2016 FINANCIAL PLAN

(January 1 through December 31, 2016)

Central Arkansas Water

Essential & Exceptional

CENTRAL ARKANSAS WATER

OUR MISSION

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

THE VALUES PICTURE

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

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

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

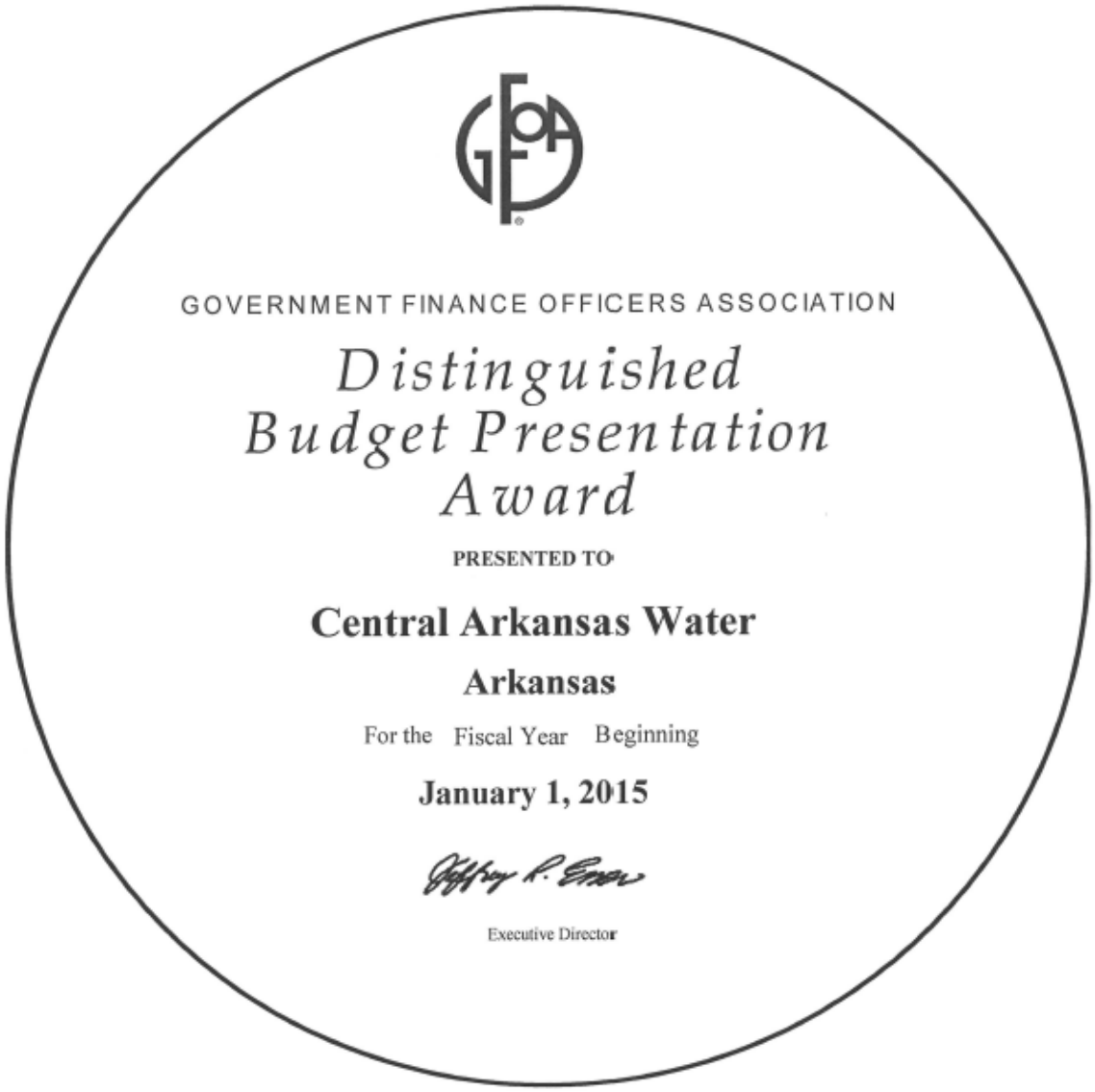
T EAMWORK: I will support my co-workers with enthusiasm, work collaboratively and do my part to ensure Central Arkansas Water achieves its goals.

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

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

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

Central Arkansas Water
Essential & Exceptional



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 2015 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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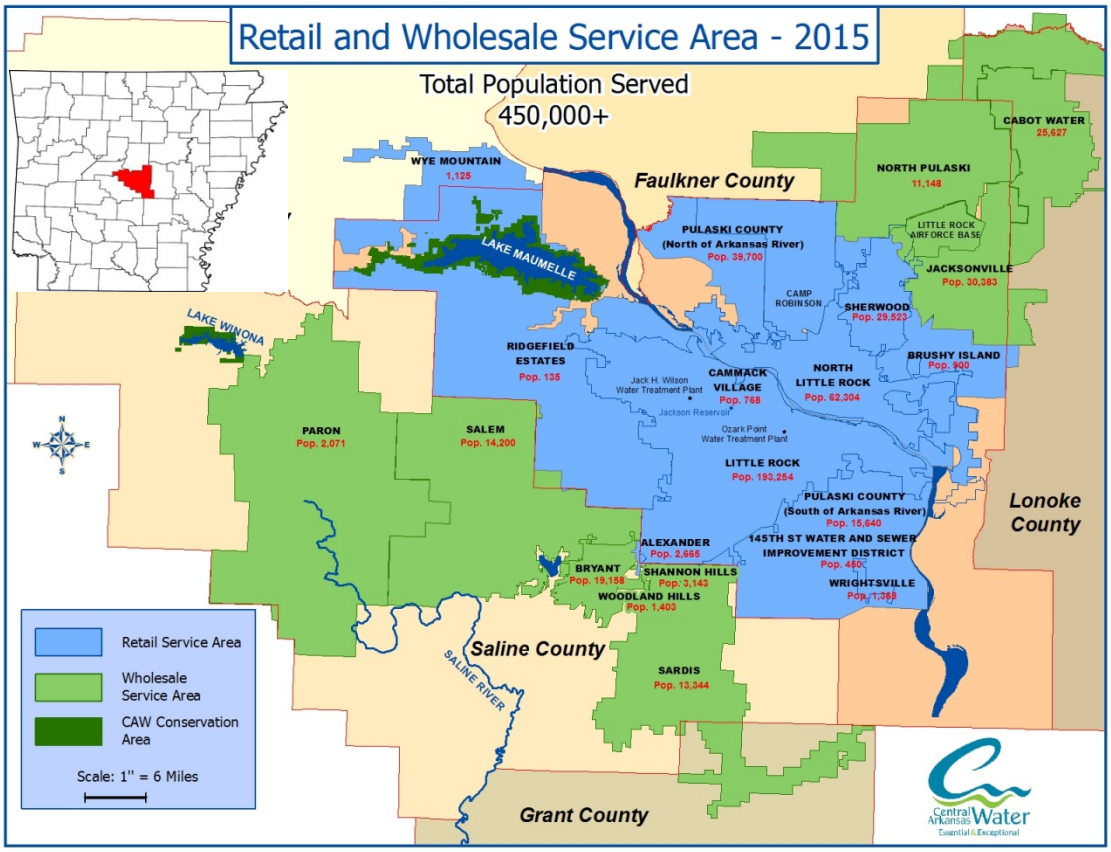
DEPARTMENTS

APPENDIX

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 about 400,000, CAW contributes to the public health and well-being of 1 in every 7 Arkansans. In addition, CAW supplies the water needed by industries that compete in regional, national, and international markets. The Utility has approximately 126,000 Residential, Commercial, Large Volume, and Wholesale customers in Pulaski, Saline, Grant, Perry, and Lonoke counties.



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

- Little Rock
- North Little Rock
- Sherwood
- 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

In addition, CAW provides all of the treated water supply for the city of Shannon Hills, Bryant Water and Sewer Department in Saline County, and Ridgefield Estates Public Facilities Board. The Utility provides a supplemental water supply to Jacksonville Water Works, whose service area includes Little Rock Air Force Base; the Salem Water Users Association in Saline County; Sardis Water Association, which serves parts of Saline and Grant counties; Cabot Waterworks in Lonoke County; North Pulaski Waterworks Association, which serves parts of Pulaski and Faulkner Counties; and Saline County Water & Sewer Public Facilities Board (Woodland Hills).

CAW's Past

The history of CAW and community water service in the Little Rock–North Little Rock metropolitan area dates back to spring and well use in the early 1800s.

Initially, water was pumped directly from the Arkansas River into the distribution system. This initial supply was good for firefighting, but the untreated water was not ideal for drinking. 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. In 1886, two basins were constructed on Ozark Point, which today is the site of the Ozark Point Water Treatment Plant (Ozark Point Plant). Water was pumped into the basins from the river and allowed to "settle" before flowing into the distribution system. The process significantly increased the water quality at the time.

From the late 1880s to the mid-1930s, a succession of investor-owned utilities served Little Rock and North Little Rock. On the north side of the Arkansas River, the private interests included Home Water Company, Little Rock Water Works Company, American Water Works & Electric Company, Arkansaw Water Works Company, and North Little Rock Water Company. The private interests on the south of the river included the same private companies operating in North Little Rock with the exception of the North Little Rock Water Company.

Late 1920s - Arkansaw Water Company provides water to citizens and businesses on Main Street, south from Markham Street

The Arkansaw Water Works Company owned the Little Rock system from 1910 to 1936. In 1936, the City of Little Rock, after securing a Federal grant and loan through the U.S. Federal Emergency Administration of Public Works, purchased all facilities serving the south side of the river.

At this time, the City of Little Rock and the 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", 35-mile raw water line; a new purification plant at Ozark Point; and an auxiliary reservoir 3 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.

Moving forward at this time to 1947, Lake Winona had been serving the Central Arkansas Water area for a decade. Studies showed fast-growth and demand for water service in the region. As a result Lake Maumelle was built. By 1958, Lake Maumelle's water flowed into the system for the first time. Lake Maumelle was built to be much bigger than Lake Winona and encompasses 13.9 square miles. The Wilson Water Treatment Plant began treating water in 1966. Expansions, over the years in 1977, 1984 and 1999, have taken its treatment capacity from its original 25 million gallons per day(MGD) to 133 MGD as well as its storage capacity of 5 million gallons to 15 million gallons. Water flows through 9.3 miles of 48 inch pipe to the Wilson Water Treatment Plant and on to Jackson Reservoir and 7.8 miles of 72 inch pipe from Lake Maumelle to the Wilson Water Treatment Plant.

In 2000, 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 Central Arkansas Water.

The merger was the first of its kind 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.

In 2011, CAW embarked on the Utility's second Strategic Plan utilizing a framework based on the Ten Attributes of Effective Utility Management (EUM), with a focus on metrics. These metrics were designed to help staff evaluate the effectiveness of day-to-day operations and management, as well as provide Board members continuous access to key performance indicators via an internet portal. Under the second Strategic Plan, CAW staff and Board members identified 195 task items associated with the ten EUM Attributes.

Ten Attributes of Effectively Managed Utilities include:

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

Further details on these strategic plan items and related accomplishments and goals are presented in the strategic plan section of this document. Key performance metrics used by management and the Board to track departmental progress toward strategic goals are presented in the department narratives.

CAW's Present

CAW remains under public ownership. 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, Distribution, Engineering, Finance, Customer Relations & Public Affairs, Information Services (IS), and Water Quality & Operations.

CAW is an industry leader in the areas of excellent water quality, exemplary regulatory compliance, outstanding system reliability, prudent financial management, affordable rates, source-water protection, exceptional customer service, and strong public involvement.

A planet shines bright above the Lake Maumelle intake.

The major components of the system are:

- **Raw Water Supply**
  - Lake Winona
  - Lake Maumelle
- **Regulating Water Storage Facility**
  - Jackson Reservoir
- **Pipeline**
  - 2,358 +/- miles of pipeline
- **Booster Stations**
  - 23 booster pumping stations
- **Remote Storage**
  - 27 remote storage facilities
- **Treatment Facilities**
  - Jack H. Wilson Water Treatment Plant (*Wilson Plant*)
  - Ozark Point Water Treatment Plant (*Ozark Point Plant*);

The Utility's service boundaries encompass approximately 515 square miles. The combined safe yield from the two water sources is 120 million gallons per day (MGD). The maximum treatment capacity of the Jack H. Wilson Water Treatment Plant (Wilson Plant) is 133 MGD and the treatment capacity of the Ozark Point Plant is 24 MGD. The Utility has 45.79 MG in remote storage capacity serving 19 pressure systems and another 25 MG in storage at the treatment plants.

CAW's Future

A major objective of the Utility was to secure future water sources for Central Arkansas. CAW is a member of the Mid-Arkansas Water Alliance (MAWA), which, in collaboration with the Metroplan Council of Local Governments, is leading a regional initiative to develop water sources that will meet the region's needs through the 21st century. CAW's Manager of Planning, Regionalism & Future Water Source serves on the Alliance's Board of Directors. Metroplan, which serves the four-county region of Pulaski, Saline, Lonoke, and Faulkner, as well as officials of other cities and rural areas, is an integral partner in the effort.

Dam at Greers Ferry

In 2013, MAWA reached an agreement with the Corps of Engineers to withdraw 15 MGD out of Greers Ferry Lake. Currently 8 MAWA member utilities are taking water from Greers Ferry Lake to serve their respective customers as part of the Lonoke-White water treatment plant project. Lonoke-White withdraws and treats approximately 3.5 MGD on average.

Following this successful agreement and use of the water from Greers Ferry Lake for the Lonoke-White project, CAW and 27 participating cities and water user groups, through MAWA, submitted an allocation request in early 2015 for an additional 15 MGD from Greers Ferry Lake to the Corps. This second allocation request is pending before the Corps. The Arkansas U.S.

congressional delegation is assisting and advising in MAWA's effort to secure this second allocation request.

This regional approach to identify and secure the most feasible future water sources for regional need represents one of the best ways to meet the needs of these communities while minimizing the financial burden on individual systems, particularly smaller systems.

DeGray Lake

In early 2016, the Utility plans to purchase water rights to 100 MGD in DeGray Lake. The Utility has owned the right of first refusal to 120 MGD in DeGray Lake since 1988. In 2013, CAW assigned the City of Hot Springs an option for up to 20 MGD, and, shortly thereafter, CAW informed the U.S. Army Corps of Engineers that CAW desires to exercise its option to acquire the storage space in DeGray Lake for the remaining 100 MGD. CAW and the City of Hot Springs are currently negotiating the terms and conditions of the Water Storage Agreement that each party will execute with the U.S. Army Corps of Engineers. The parties have reached an agreement on the general terms of the proposed Water Storage Agreement, but continue to negotiate details regarding electrical generation charges that the U.S. Army Corps of Engineers seeks to recover and that CAW does not believe are appropriate. Negotiations have been referred to the U.S. Army Corps of Engineers' Washington office for further review and consideration. At this time, CAW does not anticipate resolution of the issues until late 2015 or early 2016. The additional 100 MGD will help meet the water needs of the Central Arkansas area through the middle of the next century.

The city of Maumelle currently receives water and sewer services from the Maumelle Suburban Improvement District No. 500, also known as Maumelle Water Management (MWM). Faced with the need for a large rate increase to meet bond coverage requirements and fund critical capital needs, CAW conducted a feasibility study to examine the feasibility of MWM consolidating with CAW. The study suggested that a consolidation of the two utilities would be beneficial to both MWM and CAW. If approved by the governing boards of the respective utilities, MWM will officially become part of CAW on or before March 1, 2016. At that time, CAW would take ownership of all water related assets of MWM including 114 miles of water mains, two water storage tanks, two booster pump stations, and 675 fire hydrants.

Upon connection to the CAW distribution system, CAW would be able to provide MWM a sufficient supply of water that will satisfy Maumelle peak water demands at full build-out, eliminating the risk of water shortages experienced in 2012 by MWM, and eliminating the costly water supply and treatment capacity expansions necessary to address these capacity issues. Consolidation would allow CAW to utilize stranded capital investments in the vicinity of MWM's service area as well as available supply and treatment capacity made available by

reduced wholesale demand. Given that a consolidation would result in the current customers of MWM bearing the costs of the consolidation with CAW, these benefits can be achieved with little to no net cost to CAW. The addition of 10,500 accounts would also benefit CAW financially through the added revenue stability as well as an additional return on the utility's rate base. Consolidation with MWM would have little long-term impact on CAW's capacity. Even at full-build out, MWM's peak demand represents only 6.7% of CAW's treatment capacity.

This Budget was developed before the finalization of a Consolidation Agreement between CAW and MWM and, as a result, the budget does not incorporate MWM-related expenses. If the consolidation does occur in 2016, it is likely that a budget supplement for MWM-related expenses will be developed.

Board of Commissioners

Roby Robertson, Ph.D.
Chair

Anthony Kendall
Vice Chair

Jay Hartman
Secretary/Treasurer

John Braune
Member

Marie-Bernarde Miller
Member

Eddie Powell
Member

Carmen Smith
Member

Management Team

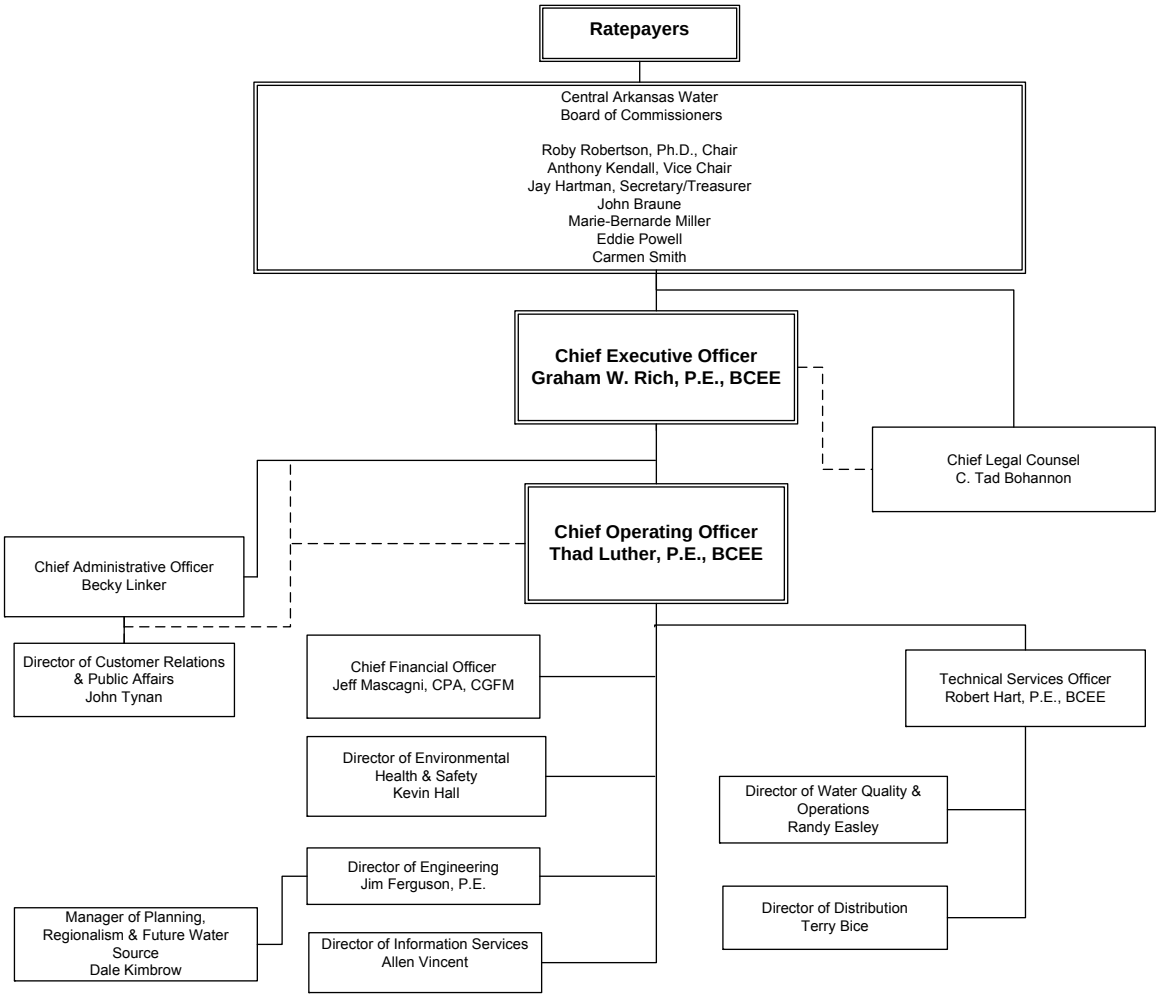
Graham W. Rich, P.E., BCEE	Chief Executive Officer
Thad Luther, P.E., **BCEE**	Chief Operating Officer
C. Tad Bohannon	Chief Legal Counsel
Robert Hart, P.E., BCEE	Technical Services Officer
Becky Linker	Chief Administrative Officer
Jeff Mascagni, CPA, CGFM	Chief Financial Officer
John Tynan	Director of Customer Relations & Public Affairs
Terry Bice	Director of Distribution
Jim Ferguson, P.E.	Director of Engineering
Kevin Hall	Director of Environmental Health & Safety
Allen Vincent	Director of Information Services
Randy Easley	Director of Water Quality & Operations

Financial Plan Development Team

Jeff Mascagni, CPA, CGFM	Chief Financial Officer
Deena Coston, CPA	Controller
Todd Fisher, CPA	Finance Manager
Sherry Lippiatt	General Accountant
Leo O'Bannion	General Accountant
Gloria McKenzie	Accounting Clerk II
John Tynan	Director of Customer Relations & Public Affairs

CENTRAL ARKANSAS WATER
Organizational Chart

Effective August 1, 2015



November 12, 2015

Board of Commissioners

Customers and Other Interested Stakeholders

Central Arkansas Water

221 East Capitol Avenue

Little Rock, AR 72202

RE: 2016 Financial Plan – Budget Message

Members of the Commission, Customers, and Other Interested Stakeholders:

Staff respectfully presents the 2016 Financial Plan for Central Arkansas Water. Consistent with prior financial plans, this document was developed to continue to fulfill the Utility mission: "to enhance the quality of life for Central Arkansas by delivering high-quality water and dependable service that exceed customer expectations; protecting and ensuring a long-term water supply for future generations; and serving as responsible stewards of public health, utility resources, and the environment."

This document 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 through the development of the strategic plan (page 27 – 32) and associated performance measures discussed in more detail within the department narratives (page 101 – 146).

Water Source and Water Quality Challenges

CAW has and will continue to encounter many challenges as it works to fulfill this mission. A challenge for any water utility is to secure adequate long-term water source(s). Current water sources are adequate to cover projected customer needs through 2070. The proposed financial plan includes financing to purchase water rights that will help meet needs of the Central Arkansas area through the middle of the next century.

Pulaski County adopted a Watershed Zoning Code in April of 2013 that established a number of 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. Full implementation of the Zoning Code occurred in April 2014. Critical water quality protection provisions of the initially adopted Code were maintained in amendments to the Code that were adopted on August 26, 2014. As these amendments and codes are implemented, challenges will arise as to how they impact both water quality and watershed operations.

May 29, 2015, marked the two-year anniversary of the rupture of the ExxonMobil pipeline in Mayflower, AR. The same pipeline traverses the Lake Maumelle Watershed for 13.6 miles. Throughout 2014 and continuing through 2015, CAW worked with ExxonMobil to attempt to gain access to additional information necessary to complete a thorough evaluation of the safety and integrity of the pipeline. Although a significant amount of information was obtained by CAW, numerous questions and areas of concern remain. Through 2015, CAW continued to encourage ExxonMobil to undertake steps recommended by a pipeline integrity consultant and also worked with federal and state regulators on similar issues. To date, ExxonMobil has not agreed to any actions beyond those required by federal regulators and regulators have been reluctant to require any actions requested by CAW. In late 2014, CAW completed its Vulnerability Assessment, which includes a risk assessment and risk mitigation evaluation for the ExxonMobil pipeline in the Lake Maumelle Watershed. Throughout 2015, CAW attempted to initiate talks with ExxonMobil to discuss the implementation and funding of various risk reduction and mitigation measures identified in the Vulnerability Assessment.

We continue to research ways to improve water quality throughout the distribution system by better maintaining chlorine residual while, at the same time, reducing Disinfectants and Disinfection Byproducts (DBPs) through the operation of the distribution system along with installation of tank mixing systems and booster chlorination. Strategic initiatives are in the implementation stage in helping to improve water quality at the treatment plants and throughout the distribution system.

Infrastructure Improvement or Replacement Challenges

Replacing and rehabilitating aging infrastructure is a significant challenge for a 100+ year old water system and the need for substantial capital infrastructure improvement will continue to grow without a substantial increase in dedicated resources. In order to dampen the potential spike in revenue requirements in the five-year financial plan, CAW is utilizing bond funds to accelerate refurbishments/replacements to $7.8 million in 2016, $12.8 million in 2017, and $13.2 million in 2018. Refurbishment/replacement spending averages $9.3 million annually over the proposed five-year financial plan.

After reviewing results of a 2013 pilot project that assessed outsourcing valve inspection, CAW determined the inspections could be completed more efficiently and economically internally. A comprehensive internal valve inspection program was developed and implemented July 8, 2013. A total of 24,759 valves have been inspected since the program's inception (77% of total CAW system) with an additional 3,650 forecasted to be inspected by year end 2015. The 28,409 valves account for 89% of system valves. This is ahead of program goals of inspecting all 32,000 valves over a three year period.

In addition to the valve inspection program, a hydrant inspection program was implemented September 2, 2014. The inspection program continued into 2015 with a total of 14,808 public and privately owned hydrants being inspected by April 6, 2015. The goal is for CAW forces to inspect all 14,808 hydrants every other year, while alternating years with local Fire Departments, to ensure all hydrants are inspected annually.

The Distribution department initiated a pilot project in 2015 for the replacement of 2" galvanized water mains. Distribution is projected to replace 15,000 linear feet of galvanized pipe in 2015. Overall success of this program will determine if Distribution will increase the amount of galvanized pipe replacements performed in-house in future years.

The proposed financial plan includes a $15.2 million bond issue in 2016 to finance a $12 million improvement project at the Ozark Point Plant and a portion of a $5.84 million improvement project at Wilson Plant Pump Station #1A.

Employment Challenges

The Utility continues to support workforce succession preparedness through internal advancement of employees in coordination with the utility-wide succession plan. Successful efforts in this area have resulted in the advancement of internal candidates into three Director-level and two managerial/supervisory positions in 2014/2015, following the retirement of five long-term employees in key positions. Employee turnover doubled in 2014 due to increasing retirements of long-tenured employees and this trend is projected to continue in 2015 and 2016 as members of the baby boomer generation reach retirement age in increasing numbers. The Utility will continue to focus on succession planning and workforce preparedness in 2016, which will be further supported by the addition of a Human Resources Specialist dedicated to succession planning, leadership development, and employee training programs.

Diversity continues to be promoted and maintained through commitment to an environment that recognizes, encourages, and effectively utilizes each individual's talents. Diversity sensitivity training will be conducted for the Diversity & Inclusion Team, management and supervisory staff, and all employees in late 2015.

Steps have been taken to ensure compliance with new IRS reporting requirements that take effect under the Affordable Care Act in early 2016. The Utility continues to perform well in key employment-related areas - time to fill vacant positions remains in line with the national average; annual turnover remains at half the national average; and cost of benefits remains in line with national averages.

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 rate consultant recommendations, retail consumption was adjusted down 3.89% from 2015 budget levels and is projected to decline 0.5%, 0.75%, and 1.0% in 2017 through 2019. Wholesale consumption was adjusted down 8.98% from 2015 budget levels and is projected to remain flat through 2019.

Without a scheduled retail rate increase in 2016, the proposed budget was developed to maintain flat revenue requirements despite increasing operating costs and declining

consumption projections. This was achieved with cash flow savings from refunding the 2010B series bonds and the use of cash reserves.

