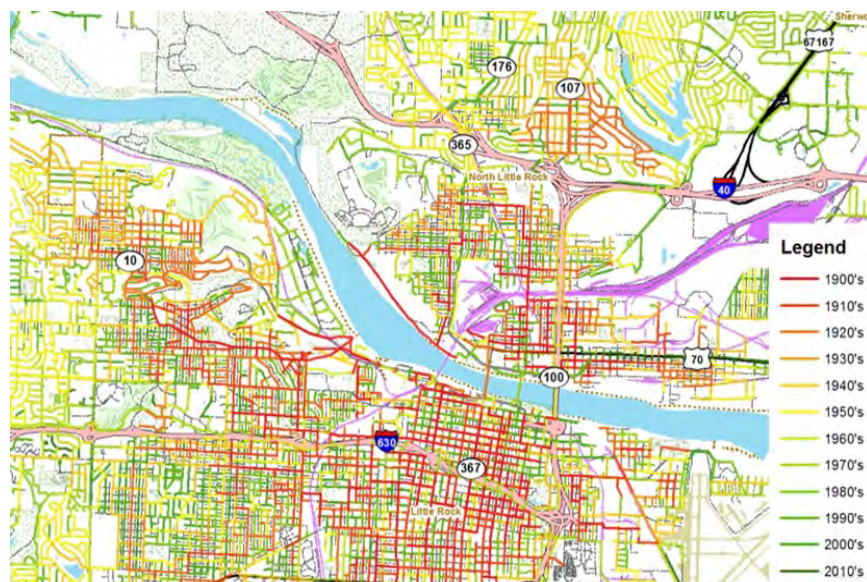
Better protection of our water sources, improvement of the water quality as it leaves the treatment plants, and management of that quality throughout the distribution system are high priorities of the CAW team.

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

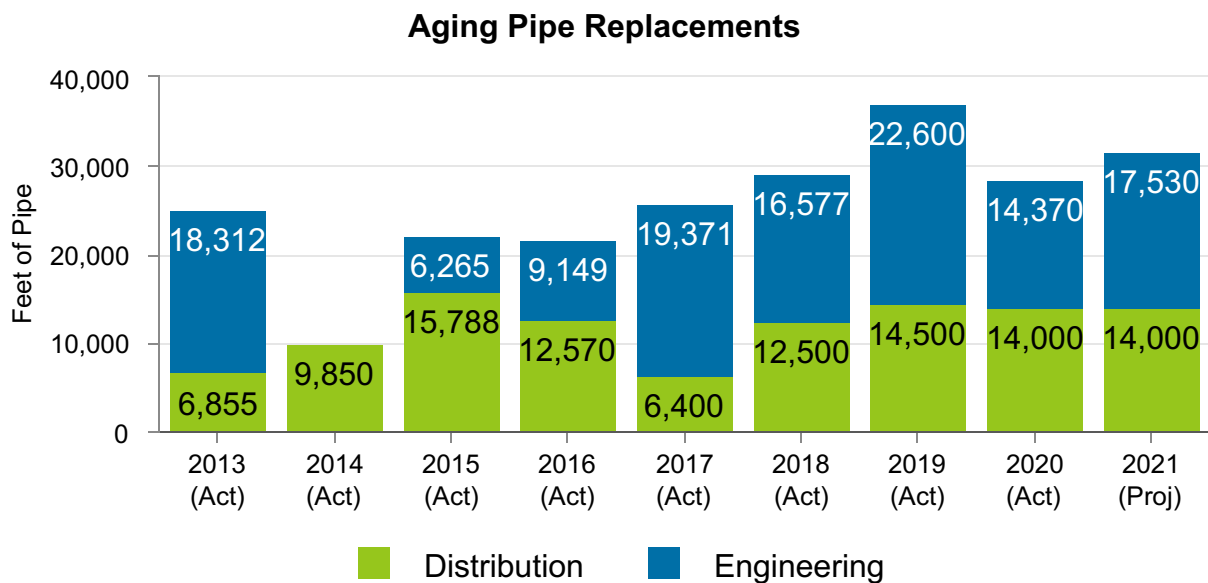
Infrastructure Improvement and Replacement Challenges

The renewal and replacement of aging infrastructure remained the No. 1 priority identified in the American Water Works Association's (AWWA) 2021 State of the Water Industry Report. The biggest obstacle to completing this task is justifying the necessity to ratepayers.

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



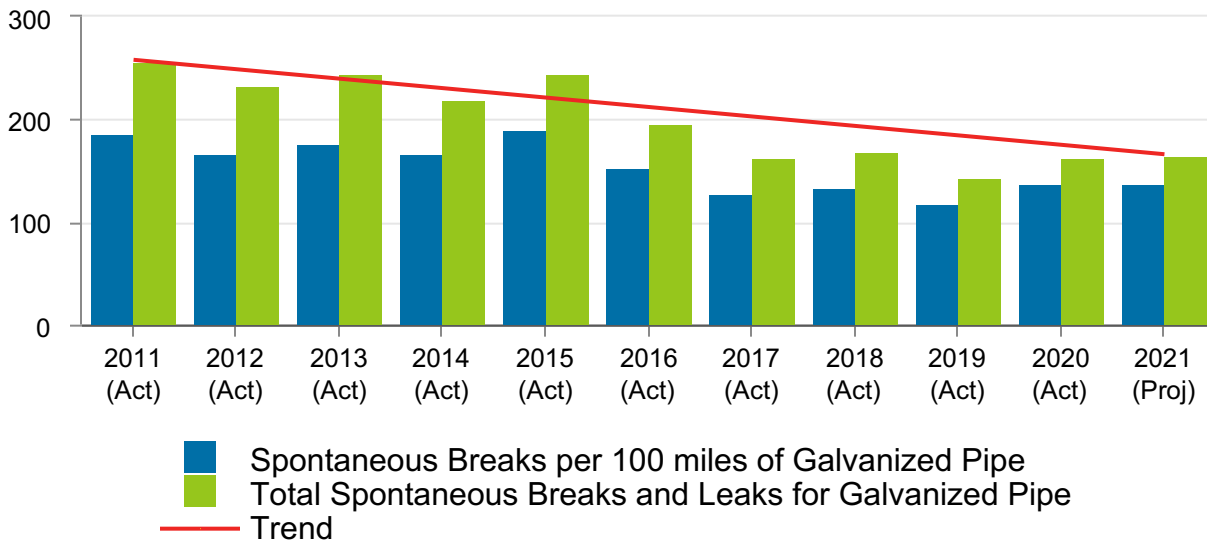
Our 2021 accomplishments include the replacement of approximately 31,500 feet of aging pipe within the system composed of galvanized, asbestos-cement, and cast iron pipe with ductile iron and Polyvinyl Chloride (PVC), which are used for improved strength and performance. Replacement of 17,500 feet of this aging pipe was contracted by the Engineering Department, while the remaining 14,000 feet were replaced by Distribution Department personnel. From 2013 to 2021, Distribution personnel have replaced over 106,000 feet of galvanized pipe while replacement of over 124,000 feet of the pipe has been contracted by the Engineering Department for a total of over 230,000 feet, or more than 43 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 following table shows the feet of pipe replaced annually over the nine-year period.



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

Replacing galvanized pipe has reduced the number of breaks and leaks as shown in the graph on the next page. Replacement of these mains remains a high priority and will continue in future years. As such, 27% of the Series 2020C bonds is allocated for replacement of aging infrastructure through the end of 2023.

Breaks and Leaks on Galvanized Pipe



Employment Challenges

We have encountered profound disruption in the way our workforce is managed from a global perspective since March 2020. Organizations have shifted from initiating layoffs and furloughs to managing the impact of “The Great Resignation of 2021.” In addition, a public health crisis has evolved into a mental health crisis because of the pandemic, working from home, and other life-related stress. CAW will meet these challenges through the lens of opportunity through technology, training and development, wellness initiatives, and innovative recruiting techniques. An Enterprise Resource System will enable us to: automate processes to create efficiencies of our labor resources, streamline the recruiting and selection process to change our focus to proactive recruiting, improve onboarding by getting the new employee acclimated more quickly, and organize our talent development and management efforts to offer meaningful professional development and succession planning.

The 2021 Milliman Medical Index has estimated renewals for small-group health plans to increase 7.66%. Delayed care in 2020, higher salaries needed to attract and retain medical staff, the continuing increase of pharmaceutical costs, and supply shortages of chips and semi-conductors required for medical devices will likely be factors that will continue to drive up the cost of healthcare. To mitigate increased costs, CAW will implement wellness initiatives to address the holistic well-being of our employees. The focus will be on financial, mental, social, physical, and occupational wellness. 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.

COVID-19 changed the paradigm of how we work. As the virus ebbed in early 2021 and spiked mid-2021, the need for telework has not waned. The seemingly never-ending pandemic has introduced feelings of isolation and life and work-related stress. CAW has remained diligent in our pandemic response efforts by offering flexible work schedules, paid time for getting vaccinated, and a separate sick bank to help employees manage their health as well as the health of their families.

According to the 2019 AWWA Utility Benchmarking Program, median turnover rates are 8.6% for the water utility industry. For 2021, CAW has trended below the average with a 7.0% turnover rate. To combat turnover and retain high-performing, innovative, values-drive, informed, and passionate (HIVIP) employees, CAW has invested in its employees with enhanced benefits, CAW University (CAW-U), and the Find Logical Opportunities and Wins (FLOW) Lab. In 2019, CAW launched the FLOW Lab, solidifying the Utility's commitment to innovation and continuous improvement. Designed to find logical opportunities and wins throughout the Utility, these labs are key to accelerating improvements. As our Human Resources (HR) Department works to update and automate, we will leverage the FLOW Lab as a source of creativity.

Financial Challenges

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

Based on historical consumption analysis coupled with rate consultant recommendations received while establishing water rates for the rate resolution approved in December 2018, baseline consumption was adjusted down to 18 billion gallons for 2019. Wholesale and retail consumption are budgeted to remain flat in 2022 as compared to 2021 budgeted consumption.

There are no proposed consumption related rate increases for 2022; however, beginning in June 2022, no consumption will be included in the monthly base rate as opposed to the one hundred cubic feet (CCF) as in 2021.

Economy and Budget Summary

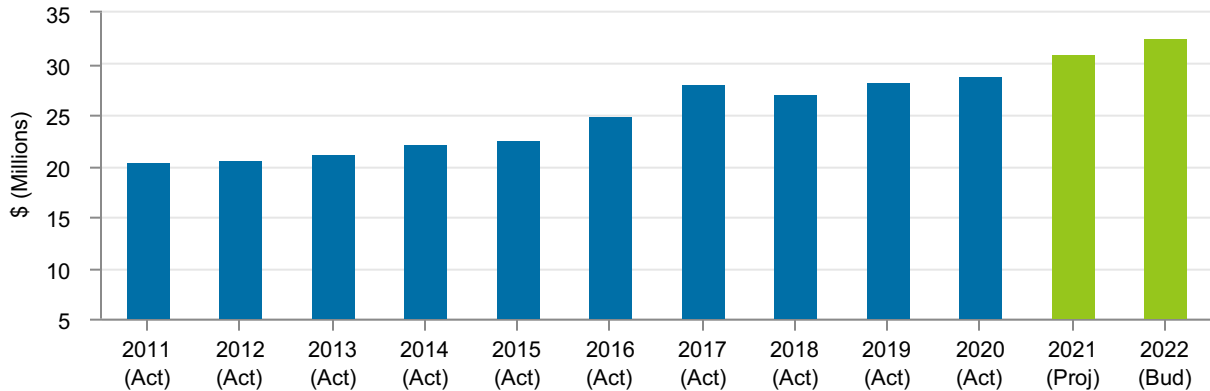
Real Gross Domestic Product (GDP) is projected to grow at an annual rate of 6.8% during the third quarter of 2021, with full-year real GDP at 5.8%, up from -3.5% in 2020. The shrinking GDP in 2020 resulted from COVID-19 business closures and layoffs driving down spending. Forecasters predict real GDP will increase 5.5% in 2022, based on signs of economic recovery from the pandemic offset by logistical and supply chain issues. The forecasters also predict unemployment levels should drop to their pre-pandemic levels in 2022. The national unemployment rate is currently 4.8% (September 2021), down from 7.9% at this time in 2020. The unemployment rate in Pulaski County is currently at 4.7%, significantly lower than 9.5% last year.

The Arkansas Realtors Association reports that home sales in Arkansas' top five markets (Benton, Pulaski, Washington, Saline, and Sebastian counties) during the first eight months of 2021 were up 7.7% compared to 2020. Home sales in Pulaski County were up 12.1% for the first eight months of 2021.

2022 Budget Changes from 2021 Projected		
Operating Revenues	\$ Change	% Change
Increase in Retail Water Sales	342,948	0.63 %
Decrease in Wholesale Water Sales	(258,683)	(5.09)%
Increase in Penalties and Turn-on Charges	424,804	23.71 %
Decrease in Ancillary Charges	(388,874)	(4.16)%
Increase in Maumelle Surcharge Revenue	289,947	12.64 %
Increase in Other Revenue	202,081	66.38 %
Total 2022 Operating Revenues Budget	74,293,782	0.83 %
Operating Expenses		
Increase in Labor and Benefits	1,221,739	3.94 %
Decrease in Materials, Supplies, and Maintenance	(115,042)	(1.54)%
Decrease in Electric and Other Utilities	(766,577)	(15.06)%
Decrease in Contract Services	(37,150)	(1.17)%
Increase in Chemicals	608,797	31.49 %
Decrease in Transition Cost	(46,631)	(100.00)%
Increase in Depreciation	126,134	0.93 %
Decrease in Other	(34,853)	(58.72)%
Total 2022 Operating Expenses Budget	63,315,042	1.53 %
Capital Costs		
Increase in Capital Costs	11,762,672	36.92 %
Debt Service		
Decrease in Total Bond Debt Service	(940,431)	(10.75)%

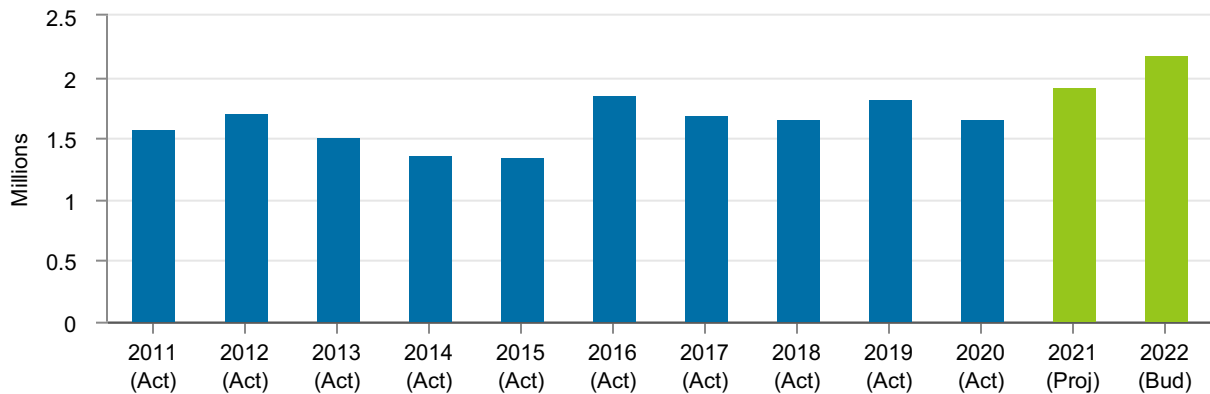
The proposed budget for 2022 includes \$63.3 million in operating expenses, \$43.6 million in capital costs, and \$7.8 million in bond debt service. The following graph shows labor and benefits for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2021 and the budgeted amount for 2022, which are both shown in green. 2022 includes increases of 3% and 8% in medical and dental insurance premiums, respectively, and wage adjustments of 3% for employees. The total labor and benefits adjustment will amount to \$1,221,739, which represents a 3.94% increase over the 2021 projected amount. This increase is due to the health care and wage variances mentioned above and to budgeted amounts not spent in 2021 due to an average of 20 vacancies for the year.

Labor and Benefits



The following graph shows chemical costs for a 12-year period -- ten years of actual data, shown in blue, with the projected amount for 2021 and the budgeted amount for 2022, which are both shown in green. The Maumelle Water Management (MWM) merger caused the 2016 increase, and lower consumption driven by COVID-19 and cooler and wetter weather caused the 2020 decrease. The fluctuating costs in the preceding years were due to weather-driven consumption changes. The budgeted increase in 2022 is driven by increasing supply costs.

Chemical Cost



Proposed Financial Plan Highlights

- 16.6 billion Gallons – Consumption (9.4% decrease from 2021 Projected)
- \$74,293,782 Operating Revenues (0.83% increase from 2021 Projected)
- \$63,315,042 Operating Expenses (1.53% increase from 2021 Projected)
- 350 Funded Positions (5.42% increase compared to 9/1/2021 Actual)
- No Consumption-Based Retail Rate Increase in 2022 - One CCF of water to be included in the base rate through May 31, 2022 and no CCFs of water to be included in the base rate beginning June 1, 2022.
- No Wholesale On-Peak and Off-Peak Rate Increases in 2022.
- \$7,806,740 Bond Debt Service (10.75% decrease from 2021 Projected)
- \$43,622,250 Capital Costs (36.92% increase from 2021 Projected)
- \$11,200,000 Capital Costs Funded From Rates (1.08% decrease from 2021 Projected)

Acknowledgment

The 2022 Financial Plan was a collaborative effort between the Finance Department, department directors, and departmental staff over the past several months. The comprehensive nature of this document requires hours of research, review, and calculations. Many thanks to each employee that assisted with this extensive process.

Respectfully submitted,

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

C. Tad Bohannon
Chief Executive Officer

Budget Process and Calendar

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

Water Utility Master Plan

The Water Utility Master Plan provides guidance for future growth, rehabilitation/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 latest rate model was updated in 2018. A new rate model is anticipated in 2022.

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 the annual commissioner retreat. 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. Finance then compiles 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, HR, or Public Affairs and Communications sections must be approved by the Chief Innovation Officer (CINO). The Chief Financial Officer (CFO) then approves all changes or reallocations during the plan year.

2022 Budgetary Process

<u>DATE</u>	<u>ACTIVITY</u>
January 21, 2021	Annual Commissioner Retreat - Long Term Strategic Planning session
June 8, 2021	Commissioner Strategic Planning Session
July 8, 2021	Planning meeting with Executive Team to set budgeting parameters
July 21, 2021	Initial budget meeting with overview of process and release of budget instructions and targets
August 16, 2021	Submission of budget requests to Finance Department
September 14, 2021	Departmental Capital and O&M Reviews
October 14, 2021	Review of proposed 2022 Financial Plan by Finance Department
October 21, 2021	Review of proposed 2022 Financial Plan by Executive Team
November 11, 2021	Presentation of proposed 2022 Financial Plan to Board of Commissioners
December 16, 2021	Adoption of 2022 Financial Plan by Board of Commissioners

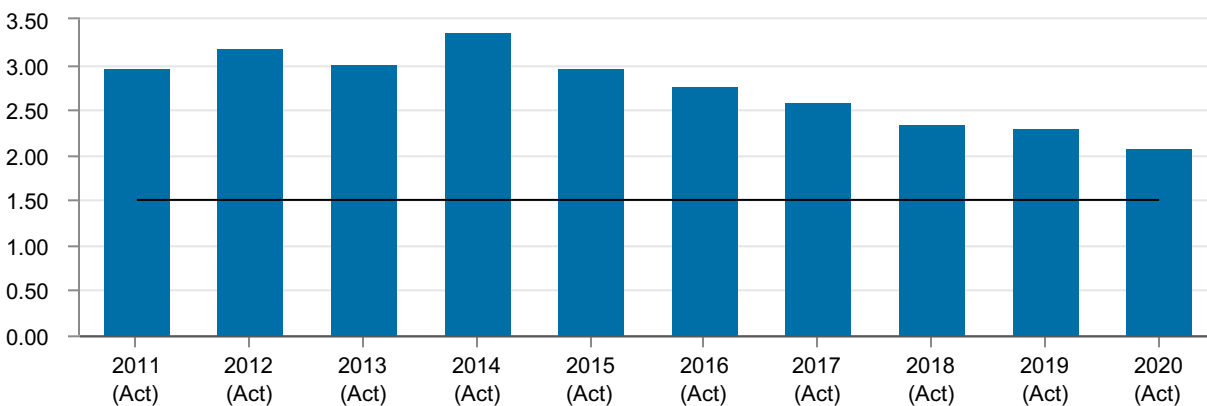
Financial Policies and Goals

Financial Management

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

- Prudent budgeting and effective budget control
- Financial accounting and reporting in accordance with Generally Accepted Accounting Principles (GAAP) and making such reports available to bond rating agencies and the public
- Establishing and maintaining rates, fees, and charges that will provide sufficient revenues to offset projected costs
- Maintaining debt service coverage, determined by dividing stabilized net revenue by annual debt service for the fiscal year, at a Commission coverage target at or above 190% (see page 83)
- Ensuring that operating reserves are maintained at a minimum level of 45 days budgeted operating costs sufficient to meet all operating, capital, and debt service obligations (see page 84)
- Ensuring that days cash on hand remains at a minimum level of 150 days to maintain operating reserves (see page 85)
- Maintaining debt utilization below the 39% AWWA benchmark (see page 86)
- Maintaining a five-year capital plan with annual updates (see page 120)
- Maintaining the current ratio, determined by dividing current assets by current liabilities, above 1.50 (see below)

Current Ratio by Year



Basis of Accounting and Budgeting

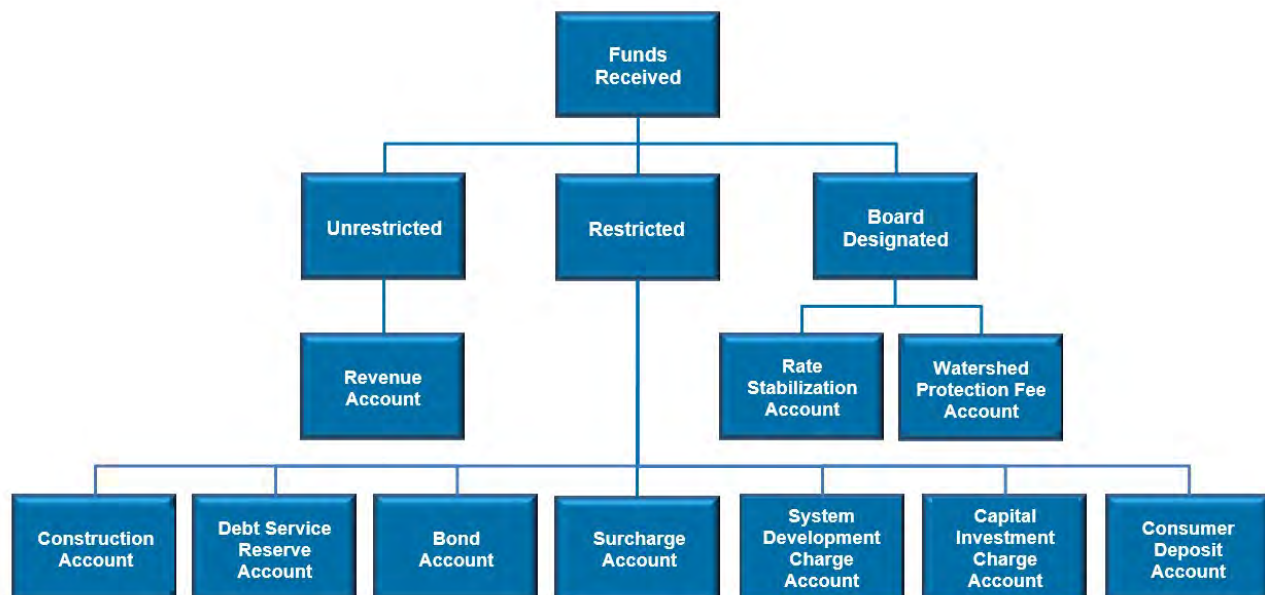
The CAW Financial Plan, proposed by the CEO and adopted by the Board of Commissioners, is a reflection of the Utility's policies, goals, and priorities. It is a tool used to communicate to the public and staff regarding funds available and allocation decisions related to capital improvements, technology,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

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

Fund Structure

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

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



Unrestricted Accounts:

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

Board Designated Accounts:

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

Restricted Accounts:

- **Construction Account.** On construction-related bond issues, a construction account is held by the trustee for each bond obligation throughout the construction period. Bond proceeds for the purpose of financing construction costs are deposited into this account. Upon completion of construction activities, CAW files a written request with the trustee, who then pays construction invoices out of this account.
- **Debt Service Reserve Account.** A debt service reserve account is held by the trustee for certain outstanding bond obligations. The debt service reserve requirement is 50% of maximum annual debt service. If on the final business day of any month, after the deposit required by the bond account, the amount in the bond account is less than the amount required, the trustee shall transfer amounts from the reserve account to the bond account to cure the deficiency. Whenever deposits in the reserve account exceed the requirement, excess funds shall be transferred by the trustee into the bond account. Whenever the amount in this account, together with the amount in the bond account, is sufficient to pay in full all outstanding bonds in accordance with the terms, the funds shall be transferred to the bond account, and no deposits shall be required to be made into this account.
- **Bond Account.** A bond account is held by the trustee for each bond obligation outstanding. The Utility's standard operating procedure is to transfer monthly (on or before the final business day of the month), to the trustee, 1/12th of funds needed for the biannual debt service payments. Arkansas Department of Agriculture, Natural Resources Division (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 servicing. All revenues from Paron surcharges applied to customers of the POWA service area are deposited into the Paron Surcharge Account. These revenues are restricted to pay for expenses specifically identified in the CAW-POWA consolidation agreement, including needed infrastructure and required debt servicing. 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 servicing. 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 servicing.
- **System Development Charge (SDC) Account.** SDCs assessed as part of a new development are held in this account and used to fund or recover the cost of capital improvements or facility expansions necessitated by a new development.
- **Capital Investment Charge (CIC) Account.** CICs assessed on new meter connections are held in this account. These funds are used to recover the cost of capital improvements for facility expansions of treated water transmission, distribution facilities, and pumping and storage facilities related to site-specific facilities.
- **Consumer Deposit Account.** Customer deposits paid upon beginning water service with CAW are held in this account. Funds are used to ensure payment of remaining balances on customer accounts. Deposits are refunded out of this account upon establishment of satisfactory payment history.

Balanced Budget

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

Net Position

The Utility classifies and defines net position as:

- **Net investment in capital assets.** The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of these assets. This component also includes deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.
- **Restricted.** The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets contain constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments.
- **Unrestricted.** The unrestricted component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “net investment in capital assets” or “restricted.”

Revenue Forecasting

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

Debt Administration

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

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

Rate Design and Water Service Pricing Policies

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

1. The water rates and ancillary fee structure for providing surplus water to wholesale customers shall be established utilizing a "cost of service" methodology, following industry-accepted cost-of-service rate setting standards for water utilities, with a utility-basis approach, rather than a cash-needs approach, providing the customers within Little Rock and North Little Rock (the Cities) a reasonable rate of return, recognizing that CAW is a tax-exempt governmental entity, for the capital contributed by the Cities to CAW's water system and the investment risks assumed by the customers within the Cities to provide sufficient infrastructure to assure the wholesale customers of a reasonably reliable water supply.
2. The water rates and ancillary fee structure for providing water to retail customers who are not residents of the Cities shall be established in accordance with applicable Arkansas law, including specifically Ark. Code Ann. § 25-20-308(b) which states, "sales of water and extensions of services . . . may be made at such rates and on such other terms as the board of commissioners may deem just and reasonable, and the rates need not be the same as the rates charged customers within the jurisdictions of the public body's participating public agencies."
3. The water rates and ancillary fee structure for providing water to retail customers who are residents of the Cities shall be established utilizing a "cost of service" methodology, following industry accepted cost of service rate setting standards for water utilities, with a cash-needs approach.

4. In accordance with Ark. Code. Ann. § 14-234-214, the water rates for inside city and outside city customers must be adequate to:
 - (a) pay the principal of and interest on all revenue bonds and revenue promissory notes as they severally mature,
 - (b) make such payments into a revenue bond sinking fund as may be required by resolution or trust indenture,
 - (c) provide an adequate depreciation fund to cover the cost of anticipated capital replacement needs,
 - (d) pay the estimated cost of operating and maintaining the system, and
 - (e) provide sufficient debt service coverage to meet all outstanding bond and trust indenture requirements.
5. When determining any water rates, whether inside city, outside city, or wholesale, the Board and CAW staff may consider whether it is appropriate to utilize a “base-extra capacity method” within the methodologies set forth above to accurately assign the cost associated with peak demand usage to those customers causing the Utility to significantly exceed average load conditions.
6. When establishing customer classes within any water rate, whether inside city, outside city or wholesale, the Board and CAW staff shall assign costs to classes of customers in a cost-responsive and industry accepted manner so that the applicable rates closely meet the cost of providing service to such customer classes using the methodologies set forth above, based on the relevant factors for providing water service to each customer class, including but not limited to the following:
 - (a) characteristics
 - (b) location
 - (c) demand patterns
 - (d) utility staffing requirements
 - (e) anticipated repair and replacement costs
 - (g) impact on water quality and supply preservation, and
 - (h) development, operation, maintenance, and replacement of any specific facilities necessary to serve any particular class or classes of customers.
7. Notwithstanding the parameters set forth in paragraph 6 above, the Board and CAW staff shall also consider methods to reduce rates and provide assistance to aid low-income residential inside city customers, recognizing that the lost income

realized by any reduction in rates for low-income residential inside city customers must be paid by other customers.

8. The capital improvement costs to expand the water facilities to serve future customers should be borne by those future customers, to the extent practical.
9. The design of rates to recover the cost of service should support the sustainability of water resources.

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Strategic Plan

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

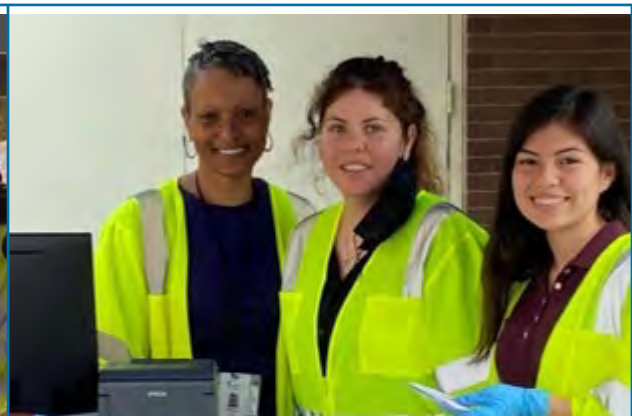
- | | |
|-------------------------------------|---------------------------------------|
| Product Quality | Customer Satisfaction |
| Employee Leadership and Development | Operational Optimization |
| Financial Viability | Infrastructure Stability |
| Operational Resiliency | Community Sustainability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

Recently, CAW completed the work outlined in the 2020 Strategic Plan. Major accomplishments include implementing a new customer information system, completing the Ozark Treatment Plan renovation, exceeding the "Partnership for Safe Water" performance criteria, issuing the first-ever green bond to acquire and protect forests specifically for clean drinking water, modernizing the supervisory control and data acquisition (SCADA) system, breaking ground on a 4.8 megawatt solar power facility, completing the Paron-Owensville Water Authority merger, and earning the Sustainable Forestry Initiative certification for our forestry program. Below and on the next several pages, each strategic initiative is listed with a picture depicting the actions that contributed to its accomplishment.

Strategic Initiative 1: Enhance Customer Confidence, Experience, and Understanding



CAW crews working through the night to repair main leaks resulting from the extreme weather event in February 2021.



To better serve customers, CAW Customer Service staff are working on a mobile pay station during the CU Go-Live event.

Strategic Initiative 2
Enhance Stakeholder Engagement



CAW staff demonstrates a water distribution system at Tinkerfest in downtown Little Rock, an annual festival that celebrates innovation, exploration, and discovery, hosted by the Museum of Discovery.

Strategic Initiative 3
Optimize Infrastructure Performance and Increase Infrastructure Reliability



The Ozark Point Water Treatment Plant underwent an extensive rehabilitation, resulting in treatment efficiencies for the CAW service area.

Strategic Initiative 4
Enhance Operating Excellence through Innovation, Leveraging of Technology, and Business Process Improvements




Vessel, the CAW Detective Dog, is the first leak detection dog in the United States and has been instrumental in finding leaks in the CAW service area.

Strategic Initiative 5
Develop, Maintain, and Recruit a Diverse, Sustainable, High-Performing Workforce



CAW-U team members present the group project to improve the area around Tank 24 in North Little Rock. CAW-U is an education program developed to assist staff in acquiring needed skills for advancement.

Strategic Initiative 6
Assure Long-Term Financial Stability and Integrity of Utility



Certification

This is to certify that

Capital Improvement and Refunding Water Revenue Bonds, Series 2020C

Issued by

Central Arkansas Water

Have met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative


Sean Kidney
SEAN KIDNEY
CEO, Climate Bonds Initiative

13 October 2020



CAW issued green bonds in November 2020, certified under the Climate Bonds Initiative's water infrastructure criteria. This bond was the first of its kind to acquire and protect forests specifically to support clean drinking water.

Strategic Initiative 7
Ensure Delivery of High-Quality Water for Future Generations



Proscribed burns in the CAW watershed attribute to maintaining high water quality at the source.

As CAW begins its 21st year, management is finalizing a new strategic plan focusing on the long-term objectives anticipated over the next 30 years – securing necessary source water, having adequate water treatment capacity, ensuring distribution system resiliency, maintaining financial viability, and developing a workforce ready for tomorrow’s opportunities – all the while providing high-quality water at affordable rates and being a steward of its natural resources. CAW recognizes that its purpose remains protecting public health by providing outstanding water services while operating in a sustainable and financially viable manner. But more than that, CAW endeavors to be a trusted and sustainable utility committed to improving the quality of life.

While many strategic plans cover five to 10 years, CAW has a unique set of opportunities and challenges that make a 30 year plan more effective. Water is considered a renewable resource; however CAW is tasked with ensuring source water is available, and future generations are not burdened with a disproportional share of the associated costs.

Incremental strategic and operational plans will be developed to progress toward the long-term objectives. In addition to these short-term plans, CAW staff will continue to develop a five-year Capital Improvement Plan as part of each annual budget cycle.

To simplify the long-term objectives and short-term plans as well as to continue meeting the standard expectations each year, management develops and maintains an annual work plan. Each executive staff member and department leader as well as other critical CAW staff have sections that are divided into four categories:

- Big Rocks - Projects of the highest priority to the Utility.
- Standard Expectations - Typical and recurring principles.
- Special Projects - One-time activities to be completed that enhance the Utility's effectiveness.
- Exploratory Projects - Projects undertaken in preparation for developing circumstances.

These sections and their tracking mechanisms provide a guiding system for achieving all that is needed to ensure CAW remains a strong leader in central Arkansas and beyond.

2

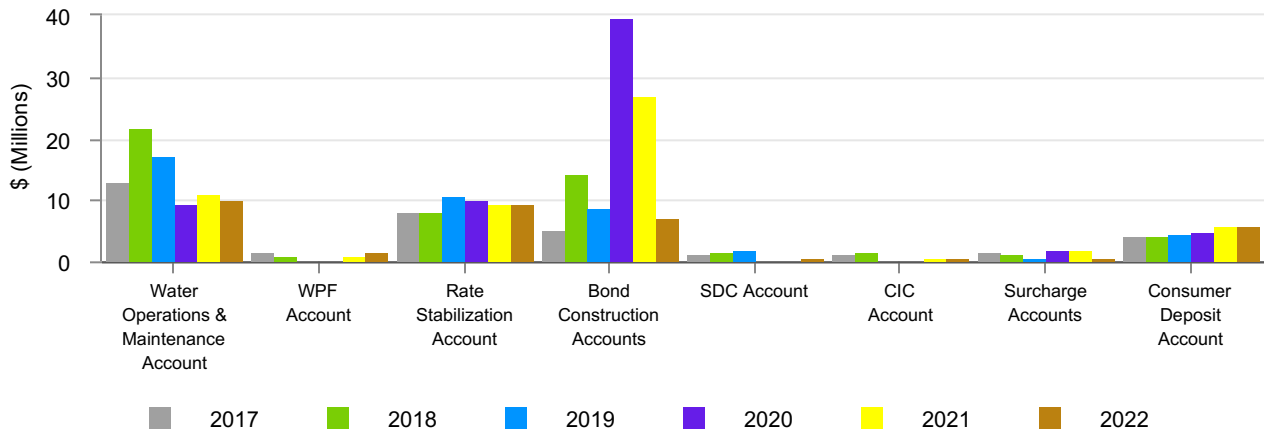
SOURCES AND USES OF FUNDS



SOURCES AND USES OF FUNDS – OVERVIEW

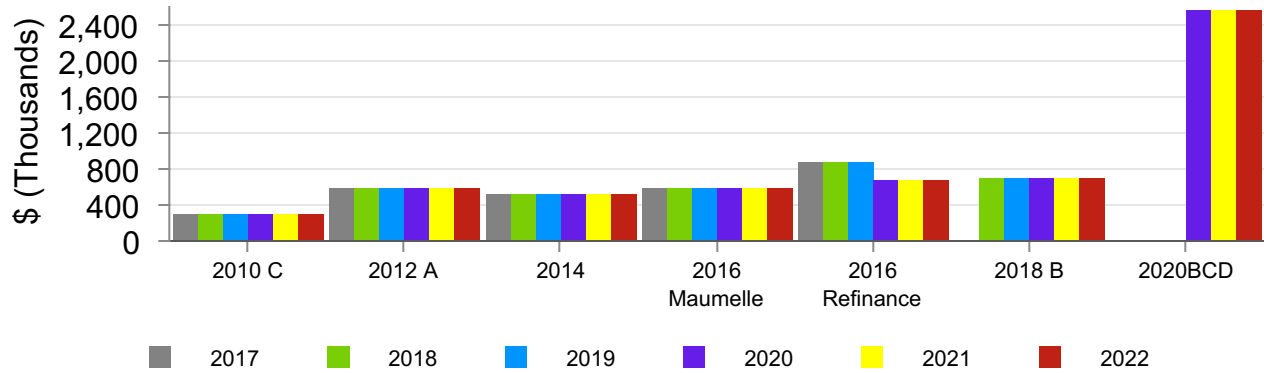
CAW anticipates a total of \$71,305,531 in both restricted and unrestricted funds to carry forward at December 31, 2021. Unrestricted water operations and maintenance funds amount to \$11,115,606 in addition to \$898,486 WPF funds, and \$9,273,438 rate stabilization funds. Bond construction accounts for the 2018B, 2020B, and 2020C Bonds total \$26,944,104. The restricted SDC account totals \$317,007; the CIC account totals \$499,369; the surcharge accounts amount to \$1,936,630; and the restricted consumer deposits account equals \$5,756,961. The graph below shows the year-end balances for these accounts types for the past five years and the anticipated year-end 2022 balance.

Restricted and Unrestricted Funds



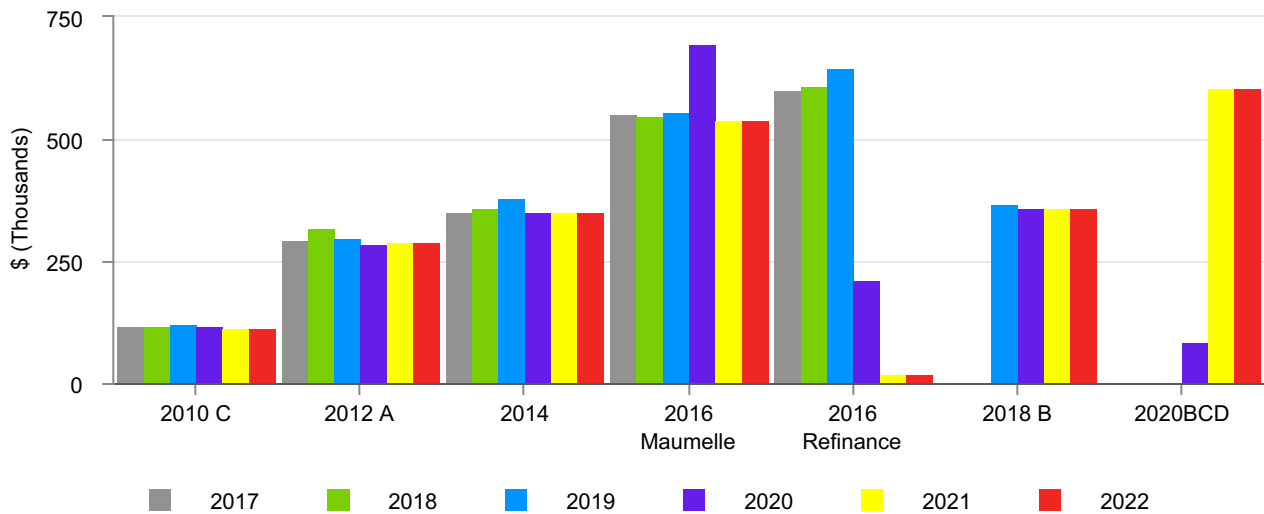
The bond trust indentures require CAW to maintain certain reserves during the life of the bond issues. The debt service reserve account covers the principal and interest for the final year of each bond issue. The debt service reserve account totals \$309,291 for the 2010C Bond issue; \$602,159 for the 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 2022.

Debt Service Reserve Account



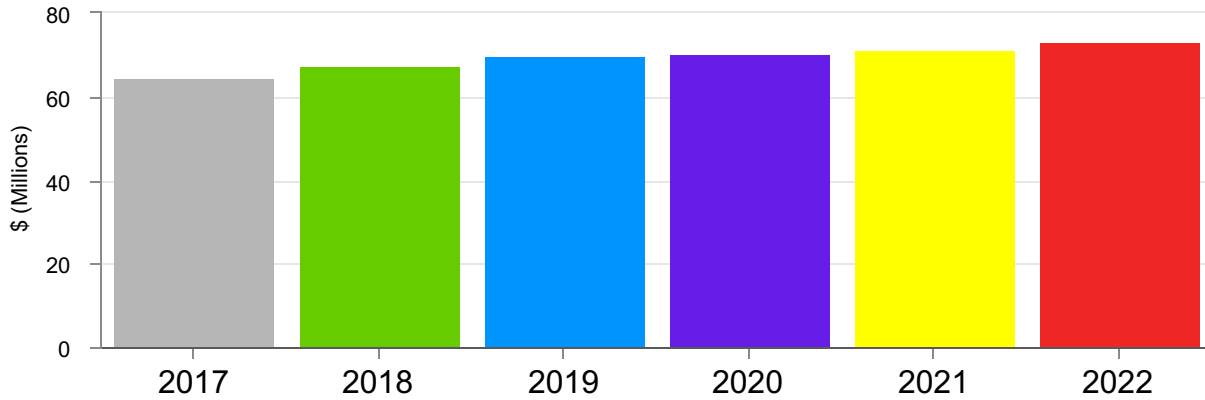
The Bond Account accumulates sufficient funds annually to pay the principal and interest on each bond issue. As of December 31, 2021, the account amounts to \$116,751 for the 2010C Bond issue; \$290,961 for the 2012A Bond issue; \$352,018 for the 2014 Bond issue; \$542,551 for the 2016 Maumelle Bond issue; \$21,828 for the 2016 Refinance Bond issue; \$359,359 for the 2018B Bond issue; and \$605,438 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 2022 year-end balance. The working capital reserve represents 45 days of operating expenses, and for 2021, that amount is \$6,223,598.

Bond Account



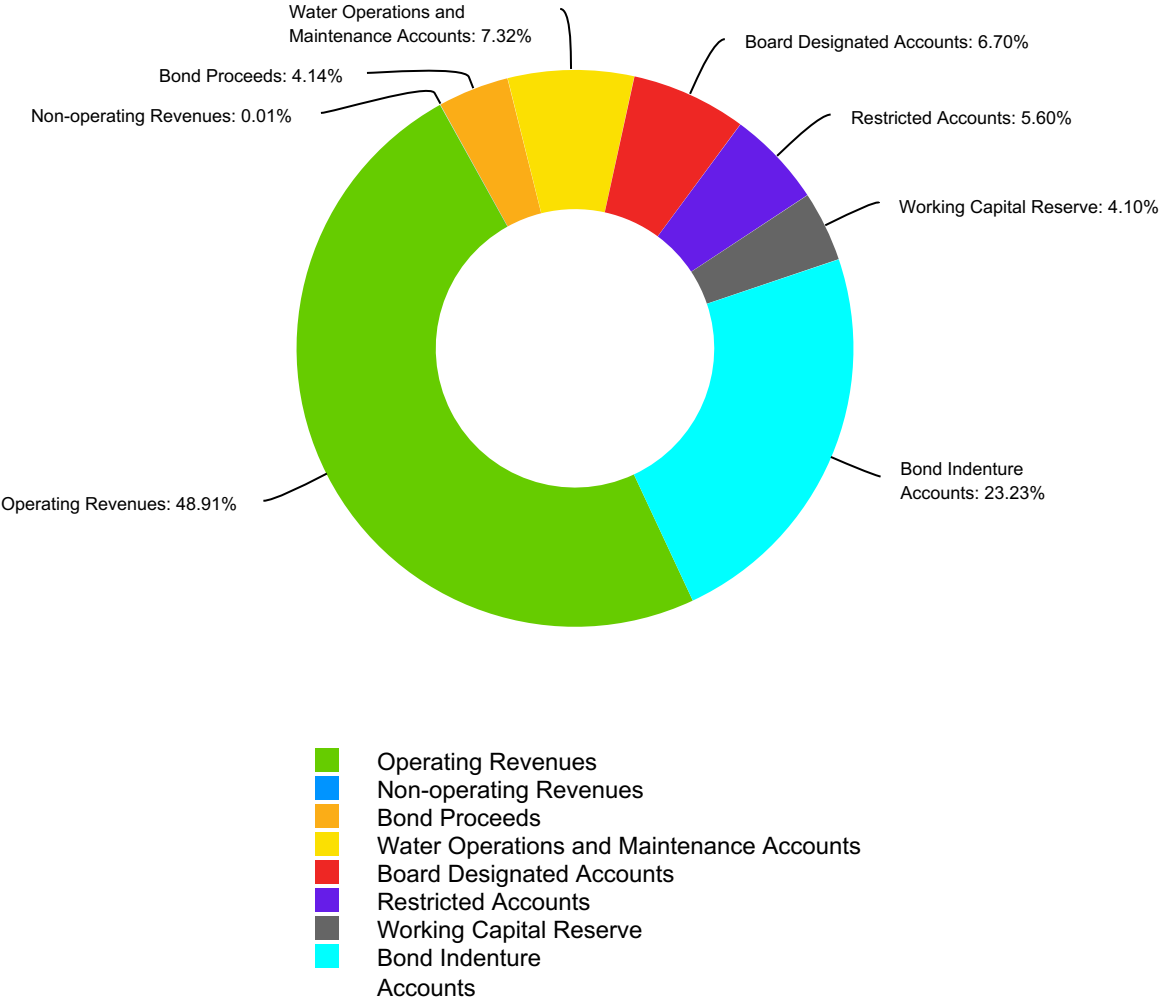
The carry-forward balances, along with anticipated operating revenues of \$74,293,782, non-operating revenues of \$22,727, and ANRD bond proceeds of \$6,283,000 will fund normal operations and the capital improvement plan.

Operating Revenues



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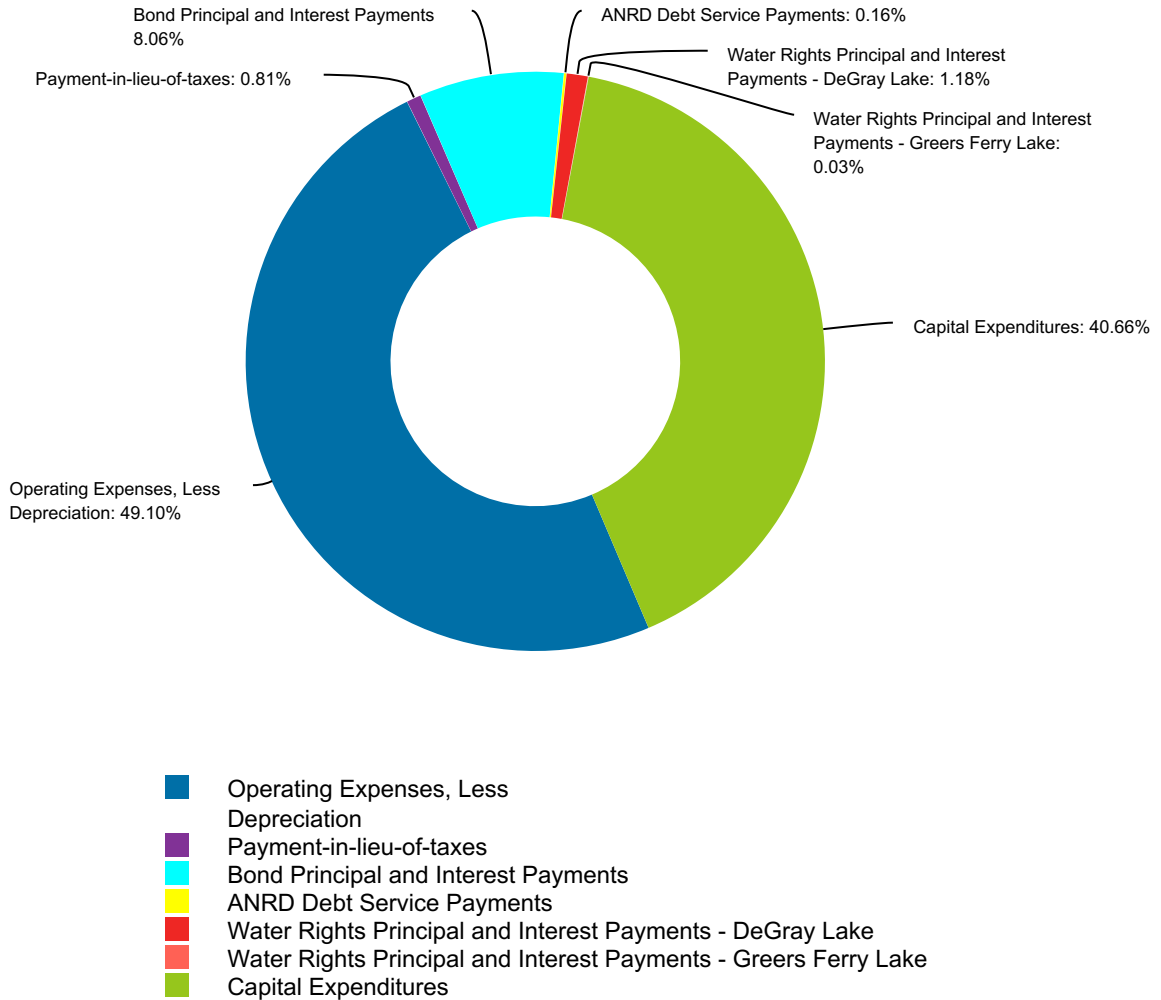
SOURCES OF FUNDS



Utility staff anticipate 48.9% 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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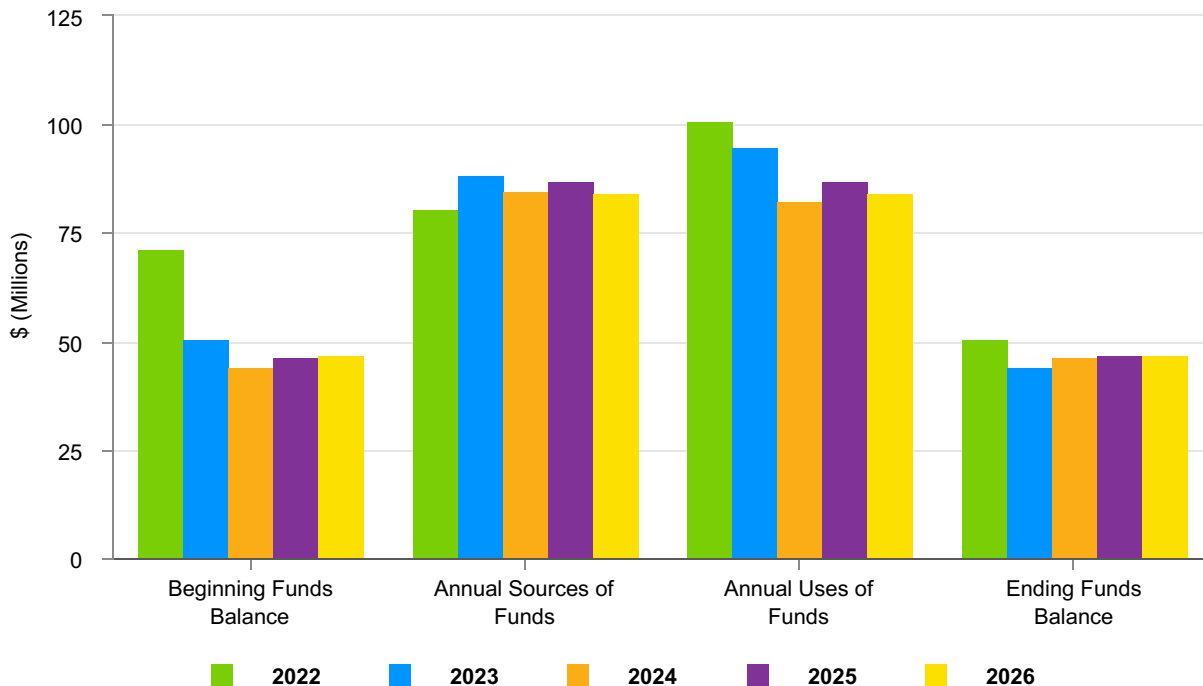
USES OF FUNDS



Operating expenses and Payments-in-lieu-of-taxes account for 49.9% of total uses of funds, while capital costs account for 40.7%, and long-term debt principal and interest payments add up to 9.4%. 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, \$50,765,647 will remain in both restricted and unrestricted funds at December 31, 2022.