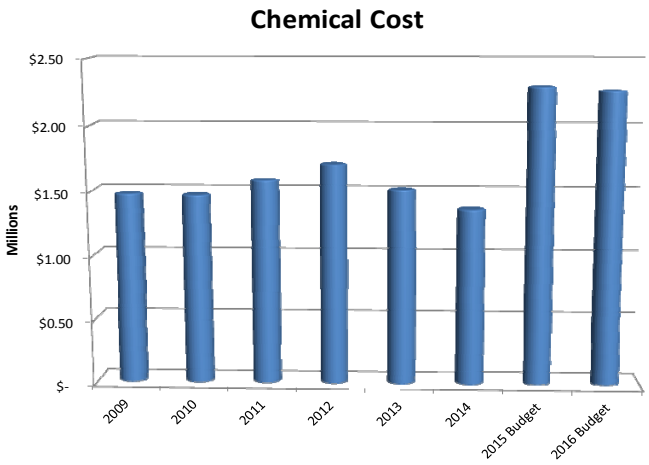
Economy and Budget Summary

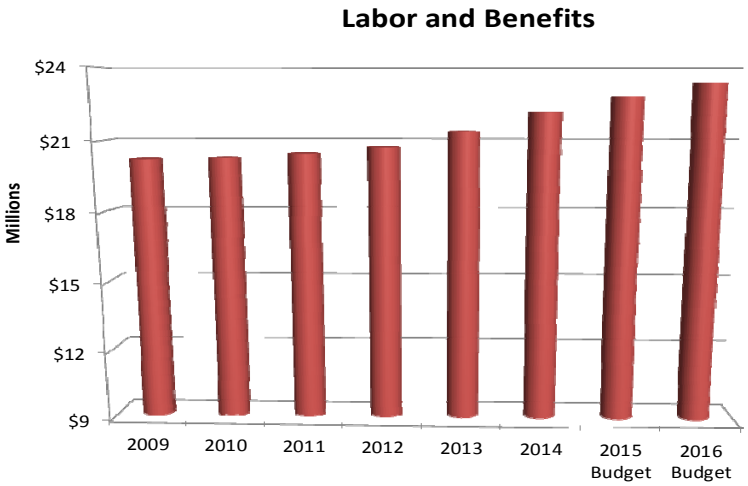
Real Gross Domestic Product (GDP) is expected to grow at an annual rate of 2.7% in the 3rd quarter and 2.8% in the 4th quarter of 2015. Economists see real GDP growing 2.7% in 2015, up from 2.2% in 2014. Forecasters predict real GDP will fall slightly to 2.5% in 2016, partly due to the Federal Reserve increasing interest rates in late 2015 or early 2016. The forecasters predict improving conditions in the labor market with 5.1% unemployment in 2015 falling slightly to 4.8% in 2016, and 4.7% in 2017. The national unemployment rate is currently (August 2015) at 5.1%, down from 6.2% at this time last year. The unemployment rate in Pulaski County is currently at 5.1%, down from 6.0% last year.

The Arkansas Realtors Association reports that home sales in Arkansas' five top markets (Pulaski, Benton, Washington, Saline, and Faulkner Counties) during the first half of 2015 are up over 9% compared to 2014. Home sales in Pulaski County are up just under 6% for the first six months of 2015. Arkansas home prices are up 13.6% from a year ago. Metroplan reports the suburbanization trend, (population movement to the outskirts of the city) continues but at a slower rate. Little Rock and North Little Rock are seeing a shift in housing construction to multi-family in their respective downtown and midtown redevelopment sites.

2016 Budget Changes from 2015 Budget		
Operating Revenues	**$ Change**	**% Change**
Decrease in Retail Water Sales	677,064	-1.51%
Decrease in Wholesale Water Sales	79,129	-2.03%
Decrease in Penalties and Turn-on Charges	70,000	-3.53%
Decrease in Ancillary Charges	64,170	-1.54%
Decrease in Other Revenue	225,000	-26.00%
Total 2016 Operating Revenues Budget	**54,765,431**	**-2.00%**
Operating Expenses		
Increase in Labor and Benefits	544,933	2.39%
Decrease in Materials, Supplies, and Maintenance	208,935	-3.48%
Decrease in Electric and Other Utilities	24,660	-0.72%
Decrease in Contract Services	15,807	-0.41%
Decrease in Chemicals	33,450	-1.46%
Increase in Depreciation	432,765	3.85%
Increase in Other	113,500	33.98%
Total 2016 Operating Expenses Budget	**50,805,316**	**1.62%**
Capital Expenditures		
Increase in Capital Expenditures	**799,000**	**4.02%**
Debt Service		
Increase in Total Debt Service	**423,628**	**5.54%**

The proposed budget for 2016 includes $50.8 million in operating expenses, $20.7 million in capital expenditures, and $8.2 million in debt service. 2016 includes an increase of 3% in health care costs and wage adjustments of 2% for employees. The total wage adjustment increase will amount to $350,000.





The trend in chemical cost has been relatively flat prior to 2014. 2015 increased $79,700 primarily due to DBP requirements. 2016 costs are expected to decrease slightly by $33,450 or 1.46% primarily due lower consumption and treatment optimization.

Proposed Financial Plan Highlights

- 18.15 Billion Gallons – Consumption (4.77% decrease from 2015 Budget)
- $54,765,431 Operating Revenues (2.00% decrease from 2015 Budget)
- $50,805,316 Operating Expenses (1.62% increase from 2015 Budget)
- 293 Funded Positions (no change compared to 2015 Budget)
- No retail rate increase in 2016
- $8,176,918 Debt-Service (5.46% increase from 2015 Budget)
- $20,660,000 Capital Expenditures (4.02% increase from 2015 Budget)
- $8,500,000 Capital Expenditures Funded From Rates (no change from 2015 Budget)
- $1,245,000 Capital Expenditures Funded From Excess Working Capital (carryover from 2015 Budget)

Acknowledgement

The 2016 Financial Plan is the culmination of continuous review and communications between the Finance department, department directors, and departmental staff over the past three months. Departments again were asked to meet ambitious targets and rose to the challenge. This process could not have been completed without their assistance.

Respectfully submitted,

Graham W. Rich, P.E., BCEE

Chief Executive Officer

GWR/jbm

Budget Process and Calendar

The planning process for the Utility involves a water utility master plan, updated approximately every five years; a strategic plan, updated every five years; a rate model, updated with a rate study every three years; a five-year capital plan, updated annually; and an operating budget, updated annually.

Water Utility Master Plan

The water utility master plan provides guidance for future growth, rehabilitation or replacement of existing facilities, and preparation of the capital improvement plan.

Rate Model

The rate model provides a fair and equitable basis for setting rates by customer class.

Capital Improvement Plan

The capital improvement plan provides the Board of Commissioners and the public with a comprehensive view of the asset investments required over the next five years to ensure adequate water resources, a high level of water quality, and to meet service needs of present and future customers. Although asset investments are approved through the budget process, final Board approvals are obtained as projects exceeding $50,000 are initiated.

Operating Budget

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

Budget adjustments with no-net-change impact are allowed. A budget re-allocation form must be completed and approved by the Chief Operating Officer (COO) and Chief Financial Officer (CFO) for any changes or reallocations during the plan year.

The 2016 budgetary process is outlined below:

DATE	ACTIVITY
June 4, 2015	Open database for capital request submissions
July 13, 2015	Initial budget meeting with overview of process and release of budget instructions/targets
August 10, 2015	Submission of budget requests to Finance
August 24, 2015	Second budget meeting with initial discussions on revisions necessary to balance budget
August 31, 2015	Departmental Review Distribution, Engineering, and Water Quality & Operations
September 1, 2015	Departmental Review Customer Relations & Public Affairs, Information Services, Finance, and Administration
September 14, 2015	Review of proposed 2016 Financial Plan by Finance and Communications
September 28, 2015	Review of proposed 2016 Financial Plan by CEO
October 8, 2015	Presentation of proposed 2016 Financial Plan to Board of Commissioners
November 12, 2015	Adoption of 2016 Financial Plan by Board of Commissioners

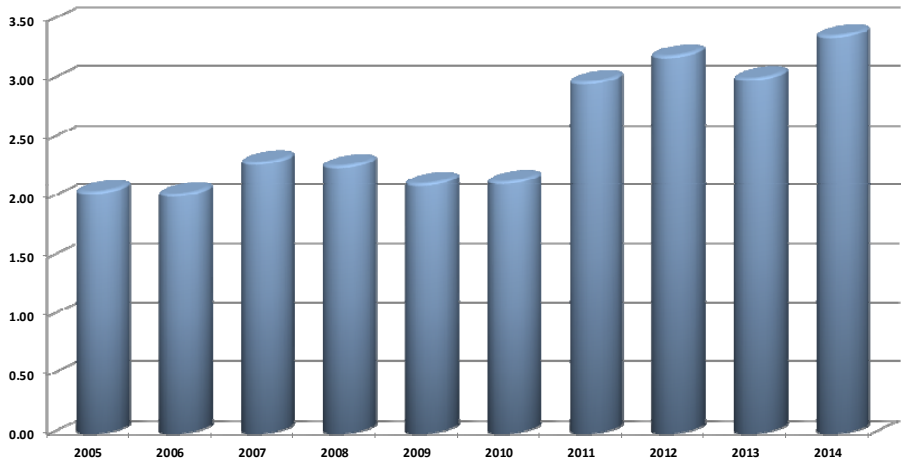
Financial Policies and Goals

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 expenditures
- Maintaining a five-year capital plan with annual updates (see page 94)
- Maintaining debt-service coverage, determined by dividing stabilized net revenue by annual debt-service for the fiscal year, at a target of 190% but not less than 175% (see page 68)
- Ensuring that operating reserves are maintained at a minimum level of three months budgeted operating costs sufficient to meet all operating, capital, and debt-service obligations (see page 69)
- Maintaining debt utilization ratio below the 32% AWWA benchmark (see page 70)
- 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

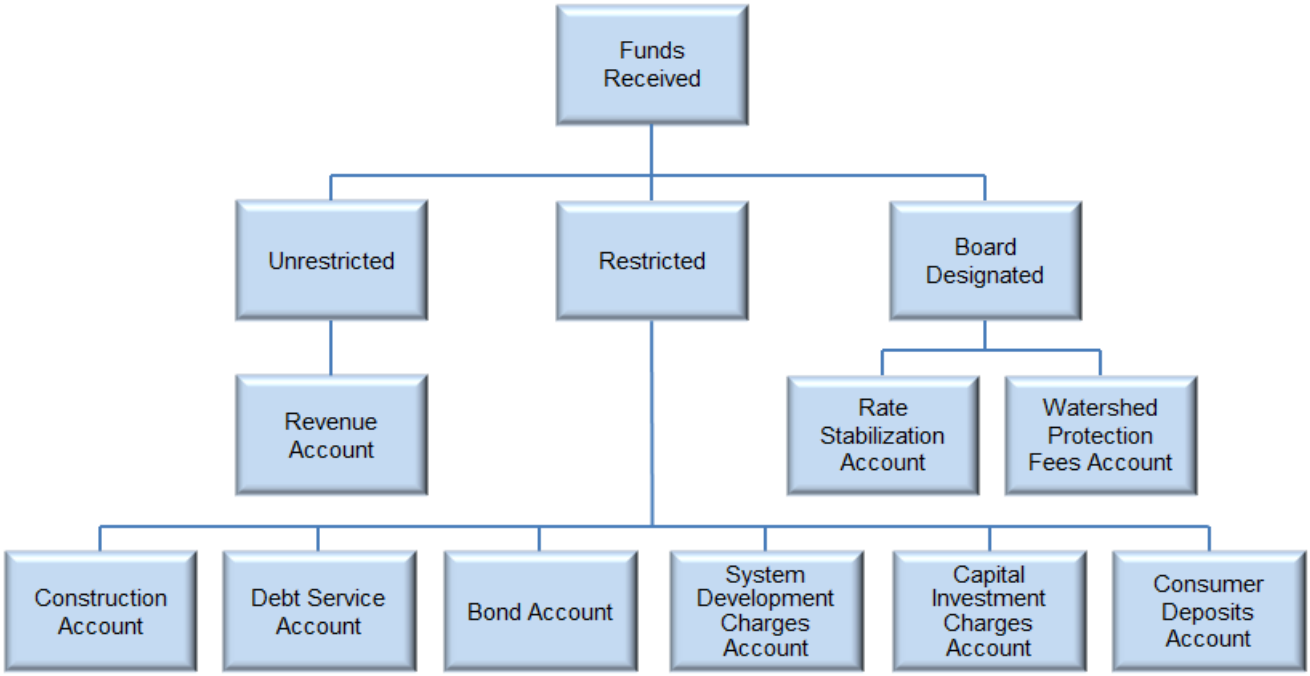
The Financial Plan for Central Arkansas Water, proposed by the CEO and adopted by the Board of Commissioners, is a reflection of the Utility's policies, goals, and priorities. It is a tool used to communicate to the public and staff regarding funds available and allocation decisions related to capital 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 governmental 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 accounts used by the Utility are: Revenue Account, Construction Account, Bond Account, Debt-Service Reserve Account, Rate Stabilization Account, Watershed Protection Fees Account, System Development Charges Account, Capital Investment Charges Account, and Consumer Deposits Account.



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, subordinated debt – bond account, subordinated debt – debt-service reserve account, and rate stabilization account.

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 a construction account. Upon completion of construction activities, CAW files a written request with the trustee. The trustee then pays construction invoices out of 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 upcoming April 1 and October 1 debt-service payments.

Debt-Service Reserve Account: A debt-service reserve account is held by the trustee for each outstanding bond obligation. The debt-service reserve requirement for the senior debt is 100% of maximum annual debt-service, while the requirement for the subordinated debt 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.

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.

System Development Charges (SDC) Account: SDC's 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 Charges (CIC) Account: CIC's 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 and distribution facilities, and pumping and storage facilities related to site-specific facilities.

Watershed Protection Fees (WPF) Account: WPF's assessed on each monthly bill are deposited into this account. These funds finance the Watershed Management Program designed to protect CAW water supply lakes.

Consumer Deposit Accounts: This account holds customer deposits paid upon beginning water service with CAW. 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 expenditures are balanced with current revenues, carryover balances, and rate stabilization account (RSA) transfers. Budgeted expenditures shall not exceed estimated financial resources in a given year. Funding is available for operating, capital, and debt-service in this budget.

Net Position (Fund Balance)

The Utility classifies and defines "net position (fund balance)" 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, contributors, or laws or regulations of other governments.
- Unrestricted – the unrestricted component of net position is 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 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 2007 Bond Issue and a rating of Aa3 on the subordinated Series 2010C, 2011B, 2012A, 2014 and 2015 Bond Issues.

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 the 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 (FDIC) 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 FDIC 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 lives of the respective asset classes.

Rate Design and Water Service Pricing Policies

On November 13th, 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 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, "[s]ales 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:

   (i) characteristics;

   (ii) location;

   (iii) demand patterns;

   (iv) utility manpower requirements;

   (v) anticipated repair and replacement costs;

   (vi) impact on water quality and supply preservation; and

   (vii) development, operation, maintenance and replacement of any specific facilities necessary to serve any particular class or classes of customers.

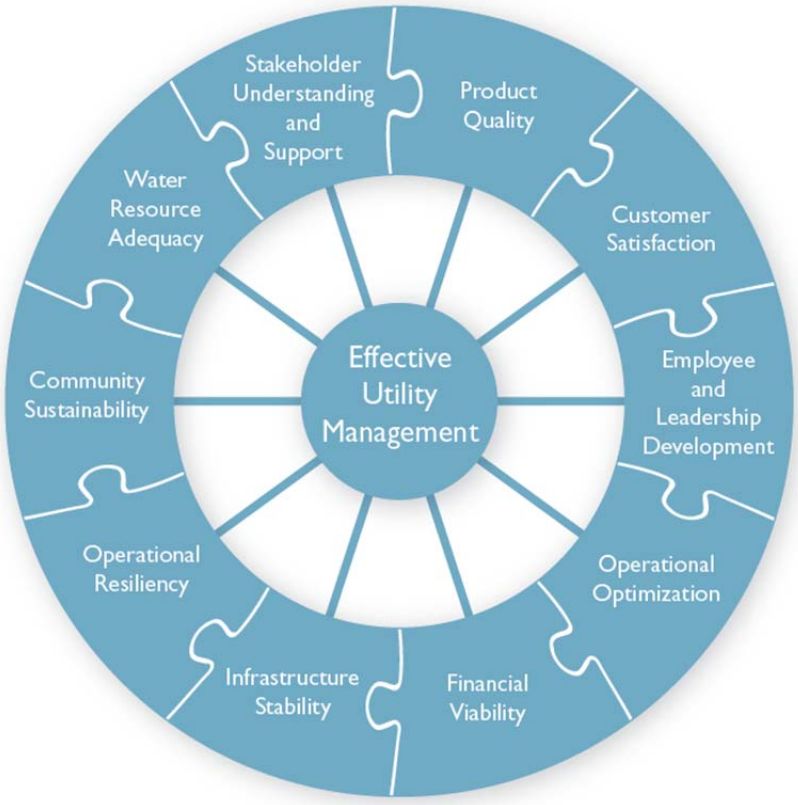
7. Notwithstanding the parameters set forth in paragraph 6 above, the Board and CAW staff shall also consider methods to reduce rates and provide assistance to aid low-income residential inside city customers, recognizing that the lost income realized by any reduction in rates for low-income residential inside city customers must be paid by other customers.

8. The capital improvement costs to expand the water facilities to serve future customers should be borne by those future customers, to the extent practical.

9. The design of rates to recover the cost of service should support the sustainability of water resources.

Strategic Plan

CAW's strategic plan is based around the EUM framework developed by the Environmental Protection Agency (EPA), and six national water and wastewater associations. This committee found water sector utilities across the country faced similar challenges. These challenges were identified as rising material costs, aging infrastructure, regulatory changes, adequacy of water supply, security/environmental hazards, federal funding cuts, rate structure stress, and workforce complexities. In response, the Ten Attributes of Effectively Managed Water Sector Utilities were designed to address these challenges. CAW has adopted this model frame work and is focused on the future needs of the Utility, the community, and utility employees. (Note: The order of presentation is not a ranking of priority. Rather, the following paragraphs define EUM attributes and company level impact. Some departments are better suited to address specific attributes than others. See departmental sections for detail at departmental level and the key metrics tracked.)



Ten Attributes of Effectively Managed Water Sector Utilities

Committed to Quality

First, Product Quality focuses on the production of high quality, potable water, treated effectively in full compliance with regulatory, customer, public health, and ecological needs. CAW is working to integrate water quality and service complaints into the Geographic Information System (GIS). Integration of data into the GIS system will allow the review of frequency, type of complaint, and area effected. This centralized data will help assess problematic system segments before customers are impacted. Additionally, Water Quality and Operations is working to include/plot water sample data into the GIS system, shifting utility focus beyond compliance to proactively identifying system needs. The multi-year DBP compliance project was completed mid-year 2014. During 2015, effectiveness of these improvements has been closely monitored and a series of small presentations have been given to the Board of Commissioners. Overall the DBP project is performing better than anticipated, requiring less chemicals than expected while providing better than expected results. In 2013, an in situ chemical oxidation monitor was purchased to assist in total organic carbon (TOC) data collection efforts. CAW is using TOC data to better decide how and when to perform controlled burns so that long-term water quality is optimized. Controlled burning removes fallen wood debris that otherwise raises TOC levels in surface water supplies.

Regardless of weather, essential personnel are working to keep your water flowing

Second, Customer Satisfaction focuses on providing reliable, responsive, and affordable service to CAW's customer base. One 2015 focus area has been to improve the appearance and readability of the customers' utility bill. CAW customers receive one bill for as many as three services (water, sewer, and refuse) as applicable to the customer. Previous surveys have shown customers often mistake charges for other services as receiving a large water bill. In reality, water service is the highest value on the bill, comprising only 21% of the average customer's billing. The Utility created a modified presentation of the billing statement in order to more clearly convey critical billing information while also modernizing the look and feel of the statement. These enhancements were implemented starting with the September 2015 billing.

Customer Service also focuses on improving the quality of service that customers receive when they contact the Utility. High turnover driven by employee retirements and in-house promotions led to poor service metric results in early 2015, but since the Customer Service call center reached full staffing levels in July 2015, call abandonment rates and customer hold times have shown improvement. In addition, the Utility implemented a number of common

customer requests when it launched and promoted paperless billing and a customer online portal in 2014 and 2015. CAW has seen continued adoption of these features by its customers and anticipates increased customer satisfaction from their addition. Finally, the Utility repeated a customer satisfaction survey in 2015 that was first conducted in 2012. This survey will provide valuable insight into customer satisfaction and will help direct customer service and satisfaction improvements going forward.

Third, through Employee and Leadership Development, CAW strives to attract and retain a workforce that is highly competent, skilled and motivated with a passion for excellence. CAW continues to work on a detailed leadership development/succession plan, which supports internal employee advancement in coordination with Utility-wide needs. Additionally, CAW is working to establish formalized career counseling for all employees, an internal certification program, and to provide on the job training while anticipating key future staffing needs at the departmental level. Recruitment is underway for an additional Human Resources staff member dedicated to furthering each of these important programs in 2016.

The aging of the baby boomer generation has resulted in increased retirements and turnover, as anticipated. CAW continues to focus on cross-training and procedural documentation to address this knowledge and talent loss. Further, CAW provides tuition reimbursement for college tuition, creating the opportunity for motivated employees to obtain the educational requirements necessary for personal advancement. Six employees are currently pursuing a degree under the tuition reimbursement program, the largest number in CAW history! Three employees are pursuing a Bachelor's Degree and three employees are working towards a Master's Degree under this program.

Diversity is promoted and maintained through commitment to an environment that recognizes, encourages, and effectively utilizes each individual's talents. The first rotation on/off the Diversity & Inclusion Team (DIT) took place in 2015 and seven new DIT members, along with the seven tenured team members, are focused and energized for the work ahead in 2016.

An employee satisfaction and engagement survey was completed in late 2014 to gather employee feedback regarding CAW's performance in the areas of job satisfaction and engagement. Nearly 75% of employees participated and the survey results were positive. CAW employees had an overall Job Satisfaction Rate of 81%, compared to 70% for other US Employers within the benchmarking database, and an Employer Satisfaction Rate of 76%, compared to 67% for other US Employers. Out of 69 elements of job satisfaction and employee engagement assessed, CAW had a small number (4) of opportunities for improvement based on ratings of employee "dissatisfaction". The four items noted will be focus areas for improvement in 2016.

Fourth, Operational Optimization examines day-to-day operations to provide timely, cost-effective, reliable, and sustainable performance in all facets of operations. A review of the costs involved in providing ancillary services was performed and discovered that increases were needed in order to recover the cost of these services. This review was validated during the 2015 rate study by CAW's rate consultant and appropriate ancillary charge increases will be implemented in January 2016. Another key initiative involved the implementation of a paperless customer service work order process. This project developed a seamless, integrated procedure to replace the current manual, paper-based work order method. Transitioning to the new hand held tablet process will reduce waste while improving operational efficiency. Since

its introduction in mid-2015, the Utility has seen faster order processing times and a reduction of lost work orders.

Fifth, Financial Viability must be maintained for the essential service CAW provides. Financial viability encompasses the full life-cycle cost to the Utility, maintains controlled operation and maintenance expense growth, establishes predictable rates to the customer at levels adequate to recover costs, provides for reserves, maintains support from bond rating agencies, and retains capital necessary for future needs. A rate study was completed in 2015 to ensure appropriate rates are established to support operational needs through the end of the decade. Next, CAW refinanced the 2010B revenue bonds during 2015. This refinancing contributed significant interest savings and continues CAW's trend of capitalizing on current low interest rates to refinance existing debt. CAW's investment policy prudently requires all investments to be within FDIC insured accounts, governmental securities, or other investments backed by governmental agencies. Due to current macroeconomic conditions, planned investment return on reserves is budgeted slightly higher than 2015 due to anticipated increased interest rates.

CAW crews work to repair a main with minimal disruption to customer or traffic.

Sixth, as part of CAW's focus on Infrastructure Stability, the Utility works to maintain and enhance the condition of all assets at the lowest life-cycle cost while maintaining superior service levels. Balancing life-cycle costs requires tradeoffs when deciding on asset repairs, rehabilitations, or replacements. A cross departmental team has created a horizontal asset management plan designed to formalize asset evaluation. CAW will continue assessing the number of system breaks per 100 miles of pipe, as well as other factors, to ensure the asset management plan is effectively identifying and priortizing the assets most in need of repair, rehabilitation, or replacement. During 2013, a valve inspection program was implemented with the purchase of a hydraulic valve exerciser, a portable vacuum system, and a hydraulic unit in 2014 in support of a Valve Operation and Maintenance Program. This program is designed to maintain and identify inoperable valves within the water system. The program completed the inspection of 24,759 valves with an additional 3,650 valves forecasted to be inspected by year end 2015, for a total of 28,409 since the program's inception. The inspection of an additional 3,591 in the early months of 2016 will complete the initial valve inspection program.

The Distribution department is currently conducting a pilot project for the replacement of 2" galvanized water mains. Distribution is projected to replace 15,000 linear feet of galvanized pipe in 2015. The goal of the pilot study is to conduct a cost analysis between the use of contractors replacing 2" galvanize main versus in-house personnel. The project is planned to conclude in December 2015 with a recommendation to follow.

Seventh, Operational Resiliency focuses on Utility efforts where leadership and staff work together to proactively identify, assess, establish tolerance levels for, and effectively manage a full range of business risks to include: legal, regulatory, financial, environmental, safety, security, and natural disaster-related events. 2014 saw the completion of a surge tank within the raw-water transmission mains from Lake Maumelle to the Wilson Plant. A new cost benefit analysis will be conducted to see if other projects of this scale are justified on other parts of the system.

Engineering has identified the Montgomery Pump Station as a key improvement area in support of operational resiliency. The Montgomery Pump Station is currently served by a single 20" suction main constructed in 1965. This main has a history of failure due to its age and corrosion, and approaches flow maximum during summer months. Construction of a second pipeline will increase flow and provide backup supply in the event a failure occurs on the current supply pipeline.

To better respond to emergency events, CAW held field exercises for a Jackson Reservoir Dam failure and a raw water transmission main repair. Field exercises provide a valuable refresher to all essential employees. Finally, CAW continues to work toward funding and implementation of risk reduction and mitigation measures identified in the 2014 Vulnerability Assessment. Among other risks, the assessment identified opportunities to reduce risk associated with the ExxonMobil Pegasus pipeline that crosses through the Lake Maumelle watershed.

Tornado damage within Watershed

Eighth, CAW is committed to Community Sustainability. CAW strives to enhance the natural environment by investing in protection, restoration, preservation, and enhancement of natural resources. During 2013 and 2014, CAW tested and rolled out paperless billing and an on-line customer portal. CAW has seen steady enrollment in these features and an associated conservation of paper, reduced community landfilled paper, and reduced Utility mailing costs. Beyond reducing use of resources, CAW strives to recycle all materials when economically feasible. The James T. Harvey Administration Building (JTH) and Clearwater Operations/Maintenance Complex (Clearwater) buildings have well established recycling programs and near-term recycling efforts will be improved at the Wilson Plant. For 2015, CAW was the winner of the Arkansas Government Recycler of the Year award and AMWA's Sustainable Water Utility Management Award. The CAW sustainability team will work to increase stewardship and recycling efforts, while remaining current on EPA and business recycling education, improvements, and initiatives.

Ninth, Water Resource Adequacy ensures water availability for current and future customer needs. Long term supply hinges on demand analysis, conservation, and public education. CAW is committed to responsible management of surface water supplies of Lake Maumelle and Lake Winona. The Utility's long-term capital plan includes a significant allocation of funds

to continue the purchase of land and conservation easements to provide greater protections to water sources.

“Sprinkler Smart” is a program developed in coordination with the University of Arkansas Division of Agriculture. This program focuses on educating the public on wise outdoor water use. Wise outdoor water use has proven to be a difficult topic as “wet” years (high rainfall) diminish water conservation interest and many hold an incorrect perception that conservation is unnecessary or harms their landscape This effort aims to improve public awareness and wise water use regardless of the weather patterns.

A major long-term strategic objective is securing a new future water source. Negotiations are continuing and expect to be finalized in 2016 for the purchase of 100 MGD in water rights from DeGray Lake. This effort will secure a water source for the Utility’s service area through the end of the century.