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 2019 - 2022 was approved by the CAW Board of Commissioners in the 4th quarter of 2018. There are no consumption-based retail rate increases or wholesale rate increases proposed for 2022. Zero CCF of water consumption will be included in the monthly base rate beginning June 1, 2022, whereas one CCF of water consumption was included in 2021 and there had been two CCF included in past years.

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STATEMENT OF SOURCES AND USES OF FUNDS

Sources of Funds:

Carry Forward, as of December 31, 2021

Unrestricted Accounts		
Revenue Account	\$ 11,115,606	
Board Designated Accounts		
Watershed Protection Fee Account	898,486	
Rate Stabilization Account	9,273,438	
Restricted Accounts		
System Development Charge Account	317,007	
Capital Investment Charge Account	499,369	
Maumelle Surcharge Account	1,936,630	
Consumer Deposit Account	5,756,961	
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 – 2018B	1,549,845	
Construction Account – 2020B	4,861,093	
Construction Account – 2020C	20,533,166	
Bond Account – 2010C	116,751	
Bond Account – 2012A	290,961	
Bond Account – 2014	352,018	
Bond Account – 2016 Maumelle	542,551	
Bond Account – 2016 Refinance	21,828	
Bond Account – 2018B	359,359	
Bond Account – 2020BCD	605,438	
Working Capital Reserve	<u>6,223,598</u>	
Total Carry Forward, as of December 31, 2021		71,305,531

2022 Sources of Funds

Operating Revenues	74,293,782
Non-operating Revenues	22,727
Bond Proceeds	6,283,000

Total 2022 Sources of Funds**80,599,509****Total Sources of Funds****151,905,040****2022 Uses of Funds:**

Operating and Non-operating Expenses

Operating Expenses, Less Depreciation	49,658,258
Payment-in-lieu-of-taxes	822,036
Bond Principal and Interest Payments	8,149,062
ANRD Debt Service Payments	157,678
Water Rights Initial Payment - DeGray Lake	1,196,720
Water Rights Principal and Interest Payments	33,389
Capital Costs	41,122,250

Total Uses of Funds**101,139,393****Funds Available at December 31, 2022**

Unrestricted Accounts

Revenue Account	\$ 10,102,326
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Board Designated Accounts

Watershed Protection Fee Account	1,742,785
Rate Stabilization Account	9,279,413

Restricted Accounts

System Development Charge Account	631,211
Capital Investment Charge Account	651,691
Debt Surcharge Account	750,990
Consumer Deposit Account	5,760,670

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	1,046,579
Construction Account – 2020C	5,972,217
Bond Account – 2010C	116,794
Bond Account – 2012A	291,050

Bond Account – 2014	352,108
Bond Account – 2016 Maumelle	542,665
Bond Account – 2016 Refinance	21,900
Bond Account – 2018B	359,467
Bond Account – 2020B	605,757
Working Capital Reserve	<u>6,486,598</u>
<i>Carry Forward, as of December 31, 2022</i>	<u><u>\$ 50,765,647</u></u>

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

	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Beginning Funds Balance	\$ 71,305,531	\$ 50,765,647	\$ 44,431,078	\$ 46,712,535	\$ 46,939,719
Operating Revenues	74,293,782	78,186,602	80,173,174	82,371,303	84,121,345
Non-operating Revenues	22,727	507,019	442,908	464,958	466,830
Bond / Loan Proceeds	6,283,000	9,800,000	4,400,000	4,400,000	—
Annual Sources of Funds	<u>80,599,509</u>	<u>88,493,621</u>	<u>85,016,082</u>	<u>87,236,261</u>	<u>84,588,175</u>
Operating Expenses	49,658,258	51,775,041	53,629,021	54,786,363	55,966,853
Payment-in-lieu-of-taxes	822,036	838,477	855,246	872,351	889,798
Bond Principal and Interest	7,649,062	7,303,120	6,288,339	6,208,389	6,212,801
ANRD Debt Service	157,678	158,453	3,166,881	5,891,086	5,927,600
Additional Principal Payments	500,000	500,000	500,000	500,000	500,000
Water Rights - DeGray Lake Payment	1,196,720	—	—	—	—
Water Rights - Greers Ferry Lake Payment	33,389	33,388	33,388	33,388	33,388
Capital Costs	41,122,250	34,219,711	18,261,750	18,717,500	14,768,000
Annual Uses of Funds	<u>101,139,393</u>	<u>94,828,190</u>	<u>82,734,625</u>	<u>87,009,077</u>	<u>84,298,440</u>
Increase (Decrease) in Funds Balance	(20,539,884)	(6,334,569)	2,281,457	227,184	289,735
Ending Funds Balance	<u>50,765,647</u>	<u>44,431,078</u>	<u>46,712,535</u>	<u>46,939,719</u>	<u>47,229,454</u>
Breakdown of Funds Balance					
Unrestricted	10,102,326	13,860,291	15,218,574	14,484,777	14,005,067
Board Designated					
Watershed Protection	1,742,785	1,869,582	2,054,064	2,297,254	2,576,283
Rate Stabilization	9,279,413	9,372,207	9,465,929	9,560,589	9,656,195
Restricted					
System Development Charges	631,211	657,024	943,594	1,233,030	1,050,360
Capital Investment Charges	651,691	803,208	956,240	1,110,802	1,266,910
Debt Surcharges	750,990	1,011,900	977,279	900,108	1,067,401
Customer Deposits	5,760,670	5,818,276	5,876,459	5,935,224	5,994,576
Bond Reserves	15,359,963	4,321,352	4,364,566	4,408,211	4,452,293
Working Capital	6,486,598	6,717,238	6,855,830	7,009,724	7,160,369
Ending Funds Balance	<u>\$ 50,765,647</u>	<u>\$ 44,431,078</u>	<u>\$ 46,712,535</u>	<u>\$ 46,939,719</u>	<u>\$ 47,229,454</u>

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

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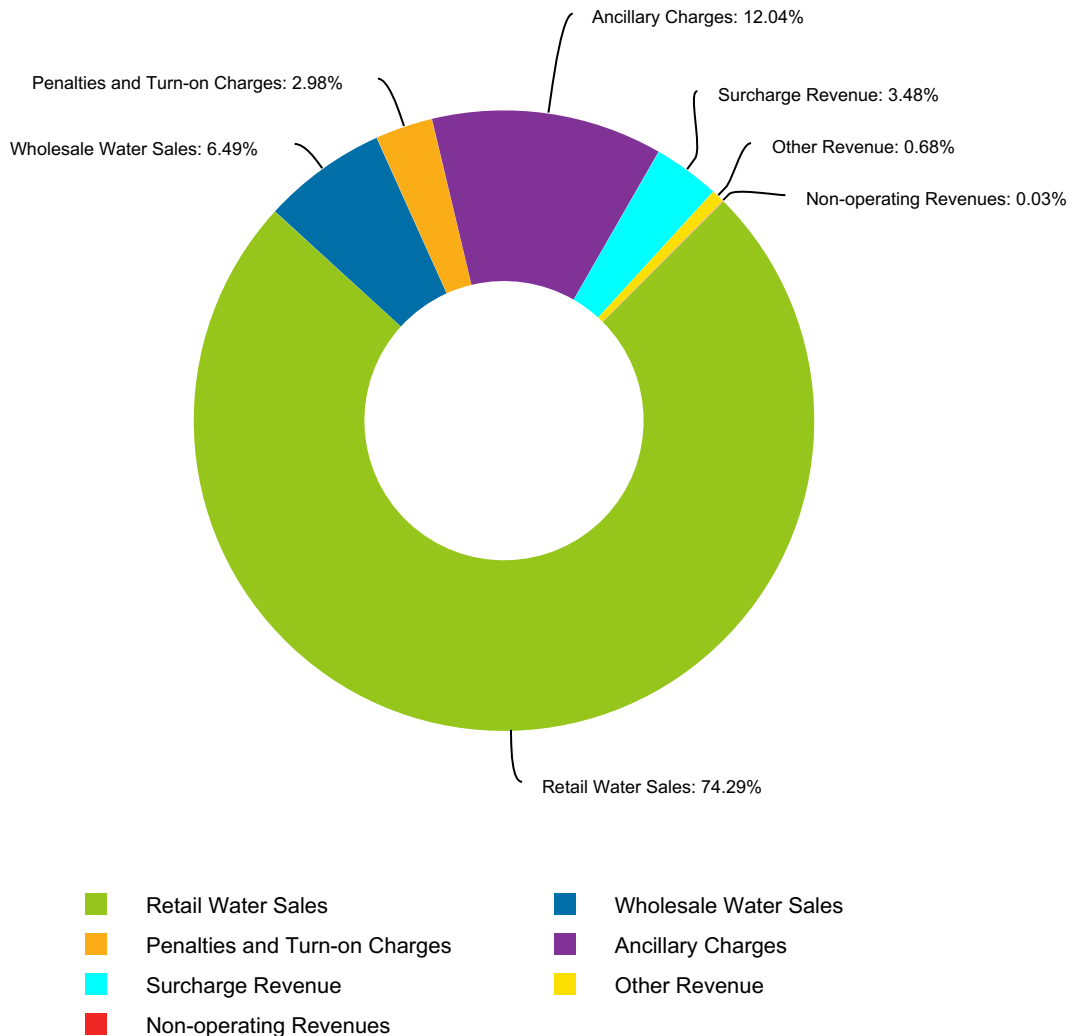
REVENUES, EXPENSES, & NET POSITION



REVENUES, EXPENSES, AND NET POSITION – OVERVIEW

REVENUES – OVERVIEW

In 2022, CAW is planning to receive 80.8% of its fiscal year revenue from metered sales (retail and wholesale water sales). The remaining revenues of 19.2% 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 five types of metered service: residential, commercial, large volume, irrigation, and raw water. Residential includes all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party,

separately metered, and occupied as a residence. Commercial includes all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or Federal governmental agency; or (iv) a non-residential customer that does not fit the definition of a large volume customer. Large volume includes any non-residential and non-irrigation customer (i) who uses at least 1,500,000 cubic feet (CF) of water per meter during the 12-month period from September 1st to August 31st or (ii) who agrees to take or pay for a minimum of 125,000 CF of water per meter per month on an annual basis. Customers who qualify for large volume water service described in (i) above shall be assigned to the large volume class for the calendar year beginning the following January. Irrigation 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 8.0% of total consumption based revenues in the 2022 budget.

Ancillary Charges

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

SDCs are based upon meter size and apply to all new meter connections, with the exception of residential 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 2022, the monthly fee increased to 90 cents for households with a 5/8" meter.

Billing fees are assessed to CAW's 19 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.

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.

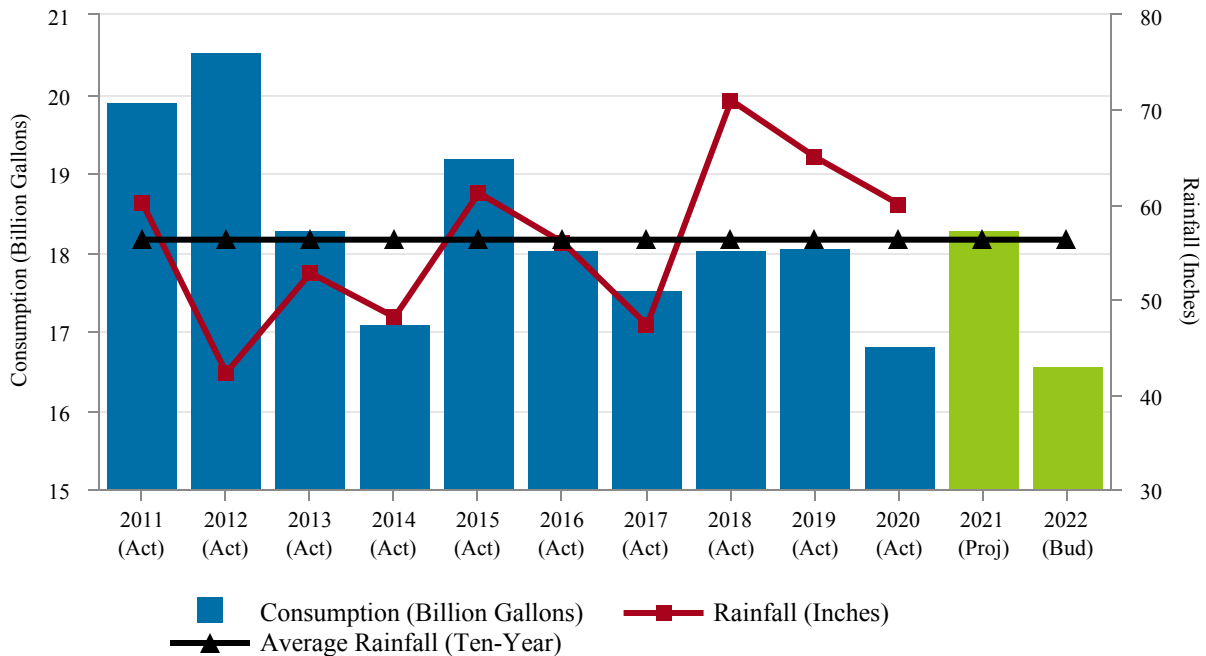
Water Demand

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 2021 and the budgeted amount for 2022.

Rainfall combined with unseasonably cool temperatures resulted in operating revenues \$4.3 million less than budget in 2014. On the other end of the spectrum, 2012 had the driest April to July period on record. This lack of rainfall coupled with multiple days over 100 degrees resulted in operating revenues \$5.6 million more than budget.

Consumption vs. Rainfall



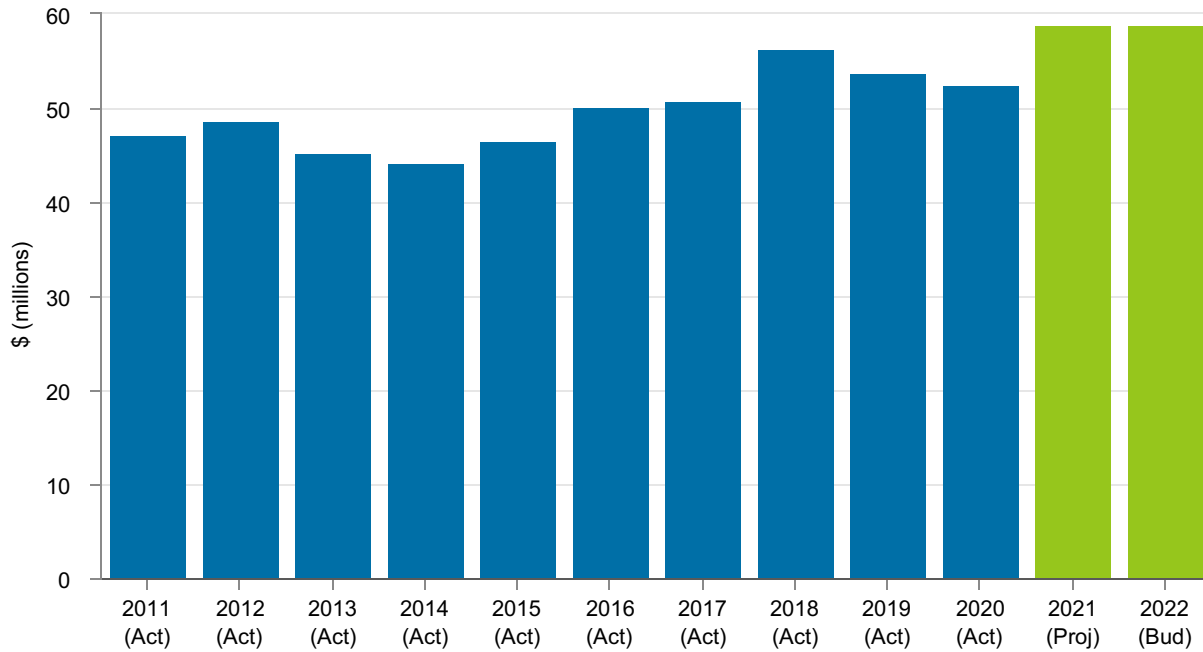
Developing accurate demand forecasts is one of the biggest challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered. Different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

In order to forecast residential class usage, the total residential class usage was split into two categories: indoor and outdoor usage. Indoor usage was estimated by calculating the average of the three lowest usage months for the years analyzed. The remaining annual usage was categorized as outdoor usage. As it is impossible to predict the weather, a seven year historical average was used to forecast the outdoor usage component. The most recent calendar year actual usage was used to forecast the indoor usage component. A seven year historical average was used to forecast 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 has aged, CAW has monitored the actual usage in comparison to consumption budgeted as determined above. As a result of decreased consumption over recent years, the retail baseline was reevaluated in 2018 and reset with a 5% decrease in 2019.

The retail consumption remains flat in 2022 and is projected to decrease 2% annually from 2023 to 2026. Wholesale consumption had no adjustment for 2022 and is projected to remain flat through 2026.

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 2021 and the budgeted amount for 2022, which are both shown in green. Even though the 2022 budget anticipates consumption to remain flat from 2021 budget, metered water sales are expected to increase based on removing one CCF from the monthly base rate. The 2022 budget is only slightly less than the 2021 projected consumption, which is 5.3% higher than 2021 budgeted consumption. An extreme winter event in February and an unusually dry and warm summer were the drivers for the the additional consumption.

Water Rates and Fees

The CAW Board of Commissioners approved a rate schedule for 2019-2022 on December 20, 2018 with resolution 2018-13. While the rate schedule has no consumption-based retail or wholesale rate increases, it does include the removal of one CCF from the monthly base rate through May 31, 2022. Beginning on June 1, 2022, there will be no CCF included in the monthly base rate. Approved rates and fees for 2022 are presented on the following pages.

2022 rates are as follows:

Minimum Monthly Charge
 (includes the first 100 CF of water usage through 5/31/2022 and zero CF beginning 6/1/2022)

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

Additional Monthly Volumetric Charge
 (\$ per 100 CF 2 - 33 CCF through 5/31/2022, 1 - 33 CCF beginning 6/1/2022)

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

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

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

Monthly Watershed Protection Fee

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

Monthly Customer Billing Fee

	EFFECTIVE JUNE 1, 2019	EFFECTIVE JUNE 1, 2021
Billing Fee	\$1.92	\$1.92
Paperless Billing Discount	(0.50)	(0.50)
Auto Pay Discount	0.00	(0.20)

Private Fire Service Charges

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

Wholesale Additional Monthly Volumetric Charge

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

Wholesale Minimum Monthly Charge

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

Volumetric Charge

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

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

In early 2019, six of CAW's nine wholesale customers executed amended wholesale agreements conforming with the new contract structure. The new contracts are divided into three rate classifications depending on the agreed to ratio of minimum purchase to maximum purchase volumes and whether or not the daily contract maximum is exceeded. The rate classifications are presented 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 EFFECTIVE JANUARY 1, 2019 \$ PER 100 CF
Raw Water Customer	\$0.66

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

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

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

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

METER SIZE (diameter)	MAUMELLE INTERMEDIATE	MAUMELLE LONG TERM	PARON	FRAZIER PIKE	WYE MOUNTAIN
5/8"	\$ 4.92	\$ 15.67	\$ 11.00	\$ 28.15	\$ 32.00
3/4"	4.92	15.67	11.00	28.15	32.00
1"	25.09	79.92	11.00	28.15	32.00
1 1/2"	37.39	119.09	11.00	28.15	32.00
2"	50.18	159.83	11.00	28.15	32.00
3"	62.48	199.01	11.00	28.15	32.00
4"	75.28	239.75	11.00	28.15	32.00
6"	149.05	474.71	11.00	28.15	32.00
8"	251.89	802.25	11.00	28.15	32.00

Non-operating Revenues

Investment income is earned on funds that are being held in financial institutions. These earnings are subject to the availability of funds to invest and the rates available from the market. Investment market conditions for the first quarter of 2020 were on the upswing, however, the COVID-19 pandemic caused the investment yield to drastically fall, with interest rates being near zero at the end of 2020. With the pandemic continuing into 2021, investment yields did not increase during the year. With the country slowly recovering from the effects of the pandemic, the Federal Reserve is not planning for significant interest rate increases in 2022.

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EXPENSES - OVERVIEW

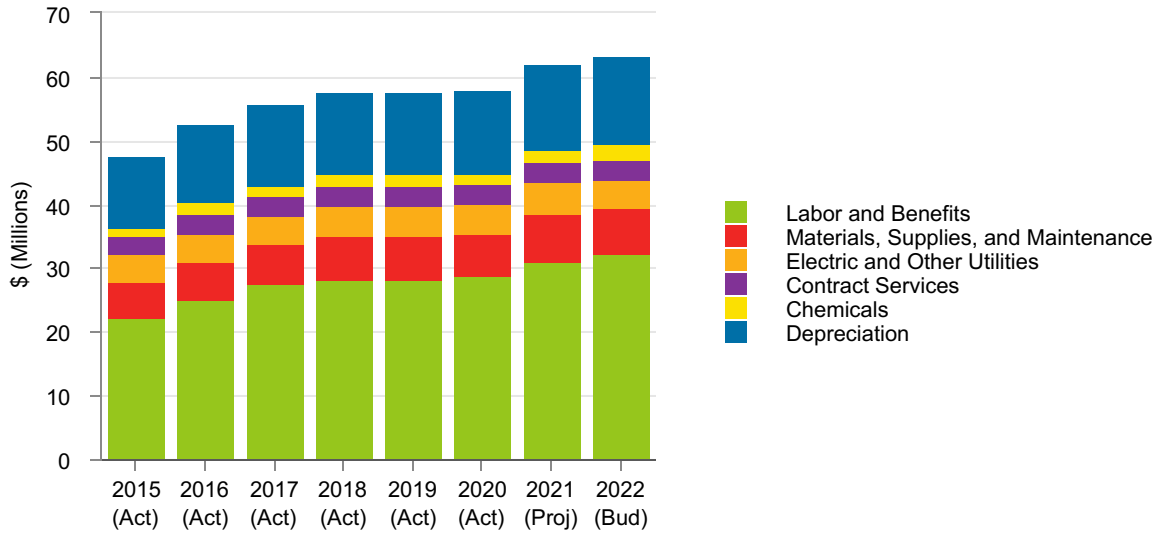
Operating Expenses

Depreciation is a major component of operating expenses and amounts to \$13.7 million, or 21.57%, of total operating expenses for 2022. Projections indicate that total depreciation in 2021 will be under budgeted amounts by 1.37%. 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 350 budgeted positions for 2022, which is flat in comparison to 2021 positions. As of September 1, 2021, 332 positions were staffed. Traditionally, the Utility's turnover rate is low (7.0% for 2021), and staffing levels remain consistent from year to year. Where warranted, positions have been phased out or combined with other positions as employees retire. Other positions have been retained as part-time instead of full-time as circumstances indicate. Operating expenses for each department include an increase of 3% for exempt and non-exempt employees. Total wage and benefit costs associated with this increase amount to \$886,731. Premiums for the traditional PPO plan are increasing 8%. However, a HDHP plan, offered since 2020, and a separate retiree plan are assisting CAW to defray rising insurance costs. Department directors proposed a 1.94% overall decrease in operating expenses (excluding depreciation, transition costs, wages, and benefits) from the 2021 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, 2022.

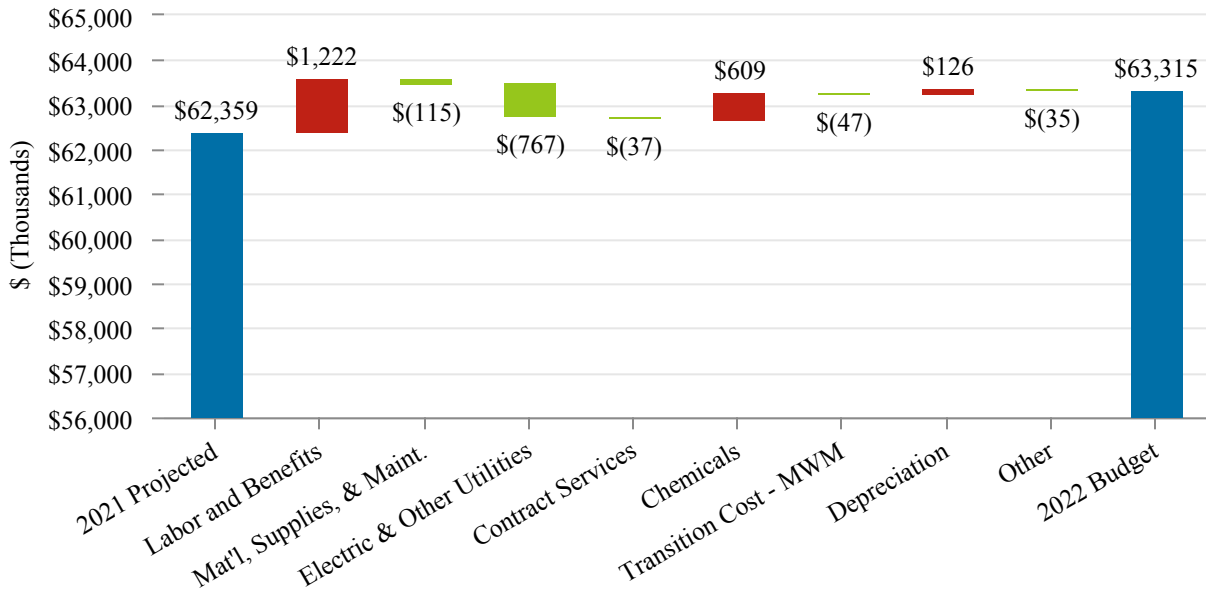
The following graph presents total actual Operating Expenses by Natural Classification for the years 2015 through 2020. Projected numbers are shown for 2021 while budgeted numbers are shown for 2022. Labor and benefits account for the majority of operating expenses with 50.93% for the 2022 budgeted amount. 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



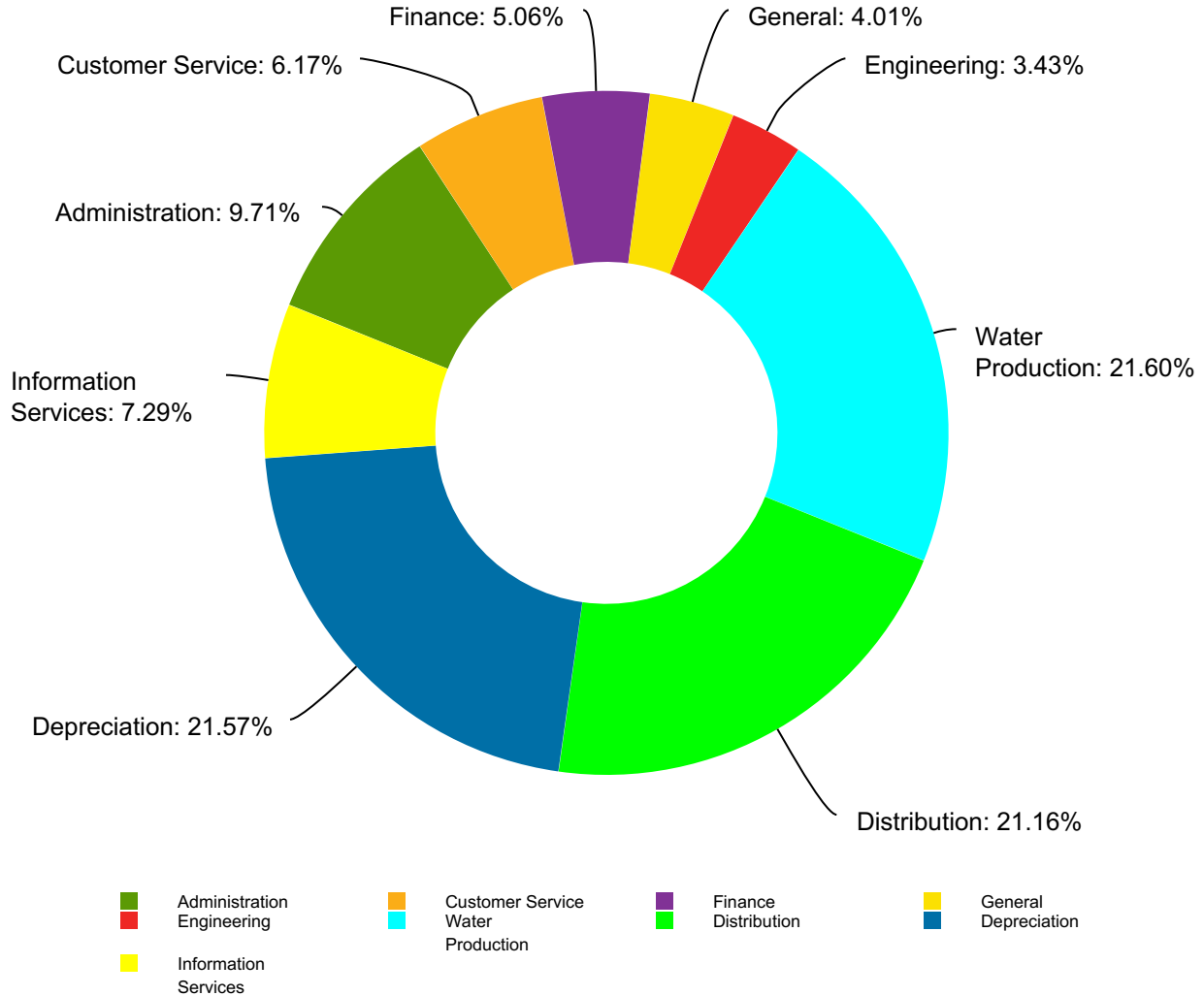
The following graph presents budgeted Operating Expenses by Natural Classification for 2021 Projected and 2022 Budget (blue bars) with specific Natural Classification areas driving changes in expenses between the two periods. Green bars indicate decreases in expenses, while red bars indicate increases in expenses.

Change by Natural Classification - 2021 Projected to 2022 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 \$385,000 or 6.7% budget increase from the 2021 projection. This increase is due in part to expenses allocated to Sustainability/Facilities Management, which is a new section in 2022. Additional dollars needed by Watershed Protection to maintain the watershed through prescribed burns in 2022 also contributes to the department’s increase. These increases are offset by the transfer for four employees from Administration to other departments with the end of the Pinnacle Project which occurred in 2021. Administration includes Commissioners’ expenses, Executive Staff, HR, Legal, Public Affairs and Communications, Environmental Health and 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 and Communications includes the annual costs for all public communications, community outreach, and education efforts, as well as the water quality report. EHS includes safety training and facilities security. To ensure high-quality raw water for the Utility, Watershed Protection is responsible for implementation of the Lake Maumelle Watershed Management Plan (WMP) and overall large-scale watershed protection programs for both Lake Maumelle and Lake Winona which includes water-quality monitoring and assessment; monitoring of watershed land use activities that may impact water quality in the lakes; building program support for watershed protection with local governments, private industry, and the public; and providing the CAW Board with continual recommendations for water quality protection. The 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 2022 reflects an increase of \$524,000 or 12.8% from 2021 projected amounts. The total increase is due to increased software maintenance costs, vacant positions in 2021, and two additional positions in 2022. The total number of departmental employees increases to 22, with three vacancies as of September 1, 2021. The IS Department oversees information services, computer operations, and telecommunications.

The Customer Service Department reflects an increase in the 2022 budget of \$229,000 or 6.2% compared to the 2021 projection. The primary cause for the increase is the company-wide wage adjustment and decrease in capital labor as the Pinnacle Project came to an end in 2021. These increases are offset by the decrease in temporary labor. The total number of employees in the Customer Service Department increases to 54 for 2022. The Customer Service Department provides customers with information, resolves problems, and reads water meters.

The Finance Department is projecting a \$104,000 increase or 3.3% from the 2021 projected amounts. This increase is primarily due to one unfilled position for the majority of 2021. 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 increases in 2022 to 23, with one vacant position at September 1, 2021. The Finance Department is responsible for accounting, finance, budgeting, billing, and purchasing.

The General category budget reflects a \$16,000 or 0.6% increase from 2021 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 \$89,900 or 4.3% increase from the previous year's projections. This increase is primarily due to increase in software maintenance and contract services costs. These increases are offset by the decrease in budgeted positions by one to 24 in 2022. In 2022, the amount budgeted for capitalized labor is \$550,000, which will be reflected as capital charges rather than operating expense. Engineering is responsible for planning, design, and construction inspection of improvements within the CAW system.

Water Production's operating budget is increasing by \$59,000 or 0.4% compared to the 2021 projections. The number of employee positions is budgeted at 60 positions, the most of which are Facilities Operators. This represents a five position decrease from 2021 budgeted positions, and a one position decrease from those filled at September 30, 2021. This decrease in headcount is offset by increases in chemical costs anticipated in 2022. 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, the largest department, is showing a budget decrease of \$576,000 or 4.1% from 2021 projected amounts. As of September 1, 2021, the department maintained a total of 127 employees with two vacancies. Significant overtime and material costs were incurred associated with the major winter weather experienced by central Arkansas in early 2021. These are not expected to recur in 2022 accounting for the decrease from projected amounts. Distribution forecasts that approximately \$1.65 million in payroll costs will be capitalized in 2022. This department provides field customer service activities, provides dispatch, and maintains water mains, other distribution system components, meters, and all warehouses.

Depreciation reflects an increase of \$126,000 or 0.9%. 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 2022 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 2022 budget will result in a Net Position increase of approximately \$9,469,000, or approximately \$6,969,000 before contributions.

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

	2020	2021	2021	2022	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2021	2021
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 48,755,015	\$ 54,865,872	\$ 53,650,247	\$ 55,208,820	0.63 %	2.91 %
Wholesale Water Sales	4,711,587	5,085,283	4,541,079	4,826,600	(5.09)%	6.29 %
Penalties and Turn-on Charges	2,031,238	1,791,896	2,136,723	2,216,700	23.71 %	3.74 %
Ancillary Charges	8,569,401	9,339,931	8,633,566	8,951,057	(4.16)%	3.68 %
Debt Surcharge Revenue	2,275,963	2,294,169	2,257,800	2,584,116	12.64 %	14.45 %
Other Revenue	(190,051)	304,408	217,101	506,489	66.38 %	133.30 %
Total Operating Revenues	66,153,153	73,681,559	71,436,516	74,293,782	0.83 %	4.00 %
Operating Expenses						
Labor and Benefits	28,830,251	31,023,101	31,145,659	32,244,840	3.94 %	3.53 %
Materials, Supplies, and Maintenance	6,542,622	7,490,028	7,173,035	7,374,986	(1.54)%	2.82 %
Electric and Other Utilities	4,787,633	5,089,329	4,079,911	4,322,752	(15.06)%	5.95 %
Contract Services	3,073,402	3,186,106	3,100,266	3,148,956	(1.17)%	1.57 %
Chemicals	1,661,073	1,933,428	1,834,100	2,542,225	31.49 %	38.61 %
Transition Costs	41,494	46,631	—	—	(100.00)%	— %
Depreciation	13,075,989	13,530,649	13,719,063	13,656,783	0.93 %	(0.45)%
Other	172,906	59,353	54,000	24,500	(58.72)%	(54.63)%
Total Operating Expenses	58,185,370	62,358,625	61,106,034	63,315,042	1.53 %	3.62 %
Operating Income (Loss)	7,967,783	11,322,934	10,330,482	10,978,740	(3.04)%	6.28 %
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(802,260)	(795,405)	(795,405)	(822,036)	3.35 %	3.35 %
Investment Income	255,653	80,427	220,595	22,727	(71.74)%	(89.70)%
Gain/Loss on Sale of Assets	84,015	274,094	—	—	(100.00)%	— %
Bond Interest Expense	(2,628,475)	(2,816,156)	(2,637,029)	(2,640,484)	(6.24)%	0.13 %
Bond Interest Expense - Maumelle	(583,638)	(461,943)	(440,564)	(489,770)	6.02 %	11.17 %
Interest Expense - Other	(99,737)	(108,255)	(80,522)	(80,522)	(25.62)%	— %
Total Non-operating Revenue (Expense)	(3,774,442)	(3,827,238)	(3,732,925)	(4,010,085)	4.78 %	7.42 %
Net Income (Loss) Before Contributions	4,193,341	7,495,696	6,597,557	6,968,655	(7.03)%	5.62 %
Contributions						
Capital Contributions from Grantors	9,200	—	—	—	— %	— %
Contributions-in-aid of Construction	1,081,550	3,281,037	2,000,000	2,500,000	(23.80)%	25.00 %
Total Contributions	1,090,750	3,281,037	2,000,000	2,500,000	(23.80)%	25.00 %
Change in Net Position	\$ 5,284,091	\$ 10,776,733	\$ 8,597,557	\$ 9,468,655	(12.14)%	10.13 %

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

	2020	2021	2021	2022	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2021	2021
					PROJECTED	BUDGET
Operating Revenues						
Retail Water Sales	\$ 48,755,015	\$ 54,865,872	\$ 53,650,247	\$ 55,208,820	0.63 %	2.91 %
Wholesale Water Sales	4,711,587	5,085,283	4,541,079	4,826,600	(5.09)%	6.29 %
Penalties and Turn-on Charges	2,031,238	1,791,896	2,136,723	2,216,700	23.71 %	3.74 %
Ancillary Charges	8,569,401	9,339,931	8,633,566	8,951,057	(4.16)%	3.68 %
Maumelle Surcharge Revenue	2,275,963	2,294,169	2,257,800	2,584,116	12.64 %	14.45 %
Other Revenue	(190,051)	304,408	217,101	506,489	66.38 %	133.30 %
Total Operating Revenues	66,153,153	73,681,559	71,436,516	74,293,782	0.83 %	4.00 %
Operating Expenses						
Administration	5,623,342	5,761,637	5,931,466	6,147,007	6.69 %	3.63 %
Information Services	3,686,557	4,093,131	4,099,092	4,617,479	12.81 %	12.65 %
Customer Service	3,470,529	3,678,525	3,644,352	3,907,442	6.22 %	7.22 %
Finance	2,823,838	3,098,350	2,967,548	3,201,880	3.34 %	7.90 %
General	2,492,523	2,522,352	2,263,406	2,537,865	0.62 %	12.13 %
Engineering	1,788,777	2,083,577	2,183,930	2,173,521	4.32 %	(0.48)%
Water Production	12,948,531	13,614,945	13,272,326	13,673,694	0.43 %	3.02 %
Distribution	12,275,286	13,975,459	13,024,851	13,399,371	(4.12)%	2.88 %
Depreciation	13,075,987	13,530,649	13,719,063	13,656,783	0.93 %	(0.45)%
Total Operating Expenses	58,185,370	62,358,625	61,106,034	63,315,042	1.53 %	3.62 %
Operating Income (Loss)	7,967,783	11,322,934	10,330,482	10,978,740	(3.04)%	6.28 %
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(802,260)	(795,405)	(795,405)	(822,036)	3.35 %	3.35 %
Investment Income	255,653	80,427	220,595	22,727	(71.74)%	(89.70)%
Gain/Loss on Sale of Assets	84,015	274,094	—	—	(100.00)%	— %
Bond Interest Expense	(2,628,475)	(2,816,156)	(2,637,029)	(2,640,484)	(6.24)%	0.13 %
Bond Interest Expense - Maumelle	(583,638)	(461,943)	(440,564)	(489,770)	6.02 %	11.17 %
Interest Expense-Other	(99,737)	(108,255)	(80,522)	(80,522)	(25.62)%	— %
Total Non-operating Revenue (Expense)	(3,774,442)	(3,827,238)	(3,732,925)	(4,010,085)	4.78 %	7.42 %
Net Income (Loss) Before Contributions	4,193,341	7,495,696	6,597,557	6,968,655	(7.03)%	5.62 %
Contributions						
Capital Contributions from Grantors	9,200	—	—	—	— %	— %
Contributions-in-aid of Construction	1,081,550	3,281,037	2,000,000	2,500,000	(23.80)%	25.00 %
Total Contributions	1,090,750	3,281,037	2,000,000	2,500,000	(23.80)%	25.00 %
Change in Net Position	\$ 5,284,091	\$ 10,776,733	\$ 8,597,557	\$ 9,468,655	(12.14)%	10.13 %

STATEMENT OF REVENUES

	INSIDE	OUTSIDE	TOTAL
Operating Revenues			
Retail Water Sales – Little Rock			
Residential	\$ 12,654,015	\$ 2,645,276	\$ 15,299,291
Commercial	8,111,870	322,013	8,433,883
Large Volume	1,506,645	195,561	1,702,206
Irrigation	8,751,517	235,495	8,987,012
Raw Water	23,717	60,002	83,719
Private Fire Service	731,031	42,295	773,326
Total Little Rock	31,778,795	3,500,642	35,279,437
Retail Water Sales – North Little Rock			
Residential	4,482,732	5,403,062	9,885,794
Commercial	2,624,714	950,871	3,575,585
Large Volume	419,966	49,341	469,307
Irrigation	1,352,199	659,338	2,011,537
Private Fire Service	160,670	37,284	197,954
Total North Little Rock	9,040,281	7,099,896	16,140,177
Retail Water Sales – Maumelle			
Residential		2,219,602	2,219,602
Commercial		520,086	520,086
Large Volume		219,641	219,641
Irrigation		791,874	791,874
Private Fire Service		38,003	38,003
Total Maumelle		3,789,206	3,789,206
Total Retail Water Sales	40,819,076	14,389,744	55,208,820
Wholesale Water Sales			
Bryant Water and Sewer Department		1,282,680	1,282,680
Shannon Hills		169,109	169,109
Sardis Water Association		156,180	156,180
Saline County Water and Sewer Public Facilities Board (Woodland Hills)		1,657,658	1,657,658
Salem Water Users Association		87,170	87,170
Jacksonville Water Works		45,889	45,889
Mid Arkansas Utilities		1,191,704	1,191,704
Ridgefield Estates Public Facilities Board		4,000	4,000
Cabot Water Works		232,210	232,210
Total Wholesale Water Sales		4,826,600	4,826,600
Penalties and Turn-on Charges			
Penalties		1,001,700	1,001,700
Turn-on Charges		1,215,000	1,215,000
Total Penalties and Turn-on Charges		2,216,700	2,216,700
Ancillary Charges			
Billing and Ancillary Fees		5,391,761	5,391,761
Connection Fees		815,000	815,000
Watershed Protection Fees		2,278,296	2,278,296
Capital Investment Charges		152,000	152,000
System Development Charges		314,000	314,000
Total Ancillary Charges		8,951,057	8,951,057

	INSIDE	OUTSIDE	TOTAL
<i>Debt Surcharge Revenue</i>			
Maumelle Surcharge Revenue		2,274,000	2,274,000
Frazier Pike Surcharge Revenue		23,646	23,646
Wye Mountain Surcharge Revenue		222,720	222,720
Ridgefield Estates Surcharge Revenue		63,750	63,750
<i>Total Debt Surcharge Revenues</i>		<u>2,584,116</u>	<u>2,584,116</u>
<i>Other Revenue</i>		<u>506,489</u>	<u>506,489</u>
<i>Total Operating Revenues</i>	<u>40,819,076</u>	<u>33,474,706</u>	<u>74,293,782</u>
<i>Non-operating Revenues</i>			
Interest Income		22,000	22,000
Bond Issue Interest Income		727	727
<i>Total Non-operating Revenues</i>		<u>22,727</u>	<u>22,727</u>
<i>Total Operating and Non-operating Revenues</i>	<u>\$40,819,076</u>	<u>\$33,497,433</u>	<u>\$74,316,509</u>

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

	Materials						Departmental		Total
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other		
Administration									
Executive Staff	\$ 1,644,424	\$ 213,665	\$ 2,400	\$ 310,084	\$ —	\$ —	\$ —	\$ 2,170,573	
Human Resources	415,257	32,646	—	38,667	—	—	—	486,570	
Public Affairs and Communications	490,892	211,700	960	97,100	—	—	12,000	812,652	
Environmental Health and Safety	419,054	90,400	1,440	240,568	—	—	10,000	761,462	
Water Quality	175,244	22,750	500	394,850	—	—	—	593,344	
Watershed Management	579,996	75,200	6,600	255,235	—	—	—	917,031	
Commissioners Expense	—	1,200	—	10,650	—	—	—	11,850	
Sustainability/Facilities Management	372,925	19,700	—	900	—	—	—	393,525	
Total Administration	4,097,792	667,261	11,900	1,348,054	—	—	22,000	6,147,007	
Information Services									
Administration	1,441,873	1,306,478	590,518	109,913	—	—	—	3,448,782	
Geographic Information System	947,698	193,354	—	27,645	—	—	—	1,168,697	
Total Information Systems	2,389,571	1,499,832	590,518	137,558	—	—	—	4,617,479	
Customer Service									
Administration	356,419	37,528	960	67,433	—	—	—	462,340	
Cashiering	466,369	—	—	—	—	—	—	466,369	
Call Center	1,429,356	—	—	—	—	—	—	1,429,356	
Walk-in	135,642	—	—	—	—	—	—	135,642	
Meter Reading	822,958	—	—	—	—	—	—	822,958	
Production Meter Reading	590,777	—	—	—	—	—	—	590,777	
Total Customer Service	3,801,521	37,528	960	67,433	—	—	—	3,907,442	
Finance									
Administration	1,353,281	92,905	—	295,356	—	—	—	1,741,542	
Billing	480,146	649,050	—	2,200	—	—	—	1,131,396	
Purchasing	321,345	970	480	6,147	—	—	—	328,942	
Total Finance	2,154,772	742,925	480	303,703	—	—	—	3,201,880	
General and Depreciation	1,729,056	202,200	128,000	478,609	—	13,656,783	—	16,194,648	
Engineering									
Administration	1,499,698	57,260	5,760	21,413	—	—	—	1,584,131	
New Service	235,332	1,278	—	180	—	—	—	236,790	
Cross-Connection Control	341,296	7,584	1,440	2,280	—	—	—	352,600	
Total Engineering	2,076,326	66,122	7,200	23,873	—	—	—	2,173,521	
Water Production									
Administration	463,525	2,273	1,440	3,113	—	—	—	470,351	
Lake Maumelle	820,638	38,720	1,121,794	6,933	24,282	—	—	2,012,367	
Lake Winona	244,772	8,350	7,965	331	—	—	—	261,418	
Ozark Point Plant	795,778	49,100	180,139	500	414,369	—	—	1,439,886	
Wilson Plant	1,729,208	188,654	1,548,630	41,046	2,103,574	—	—	5,611,112	
Plant Maintenance – Ozark/ Wilson	849,905	430,950	—	2,650	—	—	—	1,283,505	
Booster Stations/ Jackson Reservoir	807,328	96,156	670,426	—	—	—	—	1,573,910	
Compliance	379,209	33,035	—	13,573	—	—	—	425,817	
Laboratory	333,448	207,580	—	54,300	—	—	—	595,328	
Total Water Production	6,423,811	1,054,818	3,530,394	122,446	2,542,225	—	—	13,673,694	

	Materials						Departmental	
	Labor and Benefits	Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other	Total
Distribution								
Administration	584,831	213,950	53,300	666,280	—	—	2,500	1,520,861
Meters, Warehouse, and Dispatch	1,396,425	2,050	—	400	—	—	—	1,398,875
Distribution System Maintenance	6,039,422	2,868,300	—	600	—	—	—	8,908,322
Distribution Field Service	1,551,313	20,000	—	—	—	—	—	1,571,313
Total Distribution	9,571,991	3,104,300	53,300	667,280	—	—	2,500	13,399,371
Total	\$32,244,840	\$ 7,374,986	\$ 4,322,752	\$3,148,956	\$ 2,542,225	\$ 13,656,783	\$ 24,500	\$ 63,315,042

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STATEMENT OF NET POSITION

Beginning Net Position, 1/1/2021	\$	369,566,409
Operating Revenues, 2021		73,681,559
Operating Expenses, 2021		(62,358,625)
Other Expense, 2021		(3,827,238)
Contributions, 2021		3,281,037
Change in Net Position, 2021		<u>10,776,733</u>
Ending Net Position, 12/31/2021		<u><u>380,343,142</u></u>
Beginning Net Position, 1/1/2022		380,343,142
Operating Revenues, 2022		74,293,782
Operating Expenses, 2022		(63,315,042)
Other Expense, 2022		(4,010,085)
Contributions, 2022		2,500,000
Change in Net Position, 2022		<u>9,468,655</u>
Ending Net Position, 12/31/2022	\$	<u><u>389,811,797</u></u>

Ending Net Position is based on 2021 projected numbers and 2022 budgeted numbers.

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BUDGETED POSITIONS

Central Arkansas Water budgets employee positions on an annual basis. Total budgeted positions remain the same in the 2022 budget. A total of 350 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 and Communications, EHS, Water Resources, Watershed Protection, and Sustainability/Facilities Management as well as the CEO and his staff. Administration is budgeted with 34 positions in 2022. Four Pinnacle Project positions were reassigned from Administration, while the Facilities Manager position was eliminated from authorized staffing. The Facilities Management / Sustainability section is new in 2022 and is staffed with three positions that transferred from the Water Production department, resulting in an overall decrease of two positions in the department.

Information Services

The budgeted IS staff increases by two from the 2021 budget to a total of 22 employees. A Senior Business Analyst, who was a member of the Pinnacle Project team, and a new position, GIS Analyst, are the two additions to the department. The IS budgeted positions include a Director, 13 IS support staff, a Geographic Information System (GIS) Manager, and seven GIS staff. Actual department employment is 17, with three vacant positions as of September 1, 2021.

Customer Service

The 2022 budgeted positions for Customer Service increases by one from the 2021 budget with 54 budgeted positions. A Customer Service Supervisor, who was a member of the Pinnacle Project team, accounts for the additional position. The department consists of employees in the Administration, Cashiers, Call Center, Walk-in, Meter Reading - Truck, and Meter Reading - Production sections.

Finance

Finance increases by one position from 2021 to 2022 with a total of 23 employees. A Senior Business Analyst, who was a member of the Pinnacle Project team, accounts for the additional position. The 2022 Finance budgeted positions include 14 Accounting staff, three Purchasing staff, and six Billing staff. Finance employs two part-time CAW retirees.

Engineering

The Engineering Department 2022 budget decreases by one from the 2021 budget. The department includes 17 Engineering staff, four New Service staff, and three Cross Connection staff. The Administrative Assistant position, the New Service Coordinator position, and one New Service Representative are filled by CAW retirees who work on a part-time basis.

Water Production

The budgeted positions for Water Production has a total of 60 employees for the 2022 budget year. Three positions were transferred to the Sustainability/Facilities Management section of the Administration department. The Laboratory Manager and one Facilities Operator were removed from authorized staffing for an overall decrease of five position in the department. Water Production staff includes the Director of Water Production, Administrative personnel, and staff in the following sections: Compliance, Treatment Plant, Maintenance, Laboratory, and Water Source.

Distribution

Total staffing in Distribution Department is 133 for the 2022 budget. The Distribution Department includes a Director, an Assistant Director, Administrative Staff, as well as staff in the Meters, Warehouse, Dispatch; Distribution System Maintenance; and Distribution Field Representatives 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					
	2018	2019	2020	2021	2022
Administration	+4	+9	—	+4	(2)
Information Services	+1	—	+1	+1	+2
Customer Service	+4	—	—	—	+1
Finance	—	(2)	—	—	+1
Engineering	—	+2	(1)	—	(1)
Water Production	+1	+1	(1)	—	(5)
Distribution	(5)	(2)	+1	+2	+4

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SUMMARY OF BUDGETED POSITIONS

	2018 Budget	2019 Budget	2020 Actual	2021 Budget	9/1/2021 Actual	2022 Budget
Administration						
Management	6	7	10	11	9	10
Human Resources	4	4	4	4	3	4
Public Affairs and Communications	4	4	4	4	4	4
Environmental Health & Safety	5	5	4	5	3	4
Water Resources	1	1	1	1	1	1
Watershed Protection	4	5	5	6	7	6
Special Projects	—	6	4	5	—	—
Sustainability/Facilities Management	—	—	—	—	4	5
Total	24	32	32	36	31	34
Information Services						
Administration	11	11	9	13	10	14
GIS	7	7	7	7	7	8
Total	18	18	16	20	17	22
Customer Service						
Administration	1	1	1	1	2	2
Cashiers	7	6	6	6	5	6
Call Center	18	19	19	19	20	21
Walk-in	4	4	2	4	2	2
Meter Reading - Truck	9	9	9	9	9	9
Meter Reading - Production	14	14	15	14	13	14
Total	53	53	52	53	51	54
Finance						
Administration	14	13	12	13	12	14
Billing	7	6	6	6	6	6
Purchasing	3	3	3	3	3	3
Total	24	22	21	22	21	23
Engineering						
Administration	17	18	16	18	17	17
New Service	3	3	2	3	4	4
Cross Connection	3	4	3	4	3	3
Regionalism	1	1	—	—	—	—
Total	24	26	21	25	24	24
Water Production						
Administration	3	3	3	2	3	3
Lake Maumelle	5	4	5	5	6	7
Lake Winona	1	2	1	2	3	3
Ozark Point WTP	6	6	5	5	7	8
Wilson WTP	22	24	23	23	19	15
Plant Maintenance - Ozark/Wilson	9	10	9	10	8	8
Pump Station Maintenance	8	8	9	9	8	8
Compliance	4	4	4	5	4	5
Laboratory	4	4	4	4	3	3
Total	62	65	63	65	61	60

	2018	2019	2020	2021	9/1/2021	2022
	Budget	Budget	Actual	Budget	Actual	Budget
Distribution						
Administration	4	4	4	4	4	4
Meters, Warehouse, Dispatch	14	15	15	15	15	15
Distribution System Maintenance	91	91	88	93	91	97
Facilities Maintenance	3	—	—	—	—	—
Field Representatives	18	17	17	17	17	17
Total	130	127	124	129	127	133
Total All Departments	335	343	329	350	332	350

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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), and the 2021B Water Revenue Bond (Wye Mountain), which closed in the fourth quarter of 2021, 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, 2021.

OUTSTANDING BOND ISSUES

Issue	Maturity Date	Original Amount	Outstanding Balance (Sept 30, 2021)
2010A	October 2032	\$ 13,400,000	\$ 8,348,000
2010C	October 2030	8,830,000	1,050,000
2011A	April 2034	4,000,000	2,882,000
2012A	October 2032	17,515,000	11,600,000
2014	October 2034	10,850,000	4,980,000
2016 - Refinance	October 2027	17,860,000	4,025,000
2016 - MWM	April 2046	22,750,000	15,425,000
2017 - Wilson	April 2041	4,991,000	4,491,000
2018B	October 2038	20,000,000	18,550,000
2019 - Ozark	April 2043	37,000,000	29,632,000
2020A - POWA	October 2042	6,050,000	3,982,000
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	200,000
TOTAL		\$ 215,331,000	\$ 157,050,000

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 \$15.4 million outstanding principal on this bond issuance.

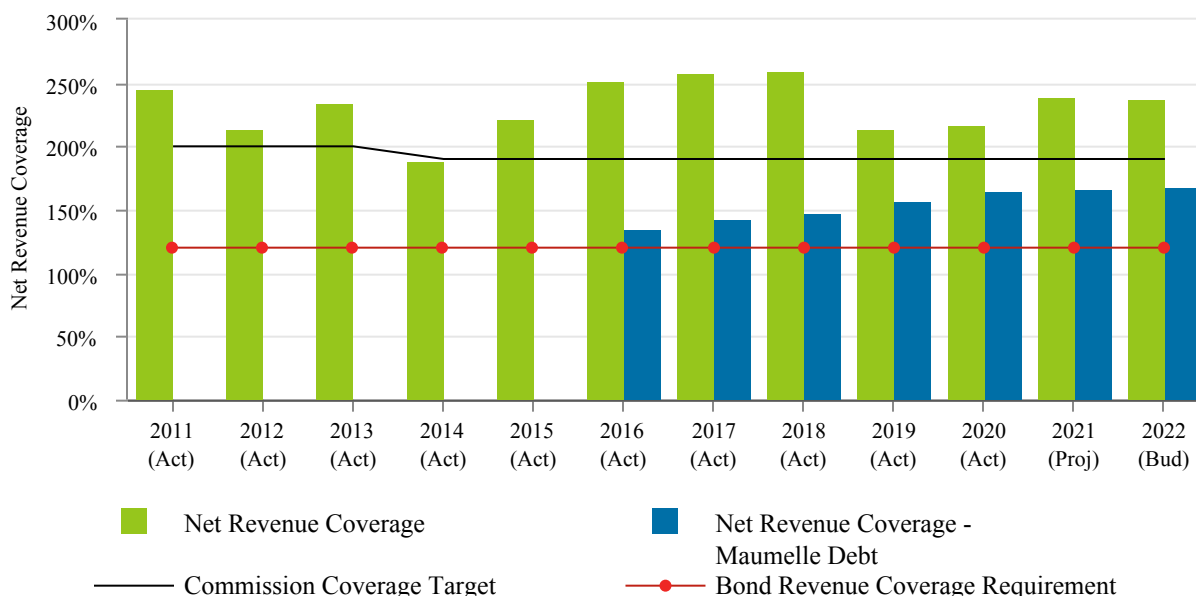
The 2020A POWA bond issue is payable from debt surcharges applied to all customers in the former POWA service area. These charges will remain in place until sufficient funds have been collected to repay the \$6.1 million principal on this bond issuance.

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 \$200,000 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 \$1.4 million outstanding principal on this bond issuance.

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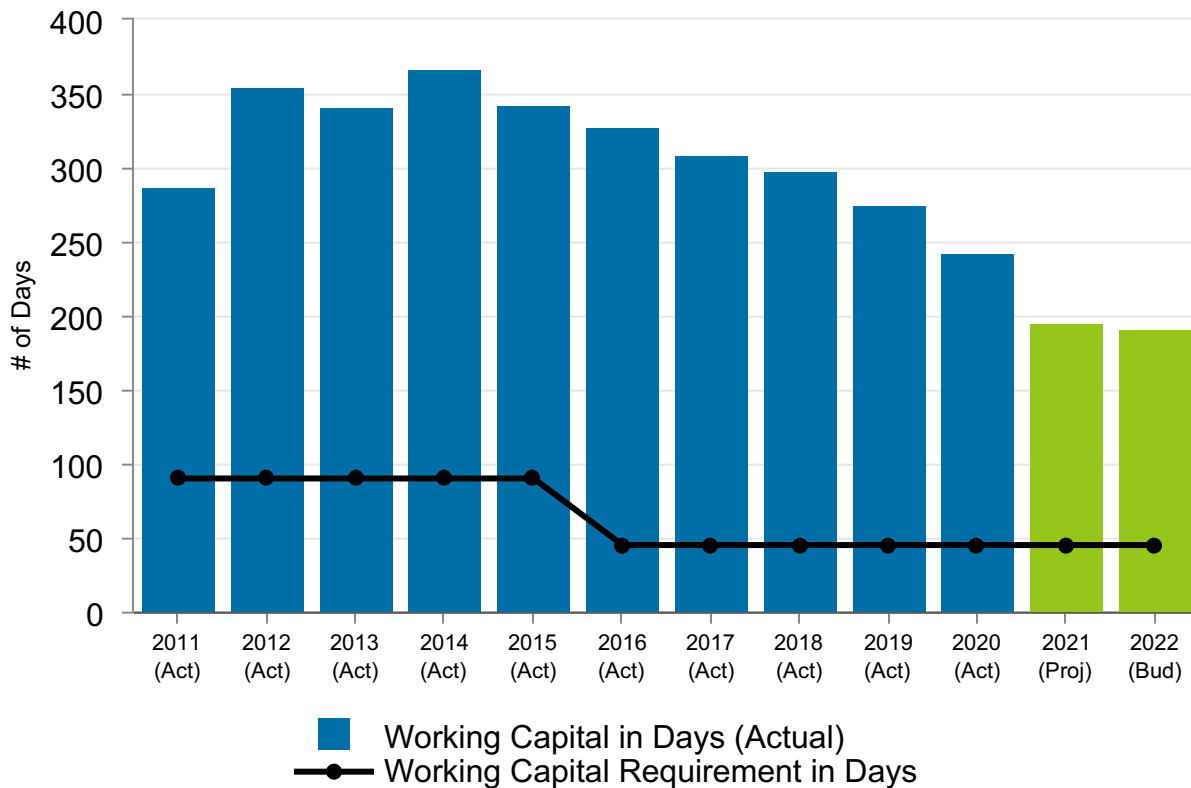
Debt Service Coverage Ratio by Year



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 2011 through 2020, projected coverage for 2021, and budgeted coverage for 2022. 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 238% for 2022. 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 169% for 2022.

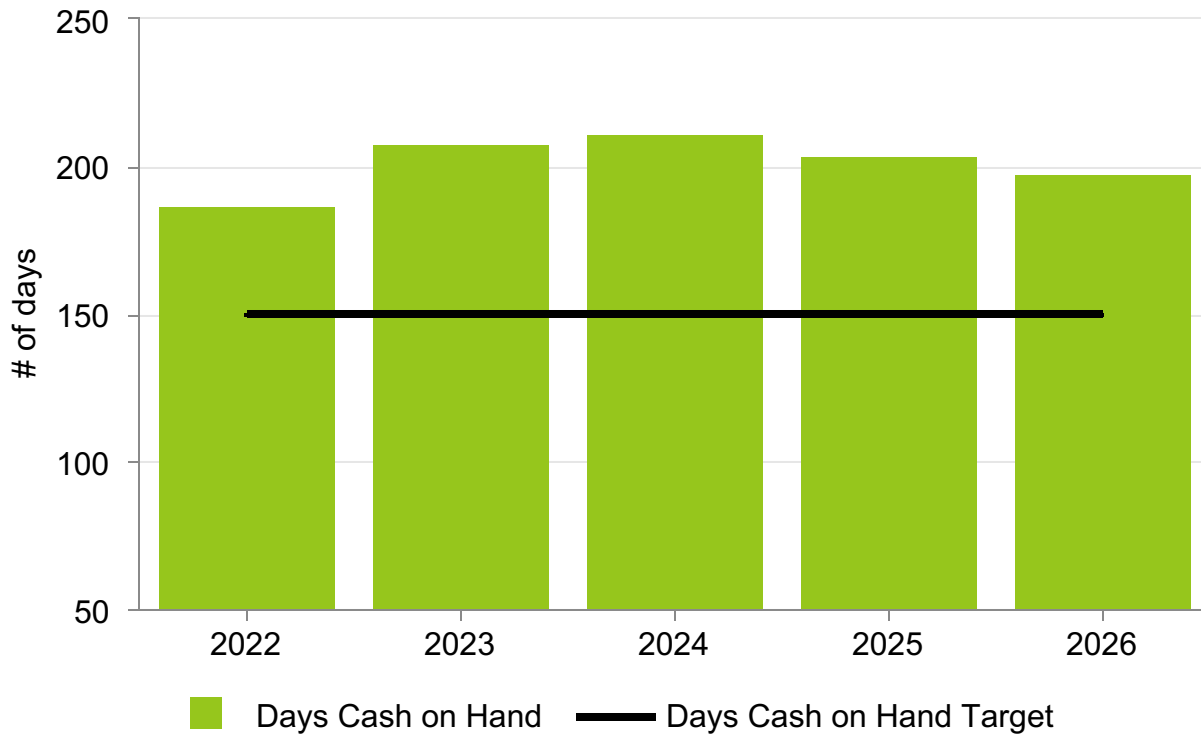
Operating Reserves by Year



Bond covenants also require maintenance of minimum operating reserves. The chart above shows actual reserves on hand compared to the bond requirement for 2011 through 2020, shown in blue, and planned reserves on hand compared to the bond requirement for 2021 and 2022 based on forecasted numbers, shown in green. Prior to 2016, the bond covenant requirement for working capital was 90 days. With the 2016 Refinance bond issue, the working capital requirement was revised to 45 days beginning in 2016. The elevated reserves from 2010 to 2012 are due to three years of higher than normal consumption levels and revenues resulting from dry, warm weather conditions and the corresponding increase in irrigation. The 2020 decrease in reserves is a result of capital expenses and required additional debt service related to the 2018B bond issue to fund the replacement of the Utility's CIS as well as a number of infrastructure improvements.

A continued decline in working capital through 2026 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 no built-in rate increases to support Utility operating needs.

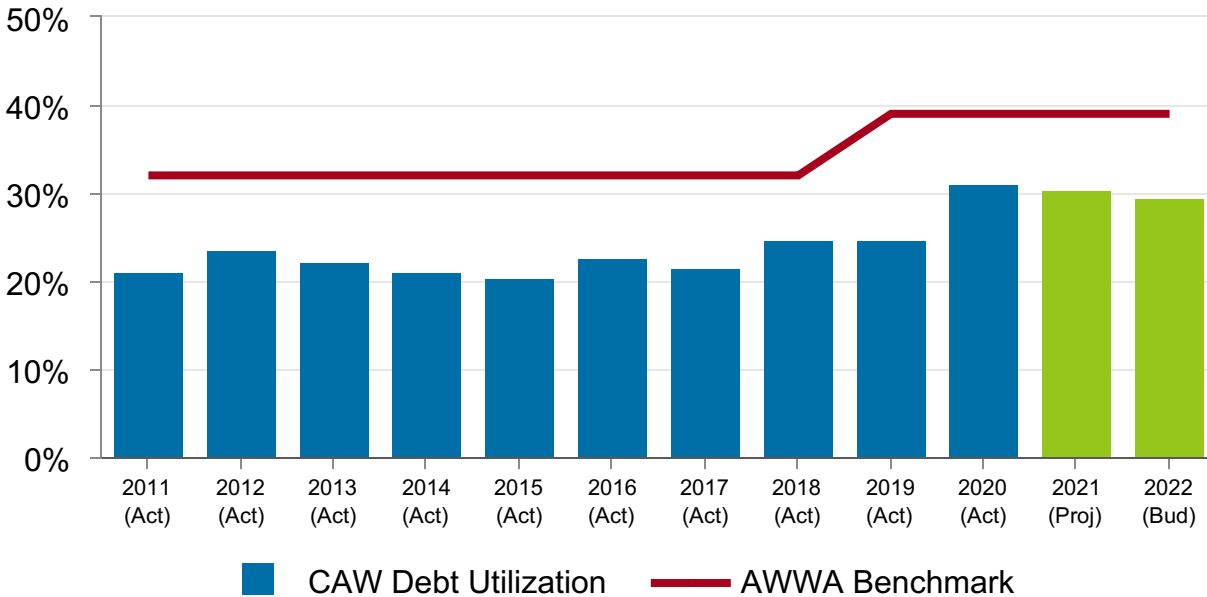
Days Cash on Hand by Year



Beginning in 2016, CAW began utilizing days cash on hand as a tool to measure performance. The Utility has a goal of maintaining 150 days cash on hand as an operating reserve requirement. CAW takes a more conservative approach and builds its financial models based on 175 days cash on hand. The Utility projects to have 187 days cash on hand at the end of 2022. Projected days cash on hand is expected to increase significantly in 2023 as the Water Rights Payable for DeGray Lake will be paid off in 2022. While days cash on hand declines in both 2025 and 2026, it is projected to remain above the Utility goal of 150 days. The Utility has no approved consumption-based retail rate increases for 2022 but does remove one CCF from the monthly base rate, beginning June 1, 2022.

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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%.

For budget purposes, management determined to change the calculation of the Debt Utilization ratio to reflect the definition as established by AWWA Utility Benchmarking. According to the AWWA, this ratio is a measure of the extent to which assets are financed through borrowing. With this definition, management determined that GASB-required pension and Other Post-Employment Benefits (OPEB) accounting entries do not fall under this definition and have been excluded from the calculation. The Debt Utilization Ratio has been recalculated from 2015, when GASB 68, *Accounting and Financial Reporting for Pensions — An Amendment of GASB Statement No. 27*, went into effect, forward to 2022.

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. Payoff of this loan will cause debt utilization to decrease in 2023. Another ANRD Bond issue for approximately \$20 million is planned in 2022 for the development of water infrastructure to provide CAW potable water to west Pulaski County. Repayment of these bonds will begin in 2025.

The chart on the previous page depicts CAW's actual debt utilization ratio for 2011 through 2020, shown in blue, and estimated ratios for 2021 and 2022, shown in green, factoring in planned debt additions and repayments, as well as additional capital assets net of anticipated accumulated depreciation. The increase in 2021 is due to three November 2020 bond issues. Along with additional funding for capital projects, these bond issues 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.

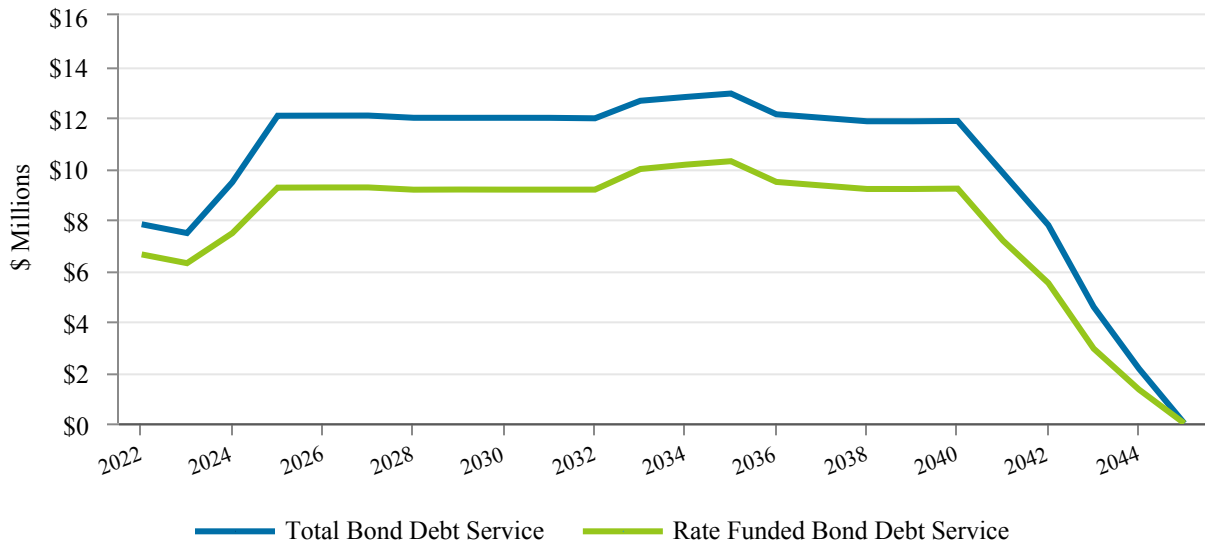
The table and chart on the following pages depict debt service requirements for the full term of current and existing debt issues. Based on current and anticipated financing needs, the Utility's current rate model provides for sufficient revenue to meet all operating and rate-funded debt service requirements.

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DEBT SERVICE SCHEDULE

YEAR	OUTSTANDING DEBT			FUTURE DEBT			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2022	4,826,043	2,980,697	7,806,740	—	—	—	\$ 7,806,740
2023	4,632,401	2,829,172	7,461,573	—	—	—	7,461,573
2024	5,117,212	3,378,844	8,496,056	585,387	373,777	959,164	9,455,220
2025	6,579,936	3,885,433	10,465,369	993,397	604,195	1,597,592	12,062,961
2026	6,757,579	3,712,202	10,469,781	1,018,387	579,205	1,597,592	12,067,373
2027	6,931,852	3,540,629	10,472,481	1,044,007	553,585	1,597,592	12,070,073
2028	7,012,796	3,371,773	10,384,569	1,070,269	527,323	1,597,592	11,982,161
2029	7,215,450	3,167,899	10,383,349	1,097,193	500,399	1,597,592	11,980,941
2030	7,439,862	2,944,513	10,384,375	1,124,795	472,797	1,597,592	11,981,967
2031	7,671,067	2,711,917	10,382,984	1,153,088	444,504	1,597,592	11,980,576
2032	7,871,691	2,492,889	10,364,580	1,182,098	415,494	1,597,592	11,962,172
2033	8,777,933	2,274,022	11,051,955	1,211,835	385,757	1,597,592	12,649,547
2034	9,204,054	1,996,577	11,200,631	1,242,318	355,274	1,597,592	12,798,223
2035	9,564,898	1,771,233	11,336,131	1,273,571	324,021	1,597,592	12,933,723
2036	8,982,462	1,539,349	10,521,811	1,305,611	291,981	1,597,592	12,119,403
2037	9,074,042	1,310,791	10,384,833	1,338,456	259,136	1,597,592	11,982,425
2038	9,165,695	1,082,238	10,247,933	1,372,125	225,467	1,597,592	11,845,525
2039	9,398,421	849,027	10,247,448	1,406,643	190,949	1,597,592	11,845,040
2040	9,627,683	633,076	10,260,759	1,442,027	155,565	1,597,592	11,858,351
2041	7,813,516	405,293	8,218,809	1,478,304	119,288	1,597,592	9,816,401
2042	5,955,960	221,438	6,177,398	1,515,493	82,099	1,597,592	7,774,990
2043	2,920,058	88,702	3,008,760	1,514,439	43,976	1,558,415	4,567,175
2044	1,486,474	17,913	1,504,387	630,557	7,882	638,439	2,142,826
TOTAL	\$164,027,085	\$47,205,627	\$211,232,712	\$25,000,000	\$ 6,912,674	\$ 31,912,674	\$243,145,386

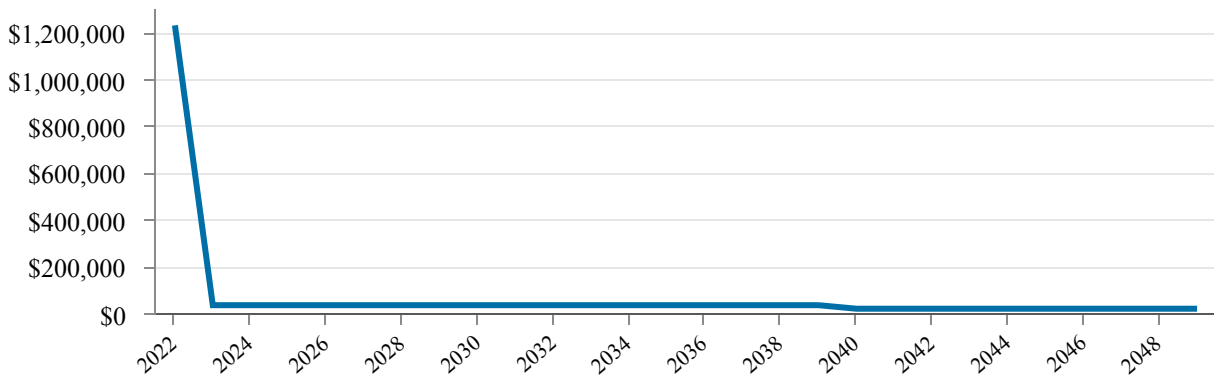
Bond Issue Debt Service



WATER RIGHTS PAYABLE DEBT SERVICE

YEAR	GREERS FERRY OUTSTANDING (ALLOCATIONS #1 and #2)			DEGRAY LAKE FUTURE			TOTAL
	WATER RIGHTS PAYABLE			WATER RIGHTS PAYABLE			
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2022	16,396	16,993	33,389	1,164,782	31,938	1,196,720	1,230,109
2023	16,918	16,470	33,388	—	—	—	33,388
2024	17,457	15,931	33,388	—	—	—	33,388
2025	18,013	15,375	33,388	—	—	—	33,388
2026	18,588	14,800	33,388	—	—	—	33,388
2027	19,180	14,208	33,388	—	—	—	33,388
2028	19,792	13,597	33,389	—	—	—	33,389
2029	20,423	12,965	33,388	—	—	—	33,388
2030	21,075	12,314	33,389	—	—	—	33,389
2031	21,747	11,641	33,388	—	—	—	33,388
2032	22,442	10,947	33,389	—	—	—	33,389
2033	23,158	10,230	33,388	—	—	—	33,388
2034	23,898	9,490	33,388	—	—	—	33,388
2035	24,662	8,726	33,388	—	—	—	33,388
2036	25,450	7,938	33,388	—	—	—	33,388
2037	26,264	7,124	33,388	—	—	—	33,388
2038	27,104	6,284	33,388	—	—	—	33,388
2039	27,971	5,417	33,388	—	—	—	33,388
2040	13,800	4,522	18,322	—	—	—	18,322
2041	14,196	4,125	18,321	—	—	—	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	\$ 547,826	\$ 236,377	\$ 784,203	\$ 1,164,782	\$ 31,938	\$ 1,196,720	\$ 1,980,923

Water Rights Payable Debt Service



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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. Scheduled funded projects planned for 2022-2026 total \$139.6 million, with an additional \$148.6 million of unfunded but needed projects. 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.

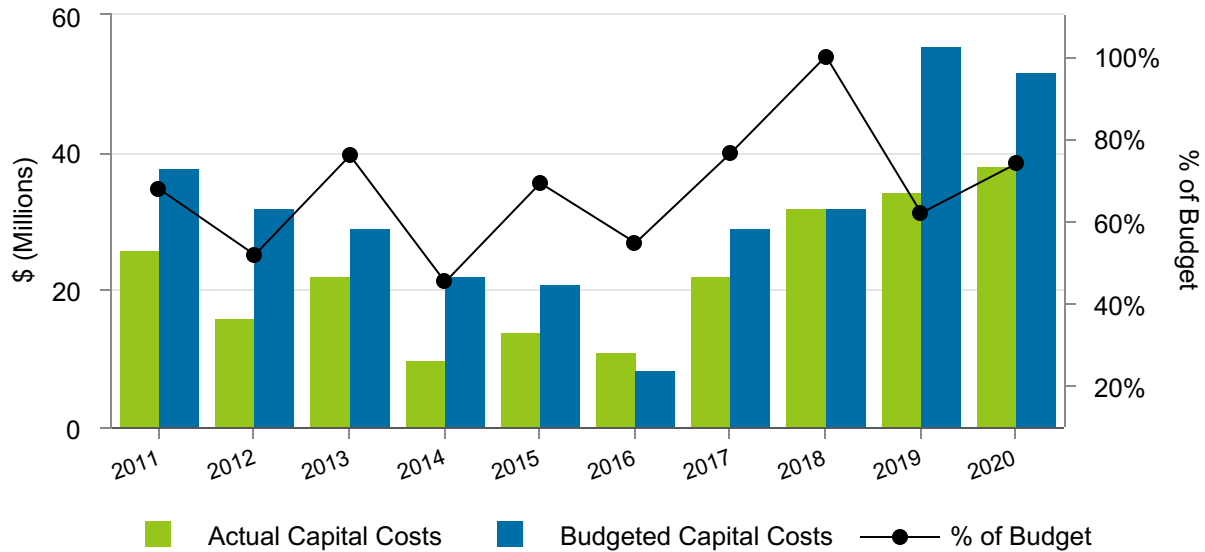
The prioritization process for the CIP involves evaluating capital needs and ranking potential projects or purchases based on a number of criterion including age and condition of asset to be replaced, operational improvements, compliance and system expansion requirements, and impact on future operating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

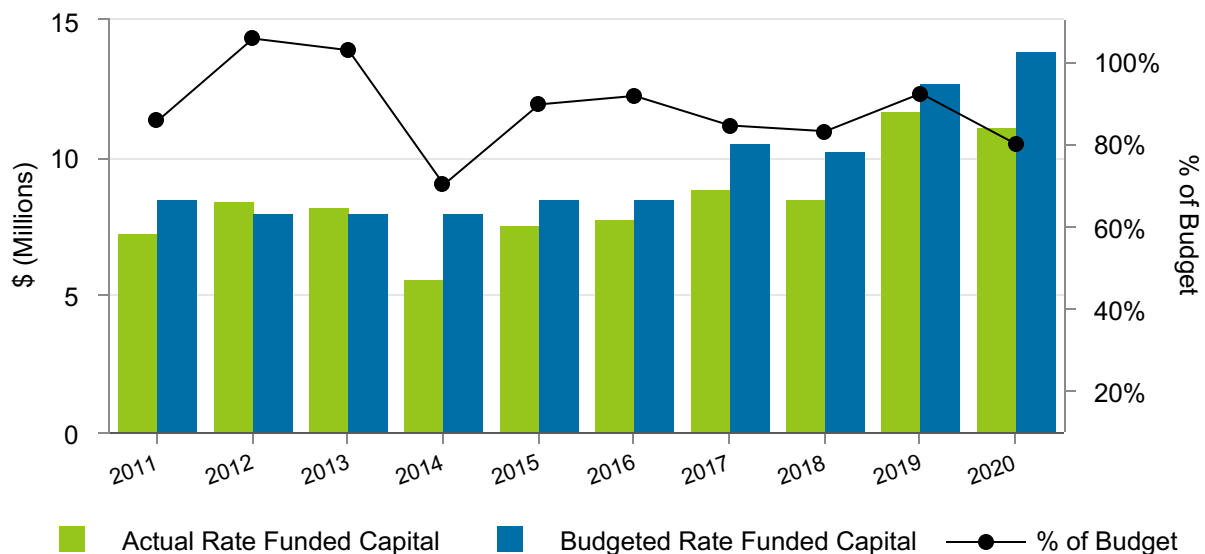
CAW historically has not completed 100% of planned capital projects each budget year; however, the Utility must allocate funding for the projects from the proper funding source. Total actual Capital Costs compared to budget for 2011 through 2020 are as follows:

Capital Costs by Year

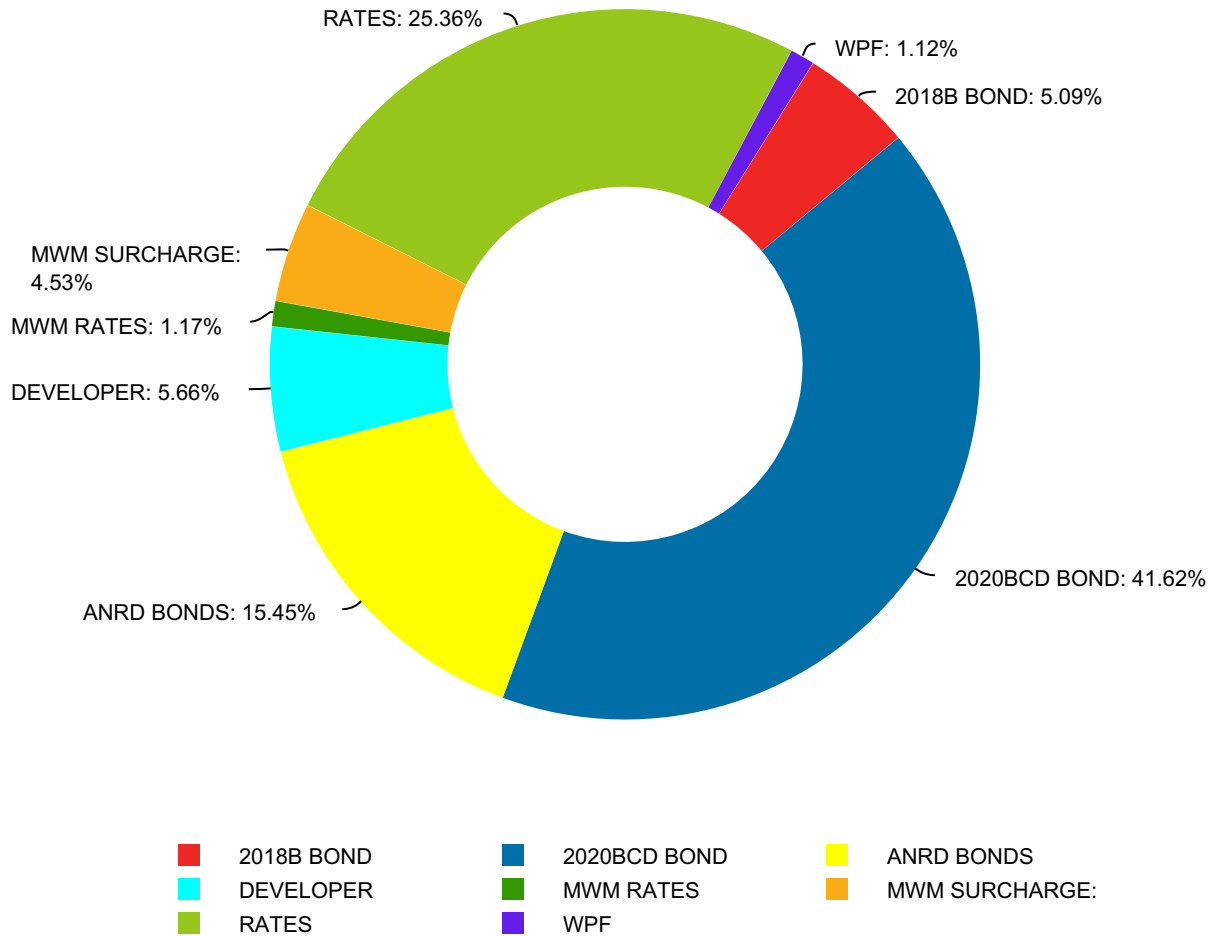


While overall actual capital spending sometimes varies greatly from budget due to delays in major relocation projects, the Utility has historically executed over 88% of projects funded by rates over the last ten years.

Capital Costs from Rates by Year



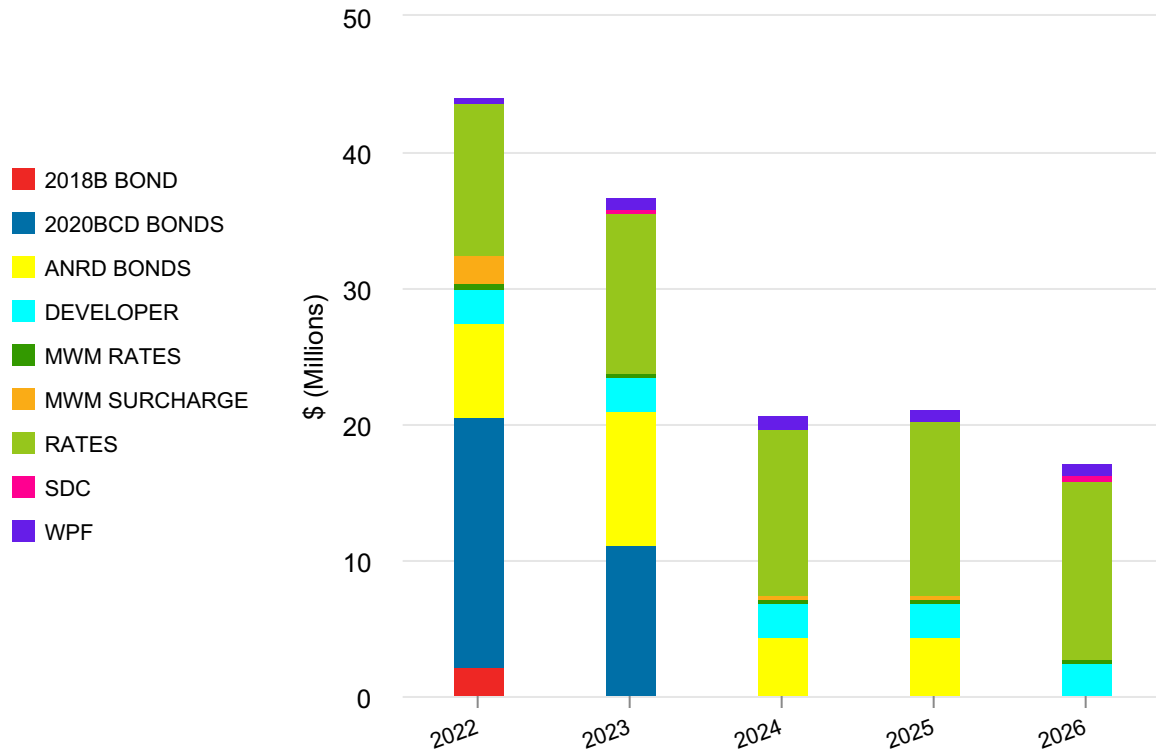
2022 CAPITAL COSTS By FUNDING SOURCE



The top three funding sources for planned 2022 Capital Costs are 2020BCD Bonds at 41.19%, Rates with 25.10%, and ANRD Bonds at 14.08%.

In 2022, rates largely fund distribution projects to install, replace, and transfer services as well as replace equipment. Additionally, rates will fund the selection and installation of a new Enterprise Resource Planning software. 2020BCD bonds will fund replacements, relocations, purchasing property for the Legacy large acre property project, and the redevelopment project at the James T. Harvey building.

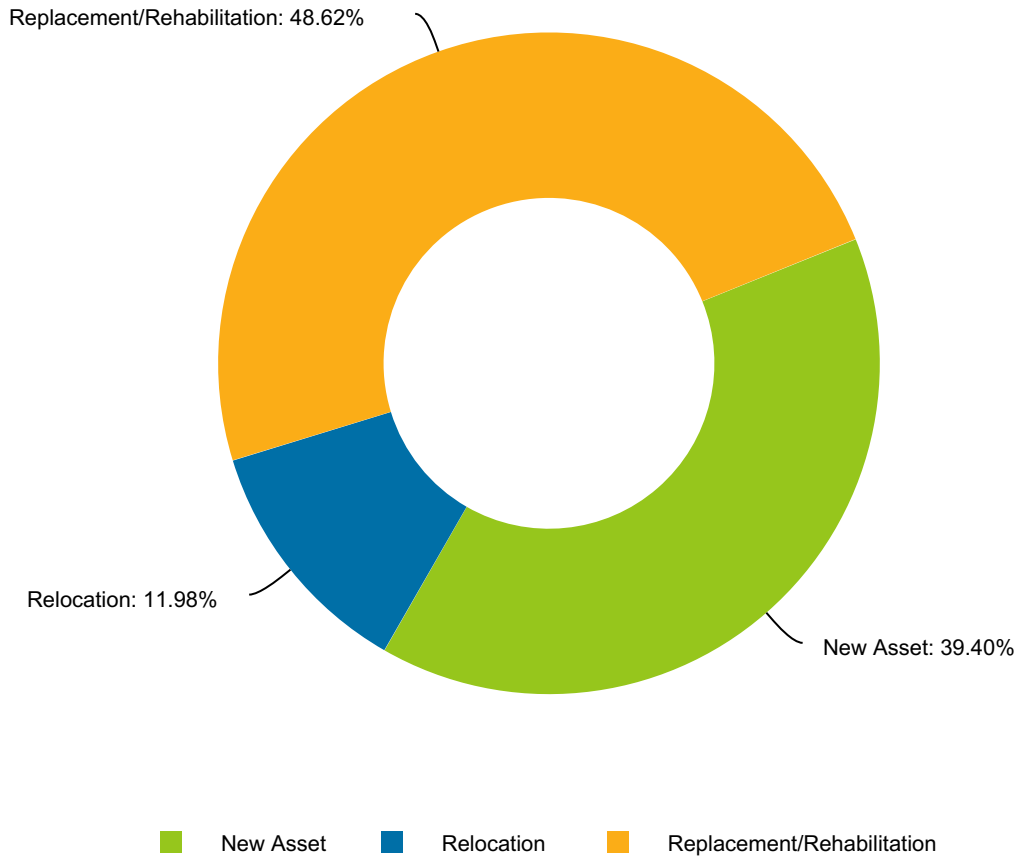
BUDGETED CAPITAL COSTS By FUNDING SOURCE



Rates are an important source of funding to support projects in each department over the next five years. 2020BCD Bonds are larger percentages in 2022-2023 and primarily provide funding for the James T. Harvey building renovations and Forest Legacy Project property purchase. In 2023-2026, ANRD Bonds are funding the expansion of infrastructure into West Pulaski County and renovations of the Wilson Plant.

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2022 CAPITAL COSTS By PURPOSE



There are three main categories of 2022 Capital Costs as noted in the above graph. The New Asset category total capital costs are \$17.19 million, of which the three largest projects make up 41.5% of costs - property purchase related to the Forest Legacy Project at 17.5%, developer funded capital at 14.5%, and engineering related to the West Pulaski Public Water Authority expansion project at 9.5%

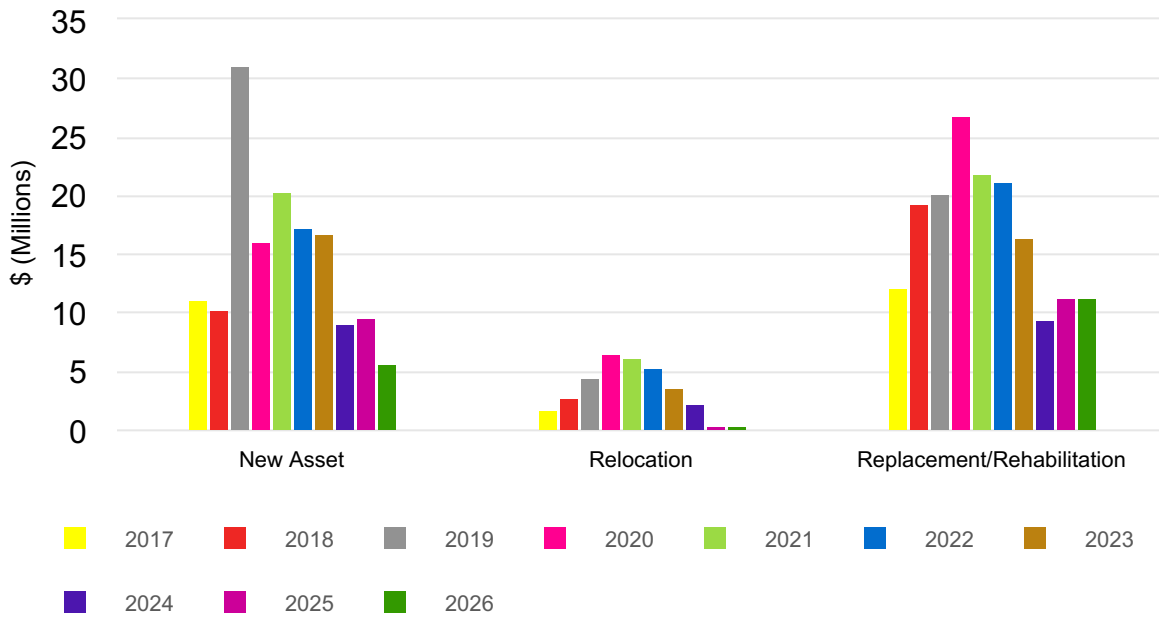
The Relocation category total capital costs are \$5.23 million, of that 100% are dedicated to projects throughout the Utility required by either city, county, and/or state to support roadway projects.

The Replacement/Rehabilitation category total capital costs are \$10.78 million, of that the three largest projects make 54.3% of costs: replacing aging galvanized, asbestos-cement, and cast iron mains system-wide at 25.0%; the redevelopment of the James T. Harvey building 15.8%; and removal of sludge from the MWM lagoons at 13.5%.

Annual Cost Trend

CAW anticipates completing approximately \$139.59 million in capital improvement projects from 2022-2026. During this five-year period, the largest year of capital costs is projected to be 2022.

BUDGETED CAPITAL COSTS BY PURPOSE



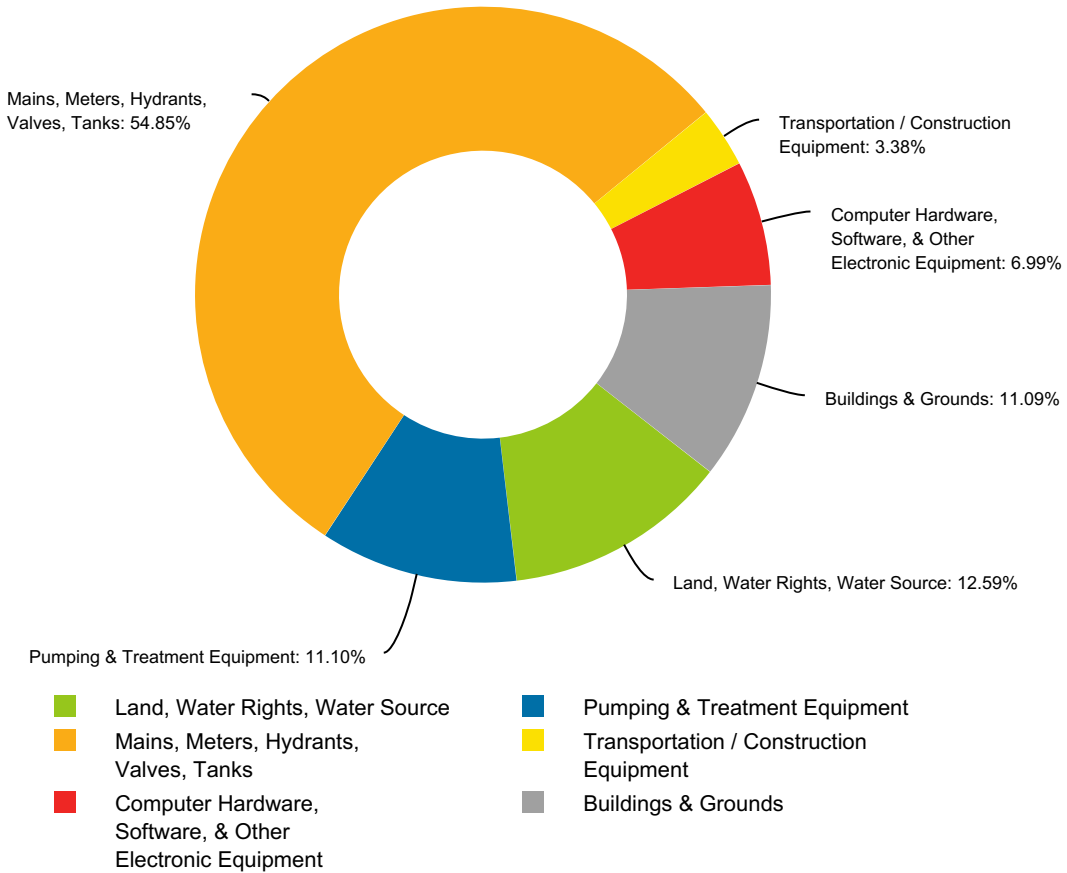
The increased costs in 2022 and 2023 for New Assets is due to expansion into West Pulaski County and developer funded capital projects.

The costs in the Relocation category steadily decline from 2022-2026. These costs can vary since they are dictated to the Utility by either city, county, and/or state to support roadway projects.

Replacement/Rehabilitation costs are highest in 2022-2023 due to the redevelopment of the James T. Harvey with the largest portion of the remaining years being used to replace aging galvanized, asbestos-cement, and cast iron water mains system-wide.

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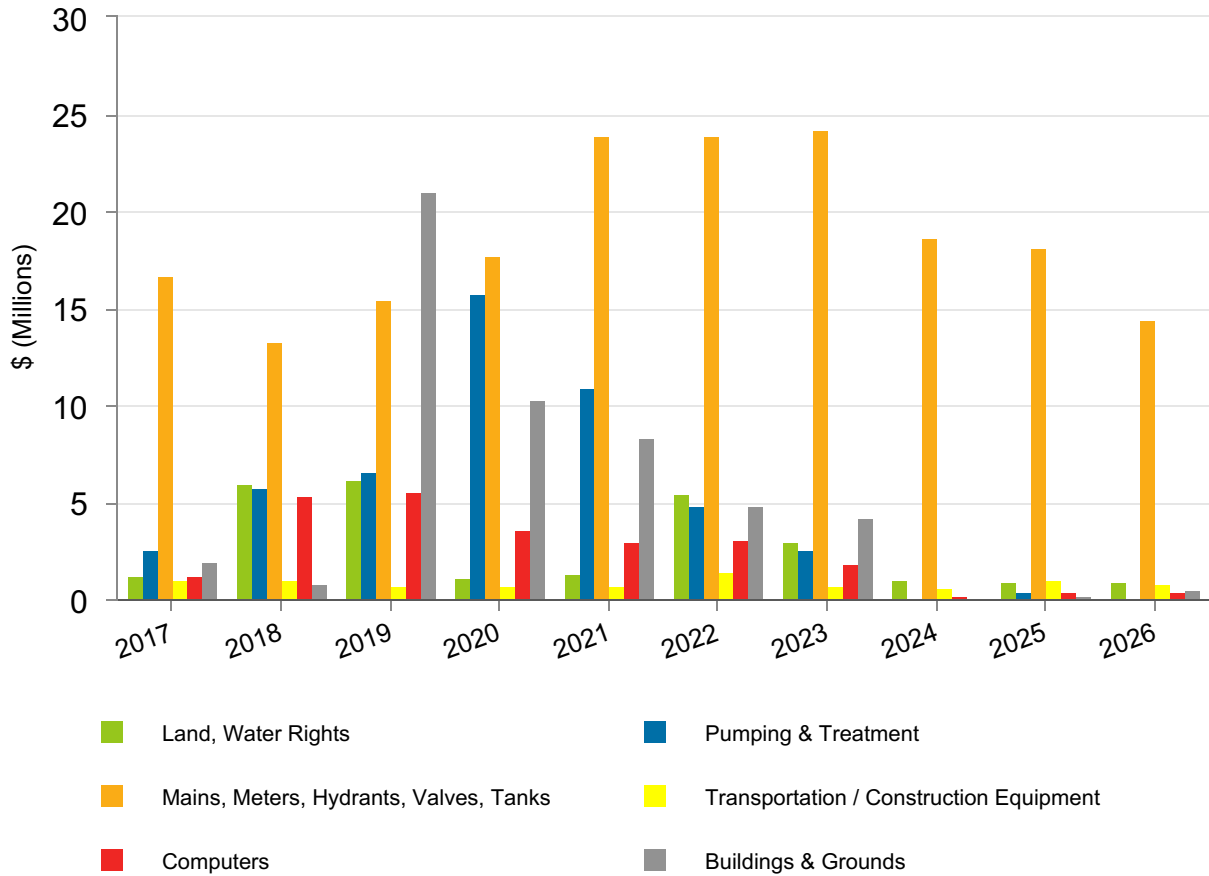
2022 CAPITAL COSTS BY ASSET



The largest portion of 2022 capital costs is 54.9% designated for distribution system assets (mains, meters, hydrants, valves, and tanks). Another 11.1% is related to pumping and treatment work for the replacement/rehabilitation of the Ozark Point Plant. The third largest category is 11.1% is for buildings and grounds with the majority budgeted for redevelopment projects.

A departmental justification and any applicable impact on operations and maintenance expense is provided for each project in the 2022 CIP on pages 109-118. Additionally, all projects included in the next five years, whether they are funded or unfunded, with a total cost of \$500,000 or greater are detailed on pages 129-182.

BUDGETED CAPITAL COSTS BY ASSET



The Five-Year Plan includes details to expand and improve the water system on both sides of the Arkansas River from 2022 through 2026. 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 2017. Aging pipe within the system composed of galvanized, asbestos-cement, and cast iron pipe is replaced with ductile iron and PVC to provide improved strength and performance.

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Unfunded Capital Projects

There are approximately \$136.26 million in unfunded capital projects during the current five-year planning horizon. These projects span multiple departments across the Utility ranging from call center enhancements to projects in the master plan for distribution and transmission mains. A detailed list of these unfunded projects is presented below.