“Like” us on Facebook

Tenth, Stakeholder Understanding and Support creates an environment of understanding and support from oversight bodies, city mayors, community, watershed, and regulatory interests. Support from stakeholders helps CAW accomplish Utility goals. By identifying key stakeholder groups and establishing staff liaisons, CAW can better work with such organizations as cities, counties, engineering firms, professional organizations, and education and advocacy organizations.

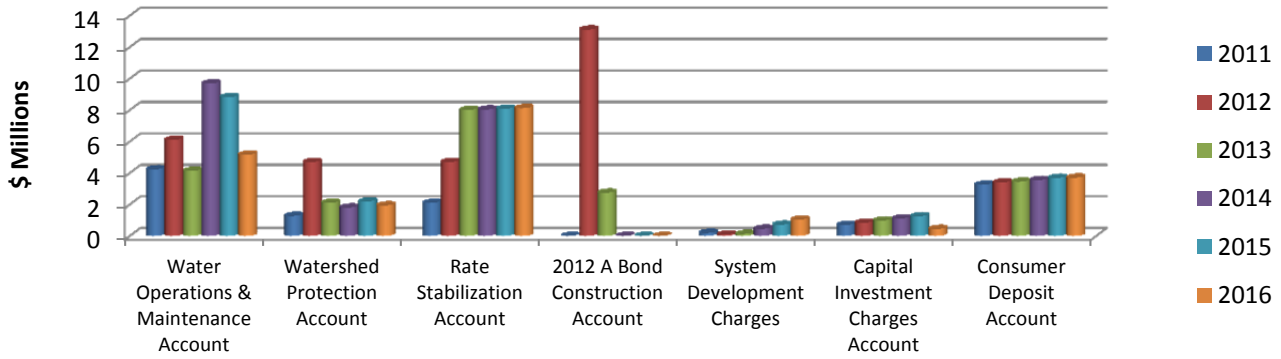
Additionally, CAW has established a presence on both Facebook and Twitter in order to better engage customers and community on Utility efforts and other information. In 2015, CAW saw the introduction of the “We Treat Water Better” campaign, and efforts to highlight enhanced asset management activities. The Utility’s education efforts will lead customers to a better understanding of and commitment to watershed protection and support for utility activities.

Social Media Campaign

SOURCES AND USES OF FUNDS – OVERVIEW

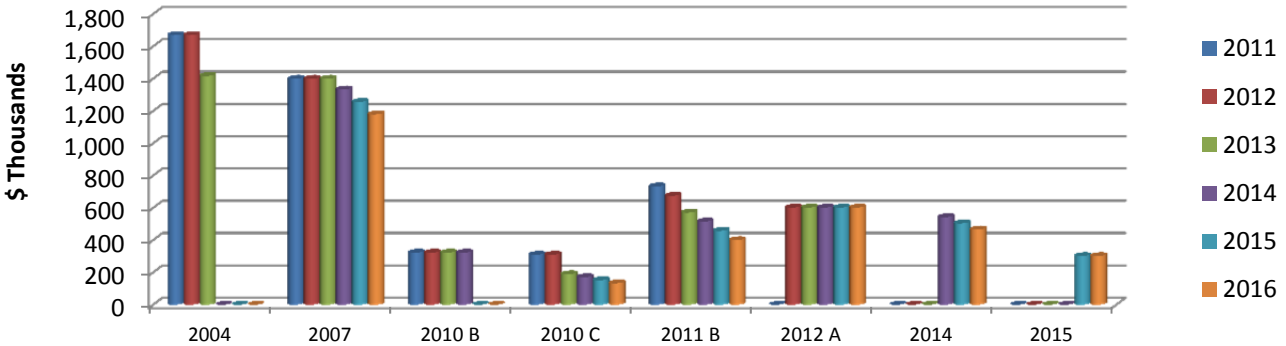
We anticipate a total of $39,691,654 in both restricted and unrestricted funds to carry forward at December 31, 2015. Unrestricted water operations and maintenance funds amount to $8,817,938 in addition to $2,189,128 watershed protection funds, and $8,077,247 rate stabilization funds. The restricted 2012A Bond Issue construction account was fully utilized during 2014. The restricted system development charges account amounts to $715,814; the capital investment charges account amounts to $1,251,026; and the restricted consumer deposits account amounts to $3,691,109.

Restricted and Unrestricted Funds

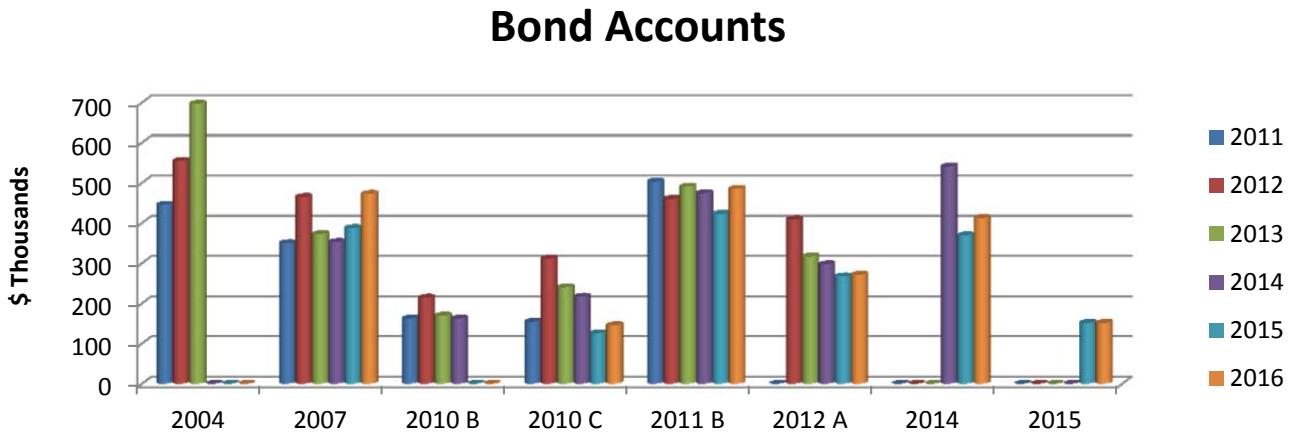


The bond trust indentures require CAW to maintain certain reserves during the life of the bond issues. Debt-service reserve accounts cover the principal and interest for the final year of each bond issue. The 2004 Bond Issue was called and replaced with a 2014 Bond Issue. The 2010B Bond Issue has been called and replaced with a 2015 Bond Issue. The accounts amount to $0 for the 2004 Bond Issue; $1,256,513 for the 2007 Bond Issue; $0 for the 2010B Bond Issue; $152,002 for the 2010C Bond Issue; $458,005 for the 2011B Bond Issue; $602,164 for the 2012A Bond Issue; $504,255 for the 2014 Bond Issue; and $301,283 for the 2015 Bond Issue.

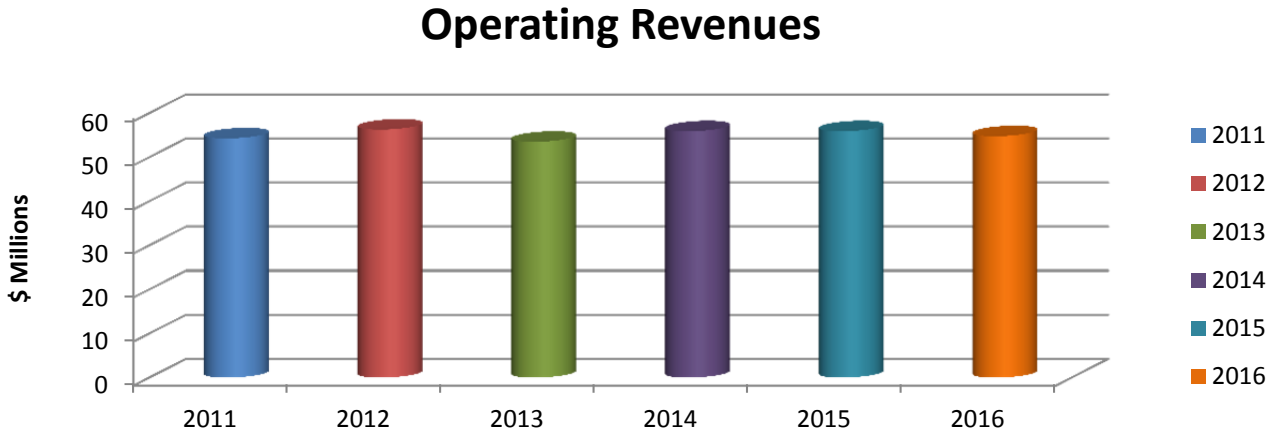
Debt-Service Reserve Accounts



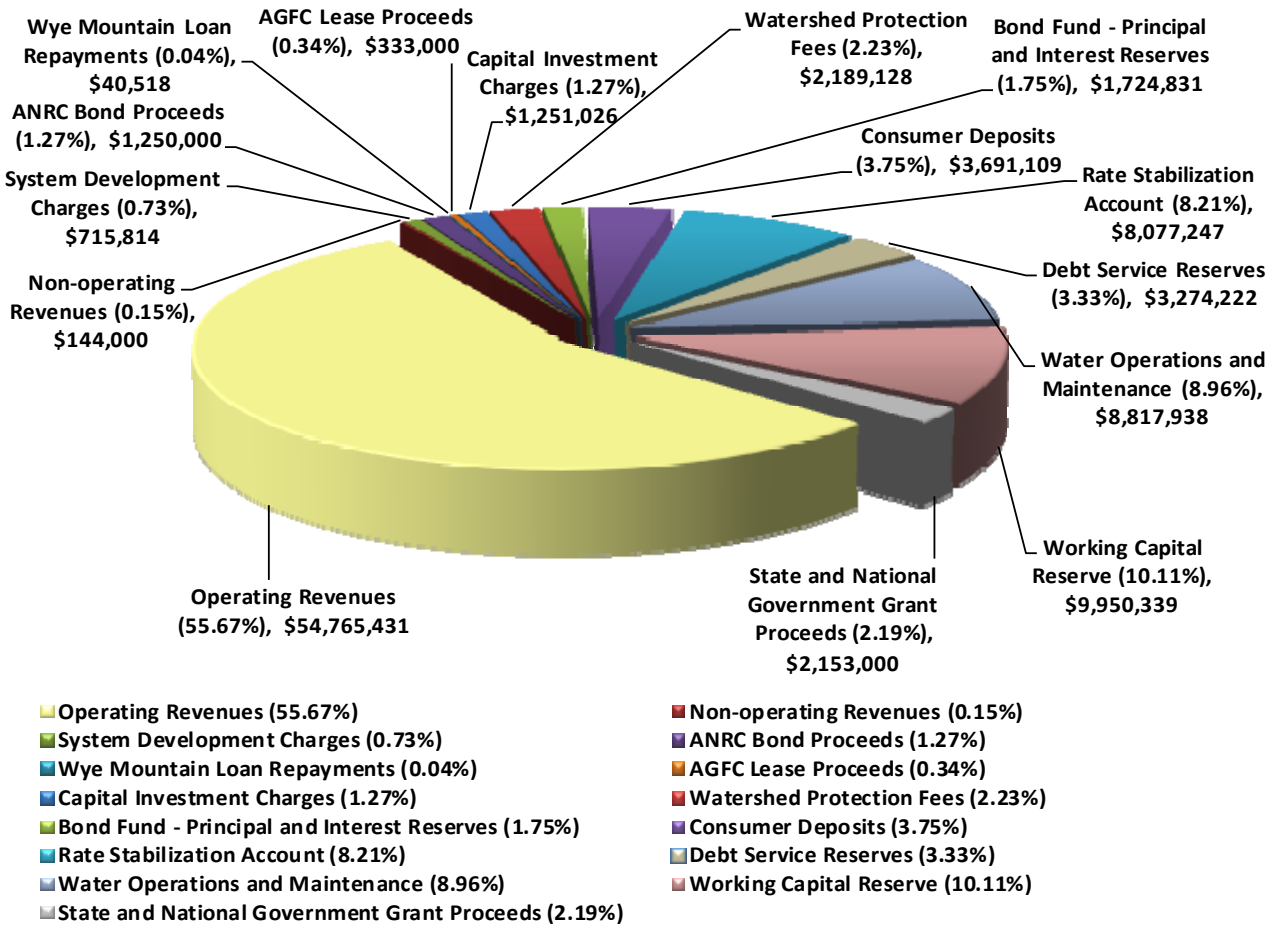
A bond account for each bond issue accumulates sufficient funds annually to pay the principal and interest on each bond issue. The accounts amount to $387,532 for the 2007 Bond Issue; $125,577 for the 2010C Bond Issue; $423,202 for the 2011B Bond Issue; $267,258 for the 2012A Bond Issue; $369,664 for the 2014 Bond Issue; and $151,598 for the 2015 Bond Issue. The working capital reserve represents three months' worth of operating expenses, and for 2015, that amount is $9,950,339.



The carry-forward balances, along with anticipated operating revenues of $54,765,431, non-operating revenues of $144,000, ANRC bond proceeds of $1,250,000, Wye Mountain loan repayments of $40,518, AGFC lease proceeds of $333,000, and state and national government grant proceeds of $2,153,000 will fund normal operations and the capital improvement plan.

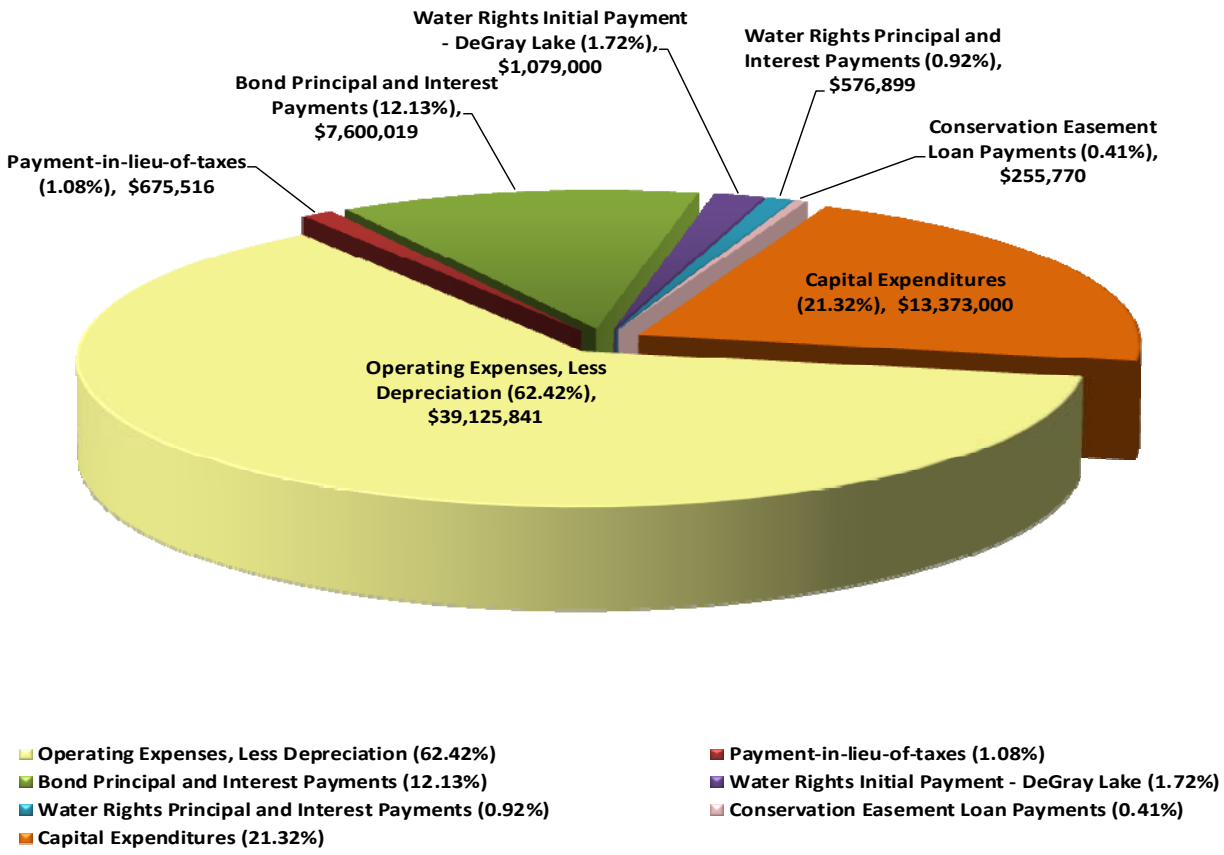


SOURCES OF FUNDS



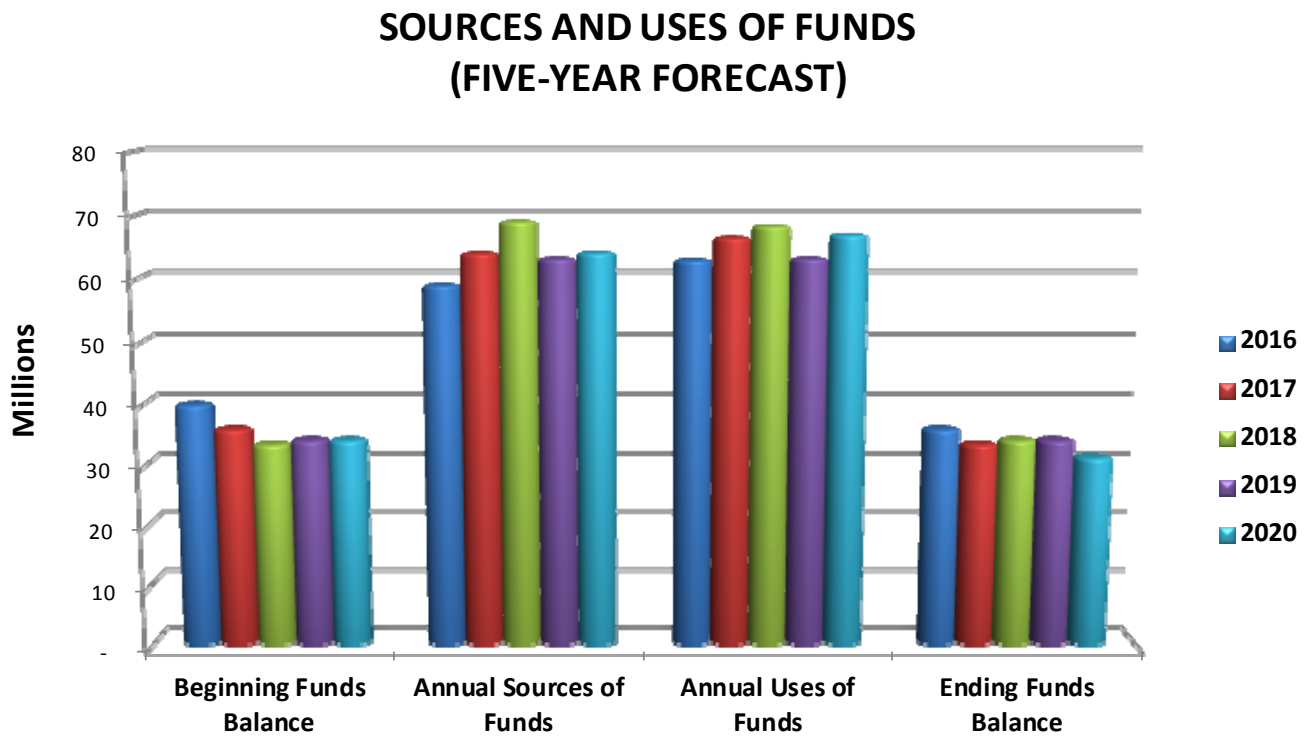
Utility staff anticipates 55.67% of total sources of funds from operating revenues. The remaining sources of funds are made up of various sources. The sources of funds are depicted above.

USES OF FUNDS



Operating expenses account for 62.42% of total uses of funds while capital expenditures account for 21.32% and bond principal and interest payments add up to 12.13%. 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, $35,691,558 will remain in both restricted and unrestricted funds at December 31, 2016.



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 2015 to develop a more current rate model for the 2016 through 2019 period. There is no rate increase planned in 2016. Proposed rates for 2017-2019 will be presented to the CAW Board of Commissioners for approval and to the City Boards of Little Rock and North Little Rock in the 4th quarter of 2015.

STATEMENT OF SOURCES AND USES OF FUNDS

Sources of Funds:

Carry Forward, as of December 31, 2015

Unrestricted Accounts			
Water Operations and Maintenance Accounts	$	8,817,938	
Board Designated Accounts			
Watershed Protection Fees Account		2,189,128	
Rate Stabilization Account		8,077,247	
Restricted Accounts			
System Development Charges Account		715,814	
Capital Investment Charges Account		1,251,026	
Consumer Deposits Account		3,691,109	
Bond Indenture Accounts			
Debt Service Reserve Account – 2007		1,256,513	
Debt Service Reserve Account – 2010C		152,002	
Debt Service Reserve Account – 2011B		458,005	
Debt Service Reserve Account – 2012A		602,164	
Debt Service Reserve Account – 2014		504,255	
Debt Service Reserve Account – 2015		301,283	
Bond Account – Principal and Interest Reserve – 2007		387,532	
Bond Account – Principal and Interest Reserve – 2010C		125,577	
Bond Account – Principal and Interest Reserve – 2011B		423,202	
Bond Account – Principal and Interest Reserve – 2012A		267,258	
Bond Account – Principal and Interest Reserve – 2014		369,664	
Bond Account – Principal and Interest Reserve – 2015		151,598	
Working Capital Reserve		9,950,339	
Total Carry Forward, as of December 31, 2015			**39,691,654**

2016 Activity

Operating Revenues	54,765,431	
Non-operating Revenues	144,000	
ANRC Bond Proceeds	1,250,000	
Wye Mountain Loan Repayments	40,518	
AGFC Lease Proceeds	333,000	
State and National Government Grant Proceeds	2,153,000	
Total 2016 Activity		**58,685,949**
Total Sources of Funds		**98,377,603**

Uses of Funds:

Water Operations and Maintenance Expenditures		
Operating Expenses, Less Depreciation	39,125,841	
Payment-in-lieu-of-taxes	675,516	
Bond Principal and Interest Payments	7,600,019	
Water Rights Initial Payment - DeGray Lake	1,079,000	
Water Rights Principal and Interest Payments	576,899	
Conservation Easement Loan Payment	255,770	
Capital Expenditures	13,373,000	
Total Uses of Funds		**$ 62,686,045**

Funds Available at December 31, 2016

Unrestricted Accounts		
Water Operations and Maintenance Accounts	$ 5,164,408	
Board Designated Accounts		
Watershed Protection Fees Account	1,939,741	
Rate Stabilization Account	8,121,247	
Restricted Accounts		
System Development Charges Account	1,038,314	
Capital Investment Charges Account	446,226	
Consumer Deposits Account	3,706,109	
Bond Indenture Accounts		
Debt Service Reserve Account – 2007	1,179,629	
Debt Service Reserve Account – 2010C	133,409	
Debt Service Reserve Account – 2011B	400,217	
Debt Service Reserve Account – 2012A	602,165	
Debt Service Reserve Account – 2014	465,814	
Debt Service Reserve Account – 2015	301,283	
Bond Account – Principal and Interest Reserve – 2007	472,635	
Bond Account – Principal and Interest Reserve – 2010C	145,558	
Bond Account – Principal and Interest Reserve – 2011B	485,397	
Bond Account – Principal and Interest Reserve – 2012A	271,608	
Bond Account – Principal and Interest Reserve – 2014	412,483	
Bond Account – Principal and Interest Reserve – 2015	151,598	
Working Capital Reserve	10,253,717	
Carry Forward, as of December 31, 2016		**$ 35,691,558**

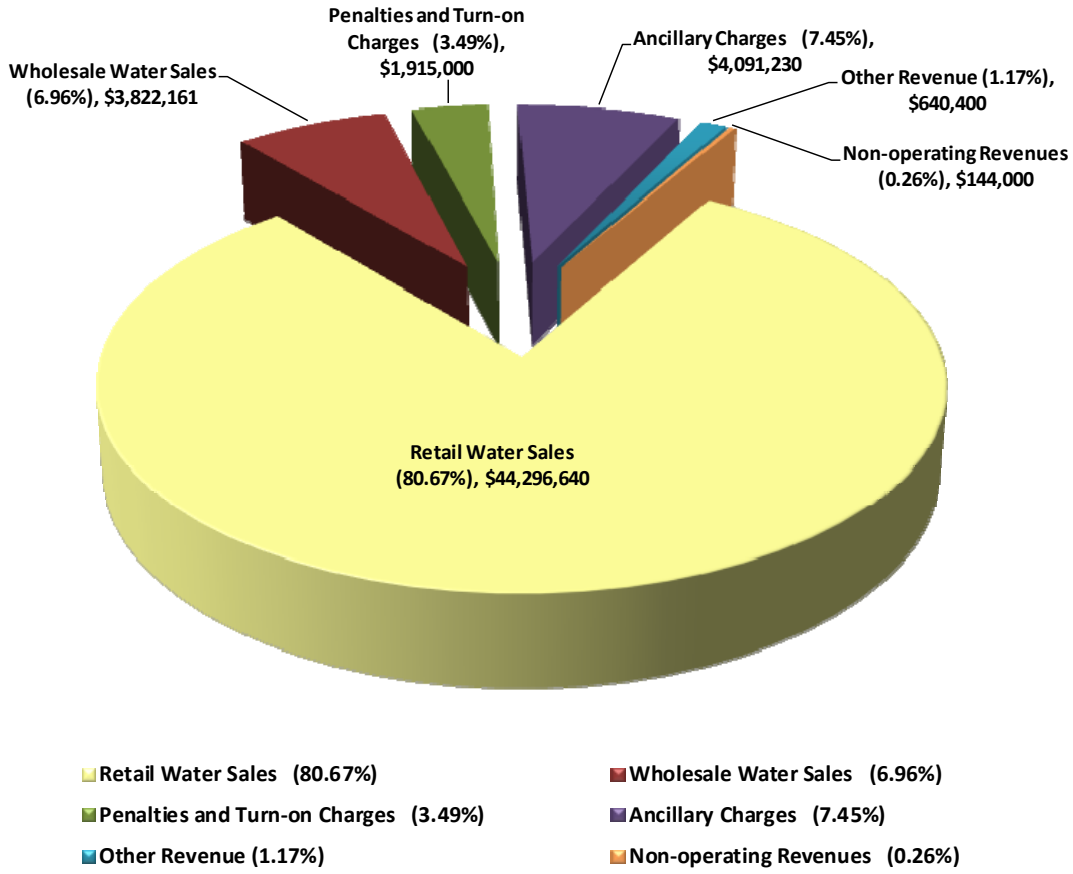
STATEMENT OF SOURCES AND USES OF FUNDS (FIVE-YEAR FORECAST)

	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget
Beginning Funds Balance	39,691,654	35,691,558	33,213,411	33,907,242	33,898,834
Operating Revenues	54,765,431	57,940,287	61,517,044	61,447,280	61,295,012
Non-operating Revenues	144,000	144,000	144,000	155,146	155,643
ANRC Bond Proceeds	1,250,000	5,560,000	7,115,000	1,263,000	-
Wye Mountain Loan Repayments	40,518	41,854	43,235	44,661	46,135
AGFC Proceeds	333,000	-	-	-	-
Grant Proceeds	2,153,000	100,000	-	-	2,355,000
Annual Sources of Funds	58,685,949	63,786,141	68,819,279	62,910,087	63,851,790
Operating Expenses	39,125,841	40,325,843	41,132,360	41,955,007	42,794,107
Payment-in-lieu-of-taxes	675,516	689,026	702,807	716,863	731,200
Bond Principal and Interest	7,600,019	7,597,793	7,587,706	7,575,712	8,559,028
Water Rights - Degray Lake Initial Payment	1,079,000	-	-	-	-
Water Rights Principal and Interest	576,899	576,899	576,899	576,899	576,899
Conservation Easement Loan Payment	255,770	319,727	140,676	211,014	281,352
Capital Expenditures	13,373,000	16,755,000	17,985,000	11,883,000	13,760,000
Annual Uses of Funds	62,686,045	66,264,288	68,125,448	62,918,495	66,702,586
Increase (Decrease) in Funds Balance	(4,000,096)	(2,478,147)	693,831	(8,408)	(2,850,796)
Ending Funds Balance	35,691,558	33,213,411	33,907,242	33,898,834	31,048,038
Breakdown of Funds Balance					
Unrestricted	5,164,408	8,420,862	9,126,694	8,969,661	6,860,416
Board Designated					
Watershed Protection	1,939,741	1,585,438	1,205,762	1,005,748	(13,904)
Rate Stabilization	8,121,247	8,141,550	8,182,258	8,225,192	8,247,606
Restricted					
System Development Charges	1,038,314	1,321,610	1,605,614	1,891,052	2,177,355
Capital Investment Charges	446,226	143,845	265,707	387,999	510,655
Customer Deposits	3,706,109	3,724,639	3,743,263	3,763,507	3,783,922
Bond Reserves	5,021,796	4,818,839	4,620,184	4,394,760	4,131,819
Working Capital	10,253,717	5,056,628	5,157,760	5,260,915	5,350,169
Ending Funds Balance	35,691,558	33,213,411	33,907,242	33,898,834	31,048,038

REVENUES, EXPENSES, AND NET POSITION – OVERVIEW

REVENUES – OVERVIEW

CAW is planning to receive 87.63% of its fiscal year revenue from metered sales (retail and wholesale water sales). The remaining revenues of 12.37% are penalties and turn-on charges, ancillary charges, other revenue, and non-operating revenues as depicted below:



Retail Water Sales

Retail water sales include five types of metered service: residential, commercial, large volume, sprinkler, and raw water. Residential includes all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence. Commercial includes all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or federal governmental agency; or (iv) a non-residential customer that does not fit

the definition of a large volume customer. Large volume includes any non-residential and non-sprinkler customer (i) who uses at least 1,500,000 cubic feet (cf) of water per meter during the 12-month period from September 1st to August 31st; or (ii) who agrees to take or pay for a minimum of 125,000 cf of water per meter per month on an annual basis. Customers who qualify for large volume water service described in (i) above shall be assigned to the large volume class for the calendar year beginning the following January. Sprinkler includes all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes. Raw water includes customers receiving untreated water. Untreated water is used for irrigation.

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

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

Penalties and Turn-on Charges

Water bills, with the exception of private fire services, are due and payable on or before the 20th day following the billing date stated on the water bill. Payments for private fire services are due in semi-annual installments in advance on the 1st day of January and July each year. Water bills not paid on or before the due date are considered delinquent and a penalty of 10% of the total current bill is assessed against the account. A turn-on charge of $15 is assessed on the first monthly bill to obtain service where facilities are already in place. A turn-on charge of $25 is assessed to any account that is turned off for non-payment 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 8% of total metered consumption and 7% of total operating revenues in the 2016 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.).

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

CIC's may be geographical 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.

WPF's 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. The monthly fee is $0.45 cents for households with a 5/8" meter.

Billing fees are assessed to CAW's 14 billing partners for all billing and customer service functions provided. Billing partners include water, waste water, and refuse districts in Central Arkansas.

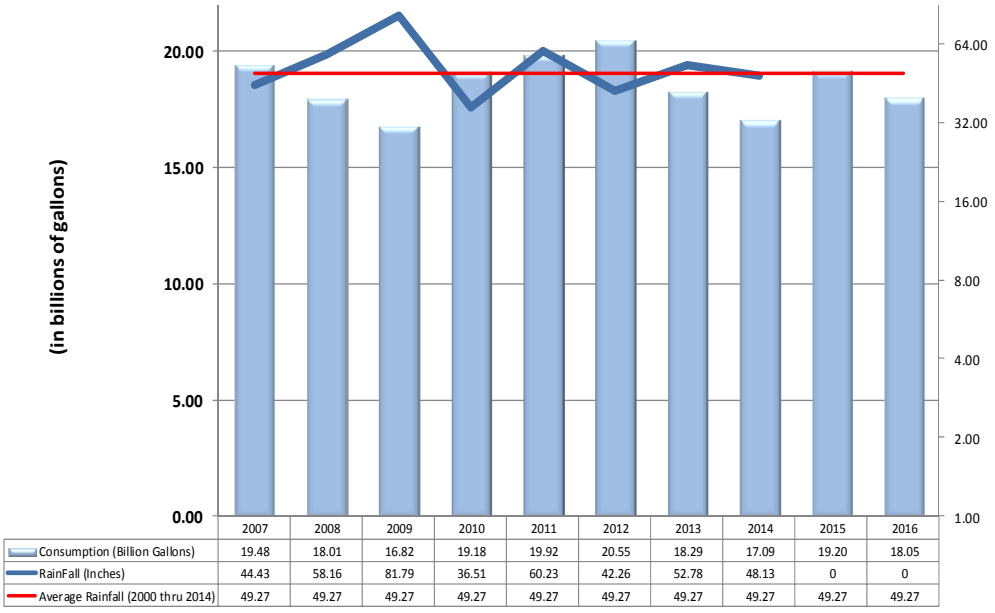
Other Revenue

Other Revenue consists of income generated from recycling, engineering fees, Grande Maumelle Sailing Club rent, Jolly Roger's Marina rent, telecommunication tower space rent, and other miscellaneous items.

Water Demand

Weather is the most significant factor impacting customer demand for water. Wet or dry extremes in weather can have a significant impact on sprinkler consumption and operating revenues. Record rainfall in 2009 resulted in operating revenues $6.2 million less than budget.

Consumption Vs Rainfall



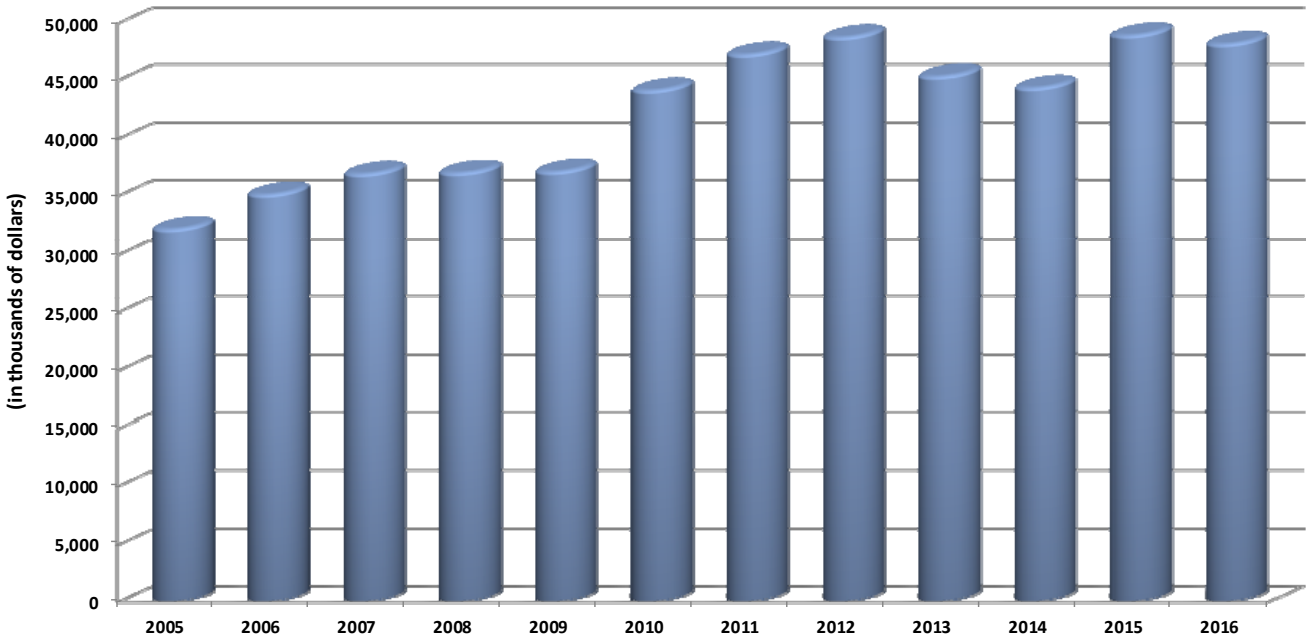
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Consumption (Billion Gallons)	19.48	18.01	16.82	19.18	19.92	20.55	18.29	17.09	19.20	18.05
RainFall (Inches)	44.43	58.16	81.79	36.51	60.23	42.26	52.78	48.13	0	0
Average Rainfall (2000 thru 2014)	49.27	49.27	49.27	49.27	49.27	49.27	49.27	49.27	49.27	49.27

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 forecast by class.

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

Based on rate consultant recommendations, retail consumption was adjusted down 3.89% from 2015 budget levels and is projected to decline 0.5%, 0.75%, and 1.0% in 2017 through 2019. Wholesale consumption was adjusted down 8.98% from 2015 budget levels and is projected to remain flat through 2019.

Metered Water Sales by Year



The above graph presents total actual Metered Water Sales for the years 2005 through 2014. Budgeted numbers are shown for the years 2015 and 2016.

Water Rates and Fees

A goal of the merger of the former Little Rock Municipal Water Works and the former North Little Rock Water Department into CAW was to equalize water rates within respective inside-city customer classes in both Little Rock and North Little Rock. Rates were equalized January 1, 2010.

There is no rate increase planned in 2016. Proposed rates for 2017-2019 will be presented to the CAW Board of Commissioners and to the City Boards of Little Rock and North Little Rock for approval in the 4th quarter of 2015.

2016 rates are as follows:

Minimum Monthly Charge (includes the first 200 cf of water usage)

METER SIZE (diameter)	RATES EFFECTIVE JANUARY 1, 2016	
	INSIDE	OUTSIDE
5/8”	$ 5.85	$ 7.66
3/4”	7.56	9.89
1”	10.74	14.06
1 1/2”	18.16	23.75
2”	29.45	38.54
3”	54.45	71.27
4”	88.57	115.93
6”	175.19	229.29
8”	296.33	387.82
10”	426.63	558.37
12”	777.01	1,016.94

Additional Monthly Volumetric Charge ($ per 100 cf 3 - 33)

CUSTOMER CLASS	RATES EFFECTIVE JANUARY 1, 2016	
	INSIDE	OUTSIDE
RESIDENTIAL	$ 1.61	$ 2.58
COMMERCIAL	1.51	2.41
LARGE VOLUME	1.23	1.96
SPRINKLER	1.61	2.58

Additional Monthly Volumetric Charge ($ per 100 cf over 33)

CUSTOMER CLASS	RATES EFFECTIVE JANUARY 1, 2016	
	INSIDE	OUTSIDE
RESIDENTIAL	$ 2.10	$ 3.36
COMMERCIAL	1.51	2.41
LARGE VOLUME	1.23	1.96
SPRINKLER	2.10	3.36

Private Fire Service Charges

	RATES EFFECTIVE JANUARY 1, 2016	
	INSIDE	OUTSIDE
FIRE HYDRANTS	$ 69.71	$ 100.84
FIRE CONNECTION MIN CHARGE	80.83	116.94
AUTOMATIC SPRINKLER SYSTEM MIN CHARGE (1,000 HEADS)	80.83	116.94
ADDL HEADS, EACH	0.08	0.13
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	15.81	22.88
1 1/2" DIAMETER, EACH	24.61	35.59
2" DIAMETER, EACH	40.43	58.47
2 1/2" DIAMETER, EACH	80.83	116.94

Wholesale Additional Monthly Volumetric Charge

The CAW Board of Commissioners approved a wholesale rate increase in November 2014 to be effective January 1, 2016. The approved 2016 rates increase to $1.31 for On Peak consumption and $1.15 for Off Peak consumption. The wholesale rates are presented in the table below.

Wholesale Minimum Monthly Charge

METER SIZE (diameter)	RATES EFFECTIVE JANUARY 1, 2016 OUTSIDE
2” or smaller	38.54
3”	71.27
4”	115.93
6”	229.29
8”	387.82
10”	558.37
12”	1,016.94

Volumetric Charge

TIME WATER IS TAKEN	RATES EFFECTIVE JANUARY 1, 2016 $ 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.	$1.31
OFF PEAK Customers taking all water from: 10 p.m. to 4 a.m. and/or 9 a.m. to 5 p.m.	1.15

Raw Water Additional Monthly Volumetric Charge

	RATES EFFECTIVE JANUARY 1, 2016 $ PER 100 CF
Raw Water Customer	$0.55

System Development Charge

METER SIZE (diameter)	
5/8”	$ 150
3/4”	150
1”	225
1 1/2”	375
2”	750
3”	1,200
4”	2,250
6”	3,850
8”	7,500
10”	12,000

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	-	-	-

Monthly Watershed Protection Fee

METER SIZE (diameter)	EFFECTIVE MAY 1, 2009
5/8”	$ .45
3/4”	.45
1”	.68
1 1/2”	1.13
2”	2.25
3”	3.60
4”	6.75
6”	11.25
8”	22.50
10”	36.00

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 past four to five years have been poor and are expected to remain weak, although slightly higher in 2016. This is partially attributed to interest income that will be received from a $197,000 loan to the Wye Mountain Water Facilities Board to retire debt that is currently in default status. Interest rate estimates on cash and investment accounts remain at 0.20 - 0.35%.

EXPENSES - OVERVIEW

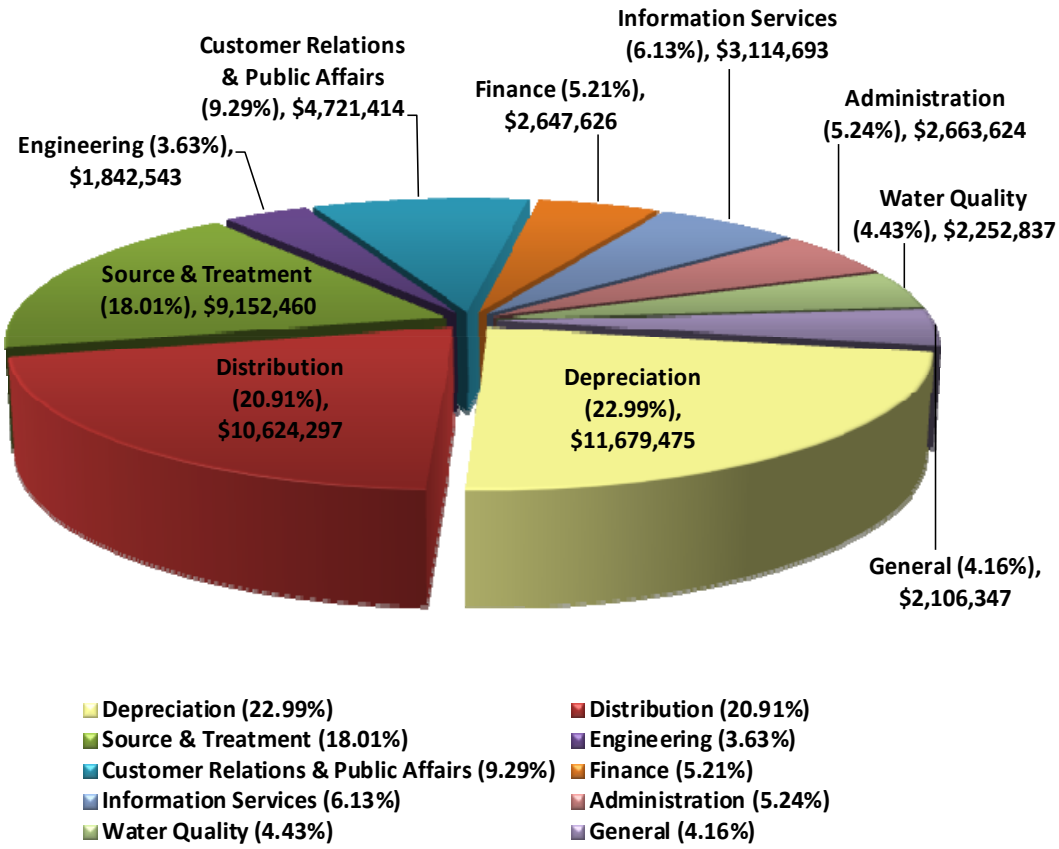
Operating Expenses

Depreciation is a major component of operating expenses and amounts to 22.99% of total operating expenses for 2016. Projections indicate that total depreciation will exceed 2015 budgeted amounts by 3.85%. During the past several years, CAW has funded and completed a significant number of construction projects with the proceeds from the 2002 Bond Issue, 2004 Bond Issue, 2007 Bond Issue, 2010A Bond Issue, 2010B Bond Issue, 2010C Bond Issue, 2011A Bond Issue, 2012A Bond Issue, and Little Rock and North Little Rock reserve trust funds. As projects are completed from all of the funding sources, the costs are capitalized and depreciated.

Operating expenses include 293 budgeted positions for 2016, with no increase from the number of 2015 positions. As of September 1, 2015, 283 positions were staffed, including nine part-time positions. This reflects an increase of six staffed positions when compared to 277 staffed positions in 2014. Traditionally, the Utility's turnover rate is very low (4.3% for 2013 and 8.6% for 2014), and staffing levels remain consistent from year to year. The 2014 turnover rate consisted of 5% for employee retirement and 3.6% for non-retirement. 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 2% for exempt and non-exempt employees. Total wage costs associated with this increase amount to $350,000. Health insurance premiums will increase by 3% in the upcoming year. The estimated national average increase for health insurance ranges from 5 - 8%. Individual department directors managed budget increases to hold operating expenses to a 0.97% overall increase (excluding depreciation) from the 2015 budget. The Arkansas Public Employees Retirement System (APERS) mandatory employer contribution rate will remain at the same rate of 14.50% for the fiscal year beginning July 1, 2016. Beginning in 2012, all employers were required to contribute to APERS for employees participating in the Deferred Retirement Option Plan (DROP) as well as for retirees who returned to a position covered by APERS. These changes will add approximately $159,900 in additional fringe benefit costs in 2016.

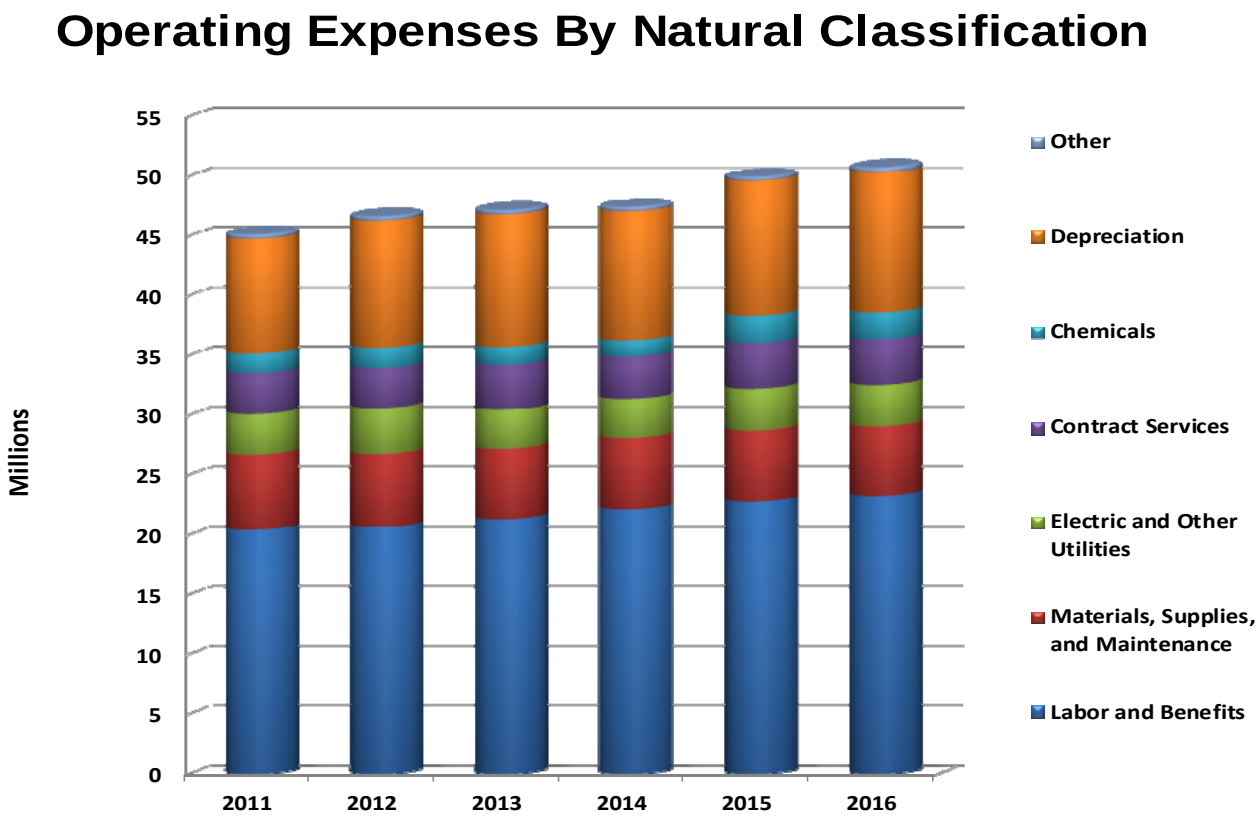
OPERATING EXPENSES

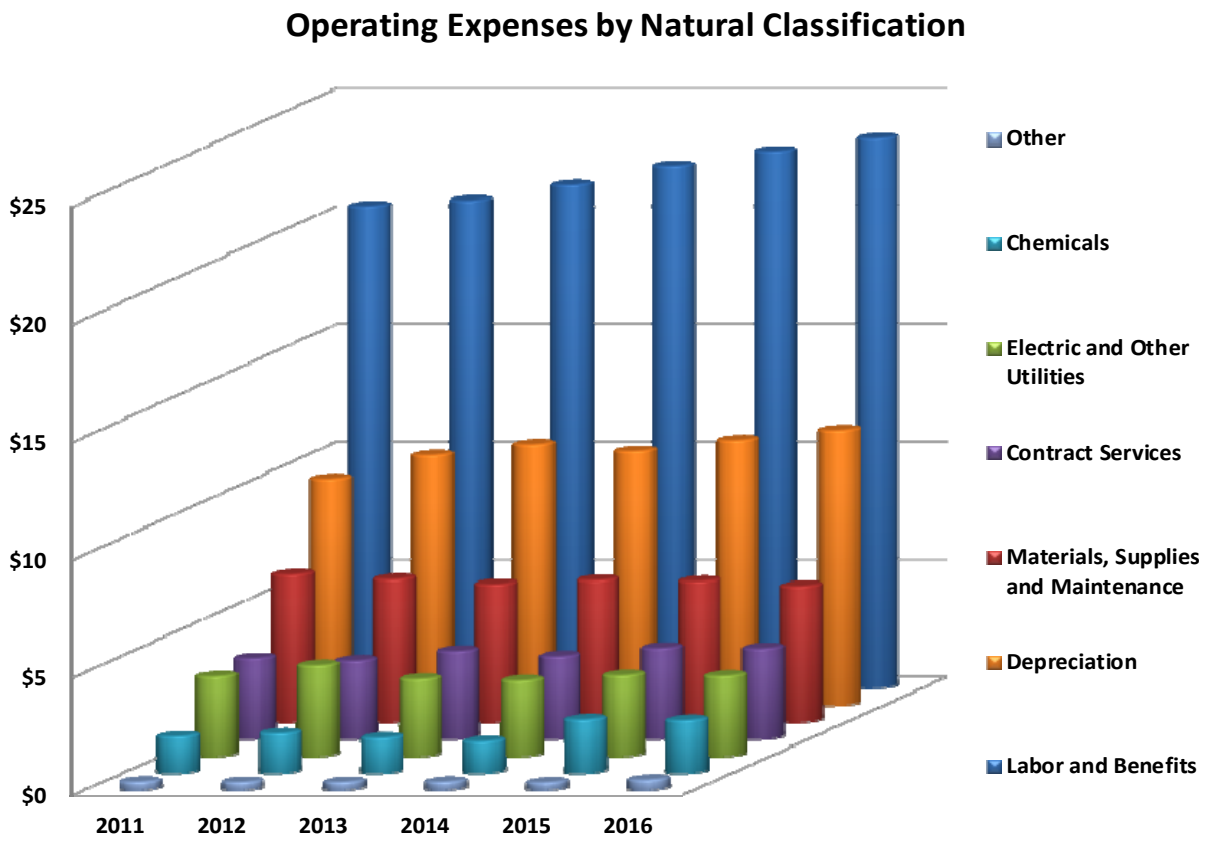
By DEPARTMENT



Budgeted 2016 Operating Expenses by Department are depicted above.

The following two graphs present total actual Operating Expenses by Natural Classification for the years 2011 through 2014. Budget numbers are shown for the years 2015 and 2016.





Source & Treatment's operating budget is increasing by $63,400 or 0.70% over 2015. The number of employee positions remains constant with 34 budgeted employees. Variable costs such as chemical treatment, wastewater disposal, and power are driven by increases or decreases in water consumption. Water treatment chemical costs are budgeted to decrease slightly by $33,450 or 1.46% in 2016. Wastewater cost for disposal of treatment plant sludge is budgeted to increase $33,500 or 3.98% based on Little Rock Wastewater's rates and disposal amounts. Budgeted power consumption (kWh) remains flat for 2016 with a decrease of $2,160 or 0.08%. Source & Treatment is responsible for maintaining the lakes and treatment plants.

Water Quality is decreasing its budget for 2016 by $129,800 or 5.45%. The 2016 budget decrease is reflected in labor and benefit costs with the reduction of one employee position and a reduction in expenditures for contract services. The total number of budgeted employees is 11 for 2016. To ensure high-quality raw water for the Utility, the Water Quality Department is responsible for implementation of the Lake Maumelle Watershed Management Plan and overall large-scale watershed protection programs for both Lake Maumelle and Lake Winona. The department 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 budget includes a director, administrative, and laboratory staff.

Distribution, the largest department, is showing a budget increase of $239,600 or 2.31% from 2015 budgeted amounts. The number of budgeted employees remains consistent at 113 for both 2015 and 2016. As of the budget date, the department maintained a total of 110 employees and three vacancies. Increases for the 2016 budget year primarily consist of $224,000 in labor and benefit costs. Fuel costs, material costs, and contractual services are anticipated to remain stable when compared to 2015. The department forecasts that approximately $1.60 million in payroll costs will be capitalized in 2016. This department maintains water mains, booster pumping stations, storage tanks, the vehicle and equipment fleet, treatment plants, all warehouses, and other buildings.

The Engineering Department is projecting a $20,450 or 1.12% increase from the previous year's budget. In 2016, the amount budgeted for capitalized labor is $360,000. This $360,000 in labor costs will be reflected as capital charges rather than operating expense. The total number of budgeted employees in the department remains constant at 22 employees with no vacancies. Engineering is responsible for planning, design, and construction inspection of improvements within the CAW system.

The Finance Department is projecting a 2016 budget decrease of $12,800 or 0.48%. The primary cause for the decrease is a reduction in contractual services anticipated for the 2016 budget year. The total number of employees budgeted for the department remains consistent with 2015 at 20, with no vacant positions. The Finance department is responsible for finance, budgeting, purchasing, and billing.

Customer Relations & Public Affairs combines Customer Service, Communications and Public Affairs. A comparison of the budget shows an increase of $74,250 or 1.60% when comparing 2015 to 2016. Customer Relations converted one FT to two PT positions, thereby increasing their employee count by one to a total of 63 employees for 2016. The increased costs are included in labor and benefits and contract services. Customer Relations provides customers with information, resolves problems, and reads water meters. Communications includes the annual costs for all marketing and education efforts as well as the water quality report.

The Information Services Department budget for 2016 reflects an increase of $57,300 or 1.87%. The total increase is associated payroll costs from the 2% pay plan with other cost categories remaining consistent. The total number of departmental employees remains constant at 17, with all positions filled. The IS Department oversees information services, computer operations, and telecommunications.