Department	Description	2022	2023	2024	2025	2026
Administration	Improve Lake Maumelle Buildings		160,000	160,000		
Administration	Install Boat Washing Station at WRL		36,200			
Administration	Lake Winona Sediment Removal - Dredging			475,000		
Administration	Redevelopment Project: 6th & Cumberland Apartments	3,100,000	3,100,000			
Administration	Replace Groundskeeper Truck		28,000			
Administration	Replace Truck #472		32,000			
Administration	Replace Truck #485 / New Grounds Maintenance truck in 2022		28,000			
Administration	Restore Maumelle River Crossing at FLP	850,000				
Information Services	Capital Project Planning & Project Management Application			250,000		
Information Services	Phone replacements		50,000			
Distribution	Advanced Metering Infrastructure (AMI) meters		2,340,000	2,320,000	2,300,000	2,280,000
Engineering	Condition Assessment of Lake Maumelle Raw Water Transmission Main - 48-inch RWL		600,000	500,000		
Engineering	Condition Assessment of Lake Maumelle Raw Water Transmission Main - 72-inch RWL	425,000	425,000			
Engineering	Hydraulic Model Calibration		150,000			
Engineering	Improve Booster Pump Station No. 22 - Crystal Hill Road					500,000
Engineering	Improve Raw Water Pump Station No. 12 - Jackson Reservoir - Construction		1,750,000			
Engineering	Improve Raw Water Pump Station No. 12 - Jackson Reservoir - Engineering Design & Construction Services	140,000	80,000			
Engineering	Improve/Rehab Wilson WTP - Construction Phase			20,000,000	20,000,000	20,000,000
Engineering	Improve/Rehab Wilson WTP - Construction Phase Engineering Services			1,000,000	1,000,000	1,000,000
Engineering	Improve/Rehab Wilson WTP - Engineering Design	3,000,000	2,400,000			

Department	Description	2022	2023	2024	2025	2026
Engineering	Improve Tank No. 22		650,000	650,000		
Engineering	Install 12-inch Water Main - Morgan/North Little Rock Intermediate Pressure Zone Looping	1,200,000				
Engineering	Install 16-inch Parallel Feed Main to Tanks No. 14A/14B - Mabelvale					3,000,000
Engineering	Install 60-inch Lake Maumelle Raw Water Line to Hwy 10 - Engineering & Construction					48,000,000
Engineering	Install Master Plan Distribution Mains - Various			250,000		
Engineering	Relocate 12-inch Water Main Along So. University - 28th to Colonel Glenn					750,000
Engineering	Remove Sediment - Jackson Reservoir		450,000			
Engineering	Repair Lake Winona Storm Drains		75,000			
Engineering	Replace 8-inch Water Main - Main St at RR Viaduct - NLR (All but \$58k funded)					58,000
Engineering	Replace/Repair of Lake Maumelle 72-inch Raw Water Line after Condition Assessment		200,000	400,000		
Water Production	Rebuild Pump and Motor 7 Lake Maumelle		360,000			
Water Production	Replace Granular Activated Carbon Media (GAC) - Ozark Point Plant		300,000	300,000		
Water Production	Replace ICP/Mass Spec			150,000		
Distribution	Expand Clearwater Warehouse		110,000	290,000		
Distribution	Purchase Advanced Valve Technology EZ Valve			120,000		
Distribution	Replace Meter Test Bench for Meter Shop			250,000		
Distribution	Replace Two 2 Ton Crew Truck(s)		260,000	270,000		
	GRAND TOTAL	\$8,715,000	\$13,584,200	\$27,385,000	\$23,300,000	\$75,588,000

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CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
ADMINISTRATION									
FLP Large Acre Property Project	3,000,000		3,000,000						
Forest Restoration and Enhancement - Job No. 07554	20,000								20,000
Grant Match for Bringle Creek Recreational Trail Program Grant	22,000							22,000	
Implement Watershed Management (BMP) Pilot Project	35,000								35,000
Improve Forest Roads and Access - Job No. 07390	20,000								20,000
Improve Lake Maumelle Pump Station House	50,000							50,000	
Improve Watershed Office Building	10,000							10,000	
Improve Wilson Classroom Space - Job No. 08370	300,000		300,000						
Install Electric Vehicle Charging Stations at Clearwater	15,000		15,000						
Install Security System Improvements	30,000							30,000	
Install Solar at Pump Station No. 23	100,000							100,000	
Land-Use Land-Cover GIS Analysis- Lake Maumelle Watershed	35,000								35,000
Purchase Conservation Easements	100,000								100,000
Purchase New Grounds Truck - Facility Maintenance	28,000							28,000	
Purchase Property	135,000								135,000
Purchase Trailer for Tractor	10,000							10,000	
Redevelopment Project: JTH Building	3,515,000		3,515,000						
Rehabilitate Winona Dock	10,000							10,000	
Replace Boat Motor	14,000							14,000	
Replace Truck (229)	28,000							28,000	
Update Watershed Management Plan	150,000								150,000
Upgrade Park & Recreational Areas	10,000							10,000	
Upgrade Security of Gate and Fencing at FLP Entrance	25,000							25,000	
TOTAL	\$7,662,000	\$—	\$6,830,000	\$—	\$—	\$—	\$—	\$337,000	\$495,000

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRC BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
INFORMATION SERVICES									
ARCGIS Online	25,000							25,000	
CU Optimization	200,000							200,000	
Install Cityworks Enhancements	30,000							30,000	
Install Data Storage Protection/Server Backup & Recovery	50,000							50,000	
Ortho Photography - Watershed	30,000							30,000	
Perform Information Technology Risk Management Assessment	50,000							50,000	
Purchase Billing Printer	48,000							48,000	
Purchase ESRI Tools Enhancements	25,000							25,000	
Purchase Operational Data Management and Reporting - Compliance and Analysis	30,000							30,000	
Purchase RouteSmart Software	137,500							137,500	
Replace Clearwater Server Room	30,000							30,000	
Replace Large Format Scan/Print/Copy Machine	25,000							25,000	
Replace Network Firewalls	30,000							30,000	
Replace Network Storage Array	320,000							320,000	
Replace SCADA Switches	35,000							35,000	
Replace Server UPS Units	20,000							20,000	
Security Hardware - Network Video Recorders	156,500							156,500	
Select/Install Enterprise Resource Planning Software	1,436,000							1,436,000	
Update AV Equipment in Commission Room	40,000							40,000	
VMWare Host	90,000							90,000	
VMWare License Additions	32,000							32,000	
TOTAL	\$2,840,000	\$—	\$—	\$—	\$—	\$—	\$—	\$2,840,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
ENGINEERING									
Bank Stabilization at Lake Maumelle Pumping Station	300,000		300,000						
Construct Lime Injection Facilities at Lake Maumelle Pumping Station	75,000							75,000	
Construct Vault and Install Flowmeter at Bryant/Asher ROV	60,000							60,000	
Developer Funded Capital	2,500,000				2,500,000				
Developer Participation - New Mains	150,000							150,000	
Facility Improvements	50,000							50,000	
Improve Booster Pump Station No. 11	250,000		250,000						
Improve Lake Winona Spillway	200,000		200,000						
Improve Ozark Point Plant - Phase 1 & 2 Construction Phase Engineering Services - Job No. 07516	100,000			100,000					
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	1,300,000			1,300,000					
Improve Pump Station No. 1A - Phase 2 Construction & Engineering - Wilson Plant - Job No. 07515	1,800,000			1,800,000					
Improve/Rehabilitate Pump Station 26A - Maryland Ave/ NLR Airport	225,000							225,000	
Improve Tank No. 2	400,000							400,000	
Inspection of Arkansas River Transmission Crossings	50,000							50,000	
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection	250,000		250,000						
Install 16-inch Water - W. Maryland/Remount Rd - NLR Airport - Proj 5211	1,600,000	700,000	300,000					600,000	
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23	1,123,000		1,123,000						
Install 8-inch Water Main Across I-40 at Harris Road - Project 5123 Job No. 08784	250,000		250,000						
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main - Project 5125 Job No. 08786	550,000		550,000						
Pressure Recorders	10,000							10,000	

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
ENGINEERING - Continued									
Professional Services - Engineering	5,000							5,000	
Professional Services - Land Surveying	5,000							5,000	
Professional Services - Property Appraisals	5,000							5,000	
Purchase GPS Units	10,000							10,000	
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922	450,000		450,000						
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 - Job No. 08335	1,550,000	1,550,000							
Relocate 6-inch Water Mains - Hemphill Rd - Sherwood	750,000		750,000						
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood	1,600,000		1,600,000						
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR	450,000		450,000						
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR - Proj 5079	225,000		225,000						
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	200,000							200,000	
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000,000						2,000,000		
Replace Vehicle - Engineering Department	28,000							28,000	
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - Systemwide	5,555,000		4,100,000					1,455,000	
Ridgefield Estates - Water Main Installation & Merger	1,450,000			1,450,000					
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	1,633,000			1,633,000					
TOTAL	\$28,159,000	\$2,250,000	\$10,798,000	\$6,283,000	\$2,500,000	\$—	\$3,000,000	\$3,328,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
WATER PRODUCTION									
Implement Tank Management System	50,000							50,000	
Improve All Intake Gates at Lake Maumelle and Lake Winona	750,000		750,000						
Install Station 14 Pump 3 Soft Start	14,000							14,000	
Purchase Rockwell Support and Training	35,000							35,000	
Purchase Sampling Stations	15,000							15,000	
Purchase Van for Instrument Technician	43,000							43,000	
Purchase Zero Turn Mower	20,000							20,000	
Rebuild LOH transmitters Ozark	12,000							12,000	
Replace Crane Truck (522)	200,000					200,000			
Replace Fence Jackson Reservoir	50,000							50,000	
Replace Ion Chromatograph	140,000							140,000	
Replace Lake Maumelle Generator Cooling Water Piping	75,000							75,000	
Replace Pulaski Heights Intermediate Bypass Valve Operator and Inspect	15,000							15,000	
Replace PVC Piping, Valves in Hypo Buildings	50,000							50,000	
Replace Roof on Building Over Clearwell 2 at Ozark Plant	25,000							25,000	
Replace Roof on Lake Maumelle Control Building	55,000							55,000	
Replace Roof on Ozark Softening Building	8,000							8,000	
Replace SCADA System Programmable Logic Controllers	200,000							200,000	
Replace Station 16C Pump 2 Discharge Valve	25,000							25,000	
Replace Truck (480)	39,000							39,000	
TOTAL	\$1,821,000	\$—	\$750,000	\$—	\$—	\$200,000	\$—	\$871,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
DISTRIBUTION									
Expand Concrete Pavement Area at Clearwater Yard - Job No. 08268	90,000							90,000	
Install and Replace Hydrants	110,000							110,000	
Install Hydrants - Maumelle	6,750					6,750			
Install Mains - Maumelle	12,500					12,500			
Install Meters - Maumelle	8,000					8,000			
Install Meters for New Services	175,000							175,000	
Install Valves	55,000							55,000	
Install Valves - Maumelle	9,000					9,000			
Install, Replace, and Relocate Mains	220,000							220,000	
Install, Replace, and Transfer Services - Maumelle	280,000					280,000			
Purchase 5th Wheel Trailer for New Crew	22,000							22,000	
Purchase a New Crew Truck for New Crew	140,000							140,000	
Purchase Air Release Valves for Raw Water Line	25,000							25,000	
Purchase Hydraulic HoeRam for Mini Excavators	12,000							12,000	
Purchase New 3/4 Ton Truck for New Troubleshooter	40,000							40,000	
Purchase new equipment for the Hydro-Stop	55,000							55,000	
Purchase/Install Meters - Change Out Program	740,000							740,000	
Purchase/Install Services (New, Replace, Transfer)	1,360,000							1,360,000	
Replace 1 Ton Service Truck (416)	53,000							53,000	
Replace 1/2 Ton Truck(s) (2 trucks - 450 & 533)	60,000							60,000	
Replace 1/2 Ton Truck(s) (2 trucks - 554 & 537) Electric Vehicles	90,000							90,000	
Replace 2 Ton Dump Truck(s) (2 truck - 229 & 506)	190,000							190,000	
Replace 3/4 Ton Service Truck(s) (2 trucks - 495 & 512)	80,000							80,000	
Replace Air Motors for Tap Machines	19,000							19,000	
Replace Air Piercing Tool	18,000							18,000	
Replace Horizontal Directional Drilling Machine	270,000							270,000	
TOTAL	\$4,140,250	\$—	\$—	\$—	\$—	\$316,250	\$—	\$3,824,000	\$—

CAPITAL IMPROVEMENT PLAN - FUNDING SOURCES (2022)

DESCRIPTION	TOTAL	2018B BOND	2020BCD BOND	ANRD BONDS	DEVELOPER	MWM RATES	MWM SURCHARGE	RATES	WPF
GRAND TOTAL	\$44,622,250	\$2,250,000	\$18,378,000	\$6,283,000	\$2,500,000	\$516,250	\$3,000,000	\$11,200,000	\$495,000

Explanation of Funding Sources	
2018B Bond	2018B Bonds
2020BCD Bond	2020BCD Bonds
ANRD Bonds	Arkansas Natural Resources Bonds*
Developer	Developer Funding Capital
MWM Rates	Maumelle Rate Revenue
MWM Surcharge	Maumelle Surcharge
Rates	Rates
WPF	Watershed Protection Fees

*See chart on page 108 for break out of ANRD bond issues

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ANRD Bond Funded Capital Projects

There are approximately \$6.3 million in ANRD bond funded capital projects during 2022. 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 OZARK	ANRD RIDGEFIELD	ANRD WILSON	ANRD WPPWA
Improve Ozark Point Plant - Phase 1 & 2 Construction Phase Engineering Services - Job No. 07516	100,000	100,000			
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	1,300,000	1,300,000			
Improve Pump Station No. 1A - Phase 2 Construction & Engineering - Wilson Plant - Job No. 07515	1,800,000			1,800,000	
Ridgefield Estates - Water Main Installation & Merger	1,450,000		1,450,000		
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	1,633,000				1,633,000
TOTAL	\$6,283,000	\$1,400,000	\$1,450,000	\$1,800,000	\$1,633,000

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

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CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
ADMINISTRATION		
<p>FLP Large Acre Property Purchase</p> <p>Continued land purchases are consistent with the 2007 WMP recommendations and will assist in the full implementation of the plan.</p>	3,000,000	7,500
<p>Forest Restoration and Enhancement - Job No. 07554</p> <p>Continuation of obligations for land/forest improvements associated with land purchases.</p>	20,000	
<p>Grant Match for Bringle Creek Recreational Trail Program Grant</p> <p>10% Matching Funds for future RTP Grant for the improvement of the Bringle Creek Recreation Area. This will improve water quality by stabilizing banks..</p>	22,000	
<p>Implement Watershed Management (BMP) Pilot Project</p> <p>Implement pilot BMP project on the Ferndale Property as recommended in the 2007 WMP.</p>	35,000	
<p>Improve Forest Roads and Access - Job No. 07390</p> <p>Unmanaged roads significantly impact watershed quality. Management of these are critical for water quality improvement.</p>	20,000	
<p>Improve Lake Maumelle Pump Station House</p> <p>Condition of the house is in need of updates and repairs.</p>	50,000	
<p>Improve Watershed Office Building</p> <p>Condition of office necessitates replacing windows and doors and upgrading bathrooms and labs.</p>	10,000	
<p>Improve Wilson Classroom Space - Job No. 08370</p> <p>Install classroom space for CAW's education program.</p>	300,000	
<p>Install Electric Vehicle Charging Stations at Clearwater</p> <p>Install EV charging stations for future Utility electric vehicles.</p>	15,000	
<p>Install Security System Improvements</p> <p>Upgrade outdated security system to current technologies.</p>	30,000	
<p>Install Solar at Pump Station No. 23</p> <p>Solar power will reduce costs of operations and contribute to sustainability.</p>	100,000	
<p>Land-Use Land-Cover GIS Analysis- Lake Maumelle Watershed</p> <p>Analysis provides mapping of watershed for enhanced watershed management.</p>	35,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Purchase Conservation Easements	100,000	7,500
Continuation of land acquisition through conservation easements is consistent with the 2007 WMP and will assist in full implementation of that plan.		
Purchase New Grounds Truck - Facility Maintenance	28,000	
Truck is needed for new facility maintenance worker position.		
Purchase Property	135,000	
Continued land purchases are consistent with the 2007 WMP recommendations and will assist in the full implementation of the plan.		
Purchase Trailer for Tractor	10,000	
Trailer allows for ease of tractor transportation from site to site.		
Redevelopment Project: JTH Building	3,515,000	
Rehabilitation and improvements at the JTH building for downtown office space.		
Rehabilitate Winona Dock	10,000	
Dock is in need of upgrades and repair.		
Replace Boat Motor	14,000	
Motor is past its useful life and has increased maintenance costs.		
Replace truck (229)	28,000	
Replace truck due to excessive mileage and maintenance costs.		
Update Watershed Management Plan	150,000	
Consultant study to evaluate and update the 2007 WMP.		
Upgrade Park & Recreational Areas	10,000	
Current park facilities are outdated and in need of repairs and upgrades.		
Upgrade Security of Gate and Fencing at FLP Entrance	25,000	
Upgraded security helps ensure access is restricted to authorized personnel only.		
INFORMATION SERVICES		
ARCGIS Online	25,000	
Web based mapping software.		

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
CU Optimization	200,000	
Purchase for additional support of CU.		
Install Cityworks Enhancements	30,000	
Install enhancements to support redlining and GIS editing tools.		
Install Data Storage Protection/Server Backup & Recovery	50,000	
Install data storage protection/server to support backup and recovery.		
Perform Ortho Photography of Watershed	30,000	
Ortho photography will provide high-resolution imagery to support land use class information.		
Perform Information Technology Risk Management Assessment	50,000	
Information technology risk assessment will help identify, estimate and prioritize risks to organizational operations.		
Purchase Billing Printer	48,000	
Replace current printer due to end of service life.		
Purchase ESRI Tools Enhancements	25,000	
Supports business needs related to spatial analysis and various business processes.		
Purchase Operational Data Management and Reporting - Compliance and Analysis	30,000	
Improves effectiveness and efficiency through the adoption of processes and tools for management of water operations data.		
Purchase RouteSmart Software	137,500	
Reduces meter reader travel and overtime by optimizing field service routes.		
Replace Clearwater Server Room	30,000	
Provides continuity of operations and prevents failure and downtime.		
Replace Large Format Scan/Print/Copy Machine	25,000	
New printer for improved document printing and scanning.		
Replace Network Firewalls	30,000	
Replace older firewalls that protect the network from outside threats.		
Replace Network Storage Array	320,000	
Improves efficiency of data storage by creating a centralized system.		
Replace SCADA Switches	35,000	
Enhances water distribution monitoring equipment and controlling processes.		

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Replace Server UPS Units Provide battery backup power for the JTH server room. The UPS will ensure the team has enough time to shut down equipment properly.	20,000	
Security Hardware - Network Video Recorders Network video recorders will provide enhanced security through surveillance.	156,500	
Select/Install Enterprise Resource Planning Software New ERP software will provide improved efficiencies by automating business processes and providing business insights to internal controls.	1,436,000	180,000
Update AV Equipment in Commission Room Current AV equipment in Commission room is outdated and should be upgraded to current technology.	40,000	
VMWare Host Virtualization server for other servers.	90,000	
VMWare License Additions Purchase additional licenses to support new servers.	32,000	
ENGINEERING		
Bank Stabilization at Lake Maumelle Pumping Station Stabilize the lake bank around the original 1956 pump structure.	300,000	
Construct Lime Injection Facilities at Lake Maumelle Pumping Station Construct lime injection facilities at the Lake Maumelle pumping station.	75,000	
Construct Vault and Install Flowmeter at Bryant/Asher ROV Construct an underground vault and install magnetic flowmeter at the Bryant/Asher ROV	60,000	
Developer Funded Capital Developer contributed capital improvements to CAW water system as a result of new developments in the CAW service area.	2,500,000	
Developer Participation - New Mains Extend and/or upsize new mains by CAW in cooperation with developer new water main installation; provides for future extensions and growth.	150,000	
Facility Improvements Improve outdated external areas of certain CAW facilities.	50,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Improve Booster Pump Station No. 11 Construct pump and electrical improvements and rehabilitation to extend the service life of Pump Station No. 11.	250,000	
Improve Lake Winona Spillway - deteriorated concrete surface Improve/rehabilitate Lake Winona spillway due to deteriorated concrete surface.	200,000	
Improve Ozark Point Plant - Phase 1 & 2 Construction Phase Engineering Services - Job No. 07516 Rehabilitate and improve Ozark Point Plant to increase functional life, efficiency, and effectiveness of the plant. Phases 1 & 2 construction and engineering.	100,000	
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A Install new baffles in clearwells 3 & 4. Paint interior & exterior of clearwell 4 & add appurtenances for compliance.	1,300,000	
Improve Pump Station No. 1A - Phase 2 Construction & Engineering - Wilson Plant - Job No. 07515 Phase 2 construction of recommended pump, structure, and electrical improvements to the existing Wilson Plant Pump Station No. 1A.	1,800,000	
Improve/Rehabilitate Pump Station No. 26A - Maryland Ave/NLR Airport Improve/Rehab booster Pump Station No. 26A; replace two pumps and motors, electrical equipment, valves.	225,000	
Improve Tank No. 2 Paint exterior of tank to preserve its longevity.	400,000	
Inspection of Arkansas River Transmission Crossings Inspection of all Arkansas River transmission main crossings to ensure continued proper operation and to identify repair needs.	50,000	
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection Install approx. 1,800 linear feet of 12-inch water main across Rahling Rd for West Markham zone interconnection; to facilitate improved flows in the system	250,000	
Install 16-inch Water - W. Maryland/Remount Rd - NLR Airport - Proj 5211 Install approx. 7,900 linear feet of 16-inch & 12-inch water mains along W Maryland & Remount Rd at the NLR Airport.	1,600,000	
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23 Install 7,000 linear feet of 20-inch main to improve the flow to Tank No. 23 and to serve as a redundant supply line for an existing 20-inch main.	1,123,000	
Install 8-inch Water Main Across I-40 at Harris Road - Project 5123 Job No. 08784 Install 890 linear feet under I-40 at Harris Road for looping and improved hydraulics, water age, and compliance issues north of I-40.	250,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main - Project 5125 Job No. 08786	550,000	
Install 5,000 linear feet of 8-inch water main to interconnect the Panther Mountain and Maumelle pressure zones to improve water quality.		
Pressure Recorders	10,000	
Purchase of new pressure recorders as replacement of old, out-dated units.		
Professional Services - Engineering	5,000	
Professional design and consultation as required on various projects.		
Professional Services - Land Surveying	5,000	
Land surveying required for the acquisition of new land, easements, and maintenance of property rights on existing land and easement holdings.		
Professional Services - Property Appraisals	5,000	
Professional services to assess property values.		
Purchase GPS Units	10,000	
Purchase GPS units for the Engineering Department.		
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922	450,000	
Relocate approximately 1,200 linear feet of main attached to North Cantrell Road bridge due to city of Little Rock and Arkansas Department of Transportation Gill Street bridge reconstructions.		
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 - Job No. 08335	1,550,000	
Payment No. 2 for the relocation of the existing 24-inch transmission main from the old to new I-30 Arkansas River bridge.		
Relocate 6-inch Water Mains - Hemphill Rd - Sherwood	750,000	
Relocate 2,800 linear feet of 6-inch water main along Hemphill Rd for City of Sherwood street improvements.		
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood	1,600,000	
Relocate approx 10,500 linear feet of 8-inch water main along Jacksonville-Cato Rd, Sherwood road improvements.		
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR	450,000	
Relocate 1,300 linear feet of 6-inch/8-inch water main along Kanis/Business Park/Michael Dr for city of Little Rock street improvements.		
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR - Proj 5079	225,000	
Relocate water mains along JFK Blvd for City of North Little Rock Jump Start street improvements.		
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	200,000	
Relocate water mains for known and unknown road and drainage improvements made by the city, county, or state.		

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602 Sludge removal from the water and wastewater lagoons, in accordance with the MWM merger.	2,000,000	
Replace Vehicle - Engineering Department Replace vehicle due to excessive mileage and maintenance costs.	28,000	
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - Systemwide Replace old, high-maintenance galvanized, asbestos-cement, & cast iron pipe experiencing numerous leaks and breaks.	5,555,000	
Ridgefield Estates - Water Main Installation & Merger New water main installation in Ridgefield Estates.	1,450,000	
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1 Phase 1 - Engineering and Construction of the WPPWA water main extensions.	1,633,000	
WATER PRODUCTION		
Implement Tank Management System Tank management system will ensure water quality in tanks is maintained.	50,000	
Improve all Intake Gates at Lake Maumelle and Lake Winona Improve gates to ensure reliability of operating gates to control water flow.	750,000	
Install Station 14 Pump 3 Soft Start Installing soft start will reduce motor strain on startup and increase motor useful life.	14,000	
Purchase Rockwell Support and Training Contributes to addressing maintenance issues and properly training staff.	35,000	
Purchase Sampling Stations Additional sampling stations will increase ability to ensure water sampling quality in system.	15,000	
Purchase Van for Instrument Technician New Position of instrument technician requires a van	43,000	
Purchase Zero Turn Mower Current mower has reached end of useful life.	20,000	
Rebuild LOH Transmitters Ozark Transmitters needed for water quality.	12,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Replace Crane Truck (522) Crane truck is past useful life and is needed to maneuver in spots large cranes cannot.	200,000	
Replace Fence Jackson Reservoir Fence is over 25 years old and in need of repair.	50,000	
Replace Ion Chromatograph Scheduled replacement of aging equipment.	140,000	
Replace Lake Maumelle Generator Cooling Water Piping Piping is corroded and full of tubercles in need of replacement.	75,000	
Replace Pulaski Heights Intermediate Bypass Valve Operator and Inspect Needed for reliability of services and inspect for repairs.	15,000	
Replace PVC Piping, Valves in Hypo Buildings Replace older PVS piping and valves and reduces frequent leaks and breaks.	50,000	
Replace Roof on Building over Clearwell 2 at Ozark Plant Roof is aged and in need of replacement.	25,000	
Replace Roof on Lake Maumelle Control Building Roof is aged and in need of replacement.	55,000	
Replace Roof on Ozark Softening Building Roof is aged and in need of replacement.	8,000	
Replace SCADA System Programmable Logic Controllers Replace PLCs due to support services ending in 2021.	200,000	
Replace Station 16C Pump 2 Discharge Valve Need new valve for VFD operation to control pressure	25,000	
Replace Truck (480) Replace vehicle due to excessive mileage and maintenance costs.	39,000	
DISTRIBUTION		
Expand Concrete Pavement Area at Clearwater Yard - Job No. 08268 Install concrete in yard area around fire hydrants.	90,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Install and Replace Hydrants Install and replace hydrants to maintain fire protection levels and water quality by means of flushing.	110,000	
Install Hydrants - Maumelle Install hydrants for Maumelle to maintain fire protection levels and water quality by means of flushing.	6,750	
Install Mains - Maumelle Install capital mains within the distribution system in Maumelle.	12,500	
Install Meters - Maumelle Install meters for new services requested for new construction and infrastructure additions in Maumelle.	8,000	
Install Meters for New Services Install meters for new services requested for new construction and infrastructure additions.	175,000	
Install Valves Install and replace valves within the distribution system.	55,000	
Install Valves - Maumelle Install and replace valves within the distribution system in Maumelle.	9,000	
Install, Replace, and Relocate Mains Capital Mains Installed by Distribution on larger repairs for sections cut-in and for small relocations projects.	220,000	
Install, Replace, and Transfer Services - Maumelle Install, replace, and transfer Maumelle services relating to new and existing jobs.	280,000	
Purchase 5th wheel trailer for Paron Crew Purchase 5th wheel trailer for Paron Crew	22,000	
Purchase a New Crew Truck for New Crew Purchase new crew truck for the addition of a new crew.	140,000	
Purchase Air release valves for Raw Water Line Purchase of new air release valves for 39-inch raw water main.	25,000	
Purchase Hydraulic HoeRam for Mini Excavators Purchase Hydraulic HoeRam to support heavy-duty demolition of concrete or rock surfaces, or structures.	12,000	
Purchase New 3/4 Truck for New Troubleshooter Purchase truck to support new troubleshooter.	40,000	
Purchase new equipment for the Hydro-Stop	55,000	

CAPITAL IMPROVEMENT PLAN - 2022 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	2022 O&M IMPACT
Purchase equipment to support the hydro-stop.		
Purchase/Install Meters - Change Out Program	740,000	
Purchase and install meters in service for 16 years or longer thereby enhancing water metering by removing slow meters that impact revenues.		
Purchase/Install Services (New, Replace, Transfer)	1,360,000	
Install, replace, and transfer services relating to new and existing jobs.		
Replace 1 Ton Service Truck (416)	53,000	
Replace truck due to excessive mileage and maintenance costs.		
Replace 1/2 Ton Truck(s) (2 trucks - 450 & 533)	60,000	
Replace Two trucks due to excessive mileage and maintenance costs.		
Replace 1/2 Ton Truck(s) (2 trucks - 554 & 537) Electric Vehicles	90,000	
Replace trucks due to excessive mileage, maintenance costs, and reduce green house emissions .		
Replace 2 Ton Dump Truck(s) (2 truck - 229 & 506)	190,000	
Replace dump trucks due to excessive mileage and maintenance costs.		
Replace 3/4 Ton Service Truck(s) (2 trucks - 495 & 512)	80,000	
Replace Two trucks due to excessive mileage and maintenance costs.		
Replace Air Motors for Tap Machines	19,000	
Need to replace aging and costly to repair equipment		
Replace Air Piercing Tool	18,000	
Replace non-serviceable air piercing tool used for trenchless installation of services.		
Replace Horizontal Directional Drilling Machine	270,000	
Purchase horizontal directional drilling machine to support installation of pipes.		

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

Vehicles in blue are aggregated and combined in the Projects Section on pages 129 - 182.

DESCRIPTION	2022	2023	2024	2025	2026
ADMINISTRATION					
FLP Large Acre Property Purchase	3,000,000	2,052,961			
Forest Restoration and Enhancement - Job No. 07554	20,000	15,000	15,000	15,000	15,000
Grant Match for Bringle Creek Recreational Trail Program Grant	22,000				
Implement Watershed Management (BMP) Pilot Project	35,000	35,000			
Improve Forest Roads and Access - Job No. 07390	20,000	20,000	20,000	20,000	20,000
Improve Lake Maumelle Pump Station House	50,000				
Improve Watershed Office Building	10,000	10,000	5,000		
Improve Wilson Classroom Space - Job No. 08370	300,000	200,000			
Install Electric Vehicle Charging stations at Clearwater	15,000				
Install Security System Improvements	30,000	25,000	30,000	25,000	25,000
Install Solar at Pump Station No. 23	100,000				
Lake Maumelle Bathymetry Survey				75,000	
Lake Maumelle Sediment Removal - Dredging					475,000
Lake Winona Bathymetry Survey		25,000			
Land-Use Land-Cover GIS Analysis- Lake Maumelle Watershed	35,000			35,000	
Pegasus Pipeline Satelytics Change Analyses - Satellite Monitoring		122,500	122,500	122,500	122,500
Purchase Conservation Easements	100,000	200,000	200,000	200,000	200,000
Purchase New Grounds Truck - Facility Maintenance	28,000				
Purchase Property	135,000	325,000	500,000	500,000	500,000
Purchase Trailer for Tractor	10,000				
Redevelopment Project: JTH Building	3,515,000	3,515,000			
Rehabilitate Winona Dock	10,000				
Replace Boat Motor	14,000				
Replace Side by Side UTV			18,000		
Replace truck (229)	28,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

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DESCRIPTION	2022	2023	2024	2025	2026
Replace Truck (502)			32,000		
Replace Truck (556)					32,000
Replace truck (573) with Electric Vehicle		45,000			
Restore Hydrologic Flow - USACE Sec. 206 Project		58,000	42,000		
Restore River, Floodplain and Wetland - Forest Legacy Property		125,000	125,000	75,000	75,000
Update Watershed Management Plan	150,000				
Upgrade Park & Recreational Areas	10,000	10,000	5,000		
Upgrade security of Gate and Fencing at FLP Entrance	25,000				
TOTAL	\$7,662,000	\$6,783,461	\$1,114,500	\$1,067,500	\$1,464,500

INFORMATION SERVICES

ARCGIS Online	25,000				
CU Optimization	200,000				
Change Management			50,000		
Chemical Tracking		30,000			
Install Cityworks Enhancements	30,000				
Install Data Storage Protection/Server Backup & Recovery	50,000				
Ortho Photography - Watershed	30,000				
Perform Information Technology Risk Management Assessment	50,000				
Purchase Billing Printer	48,000			48,000	
Purchase Cityworks Cloud		50,000	50,000	50,000	50,000
Purchase Document Management System (DMS)			25,000	165,000	300,000
Purchase ESRI Tools Enhancements	25,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

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DESCRIPTION	2022	2023	2024	2025	2026
Purchase Operational Data Management and Reporting - Compliance and Analysis	30,000				
Purchase RouteSmart Software	137,500				
Replace Clearwater Server Room	30,000				
Replace GIS Field Data Collector Vehicle		25,000			
Replace GPS Equipment		30,000			
Replace Large Format Scan/Print/Copy Machine	25,000				
Replace Network Firewalls	30,000				30,000
Replace Network Storage Array	320,000				
Replace SCADA Switches	35,000				35,000
Replace Server UPS Units	20,000				
Replace Servers (Clearwater, Maryland, Wilson Plant)			20,000		20,000
Replace Wireless Access Points		40,000			
Security Hardware - Network Video Recorders	156,500				
Select/Install Enterprise Resource Planning Software	1,436,000	1,500,000			
Update AV Equipment in Commission Room	40,000				
Upgrade Phone System			45,000		
VMWare Host	90,000				
VMWare License Additions	32,000				
TOTAL	\$2,840,000	\$1,675,000	\$190,000	\$263,000	\$435,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

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DESCRIPTION	2022	2023	2024	2025	2026
ENGINEERING					
Bank Stabilization at Lake Maumelle Pumping Station	300,000				
Construct Booster Pump Station No. 17B - Highland Ridge		650,000			
Construct Lime Injection Facilities at Lake Maumelle Pumping Station	75,000				
Construct Vault and Install Flowmeter at Bryant/Asher ROV	60,000				
Developer Funded Capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Developer Participation - New Mains	150,000	150,000	150,000	150,000	150,000
Facility Improvements	50,000	50,000	50,000	50,000	50,000
Improve Booster Pump Station No. 11	250,000				
Improve Lake Winona Spillway - deteriorated concrete surface	200,000				
Improve Ozark Point Plant - Phase 1 & 2 Construction Phase Engineering Services - Job No. 07516	100,000				
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	1,300,000				
Improve Pump Station No. 1A - Phase 2 Construction & Engineering - Wilson Plant - Job No. 07515	1,800,000	1,800,000			
Improve/Rehabilitate Pump Station No. 26A - Maryland Ave/NLR Airport	225,000				
Improve Tank No. 2	400,000	400,000			
Improve Elevated Storage Tank No. 17A - Highland Ridge - Interior/Exterior		240,000			
Improve Ground Storage Tank No. 30B - Maumelle			300,000	300,000	
Improve Tank No. 19C - Wye Mountain - Interior and Exterior		125,000			
Inspection of Arkansas River Transmission Crossings	50,000				
Install 12-inch Water Main - Pump Station No. 28 Suction Improvements					475,000
Install 12-inch Water Main - West Markham to West Markham Pressure Zone Interconnection	250,000				
Install 16-inch Water - W. Maryland/Remount Rd - NLR Airport - Proj 5211	1,600,000				
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23	1,123,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

Vehicles in blue are aggregated and combined in the Projects Section on pages 129 - 182.

DESCRIPTION	2022	2023	2024	2025	2026
Install 8-inch Water Main Across I-40 at Harris Road - Project 5123 Job No. 08784	250,000				
Install 8-inch Water Main Interconnection - Panther Mountain to Maumelle Main - Project 5125 Job No. 08786	550,000				
Install Master Plan Distribution Mains - Various				250,000	250,000
Pressure Recorders	10,000				
Professional Services - Engineering	5,000	5,000	5,000	5,000	5,000
Professional Services - Land Surveying	5,000	5,000	5,000	5,000	5,000
Professional Services - Property Appraisals	5,000	5,000	5,000	5,000	5,000
Purchase GPS Units	10,000	10,000	10,000	10,000	10,000
Relocate 16-inch Transmission Main - Capitol Drain/Gill St Bridge - Phase 2 - Project No. 7922	450,000				
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 - Job No. 08335	1,550,000				
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 3 - Job No. 08335		805,000			
Relocate 6-inch Water Mains - Hemphill Rd - Sherwood	750,000				
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood	1,600,000				
Relocate Water Mains - Cantrell Rd (Hwy 10) - Phase 2 - Pleasant Ridge to Taylor Loop		2,500,000	2,000,000		
Relocate Water Mains - Kanis Rd/Business Park/Michael Dr - LR	450,000				
Relocate Water Mains - Park Hill Jump Start - JFK Blvd - NLR - Proj 5079	225,000				
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	200,000	300,000	300,000	300,000	300,000
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	2,000,000				
Replace 12-inch Water Main - under Interstate 30 at Roosevelt Rd - LR				450,000	
Replace 12-inch Water Main Stagecoach Rd at I-430		300,000			
Replace 8-inch Water Main - Main St at Railroad Viaduct - NLR					572,000
Replace Building Roofs - Lake Winona		20,000			

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

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DESCRIPTION	2022	2023	2024	2025	2026
Replace Intake Structure Slide Gates and Install Isolation Valve - Jackson Reservoir		300,000			
Replace Vehicle - Engineering Department	28,000	29,000	30,000	30,000	30,000
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - Systemwide	5,555,000	5,913,250	6,001,500	6,622,000	7,000,000
Ridgefield Estates - Water Main Installation & Merger	1,450,000				
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	1,633,000	800,000			
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phases 2 & 3		7,200,000	4,400,000	4,400,000	
TOTAL	\$27,159,000	\$24,107,250	\$15,756,500	\$15,077,000	\$11,352,000

WATER PRODUCTION

Implement Tank Management System	50,000	60,000	65,000	60,000	
Improve All Intake Gates at Lake Maumelle and Lake Winona	750,000				
Improve Ozark Wash Water Stand Tank, Surge Pipes and Lime Tank - Paint				100,000	
Install Station 14 Pump 3 Soft Start	14,000				
Purchase Rockwell Support and Training	35,000		35,000		35,000
Purchase Sampling Stations	15,000	15,000	15,000	15,000	
Purchase Van for Instrument Technician	43,000				

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

Vehicles in blue are aggregated and combined in the Projects Section on pages 129 - 182.

DESCRIPTION	2022	2023	2024	2025	2026
Purchase Zero Turn Mower	20,000				
Rebuild LOH Transmitters Ozark	12,000				
Replace 7 CL-17s On-Line Monitors of Chlorine Residuals - Wilson and Ozark				55,000	
Replace Crane Truck (522)	200,000				
Replace Fence Jackson Reservoir	50,000	80,000			
Replace GC/MS				150,000	
Replace Granular Activated Carbon Media (GAC) - Ozark Point Plant				300,000	
Replace Ion Chromatograph	140,000				
Replace Lake Maumelle Generator Cooling Water Piping	75,000				
Replace Pulaski Heights Intermediate Bypass Valve Operator and Inspect	15,000				
Replace PVC Piping and Valves in Hypo Buildings	50,000	50,000			
Replace Roof on Building over Clearwell 2 at Ozark Plant	25,000				
Replace Roof on Lake Maumelle Control Building	55,000				
Replace Roof on Ozark Softening Building	8,000				
Replace SCADA System Programmable Logic Controllers	200,000	200,000			
Replace Station 16C Pump 2 Discharge Valve	25,000				
Replace Total Organic Carbon Analyzer		100,000			
Replace Truck (480)	39,000				
Replace Truck (557)			30,000		
Replace Truck (570)				30,000	
TOTAL	\$1,821,000	\$505,000	\$145,000	\$710,000	\$35,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

Vehicles in blue are aggregated and combined in the Projects Section on pages 129 - 182.

DESCRIPTION	2022	2023	2024	2025	2026
DISTRIBUTION					
Expand Concrete Pavement Area at Clearwater Yard - Job No. 08268	90,000				
Install and Replace Hydrants	110,000	115,000	120,000	125,000	130,000
Install Hydrants - Maumelle	6,750	7,000	7,250	7,500	7,500
Install Mains - Maumelle	12,500	13,000	13,000	13,500	14,000
Install Meters - Maumelle	8,000	8,000	8,000	9,000	9,000
Install Meters for New Services	175,000	185,000	195,000	205,000	215,000
Install Overhead Fans - Clearwater		30,000			
Install Valves	55,000	57,500	60,000	62,500	65,000
Install Valves - Maumelle	9,000	9,000	9,000	10,000	10,000
Install, Replace, and Relocate Mains	220,000	230,000	240,000	250,000	260,000
Install, Replace, and Transfer Services - Maumelle	280,000	290,000	300,000	310,000	320,000
Purchase 5th Wheel Trailer for New Crew	22,000				
Purchase a New Crew Truck for New Crew	140,000				
Purchase Air Release Valves for Raw Water Line	25,000				
Purchase Hydraulic HoeRam for Mini Excavators	12,000				
Purchase New 3/4 Ton Truck for New Troubleshooter	40,000				
Purchase New Equipment for the Hydro-Stop	55,000				
Purchase Tractor and Bush Hog for Easement Maintenance (with Trailer)		60,000			
Purchase/Install Meters - Change Out Program plus Specialist Meters	740,000	660,000	680,000	700,000	720,000
Purchase/Install Services (New, Replace, Transfer)	1,360,000	1,380,000	1,400,000	1,420,000	1,440,000
Replace 1 Ton Service Truck	53,000	55,000		62,000	
Replace 1/2 Ton Truck(s) - 2 Annually	60,000	90,000	92,000	94,000	95,000
Replace 1/2 Ton Truck(s) with Electric Vehicles - 2 Annually	90,000	90,000	90,000	95,000	95,000
Replace 2 Ton Dump Truck(s) - 2 Annually	190,000	95,500	186,500	186,500	190,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

Projects in green are featured in the Projects Section on pages 129 - 182.

Vehicles in blue are aggregated and combined in the Projects Section on pages 129 - 182.

DESCRIPTION	2022	2023	2024	2025	2026
Replace 2 Ton Crew Truck(s)				270,000	270,000
Replace 3 Ton Dump Truck		120,000		120,000	
Replace 3/4 Ton Service Truck(s) - 2 Annually	80,000	117,000	117,000	122,000	122,000
Replace Air Motors for Tap Machines	19,000	19,000	19,000	19,000	19,000
Replace Air Piercing Tool	18,000	18,000	19,000	19,000	
Replace Horizontal Directional Drilling Machine	270,000				
TOTAL	\$4,140,250	\$3,649,000	\$3,555,750	\$4,100,000	\$3,981,500
GRAND TOTAL	\$43,622,250	\$36,719,711	\$20,761,750	\$21,217,500	\$17,268,000

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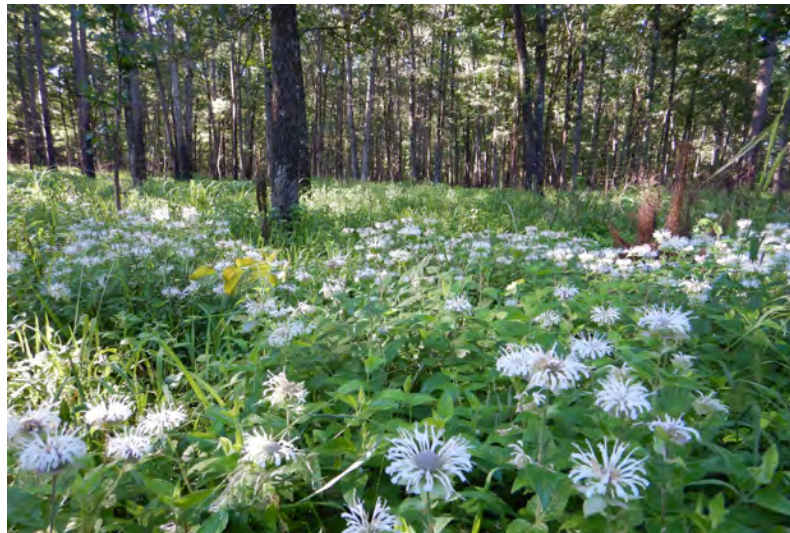
Significant Project Detail

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

Each of these projects has an anticipated capital investment of \$500,000 or greater over the five-year capital planning period of 2022 through 2026. 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: Forest Legacy Program Large Acre Property Purchase
Department: Administration
Focus Area: Watershed Protection
Location: Multiple Locations



Project Lead:
Raven Lawson

Estimated Start Date:
January 2022

Duration:
24 months

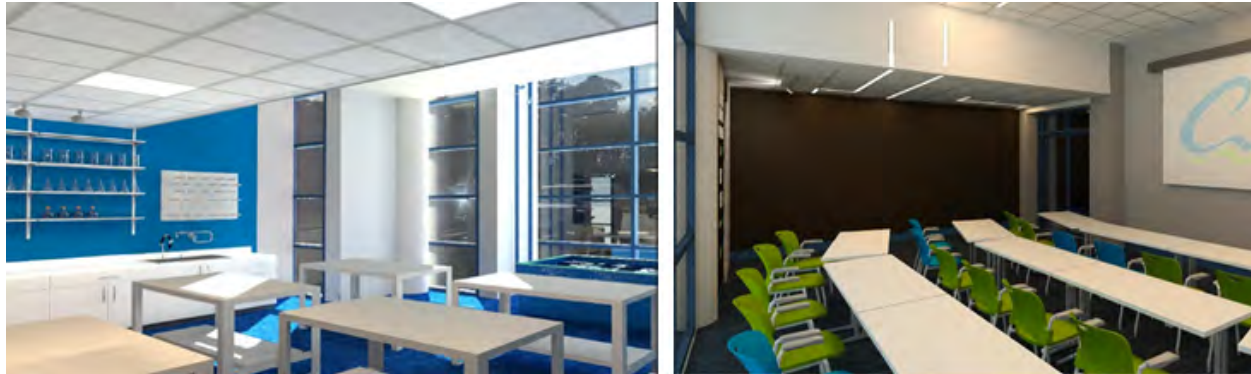
CAPITAL COSTS	
Source	2020BCD BONDS
2022	3,000,000
2023	2,052,961
2024	—
2025	—
2026	—

O&M IMPACT	
G/L	Land Management
2022	7,500
2023	10,000
2024	12,500
2025	15,000
2026	15,000

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



Project Lead:
 Blake Weindorf

Estimated Start Date:
 August 2022

Duration:
 12 months

CAPITAL COSTS	
Source	2020BCD BONDS
2022	300,000
2023	200,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

The classroom project at the Wilson Treatment Plant will convert the existing, unused pilot plant space at the Wilson Administration building into a new, multi-purpose classroom, lab, and public meeting space. The renewed space will allow for CAW to host large groups of students and community members who want to learn more about the Utility. The room will include interpretive signage on the walls, modern audio-visual equipment, and can also host CAW employees for normal staff meetings.

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



Project Lead:
Raven Lawson

Estimated Start Date:
January 2022

Duration:
Ongoing

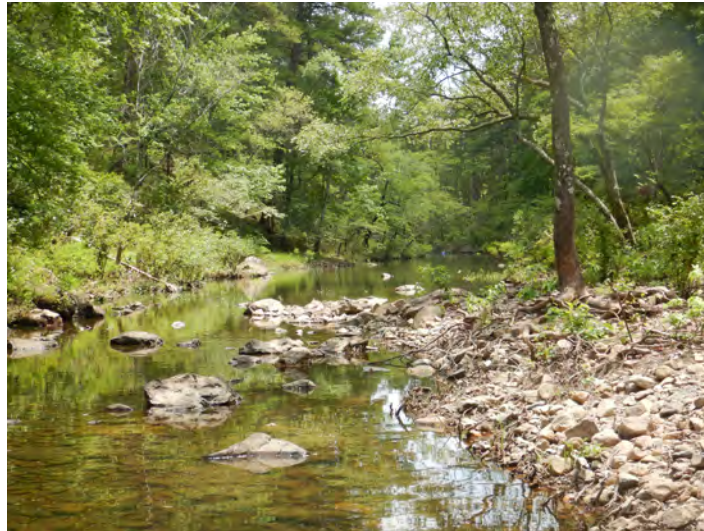
CAPITAL COSTS	
Source	WPF
2022	100,000
2023	200,000
2024	200,000
2025	200,000
2026	200,000

O&M IMPACT	
G/L	Land Management
2022	7,500
2023	10,000
2024	12,500
2025	15,000
2026	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:
 Blake Weindorf

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	WPF
2022	135,000
2023	325,000
2024	500,000
2025	500,000
2026	500,000

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

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: James T. Harvey Administration Building



Project Lead:
 Blake Weindorf

Estimated Start Date:
 January 2022

Duration:
 24 months

CAPITAL COSTS	
Source	2020BCD BONDS
2022	3,515,000
2023	3,515,000
2024	—
2025	—
2026	—

O&M IMPACT	
G/L	Building Maintenance
2022	—
2023	(30,000)
2024	(30,000)
2025	(30,000)
2026	(30,000)

PROJECT PURPOSE

Improvements at the JTH building include recommendations from the investment grade audit on the HVAC and lighting systems as well as renewed office space layouts along with the potential of a combined meeting, training, and retail space on the 1st floor.

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



Project Lead:
Allen Vincent

Estimated Start Date:
April 2022

Duration:
18 Months

CAPITAL COSTS	
Source	RATES
2022	1,436,000
2023	1,500,000
2024	—
2025	—
2026	—

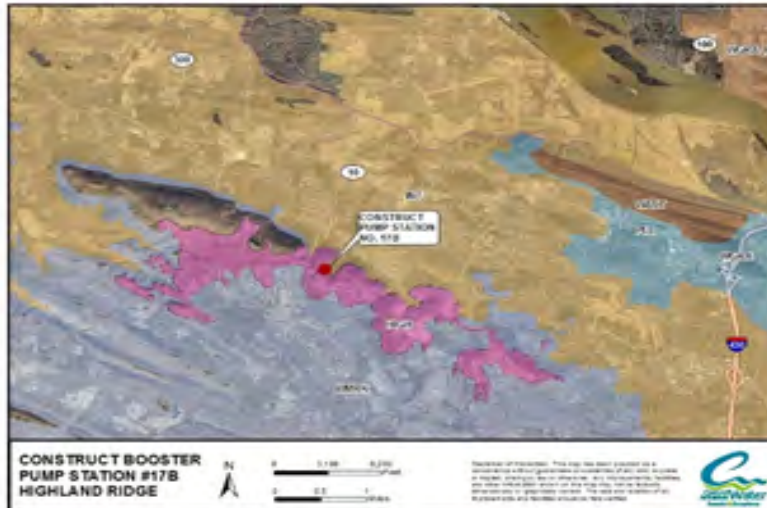
O&M IMPACT	
G/L	SOFTWARE MAINTENANCE
2022	180,000
2023	360,000
2024	360,000
2025	360,000
2026	360,000

PROJECT PURPOSE

CAW will select and install an Enterprise Resource Planning (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 free up employee time so they can work on more tasks. 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, Financials, Purchasing, Reporting and Analytical needs.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 10 Months

CAPITAL COSTS	
Source	2020BCD BONDS
2022	—
2023	650,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	DEVELOPER
2022	2,500,000
2023	2,500,000
2024	2,500,000
2025	2,500,000
2026	2,500,000

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

PROJECT PURPOSE

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

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2022	150,000
2023	150,000
2024	150,000
2025	150,000
2026	150,000

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

PROJECT PURPOSE

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

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



Project Lead:
Jim Ferguson

Estimated Start Date:
August 2021

Duration:
12 Months

CAPITAL COSTS	
Source	ANRD OZARK
2022	1,300,000
2023	—
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

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:
January 2022

Duration:
18 Months

CAPITAL COSTS	
Source	ANRD WILSON
2022	1,800,000
2023	1,800,000
2024	—
2025	—
2026	—

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

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 MGD into the Intermediate system through five pumps and 17 MGD into the

Pulaski Heights system through five pumps. Items to be replaced and/or improved include the pumping units, motors, motor starters, other electrical components, control equipment, and building integrity. The station also has a suction cavitation problem that will be addressed. Phase 1 was bid and awarded in late 2017. Phase 1 construction began in 2018 and was completed in early 2019. Funding and construction for Phase 2 is anticipated to begin in 2022 and progress through 2023.

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Project Name: Improve Tank 2
Department: Engineering
Focus Area: Tanks
Location: Little Rock



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2022

Duration:
 6 Months

CAPITAL COSTS	
Source	RATES
2022	400,000
2023	400,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

The project consists of required improvements. The roof and exterior of Tank No. 2 located near Interstate 430 and Interstate 630 interchange in West Little Rock will be sandblasted and repainted for the first time since construction of the tank in 1986. The roof portion will be performed in 2023.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 October 2024

Duration:
 6 Months

CAPITAL COSTS	
Source	MWM SURCHARGE
2022	—
2023	—
2024	300,000
2025	300,000
2026	—

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

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 16-inch Water Main - W. Maryland/Remount Rd - North Little Rock Airport - Project 5211
Department: Engineering
Focus Area: Mains
Location: North Little Rock



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2022

Duration:
10 Months

CAPITAL COSTS			
Source	2018B BOND	2020BCD BONDS	RATES
2022	700,000	300,000	600,000
2023	—	—	—
2024	—	—	—
2025	—	—	—
2026	—	—	—

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

PROJECT PURPOSE

This project will construct approximately 7,900 feet of 16-inch and 12-inch water main along West Maryland Avenue and Remount Road to improve hydraulics and fire flow capacity within the North Little Rock High Service pressure zone. This area is currently underserved due to the lack of large diameter water mains extending from Pump Station No. 26A.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 Continued from August 2021

Duration:
 12 Months in 2022

CAPITAL COSTS	
Source	2020BCD BONDS
2022	1,123,000
2023	—
2024	—
2025	—
2026	—

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

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

PROJECT PURPOSE

This project will construct approximately 7,000 linear feet of 20-inch water transmission main to provide additional flow and redundant capacity to the No. 23 tank and booster pump station located at Montgomery Point in North Little Rock. This project will be the second and last phase of construction of the redundant transmission main that extends from downtown North Little Rock to Montgomery Point. The existing 20-inch transmission main to the tank and pump station is 56 years old and is the subject of frequent leaks and shutdowns resulting in loss of service.

Project Name: Install 8-inch Water Main Interconnection - Panther Mtn to Maumelle Main - Project 5125 Job 08786
Department: Engineering
Focus Area: Mains
Location: Pulaski County



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2022

Duration:
6 Months

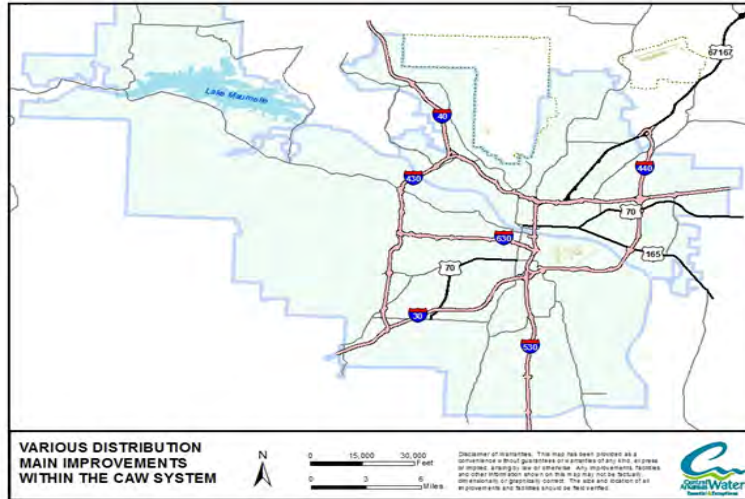
CAPITAL COSTS	
Source	2020BCD BONDS
2022	550,000
2023	—
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

Project Name: Install Master Plan Distribution Mains - Various
Department: Engineering
Focus Area: Mains
Location: Various



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2024

Duration:
36 Months

CAPITAL COSTS		
Source	UNFUNDED	RATES
2022	—	—
2023	—	—
2024	250,000	—
2025	—	250,000
2026	—	250,000

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

PROJECT PURPOSE

Installation of distribution main improvements within the CAW system as recommended by the Master Plan or as needs and priorities develop for system growth.

Project Name: Remove Sludge - Maumelle Water/Wastewater Lagoons
- Job No. 07602

Department: Engineering

Focus Area: Plant

Location: Maumelle



Project Lead:
Jim Ferguson

Estimated Start Date:
July 2022

Duration:
3 Months

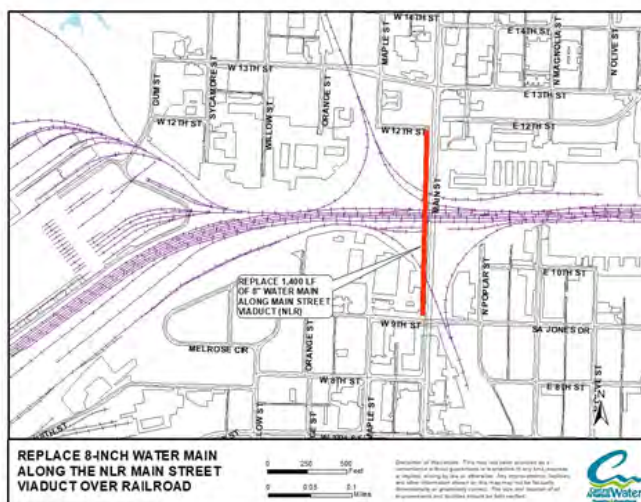
CAPITAL COSTS	
Source	MWM SURCHARGE
2022	2,000,000
2023	—
2024	—
2025	—
2026	—

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

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, removal of 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 8-inch Water Main - Main St at Railroad Viaduct - North Little Rock
Department: Engineering
Focus Area: Mains
Location: North Little Rock



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2026

Duration:
6 Months

CAPITAL COSTS	
Source	RATES
2022	—
2023	—
2024	—
2025	—
2026	572,000

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

PROJECT PURPOSE

This project will replace approximately 1,400 linear feet of existing 120 year old cast iron water main along the Main Street viaduct over the Union Pacific Railroad tracks, in North Little Rock. This section of water main has been the subject of numerous leaks and breaks due to the age of the pipe.

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS		
Source	2020BCD BOND	RATES
2022	4,100,000	1,455,000
2023	1,869,250	4,044,000
2024	—	6,001,500
2025	—	6,622,000
2026	—	7,000,000

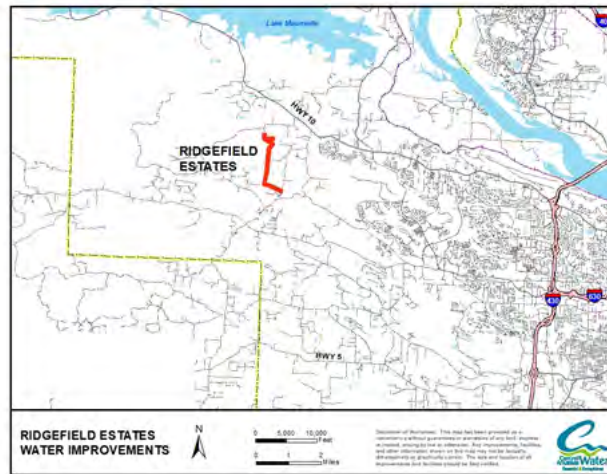
O&M IMPACT	
G/L	N/A
2022	*
2023	*
2024	*
2025	*
2026	*

*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: Ridgefield Estates - Water Main Installation & Merger
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2022

Duration:
 12 Months

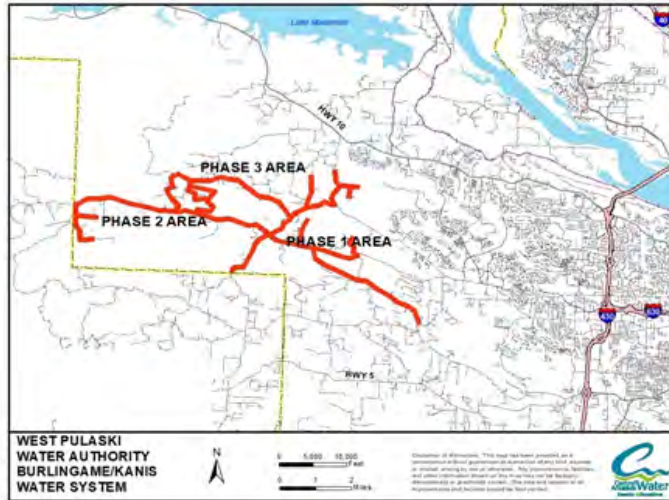
CAPITAL COSTS	
Source	ANRD RIDGEFIELD ESTATES
2022	1,450,000
2023	—
2024	—
2025	—
2026	—

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

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 Central Arkansas Water. Engineering design and construction phase engineering services are being provided by CAW and Ridgefield Estates is funding the construction costs.

Project Name: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
 Jim Ferguson

Estimated Start Date:
 June 2022

Duration:
 18 Months

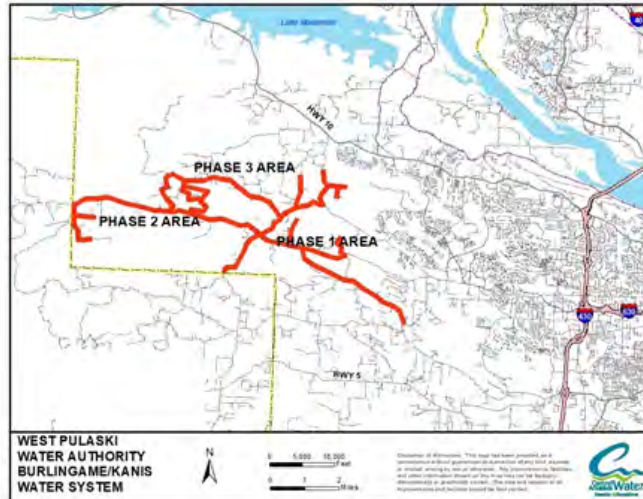
CAPITAL COSTS	
Source	ANRD WPPWA
2022	1,633,000
2023	800,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

Project Name: West Pulaski Public Water Authority - Engineering and Water Main Construction - Phases 2 & 3
Department: Engineering
Focus Area: System Expansion - Mains
Location: West Pulaski County



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2023

Duration:
 36 Months

CAPITAL COSTS	
Source	ANRD WPPWA
2022	—
2023	7,200,000
2024	4,400,000
2025	4,400,000
2026	—

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

PROJECT PURPOSE

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

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

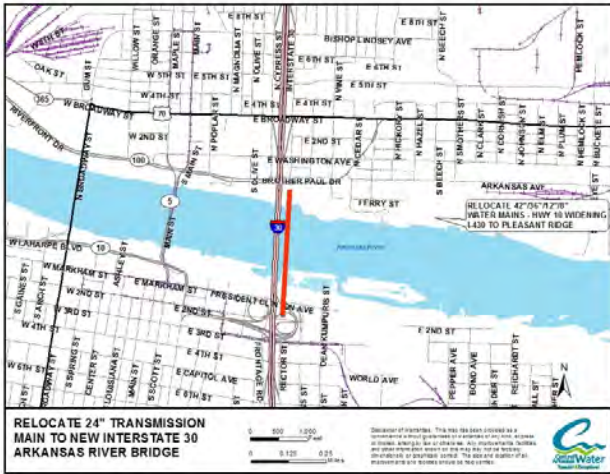


PROJECT PURPOSE

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

While relocations do result in newer infrastructure, these projects are not dictated by CAW system needs or assets that are past their useful life. Therefore, these mandatory projects compete for limited infrastructure funds that could otherwise be used for replacing aging infrastructure that is past its useful life or that has a chronic history of spontaneous breakage. CAW will continue to fund many of these relocation projects through the 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 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 & 3 - Job No. 08335



Estimated Start Date:
#2 March 2022; #3 September 2023

Duration:
12 Months; 12 Months

Total Cost:
\$2,355,000

Source	2022	2023	2024	2025	2026
2018B BOND	1,550,000	—	—	—	—
2020BCD BONDS	—	805,000	—	—	—

Project Name: Relocate 6-inch Water Mains - Hemphill Road - Sherwood



Estimated Start Date:
March 2022

Duration:
9 Months

Total Cost:
\$750,000

Source	2022	2023	2024	2025	2026
2020BCD BONDS	750,000	—	—	—	—

Project Name: Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood



Estimated Start Date:

March 2022

Duration:

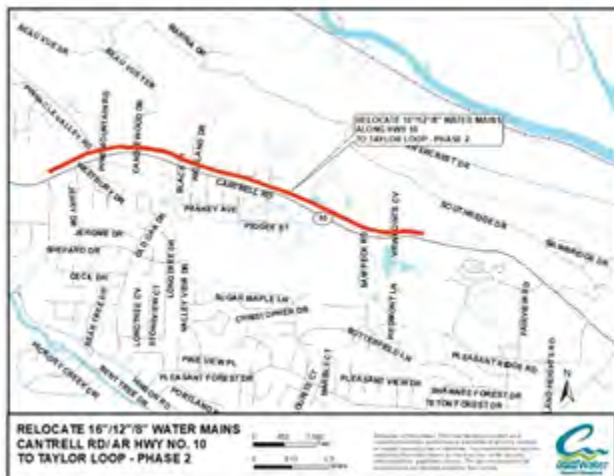
10 Months

Total Cost:

\$1,600,000

Source	2022	2023	2024	2025	2026
2020BCD BONDS	1,600,000	—	—	—	—

Project Name: Relocate Water Mains - Cantrell Rd (Hwy 10) - Phase 2 - Pleasant Ridge to Taylor Loop



Estimated Start Date:

July 2023

Duration:

12 Months

Total Cost:

\$4,500,000

Source	2022	2023	2024	2025	2026
2020BCD BONDS	—	1,800,000	—	—	—
RATES	—	700,000	2,000,000	—	—

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



Estimated Start Date:
January 2022

Duration: (Months)
Ongoing

Total Cost:
\$1,400,000

Source	2022	2023	2024	2025	2026
RATES	200,000	300,000	300,000	300,000	300,000

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



Project Lead:
Doug Graham

Estimated Start Date:
January 2022

Duration:
12 Months

CAPITAL COSTS	
Source	2020BCD BONDS
2022	750,000
2023	—
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2022	110,000
2023	115,000
2024	120,000
2025	125,000
2026	130,000

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

PROJECT PURPOSE

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

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2022	175,000
2023	185,000
2024	195,000
2025	205,000
2026	215,000

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

PROJECT PURPOSE

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

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2022

Duration:
 Ongoing

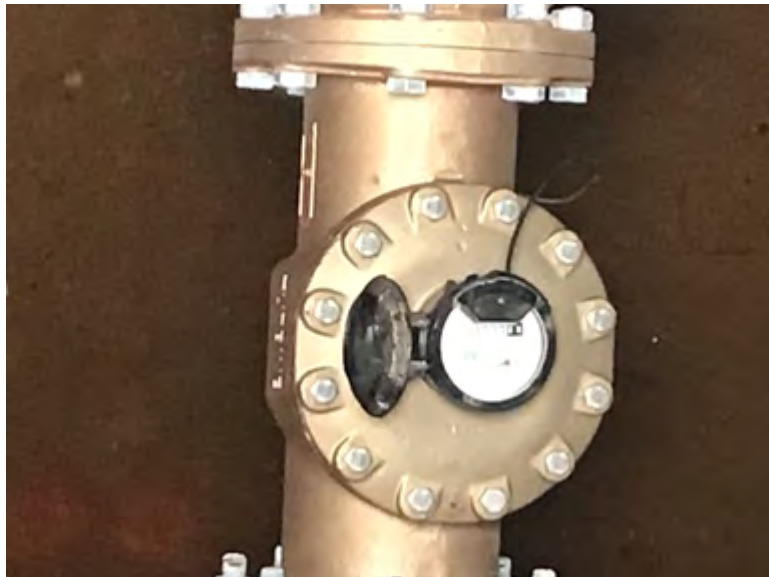
CAPITAL COSTS	
Source	MWM RATES
2022	280,000
2023	290,000
2024	300,000
2025	310,000
2026	320,000

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

PROJECT PURPOSE

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

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



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2022	740,000
2023	660,000
2024	680,000
2025	700,000
2026	720,000

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

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 2022

Duration:
 Ongoing

CAPITAL COSTS	
Source	RATES
2022	1,360,000
2023	1,380,000
2024	1,400,000
2025	1,420,000
2026	1,440,000

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

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



Name:	Estimated Start Date:	Duration: (Months)
Various	January 2022	Ongoing

Capital Costs

Source	2022	2023	2024	2025	2026
RATES	991,000	641,500	577,500	1,009,500	834,000

O&M Impact

G/L	2022	2023	2024	2025	2026
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						
		2022	2023	2024	2025	2026
Administration	Purchase New Grounds Truck	28,000				
Administration	Replace Truck (229)	28,000				
Administration	Replace Truck (502)			32,000		
Administration	Replace Truck (556)					32,000
Administration	Replace Truck (573)		45,000			
Engineering	Replace Vehicle - Engineering Department	28,000	29,000	30,000	30,000	30,000
Water Production	Purchase Van for Instrument Technician	43,000				
Water Production	Replace Crane Truck (522)	200,000				
Water Production	Replace Truck (480)	39,000				
Water Production	Replace Truck (557)			30,000		
Water Production	Replace Truck (570)				30,000	
Distribution	Purchase a New Crew Truck for New Crew	140,000				
Distribution	Purchase New 3/4 Ton Truck for New Troubleshooter	40,000				
Distribution	Replace 1 Ton Service Truck	53,000	55,000		62,000	
Distribution	Replace 1/2 Ton Trucks - 2 Annually	60,000	90,000	92,000	94,000	95,000
Distribution	Replace 1/2 Ton Trucks with Electric Vehicles - 2 Annually	90,000	90,000	90,000	95,000	95,000
Distribution	Replace 2 Ton Dump Trucks - 2 Annually	190,000	95,500	186,500	186,500	190,000
Distribution	Replace 2 Ton Crew Trucks - 2 Annually				270,000	270,000
Distribution	Replace 3 Ton Dump Truck		120,000		120,000	
Distribution	Replace 3/4 Ton Service Trucks - 2 Annually	80,000	117,000	117,000	122,000	122,000
	GRAND TOTAL	\$1,019,000	\$641,500	\$577,500	\$1,009,500	\$834,000

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



CORNER OF 6TH & CUMBERLAND

Project Lead:
Blake Weindorf

Estimated Start Date:
January 2022

Duration:
Ongoing

CAPITAL COSTS	
Source	UNFUNDED
2022	3,100,000
2023	3,100,000
2024	—
2025	—
2026	—

O&M IMPACT	
G/L	Rent Income
2022	—
2023	(150,000)
2024	(150,000)
2025	(150,000)
2026	(150,000)

PROJECT PURPOSE

Install Apartments on Property at 6th & Cumberland to create improvements and redevelopment on vacant property in Downtown Little Rock and generate alternate revenue to offset improvements needed for CAW Downtown Office Space. CAW owns the lot at the SE corner of 6th & Cumberland and would develop 24 apartments on the property that would generate alternative revenues that would pay for the development of not only those apartments but also for needed improvements at the existing JTH Building at 221 E. Capitol Ave.

Project Name: Restore Maumelle River Crossing at FLP
Department: Administration
Focus Area: Watershed Protection
Location: Maumelle River Crossing



Project Lead:
Raven Lawson

Estimated Start Date:
January 2022

Duration:
12 Months

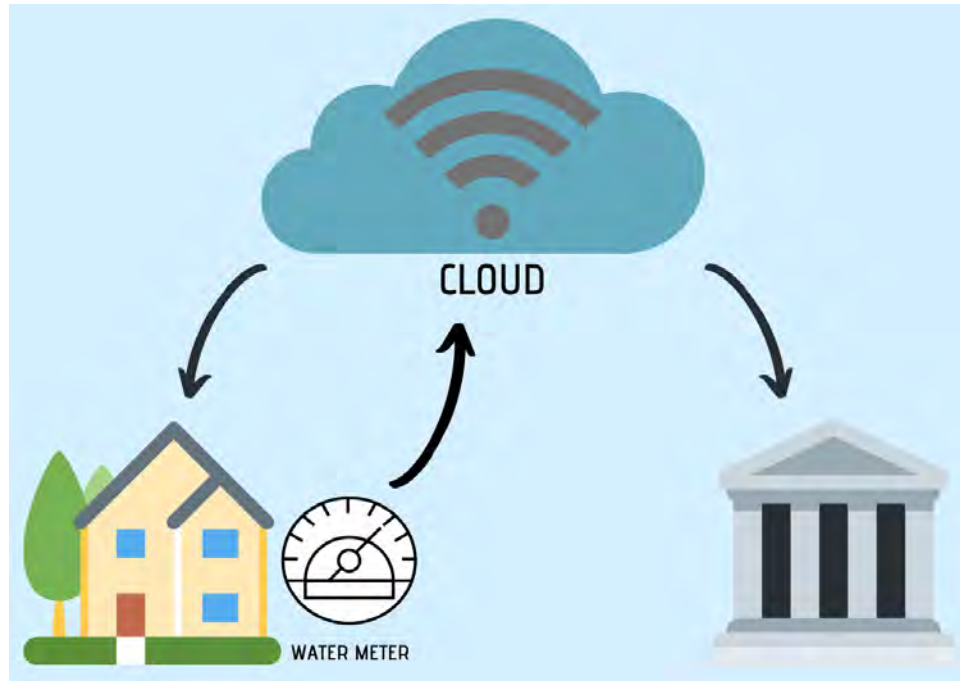
CAPITAL COSTS	
Source	UNFUNDED
2022	850,000
2023	—
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

In 2020, a bridge providing passage from Highway 10 to the Maumelle River Field Station was constructed, replacing a failing low-water crossing structure spanning the Maumelle River. In May 2021, the bridge began to collapse approximately 60 days past the one-year warranty had expired. The failing structure no longer provides access to the Field Station and poses a risk of collapsing into the river completely, which could cause excessive bank erosion in the river downstream, sending sediment and nutrients into the river and eventually into Lake Maumelle. Funds are needed to disassemble the existing structure and rebuild a sustainable crossing while we await settlement funds.

Project Name: Purchase/Install AMI Meters
Department: Distribution
Focus Area: Meters
Location: CAW Area



Project Lead:
 Danny Dunn

Estimated Start Date:
 January 2023

Duration:
 Ongoing

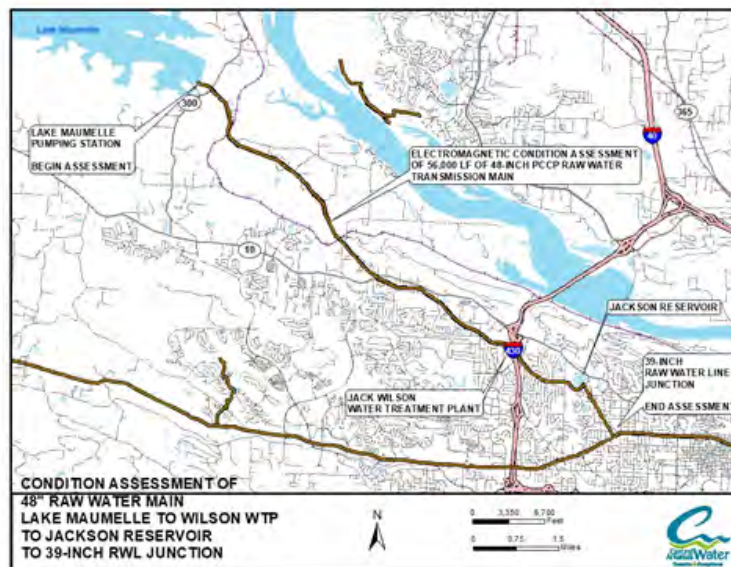
CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	2,340,000
2024	2,320,000
2025	2,300,000
2026	2,280,000

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

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



Project Lead:
Jim Ferguson

Estimated Start Date:
October 2023

Duration:
4 Months

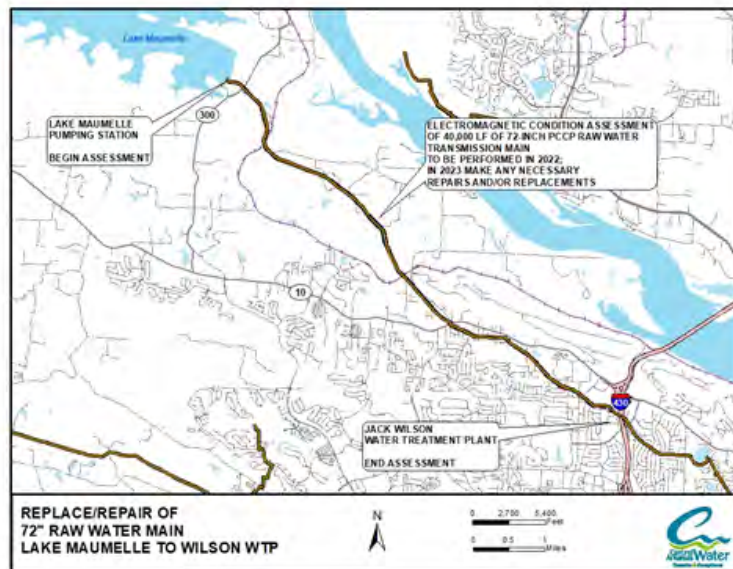
CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	600,000
2024	500,000
2025	—
2026	—

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

PROJECT PURPOSE

This project will consist of the 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 Jack H. Wilson Water Treatment Plant. The assessment will also extend beyond the WTP to the Jackson Reservoir. The existing pipeline is 48-inch diameter prestressed concrete cylinder pipe placed into service in 1958. The pipeline is approximately 56,000 feet in length.

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



Project Lead:
Jim Ferguson

Estimated Start Date:
November 2022


Duration:
8 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	425,000
2023	425,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

After the Condition Assessment of the Lake Maumelle 72-inch PCCP raw water line, to be performed in 2022, repairs and/or replacement of sections of the pipeline 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 Jack Wilson Water Treatment Plant.

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



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2026

Duration:
9 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	—
2025	—
2026	500,000

O&M IMPACT	
G/L	Utilities
2022	—
2023	—
2024	—
2025	—
2026	(10,000)

PROJECT PURPOSE

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

Project Name: Improve 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:
 July 2022

Duration:
 24 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	1,750,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

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



Project Lead:
 Jim Ferguson

Estimated Start Date:
 January 2024

Duration:
 42 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	20,000,000
2025	20,000,000
2026	20,000,000

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

PROJECT PURPOSE

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

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



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2024

Duration:
42 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	1,000,000
2025	1,000,000
2026	1,000,000

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

PROJECT PURPOSE

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

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:
 July 2022

Duration:
 18 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	3,000,000
2023	2,400,000
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

This project will consist of the 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 detailed engineering report will be completed late 2021 to inspect and study the treatment plant and recommend improvements and rehabilitation.

Project Name: Improve Tank 22
Department: Engineering
Focus Area: Tanks
Location: North Little Rock



Project Lead:
 Jim Ferguson

Estimated Start Date:
 November 2023

Duration:
 4 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	650,000
2024	650,000
2025	—
2026	—

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

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 interior and exterior and any additional required improvements will be made.

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



Project Lead:
Jim Ferguson

Estimated Start Date:
April 2022

Duration:
9 Months

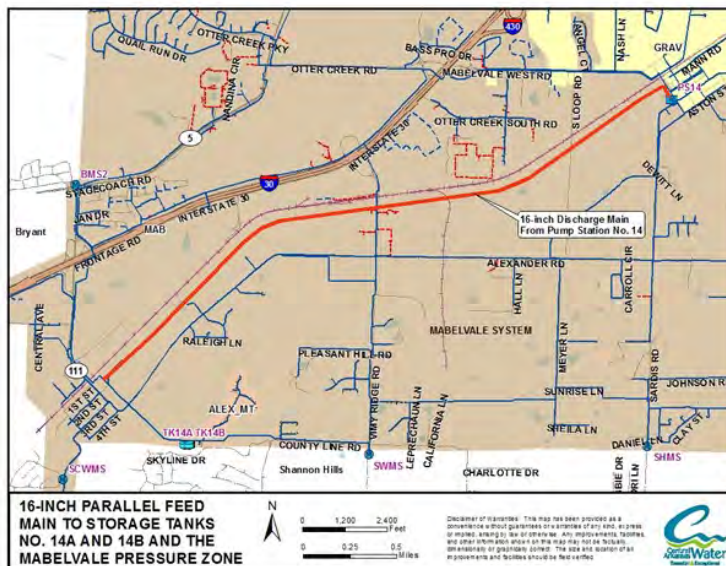
CAPITAL COSTS	
Source	UNFUNDED
2022	1,200,000
2023	—
2024	—
2025	—
2026	—

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

PROJECT PURPOSE

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

Project Name: Install 16-inch Parallel Feed Main to Tanks #14A/14B - Mabelvale
Department: Engineering
Focus Area: Pumps
Location: Little Rock / Bryant



Project Lead:
Jim Ferguson

Estimated Start Date:
July 2026

Duration:
24 Months

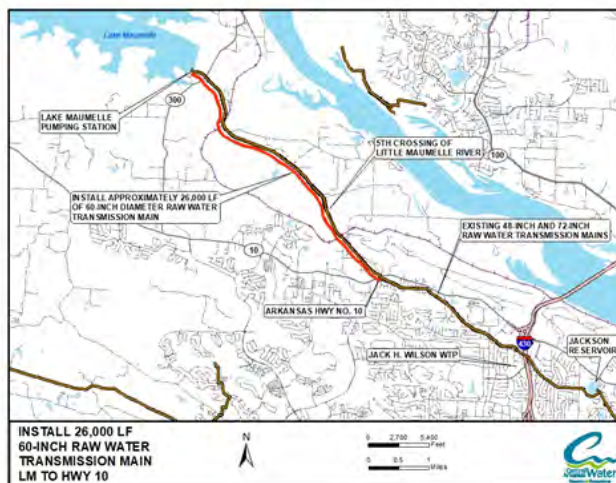
CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	—
2025	—
2026	3,000,000

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

PROJECT PURPOSE

Installation of approximately 19,000 L.F. of 16-inch transmission main from the Mabelvale Booster Pump Station No. 14 to provide additional feed capacity to the existing Alexander Storage Tanks Nos. 14A and 14B. This transmission main will allow greater growth potential in the Mabelvale pressure zone by increased pumping capacity through P.S. No. 14. Currently the pump station is limited in its capacity due to undersized discharge mains between the station and the tanks. This project will require participation from the City of Bryant for full completion.

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



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2026

Duration:
Ongoing

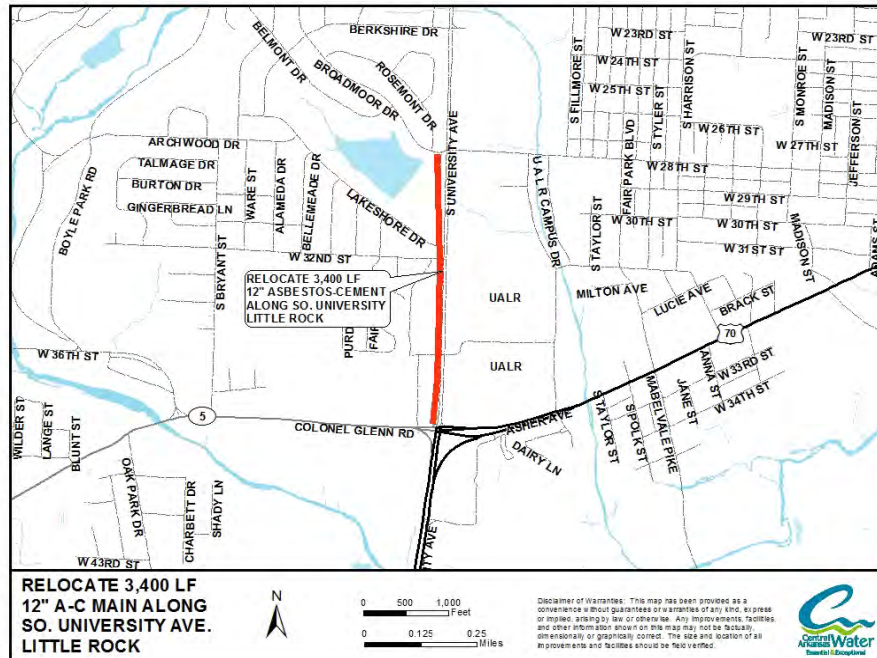
CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	—
2025	—
2026	48,000,000

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

PROJECT PURPOSE

Install approximately 26,000 linear feet of 60-inch diameter raw water transmission main from the Lake Maumelle Pumping Station to Arkansas Highway No. 10. This would include a 5th crossing of the Little Maumelle River. This Phase 1 transmission main installation will allow the retirement of the 70 year old 48-inch transmission main that was the original pipe installation from Lake Maumelle to the Jackson Reservoir and the Jack H. Wilson Water Treatment Plant. The 60-inch installation will also increase the raw water pumping capacity from Lake Maumelle. At a later date, Phase 2 construction will install new 60-inch transmission main from Highway No. 10 to the Wilson WTP and allow for the retirement of the remaining portion of the original 48-inch transmission main.

Project Name: Relocate 12-inch Water Main Along South University - 28th to Colonel Glenn
Department: Engineering
Focus Area: Mains
Location: Little Rock



Project Lead:
Jim Ferguson

Estimated Start Date:
January 2026

Duration:
9 Months

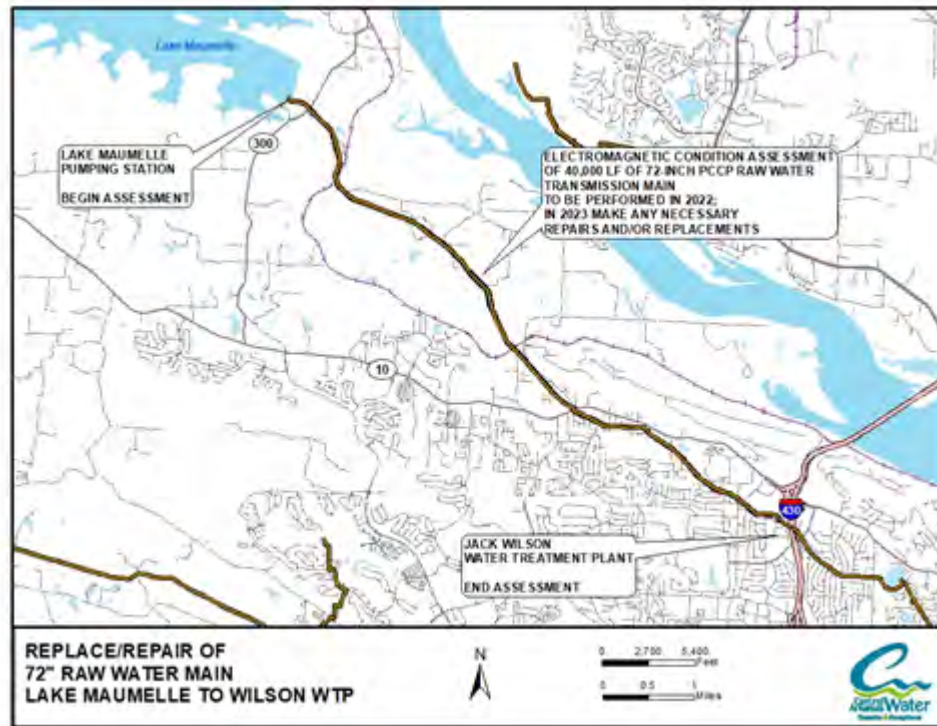
CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	—
2024	—
2025	—
2026	750,000

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.

Project Name: Replace/Repair of Lake Maumelle 72-inch Raw Water Line after Condition Assessment
Department: Engineering
Focus Area: Mains
Location: Little Rock/Pulaski County



Project Lead:
Jim Ferguson

Estimated Start Date:
November 2023

Duration:
6 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	200,000
2024	400,000
2025	—
2026	—

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

PROJECT PURPOSE

After the Condition Assessment of the Lake Maumelle 72-inch PCCP raw water line, to be performed in 2022, repairs and/or replacement of sections of the pipeline 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 Jack Wilson Water Treatment Plant.

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



Project Lead:
Sam Zehtaban

Estimated Start Date:
March 2023

Duration:
22 Months

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	300,000
2024	300,000
2025	—
2026	—

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

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: Replace Vehicles
Department: Multiple
Focus Area: Vehicles
Location: Various Locations



Project Lead:
Various

Estimated Start Date:
January 2022

Duration:
Ongoing

CAPITAL COSTS	
Source	UNFUNDED
2022	—
2023	348,000
2024	270,000
2025	—
2026	—

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

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						
		2022	2023	2024	2025	2026
Administration	Replace Groundskeeper Truck		28,000			
Administration	Replace Truck (472)		32,000			
Administration	Replace Truck (485)		28,000			
Distribution	Replace Two Ton Crew Truck(s)		260,000	270,000		
	GRAND TOTAL	\$—	\$348,000	\$270,000	\$—	\$—

Project Planner

Activity 2022 - 2026	Budgeted in 1000s	FY 2022				FY 2023				FY 2024				FY 2025				FY 2026				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
FLP Large Acre Property Purchase	5,052	3,000				2,052																
Improve Wilson Classroom Space - Job No. 08370	500		300		200																	
Purchase Conservation Easements	900	100				200				200				200				200				
Purchase Property	1,960	135				325				500				500				500				
Redevelopment Project: JTH Building	7,030	3,515				3,515																
Select/Install ERP	1,936		1,436			1,500																
Construct Booster Pump Station No. 17B - Highland Ridge	650					650																
Developer Funded Capital	12,500	2,500				2,500				2,500				2,500				2,500				
Developer Participation New Mains	750	150				150				150				150				150				
Improve Ozark Point Plant - Phase 1 Construction - Clearwell Baffles & Paint - Job No. 07516A	1,300	1,300																				
Improve Pump Station No. 1A - Phase 2 Construction & Engr - Wilson Plant - Job No. 07515	3,600	1,800				1,800																
Install 16-inch Water - W. Maryland/Remount Rd - NLR Airport - Proj 5211	1,600	1,600																				
Install 24-inch Transmission Main - N. Locust St/Pump Station No. 23	1,123	1,123																				
Install 8-inch Water Main Interconnection - Panther Mtn to Maumelle Main - Proj 5125 Job 08786	550	550																				
Install Master Plan Distribution Mains - Various	500													250				250				
Paint Tank 2	800				400		400															
Paint/Improve Ground Storage Tank No. 30B - Maumelle	600											300		300								
Remove Sludge - Maumelle Water/Wastewater Lagoons - Job No. 07602	3,000	3,000																				
Replace 8-inch Water Main - Main St at Railroad Viaduct - NLR	572																			572		
Replace Water Mains - Aging Galvanized, Asbestos-Cement, Cast Iron - System Wide	31,092	5,555				5,913				6,002				6,622				7,000				
Ridgefield Estates - Water Main Installation & Merger	1,450	1,450																				
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phase 1	2,433		1,633			800																
West Pulaski Public Water Authority - Engineering and Water Main Construction - Phases 2 & 3	1,600					7,200				4,400				4,400								
Relocate 24-inch Transmission Main Along Interstate 30 (I-30) Ark River Bridge - Payment No. 2 & 3 - Job No. 08335	2,355	1,550				805																
Relocate 6-inch Water Mains - Hemphill Road - Sherwood	750	750																				
Relocate 8-inch Water Main - Jacksonville Cato Rd - Sherwood	1,600	1,600																				
Relocate Water Mains - Cantrell Rd (Hwy 10) - Phase 2 - Pleasant Ridge to Taylor Loop	4,500						2,500		2,000													
Relocate Water Mains - Various Known/Unknown Locations - State/County/City Improvements	1,400	200				300				300				300				300				
Improve All Intake Gates at Lake Maumelle and Lake Winona	750	750																				

Project Planner

Activity 2022 - 2026	Budgeted in 1000s	FY 2022				FY 2023				FY 2024				FY 2025				FY 2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Install and Replace Hydrants	600	110				115				120				125				130			
Install Meters for New Services	975	175				185				195				205				215			
Install, Replace, and Relocate Mains	1,200	220				230				240				250				260			
Install, Replace, and Transfer Services - Maumelle	1,500	280				290				300				310				320			
Purchase/Install Meters - Change Out Program	3,500	740				660				680				700				720			
Purchase/Install Services (New, Replace, Transfer)	7,000	1,360				1,380				1,400				1,420				1,440			
Replace Vehicles	4,054	991				642				577				1,010				834			
Total Projects	111,682	25	27	28	26	23	22	21	20	15	15	14	15	16	15	15	15	11	11	10	10

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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 191 for a list of remaining capital projects. These projects began in 2020 and are projected to be completed by the end of 2022. The bond has a three-year construction period, and repayment will not begin until October 2024. Outstanding balance as of September 30, 2021 of this bond was \$3,982,000, with \$2,068,000 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 Arkansas Department of Health (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 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. CAW will continue use of this billing software until early 2022 when these customer accounts will be incorporated into the 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)**

	2020	2021	2021	2022	CHANGE FROM	CHANGE FROM
	ACTUAL	PROJECTED	BUDGET	BUDGET	2021 PROJECTED	2021 BUDGET
Operating Revenues						
Retail Water Sales	\$ 347,685	\$ 609,004	\$ 620,000	\$ 577,551	(5.16)%	(6.85)%
Penalties and Turn-on Charges	4,798	10,922	6,800	9,222	(15.56)%	35.62 %
Ancillary Charges	12,360	14,030	17,500	14,170	1.00 %	(19.03)%
Paron Surcharge Revenue	35,992	63,015	65,500	125,400	99.00 %	91.45 %
Other	—	2,632	—	—	(100.00)%	— %
Total Operating Revenues	400,835	699,603	709,800	726,343	3.82 %	2.33 %
Operating Expenses						
Labor and Benefits	—	—	—	213,270	100.00 %	100.00 %
Materials, Supplies, and Maintenance	88,829	165,170	202,000	120,914	(26.79)%	(40.14)%
Electric and Other Utilities	15,532	26,468	35,000	29,115	10.00 %	(16.81)%
Contract Services	28,432	6,934	5,500	1,085	(84.35)%	(80.27)%
Chemicals	7,298	11,145	19,000	18,984	70.34 %	(0.08)%
Transition Costs	779	175,000	175,000	—	(100.00)%	(100.00)%
Depreciation	138,104	178,618	191,000	187,549	5.00 %	(1.81)%
Other	168	—	—	—	— %	— %
Total Operating Expenses	279,142	563,335	627,500	570,917	1.35 %	(9.02)%
Operating Income (Loss)	121,693	136,268	82,300	155,426	14.06 %	88.85 %
Non-operating Revenue (Expense)						
Investment Income	40	139	70	143	2.88 %	100.00 %
Interest Expense	—	(68,876)	(73,000)	—	(100.00)%	100.00 %
Total Non-operating Revenue (Expense)	40	(68,737)	(72,930)	143	(100.21)%	100.00 %
Change in Net Position	\$ 121,733	\$ 67,531	\$ 9,370	\$ 155,569	130.37 %	1560.29 %

POWA CAPITAL IMPROVEMENT PLAN

DESCRIPTION	2020A Bond	Surcharges
Improve Ground Storage Tanks No. 1, 2, 3A, 3B, and 4	984,000	—
Install Paron Station 1 Booster Chlorinator	—	9,000
TOTAL	<u>\$984,000</u>	<u>\$9,000</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 2022.

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POWA DEBT SERVICE SCHEDULE

YEAR	PRINCIPAL	INTEREST	TOTAL
2022	\$ —	\$ —	—
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

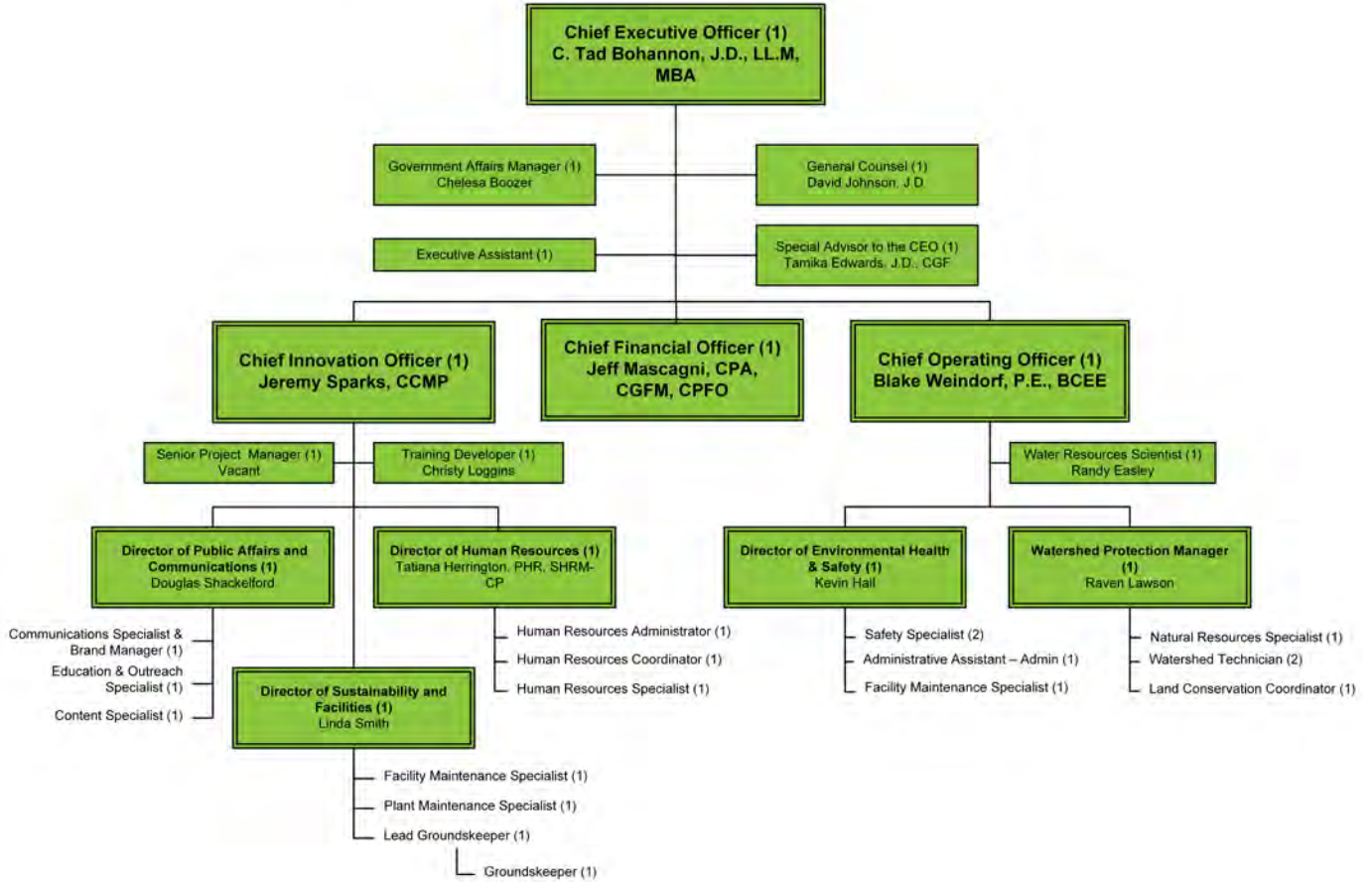
NOTE: For debt utilization calculation purposes, the Central Arkansas Water Revenue Bond (POWA Project), Series 2020A is included in the Debt Service section of this document, beginning on page 81.

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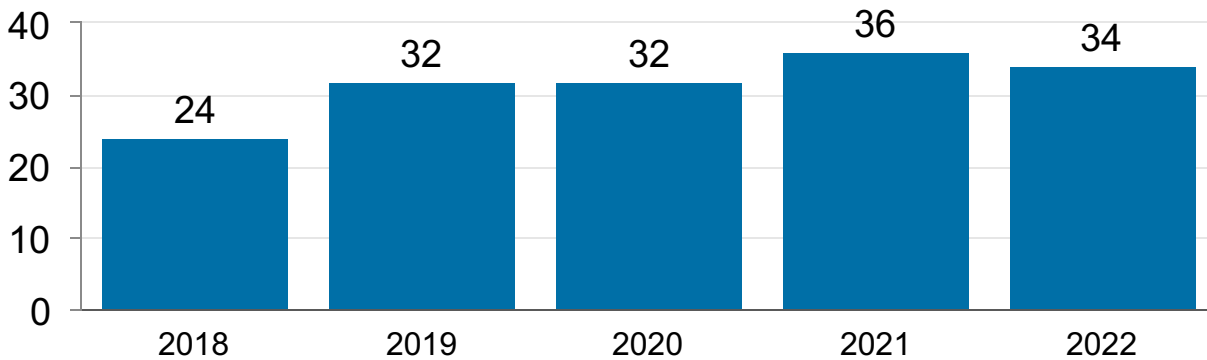


ADMINISTRATION DEPARTMENT

Effective: January 1, 2022



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, the Special Advisor to the CEO on Diversity, Equity, Inclusion, and Engagement, and the Government Affairs Manager (GAM), as well as day-to-day supervision of the General Counsel (GC).

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 Environmental Health and Safety, Engineering, Distribution, and Water Production Departments, along with the Watershed Section and the Water Resources Scientist.

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 Innovation Officer

The CINO, 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 CINO directly supervises HR, Public Affairs and Communications, as well as the Sustainability/Facilities section. The Senior Project Manager and Training Content Manager also report directly to the CINO. The CINO is responsible for organizational change initiatives, benchmarking, and business system process

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

General Counsel

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

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

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

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.

EUM Attribute:	Employee and Leadership Development
Goal:	Implement increased leadership and employee development training for CAW managers and employees.

EUM Attribute:	Stakeholder Understanding/Support
Goal:	Maintain open dialogue with city and county officials, major customers, regional partners, and community organizations.

2021 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 2021, the CAW Executive Team led projects ranging from development and implementation of infrastructure improvements to system mergers to employee development and engagement.

The team continued to respond to ever-changing dynamics in the face of the global COVID-19 pandemic which surged again in 2021. 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.

The Utility faced an unprecedented winter weather event in February when temperatures dropped below freezing for more than seven consecutive days. As temperatures dropped, usage demands climbed to historic levels. With the Ozark Point Plant out of service for major renovations, staff quickly looked to the Emergency Response Plan developed in 2019 to supplement extremely high demands. Utilizing this plan, CAW operations continued with only the Wilson Plant and treated a record high 131 MGD rate to meet demand. Thanks to staff's efforts, service was not disrupted in CAW service territory while many utilities across southern states went days or weeks without providing water to customers.

Ozark Point Treatment Plant improvements remained a focus of 2021. Major work was completed in June, with over \$30 million drawn on the \$37 million bond. Remaining work to be completed by the end of 2022 include clearwell improvements.

CAW partnered with a local engineering firm and was selected by ANRD 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 2022 and is funded by an 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 broke ground on its solar field near Cabot, and solar panel installation was completed by 2021 year end. Entergy should complete the installation of its interchange equipment in early 2022, and the solar field is projected to be online by mid-year 2022.

CAW sold the largest of the assets remaining from the 2016 MWM merger--the former treatment plant site--to a local developer in 2021. Only well sites remain, and the projected conveyance date to the City of Maumelle was before 2021 year end.

CAW's forest assets were heavily damaged by a landowner in Lake Maumelle in early May 2021. CAW worked to support local officials' efforts to investigate and prosecute the landowner. A criminal case was filed in Pulaski County Circuit Court, where the defendant pled not guilty in November 2021. The next hearing was scheduled for January 2022, and CAW anticipates disposition of the case in early 2022.

To establish a baseline for CAW's work in diversity, equity, and inclusion (DEI), Utility leaders conducted an equity audit. The equity audit is a tool used to assess organizational policies, processes, or practices. The audit is not a value judgement. The equity audit helped in understanding where CAW was on its DEI journey and challenged leaders to think about where CAW needs to be. As the Diversity and Inclusion Team approached year 13, the decision was made reimagine the team's purpose and contributions to CAW. In doing so, the name and responsibilities were redefined. The new name is the Justice, Equity, Diversity, and Inclusion (JEDI) Team. The JEDI Team will work closely with the Special Advisor to CEO on Diversity, Equity, Inclusion, and Engagement, and the team's facilitator to ensure that JEDI principles are embedded throughout CAW.

In 2021, CAW reevaluated its relationships with wholesale customers and installed advanced metering infrastructure (AMI) meters on the wholesale connections, providing those customers with an online portal that allows them to access their usage data 24/7 up to the past 24 hours, including historic usage.

CAW engaged in conversations with the City of Perla about the distress of its water and wastewater systems. Perla is located in Hot Spring County in Arkansas, and in December, CAW was appointed by a court as receiver of the Perla systems. These systems encompass a 38.2-square-mile area and includes 785 water customers and 250 wastewater customers in the city limits and outlying areas. To assist in providing water to these customers, CAW entered into an agreement with the City of Malvern to supply water to the Perla system.