The Administration Department is projecting a $34,000 or 1.29% budget increase from 2015. In addition to the budgeted labor and benefits increases, a second Human Resources Specialist position will be filled for the first time. Charitable contributions were increased by $78,000 for the Help to Others (H2O) program which helps fund local agencies providing assistance to customers. The number of staff budgeted for the Administration Department includes 13 positions. At budget time there are two vacancies, the Human Resources Specialist and an Administrative Assistant position. Both positions are planned to be filled by the current year end. The Administration Department includes Human Resources, Environmental Health & Safety (EHS), Legal and Commissioners' expenses. Human Resources includes funds for employee assistance/wellness programs and employee training programs, such as diversity and supervisory training. Also included are amounts for recruitment, and succession planning/leadership development programs. EHS includes safety

training, facilities security, and building maintenance. Other Administration costs include professional services.

The General category budget reflects a $29,200 or 1.41% increase from 2015. This area of the budget includes expenditures for other post-employment benefits (OPEB), workers compensation, and future water resources. The General category also includes costs for business insurance, uncollectible accounts, utilities, and building maintenance items for the JTH facility.

Depreciation reflects an increase of $432,800 or 3.85%. Depreciation expense is directly affected as capital projects are completed and fixed assets are acquired. Asset types determine the service life used for depreciation and range from 75 years for distribution mains to five years for electronics. The Utility capitalizes individual property acquisitions in excess of $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 in respect of the Utility's real property and improvements located within the corporate limits of each city had such real property and improvements been subject to ad valorem taxation.

Interest expense is budgeted net of capitalized interest. Capitalized interest is interest incurred during the process of acquiring or constructing a capital asset, or interest that could have been avoided by paying down debt rather than cash-financing capital projects. Capitalized interest is included as part of the cost of the associated asset. The 2016 Financial Plan includes approximately $272,600 in capitalized interest.

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; and Unrestricted.

Overall, the 2016 budget will result in a Net Position increase of approximately $4,716,000, or approximately $1,463,000 before contributions.

STATEMENT OF REVENUES AND EXPENSES
(BY DEPARTMENT – PERCENTAGE CHANGES)

	2014 ACTUAL	2015 PROJECTED	2015 BUDGET	2016 BUDGET	CHANGE FROM 2015 PROJECTED	CHANGE FROM 2015 BUDGET
Operating Revenues						
Retail Water Sales	$ 41,212,117	$ 42,666,680	$ 44,973,704	$ 44,296,640	3.82%	(1.51%)
Wholesale Water Sales	3,858,475	3,695,287	3,901,290	3,822,161	3.43%	(2.03%)
Penalties and Turn-on Charges	1,926,842	1,896,436	1,985,000	1,915,000	0.98%	(3.53%)
Ancillary Charges	3,929,969	4,032,838	4,155,400	4,091,230	1.45%	(1.54%)
Other Revenue	670,741	778,209	865,400	640,400	(17.71%)	(26.00%)
Total Operating Revenues	***51,598,144***	***53,069,450***	***55,880,794***	***54,765,431***	***3.20%***	***(2.00%)***
Operating Expenses						
Source & Treatment	7,717,004	8,253,123	9,089,067	9,152,460	10.90%	0.70%
Distribution	10,659,085	10,247,242	10,384,663	10,624,297	3.68%	2.31%
Engineering	1,821,276	1,779,540	1,822,091	1,842,543	3.54%	1.12%
Customer Relations & Public Affairs	4,458,680	4,540,544	4,647,157	4,721,414	3.98%	1.60%
Finance	2,548,209	2,634,494	2,660,449	2,647,626	0.50%	(0.48%)
Information Services	3,133,821	3,025,139	3,057,396	3,114,693	2.96%	1.87%
Administration	2,471,360	2,652,343	2,629,635	2,663,624	0.43%	1.29%
Water Quality	1,911,167	2,173,377	2,382,646	2,252,837	3.66%	(5.45%)
General	1,971,006	2,025,927	2,077,156	2,106,347	3.97%	1.41%
Depreciation	10,786,930	11,227,936	11,246,710	11,679,475	4.02%	3.85%
Total Operating Expenses	***47,478,538***	***48,559,665***	***49,996,970***	***50,805,316***	***4.62%***	***1.62%***
Operating Income (Loss)	***4,119,606***	***4,509,785***	***5,883,824***	***3,960,115***	***(12.19%)***	***(32.69%)***
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(658,776)	(663,376)	(671,952)	(675,516)	1.83%	0.53%
Investment Income	199,334	167,657	105,165	144,000	(14.11%)	36.93%
Gain/Loss on Sale of Assets	26,456	59,877	-	-	100.00%	0.00%
Bond Interest Expense	(2,300,968)	(2,253,565)	(2,160,790)	(1,860,328)	(17.45%)	(13.91%)
Interest Expense-Other	(19,459)	(39,921)	(49,176)	(105,752)	164.90%	115.05%
Total Non-operating Revenue (Expense)	***(2,753,413)***	***(2,729,328)***	***(2,776,753)***	***(2,497,596)***	***(8.49%)***	***(10.05%)***
Net Income (Loss) Before Contributions	***1,366,193***	***1,780,457***	***3,107,071***	***1,462,519***	***(17.86%)***	***(52.93%)***
Contributions						
Capital Contributions from Grantors	-	2,580,333	2,473,333	2,153,000	(16.56%)	(12.95%)
Contributions-in-aid of Construction	2,253,550	2,086,287	1,100,000	1,100,000	(47.27%)	0.00%
Total Contributions	***2,253,550***	***4,666,620***	***3,573,333***	***3,253,000***	***(30.29%)***	***(8.96%)***
Change in Net Position	***$ 3,619,743***	***$ 6,447,077***	***$ 6,680,404***	***$ 4,715,519***	***(26.86%)***	***(29.41%)***

STATEMENT OF REVENUES AND EXPENSES
(BY NATURAL CLASSIFICATION – PERCENTAGE CHANGES)

	2014 ACTUAL	2015 PROJECTED	2015 BUDGET	2016 BUDGET	CHANGE FROM 2015 PROJECTED	CHANGE FROM 2015 BUDGET
Operating Revenues						
Retail Water Sales	$ 41,212,117	$ 42,666,680	$ 44,973,704	$ 44,296,640	3.82%	(1.51%)
Wholesale Water Sales	3,858,475	3,695,287	3,901,290	3,822,161	3.43%	(2.03%)
Penalties and Turn-on Charges	1,926,842	1,896,436	1,985,000	1,915,000	0.98%	(3.53%)
Ancillary Charges	3,929,969	4,032,838	4,155,400	4,091,230	1.45%	(1.54%)
Other Revenue	670,741	778,209	865,400	640,400	(17.71%)	(26.00%)
Total Operating Revenues	***51,598,144***	***53,069,450***	***55,880,794***	***54,765,431***	***3.20%***	***(2.00%)***
Operating Expenses						
Labor and Benefits	22,166,912	22,784,556	22,794,577	23,339,510	2.44%	2.39%
Materials, Supplies, and Maintenance	6,039,122	5,636,898	5,997,866	5,788,931	2.70%	(3.48%)
Electric and Other Utilities	3,220,722	3,404,497	3,443,316	3,418,656	0.42%	(0.72%)
Contract Services	3,533,778	3,579,316	3,881,501	3,865,694	8.00%	(0.41%)
Chemicals	1,364,471	1,587,077	2,296,000	2,262,550	42.56%	(1.46%)
Depreciation	10,786,930	11,227,936	11,246,710	11,679,475	4.02%	3.85%
Other	366,603	339,385	337,000	450,500	32.74%	33.68%
Total Operating Expenses	***47,478,538***	***48,559,665***	***49,996,970***	***50,805,316***	***4.62%***	***1.62%***
Operating Income (Loss)	***4,119,606***	***4,509,785***	***5,883,824***	***3,960,115***	***(12.19%)***	***(32.69%)***
Non-operating Revenue (Expense)						
Payment-in-lieu-of-taxes	(658,776)	(663,376)	(671,952)	(675,516)	1.83%	0.53%
Investment Income	199,334	167,657	105,165	144,000	(14.11%)	36.93%
Gain/Loss on Sale of Assets	26,456	59,877	-	-	(100.00%)	0.00%
Bond Interest Expense	(2,300,968)	(2,253,565)	(2,160,790)	(1,860,328)	(17.45%)	(13.91%)
Interest Expense-Other	(19,459)	(39,921)	(49,176)	(105,752)	164.90%	115.05%
Total Non-operating Revenue (Expense)	***(2,753,413)***	***(2,729,328)***	***(2,776,753)***	***(2,497,596)***	***(8.49%)***	***(10.05%)***
Net Income (Loss) Before Contributions	***1,366,193***	***1,780,457***	***3,107,071***	***1,462,519***	***(17.86%)***	***(52.93%)***
Contributions						
Capital Contributions from Grantors	-	2,580,333	2,473,333	2,153,000	(16.56%)	(12.95%)
Contributions-in-aid of Construction	2,253,550	2,086,287	1,100,000	1,100,000	(47.27%)	0.00%
Total Contributions	***2,253,550***	***4,666,620***	***3,573,333***	***3,253,000***	***(30.29%)***	***(8.96%)***
Change in Net Position	***$ 3,619,743***	***$ 6,447,077***	***$ 6,680,404***	***$ 4,715,519***	***(26.86%)***	***(29.41%)***

STATEMENT OF REVENUES

	INSIDE	OUTSIDE	TOTAL
Operating Revenues			
Retail Water Sales – Little Rock			
Residential	$ 9,755,206	$ 2,414,150	$ 12,169,356
Commercial	7,197,164	285,488	7,482,652
Large Volume	1,604,797	179,574	1,784,371
Sprinkler	8,675,754	192,580	8,868,334
Raw Water	22,185	48,000	70,185
Private Fire Service	435,850	47,253	483,103
Total Little Rock	**27,690,956**	**3,167,045**	**30,858,001**
Retail Water Sales – North Little Rock			
Residential	3,555,202	4,174,769	7,729,971
Commercial	2,330,574	828,921	3,159,495
Large Volume	491,156	43,874	535,030
Sprinkler	1,321,220	534,538	1,855,758
Private Fire Service	82,256	76,129	158,385
Total North Little Rock	**7,780,408**	**5,658,231**	**13,438,639**
Total Retail Water Sales	**35,471,364**	**8,825,276**	**44,296,640**
Wholesale Water Sales			
Bryant Water and Sewer Department		976,511	976,511
Shannon Hills		153,621	153,621
Sardis Water Association		82,763	82,763
Saline County Water & Sewer Public Facilities Board (Woodland Hills)		13,241	13,241
Salem Water Users Association		908,110	908,110
Jacksonville Water Works		1,278,476	1,278,476
North Pulaski Waterworks Association		224,465	224,465
Ridgefield Estates Public Facilities Board		14,599	14,599
Cabot Water Works		170,375	170,375
Total Wholesale Water Sales		**3,822,161**	**3,822,161**
Penalties and Turn-on Charges			
Penalties		900,000	900,000
Turn-on Charges		1,015,000	1,015,000
Total Penalties and Turn-on Charges		**1,915,000**	**1,915,000**
Ancillary Charges			
Billing and Ancillary Fees		1,868,030	1,868,030
Connection Fees		770,000	770,000
Watershed Protection Fees		1,012,000	1,012,000
Capital Investment Charges		121,200	121,200
System Development Charges		320,000	320,000
Total Ancillary Charges		**4,091,230**	**4,091,230**
Other Revenue		**640,400**	**640,400**
Total Operating Revenues	**35,471,364**	**19,294,067**	**54,765,431**
Non-operating Revenues			
Interest Income		101,000	101,000
Bond Issue Interest Income		43,000	43,000
Total Non-operating Revenues		**144,000**	**144,000**
Total Operating and Non-operating Revenues	**$ 35,471,364**	**$ 19,438,067**	**$ 54,909,431**

STATEMENT OF OPERATING EXPENSES
(BY DEPARTMENT AND NATURAL CLASSIFICATION)

	Labor and Benefits	Materials Supplies and Maintenance	Electric and Other Utilities	Contract Services	Chemicals	Depreciation	Other	Departmental Total
Administration								
Administration	$ 1,047,668	$ 94,060	$ 960	$ 184,520	$ -	$ -	$ 114,000	$ 1,441,208
Human Resources	530,972	31,882	-	40,950	-	-	-	603,804
Environmental Health & Safety	345,472	62,700	740	194,100	-	-	-	603,012
Commissioners Expense	-	1,200	-	14,400	-	-	-	15,600
Total Administration	***1,924,112***	***189,842***	***1,700***	***433,970***	***-***	***-***	***114,000***	***2,663,624***
Information Services								
Administration	1,073,746	774,865	412,500	6,500	-	-	-	2,267,611
Geographic Information System	625,128	213,454	-	8,500	-	-	-	847,082
Total Information Systems	***1,698,874***	***988,319***	***412,500***	***15,000***	***-***	***-***	***-***	***3,114,693***
Customer Relations & Public Affairs								
Administration	270,131	108,650	17,500	68,883	-	-	-	465,164
Cashiering	394,023	-	-	-	-	-	-	394,023
Call Center	834,976	-	-	-	-	-	-	834,976
Walk-in	267,331	-	-	-	-	-	-	267,331
Field	1,341,334	16,000	-	-	-	-	-	1,357,334
Meter Reading	362,279	2,000	-	-	-	-	-	364,279
Production Meter Reading	585,098	-	-	-	-	-	-	585,098
Communications	84,959	186,350	900	159,500	-	-	18,500	450,209
Public Policy	-	500	-	2,500	-	-	-	3,000
Total Customer Service	***4,140,131***	***313,500***	***18,400***	***230,883***	***-***	***-***	***18,500***	***4,721,414***
Finance								
Administration	1,026,384	38,880	1,536	348,200	-	-	-	1,415,000
Billing	386,206	600,000	-	-	-	-	-	986,206
Purchasing	239,520	1,000	-	5,900	-	-	-	246,420
Total Finance	***1,652,110***	***639,880***	***1,536***	***354,100***	***-***	***-***	***-***	***2,647,626***
General and Depreciation	***1,025,276***	***211,500***	***112,000***	***439,571***	***-***	***11,679,475***	***318,000***	***13,785,822***
Engineering								
Administration	1,114,986	60,300	3,840	39,089	-	-	-	1,218,215
New Service	158,560	580	-	780	-	-	-	159,920
Cross-Connection Control	282,175	14,880	1,440	1,350	-	-	-	299,845
Regionalism	162,063	1,300	480	720	-	-	-	164,563
Total Engineering	***1,717,784***	***77,060***	***5,760***	***41,939***	***-***	***-***	***-***	***1,842,543***
Source & Treatment								
Administration	337,654	1,025	-	6,200	-	-	-	344,879
Lake Maumelle	658,910	52,675	1,150,800	16,598	32,500	-	-	1,911,483
Lake Winona	225,566	25,760	14,000	1,848	10,000	-	-	277,174
Ozark Point Plant	480,298	30,100	111,000	151,000	874,650	-	-	1,647,048
Wilson Plant	1,261,820	102,000	569,960	742,696	1,345,400	-	-	4,021,876
Booster Stations/Jackson Reservoir	-	-	950,000	-	-	-	-	950,000
Total Source & Treatment	***2,964,248***	***211,560***	***2,795,760***	***918,342***	***2,262,550***	***-***	***-***	***9,152,460***
Distribution								
Administration	530,388	194,800	67,500	646,989	-	-	-	1,439,677
Meters, Warehouse, and Dispatch	1,050,867	4,000	-	-	-	-	-	1,054,867
Pump Station Maintenance	453,843	97,000	-	-	-	-	-	550,843
Plant Maintenance – Ozark/Wilson	721,631	280,000	-	-	-	-	-	1,001,631
Distribution System Maintenance	4,299,779	2,277,500	-	-	-	-	-	6,577,279
Total Distribution	***7,056,508***	***2,853,300***	***67,500***	***646,989***	***-***	***-***	***-***	***10,624,297***
Water Quality								
Administration	424,888	70,750	3,500	503,100	-	-	-	1,002,238
Watershed Management	111,042	36,000	-	184,100	-	-	-	331,142
Watershed Stew ard	112,581	19,000	-	50,200	-	-	-	181,781
Laboratory	511,956	178,220	-	47,500	-	-	-	737,676
Total Water Quality	***1,160,467***	***303,970***	***3,500***	***784,900***	***-***	***-***	***-***	***2,252,837***
Total	***$ 23,339,510***	***$ 5,788,931***	***$ 3,418,656***	***$ 3,865,694***	***$ 2,262,550***	***$ 11,679,475***	***$ 450,500***	***$ 50,805,316***

STATEMENT OF NET POSITION

Beginning Net Position, 1/1/2015	$ 355,159,096
Operating Revenues, 2015	53,069,450
Operating Expenses, 2015	(48,559,665)
Other Expense, 2015	(2,729,328)
Contributions, 2015	4,666,620
Change in Net Position, 2015	6,447,077
Ending Net Position, 12/31/2015	361,606,173
Beginning Net Position, 1/1/2016	361,606,173
Operating Revenues, 2016	54,765,431
Operating Expenses, 2016	(50,805,316)
Other Expense, 2016	(2,497,596)
Contributions, 2016	3,253,000
Change in Net Position, 2016	4,715,519
Ending Net Position, 12/31/2016	**$ 366,321,692**

Ending Net Position is based on 2015 projected numbers and 2016 budgeted numbers.

BUDGETED POSITIONS

In the O&M section, Central Arkansas Water budgets individual employee positions each year. Total budgeted positions remain unchanged in the 2016 budget. A total of 293 budgeted positions are identified in detail in the accompanying Summary of Budgeted Positions which lists the department, position title, and number of budgeted or actual positions. A numerical index indicates 1 – positions removed from authorized staffing, 2 – temporary positions, 3 – positions moved to/from another department, 4 – a Wye Mountain employee added to staffing, 5 – new positions, 6 – a position replacement, and 7a,b,c,d – positions reclassified.

Administration

The Administration Department includes Human Resources, Environmental Health & Safety, as well as the Chief Executive Officer and his staff. The executive staff includes the Chief Legal Counsel position. Administration is budgeted at a total of 13 positions with two vacancies as of September 1, 2015. The Administrative Assistant and Human Resources Specialist positions are in process to be filled before the 2015 year end.

Finance

The Finance Department is unchanged from the 2015 budget with a total of 20 employees. The 2016 Finance budgeted positions include 11 Accounting staff, three Purchasing staff and six Billing staff. Finance will employ two part-time CAW retirees.

Customer Relations & Public Affairs

The 2016 budgeted positions for Customer Relations & Public Affairs shows an increase of one employee over the 2015 budget due to change of one full-time to two part-time positions. The total full-time customer service representatives decreased from 15 to 13 and the part-time representatives were increased to three to offer improved coverage for customer service. The department includes 61 Customer Service employees, one Communications Assistant, and one Director Position for a total of 63 employees. This department employs two CAW retirees who work on a part-time basis.

Information Services

The budgeted Information Services staff remains constant from 2015 to 2016 at 17 employees, which includes seven GIS staff. Actual department employment is 17, with no open positions.

Engineering

The Engineering Department includes 14 Engineering staff, three New Service staff, three Cross Connection staff, and one employee in Regionalism. The department currently includes 22 employees with no vacancies. Two positions, the New Service Coordinator and one New Service Representative, are filled by CAW retirees who work on a part-time basis.

Source & Treatment

The budgeted positions for Source & Treatment remain constant at a total of 34 employees for the 2016 budget year. Source & Treatment and Water Quality are under the direction of the Director of Water Quality & Operations. Source & Treatment staff includes Administrative personnel, a Senior Engineer, Rangers, Treatment Plant and Water Source employees. There are four vacancies at budget time – two Pumping Facility Operators and two Plant Maintenance Workers.

Water Quality

Water Quality staffing for 2016 includes a total of 11 budgeted positions. The reduction in budgeted positions was created by the retirement of a Laboratory Technician and the position was not refilled. The department positions include seven Laboratory staff consisting of a Water Quality Specialist, Laboratory Manager, a Chemist, two Laboratory Technicians, and two Field Laboratory Technicians. The department also includes the Director of Water Quality & Operations, the Assistant Director of Water Quality, the Watershed Protection Manager, and the Conservation Coordinator (formerly the Stewardship Coordinator).

Distribution

Total staffing in Distribution remains constant at 113 employees for the 2016 budget period. Distribution includes a Director and Administrative staff, Dispatchers, Warehouse and Meter Shop staff, Electricians, and other Distribution staff. At budget time, the Assistant Director of Distribution, a Water Distribution Specialist and a Foreman position are vacant.

Change in Budgeted Positions by Year					
	2012	**2013**	**2014**	**2015**	**2016**
Administration	0	-4	0	+1	0
Finance	0	-1	0	0	0
Information Services	+2	0	0	0	0
Engineering	0	+1	-1	-1	0
Source & Treatment	+1	-6	+1	-1	0
Distribution	+1	-3	0	+4	0
Water Quality	N/A	N/A	0	+1	-1
Customer Relations & Public Affairs	0	+1	0	+2	+1

SUMMARY OF BUDGETED POSITIONS

	2012 Budget	2013 Budget	2014 Actual	2015 Budget	9/1/2015 Actual	2016 Budget
Administration						
Chief Executive Officer	1	1	1	1	1	1
[5] Chief Legal Counsel	0	0	1	1	1	1
Chief Operating Officer	1	1	1	1	1	1
Technical Services Officer	1	1	1	1	1	1
Management Secretary	1	1	1	1	1	1
[3] Administrative Assistant	0	0	1	1	0	1
Chief Administrative Officer	1	1	1	1	1	1
Human Resources Specialist	2	2	1	2	1	2
Human Resources Assistant	1	1	1	1	1	1
[3] Communications Assistant	1	1	0	0	0	0
Director of Environmental Health & Safety	1	1	1	1	1	1
Safety Specialist	1	1	1	1	1	1
Office Maintenance Worker	1	1	1	1	1	1
[3] Director of Watershed Management	1	0	0	0	0	0
[3] Watershed Administrator	1	0	0	0	0	0
[2,3] Watershed Intern – P/T, Temp	1	0	0	0	0	0
[3,7b] Conservation Coordinator	1	0	0	0	0	0
Total	16	12	12	13	11	13
Finance						
Chief Financial Officer	1	1	1	1	1	1
Administrative Assistant	1	1	0	0	0	0
Controller	2	2	1	1	1	1
Finance Manager	0	0	0	1	1	1
General Accountant	2	2	2	2	2	2
Accountant Assistant	1	1	0	0	0	0
Accounting Clerk I, II	4	4	4	5	5	5
Clerical - P/T	0	0	0	1	1	1
Purchasing/Records Clerk	1	1	1	1	1	1
Warehouse Buyer	1	1	1	1	1	1
Purchasing Manager	1	1	1	1	1	1
Billing Supervisor	1	1	1	1	1	1
Billing Account Specialist	4	5	4	4	4	4
Billing Account Specialist – P/T	2	0	1	1	1	1
Total	21	20	17	20	20	20
Customer Relations & Public Affairs						
Director of Customer Relations & Public Affairs	0	0	1	1	1	1
Customer Service Manager	1	1	1	1	1	1
Customer Service Supervisor – Office	1	1	1	1	1	1
Customer Service Assistant Supervisor	1	1	1	1	1	1
[7a] Customer Service Records Clerk	1	0	0	0	0	0
[7a] Cashier/PT Cashier	2	3	3	3	3	3
Receptionist	1	1	1	1	1	1
Customer Service Office Representative Walk-in	4	4	4	4	4	4
[7d] Customer Service Office Representative Call Center	15	14	14	15	13	13
[5,7d] Customer Service Office Representative Call Center - P/T	0	1	0	0	3	3
Customer Service Supervisor – Field	1	1	1	1	1	1
Customer Service Assistant Supervisor – Field	1	1	1	1	1	1
Customer Service – Field Representative	14	14	14	14	14	14
Customer Relations Specialist	1	1	1	1	1	1
Customer Relations Specialist – P/T	1	1	1	1	1	1
[4] Meter Reader	4	5	5	5	5	5
Production Meter Reader – P/T	11	11	11	11	11	11
[3] Communications Assistant	0	0	1	1	1	1
Total	59	60	61	62	63	63

SUMMARY OF BUDGETED POSITIONS

		2012 Budget	2013 Budget	9/1/2014 Actual	2015 Budget	9/1/2015 Actual	2016 Budget
	Information Services						
	Director of Information Services	1	1	1	1	1	1
	Network Administrator	2	2	2	2	2	2
	Information Services Technician I, II	2	2	2	2	2	2
	Help Desk Technician	1	1	1	1	1	1
	Database Coordinator	2	2	2	2	2	2
	Computer Operator	2	2	2	2	2	2
	Database Administrator	1	1	1	1	1	1
	GIS Manager	1	1	1	1	1	1
	GIS Technician	4	4	4	4	4	4
	Field Data Collector	1	1	1	1	1	1
	Total	17	17	17	17	17	17
	Engineering						
	Director of Engineering	1	1	1	1	1	1
	Engineering Administrative Assistant	1	1	1	1	1	1
	New Service Coordinator - P/T	1	1	1	1	1	1
	Engineering Technician	8	8	8	8	7	8
	Engineering Aide	1	1	1	1	1	1
3	Engineer / SR Engineer	3	4	3	3	3	3
	New Service Representative	2	2	2	2	2	2
	New Service Representative - P/T	1	1	1	1	1	1
	Water Regulations Specialist	3	3	3	3	3	3
	MGR. of Planning, Regionalism & Future Water Source	1	1	1	1	1	1
3	Administrative Assistant	1	1	0	0	0	0
	Total	23	24	22	22	21	22
	Water Quality						
	Director of Water Quality & Operations	-	1	1	1	1	1
	Assistant Director of Water Quality	-	0	0	1	1	1
6	Watershed Protection Manager	-	1	0	1	1	1
	Watershed Administrator	-	1	0	0	0	0
7b	Conservation Coordinator	-	1	1	1	1	1
3	Water Quality Specialist	-	1	1	1	1	1
3	Laboratory Manager	-	1	1	1	1	1
3,7c	Chemist	-	0	0	1	1	1
3,7c	Laboratory Technician	-	3	3	3	2	2
3	Field Laboratory Technician	-	2	2	2	2	2
	Total	New Dept 2012	11	9	12	11	11
	Source & Treatment						
	Director of Source & Treatment	1	1	0	0	0	0
	System & Administrative Coordinator	1	1	1	1	1	1
	Assistant Director of Operations	1	1	1	1	1	1
3	Senior Engineer	0	0	1	1	1	1
3	Water Quality Specialist	1	0	0	0	0	0
3	Laboratory Manager	1	0	0	0	0	0
3	Laboratory Technician	3	0	0	0	0	0
3	Field Laboratory Technician	2	0	0	0	0	0
	Treatment Plant Supervisor	2	2	2	2	2	2
	Plant Maintenance Worker	2	2	1	2	0	2
	Treatment Plant Operator	17	17	17	17	17	17
	Supervisor – Lake Winona	1	1	1	1	1	1
	Maintenance Repair Worker	1	1	1	1	1	1
	Ranger	2	2	2	2	2	2
	Supervisor of Water Resources	1	1	1	1	1	1
2	Replacement Supervisor of Water Sources	0	0	0	0	0	0
5	Pumping Facility Operator	4	5	3	5	3	5
	Total	40	34	31	34	30	34
	Total Water Quality & Operations	40	45	40	46	41	45

SUMMARY OF BUDGETED POSITIONS

	2012 Budget	2013 Budget	9/1/2014 Actual	2015 Budget	9/1/2015 Actual	2016 Budget
Distribution						
Director of Distribution	1	1	1	1	1	1
Distribution Administrative Assistant	1	1	1	1	1	1
Assistant Director of Distribution	1	1	1	1	0	1
3 Distribution Engineer	1	0	0	0	0	0
Distribution Manager	0	1	1	1	1	1
Dispatcher / Lead Dispatcher	5	5	5	5	5	5
Warehouse Foreman	1	1	1	1	1	1
Warehouse Specialist	5	5	4	4	4	4
Field Meter Repairer	3	3	3	3	3	3
Meter Shop Foreman	1	1	1	1	1	1
Instrument Technician I, II	4	4	3	3	3	3
Maintenance Technician	6	6	6	6	6	6
Lead Groundskeeper	1	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1	1
Industrial Electrician	2	2	2	2	2	2
Distribution Supervisor	7	6	6	6	6	6
Water Distribution Specialist I, II, III	45	43	44	48	48	49
Troubleshooter	7	7	7	7	7	7
Foreman	19	19	19	20	18	19
Distribution Coordinator	1	1	1	1	1	1
Total	112	109	108	113	110	113
Total All Departments	288	287	277	293	283	293

1 Position removed from authorized staffing
2 Temporary position
3 Position moved to/from another department
4 Added Wye Mountain employee
5 New position
6 Director of Watershed Management position replaced by Watershed Protection Manager
7a Customer Service Records Clerk position reclassified as a Cashier position
7b Stewardship Coordinator re-titled Conservation Coordinator
7c One Laboratory Technician reclassified as Chemist
7d Two Fulltime Customer Service Office Representatives reclassified as P/T

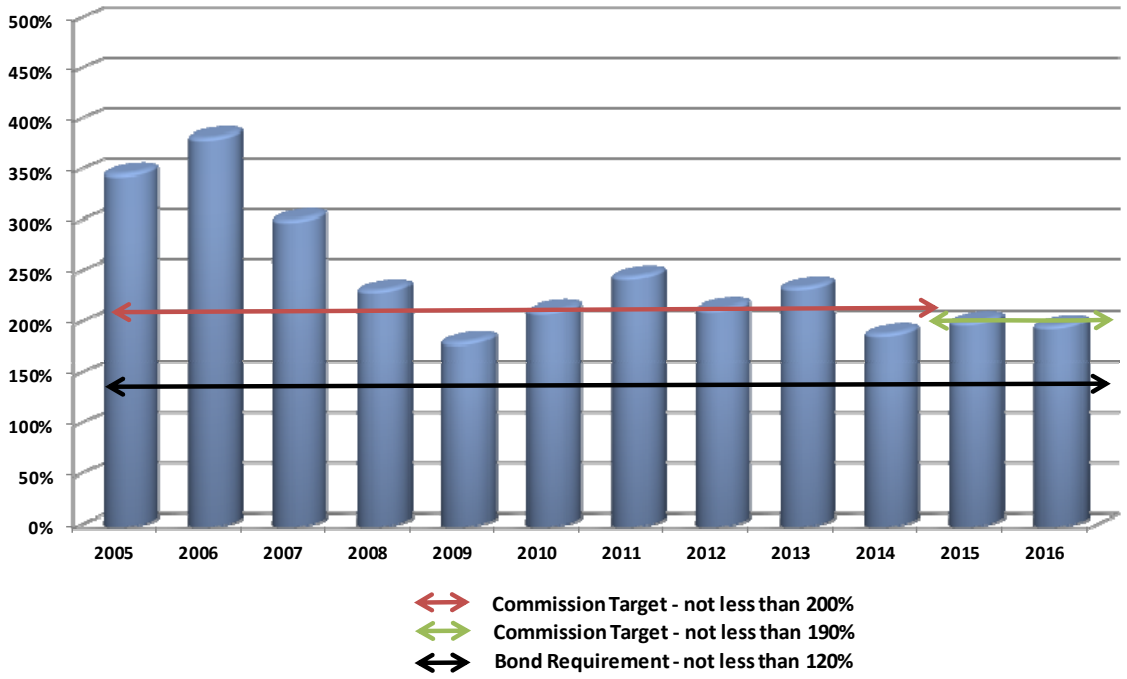
DEBT-SERVICE – OVERVIEW

Revenue Bonds 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.