2021 was a year of uncertainty, but it has not slowed down staff. Local, state and national awards and recognition for the Utility included

- Selected as one of five utilities in the One Water Alliance inaugural Water, Arts, and Culture Accelerator
- Named as one of the Water Environment Federation's 'Utility of the Future Today' for Watershed Stewardship
- Finished in the Top Five in Best of the AWWA Best Water Taste Contest
- Elected by the Arkansas Forestry Association as a Forest of Recognized Importance (FORI) Designation for the Lake Maumelle Watershed Forests
- Certified as the only water utility under the Sustainable Forest Initiative (SFI)
- Received multiple innovation awards including AT&T's Technology Innovation Award

- Received multiple Awards for Excellence and Innovation at Arkansas GIS User's Forum Symposium
- Named No. 2 Most Trusted Water Utility in the Nation by customers
- Received the WaterNow Alliance Impact Award
- Received the Government Finance Officers Association Triple Crown Award
- Named the North Little Rock Chamber of Commerce's Large Business of the Year

2022 Goals

CAW leadership will continue its endeavor of improving customer experience and consumer confidence, including with our wholesale customers. Two of the next projects to stem from the CU project, chat functionality and customer notifications will be large strides in this area.

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.

As CAW continues to expand its footprint, increasing cross-departmental functionality and formalizing SOPs becomes a must. Learning multiple job duties not only contributes to the Utility's success and efficiency, it also builds trust among team members. As employees learn each other's duties, it becomes a built-in contingency plan for unexpected situations.

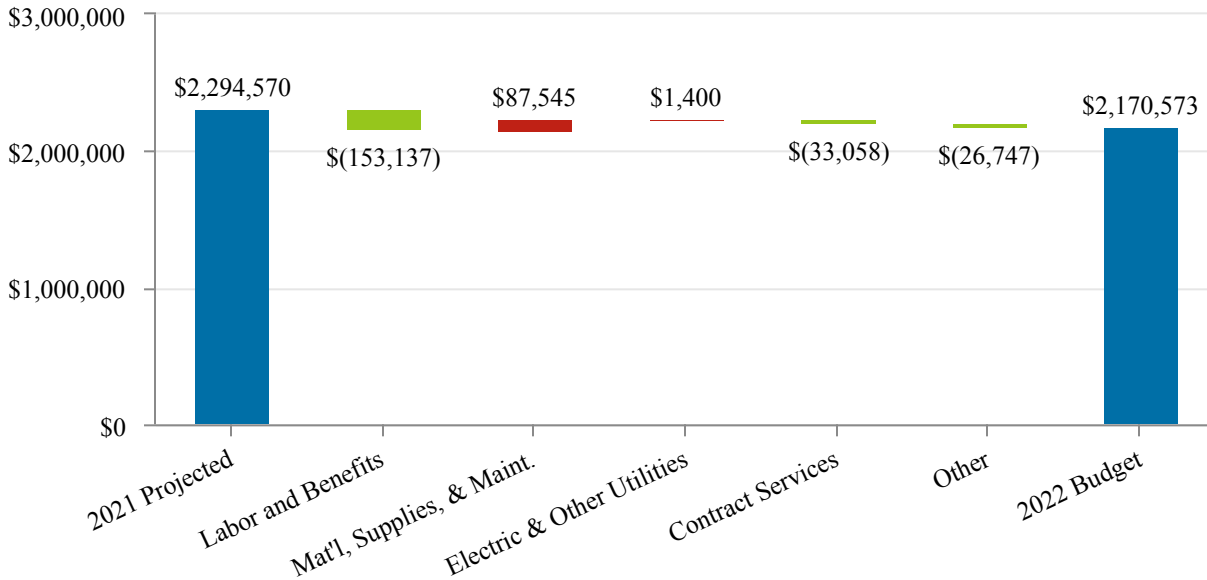
In 2022, DEI will also take a front seat in driving the Utility. Metrics will be defined, and reporting processes will be developed to ensure consistent communication about DEI priorities and goals. DEI strategies will also be defined and implemented through work with cross-functional stakeholders. These 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.

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Executive Staff - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 1,658,027	\$ 1,797,561	\$ 1,537,094	\$ 1,644,424
Materials, Supplies, and Maintenance	276,582	126,120	201,400	213,665
Electric and Other Utilities	1,290	1,000	2,400	2,400
Contract Services	236,049	343,142	323,500	310,084
Other	27,165	26,747	32,000	—
Total Expenses	2,199,113	2,294,570	2,096,394	2,170,573
Total Capital Costs	2,958,693	1,767,780	6,965,000	3,540,000
Total Administration	\$ 5,157,806	\$ 4,062,350	\$ 9,061,394	\$ 5,710,573

Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

HUMAN RESOURCES

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

HR is committed to ensuring that the Utility's recruitment programs, policies, procedures, compensation, and employee benefits programs continue to attract and retain HIVIP employees throughout the organization. This role is in ongoing support of the Utility's commitment to exceptional water quality and customer service, fiscal responsibility, resource stewardship and sustainability, and legal and ethical accountability.

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

EUM Attribute:	Employee and Leadership Development
Goal:	Develop, maintain, and recruit a diverse, sustainable, high-performing workforce.

Objective 1: Recruit, develop, appropriately reward, and retain a HIVIP and diverse work force committed to achieving CAW's mission and strategic goals.

2021 Accomplishments

According to the 2020 AWWA Utility Benchmarking program, median turnover rates were 9.6% for the water utility industry. Turnover was 7% for the Utility in 2021. We hired 24 new employees and offered 13 promotions through September 1.

CAW offered internship programs in engineering, finance, sustainability, watershed, and water production. These efforts enhanced CAW's recruiting pipeline for STEM positions within the Utility and enhanced contributions and partnerships within the community as well as increased awareness of the water industry.

Effort focused on streamlining the employee selection process decreased the time to fill and improved the confidence of hiring managers with the process.

To attract and retain HIVIP employees, we introduced values-based behavioral questions in the interview process.

The benefit enrollment process included an online enrollment option for employees, in addition to a traditional call center enrollment, to offer employees increased access to benefit information in a year when in-person enrollment meetings could not be scheduled. Additionally, an electronic benefits guide was created to be shared with employees and job candidates. Finally, total compensation statements for 2020 were prepared and sent to all employees, fostering awareness of all the aspects of their compensation.

Objective 2: Create an internship program for college and high-school level students.

2021 Accomplishments

The summer of 2021 was the inaugural year of a formalized internship program. CAW offered internship programs in engineering, finance, sustainability, watershed, and water production through a partnership with the Women's Foundation of Arkansas for the Tjuana Byrd Internship Program. All of the interns were pursuing degrees in related areas and were juniors and seniors at their respective colleges. These efforts enhanced the recruiting pipeline for STEM positions within the Utility, strengthened contributions and partnerships within the community, and increased awareness of the water industry.

CAW also created an internship position to assist our administrative departments by scanning documents to assist with paper reduction along with filing physical files. Requirements of the position included being a dependent of a CAW employee and completion of one year of college.

2022 Goals

HR will focus educational efforts regarding health, well-being, and benefit offerings. Initial education will begin with lifestyle health conditions that were high claims drivers in 2021. HR will work in partnership with its benefit broker and medical carrier to create a long-term program with short and long-term results. These efforts are designed to lead to a declining cost trend in the future.

In collaboration with Finance and IS, HR will select and implement an ERP system that will reduce administrative time and paper use, increase data accuracy and organizational efficiency, create the ability to report employee data, and improve the user experience for employees and leaders regarding employment activities.

Through CAW-U, HR will develop a roadmap for positions in the Utility, which will enable employees to create individual development plans, leaders to evaluate skills gaps, and the Utility to identify ready and willing talent for succession planning.

Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Turnover	10.4%	7.5%	8.0%
Cost of Benefits	29%	29%	29%
Diversity and Inclusion Training	Yes	Yes	Yes

Human Resources - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 443,114	\$ 416,284	\$ 401,273	\$ 415,257
Materials, Supplies, and Maintenance	28,515	21,403	34,646	32,646
Electric and Other Utilities	280	—	—	—
Contract Services	30,287	28,219	46,498	38,667
Total Expenses	502,196	465,906	482,417	486,570
Total Capital Costs	—	—	—	—
Total Human Resources	\$ 502,196	\$ 465,906	\$ 482,417	\$ 486,570

Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 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.

PUBLIC AFFAIRS AND COMMUNICATIONS

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

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

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

2021 Accomplishments

Since 2017, the Public Affairs and Communications Section has offered the Citizens' Water Academy program targeting a diverse sector of community leaders, stakeholders, and residents in central Arkansas as a way to introduce critical areas of operations, encourage continued learning, and advocate for this valuable resource. In 2020, the global pandemic presented an opportunity for the Utility to introduce an innovative approach to the program through hosting its first virtual session to the public to encourage a safe learning experience within a digital environment, and CAW continued that practice in 2021.

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

2021 Accomplishments

In 2021, 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 2021, eclipsing 100,000 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, including a story on the green bond in the AWWA Connection publication.

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

2021 Accomplishments

The annual Water Quality Report was issued on June 1, 2021. On June 25, 2021, postcard notices were mailed to all customers and all ground addresses within U.S. zip codes that are completely or significantly within the Utility's service area.

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

2021 Accomplishments

CAW maintains almost constant dialogue with public officials within the service area. In 2021, Communications staff stayed in contact with public officials by attending a myriad of virtual meetings in the central Arkansas area. These include meetings of the Little Rock City Board of Directors, North Little Rock City Council, Maumelle City Council, The Venture Center, The Little Rock Regional Chamber of Commerce, the North Little Rock Chamber of Commerce, as well as numerous Rotary Club chapters. Communications staff continued to seek opportunities to share best practices with industry peers. These events ranged from local conferences such as those held by Arkansas Water Works and Water Environment Association and Arkansas Education Association to regional and national conferences such as the AWWA Utility Management Conference and the AWWA Annual Conference and Exposition.

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

2021 Accomplishments

During 2021, 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 is actively reaching out to residents of the area with information about the expansion, and conducted several public meetings in 2021.

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

2021 Accomplishments

100% compliance.

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

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

2021 Accomplishments

CAW routinely explores alternative methods of engaging with consumers in addition to addressing customer concerns. During 2021 the Utility sought opportunities with Google to measure customer engagement and satisfaction. CAW will completed its bi-annual customer satisfaction survey in 2021. In its last survey, completed in 2019, CAW received an overall customer satisfaction rate of over 91 percent.

Other 2021 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 2021, five stations were placed in the Little Rock Zoo; 11 stations were installed in Little Rock School District buildings; and two fillers were placed in the Museum of Discovery. Orders were made for fillers to be located in two public parks which cater to children with special needs as well as one to be part of an interactive art mural near the largest bus depot in the state.

CAW was chosen as an inaugural member of the U.S. Water Alliance Arts Accelerator Program, which is a grant program to connect the arts community with public water utilities. As one of the five utilities chosen, it was CAW's responsibility to connect with local artists and discuss how a public utility can create positive change in the community through advancement of the arts. CAW chose an artist-in-residence, and she painted a mural in downtown Little Rock which will included a bottle filling station. The painting connects how water is protected "from forest to faucet" and was dedicated in October 2021.

CAW hosted a community-wide 20th Anniversary Celebration to commemorate the Utility's merger as a regional service provider. The focus of the celebration was "past, present and future," and featured a celebration event on July 1, 2021, as well as a celebration with CAW staff.

The Public Affairs and Communications Department also completed the launch of CAW's third website redesign which provides a more efficient avenue to provide service, information, and consumer engagement. This endeavor increased methods to interact with consumers, facilitated positive brand representation, and offered increased electronic payment options.

2022 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. CAW recently hired a Government Affairs Manager to spearhead this drive to promote regionalism.

CAW will add additional communications outlets for our customers, including chat functionality on our website, and text message notification. These programs are slated to begin in 2022 and will provide up-to-date information to our customers. The text notification program will focus on important announcements about water outages, boil water notices, and billing reminders.

Communications will roll out 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 will release an updated slate of 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

Performance Measures	2020 Actual	2021 Estimated	2022 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

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Public Affairs and Communications - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 499,297	\$ 497,237	\$ 522,036	\$ 490,892
Materials, Supplies, and Maintenance	147,704	255,258	189,150	211,700
Electric and Other Utilities	420	520	1,440	960
Contract Services	69,459	99,679	99,200	97,100
Other	20,018	8,333	12,000	12,000
Total Expenses	736,898	861,027	823,826	812,652
Total Capital Costs	6,639	180,000	300,000	300,000
Total Communications & Public Affairs	\$ 743,537	\$ 1,041,027	\$ 1,123,826	\$ 1,112,652

Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 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.

ENVIRONMENTAL HEALTH & SAFETY

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

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

Mission

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

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

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

2021 Accomplishments

EHS reinstated CAW's full safety training program in March 2021, only to take another pause in August due to the COVID-19 Delta variant. During a typical year, EHS provides more than 100 training sessions with over 3,000 total training hours. Training numbers during this short period totaled 49 training sessions, with 1,400 hours of training. Until COVID-19 is back under control, EHS will only provide mandatory OSHA training for new employees. Examples of training include CPR, defensive driving, competent person, confined spaces, respiratory protection, hearing conservation, forklift certification, and emergency response.

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

2021 Accomplishments

EHS completed a thorough safety inspection in 2021 at all CAW facilities (JTH, Maryland Avenue Complex, Clearwater, 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.

Objective 3: Inspect all construction sites to ensure adherence to all federal and state regulations and all CAW rules and regulations

2021 Accomplishments

EHS visited over 200 job sites in 2021. 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.

2022 Goals

EHS will continue to implement recommendations of its vulnerability assessment in 2022, 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.

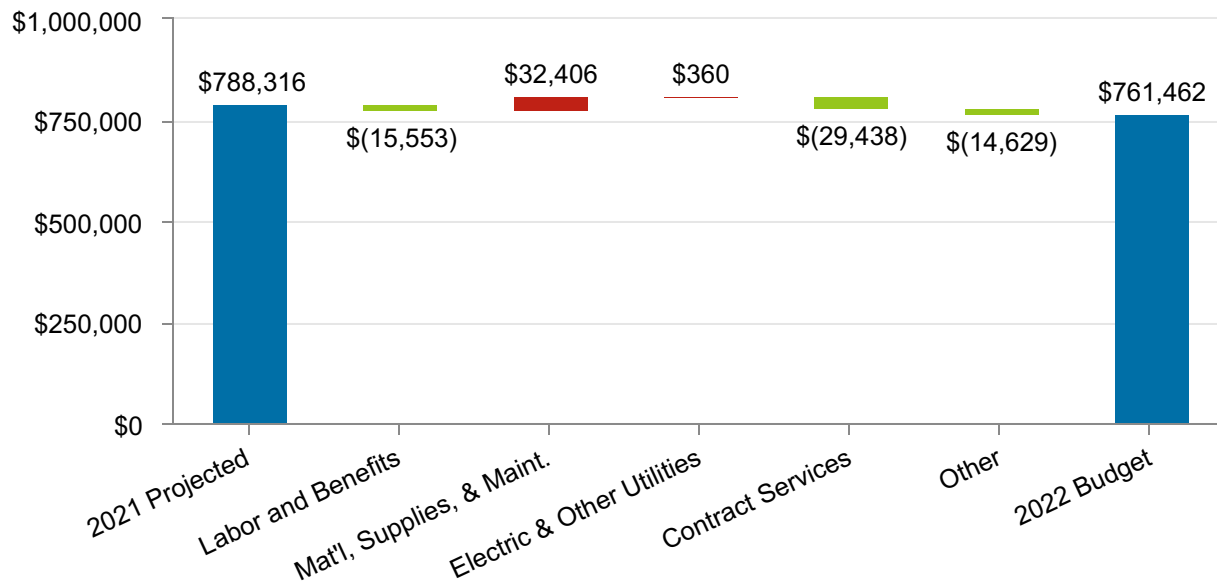
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Safety Training Classes	94	75	115
Safety Training Hours (cumulative)	1,805	1,600	3,200
Workers' Comp Claims	16	10	10
Workers' Comp Claim Costs	\$73,155	\$65,000	\$125,000
Workers' Comp Lost Time (days)	70	30	0
"At Fault" Vehicular Accidents	6	10	6
"Not At Fault" Vehicular Accidents	4	6	6
Perform all Facility and Vehicular Inspections	Yes	Yes	Yes

Environmental Health & Safety - Expense Summary

	2020 ACTUAL	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 417,027	\$ 434,607	\$ 462,260	\$ 419,054
Materials, Supplies, and Maintenance	53,361	57,994	90,400	90,400
Electric and Other Utilities	1,120	1,080	1,440	1,440
Contract Services	258,625	270,006	222,553	240,568
Other	—	24,629	—	10,000
Total Expenses	730,133	788,316	776,653	761,462
Total Capital Costs	—	27,223	78,000	55,000
Total Environmental Health & Safety	\$ 730,133	\$ 815,539	\$ 854,653	\$ 816,462

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Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 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

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

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

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

2021 Accomplishments

In 2021, the program continued to spearhead innovative 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 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 sought other grant opportunities for the anticipated 2023 and 2024 acquisition of land in the Lake Maumelle Watershed.

A total of 465 acres were purchased with these funds in 2021. CAW did not add any acres in Conservation Easements in 2021 but continued to have communications with a variety of landowners and explored innovative approaches, namely “Buy-Protect-Sell” strategies, for obtaining more in the future. One notable purchase in 2021 was a 160 tract of recently clear-cut timber lands that the Utility will restore to native forest over the next two years.

Objective 2: Maintain or increase lake water quality monitoring.

2021 Accomplishments

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.

This year, Watershed staff mentored and oversaw a University of Central Arkansas student project to compare aquatic macroinvertebrate communities in native water willow versus hydrilla-invaded littoral zones of Lake Maumelle. In conjunction with data collection for this project, staff were also able to establish a preliminary baseline extent of Hydrilla using 125 presence/absence sample points on Lake Maumelle.

Objective 3: Comprehensive ecology management and monitoring.

2021 Accomplishments

In 2021, staff completed prescribed burns of over 1,300 acres in 2021. 341 acres were planned for ecological thinning; however due to overly wet conditions, a local mill fire, and mill-worker shortages, only 50 of those acres were able to be harvested, but thinning will continue in early 2022.

Staff also planted an additional 12,000 trees to reforest approximately 40 acres of the Forest Legacy Property and purchased another 22,000 trees which will reforest another 60 acres in the spring of 2022. With this planting and the restoration of a recently acquired clear-cut property, CAW is projected

to surpass more than 100,000 replanted trees in early 2022. Additionally, with partner assistance, a 12-acre native plant restoration field was planted with locally-collected, local-genotype, native flowering plants and grasses. This restoration will add a more robust root-system to a lowland field 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. With added staff and the assistance of summer interns, comprehensive monitoring efforts of biological communities in water source tributaries and forested ecosystems have been developed, and the beginnings of a robust collection of long-term monitoring is into the second or third season of collection. This monitoring will continue to provide a better assessment of watershed health as well as provide a method for prioritizing management efforts.

Some 2021 monitoring highlights include:

- Assessed seven miles of the Maumelle River for bank stability, riparian width, road and right-of-way crossings
- Monitored tree-survivorship of replanted lands (showing recent plantings with a survivorship of approximately 96%)
- Monitored 20 aquatic macroinvertebrate/fish community sites in the Maumelle and Winona watersheds
- Established and/or monitored 10 forestry plots to assess health and response in the Maumelle watershed
- Documented 29 new occurrences of seven rare plant and animal species in the watersheds (as tracked by the Arkansas Natural Heritage Commission)
- Assessed approximately 25% of culvert crossings using the Southern Aquatic Research Partnership (SARP) protocol for aquatic organism passage in the Maumelle watershed
- Conducted post-burn assessments on all prescribed fire activities

A monitoring assessment of bass was conducted in both the Lake Winona and Lake Maumelle reservoirs in partnership with the Arkansas Game and Fish Commission (AFGC). Fish collected from Lake Winona were sampled for mercury content to inform the current fish consumption advisory, and fish in Lake Maumelle were sampled to assess age/growth of reservoir fishes.

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. The study was completed, and results were presented to regional

officials in 2021. The outcome of a potential project award will be known by early 2022. This project award would enhance and restore aquatic functions across this landscape as part of a larger restoration and management plan for the FLP site.

Objective 3: Promote good stewardship through action.

2021 Accomplishments

In 2021, CAW received certification of 2,509 acres of Lake Maumelle watershed forest lands under SFI, becoming the first water utility in the world to achieve this certification. The Lake Maumelle watershed was also recognized by the American Tree Farm System as a FORI, one of only two non-federally owned FORIs in the state of Arkansas.

In October, CAW partnered with the Pulaski County Conservation District to host a Watershed Landowner Expo held at the Ferndale 4-H Center. This Expo featured various watershed and conservation partner-organizations who educated Lake Maumelle watershed landowners on a variety of best management practices for different land uses, cost-share programs for management practices, conservation options for landowners, and other activities and programs that may interest residents. During this event, CAW met with landowners to discuss conservation easements and legacy options for their lands and also educated on land stewardship for drinking water protection and highlighted hunting and recreation opportunities.

With cooperation from stakeholders in the watershed, the looping of the trail at Bufflehead Bay use/demonstration area was completed in early 2021. As an extension of the watershed education efforts, the trail was extended through the forest management demonstration area at Bufflehead Bay and new educational signage was added along the trail. This area is a popular spot to learn about how proper forest management can improve or maintain water quality and how the management efforts visually changes the landscape.

Staff, in partnership with AGFC, launched an Arkansas Water Trail for paddlecraft in the area west of the Highway 10 bridge that launches from Sleepy Hollow, and staff added more than 1,000 feet of foot trail at the Bringle Creek Fishing Access to create more stable fishing locations and in anticipation of 2022 Recreational Trail Program grant funding through ARDOT.

Trail counters were installed on the Bufflehead Bay and Bringle Creek trails to assess use and seasonal activity for future monitoring and maintenance.

Other 2021 Accomplishments

In 2021, staff were invited to give more than 15 presentations or webinars for groups across the US and the world on various strategies and accomplishments of the past two years. Requested presentations heavily highlighted CAW's green bond, SFI certification, and the success of obtaining a conservation easement through the "Buy-Sell-Protect" model. Some of these presentations or webinars were for groups such as the Stockholm International Water Institute's World Water Week, L'Oreal USA's World Water Day Webinar, AWWA's Utilities in Action webinar series, and a Forest Trends workshop.

The Utility's Board of Commissioners received a 2021 WaterNow Impact Award for their long-term support of watershed protection as green infrastructure as exemplified by their support of issuing the world's first certified green bond for the purchase of forest lands as water infrastructure.

CAW earned recognition for the second year in a row as a Utility of the Future Today by the Water Environment Federation (WEF). In 2020, WEF recognized in the area of Partnership and Engagement and in the Watershed Stewardship category for 2021.

CAW's Watershed Protection Manager, Raven Lawson, was recognized as the Arkansas Forestry Educator of the Year for 2021 by the Arkansas Forestry Association.

2022 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 more than 12,000 acres of prescribed burns, conduct 500 acres of ecological thinning, inventory approximately 800 acres of forest stands, and plant more than 22,000 trees.

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 in line with the mission and goals of the section and Utility.

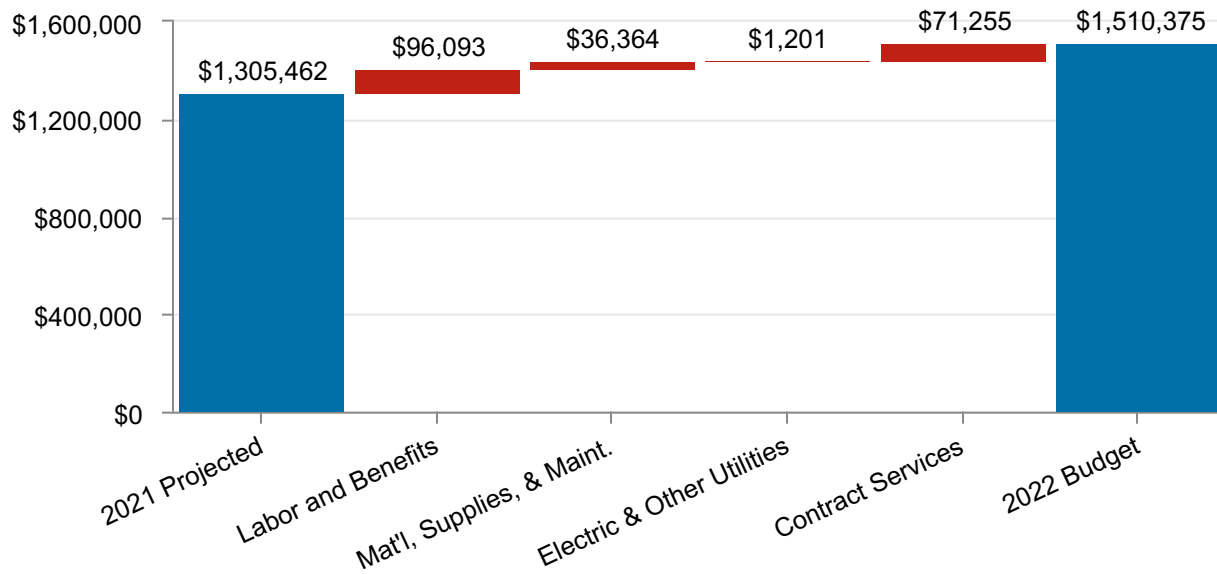
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Land Acquisition (cumulative acres of fee-simple and conservation easements)	331	434	400
Acres Treated with Prescribed Burning (cumulative acres)	282	1,661	2,000
Acres Treated with Ecological Thinning (cumulative acres)	—	50	500
Acres Reforested	20	40	135
Inventory Forest Stands (acres)	—	276	350

Water Quality and Watershed Protection - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 599,449	\$ 659,147	\$ 731,359	\$ 755,240
Materials, Supplies, and Maintenance	66,067	61,586	96,870	97,950
Electric and Other Utilities	4,853	5,899	5,177	7,100
Contract Services	594,002	578,830	607,289	650,085
Total Expenses	1,264,371	1,305,462	1,440,695	1,510,375
Total Capital Costs	2,620,009	2,198,289	1,351,000	3,596,000
Total Water Quality & Watershed Protection	\$ 3,884,380	\$ 3,503,751	\$ 2,791,695	\$ 5,106,375

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Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 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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SUSTAINABILITY/FACILITIES MANAGEMENT

The Sustainability/Facilities Management group was created as a new section in the Administration Department in mid-2021 combining five 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 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.

EUM Attribute:	Operational Optimization
Goal:	Ensure effective and sustainable performance improvements in all facets of operation.

Objective 1: Improve energy intensity (energy use per volume of water) across the Utility.

2021 Accomplishments

Sustainability/Facilities Management began an energy efficiency program with CLEAResult at two high energy use locations--the JTH Administration building and the Wilson Plant. This program provides financial incentives and rebates for identified energy upgrades. Electrical use at JTH has been reduced 5.1% through lighting, controls, and HVAC improvements. The Wilson Plant electrical use remained flat which was a significant milestone during the year with increased operational demand during the Ozark Point Plant rehabilitation and extreme winter snow event.

Objective 2: Reduce all forms of waste.

2021 Accomplishments

Sustainability/Facilities Management recycled all eligible waste streams to divert from landfills. Cardboard, paper, metals, batteries, coffee pods, light bulbs, and electronic waste were recycled at a 12% increase over prior year. For the first time, contractors on the Ozark Point Plant rehabilitation and Jackson Reservoir fence replacement project separated and reported pounds of construction debris recycled.

Objective 3: Improve facilities operation and maintenance response.

2021 Accomplishments

Facilities and groundskeeping staff were combined from three different departments for operational efficiency. Cross training of facilities staff across buildings and with groundskeepers showed good 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.

EUM Attribute:	Community Sustainability
Goal:	Take an active leadership role to promote community sustainability and green infrastructure investments.

Objective 1: Complete the installation of the 4.8 MW Cabot Solar Field to offset 20% of Utility electricity use.

2021 Accomplishments

This project broke ground in April 2021 following regulatory delays. Construction was completed by our power provider Scenic Hill Solar in 2021. The interconnection with Entergy to bring the solar field online is expected to occur in the first quarter of 2022.

Objective 2: Develop a Utility wide Net Zero Carbon Emissions by 2050 plan to meet strategic goals.

2021 Accomplishments

This plan was drafted 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.

Other 2021 Accomplishments

A new position of Sustainability Manager was added in late 2020 to focus the efforts of the Utility in the areas of energy efficiency, climate action, and alternative energy options. The previously dormant Sustainability Team, with representatives of each department, began meeting monthly in 2021 to share sustainability best practices and receive suggestions. Light-emitting diode (LED) lighting upgrades continued reaching 85% implementation throughout the company supported by rebates from utility energy programs.

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. The former Little Rock Police substation at 301 E Capitol was leased to a nonprofit tenant. The former Deli Building at 314 E. 6th began renovations to become a satellite office location.

Facilities staff met an increased daily workload from the COVID pandemic. Daily temperature checks, health stickers, and social distancing signage were added at every facility. New 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. Ultraviolet lighting and high efficiency air filters were added to the main heating, ventilation, and air conditioning (HVAC) building systems to control virus spread, and fresh air changes were doubled to improve air quality.

2022 Goals

In the area of Sustainability, goals include bringing the 4.8 megawatt solar power field in Cabot online, installation of solar panels at Pump Station 23 in North Little Rock, collection of data for Scope 1 and 2 Green House Gas emissions, and publishing of the first ESG Report. The first 100% electric trucks for Distribution will be deployed along with charging stations at JTH and Clearwater Distribution facility.

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.

Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Report Energy Intensity (kBTU/yr equivalent/ MGD)	Not Reported*	Not Reported*	Yes
Waste, Increase recycling 5% each year	Yes	Yes	Yes
Energy from internal Solar Production, kWh	No	Under	Yes
Calculate Scope 1, 2 Greenhouse Gas Emissions, Metric Tons of Carbon Dioxide, Eq	No	Yes	Yes
Completed Facilities Work Orders by deadline or within 24 hours	80%	85%	90%
Number of Electric or Hybrid vehicles	1	1	3

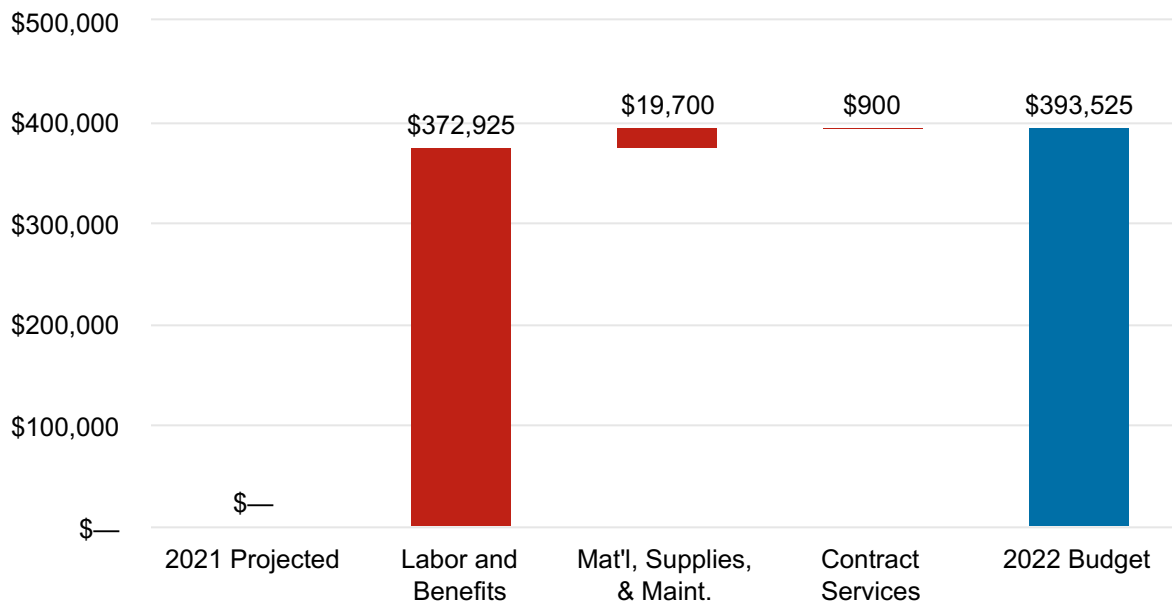
*Energy Intensity reported every three years

Sustainability/Facilities Management - Expense Summary

	2020 Actual*	2021 Projected*	2021 Budget*	2022 Budget
Labor and Benefits	\$ —	\$ —	\$ —	\$ 372,925
Materials, Supplies, and Maintenance	—	—	—	19,700
Electric and Other Utilities	—	—	—	—
Contract Services	—	—	—	900
Total Expenses	—	—	—	393,525
Total Capital Costs	—	—	—	171,000
Total Special Projects	\$ —	\$ —	\$ —	\$ 564,525

*Sustainability/Facilities Management is a new section in 2021. Cost center not active until 2022. 2021 expenses included in Executive Staff expenses.

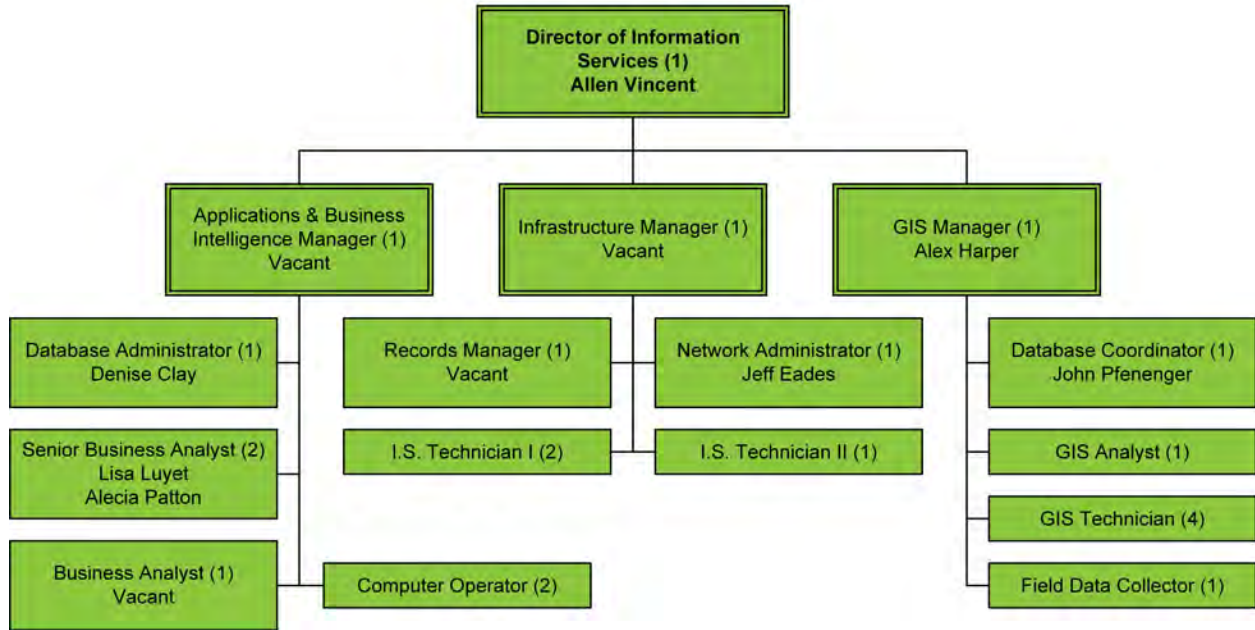
Change by Natural Classification - 2021 Projected to 2022 Budget



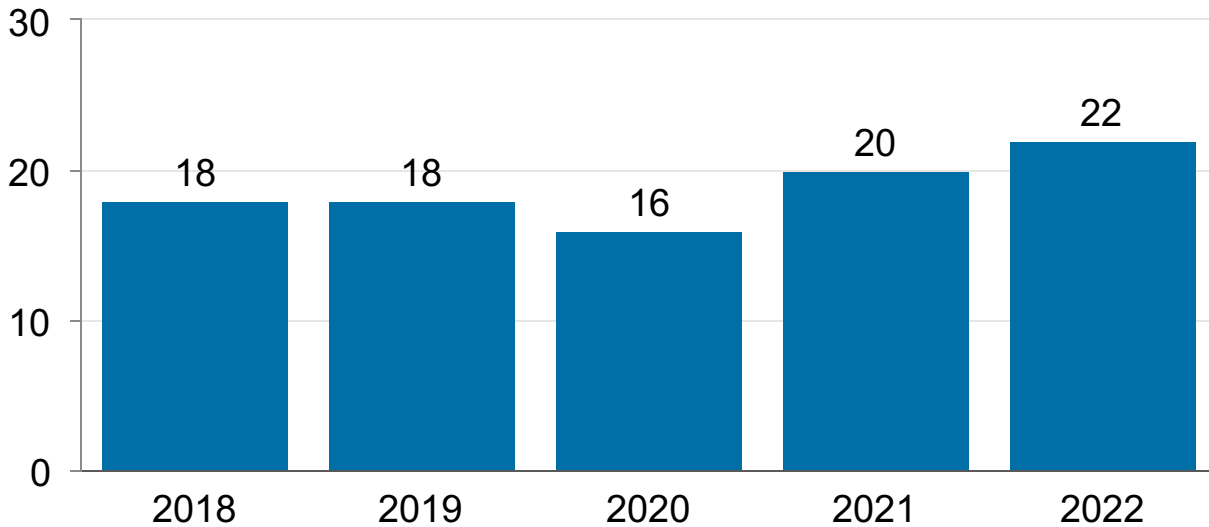
Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

INFORMATION SERVICES DEPARTMENT

Effective: January 1, 2022



Departmental Staff by Year

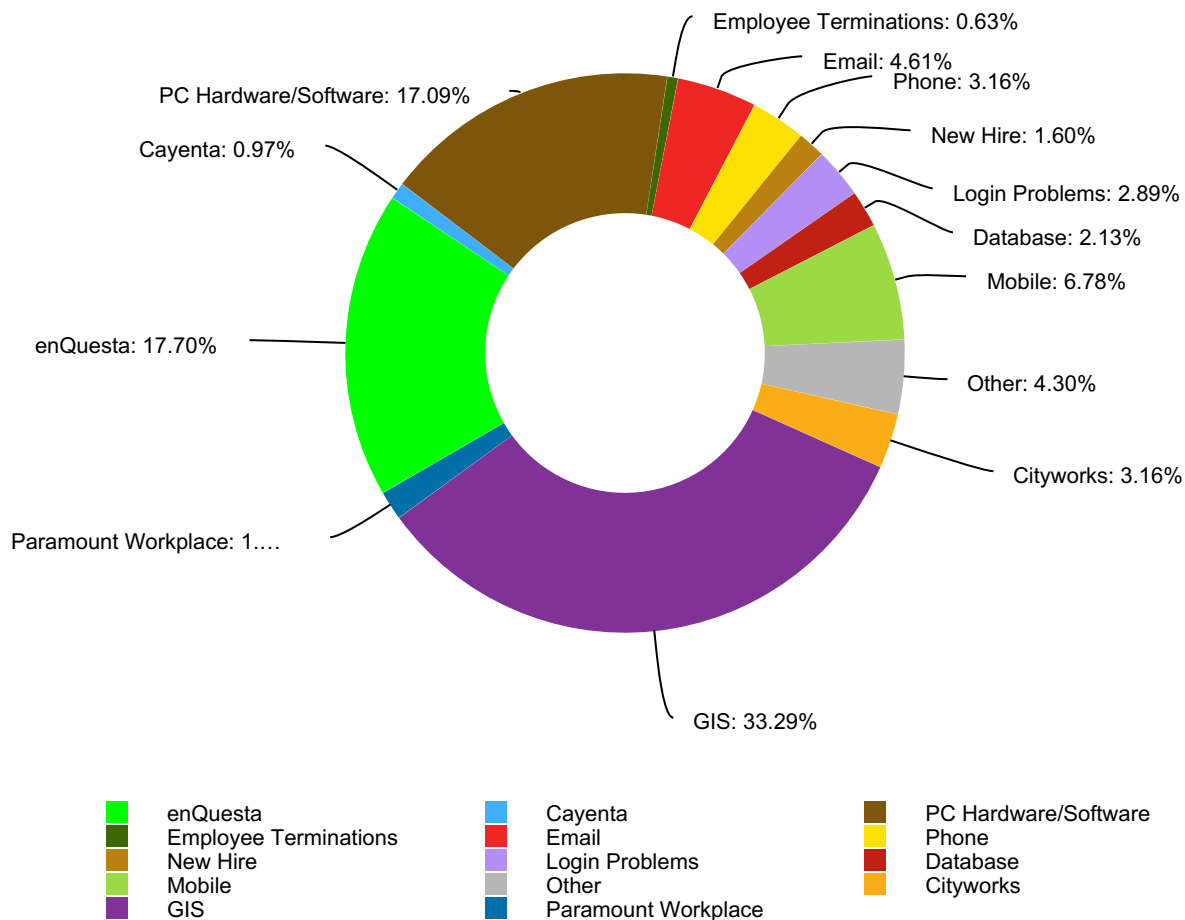


INFORMATION SERVICES DEPARTMENT

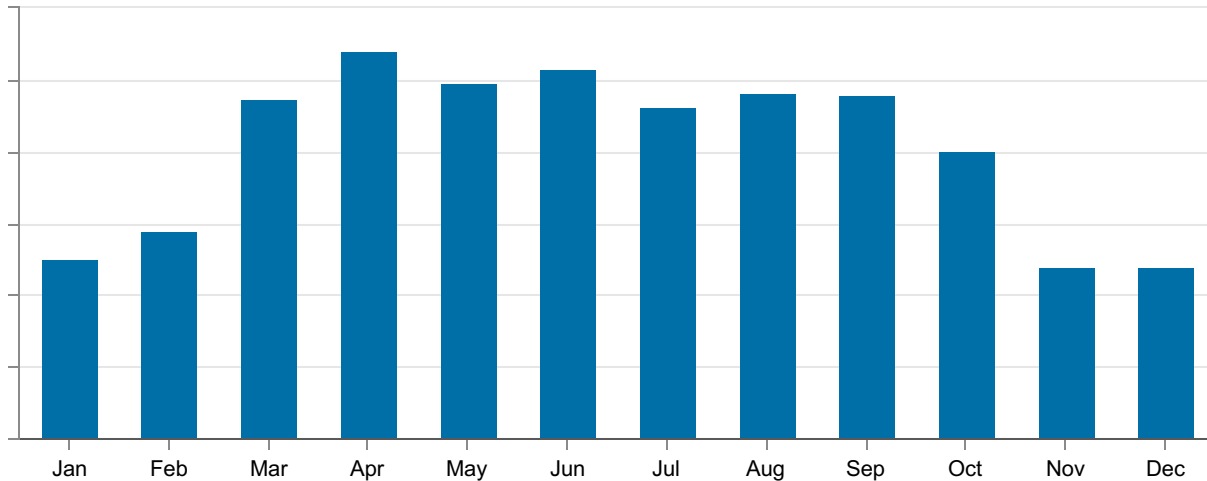
The IS Department maintains the computer hardware, software, and other electronic infrastructure that is necessary to support the day-to-day and mission-critical operations of the Utility. There are thousands of computer systems in place and hardware devices that make up CAW's wide area network to support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

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

2020 Completed Tickets By Type (Actual)



2020 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.

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

Objective 1: New CIS Implementation - CU

2021 Accomplishments

The replacement of the CIS was the top priority for IS in 2021. It was a team effort for the IS staff when it came to developing, testing, and implementing CU. IS also supported the post Go-Live period, assisting with troubleshooting. GIS implemented an integration piece between Cityworks and CU that passes work orders and information back and forth between the two systems. This integration is mission critical as it allows for near real time work order communication between office and field staffs.

Objective 2: Memory for ESXI – VM Host Server

2021 Accomplishments

This hardware increased the capacity of CAW's VM Ware Host server environment as the memory upgrade added 15 terabyte (TB) of storage on

top of the 40TB we currently have bringing total storage to 55TB. This purchase is used to support the CU environment.

Objective 3: IS3 Virtualization Enhancements/Assessments - Virtual Desktop Infrastructure (VDI)

2021 Accomplishments

In this phase two of the VDI environment, VDI has given the billing partners ability to access CU. This environment has also improved the efficiencies of the remote work force and IS support staff. The IS staff can create a Virtual PC for each section and load the programs/applications required. In 2021, the Accounting and Customer Service departments had a Virtual PC implemented for use.

Objective 4: Paron Billing Conversion

2021 Accomplishments

CAW has billed Paron customers on the UB Max billing system independently since the merger in June 2020. The conversion to the CU platform has started with plans to be completed in the first quarter of 2022.

Objective 5: Water Outage Solution and Notification

2021 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. This project is estimated to be complete in Q1 2022.

Other 2021 Accomplishments

With the addition of POWA, GIS created GIS features of the entire system and obtained newly created base map data from PAGis for this area. These GIS features were completed and implemented in early 2021.

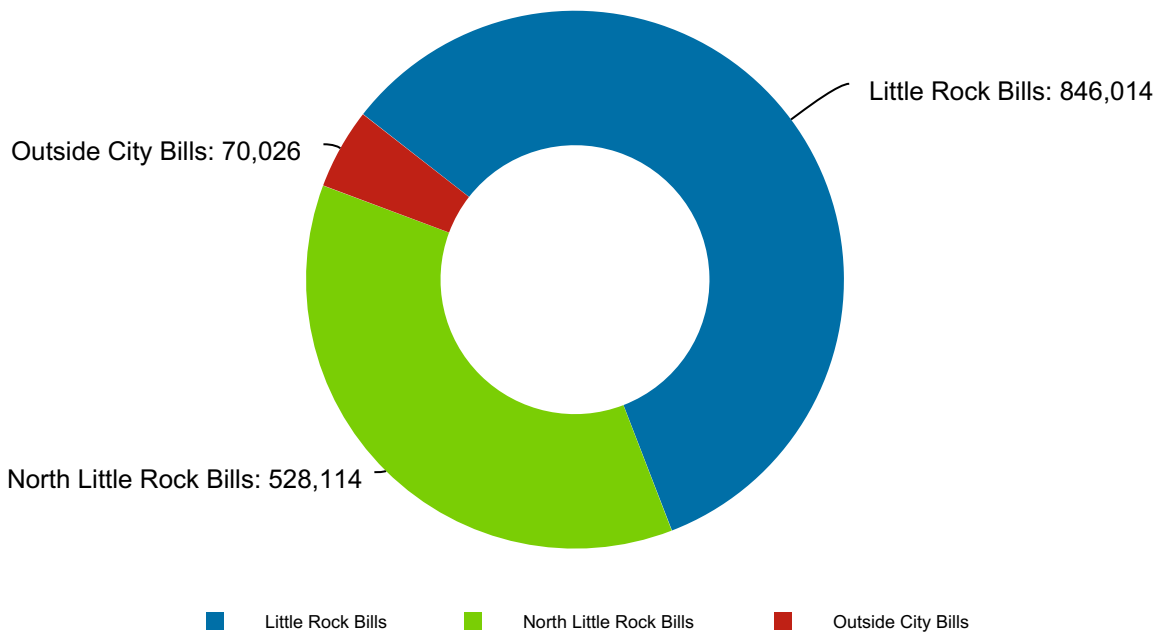
2022 Goals

In 2022, IS will continue to implement the recommendations of the 2017 IT Master Plan. The purchase of Route Smart technology to assist in creating more efficient meter reading routes will be a principal project for IS in 2022. Other systems anticipated to be

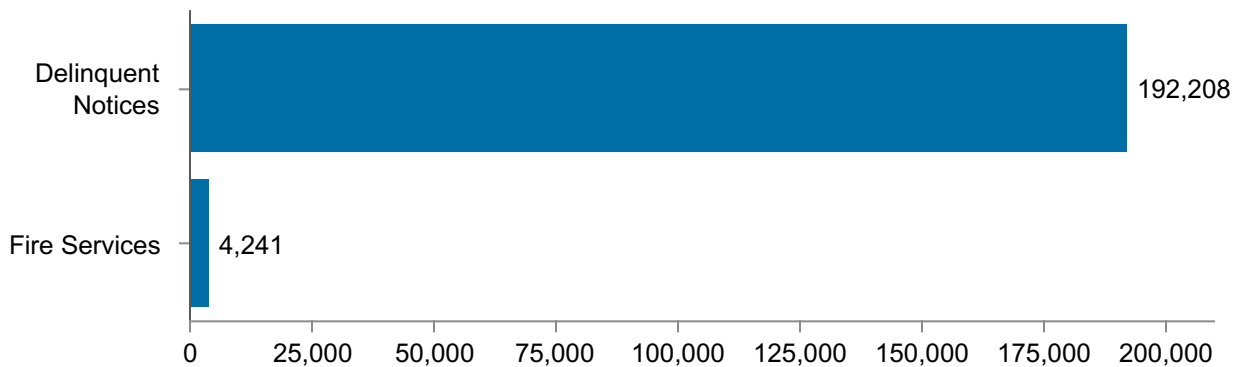
implemented are a new Enterprise Resource Planning (ERP) solution that will combine many HR, financial, and planning systems into one system.

In 2022, the GIS section will work on expanding the outage notification solution to include other desired customer notifications. 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.