OUTSTANDING BOND ISSUES

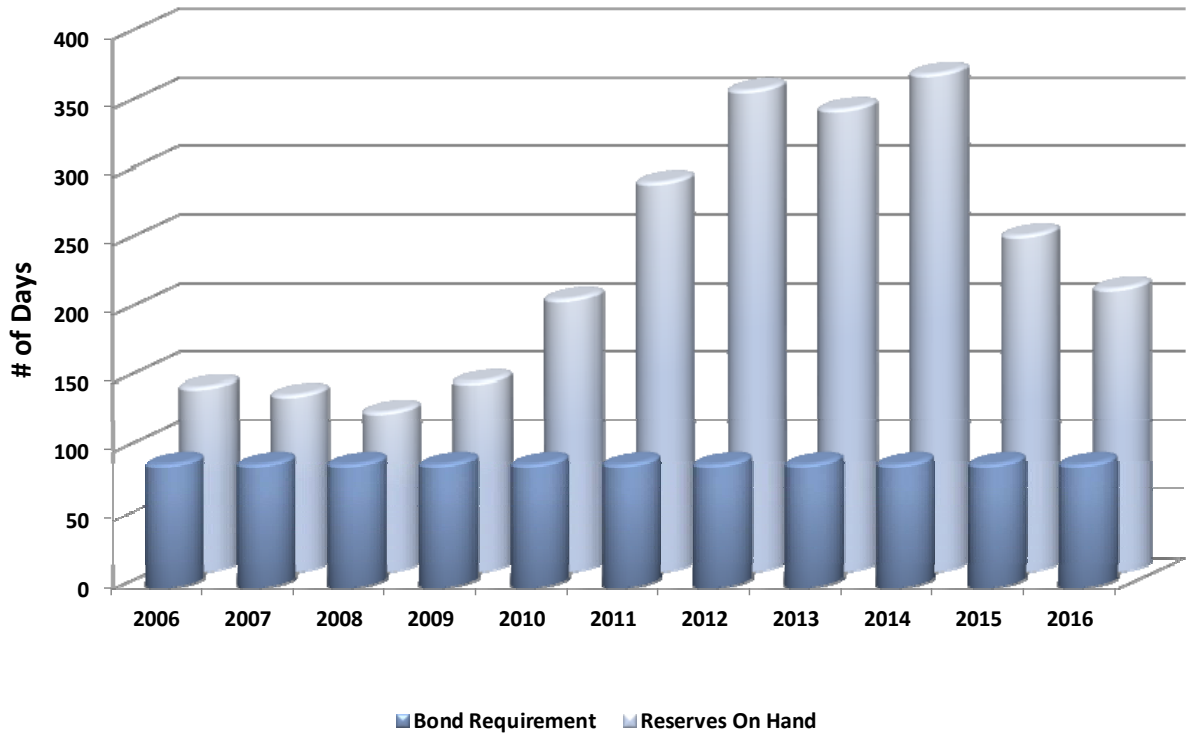
Issue	Maturity Date	Original Amount	Outstanding Balance (June, 2015)
2007	September 2027	$ 17,625,000	$ 13,330,000
2010a	October 2032	$ 13,400,000	$ 12,002,000
2010b	September 2030	$ 9,230,000	$ 7,745,000
2010c	September 2030	$ 8,830,000	$ 3,410,000
2011a	April 2034	$ 4,000,000	$ 3,855,000
2011b	September 2022	$ 13,500,000	$ 10,310,000
2012a	September 2032	$ 17,515,000	$ 16,120,000
2014	October 2034	$ 10,850,000	$ 10,085,000
2015	October 2030	$ 7,445,000	N/A
TOTAL		$102,395,000	$76,857,000

Debt-Service Coverage Ratio by Year



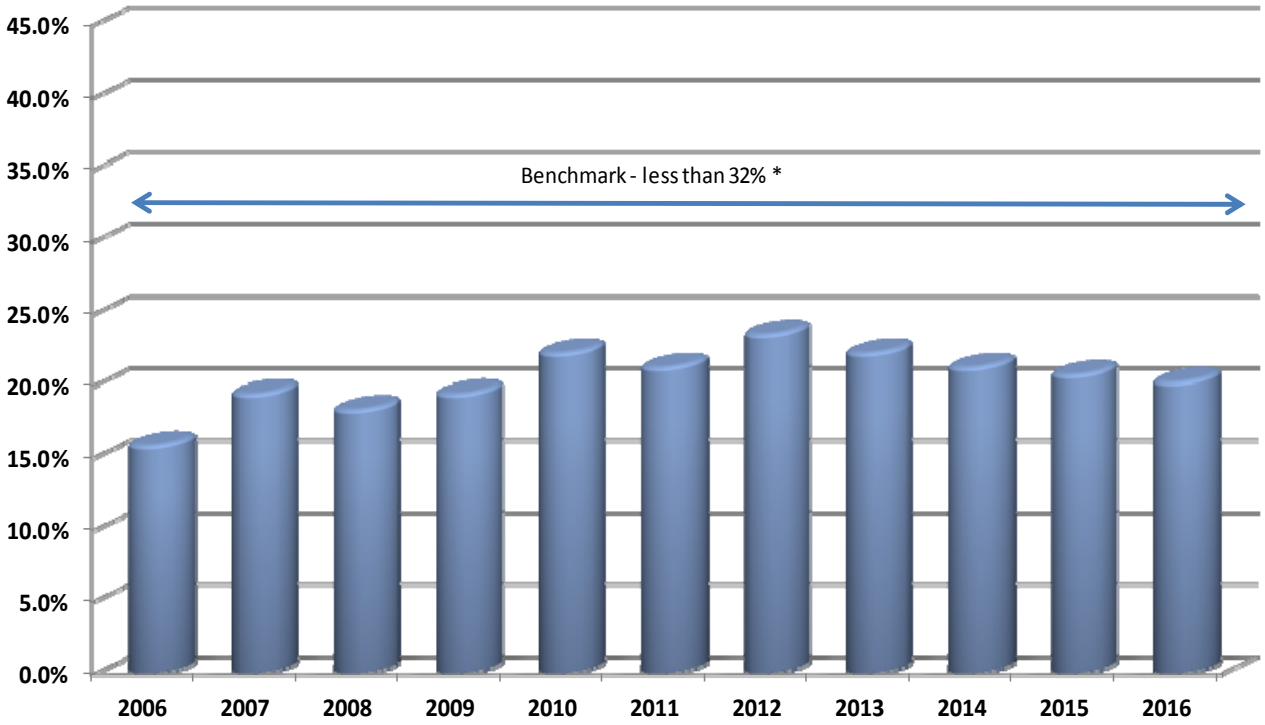
Bond covenants state that debt-service coverage must not be less than 120% of the aggregate debt-service due during the forthcoming fiscal year. Prior to 2015, The Commission had maintained a more conservative target of 200% including Rate Stabilization Account transfers. Resolution 2015-01 was enacted in March of 2015 to clearly define triggers for Rate Stabilization Account transfers. The resolution establishes a debt service coverage target of 190%. Coverage ratios at or below 175% shall trigger a transfer from the Rate Stabilization Account and coverage ratios in excess of 200% shall trigger the transfer of general revenue funds to the Rate Stabilization Account. The chart above shows actual coverage for 2005 through 2014, projected coverage for 2015, and budgeted coverage for 2016. The Utility maintained coverage consistently above the previous 200% Commission target with the exception of 2009. The Rate Stabilization Account was established the following year. The Utility met the revised 190% Commission target in 2014. Utility projections reflect coverage at 201% for 2015.

Operating Reserves by Year



Bond covenants also require operating reserves to be maintained at a minimum level of three months of budgeted operating costs. The chart above shows actual reserves on hand compared to the bond requirement for 2006 through 2014 and planned reserves on hand compared to the bond requirement for 2015 and 2016 based on forecasted numbers. The elevated reserves beginning in 2010 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 wet and cool summers in 2014 and 2015 also contributed to a decline in reserves. The 2016 budgeted decline in reserves is a result of no rate increase in 2015 or 2016 to fund operations.

Debt Utilization Ratio by Year



* the benchmark is derived from a 2013 survey by the American Water Works Association wherein the median debt obligation for all utilities was 32%

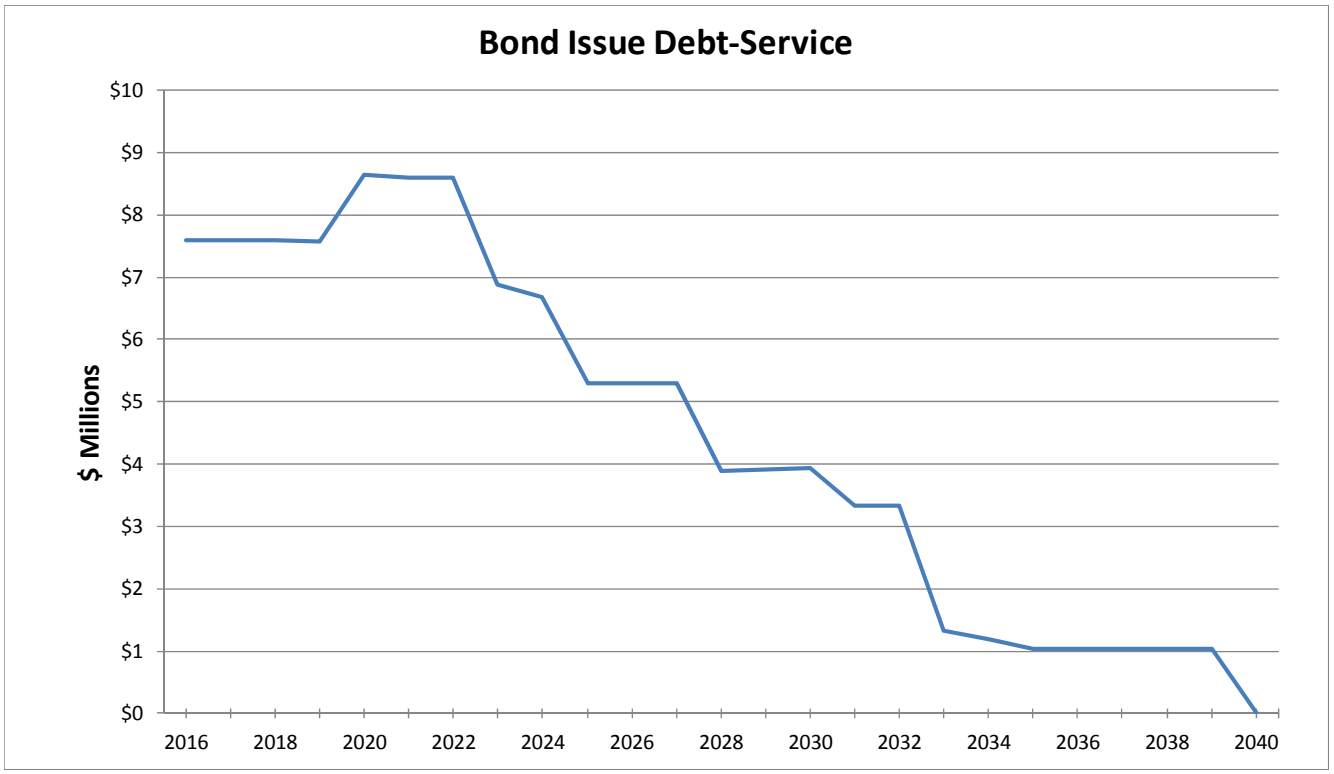
A $15.2 million 20 year ANRC Bond issue is planned for late 2016. Proceeds from this bond issue will be drawn over the next three years and utilized for rehabilitations and upgrades to the Ozark Point Plant and to rehabilitate Pump Station #1A at the Wilson Plant. Repayment of this bond will begin in 2020. During late 2015 or the first quarter of 2016, CAW plans to assume a loan in the amount of $3,561,400 from the Department of the U.S. Army to purchase water rights on 100 MGD from DeGray Lake.

The chart above depicts CAW's actual debt utilization ratio for 2006 through 2014 and estimated ratios for 2015 and 2016 factoring in planned debt additions and repayments, as well as additional capital assets net of anticipated accumulated depreciation. Based on these estimates, the Utility's debt position will remain positive and well below the AWWA benchmark.

DEBT-SERVICE SCHEDULE

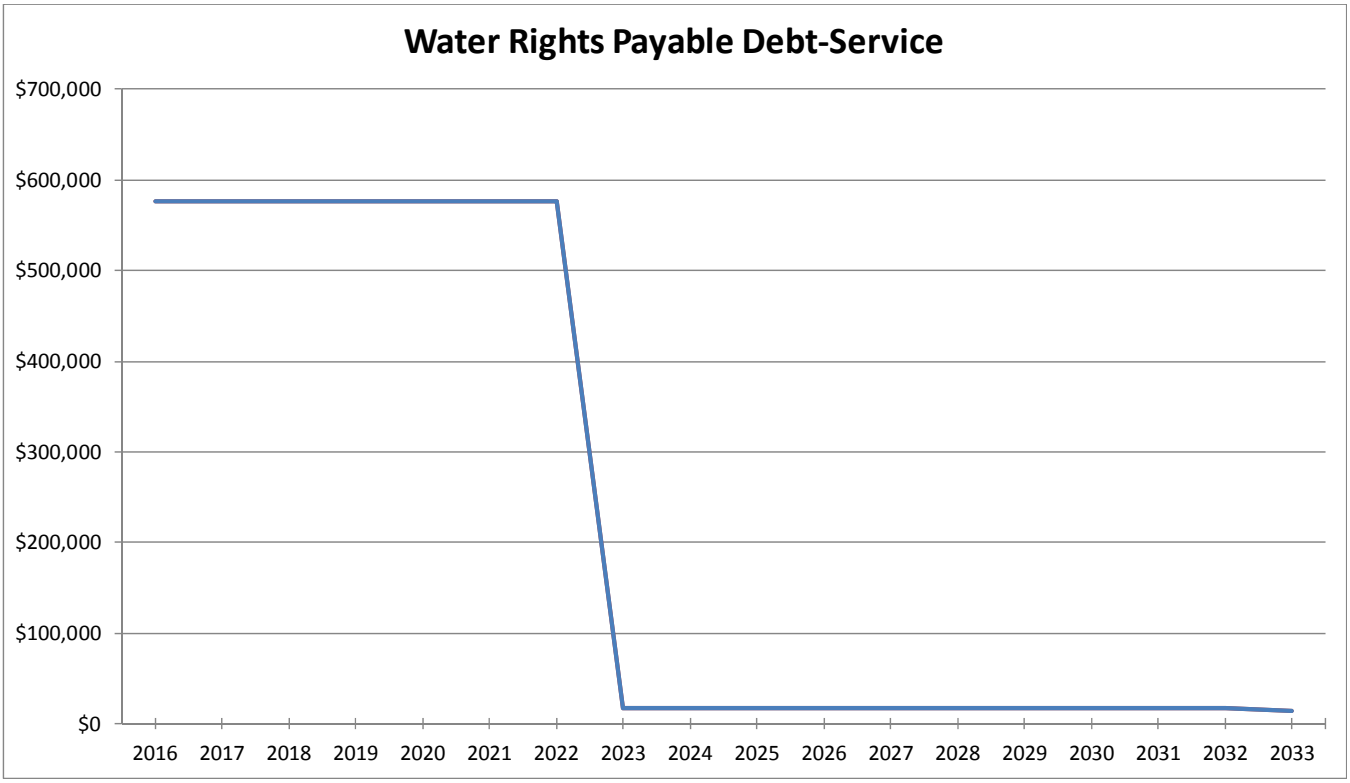
BOND ISSUE DEBT-SERVICE

	OUTSTANDING SENIOR DEBT			OUTSTANDING SUBORDINATED DEBT				FUTURE SUBORDINATED DEBT			
YEAR	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	TOTAL	PRINCIPAL	INTEREST	TOTAL	TOTAL
2016	800,000	596,838	1,396,838	4,401,739	1,801,442	6,203,181	7,600,019	-	-	-	7,600,019
2017	840,000	558,837	1,398,837	4,543,474	1,655,482	6,198,956	7,597,793	-	-	-	7,597,793
2018	880,000	518,938	1,398,938	4,670,606	1,518,162	6,188,768	7,587,706	-	-	-	7,587,706
2019	920,000	477,137	1,397,137	4,803,145	1,375,430	6,178,575	7,575,712	-	-	-	7,575,712
2020	965,000	433,438	1,398,438	4,926,106	1,259,856	6,185,962	7,584,400	551,439	494,000	1,045,439	8,629,839
2021	1,010,000	387,600	1,397,600	5,069,496	1,092,566	6,162,062	7,559,662	569,361	476,078	1,045,439	8,605,101
2022	1,055,000	339,625	1,394,625	5,238,330	923,395	6,161,725	7,556,350	587,865	457,574	1,045,439	8,601,789
2023	1,110,000	289,512	1,399,512	3,662,616	758,952	4,421,568	5,821,080	606,971	438,468	1,045,439	6,866,519
2024	1,160,000	236,788	1,396,788	3,602,363	640,399	4,242,762	5,639,550	626,697	418,742	1,045,439	6,684,989
2025	1,215,000	181,687	1,396,687	2,327,589	520,673	2,848,262	4,244,949	647,065	398,374	1,045,439	5,290,388
2026	1,275,000	123,975	1,398,975	2,388,302	464,485	2,852,787	4,251,762	668,094	377,345	1,045,439	5,297,201
2027	1,335,000	63,413	1,398,413	2,444,517	404,952	2,849,469	4,247,882	689,808	355,631	1,045,439	5,293,321
2028	-	-	-	2,511,244	342,106	2,853,350	2,853,350	712,226	333,213	1,045,439	3,898,789
2029	-	-	-	2,588,498	274,877	2,863,375	2,863,375	735,373	310,065	1,045,438	3,908,813
2030	-	-	-	2,676,289	205,498	2,881,787	2,881,787	759,273	286,166	1,045,439	3,927,226
2031	-	-	-	2,154,638	130,849	2,285,487	2,285,487	783,950	261,489	1,045,439	3,330,926
2032	-	-	-	2,223,546	70,533	2,294,079	2,294,079	809,428	236,011	1,045,439	3,339,518
2033	-	-	-	262,762	10,796	273,558	273,558	835,734	209,705	1,045,439	1,318,997
2034	-	-	-	134,584	2,187	136,771	136,771	862,896	182,543	1,045,439	1,182,210
2035	-	-	-	-	-	-	-	890,940	154,499	1,045,439	1,045,439
2036	-	-	-	-	-	-	-	919,895	125,544	1,045,439	1,045,439
2037	-	-	-	-	-	-	-	949,792	95,647	1,045,439	1,045,439
2038	-	-	-	-	-	-	-	980,660	64,779	1,045,439	1,045,439
2039	-	-	-	-	-	-	-	1,012,533	32,906	1,045,439	1,045,439
2040	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**$12,565,000**	**$ 4,207,788**	**$16,772,788**	**$60,629,844**	**$13,452,640**	**$74,082,484**	**$90,855,272**	**$ 15,200,000**	**$ 5,708,779**	**$20,908,779**	**$111,764,051**



WATER RIGHTS PAYABLE DEBT-SERVICE

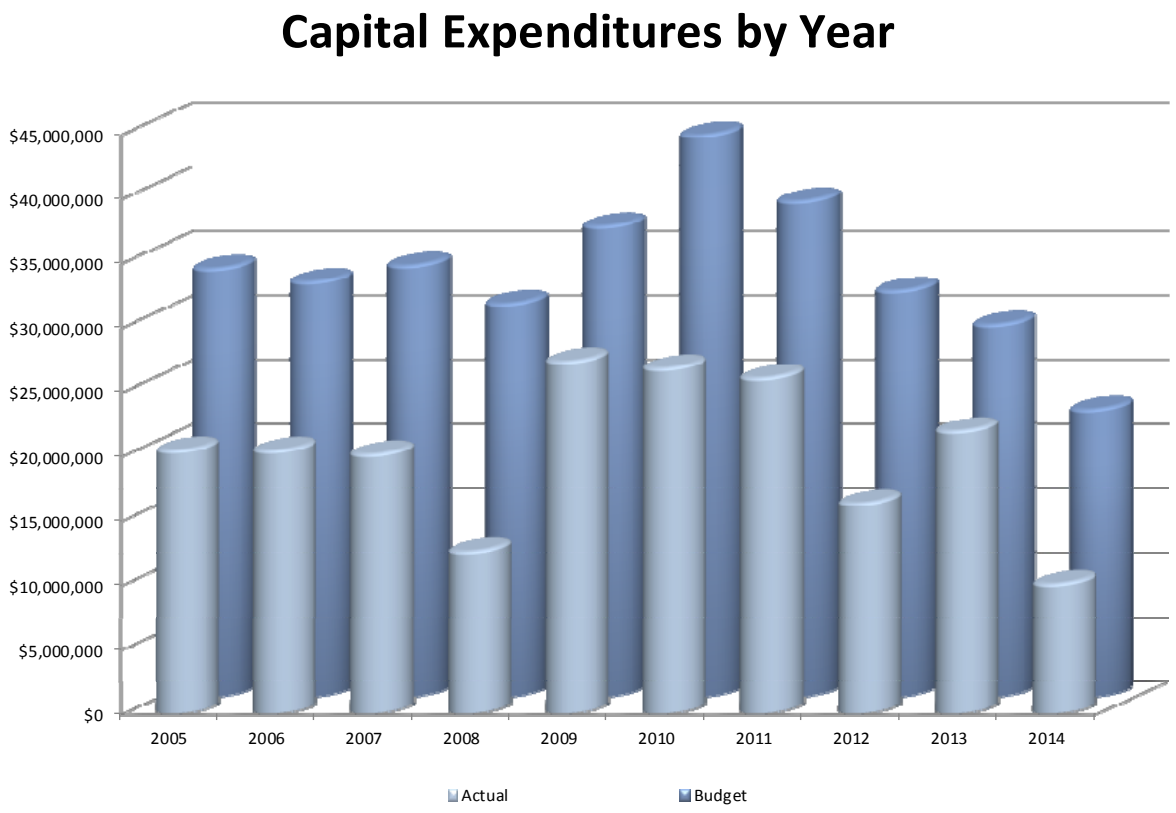
	GREERS FERRY OUTSTANDING WATER RIGHTS PAYABLE			DEGRAY LAKE FUTURE WATER RIGHTS PAYABLE			
YEAR	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	TOTAL
2016	8,328	8,827	17,155	472,504	87,240	559,744	576,899
2017	8,672	8,483	17,155	484,081	75,663	559,744	576,899
2018	9,030	8,125	17,155	495,930	63,814	559,744	576,899
2019	9,402	7,753	17,155	508,055	51,689	559,744	576,899
2020	9,790	7,365	17,155	520,440	39,304	559,744	576,899
2021	10,194	6,961	17,155	533,180	26,564	559,744	576,899
2022	10,614	6,541	17,155	546,240	13,504	559,744	576,899
2023	11,052	6,103	17,155	-	-	-	17,155
2024	11,508	5,647	17,155	-	-	-	17,155
2025	11,983	5,172	17,155	-	-	-	17,155
2026	12,477	4,678	17,155	-	-	-	17,155
2027	12,992	4,163	17,155	-	-	-	17,155
2028	13,528	3,627	17,155	-	-	-	17,155
2029	14,086	3,069	17,155	-	-	-	17,155
2030	14,667	2,488	17,155	-	-	-	17,155
2031	15,272	1,883	17,155	-	-	-	17,155
2032	15,902	1,253	17,155	-	-	-	17,155
2033	14,480	597	15,077	-	-	-	15,077
TOTAL	**$ 213,977**	**$ 92,735**	**$ 306,712**	**$ 3,560,430**	**$ 357,778**	**$ 3,918,208**	**$ 4,224,920**



CAPITAL IMPROVEMENT PLAN – OVERVIEW

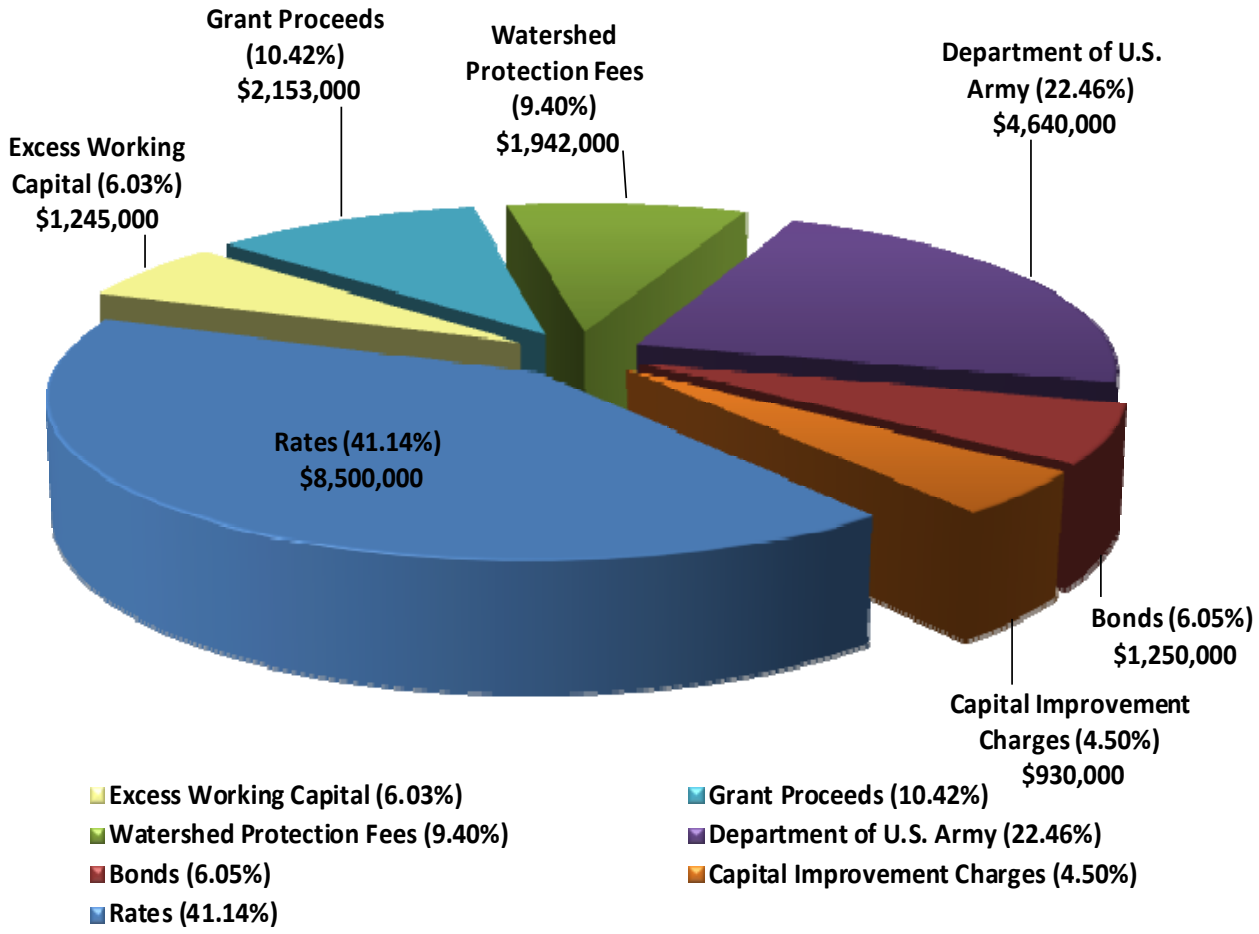
CAW historically does not complete 100% of planned capital projects each budget year. The Utility must allocate funding for the projects from the proper funding source. The funding sources for 2016 include rates, WPF's, grant proceeds, bond proceeds, and excess working capital (EWC).