Bills Printed Annually



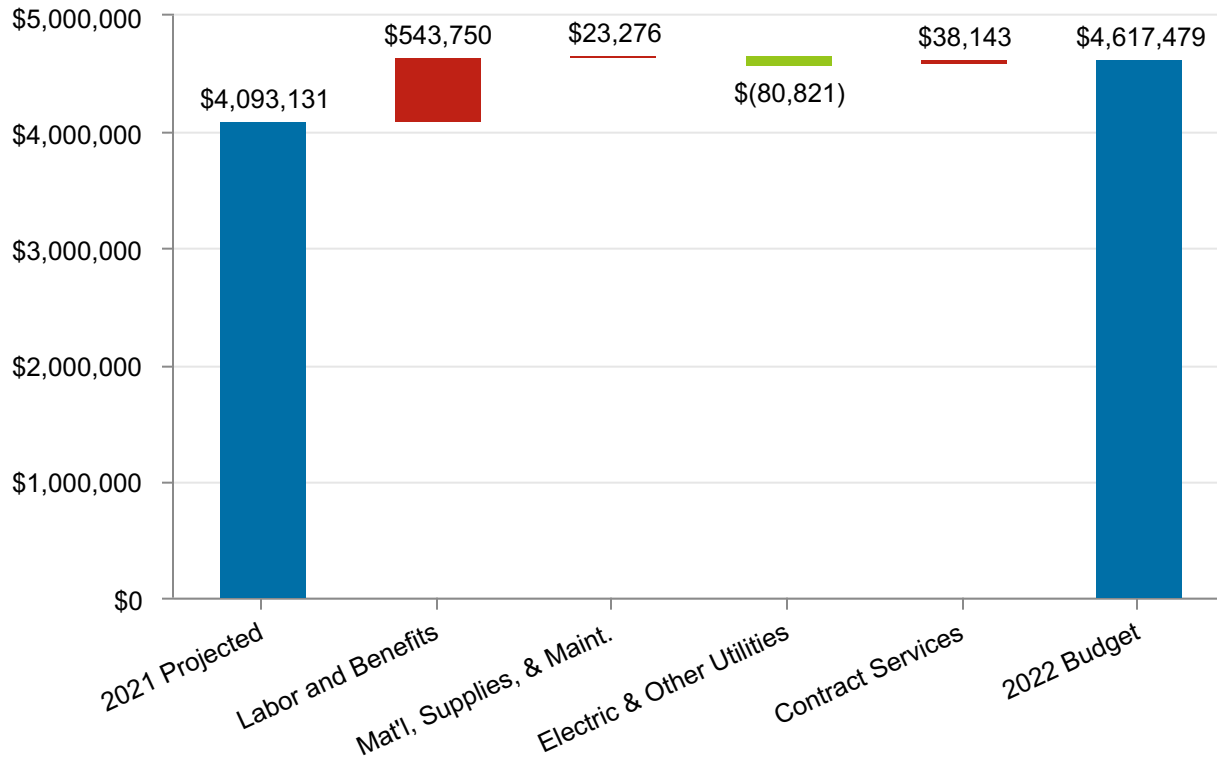
Non-Bill Printings



Information Services - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 1,634,463	\$ 1,845,821	\$ 1,956,652	\$ 2,389,571
Materials, Supplies, and Maintenance	1,230,119	1,476,556	1,473,883	1,499,832
Electric and Other Utilities	653,081	671,339	548,000	590,518
Contract Services	100,184	99,415	120,557	137,558
Transition Cost	586	—	—	—
Other	68,124	—	—	—
Total Expenses	3,686,557	4,093,131	4,099,092	4,617,479
Total Capital Costs	2,594,195	2,238,894	2,940,000	2,840,000
Total Information Services	\$ 6,280,752	\$ 6,332,025	\$ 7,039,092	\$ 7,457,479

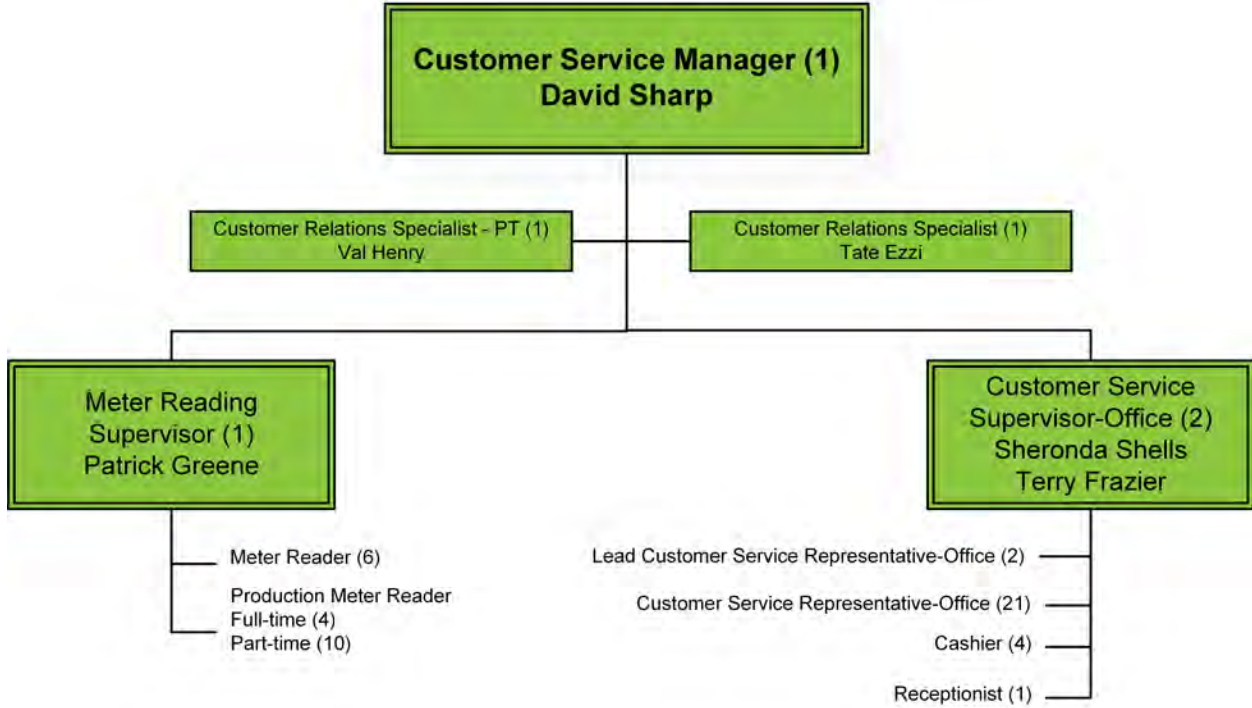
Change by Natural Classification - 2021 Projected to 2022 Budget



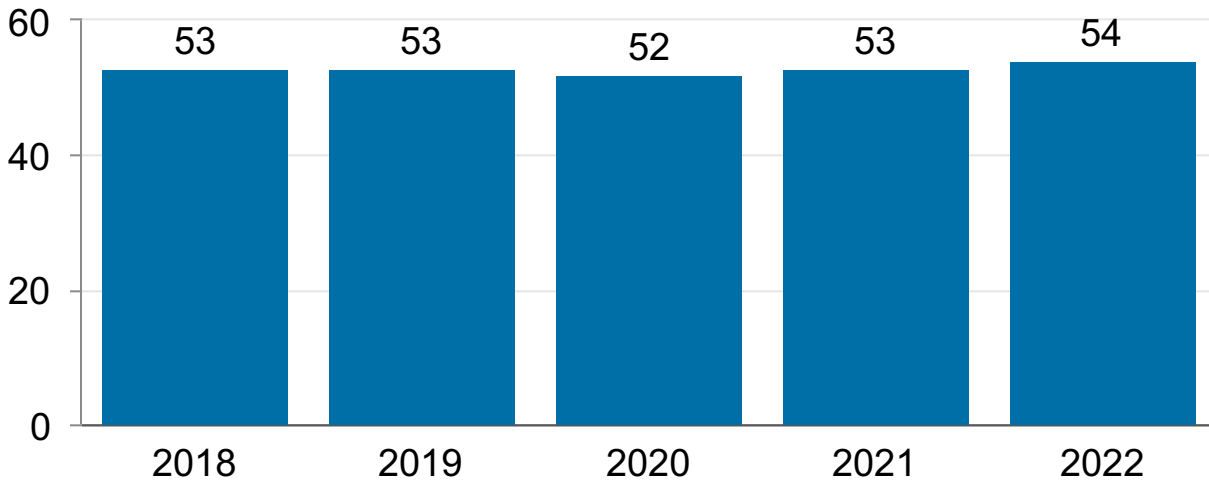
Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

CUSTOMER SERVICE DEPARTMENT

Effective: January 1, 2022



Departmental Staff by Year - Customer Service



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, 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.

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

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

2021 Accomplishments

As of September 30, 2021, CAW's Call Center had fielded 151,526 customer calls with an average abandonment rate of 15.11%. The call volume represented an increase of approximately 30,000 calls compared to the same period last year. This increase was attributed to the conversion to CU, which affected how customers accessed and paid their accounts.

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

2021 Accomplishments

The average speed of answer (ASA) year-to-date as of September 2021 was 217 seconds. The major driving factor was a heavy call volume and longer calls in June and July during the CU post Go-Live. However, since that time there has been improvement month by month with the ASA for the month of September below the Utility's goal at 38.57 seconds.

Other 2021 Accomplishments

As in other departments and sections, the conversion of customer accounts to the CU platform was a major accomplishment for Customer Service. This project has been a primary goal of CAW for the last three years, and thousands of hours of work went into bringing this to fruition. As the principal set of end users, Customer Service staff assisted in implementing, testing, and training to ensure the CU conversion was a success.

Customer Service, Billing, and Distribution partnered together with Henard Utilities from Searcy, Arkansas, to convert all wholesale meter customers to new AMI technology. Each of the wholesale meter locations were upgraded with new meters at the locations that had dated equipment. New meters were installed in those locations, and all customers were upgraded to cellular registers and endpoints. This allowed the Utility to view daily data to ensure customers meet their contractual obligations and also assists in the monthly wholesale billing process..

In anticipation of our software conversion, we brought all customer service team members back into the office for training. This occurred In March 2021. CAW made significant adjustments to our workspace to maintain social distancing. We also implemented building health measures to ensure that all employees were sufficiently masked and that willing employees were allowed time to schedule vaccinations. Partitions were installed to decrease air flow between workstations. After conversion and while national infection numbers were escalating in August 2021, we moved voluntary employees back to working from home.

Customer Service worked cooperatively with our Communications team to upgrade CAW's newly designed website. With this new website version, all data was offered in both English and Spanish languages to support our local community diversity efforts. Both CAW Bilingual Customer Service Representatives (CSRs), Janell Palencia and Ana Lopez Vitela, assisted with the conversion interpretation.

2022 Goals

CAW is converting just under 1,000 customers to AMI cellular equipment which will allow for better data collection and observation of our top volume customers. This will allow prevention of any lost revenue stream as the Utility will be better aware of any problems that occur in the field. The cellular equipment allows for better alert notifications and also allows the end user to monitor their own usage information.

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.

Customer Service staff are currently working with the IS Department to acquire additional telephone software which will enhance the inbound automatic call distribution system. Current hold times have increased based on longer call handle times attributable to the recent CU conversion. The new software enhancements will allow customers to hold their place in line and receive a call back when they become the next call to be served. This will concurrently improve customer satisfaction as well as abandonment rates..

CAW will begin offering a chat functionality in the first quarter of 2022. This additional channel of communication is one that the CAW customer base has been requesting for a long time. This will allow CAW to expand its means of communicating with an ever-growing segment of technology-savvy customers who prefer a means of communication that is more informal and passive.

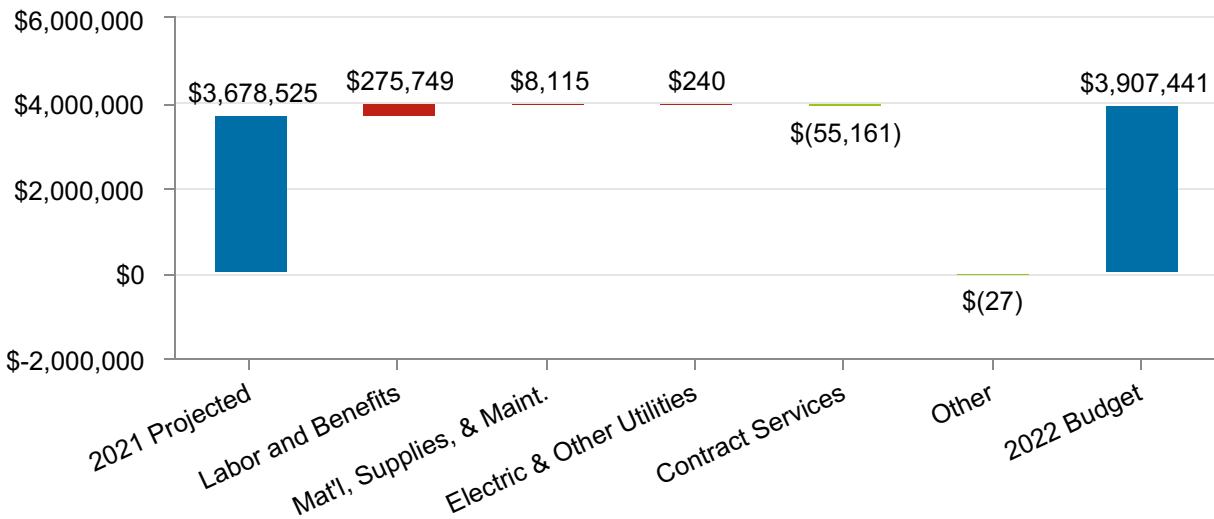
One significant change slated for 2022 is elimination of the drive-through operation. In late 2021, CAW was in talks with a business partner that offers a network of easy-to-use self-service kiosks that can be strategically placed in local markets. Customer Service will also be focused on sharing features on remote pay locations with the cash-based customer segment. Many local businesses can accept, process, and submit cash payments from their locations which will be more central to customer homes.

Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Abandoned Calls Percentage	4.89%	13.67%	<4.00%
Average Call Answer Time (in seconds)	65	172.5	<40

Customer Service - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 3,335,690	\$ 3,525,772	\$ 3,533,412	\$ 3,801,521
Materials, Supplies, and Maintenance	26,668	29,413	38,680	37,528
Electric and Other Utilities	1,000	720	960	960
Contract Services	107,171	122,593	71,300	67,432
Other	—	27	—	—
Total Expenses	3,470,529	3,678,525	3,644,352	3,907,441
Total Capital Costs	—	—	22,000	—
Total Customer Service	\$ 3,470,529	\$ 3,678,525	\$ 3,666,352	\$ 3,907,441

Change by Natural Classification - 2021 Projected to 2022 Budget

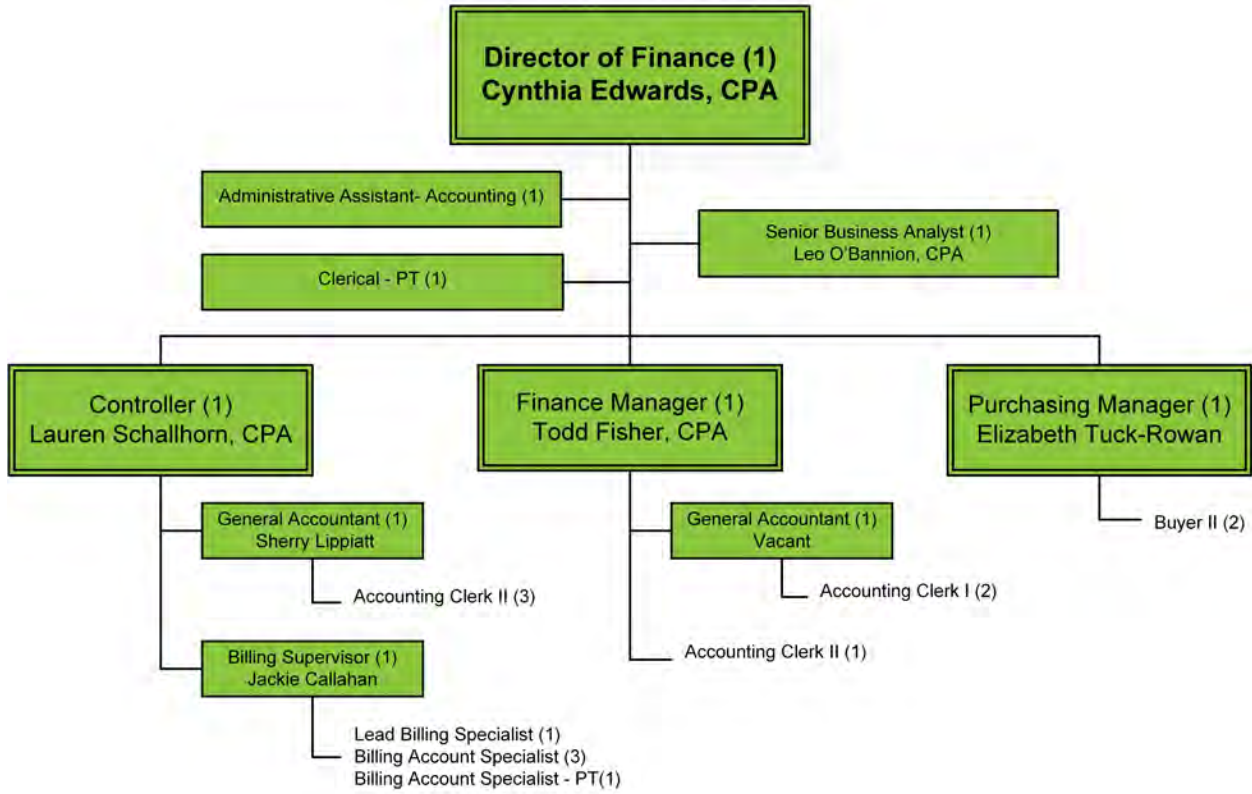


Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

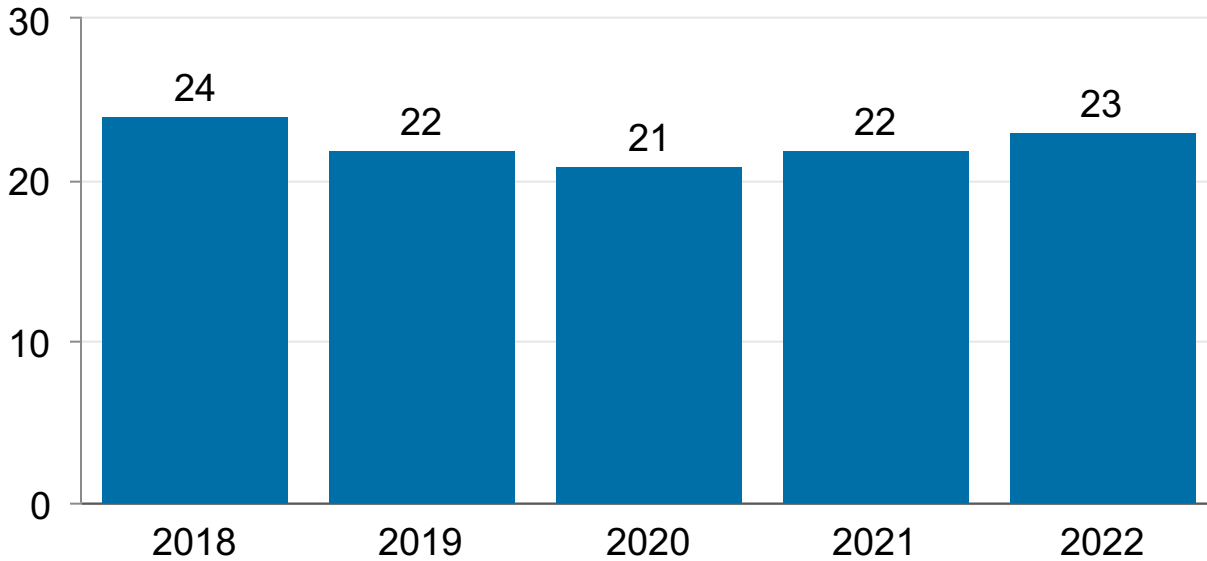
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FINANCE DEPARTMENT

Effective: January 1, 2022



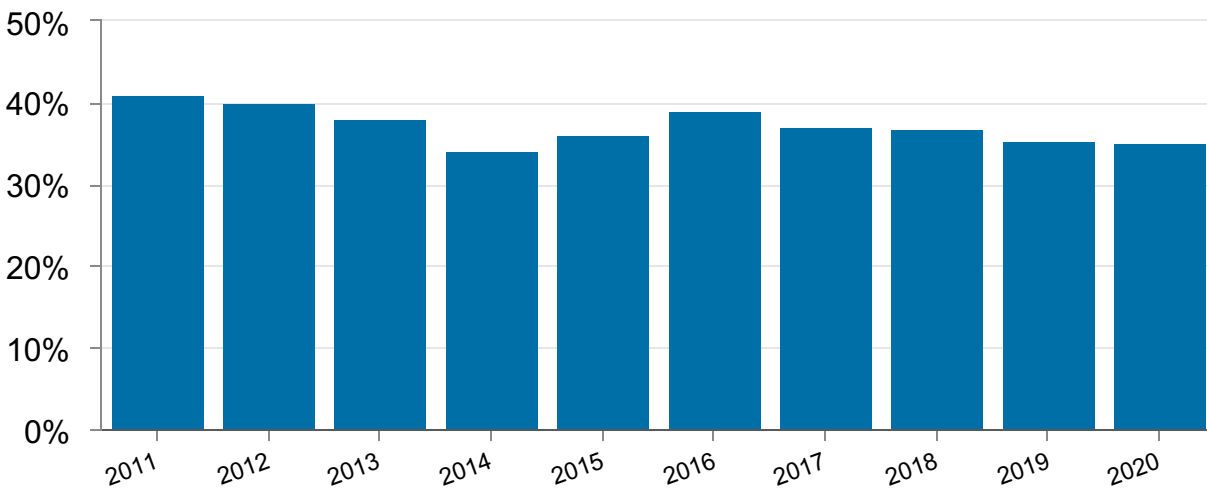
Departmental Staff by Year - Finance



FINANCE DEPARTMENT

The Finance Department is the Utility's business operations center. The department includes multi-disciplined and cross-functional teams of professionals involved in accounting, finance, billing, and purchasing. The department's combined 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 billings that collectively total over \$191 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.

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

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

2021 Accomplishments

Finance consistently met this goal during 2021, providing the financial reports by the target deadline. New reporting due to the CU conversion contributed to months where this goal was not met.

Objective 2: Receive the GFOA Distinguished Budget Award

2021 Accomplishments

Finance met this goal again in 2021, receiving the GFOA Distinguished Budget Award for the eleventh consecutive year.

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

2021 Accomplishments

Finance submitted the 2020 Annual Comprehensive Financial Report (ACFR) for the GFOA Certificate of Achievement for Excellence in Financial Reporting Award for the eleventh consecutive year. Award notifications were pending at the end of 2021.

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

2021 Accomplishments

Finance met this goal once again in 2021. The 2020 ACFR was approved by the Commission on April 15, 2021.

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

2021 Accomplishments

Finance has met this goal each of the last eight years. The 2022 Financial Plan maintains net revenue coverage above this target at 238%.

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

2021 Accomplishments

CAW has maintained days cash on hand at or above 150 days continuously since 2010. CAW is projected to end 2021 with 208 days cash on hand and is budgeted for 187 days cash on hand to end 2022.

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

2021 Accomplishments

CAW has continuously maintained a debt utilization ratio well below this benchmark over its history. This continued in 2021 with a projected debt utilization of 30.4%. Budgeted debt utilization for 2022 is 29.6%.

Other 2021 Accomplishments

In September 2021, the Utility issued \$200 thousand in Water Revenue bonds to fund the acquisition of the Frazier Pike Public Facilities System. Additionally, the Utility issued \$1.8 million in Water Revenue bonds to fund the acquisition of the Wye Mountain Water Facilities System.

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, 2019. 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 fourth PAFR for the year ended December 31, 2020 to the GFOA for award consideration.

Finance assisted the Pinnacle Project team with both staffing resources and business process knowledge as the team worked through the user acceptance testing, Go-Live, and post stabilization phases of the project.

2022 Goals

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

Finance staff anticipates assisting with several Water Revenue Bonds in 2022, the largest of which will be related to the West Pulaski Public Water Authority expansion project. This bond issue is expected to be approximately \$20 million.

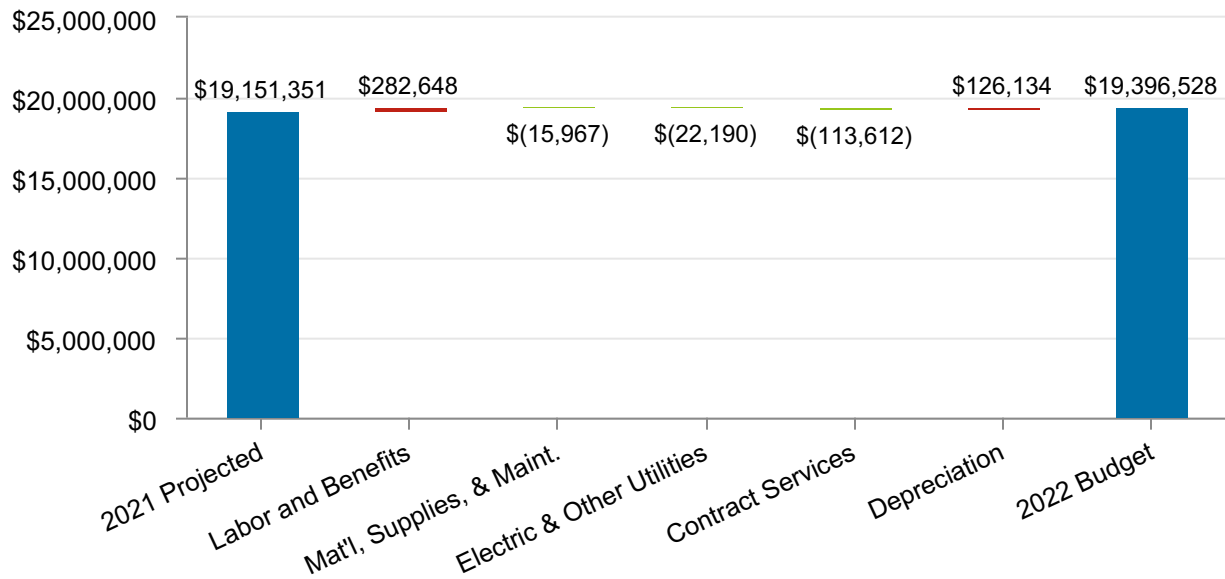
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Interim Financial Reports Distributed by 2 nd Thursday Each Month	Yes	No	Yes
GFOA Distinguished Budget Award Was Received	Yes	Yes	Yes
GFOA Certificate of Achievement for Excellence in Financial Reporting Was Received	Yes	Yes	Yes
CAFR Finalized and Distributed by April 30 th	Yes	Yes	Yes
Revenue Bond Coverage	2.18	2.40	2.42
Days Cash on Hand	216	208	187
Debt Utilization	31.24%	30.41%	29.59%

Finance, General, and Depreciation - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 3,324,524	\$ 3,601,180	\$ 3,461,368	\$ 3,883,828
Materials, Supplies, and Maintenance	913,118	961,092	945,525	945,125
Electric and Other Utilities	133,656	150,670	86,565	128,480
Contract Services	905,560	895,924	737,496	782,312
Transition Cost	30,122	—	—	—
Depreciation	13,075,987	13,530,649	13,719,063	13,656,783
Other	9,381	11,836	—	—
Total Expenses	18,392,348	19,151,351	18,950,017	19,396,528
Total Capital Costs	—	—	—	—
Total Finance	\$ 18,392,348	\$ 19,151,351	\$ 18,950,017	\$ 19,396,528

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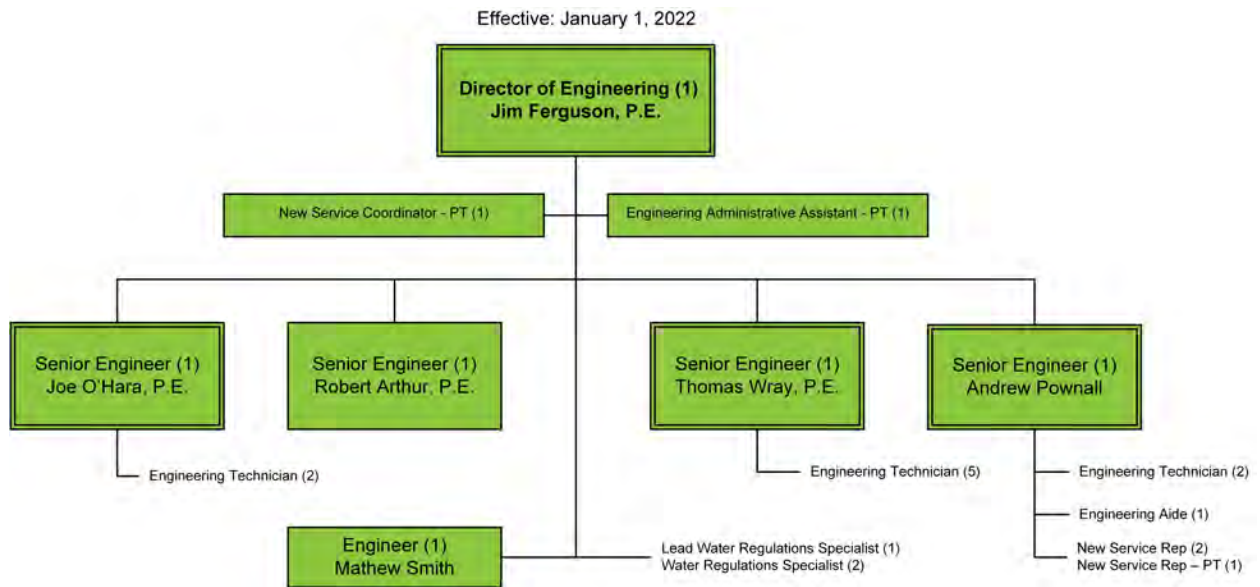
Change by Natural Classification - 2021 Projected to 2022 Budget



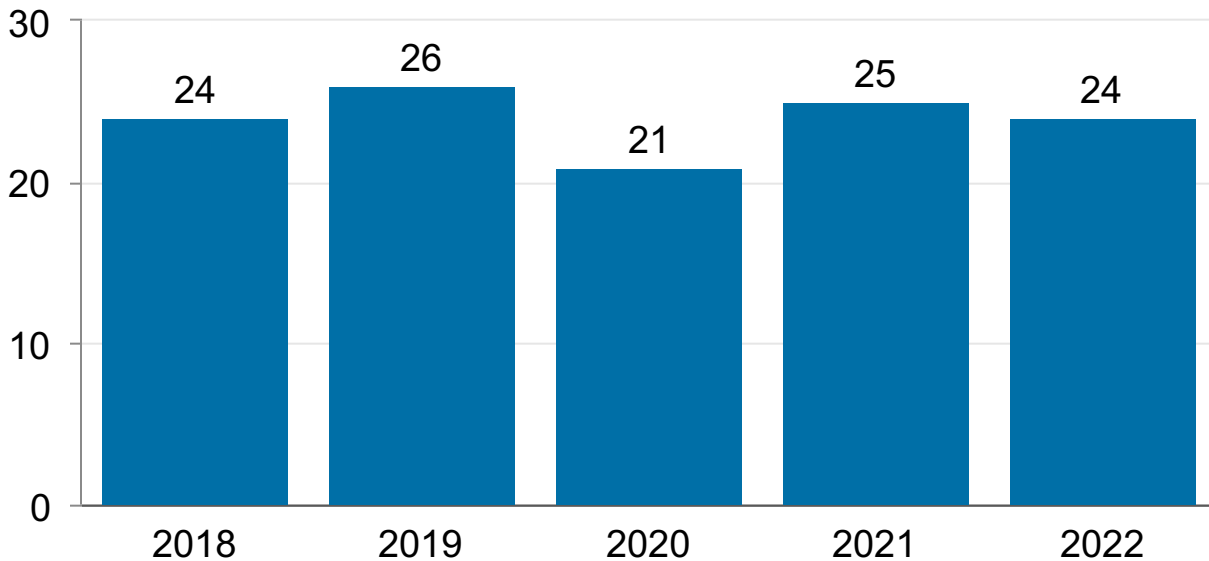
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ENGINEERING DEPARTMENT



Departmental Staff by Year



ENGINEERING DEPARTMENT

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

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

The Engineering and Planning Section works to develop and adhere to the Water Utility Master Plan for existing and future improvements and revises the Water Utility Master Plan to address and meet the growing and ever-changing dynamics of the CAW system. This section also continually reviews and modifies the CAW standard specifications, standard details, and operating guidelines to ensure that the needs of the CAW system are being met in a cost-efficient and practical manner. Planners, engineers, and engineering technicians work directly with new and existing customers, developers, consulting engineers, architects, plumbers, and contractors to plan and construct needed expansion or revision of water system facilities. The section's goal is to produce in-house design of any pipeline installation, replacement, and/or relocation project that is classified as 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 ADH requirements concerning prevention of contamination of the system through real or potential cross-connections or backflow. The program maintains an extensive database of customer accounts, backflow requirements, and testing updates.

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

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

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

2021 Accomplishments

In 2020, the Engineering Department managed the acquisition of a \$600,000 engineering services contract to provide a comprehensive study and engineering report on the condition and treatment processes at the 133 MGD Wilson 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. During 2021, the Engineering Department has worked with the Water Production Department to manage this study. The study concluded in late 2021. The engineering design work recommended by the study will occur during the year 2022 and construction is anticipated to commence once funding is secured.

The Engineering Department has reviewed and approved 18 residential subdivisions for new construction in 2021 spread throughout the entire CAW service area. It is anticipated that the year 2021 will see approximately 1,400 new metered water accounts installed and activated.

The Engineering Department performed the engineering for and managed the installation of 3,060 feet of new water main installation necessary for improved hydraulics and service within the water system.

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

2021 Accomplishments

CAW is projected to replace approximately 31,500 feet of galvanized, asbestos-cement, steel, PVC, and cast-iron pipe through the combination of contracted work (17,500 feet) and work performed in-house by the Distribution Department (14,000 feet) during the year 2021. Galvanized, asbestos-cement, PVC, and cast-iron pipe contribute to the majority of spontaneous water main failures in the CAW system. Approximately 28,400 feet of pipe were replaced in 2020 (14,400 feet by contractors; 14,000 feet by the Distribution Dept).

Other 2021 Accomplishments

The Engineering Department reviewed approximately 18 street and drainage projects initiated by the Arkansas Department of Transportation (ARDOT), Pulaski County Public Works, and the cities of Little Rock, North Little Rock, Sherwood, and Maumelle. Several of these proposed improvement projects were found to require relocation of CAW water lines. The Engineering Department designed and contracted seven capital

construction projects to relocate water lines for street and drainage improvements in 2021, one of which spanned the years 2020 and 2021. Several small projects were designed for CAW crews to perform necessary water line relocations. While relocations result in new infrastructure installation, these projects are not initiated for system needs or to replace pipe that is past its useful life. Therefore, these mandatory projects compete for limited capital funds that could otherwise be used for replacing aging infrastructure that is past its useful life or that has a chronic history of spontaneous leaks or breaks. A total of 24,700 feet of water pipe, ranging in size from 3-inch to 30-inch were relocated in the year 2021. Approximately 11,600 feet of water pipe was relocated in the year 2020.

The Engineering Department has worked closely with ARDOT for water facility relocations along State Highway No. 10 in west Little Rock (6,725 feet) and along Interstate 30 through downtown Little Rock and North Little Rock (2,740 feet). These measurements are included in the amounts detailed above.

The Engineering Department continues to manage the \$37 million rehabilitation and improvement project currently underway at the Ozark Point Plant. The \$27 million Phase 2 (plant physical rehabilitation and improvements) was completed in mid-2021. The \$3.5 million Phase 1 (Clearwell #3 modifications and Clearwell #4 modifications and painting) has begun in 2021 and will complete by mid-2022.

The Engineering Department designed and managed two construction projects to relocate/replace a total of 135 existing domestic and irrigation metered services from inaccessible back alleys to previously installed new water mains along the street frontages of these customers.

2022 Goals

The Engineering Department goal is to design and oversee the replacement of approximately 35,000 feet of old, high-maintenance galvanized, asbestos-cement, PVC, and cast-iron pipe in 2022. Approximately 60% of this footage will be replaced through contracted capital jobs, and 40% 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 will continue to manage the construction phases of the Ozark Point Plant Rehabilitation and Improvements project.

Engineering anticipates the design phase for the Wilson Plant to commence in 2022, based on the preliminary engineering study concluded in 2021.

Engineering will continue to work with ARDOT for the relocation of an existing 24-inch water transmission main currently attached to the Interstate 30 Arkansas River bridge.

The bridge will be replaced as part of the 30 Crossing interstate improvement project. A new transmission main will be attached to the new interstate river bridge. Work on the new bridge's first half commenced in 2021 and is anticipated to conclude in 2023. The relocated transmission main will be attached to this first-half structure.

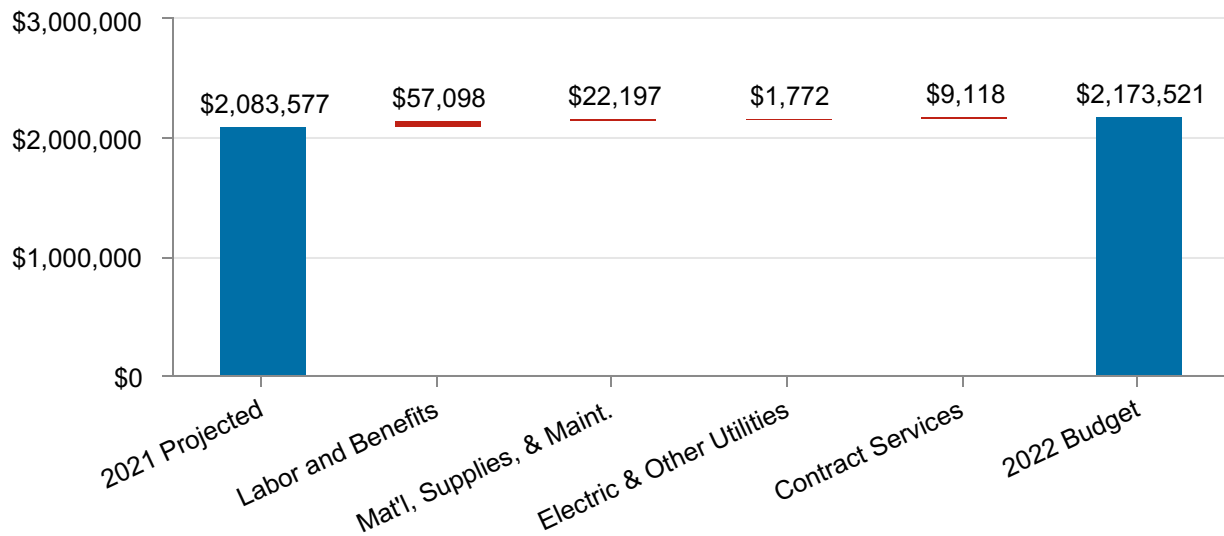
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Galvanized, Asbestos-Cement, and Cast Iron Pipe Replacement (feet)	28,370	31,530	35,000

Engineering – Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 1,737,430	\$ 2,019,228	\$ 2,088,572	\$ 2,076,326
Materials, Supplies, and Maintenance	38,905	43,925	64,316	66,122
Electric and Other Utilities	6,352	5,428	7,200	7,200
Contract Services	5,781	14,755	23,842	23,873
Other	309	241	—	—
Total Expenses	1,788,777	2,083,577	2,183,930	2,173,521
Total Capital Costs	24,864,698	21,761,827	31,639,797	27,159,000
Total Engineering	\$ 26,653,475	\$ 23,845,404	\$ 33,823,727	\$ 29,332,521

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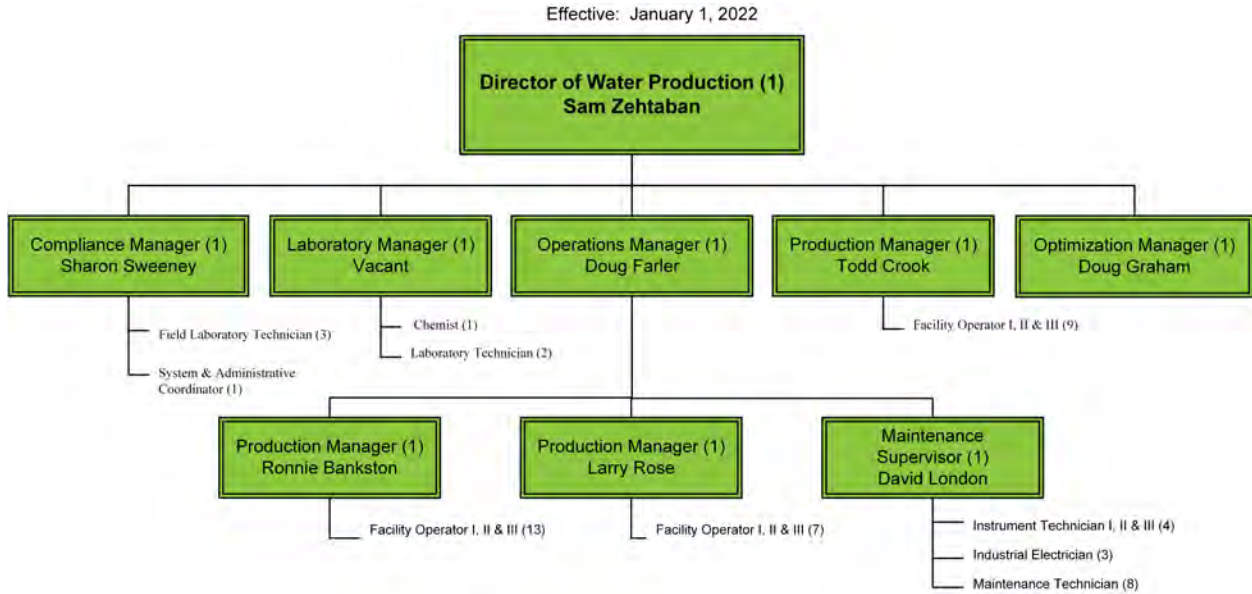
Change by Natural Classification - 2021 Projected to 2022 Budget



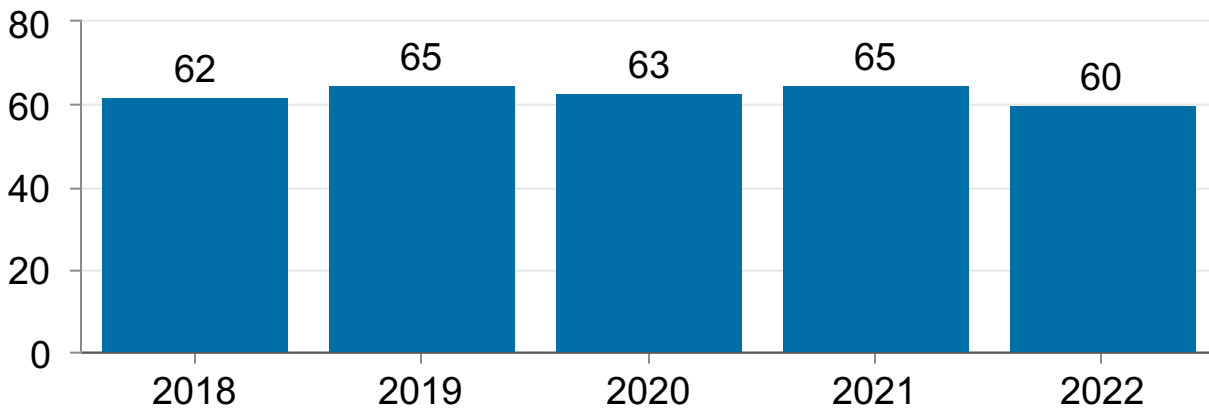
Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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WATER PRODUCTION DEPARTMENT



Departmental Staff by Year - Water Production



WATER PRODUCTION DEPARTMENT

The Water Production Department monitors and operates the water treatment and delivery facilities, ensures cost-effective performance in all facets of operation and maintains water quality information, ensures compliance with all regulations, and facilitates operational technology development. The treatment plants produced an average of 58 MG of potable water per day in 2020. On a day-to-day basis, Water Production manages and administers operations of the source water facilities, treatment plants, distribution system pumping stations, storage tanks, remotely operated valves and the SCADA system. Staff also monitors water quality through sample collection and analysis of water from the plants and distribution system. All staff members are required to obtain an Arkansas Water Operator's License issued by the Arkansas Department of Health (ADH). Supervisory and some additional operating staff also hold an Arkansas Wastewater Operators License from the Arkansas Department of Energy and Environment, Division of Environmental Quality, (DEQ) which is required for permitted discharges regulated by the National Pollutant Discharge Elimination System (NPDES).

Water Production's responsibilities include operation and maintenance of the source water facilities, Wilson Plant, Ozark Point Plant, Paron Plant and high-service pumping stations; the distribution system booster pumping stations, storage tanks, and intersystem valves; compliance with the Safe Drinking Water Act (SDWA); and the monitoring and treatment of NPDES permitted waste discharges. The Department also oversees all sampling and laboratory operations including an ADH certified bacteriological lab and DEQ certification for analyses of our NPDES permitted waste discharges.

Mission

The Watershed Production staff protect public health and promote the economic vitality of central Arkansas by providing customers uninterrupted service of high-quality drinking water that meets all Federal and State water quality regulations.

EUM Attribute:	Product Quality
Goal:	Provide an uninterrupted supply of high quality potable water that meets or exceeds all SDWA regulations.

Objective 1: Maintain 100% SDWA compliance.

2021 Accomplishments

Through continued monitoring and operation of treatment processes, the distribution system, and other Utility facilities, CAW maintained 100% SDWA compliance through October 2021 and does not foresee any issue that would cause the Utility to deviate from this compliance trend.

Objective 2: 100% of monthly filtered water compliance monitoring samples \leq 0.3 Nephelometric Turbidity Units (NTUs); NTU is measurement of water clarity.

2021 Accomplishments

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

Objective 3: 95% of monthly filtered water compliance monitoring samples \leq 0.1 NTUs.

2021 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the Department has successfully managed to maintain 100% compliance at both the Wilson and Ozark Point Plants. Staff completed classroom as well as hands on participation in filter surveillance at Wilson aiding in enhance filter performance.

Objective 4: 100% monthly water compliance monitoring samples with Total Coliform Monitoring Rule (TCR).

2021 Accomplishments

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

Other 2021 Accomplishments

The Water Production Department continued its proactive work of enhancing operations through optimization of treatment processes, system operation to include tank management, system enhancements, and personnel training. There are now 16 tank mixers and ten chlorine residual probes installed at tanks, stations and meters throughout the distribution system. Staff members are involved on several teams to enhance operations, treatment and information technology. The department continued to identify strengths and opportunities that can be improved upon and opportunities for change that could result in a more efficient and effective operation.

CAW continued enhanced distribution system water quality monitoring at 23 routinely monitored Total Coliform Rule sample sites spatially located throughout CAW's distribution system. This was accomplished by collecting and analyzing samples for multiple parameters including Adenosine Triphosphate, two emerging pathogens of concern – Total Organ Carbon (TOC) and Total Trihalomethanes (TTHMs), and wet chemistry scans. This robust suite of analyses allows CAW to respond to potential water

quality issues more proactively and adaptively manage the distribution system. This led to operational changes to improve water quality in the Arch Street and Intermediate pressure zones. Additional tank mixers were installed in four tanks during 2020. Water Production staff is performing compliance and distribution system monitoring for the Paron water system with a focus on improving water quality in that service area. Staff is working closely with the Distribution Department to convey water quality information and assist with operational changes. Paron treatment enhancements were implemented along with cleaning of the sludge pond and clearwell. Treatment chemical feed efficiencies were seen with staff examination of the Paron process.

After visiting with several Laboratory Information Management System (LIMS) vendors in 2020, a system from Ethos was selected for purchasing, installation, training and implementation. In 2021, CAW's laboratory staff has continued to work on system development with Ethos.

2022 Goals

In 2022, 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.

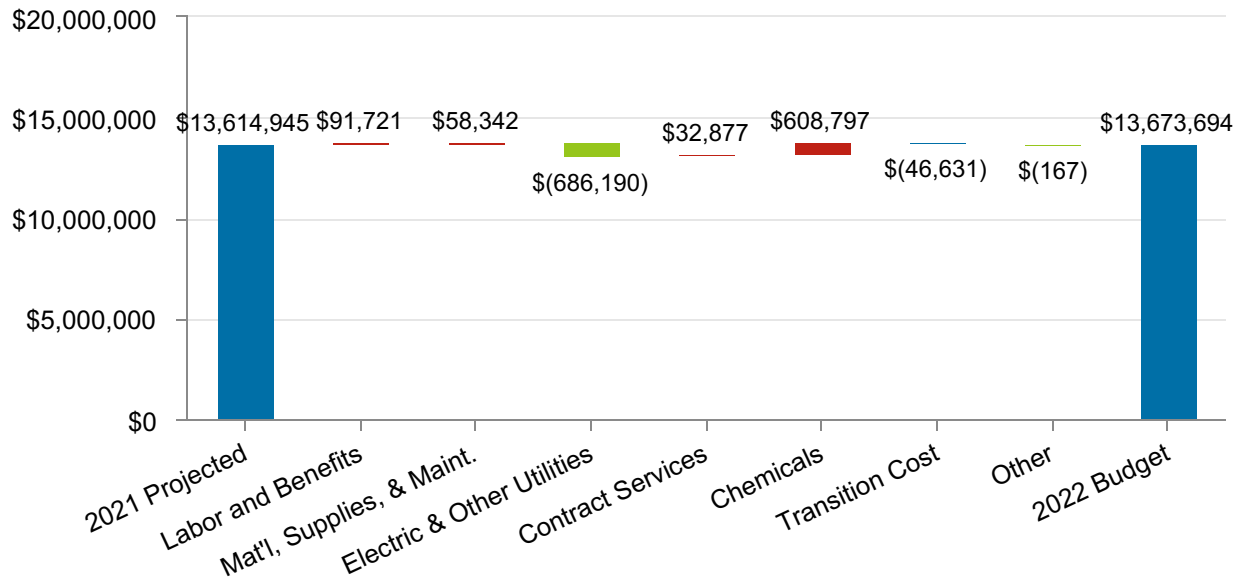
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
100% SDWA Compliance	Yes	Yes	Yes
≤ 80% of All MCL	Yes	Yes	Yes
100% TCR Monitoring	Yes	Yes	Yes
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Wilson Plant	12	12	12
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Ozark Point Plant	4*	7*	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs –Wilson Plant	12	12	12
Months 95% of Filtered Turbidity ≤ 0.1 NTUs – Ozark Point Plant	2*	7*	12

*Ozark Point Plan underwent renovation during 2020 and 2021

Water Production – Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 6,402,799	\$ 6,332,090	\$ 6,944,851	\$ 6,423,811
Materials, Supplies, and Maintenance	867,411	996,476	992,780	1,054,818
Electric and Other Utilities	3,927,063	4,216,584	3,369,429	3,530,394
Contract Services	73,109	89,569	131,166	122,446
Chemicals	1,661,073	1,933,428	1,834,100	2,542,225
Transition Cost	6,819	46,631	—	—
Other	10,257	167	—	—
Total Expenses	12,948,531	13,614,945	13,272,326	13,673,694
Total Capital Costs	896,640	791,755	1,294,800	1,821,000
Total Water Production	\$ 13,845,171	\$ 14,406,700	\$ 14,567,126	\$ 15,494,694

Change by Natural Classification - 2021 Projected to 2022 Budget

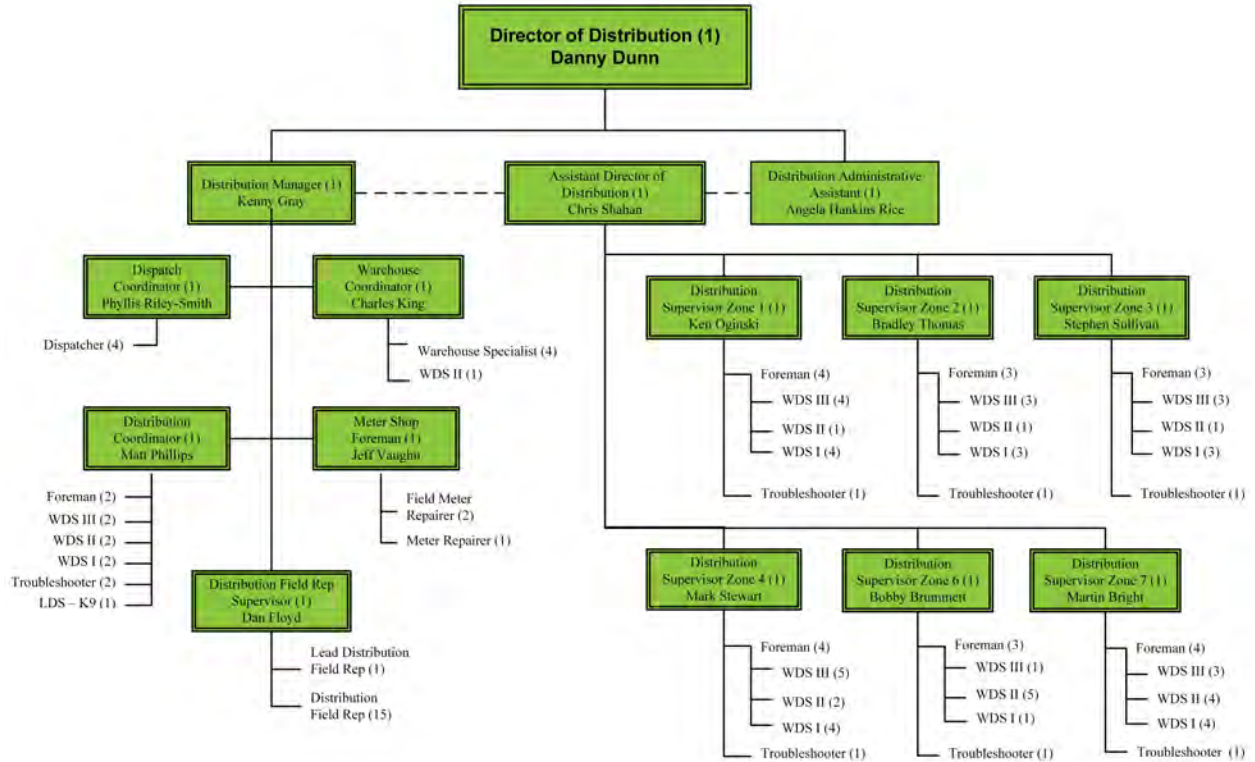


Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

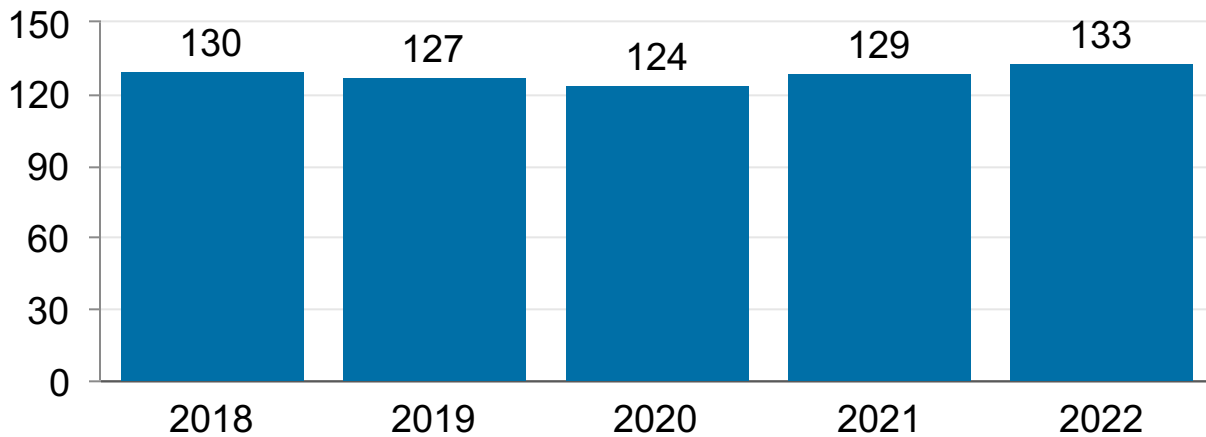
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DISTRIBUTION DEPARTMENT

Effective: January 1, 2022



Departmental Staff by Year



DISTRIBUTION DEPARTMENT

The Distribution Department ensures that the infrastructure used to transport water to customers is maintained to current standards and is quickly repaired when necessary. Although CAW's distribution system is highly technical, the Distribution Department's goal is simple--to provide dependable water service and high-quality water to CAW customers. To meet this overarching goal, the department undertakes a wide variety of initiatives to improve the distribution system's stability, reliability, resiliency, and sustainability.