Actual Capital Expenditures compared to budget for 2005 through 2014 are as follows:



CAPITAL EXPENDITURES

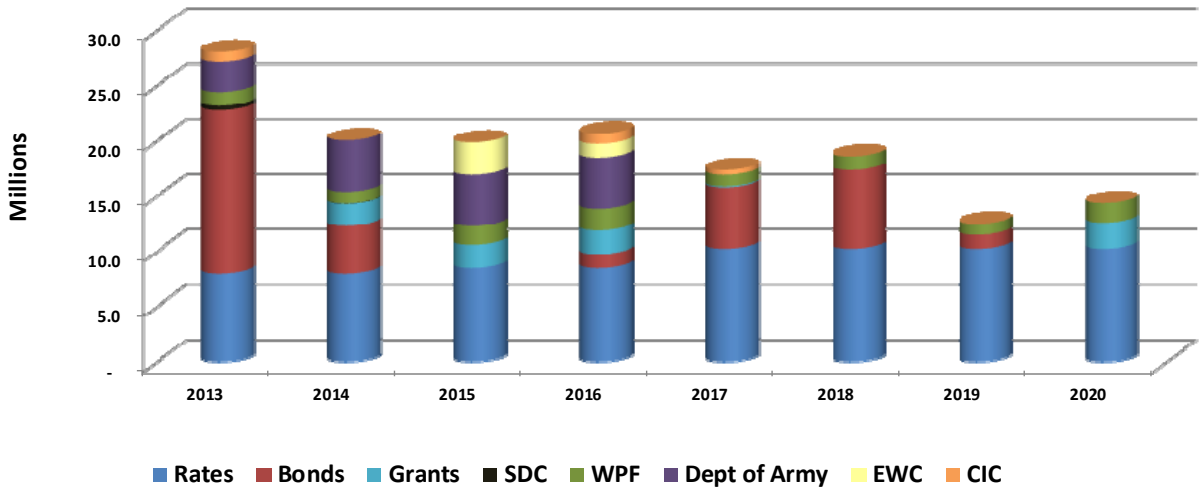
By FUNDING SOURCE



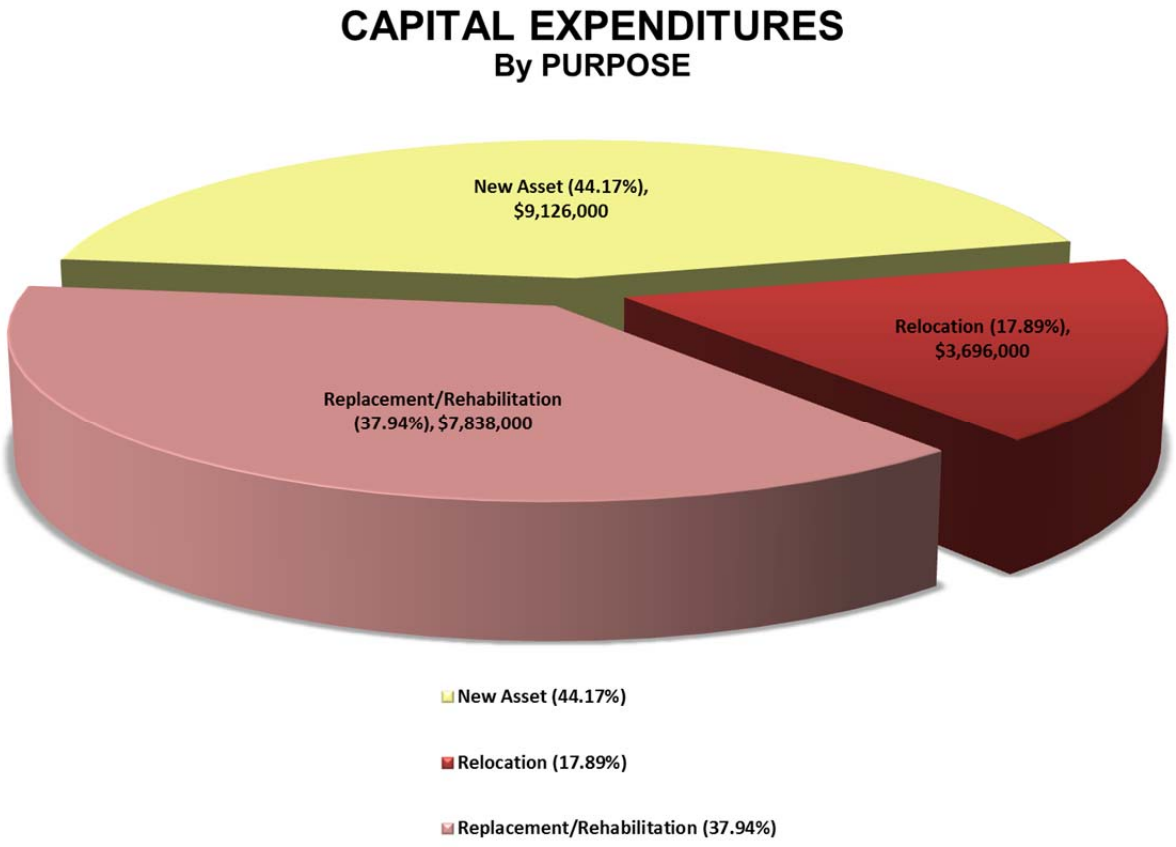
Rates account for approximately 41.14% of planned 2016 Capital Expenditures. Grant proceeds account for approximately 10.42%. Generally, watershed protection fees and grant proceeds are used to fund watershed management efforts, while rates are used to fund replacements, relocations, and rehabilitation projects.

HISTORICAL CAPITAL EXPENDITURES

By FUNDING SOURCE



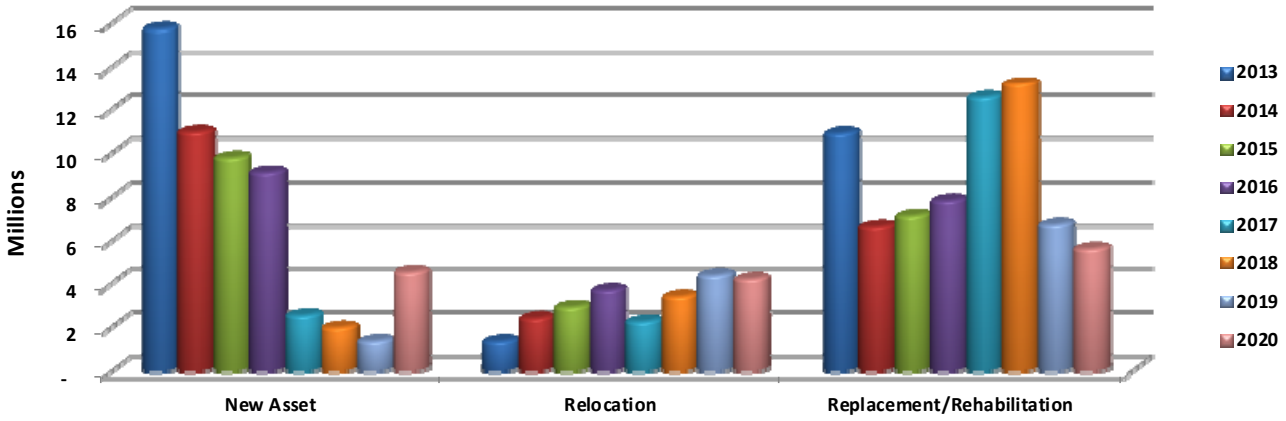
In 2015, CAW added EWC as a new funding source for relocations. Relocations are state and city projects that require CAW to move infrastructure. EWC is available as a result of operating results in 2010 – 2012. Spending increased with bond issues as funding was used for DBP plant improvements. From 2016 through 2020 funding from rates will become an increasingly important source of funding.



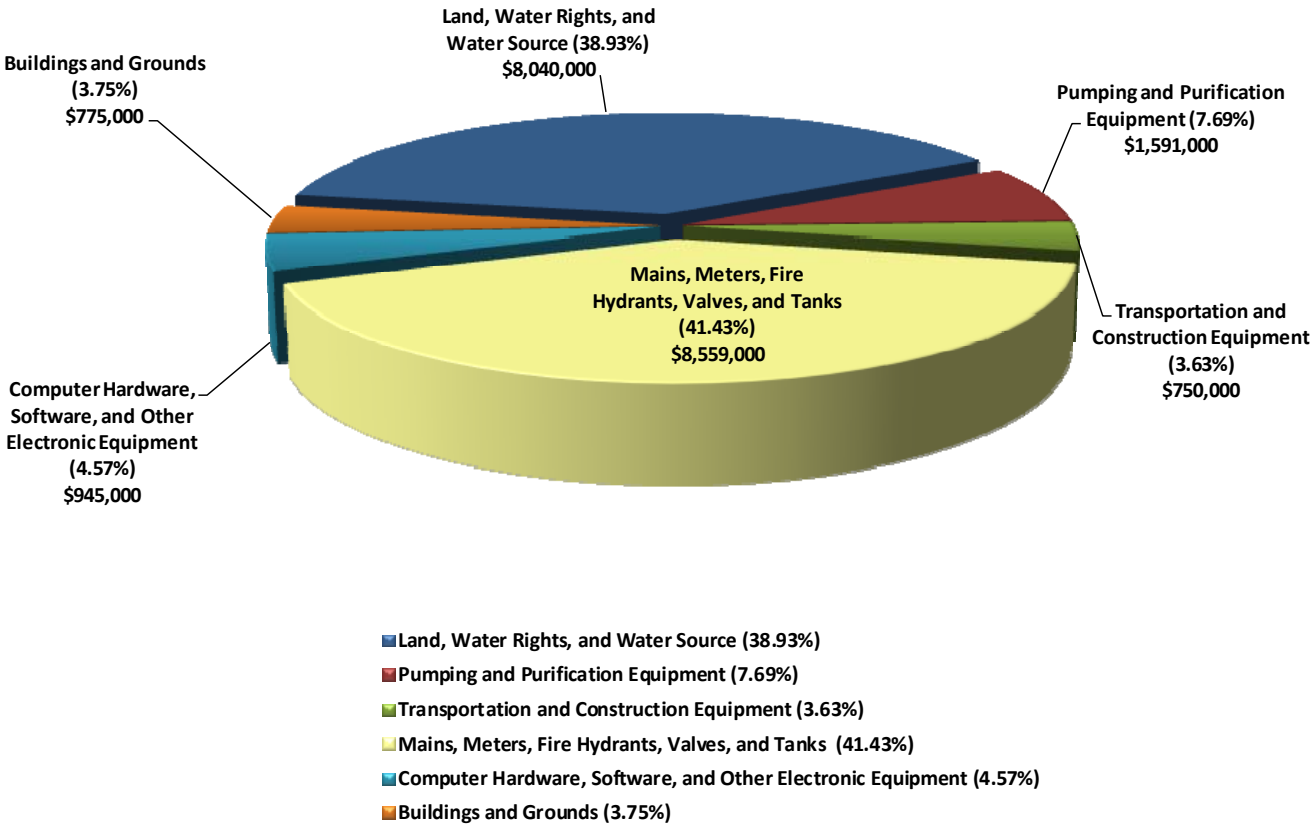
Of 2016 Capital Expenditures, 39.29% is budgeted for water rights and land acquisition within the new assets category above.

HISTORICAL CAPITAL EXPENDITURES

By PURPOSE



New asset expenditures along with associated bond funds have declined with the completion of DBP plant upgrades. Relocation projects are increasing as city and state governments are receiving increased sales tax funding for infrastructure improvements and expansion. Many infrastructure projects require CAW to relocate assets. As indicated by the asset management plan, asset replacement needs are limited by the increased need in infrastructure replacement.

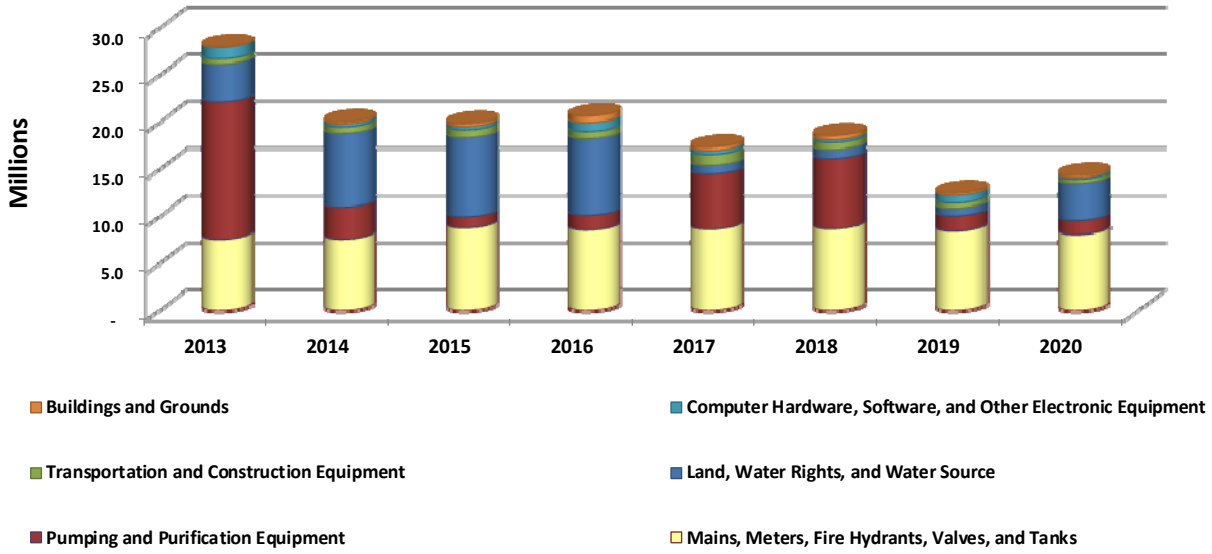


Approximately 41.43% of 2016 Capital Expenditures are distribution system assets (mains, meters, fire hydrants, valves, and tanks). Water Quality & Operations expenditures (land, water rights, and water source) account for 38.93% of the total. Another 7.69% of 2016 Capital Expenditures include water treatment facility improvements (pumping and purification).

A departmental justification is provided for each project in the 2016 Capital Improvement Plan including impact on operations and maintenance expense, if any. All projects with a total cost exceeding $1,000,000 also include a photographic image.

HISTORICAL CAPITAL EXPENDITURES

By ASSET



The Five-Year Plan includes details to expand and improve the water system on both sides of the Arkansas River from 2016 through 2020. A large portion of the capital budget in 2013 went toward plant DBP upgrades. Land and water rights planned purchases in 2014 through 2016 represent a significant portion of total capital expenditures. A total of $13.9 million in land purchases and $4.6 million in water rights purchases have been budgeted with $2.6 million in forest legacy projects and $4.6 million in water rights included in all three years. Main replacements are of primary importance to the Utility and will absorb more of the funding sources available in the future.

Capital Projects Exceeding $1,000,000

Purchase Forest Legacy Projects (Grant)

CAW funds will match a Forest Legacy grant of $1.92 million. Acquisition and protection of undeveloped property is the most effective way to ensure long-term water quality protection.

Capital				O&M
Previous Cost	2016 Budget	Future Cost	Total Cost	Annual Impact
$ -	$ 2,590,000	$ -	$ 2,590,000	$ -

Purchase DeGray Lake Water Rights – 100 MGD

This is the purchase of 100 MGD of the 120 MGD water rights currently under a right of first refusal contract with the Department of U.S. Army. This purchase will decrease operations and maintenance costs approximately $88,000 and increase debt service costs approximately $560,000 per year.

Capital				O&M
Previous Cost	2016 Budget	Future Cost	Total Cost	Annual Impact
$ -	$ 4,640,000	$ -	$ 4,640,000	($ 88,000)

Relocate 20” Main – Across Ark. River – Broadway Bridge Attachment – AHTD

Relocate 20” main across the Arkansas River due to state reconstruction of existing bridge.

Capital				O&M
Previous Cost	2016 Budget	Future Cost	Total Cost	Annual Impact
$ -	$ 1,400,000	$ -	$ 1,400,000	$ -

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2016)

DESCRIPTION	TOTAL	B16	ARMY	Grant	EWC	WPF	CIC	Rates
SOURCE & TREATMENT								
Capital Labor	54,000							54,000
Relocate Basin Influent Valve - Wilson	50,000							50,000
Replace Forklift - Wilson	26,000							26,000
Purchase Man Down Notification System	20,000							20,000
Rehab Chemical and Control Room - Wilson	30,000							30,000
Replace Fluoride Feed Equipment - Ozark	35,000			35,000				
Replace Fluoride Feed Equipment - Wilson	75,000			75,000				
Replace SCADA Human Machine Interface	650,000							650,000
Retro Fit Hydraulic to Electric Actuators Cone Valves 1-4 - Lake Maumelle	125,000							125,000
Site Grading / Drainage Improvements - Jackson Reservoir	40,000							40,000
Tank Management Improvements to Enhance Water Quality	35,000							35,000
TOTAL	$ 1,140,000	$ -	$ -	$ 110,000	$ -	$ -	$ -	$1,030,000
DISTRIBUTION								
Capital Labor	1,575,000							1,575,000
Routine Meter Change-Out Program	422,000							422,000
Install New Services and Meters	463,000							463,000
Replace 3/4", 1", and 2" Diameter Services	214,000							214,000
Replace Hydrants	68,000							68,000
Replace Two Ton Crew Truck(s)	264,000							264,000
Replace Dump Truck(s)	117,000							117,000
Replace 3/4 Ton Truck(s)	33,000							33,000
Replace Van(s)	33,000							33,000
Replace 1/2 Ton Truck(s)	96,000							96,000
Replace Fork Lift	26,000							26,000
Replace Basin Sludge Valves - Wilson	16,000							16,000
Recoat Roof Admin Building - Wilson	9,000							9,000
Install Automatic Transfer Switch - Station #23 Generator	6,000							6,000
Install Generator - Station #19A Wye Mountain	28,000							28,000
Install Variable Frequency Drive - Station #27 Pump #1	8,000							8,000
Replace Main Switchgear Backup Batteries - Wilson and Maumelle	9,000							9,000
Replace Influent Valve #1 Actuator - Wilson	9,000							9,000
Replace Maumelle Valve Actuator - Wilson	10,000							10,000
Replace Main Breaker - Station #16A	25,000							25,000
TOTAL	$ 3,431,000	$ -	$ -	$ -	$ -	$ -	$ -	$3,431,000

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2016)

DESCRIPTION	TOTAL	B16	ARMY	Grant	EWC	WPF	CIC	Rates
CUSTOMER RELATIONS & PUBLIC AFFAIRS								
Replace Vehicle(s)	110,000							110,000
Replace Commercial Meters (outdated touch-reads)	120,000							120,000
TOTAL	$ 230,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,000
ADMINISTRATION								
Security Enhancements	75,000							75,000
TOTAL	$ 75,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,000
WATER QUALITY								
Replace Gas Chromatograph	125,000							125,000
Sampling Stations	6,000							6,000
Improve Marina Facility	10,000					10,000		
Aerial Photography of Watershed - Lake Maumelle	10,000					10,000		
Improve Buildings - Winrock Grass Farm	20,000							20,000
Improve Forest Road(s)	50,000					50,000		
Forest Restoration and Enhancement - Winrock Grass Farm	75,000					75,000		
Purchase Conservation Easements	300,000					300,000		
Low Water Crossing Removal - Winrock Grass Farm (Grant)	350,000			100,000		250,000		
Purchase Property	500,000					500,000		
Purchase Forest Legacy Projects (Grant)	2,590,000			1,943,000		647,000		
River, Floodplain and Wetland Restoration - Winrock Grass Farm	100,000					100,000		
TOTAL	$ 4,136,000	$ -	$ -	$2,043,000	$ -	$1,942,000	$ -	$ 151,000
INFORMATION SERVICES								
Upgrade Barracuda Web Filter	15,000							15,000
Purchase Virtual Machine Operation Management	15,000							15,000
Purchase Disaster Recovery Server for Call Center	25,000							25,000
Replace Servers	10,000							10,000
Purchase Custom Map Tools for Cityworks Server	30,000							30,000
Replace Global Positioning System Equipment	30,000							30,000
Purchase Billing Printer	45,000							45,000
TOTAL	$ 170,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 170,000

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2016)

DESCRIPTION	TOTAL	B16	ARMY	Grant	EWC	WPF	CIC	Rates
ENGINEERING								
FACILITIES								
Purchase DeGray Lake Water Rights	4,640,000		4,640,000					
Preliminary Engineering Report - Intake Inspection - Winona/Maumelle/Jackson (CO)	45,000							45,000
Preliminary Engineering Report - Alternate Water Source - AR River (CO)	10,000							10,000
Construct Booster Pump Station #26B - NLR High Pressure Zone (CO)	100,000							100,000
Improve Pump Station #1A - Engineering Design - Wilson	500,000	500,000						
Improve Ozark Point Water Treatment Plant - Engineering Design	750,000	750,000						
TRANSMISSION MAINS - NEW CONSTRUCTION								
Participation - 16" Upsizing - West Pulaski County Water Authority - Kanis/Burlingame	200,000						200,000	
TRANSMISSION MAINS - REPLACEMENTS								
Replace 16" Steel Pipe Across Cantrell Rd - Pulaski Heights East Feed - LR W3 - (CO)	50,000						50,000	
Replace 16" Asbestos-Cement Pipe - E Capitol/Rock - LR W1 - 690' Distr.	42,000							42,000
TRANSMISSION MAINS - RELOCATIONS								
Relocate 16" Main - Capitol Drain/N. Cantrell Rd - LR W1 - 200' Contr. (CO)	100,000				100,000			
Relocate 20" Main - Across Ark. River - Broadway Bridge Attachment - AHTD	1,400,000							1,400,000
DISTRIBUTION MAINS - NEW CONSTRUCTION								
Developer Participation - New Mains	50,000							50,000
DISTRIBUTION MAINS - REPLACEMENTS								
Replace 12" Asbestos Cement Main - E Roosevelt/Welch St -LR W1- 3,700' Contr. (CO)	300,000							300,000
Replace 2" Galvanized & 6"Asbestos Cement Pipe - Dixie Addition -NLR W2- Contr. (CO)	350,000							350,000
Replace 2" Galvanized Pipe - W 10th/Johnson -LR W1- 1,790' Distr.	38,000							38,000
Replace 2" Galvanized Pipe - E. Capitol/Bond -LR W1- 1,065' Distr.	22,000							22,000
Replace 2" Galvanized Pipe - Woodcliff/Ridge Park -LR W6- 1,930' Distr.	40,000							40,000
Replace 2" Galvanized Pipe - Creekridge -SHRWD W4- 2,460' Distr. (CO)	55,000							55,000
Replace 2" Galvanized Pipe - Cordelia/Shade Tree -SHRWD W4- 3,150' Distr.	70,000							70,000
Replace 2" Galvanized Pipe - Ingram Rd -PulCty JP13- 2,300' Distr.	50,000							50,000
Replace 2" Galvanized Pipe - Jericho Rd -PulCty JP13- 2,030' Distr.	40,000							40,000
Replace 2" Galvanized Pipe - Linton/Birmingham -PulCty JP13- 1,470' Distr.	30,000							30,000
DISTRIBUTION MAINS - RELOCATIONS								
Relocate 12" and 36" Main - Zoo Dr -LR W3- 400' Contr. (CO)	135,000				25,000			110,000
Relocate 2" Main - S Elm/W 26th -LR W1- 100' Distr.	6,000				6,000			
Relocate 3" Main - Tyler/W 32nd -LR W1- 600' Distr.	10,000				10,000			
Relocate 8" Main - Geyer Springs Rail Separation -LR W2- 1,500' Contr.	170,000				170,000			
Relocate 8" Main - ML King/W 28th -LR W1- 750' Distr.	68,000				68,000			
Relocate 8" Main/Meters/Hydrants - Asher Btwn Oak/Woodrow -LR W1- 510' Distr.	90,000							90,000
Relocate Meters/Hydrants - Fair Park Blvd Traffic Calming -LR W2- Distr.	11,000				11,000			

CAPITAL IMPROVEMENT PLAN – FUNDING SOURCES (2016)