As the most direct link between a water utility and its customers, the distribution system also substantially shapes the public's perception of the Utility and its level of satisfaction with the Utility's service. Through proactive maintenance, as well as emergency repair activities, professional communication and customer service are emphasized in all elements of the department's work.

Mission

The Distribution Department is committed to operating and maintaining CAW's distribution system with dependable service that exceeds customer expectations in order to deliver high quality water to customers whenever they need it.

EUM Attribute:	Infrastructure Stability
Goal:	To ensure asset repair, rehabilitation, and replacement efforts are coordinated within the community to minimize disruptions and other negative consequences

Objective 1: Reduce the total number of main breaks per 100 miles of pipe from previous year.

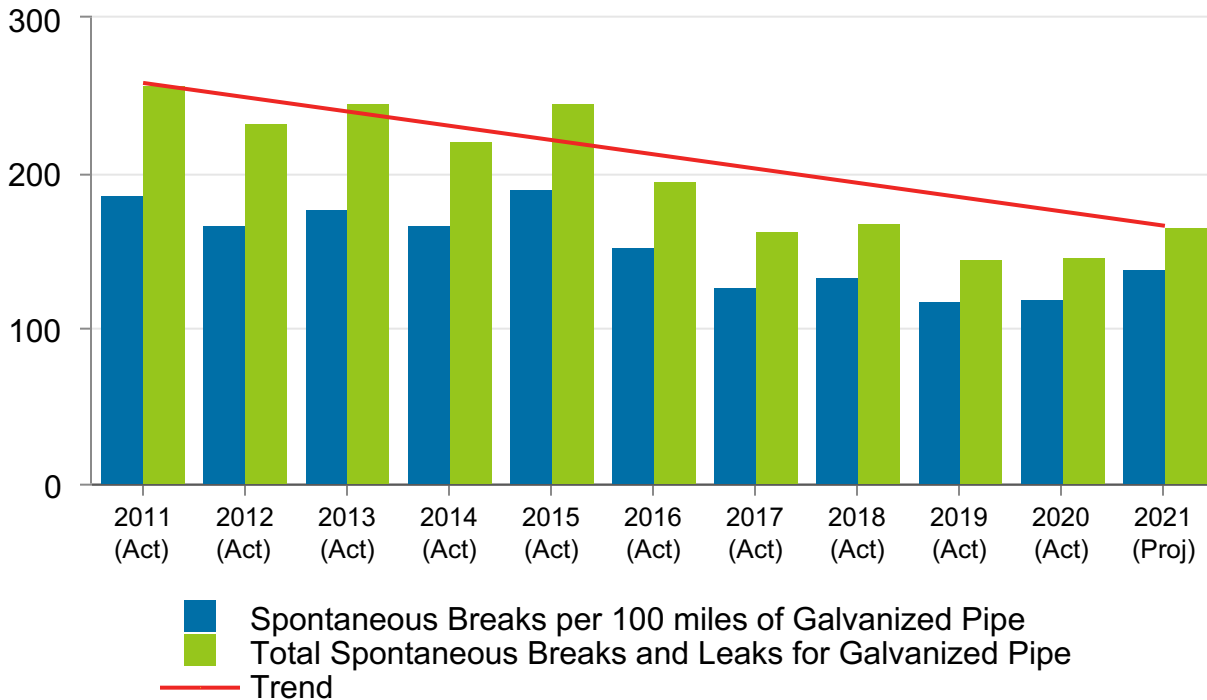
2021 Accomplishments

The Distribution Department continued the aging pipe replacement program implemented in 2015. This program focuses on replacing mains with high failure rates within the distribution system. Galvanized mains account for 38% of the distribution system's annual leaks and breaks, but only 5.8% of the system's pipe makeup. Distribution's goal is to replace 14,000 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 two-inch galvanized pipe replacement program had reduced the number of

spontaneous breaks per 100 miles of galvanized pipe from 191 breaks in 2015 down to 128 in 2017.

In 2018, the frigid weather in January and February caused an increase in galvanized main breaks to 169 for the year. This increase caused the main breaks per 100 miles of pipe to go up from 128 in 2017 to 134 in 2018. In 2019, the pipe replacement program continued to show to be beneficial. We had 145 breaks on galvanized pipe, reducing our breaks per 100 miles of pipe to 119. In 2020, we saw a slight increase in spontaneous breaks on aging galvanized pipes. By the end of 2020, we were at 138 breaks per 100 miles of pipe. Unfortunately, the first part of 2021 didn't show any signs of reducing the breaks per 100 miles of pipe. In February, we had temperatures well below freezing for over a week straight. Those extreme temperatures create havoc on not only our galvanized pipe but our cast iron pipe as well. As of mid-August, we've had 110 spontaneous main breaks on 2-inch galvanized pipe. Distribution estimates another 56 random breaks on galvanized pipe totaling 166 breaks for the year. If breaks continue to climb, Distribution will see 139 breaks per 100 miles of galvanized pipe for 2021.

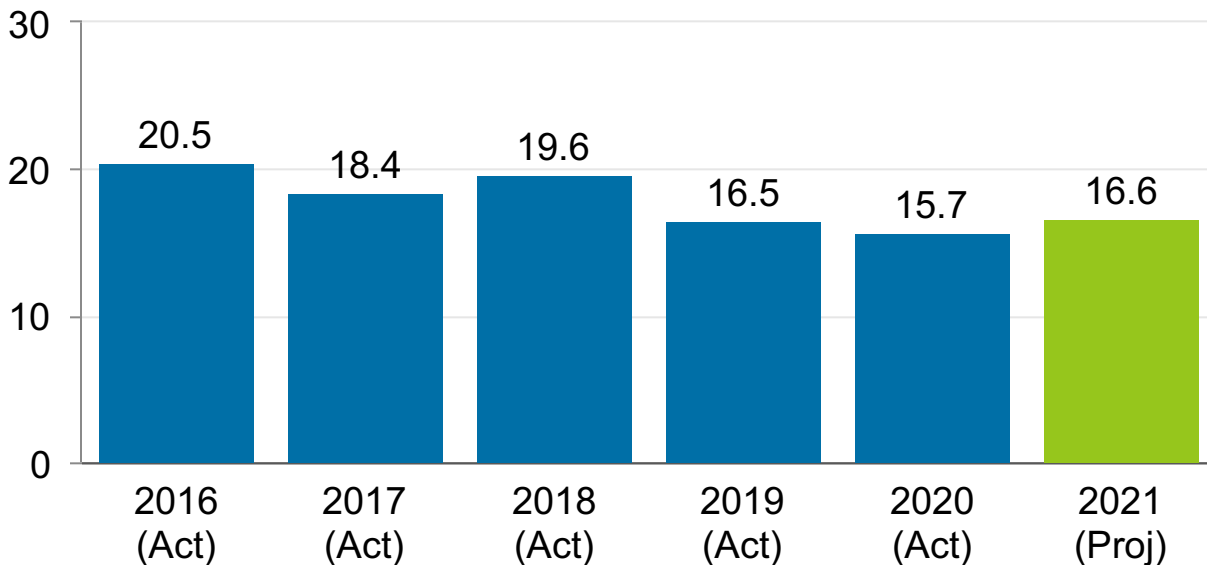
Breaks and Leaks on Galvanized Pipe



Main breaks caused by poor performing galvanized mains greatly influence the overall break rate for the system. By replacing galvanized pipes throughout the distribution system, spontaneous main breaks system-wide continue to decrease significantly from previous years. 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 Engineer Department, 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.

Main Breaks per 100 Miles of Pipe

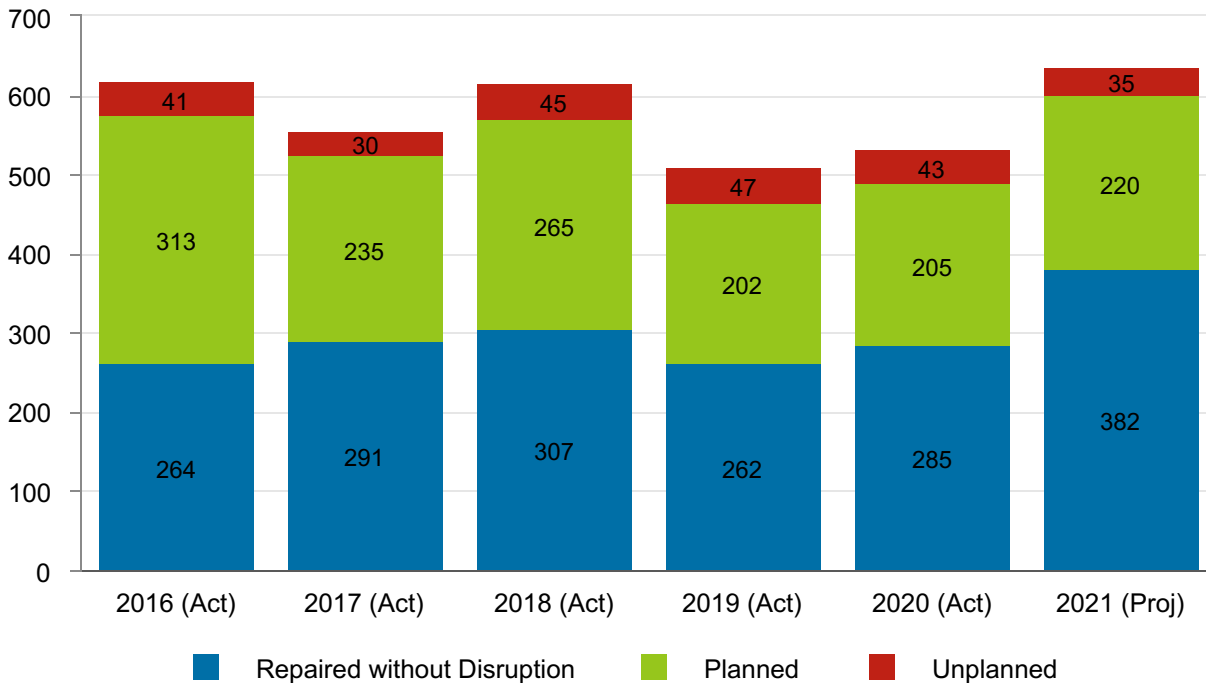


Objective 2: Reduce the number of unplanned outages from previous year.

2021 Accomplishments

The Distribution Department continues efforts to minimize emergency outages, repair main breaks without resulting in a 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. The next page’s graph depicts the actual service outages for 2017 - 2020, with 2021 projected information.

Planned vs Unplanned Outage by Year



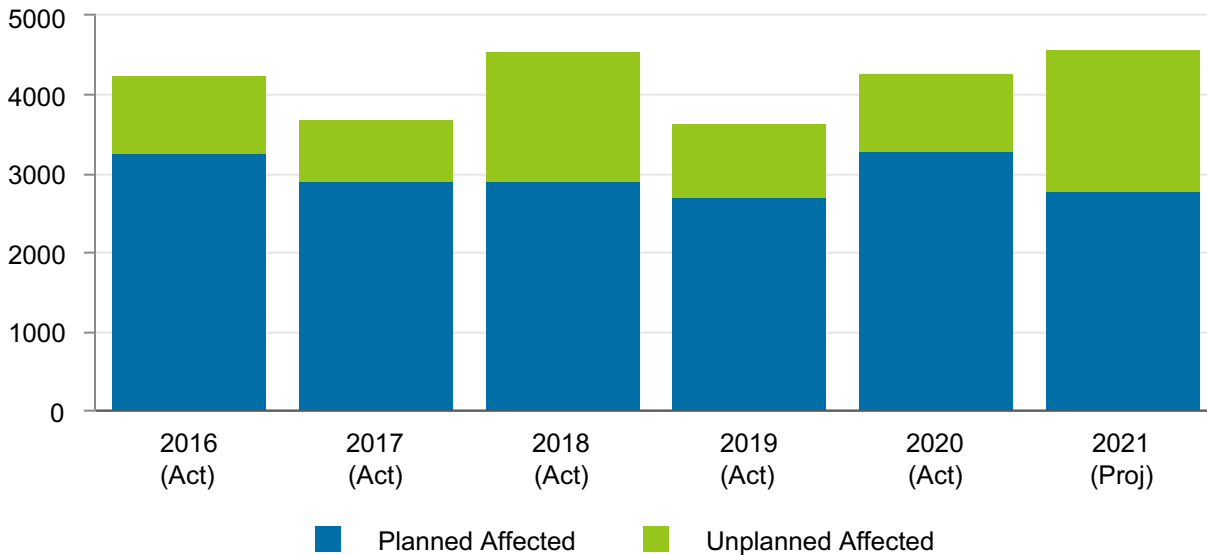
EUM Attribute:	Operational Optimization
Goal:	Maximize resource efficiency

Objective 1: Reduce the number of customers affected by unplanned outages.

2021 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 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. 2021's numbers for unplanned outages will be significantly higher because of 2 large main breaks affecting 965 customers. 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 34,645 valves in the distribution system is locatable and operable. Through a three-year inspection program, 1,059 covered and inoperable valves were deemed to be ‘unlocatable’. In 2017, Distribution personnel worked to locate and inspect these un-locatable valves, beginning with the larger sized to smaller sized valves. As a result, staff located and inspected a total of 108 un-locatable valves in 2017 and 2018 combined. Through 2020 and into mid- August 2021, the team has located 527 un-locatable valves throughout the system. As part of the 2020 Strategic Plan, Distribution will continue to work toward locating and operating all these valves by the end of 2021.

Shown below is a breakdown of the remaining 428 unlocatable valves in the system. It should be noted that the 294 unlocatable two-inch valves are mostly attributed toward service stubs and blow-offs; these do not aid in reducing unplanned outages and do not interfere with isolating mains in the system. Distribution plans to locate and inspect the 126 unlocatable valves four inches and larger by the end of 2021. 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 2021, roughly 9,000 12" and smaller valves will be inspected again.

Un-Locatable Valves	
Valves	Number
2"	294
3"	8
4"	10
6"	49
8"	67
10"	—
12"	—
Total	428

Objective 2: Maintain unaccounted for water below AWWA Benchmark (median = 9.5%) and ADH action level > 15%.

2021 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 surveyed right of ways and easements that are not easily visible to locate leaks. Distribution saw an increase in the 12-month rolling average of unaccounted for water through September 2021, currently at 11.29%. Distribution will continue its proactive work to get this number below the AWWA benchmark of 9.5%.

In late 2020, as unaccounted for water started to trend up, we hired Utilis to collect data using a satellite. The satellite image was taken on November 24th of the gravity system and Maumelle. Of the 1000 miles of pipe surveyed, eight percent was highlighted. The survey showed a total of 365 POI's (point of interest). Work crews found 70 leaks using the satellite survey, which was part of the 2021 strategy to lower unaccounted for water.

GIS has created an easement inspection layer, similar to the valve inspection layer. Distribution staff started inspecting each easement in August 2019 and document areas of concern using the Cityworks System. All easements were inspected, and priority levels are given on each easement. In December 2020, Distribution hired additional staff 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. The Crew has cleared roughly five percent of the CAW easements. 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 the fall of 2019, Distribution added a Leak Detection Specialist position to its staff, who will be working with its new Leak Detecting Canine (Vessel) to locate leaks throughout the system. In 2020, we had to hire a new Leak Detection Specialist because of a promotion to Vessel's old handler. So, in August 2020, a new Specialist was hired and paired with Vessel. Vessel and the Leak Detection Specialist has worked 226 work orders since their hiring. Their success rate at finding leaks of potable water is at 96%. Vessel not only helps the CAW Crews when needed, but she has also assisted customers that might have a private line leak.

EUM Attribute:	Financial Viability
Goal:	Manage budget effectively

Objective 1: Schedule and complete at least 85% of approved capital budget projects.

2021 Accomplishments

COVID-19 has put a strain on us getting the items ordered. We have spent about 87% of the budget, but we are unsure when the equipment will come in. In addition, vendors state that the lack of employees is hindering them from getting the products out.

Objective 2: Reduce O&M Costs associated with main breaks.

2021 Accomplishments

In 2020 the budget for main repairs was \$860,000. Distribution ended the year under budget by \$121,000. After reviewing spending tendencies in this budget category and seeing price increases on steel through 2020, we decide to keep the budgeted amount at \$860,000. Midway through 2021, we show to be about \$200,000 under budget for main repairs.

Other 2021 Accomplishments

Distribution continued efforts in Maumelle following the successful merger with MWM in 2016. Since the merger, 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, and projects 200 services in 2021; the six-year total for service replacements inside Maumelle is projected at just over \$1.9 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. The Utilis survey that was done in 2020 was a helpful tool because it provided us with areas where the team found 34 leaks on mains and services. CAW plans to continue its focus on proactively finding leaks within Maumelle in 2022.

In 2020, Distribution had sixteen Workers Compensation claims and ten vehicle accidents (six at fault). Along with job site safety inspections, Supervisors conduct weekly safety tailgate talks. Supervisors had to conduct their discussions through the “Teams” site due to the social distancing policy being put in place for the COVID-19 virus. Distribution personnel strives daily to focus on safety while working on the different job sites. So far in 2021, Distribution had five WC claims and nine vehicle accidents (five at fault).

In March 2021, the Covid cases started to decline, so we were able to start scheduling group safety meetings again. With a limited number of employees in a room together, we schedule five meetings (three at CLW and two at MAC) each month. After nine months of social distancing, the staff seemed to enjoy getting back together in a group setting. Unfortunately, in August 2021, the Pandemic Response Team decide to stop have meetings in a large group setting due to the increased number of COVID-19 cases.

Inspectors will turn their focus on inspecting fire hydrants on the south side of the river starting in September of 2021. Once all the fire hydrants are inspected south of the river, staff will inspect all the fire hydrants on the north side of the river. All fire hydrant in the system is touch by staff every two years. The local fire departments also perform the inspection on fire hydrants in their respected areas each year. Since implementing the fire hydrant inspection program, we have been able to reduce the number of WO’s that come in from the local fire departments.

In 2019, the Distribution Department formed a working team to evaluate the department's tasks and create Standard Operating Practices and Job Standards, which define the average time to complete the various functions. The group will need to meet at least one more time to finalize the Job Standards. Once that is complete, we will add that to the work order descriptions on each work order. With over 650 tasks performed in distribution, the team divided the responsibilities between all the supervisors. Supervisors continue to work with team members in their respective groups to complete each SOP for that task. There are many tasks to document throughout the department; the team plans to remain active 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.

After a successful merger with Paron Owensville Water, Distribution added another crew to maintain all work orders in this area. That crew also maintains all our right of ways/ easements in the system. Since the merger, the staff has completed 305 work orders in that area. Most of the work orders were completed by the Plant Maintenance employees. Since the beginning of 2021, we have seen increased stake orders for new services in that area. As Paron continues to grow, Distribution will need to add additional staff to maintain coverage over that area and the clearing of easements.

2022 Goals

Through the end of 2021 and into 2022, staff will continue to work with GIS to complete the task of mapping service lines 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 2022, contributing to reduced main breaks, fewer unplanned outages, and a smaller number of customers affected by breaks. Distribution plans to continue its efforts in SOP development and will push out the first few SOPs with associated Job Standards in 2022. This data will allow staff to track production from an individual standpoint and assist with evaluating employee efficiencies. Staff will continue to focus on clearing easements throughout our system based on the priority levels given. Distribution will continue to work on the 2022 strategic plan initiatives, including revised condition assessments to improve the Asset Management Program, Leak Detection/Non-Revenue Water Audit, and employee performance and training enhancements. Distribution will focus on finding leaks in the Wye Mountain and Maumelle areas to reduce unaccounted for water. Another item that staff will focus on is spot digging taps on our larger concrete mains to inspect for proper installation. We have seen several breaks over the last couple of years on tapping saddles connected to concrete mains.

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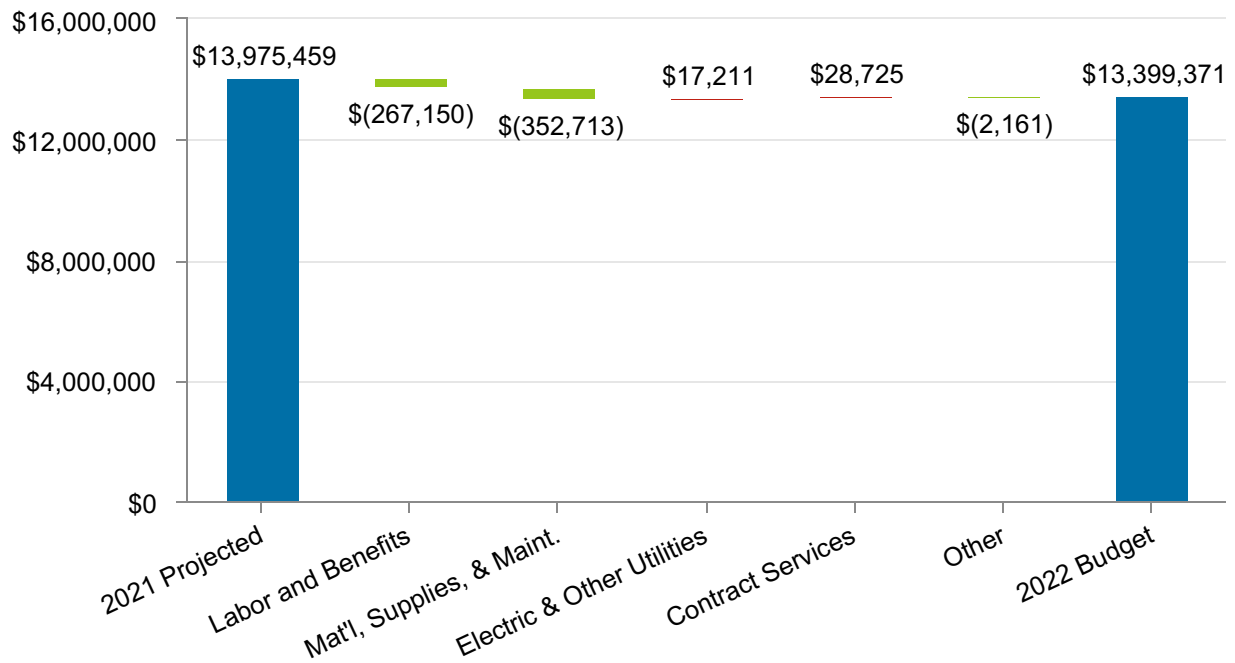
Performance Measures	2020 Actual	2021 Estimated	2022 Budget
Replace 2-inch Aging Pipe (Feet)	14,000	14,000	15,000
Spontaneous Main Breaks per 100 Miles of Pipe	15.7	16.0	15.2
Unplanned Outages	42	37	35
Customers Affected	988	1850	900
Locate and Inspect 'Un-locatable' Valves	390	270	278
Unaccounted For Water ≤ 9.5%	10.8%	10.1%	10.0%
Complete Capital Budget Projects	85%	90%	92%
Main Break O&M Costs	\$739K	\$890K	\$855K
Field Rep Order Completion Rate	99.8%	99.8%	99.8%
Field Rep Order Accuracy Rate	99.8%	99.9%	99.9%
Field Rep Work Order Rate per Day	49.7	49.8	49.8

Distribution - Expense Summary

	2020 Actual	2021 Projected	2021 Budget	2022 Budget
Labor and Benefits	\$ 8,675,154	\$ 9,839,141	\$ 9,269,927	\$ 9,571,991
Materials, Supplies, and Maintenance	2,850,123	3,457,013	3,019,110	3,104,300
Electric and Other Utilities	58,518	36,089	57,300	53,300
Contract Services	648,594	638,555	678,514	667,280
Transition Cost	31,530	—	—	—
Other	11,367	4,661	—	2,500
Total Expenses	12,275,286	13,975,459	13,024,851	13,399,371
Total Capital Costs	4,266,748	2,893,809	3,732,500	4,140,250
Total Distribution	\$ 16,542,034	\$ 16,869,268	\$ 16,757,351	\$ 17,539,621

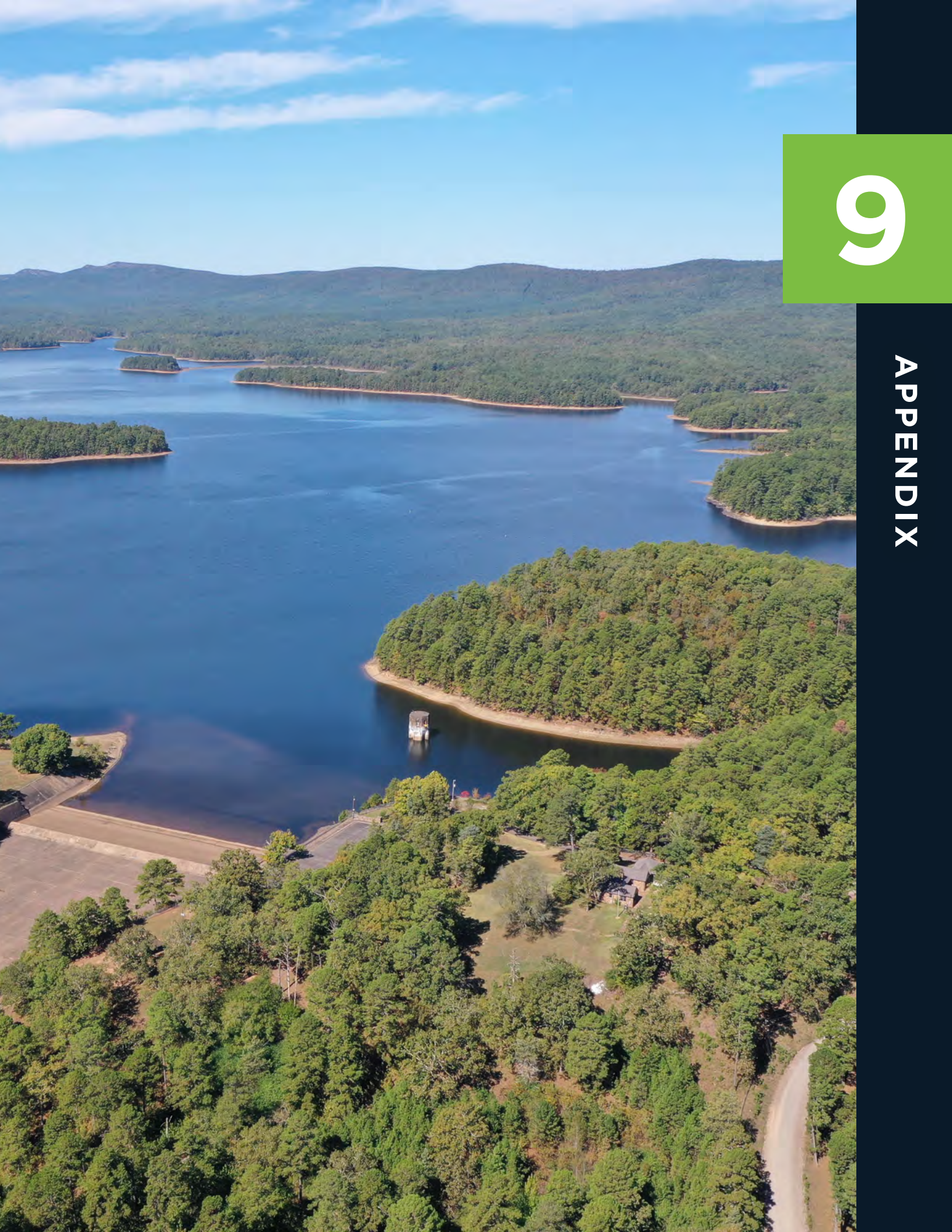
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Change by Natural Classification - 2021 Projected to 2022 Budget



Graph shows departmental expense progression from 2021 Projected to 2022 Budget by Natural Classification. Blue bars indicate the total departmental expense for the two periods with red bars indicating additional expense and green bars indicating less expense by category.

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APPENDIX

Statistical Information

Pulaski County is the largest county by population in the state of Arkansas, with a population of approximately 392,000.¹ 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. (2020) ²	399,125
Per Capita Income (2019) ²	\$32,692
Median Household Income (2019) ²	\$51,749
Unemployment Percentage Rate (2020) ⁴	5.0%
<i>Pulaski County (continued)</i>	

Median Age (2019) ⁶	38.0
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. (2020) ²	202,591
Per Capita Income (2019) ²	\$35,966
Median Household Income (2019) ²	\$51,485
Unemployment Percentage Rate (2020) ⁴	5.0%
Median Age (2019)	36.7
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. (2020) ²	64,591
Per Capita Income (2019) ²	\$26,542
Median Household Income (2019) ²	\$43,703
Unemployment Percentage Rate (2020) ⁴	5.7%
Median Age (2019) ⁶	34.2
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. (2020) ²	32,731
Per Capita Income (2019) ²	\$32,691
Median Household Income (2019) ²	\$63,131
Unemployment Percentage Rate (2020) ⁴	4.1%
Median Age (2019) ⁶	39.1

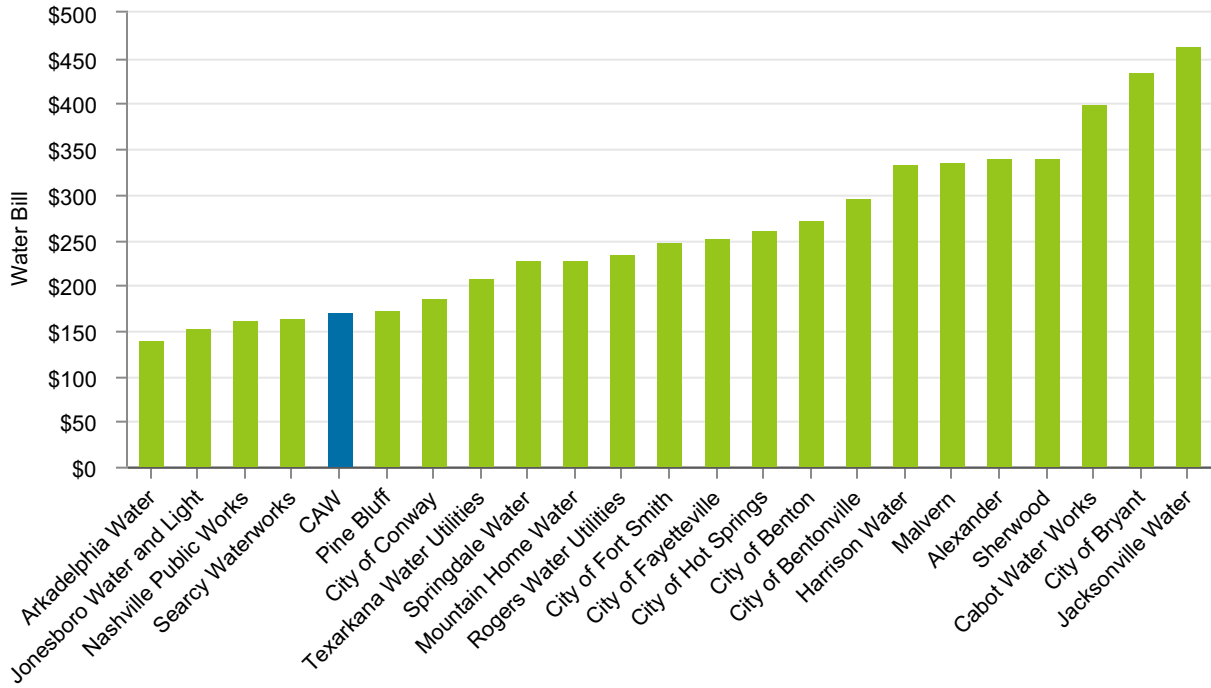
Race (2020) ⁷	
* White	62.4%
* Black or African-American	25.3%
* American Indian	0.5%
* Asian	2.0%
* Hispanic	5.6%
* Other	4.2%
Maumelle	
Population Est. (2020) ²	19,251
Per Capita Income (2019) ²	\$43,988
Median Household Income (2019) ²	\$84,341
Unemployment Percentage Rate (2020) ⁵	5.7%
Median Age (2019) ⁶	39.8
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)

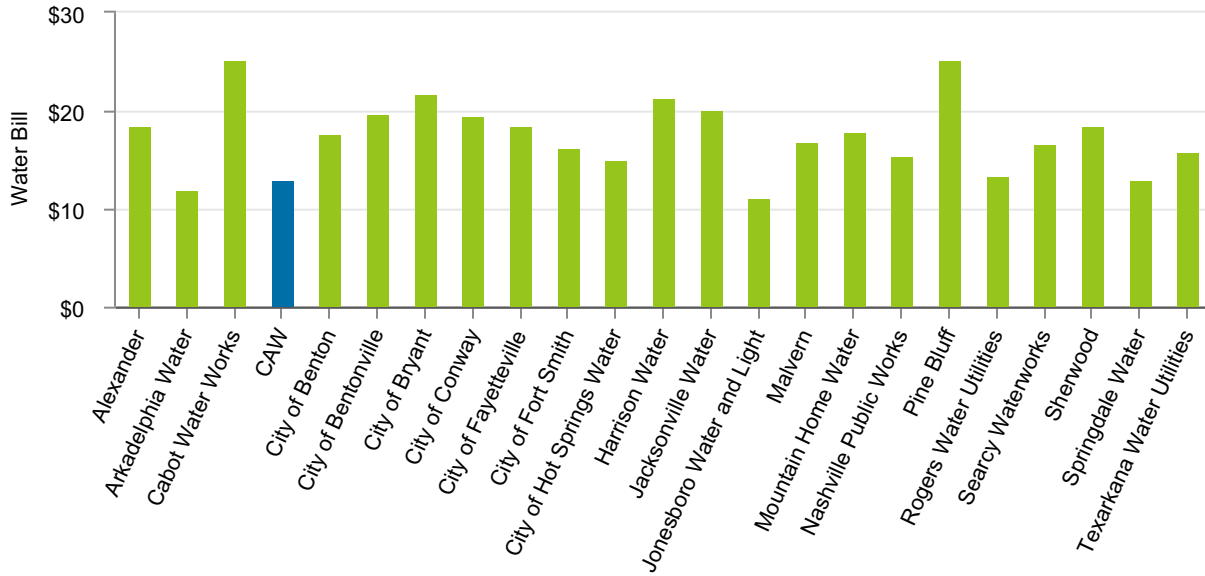


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CAW Rate Comparison - Residential (2018)¹⁰			
5/8" - Meter			
<i>Water Provider</i>	<i>Residential (3.7k Gallons)</i>	<i>Residential (7.35k Gallons)</i>	<i>Residential (11.2k Gallons)</i>
Alexander	18.47	32.12	45.77
Arkadelphia Water	11.97	20.18	27.80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

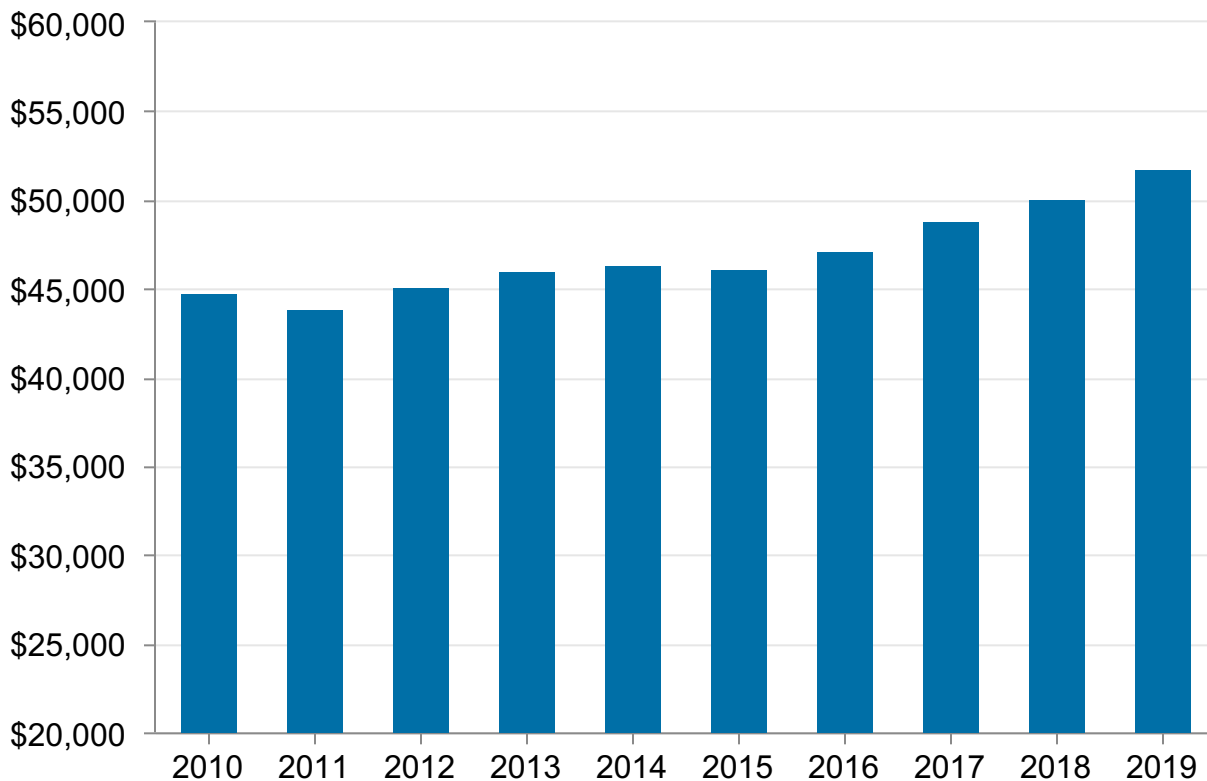


Arkansas' Ten Largest Cities by Population ⁹ Unemployment Percentage Rate (2020) ⁴	
Little Rock	5.0%
Fort Smith	4.0%
Fayetteville	3.3%
Springdale	2.9%
Jonesboro	3.2%
North Little Rock	5.7%
Conway	3.6%
Rogers	2.9%
Pine Bluff	7.4%
Bentonville	2.6%

Pulaski County – Median Household Income ²	
Year	Per Capita Income
2010	44,733
2011	43,898
2012	45,135
2013	46,013
2014	46,410
2015	46,140
2016	47,101
2017	48,850
2018	50,093
2019	51,749

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.

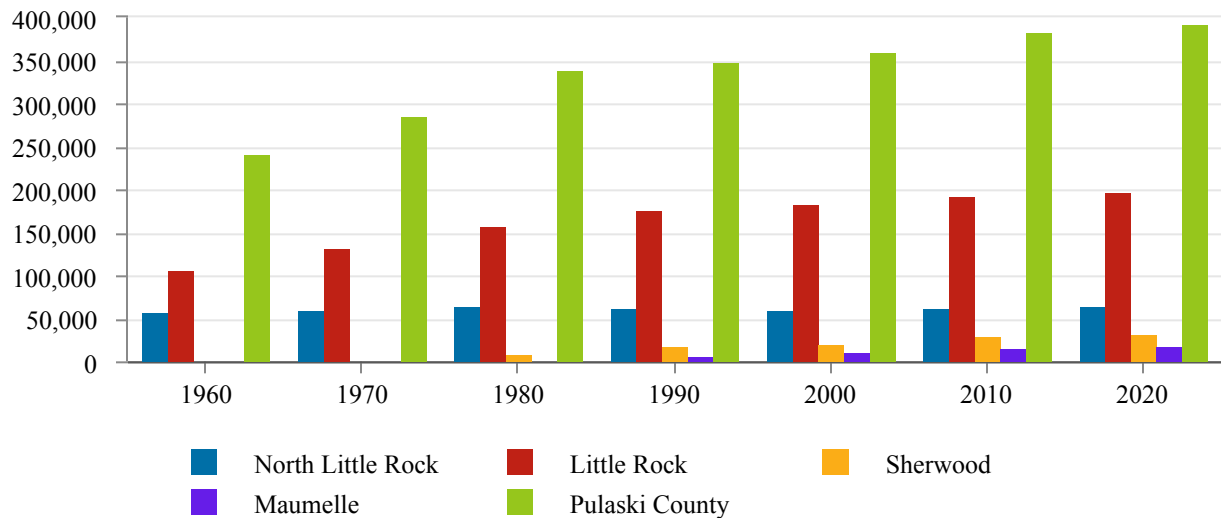
Pulaski County - Median Household Income



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 (2020)	
Jacksonville Water Works	2.39%
Bryant Water and Sewer Department	1.83%
Salem Water Alliance	1.72%
University of Arkansas for Medical Sciences	0.37%
Cabot Waterworks	0.35%
3M Company	0.32%
Arkansas Department of Corrections	0.31%
Kimberly-Clark	0.30%
Shannon Hills Water Department	0.24%
Baptist Health System	0.23%

Sources:

- ¹ "About Pulaski County." Pulaski County, pulaskicounty.net/about-us/. Accessed 20 September 2021.
- ² "Quick Facts." United States Census Bureau, <https://www.census.gov/quickfacts/fact/table/maumellecityarkansas,sherwoodcityarkansas,northlittlerockcityarkansas,pulaskicountyarkansas,littlerockcityarkansas/PST045219>. Accessed 20 September 2021. "Little Rock-North Little Rock-Conway, AR (MSA)." *Bureau of Economic Analysis*, <https://apps.bea.gov/regional/bearfacts/action.cfm>. Accessed 20 September 2021.
- ³ "Little Rock: Economy - Major Industries and Commercial Activity." City-Data, www.city-data.com/us-cities/The-South/Little-Rock-Economy.html. Accessed 20 September 2021.
- ⁴ "Arkansas Labor Market 2020." Arkansas Division of Workforce Services, https://www.discover.arkansas.gov/_docs/Publications/Arkansas-Labor-Market/2020/December-2020-LM-Report.pdf. Accessed 20 September 2021.
- ⁵ "Maumelle, AR Unemployment Rate Report." Home Facts, <https://www.homefacts.com/unemployment/Arkansas/Pulaski-County/Maumelle.html>. Accessed 21 September 2021.
- ⁶ "Data USA: Explore, Map, Compare, and Download U.S. Data." Data USA, <https://datausa.io/>. Accessed 20 September 2021.
- ⁷ "Metroplan Fact Sheets Based on Census 2020 Results." Metroplan, <https://metroplan.org/census-data/#>. Accessed 20 September 2021.
- ⁸ "Major Employers in the Little Rock Region." Little Rock Regional Chamber, <https://www.littlerockchamber.com/economic-development/locate-or-expand/major-employers/>. Accessed 20 September 2021.
- ⁹ "Arkansas Bigger Cities (over 6,000 residents)". City-data, <https://www.city-data.com/city/Arkansas.html>. 20 September 2021.
- 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; (iii) a building owned or occupied by a public utility, a department of a municipality, or a State or Federal government agency; or (iv) a non-residential customer that does not fit the definition of an Large Volume Customer.

Contributions-in-aid-of-construction – funds or equity contributed by customers, developers, or other entities for improvements and/or extensions to the Utility’s assets.

Contractual Services – goods and services that Central Arkansas Water acquires under contract from an outside company or vendor. Professional services and insurance are examples of contractual services.

Debt Service – expenses for principal and interest on outstanding bond issues.

Debt Service Reserves – funds used to pay debt service of revenue bonds, if the sources of the pledged revenues do not generate sufficient funds to satisfy the debt service requirements. Debt Service Reserves are funded in whole or part from the proceeds of the bonds or are allowed to gradually accumulate over a period of years through required payments from the pledged revenues.

Depreciation – an accounting allocation of a portion of the cost of a capital asset to the operating expenses of the current fiscal period.

Enterprise Fund – a self-contained governmental fund operated to account for services supported by user charges and fees.

Expenses – the cost of doing business in a proprietary organization. Expenses may be either direct outflows or the using up of an asset, such as the depreciation of capital assets.

Fiscal Year – a period of 12 consecutive months designated as the budget year. Central Arkansas Water’s fiscal year is the calendar year.

Fund – an accounting entity with a set of self-balancing accounts that is used to account for financial transactions for specific activities. CAW is accounted for as a stand-alone enterprise fund.

Gain/Loss on Sale of Assets – income or expense that is based upon the amount of proceeds compared to the net book value of the capital assets.

Generally Accepted Accounting Principles (GAAP) – the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

Governmental Accounting Standards Board (GASB) – the board that establishes generally accepted accounting principles for state and local governmental units.

Horizontal Asset – underground assets such as pipelines, vaults, valves, etc.

Investment – securities purchased and held for the production of revenues in the form of interest.

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

Large Volume Customers – any Commercial Customer (i) who uses at least 1,500,000 cf of water per meter during the 12-month period from September 1 to August 31, or (ii) who agrees to take or pay for a minimum of 125,000 cf of water per meter per month on an annual basis. Customers who qualify for large volume service described in (i) above shall be assigned to the large volume class for the calendar year beginning the following January.

Long-Term Debt – debt with a maturity of more than one year from date reported.

Maintenance – the use of materials and services in the effort to renew, repair, or renovate existing land, structures, vehicles, and equipment.

Net Revenues – revenues less operating and maintenance expenses (excluding depreciation and amortization) and PILOT.

Non-operating Revenue and Expense – all revenues and expenses that do not meet the definitions of operating revenues and operating expenses.

Operating Expenses – costs required to provide service or maintain principal ongoing operations.

Operating Revenues – sources of income that are in connection with principal ongoing operations.

Payment-in-lieu-of-taxes (PILOT) – negotiated payment to local government in lieu of property tax.

Raw Water – untreated water.

Residential Customers – all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence.

Retail Water Sales – includes Residential, Commercial, Large Volume, Irrigation, and Raw Water Metered Services, as well as Private Fire Services.

Safe Drinking Water Act (SDWA) – Federal legislation passed in 1974 that regulates the treatment of water for human consumption and requires testing for and elimination of contaminants that might be present in the water.

Senior Debt – debt that takes priority over other debt securities sold by the issuer. Senior debt includes the Series 2010A, Series 2010C, Series 2011A, Series 2012A, Series 2014, Series 2015, Series 2016 Refinance Bonds, Series 2018A, and Series 2018B.

Subordinated Debt – debt that ranks below other debt with regard to claims on revenues. Subordinated debt includes the Series 2016 Maumelle Acquisition and Construction Bonds.

System Development Charges (SDC) – a one-time connection charge that provides a means for financing a portion of the source of supply, raw water transmission facilities, treatment plants, and treated water transmission facilities required to provide service to a new customer.

Wholesale Customers – all customers purchasing water through a wholesale meter contract.

Glossary of Acronyms and Abbreviations

ACFR	Annual Comprehensive Financial Report
AMI	Advanced Metering Infrastructure
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
CCMP	Certified Change Management Professional
CEO	Chief Executive Officer
CF	Cubic Feet
CFO	Chief Financial Officer
CGF	Certified Group Facilitator
CGFM	Certified Government Financial Manager
CIC	Capital Investment Charges
CINO	Chief Innovation Officer
CIP	Capital Improvement Plan
CIS	Customer Information System
CL2	Chlorine
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPFO	Certified Public Finance Officer
CSR	Customer Service Representative
CU	Cayenta Utilities
DEI	Diversity, Equity, and Inclusion
DEQ	Division of Environmental Quality
DMS	Document Management System
EHS	Environmental Health and Safety
EPA	Environmental Protection Agency

ERP	Enterprise Resource Planning
EUM	Effective Utility Management
FLOW	Find Logical Opportunities and Wins
FLP	Forest Legacy Project
FORI	Forest of Recognized Importance
G/L	General Ledger
GAAP	Generally Accepted Accounting Principles
GAC	Granular Activated Carbon
GALV	Galvanized
GAM	Government Affairs Manager
GASB	Governmental Accounting Standards Board
GC	General Counsel
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPS	Global Positioning System
HDHP	High Deductible Health Plan
HIVIP	High performing, Innovative, Values-Driven, Informed and Passionate
HR	Human Resources
HVAC	Heating, Ventilation, and Air Conditioning
IS	Information Services
J.D.	Juris Doctorate
JEDI	Justice, Equity, Diversity, and Inclusion
JTH	James T. Harvey Administration Building
kBTU	Thousand British Thermal Units
LED	Light-Emitting Diode
LIMS	Laboratory Information Management System
LL.M	Master of Laws
MBA	Masters of Business Administration
MG	Million Gallons
MGD	Million Gallons per Day
MLGW	Memphis Light, Gas, and Water
MSA	Metropolitan Statistical Area
MWM	Maumelle Water Management
NLR	North Little Rock
NPDES	National Pollutant Discharge Elimination System

NTU	Nephelometric Turbidity Unit
OPEB	Other Post-Employment Benefits
OSHA	Occupational Safety & Health Administration
PAFR	Popular Annual Financial Report
PAGIS	Pulaski Area GIS
P.E.	Professional Engineer
PER	Preliminary Engineering Report
Ph.D.	Doctor of Philosophy
PHR	Professional in Human Resources
PILOT	Payment-in-lieu-of-taxes
POIs	Points of Interest
POWA	Paron-Owensville Water Authority
PPO	Preferred Provider Organization
PVC	Polyvinyl Chloride
SARP	Southern Aquatic Research Partnership
SCADA	Supervisory Control and Data Acquisition System
SDC	System Development Charge
SDWA	Safe Drinking Water Act
SFI	Sustainable Forest Initiative
SHRM	Society for Human Resource Management
SHRM-CP	SHRM Certified Professional
SOP	Standard Operating Procedure
TB	Terabyte
TCR	Total Coliform Rule
TTHM	Total Trihalomethanes
TOC	Total Organic Carbon
UPS	Uninterruptible Power Supply
USGS	U.S. Geological Survey
VDI	Virtual Desktop Infrastructure
WAN	Wide Area Network
WEF	Water Environment Federation
WGF	Winrock Grass Farm
WMP	Watershed Management Plan
WPF	Watershed Protection Fee
WPPWA	West Pulaski Public Water Authority



CAW AWARDS 2001 - 2021

America's Crown Communities Award, National League of Cities, 2001
Gold Award for Exceptional Utility Performance, AMWA, 2001
Big Heart Award, Watershed Human and Community Development Agency, 2005
Public Agency of the Year, Sierra Club of Arkansas, 2006
Jack Evans Regional Leadership Award, Metroplan, 2012
Platinum Award for Utility Excellence, AMWA, 2012
The International Davey Award, 2012
Diversity Award, AWWA, 2013
Leadership in Fitness Award, AR Governor's Council on Fitness and Baptist Health, 2013
Best Tasting Drinking Water, Central District AWW&WEA, 2014 – 2015
Government Recycler of the Year Award, Arkansas Recycling Coalition, 2015
Sustainable Water Utility Management Award, AMWA, 2015
Best Tasting Drinking Water in Arkansas, AWW&WEA, 2018
Best Places to Work in Arkansas, Arkansas Business, 2019
Best Tasting Drinking Water, Southwest Section AWWA, 2019
GFOA Certificate of Achievement for Excellence in Financial Reporting, 2009 – 2019
GFOA Distinguished Budget Presentation Award, 2010 – 2021
GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting, 2017 – 2019
GFOA Triple Crown Award, 2019
Patriot Award, Employer Support of the Guard and Reserve, 2019
Large Business of the Year, North Little Rock Chamber, 2020
Partnership for Safe Water Director's Award, Industry Collaboration, 2020
Utility of the Future Today Award, Water Environment Federation, 2020
Arkansas GIS User's Forum Excellence Award, 2021
Arkansas GIS User's Forum Innovation Award, 2021
ATT Technology Innovation Award, 2021
Best of the Best Drinking Water, North American Top 5 Finalist, American Water Works Association, 2021
Cityworks Innovate Conference Excellence in Department Practice Award, 2021
Forest of Recognized Importance, Lake Maumelle Watershed, Arkansas Forestry Association, 2021
Outstanding Performance Award, Arkansas Workers' Compensation Commission, 2004 – 2021
Sustainable Forestry Initiative Certification, 2021
Water Environment Federation Water Utility of the Future Today, 2021
WaterNow Alliance Impact Award, CAW Board of Commissioners, 2021



221 East Capitol Avenue
P. O. Box 1789
Little Rock, AR 72203

carkw.com