DESCRIPTION	TOTAL	B16	ARMY	Grant	EWC	WPF	CIC	Rates
ENGINEERING (Cont.)								
DISTRIBUTION MAINS - RELOCATIONS (Cont.)								
Relocate 12" and 8" Main - N Chicot Rd/Mabelvale Pike -LR W7- 2,400' Contr. (CO)	300,000				300,000			
Relocate 6" Main/Meters/Hydrants - McAdoo Drainage/H St -LR W3- Distr. (CO)	10,000				10,000			
Relocate 12" Main - Taylor Loop Rd/LaMarche to Carter -LR W5- 800' Distr. (CO)	50,000				50,000			
Relocate 2" Main - 44th St/Potter to Boyd -LR W6- 400' Distr. (CO)	25,000				25,000			
Relocate 12" Main - Potter St/W 40th to W 44th -LR W6- Distr. (CO)	25,000				25,000			
Relocate 12" Main - Pinnacle Valley Rd/Pine Mtn to Burnett -LR W4&5- Distr.	20,000				20,000			
Relocate 8" Main - W St/Grant to University -LR W3- 350' Contr. (CO)	45,000				45,000			
Relocate 8" Main - Russ St/Piggee -LR W4- 80' Distr.	10,000				10,000			
Relocate 8" Main - Rodney Parham/Buff Ln -LR W4- 80' Distr.	6,000							6,000
Relocate Meters - Kingsrow/Cantrell to Ridge Rd -LR W3- Distr.	5,000				5,000			
Relocate 2" Main/Meters - White Willow Ct/Pleasant Valley Dr -LR W4- Distr.	10,000							10,000
Relocate Meters/Hydrants - Pine Valley Roundabout/Kavanaugh -LR W3- Distr.	5,000							5,000
Relocate 12"Main/Meters/Hydrants - Gamble Rd/Lorena to Arthur - 400' Distr.	60,000				60,000			
Relocate 3" Main - Longlea Ct/Pebble Beach -LR W4- 225' Distr.	15,000				15,000			
Relocate 6" Main/Meters - Marlborough St/ Vinewood to Brandon - Distr.	30,000				30,000			
Relocate 12"/8"/6" Main - Kanis Rd/Shackleford to Autumn -LR W6- 2,650' Contr.	300,000						300,000	
Relocate 12"/8"/6" Main - Counts Massie/Crystal Hill -NLR/Maumelle - 3,120' Contr.(CO)	380,000						380,000	
Relocate 8" Main - Poe St/Alma/Glenview -NLR W2- 100' Distr.(CO)	35,000				35,000			
Relocate 2"/6" Main - 39th St/Pike/Hays -NLR W3- 100' Distr. (CO)	20,000				20,000			
Relocate 8" Main - Oakbrooke/Woodruff -SHRWD W1-30' Distr. (CO)	5,000				5,000			
Relocate 12" Main - Crooked Creek at Interstate 30 -AHTD- 200' Distr.	10,000							10,000
Relocate 8"/3" Main - NE Quadrant Interstate 430/Cantrell Rd -AHTD- Distr. (CO)	40,000				40,000			
Relocate 12"/8" Main - Hwy 10 Widening/I-430 to Sam Peck -AHTD- Contr.	150,000				60,000			90,000
Relocate Undesignated/Unknown Locations	100,000				100,000			
MISCELLANEOUS								
Capital Labor	400,000							400,000
Replace Vehicle(s)	25,000							25,000
Professional Services - Engineering	15,000							15,000
Professional Services - Property Appraisals	5,000							5,000
Professional Services - Land Surveying	5,000							5,000
TOTAL	$11,478,000	$1,250,000	$4,640,000	$ -	$1,245,000	$ -	$ 930,000	$3,413,000
GRAND TOTAL	$20,660,000	$1,250,000	$4,640,000	$2,153,000	$1,245,000	$1,942,000	$ 930,000	$8,500,000

B16 Bonds 2016
ARMY Department of U.S. Army
Grant Grant
EWC Excess Working Capital
WPF Watershed Protection Fees
CIC Capital Improvement Charges
Rates Rates

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
SOURCE & TREATMENT		
Capital Labor Annual capitalization of labor expended on capital improvement projects, first year within Source & Treatment.	54,000	-
Relocate Basin Influent Valve - Wilson Move basin influent valve operators and controls from vault. This improves operator and maintenance safety, and removes confined space requirement.	50,000	-
Replace Forklift - Wilson Present forklift is over 27 years old and requires frequent maintenance.	26,000	(1,500)
Purchase Man Down Notification System Purchase emergency radio signaling (man-down alarm). Alarm provides workers with a high performance emergency signaling device for their protection in dangerous and hazardous environments.	20,000	-
Rehab Chemical and Control Room - Wilson Control room has not been upgraded in over 26 years and painted in over 10. Project will include finishing out walls with sheetrock to cover brick and new desks for operators.	30,000	-
Replace Fluoride Feed Equipment - Ozark Replacement of Fluoride Feed Equipment at the Ozark Point WTP funded by an ADH Grant.	35,000	-
Replace Fluoride Feed Equipment - Wilson Upgrade to Fluoride Feed Equipment at the Wilson WTP funded by an ADH Grant.	75,000	-
Replace SCADA Human Machine Interface Procurement, Design, and Installation of the Human Machine Interface (HMI) Platform for the SCADA System.	650,000	-
Retro Fit Hydraulic to Electric Actuators Cone Valves 1-4 - Lake Maumelle Installation of Electric Actuators on Cone Valves 1-4 at the LMPS. Completing the Cone Valve upgrades will eliminate hydraulic fluid from the Intake.	125,000	-
Site Grading / Drainage Improvements - Jackson Reservoir Drainage Improvements at the Jackson Reservoir to divert storm drainage from Cantrell Rd away from the raw water, recommended by ADH CPE and ANRC.	40,000	-
Tank Management Improvements to Enhance Water Quality Install tank mixing, flow paced booster chlorination on existing tanks to reduce Total Trihalomethanes and meet 0.2 residual specified by the partnership for safe water.	35,000	10,000
DISTRIBUTION		
Capital Labor Annual capitalization of labor expended on capital improvement projects.	1,575,000	-
Routine Meter Change-Out Program Annual replacement of water meters that have been in service 16 years or longer. Change-out program enhances water metering by removing slow meters from the system. Slow meters directly impact revenues.	422,000	-
Install New Services and Meters Material cost associated with installation of new services with meters.	463,000	-

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
DISTRIBUTION(Cont.)		
Replace 3/4", 1", and 2" Diameter Services Assets are used during new construction and infrastructure additions.	214,000	-
Replace Hydrants Estimate of 63 hydrants will be replaced to maintain fire protection levels and quality water by means of flushing.	68,000	-
Replace Two Ton Crew Truck(s) Replace truck #203, #216, and #218 due to excessive mileage and maintenance cost.	264,000	-
Replace Dump Truck(s) Replace truck #415 and #227 due to excessive mileage and maintenance cost.	117,000	-
Replace 3/4 Ton Truck(s) Replace 3/4 ton truck due to excessive mileage and maintenance cost.	33,000	-
Replace Van(s) Replace Van #410 due to excessive mileage and maintenance cost.	33,000	-
Replace 1/2 Ton Truck(s) Replace 1/2 ton trucks utilized by Distribution.	96,000	-
Replace Fork Lift Replace fork lift serving the Clearwater facility.	26,000	-
Replace Basin Sludge Valves - Wilson Valve is obsolete and has met life expectancy.	16,000	-
Recoat Roof Admin Building - Wilson Roof surface deteriorating and is nearing the end of useful life.	9,000	(8,500)
Install Automatic Transfer Switch - Station #23 Generator Install Automatic Transfer Switch to replace manual power transfer.	6,000	-
Install Generator - Station #19A Wye Mountain Generator with automatic transfer switch would enable us to provide backup power during prolonged outages and use portables elsewhere.	28,000	-
Install Variable Frequency Drive - Station #27 Pump #1 Variable speed drive will provide additional and dependable pressure control.	8,000	-
Replace Main Switchgear Backup Batteries - Wilson and Maumelle Batteries are at the end of life expectancy.	9,000	-
Replace Influent Valve #1 Actuator - Wilson Actuator is obsolete and has met life expectancy.	9,000	-
Replace Maumelle Valve Actuator - Wilson Actuator is obsolete and has met life expectancy.	10,000	-
Replace Main Breaker - Station #16A Replace obsolete electric breaker that has exceeded life expectancy.	25,000	-

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
CUSTOMER RELATIONS & PUBLIC AFFAIRS		
Replace Vehicle(s) Replace vehicles used by field personnel due to excessive mileage and maintenance cost.	110,000	-
Replace Commercial Meters (outdated touch-reads) Replacement of commercial meters with new electric read meters.	120,000	-
ADMINISTRATION		
Security Enhancements Implementation year 2 - 2014 Vulnerability Assessment.	75,000	-
WATER QUALITY		
Replace Gas Chromatograph Replace aged asset beyond useful life.	125,000	-
Sampling Stations Ensure compliance with ADH, EPA sampling and AWWA sampling guidelines for Revised Total Coliform Rule.	6,000	-
Improve Marina Facility Provide cost-share funding for improvements at Jolly Rogers Marina and Grand Maumelle Sailing Club.	10,000	-
Aerial Photography of Watershed - Lake Maumelle Aerial photograph during extreme rain events will help determine the origins of potentially harmful runoff into Lake Maumelle and its tributaries.	10,000	-
Improve Buildings - Winrock Grass Farm Improvements directly enhance the facility, watershed maintenance, water quality and/or public access.	20,000	-
Improve Forest Road(s) Improve forest roads for: access; timber mgmt; watershed inspection and monitoring activities.	50,000	-
Forest Restoration and Enhancement - Winrock Grass Farm Work to be completed under the Forest Legacy Agreement.	75,000	-
Purchase Conservation Easements More cost effective than fee simple purchase. Use as a long-term watershed protection tool to control development, improve WQ and ecosystem services.	300,000	-
Low Water Crossing Removal - Winrock Grass Farm (Grant) Remove & replace the existing crossing at WGF with a new bridge with matching funds through grants.	350,000	-
Purchase Property Continue to purchase land to ensure long term water quality protection.	500,000	-
Purchase Forest Legacy Projects (Grant) See Page 80.	2,590,000	-
River, Floodplain and Wetland Restoration - Winrock Grass Farm Restoration to improve water quality, animal and aquatic habitats.	100,000	-

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
INFORMATION SERVICES		
Upgrade Barracuda Web Filter This newer Web Filter will give us faster throughput internet use, faster internet speed.	15,000	200
Purchase Virtual Machine Operation Management This software will give CAW more management tools for the Virtual Machine platform.	15,000	200
Purchase Disaster Recovery Server for Call Center This server will ensure the Call Center will be limited to shorter downtime during a Disaster at JTH.	25,000	200
Replace Servers Annual Replacement of Servers.	10,000	-
Purchase Custom Map Tools for Cityworks Server Procure outside firm to develop customer tool-set integrating ArcGIS and Cityworks mobile environment on tables.	30,000	5,000
Replace Global Positioning System Equipment Replace old hardware requiring frequent repair with new technology.	30,000	-
Purchase Billing Printer Replacement Plan of three years, current printer has over 3.2 million prints. Backup printer has over 6.6 million prints and is six years old.	45,000	-
ENGINEERING		
FACILITIES		
Purchase DeGray Lake Water Rights See Page 80	4,640,000	(88,000)
Preliminary Engineering Report - Intake Inspection - Winona/Maumelle/Jackson (CO) Periodic inspection of the intake structures at Lakes Winona and Maumelle and Jackson Reservoir; to indicate if repairs/rehabilitation are necessary.	45,000	-
Preliminary Engineering Report - Alternate Water Source - AR River (CO) Preliminary Engineering Report studying the feasibility and cost to obtain raw water from the AR River upon loss of supply from Lake Maumelle.	10,000	-
Construct Booster Pump Station #26B - NLR High Pressure Zone (CO) Construction of Booster Pump Station No. 26B to serve increased demand and redundancy in the NLR High Pressure Zone; needed for system expansion.	100,000	12,000
Improve Pump Station #1A - Engineering Design - Wilson Engineering Design of recommended pump, structure, and electrical improvements to the existing Wilson WTP Pump Station No. 1A.	500,000	-
Improve Ozark Point Water Treatment Plant - Engineering Design Engineering Design of the rehabilitation and improvements to Ozark Pt WTP to increase functional life, efficiency, and effectiveness of the plant.	750,000	-

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
TRANSMISSION MAINS - NEW CONSTRUCTION		
Participation - 16" Upsizing - West Pulaski County Water Authority - Kanis/Burlingame Participation with the West Pulaski Water Authority to upsize a 12" main extension to 16" for future growth/expansion of the CAW system per Master Plan.	200,000	-
TRANSMISSION MAINS - REPLACEMENTS		
Replace 16" Steel Pipe Across Cantrell Rd - Pulaski Heights East Feed - LR W3 - (CO) Replacement of high maintenance, high importance section of transmission main serving Pulaski Heights Pressure Zone where it crosses Cantrell Rd.	50,000	(200,000)
Replace 16" Asbestos-Cement Pipe - E Capitol/Rock - LR W1 - 690' Distr. Replace old, high maintenance asbestos-cement pipe experiencing numerous leaks and breaks.	42,000	(3,000)
TRANSMISSION MAINS - RELOCATIONS		
Relocate 16" Main - Capitol Drain/N. Cantrell Rd - LR W1 - 200' Contr. (CO) Relocation of 16" main attached to N. Cantrell Rd bridge due to city reconstruction of the existing bridge.	100,000	-
Relocate 20" Main - Across Ark. River - Broadway Bridge Attachment - AHTD See Page 81	1,400,000	-
DISTRIBUTION MAINS - NEW CONSTRUCTION		
Developer Participation - New Mains Extension and/or upsizing of new mains by CAW in cooperation with developer new water main installation; provides for future extensions and growth.	50,000	-
DISTRIBUTION MAINS - REPLACEMENTS		
Replace 12" Asbestos Cement Main - E Roosevelt/Welch St -LR W1- 3,700' Contr. (CO) Replacement of aging, high maintenance asbestos-cement pipe that frequently leaks and breaks, causing loss of service in the area.	300,000	(5,000)
Replace 2" Galvanized and 6"Asbestos Cement Pipe - Dixie Addition -NLR W2- Contr. (CO) Existing galvanized and asbestos-cement pipe replacement in the Dixie Addition area of NLR.	350,000	(5,000)
Replace 2" Galvanized Pipe - W 10th/Johnson -LR W1- 1,790' Distr. Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.	38,000	(1,000)
Replace 2" Galvanized Pipe - E. Capitol/Bond -LR W1- 1,065' Distr. Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.	22,000	(1,000)

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
ENGINEERING		
DISTRIBUTION MAINS - REPLACEMENTS (Cont.)		
Replace 2" Galvanized Pipe - Woodcliff/Ridge Park -LR W6- 1,930' Distr.	40,000	(2,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
Replace 2" Galvanized Pipe - Creekridge -SHRWD W4- 2,460' Distr. (CO)	55,000	(1,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
Replace 2" Galvanized Pipe - Cordelia/Shade Tree -SHRWD W4- 3,150' Distr.	70,000	(4,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
Replace 2" Galvanized Pipe - Ingram Rd -PulCty JP13- 2,300' Distr.	50,000	(1,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
Replace 2" Galvanized Pipe - Jericho Rd -PulCty JP13- 2,030' Distr.	40,000	(1,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
Replace 2" Galvanized Pipe - Linton/Birmingham -PulCty JP13- 1,470' Distr.	30,000	(1,000)
Replace old, high maintenance galvanized pipe experiencing numerous leaks and breaks.		
DISTRIBUTION MAINS - RELOCATIONS		
Relocate 12" and 36" Main - Zoo Dr -LR W3- 400' Contr. (CO)	135,000	-
Relocate existing main at Zoo Drive Roundabout.		
Relocate 2" Main - S Elm/W 26th -LR W1- 100' Distr.	6,000	-
Relocate existing main along S. Elm between W 26 and W 27th.		
Relocate 3" Main - Tyler/W 32nd -LR W1- 600' Distr.	10,000	-
Relocate existing main along S. Tyler between W 32nd and W 30th.		
Relocate 8" Main - Geyer Springs Rail Separation -LR W2- 1,500' Contr.	170,000	-
Relocate existing main along Geyer Springs Rd for railroad grade separation overpass.		
Relocate 8" Main - ML King/W 28th -LR W1- 750' Distr.	68,000	-
Relocate existing main along Martin Luther King between W 28th and W 30th.		
Relocate 8" Main/Meters/Hydrants - Asher Btwn Oak/Woodrow -LR W1- 510' Distr.	90,000	-
Relocate existing main, meters, and fire hydrants along Asher Ave between S Oak and S Woodrow.		
Relocate Meters/Hydrants - Fair Park Blvd Traffic Calming -LR W2- Distr.	11,000	-
Relocate existing meter and fire hydrants along Fair Park Blvd.		
Relocate 12" and 8" Main - N Chicot Rd/Mabelvale Pike -LR W7- 2,400' Contr. (CO)	300,000	-
Relocate existing main along North Chicot Rd and Mabelvale Pike.		
Relocate 6" Main/Meters/Hydrants - McAdoo Drainage/H St -LR W3- Distr. (CO)	10,000	-
Relocate existing main, meters, and hydrants along the McAdoo Drainage channel.		

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
ENGINEERING		
DISTRIBUTION MAINS - RELOCATIONS (Cont.)		
Relocate 12" Main - Taylor Loop Rd/LaMarche to Carter -LR W5- 800' Distr. (CO) Relocate existing main along Taylor Loop Rd between LaMarche to Carter.	50,000	-
Relocate 2" Main - 44th St/Potter to Boyd -LR W6- 400' Distr. (CO) Relocate existing main along W 44th St between Potter and Boyd.	25,000	-
Relocate 12" Main - Potter St/W 40th to W 44th -LR W6- Distr. (CO) Relocate existing main along Potter St between W 40th and W 44th.	25,000	-
Relocate 12" Main - Pinnacle Valley Rd/Pine Mtn to Burnett -LR W4&5- Distr. Relocate existing main along Pinnacle Valley Rd between Pine Mtn and Burnett.	20,000	-
Relocate 8" Main - W St/Grant to University -LR W3- 350' Contr. (CO) Relocate existing main along "W" St between Grant and University.	45,000	-
Relocate 8" Main - Russ St/Piggee -LR W4- 80' Distr. Relocate existing main along Russ St and Piggee St.	10,000	-
Relocate 8" Main - Rodney Parham/Buff Ln -LR W4- 80' Distr. Relocate existing main along Rodney Parham Rd at Buff Ln.	6,000	-
Relocate Meters - Kingsrow/Cantrell to Ridge Rd -LR W3- Distr. Relocate existing meters along Kingsrow between Cantrell and Ridge Rd.	5,000	-
Relocate 2" Main/Meters - White Willow Ct/Pleasant Valley Dr -LR W4- Distr. Relocate existing main and meters along White Willow Ct at Pleasant Valley Dr.	10,000	-
Relocate Meters/Hydrants - Pine Valley Roundabout/Kavanaugh -LR W3- Distr. Relocate existing meters and fire hydrants along Pine Valley at Kavanaugh.	5,000	-
Relocate 12"Main/Meters/Hydrants - Gamble Rd/Lorena to Arthur - 400' Distr. Relocate existing main, meters, and fire hydrants along Gamble Rd from Loren Avea to Arthur Ln.	60,000	-
Relocate 3" Main - Longlea Ct/Pebble Beach -LR W4- 225' Distr. Relocate existing main along Longlea Ct at Pebble Beach.	15,000	-
Relocate 6" Main/Meters - Marlborough St/ Vinewood to Brandon - Distr. Relocate existing main and meters along Marlborough St between Vinewood and Brandon.	30,000	-
Relocate 12"/8"/6" Main - Kanis Rd/Shackleford to Autumn -LR W6- 2,650' Contr. Relocate existing main along Kanis Rd between Shackleford Rd and Autumn Rd.	300,000	-
Relocate 12"/8"/6" Main - Counts Massie/Crystal Hill -NLR/Maumelle - 3,120' Contr.(CO) Relocate existing main along Counts Massie at Old Crystal Hill Rd cities of NLR and Maumelle.	380,000	-
Relocate 8" Main - Poe St/Alma/Glenview -NLR W2- 100' Distr.(CO) Relocate existing main along Poe St from Alma to Glenview.	35,000	-
Relocate 2"/6" Main - 39th St/Pike/Hays -NLR W3- 100' Distr. (CO) Relocate existing main along 39th St from Pike to Hays.	20,000	-

CAPITAL IMPROVEMENT PLAN - 2016 JUSTIFICATIONS

DESCRIPTION AND JUSTIFICATION	COST	O&M IMPACT
ENGINEERING		
DISTRIBUTION MAINS - RELOCATIONS (Cont.)		
Relocate 8" Main - Oakbrooke/Woodruff -SHRWD W1-30' Distr. (CO) Relocate existing main along Oakbrooke Dr at Woodruff Dr.	5,000	-
Relocate 12" Main - Crooked Creek at Interstate 30 -AHTD- 200' Distr. Relocate existing main along Interstate 30 at the Crooked Creek crossing.	10,000	-
Relocate 8"/3" Main - NE Quadrant Interstate 430/Cantrell Rd -AHTD- Distr. (CO) Relocate existing main for entrance ramp modifications at the I-430/Cantrell Rd intersection.	40,000	-
Relocate 12"/8" Main - Hwy 10 Widening/I-430 to Sam Peck -AHTD- Contr. Phase One (1) - Relocate existing main along State Highway No. 10 (Cantrell Rd) between I-430 and Sam Peck Rd. Reimbursement is expected.	150,000	-
Relocate Undesignated/Unknown Locations Relocate existing mains currently unknown/undesignated street and drainage improvements within the City of Little Rock jurisdiction.	100,000	-
MISCELLANEOUS		
Capital Labor Annual capitalization of labor expended on capital improvement projects.	400,000	-
Replace Vehicle(s) Replace vehicle utilized by Engineering.	25,000	-
Professional Services - Engineering Professional design and consultation as required on various projects.	15,000	-
Professional Services - Property Appraisals Professional appraisal services required for the acquisition of new land and easements.	5,000	-
Professional Services - Land Surveying Professional land surveying required for the acquisition of new land, easements, and maintenance of property rights on existing land and easement holdings	5,000	-
	20,660,000	**(295,400)**

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
SOURCE & TREATMENT					
Capital Labor	54,000	54,000	54,000	54,000	54,000
Relocate Basin Influent Valve - Wilson	50,000				
Replace Forklift - Wilson	26,000				
Purchase Man Down Notification System	20,000				
Rehab Chemical and Control Room - Wilson	30,000				
Replace Fluoride Feed Equipment - Ozark	35,000				
Replace Fluoride Feed Equipment - Wilson	75,000				
Replace SCADA Human Machine Interface	650,000				
Retro Fit Hydraulic to Electric Actuators Cone Valves 1-4 - Lake Maumelle	125,000				
Site Grading / Drainage Improvements - Jackson Reservoir	40,000				
Tank Management Improvements to Enhance Water Quality	35,000	35,000	35,000	35,000	35,000
Purchase SCADA System Radios		50,000	50,000		
Install SCADA in Surge Tank Building - Lake Maumelle		10,000			
Replace Roofs Main Shop, Carpenter Shop and Office - Lake Winona		13,000			
Rehab Concrete and Roofs on Cone Valve and Generator Building - Lake Winona		15,000			
Modify Generator Diesel Fuel Tank, Cleaning and Polishing - Lake Maumelle		40,000			
Replace On-Line Turbidimeters - Ozark		40,000			
Upgrade SCADA Plant Programmable Logic Controller		75,000			
Upgrade SCADA System Programmable Logic Controller		150,000	150,000		
Rebuild Pump #3 - Lake Maumelle		75,000	250,000		
Repair Spillway Concrete - Lake Winona		65,000			
Purchase Compliance Backup Data Logging - Wilson		17,000			
Rebuild Pump #4 - Lake Maumelle			100,000	350,000	
Rehab Vertical and Horizontal Drains on Dam - Lake Winona			150,000		
TOTAL	$ 1,140,000	$ 639,000	$ 789,000	$ 439,000	$ 89,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
DISTRIBUTION					
Capital Labor	1,575,000	1,599,000	1,623,000	1,647,000	1,672,000
Routine Meter Change-Out Program	422,000	432,000	443,000	454,000	466,000
Install New Services and Meters	463,000	427,000	433,000	440,000	446,000
Replace 3/4", 1", and 2" Diameter Services	214,000	217,000	220,000	224,000	227,000
Replace Hydrants	68,000	70,000	72,000	73,000	75,000
Replace Two Ton Crew Truck(s)	264,000	394,000	266,000		
Replace Dump Truck(s)	117,000	188,000	191,000	194,000	98,000
Replace 3/4 Ton Truck(s)	33,000	122,000	62,000	31,000	128,000
Replace Van(s)	33,000		39,000	65,000	44,000
Replace 1/2 Ton Truck(s)	96,000	21,000	22,000	79,000	40,000
Replace Fork Lift	26,000				
Replace Basin Sludge Valves - Wilson	16,000				
Recoat Roof Admin Building - Wilson	9,000				
Install Automatic Transfer Switch - Station #23 Generator	6,000				
Install Generator - Station #19A Wye Mountain	28,000				
Install Variable Frequency Drive - Station #27 Pump #1	8,000				
Replace Main Switchgear Backup Batteries - Wilson and Maumelle	9,000				
Replace Influent Valve #1 Actuator - Wilson	9,000				
Replace Maumelle Valve Actuator - Wilson	10,000				
Replace Main Breaker - Station #16A	25,000				
Replace 800KW Generator - Station #22		176,000			
Purchase Vac-Tron		70,000			
Replace 1 Ton Service Truck(s)		35,000	35,000	70,000	
Purchase Directional Drilling Machine		235,000			
Restore - Tank #2		1,000,000			
Restore - Tank #25				210,000	
TOTAL	$ 3,431,000	$ 4,986,000	$ 3,406,000	$ 3,487,000	$ 3,196,000
CUSTOMER RELATIONS & PUBLIC AFFAIRS					
Replace Vehicle(s)	110,000	110,000	90,000	90,000	90,000
Replace Commercial Meters (outdated touchreads)	120,000	120,000	120,000		
Install AMI / AMR Meters				50,000	50,000
TOTAL	$ 230,000	$ 230,000	$ 210,000	$ 140,000	$ 140,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
ADMINISTRATION					
Security Enhancements	75,000	35,000	35,000	36,000	36,000
TOTAL	$ 75,000	$ 35,000	$ 35,000	$ 36,000	$ 36,000
WATER QUALITY					
Replace Gas Chromatograph	125,000				
Sampling Stations	6,000	6,000	6,000	6,000	6,000
Improve Marina Facility	10,000	10,000	10,000	10,000	10,000
Aerial Photography of Watershed - Lake Maumelle	10,000	10,000	10,000	10,000	10,000
Improve Buildings - Winrock Grass Farm	20,000	10,000			
Improve Forest Road(s)	50,000	50,000	50,000	50,000	50,000
Forest Restoration and Enhancement - Winrock Grass Farm	75,000	50,000			
Purchase Conservation Easements	300,000	300,000	300,000	300,000	300,000
Low Water Crossing Removal - Winrock Grass Farm (Grant)	350,000	100,000			
Purchase Property	500,000	500,000	500,000	500,000	500,000
Purchase Forest Legacy Projects (Grant)	2,590,000				3,140,000
River, Floodplain and Wetland Restoration - Winrock Grass Farm	100,000	100,000	100,000	100,000	100,000
Purchase Property Maintenance Equipment		10,000	10,000	10,000	
Replace Truck(s)		25,000			
Data Needs Analysis - Watershed			250,000		
TOTAL	$ 4,136,000	$ 1,171,000	$ 1,236,000	$ 986,000	$ 4,116,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
INFORMATION SERVICES					
Upgrade Barracuda Web Filter	15,000				
Purchase Virtual Machine Operation Management	15,000				
Purchase Disaster Recovery Server for Call Center	25,000				
Replace Servers	10,000	20,000	20,000	20,000	20,000
Purchase Custom Map Tools for Cityworks Server	30,000				
Replace Global Positioning System Equipment	30,000				30,000
Purchase Billing Printer	45,000				
Purchase Cisco Media Sense - Call Recording		25,000			
Network PIN Test		15,000			
Replace and Upgrade Network Switches		40,000			
Upgrade Operating Systems on Servers			20,000	20,000	
Replace Server Uninterruptable Power Supply Units			20,000		
Replace Network Firewalls			30,000		
Purchase Additional SAN Disk VMWare Servers				65,000	
Microsoft Server Licenses				23,000	
Upgrade/Replace Billing System				700,000	
Replace Large Format Scan/Print/Copy Machine					25,000
Replace SCADA Switches					35,000
Upgrade Financial Management Software					40,000
enQuesta Disaster Recovery Server - ODA					45,000
TOTAL	$ 170,000	$ 100,000	$ 90,000	$ 828,000	$ 195,000
ENGINEERING					
FACILITIES					
Purchase DeGray Lake Water Rights	4,640,000				
Preliminary Engineering Report - Intake Inspection - Winona/Maumelle/Jackson (CO)	45,000				
Preliminary Engineering Report - Alternate Water Source - AR River (CO)	10,000				
Construct Booster Pump Station #26B - NLR High Pressure Zone (CO)	100,000				
Improve Pump Station #1A - Engineering Design - Wilson	500,000	30,000	25,000	50,000	25,000
Improve Ozark Point Water Treatment Plant - Engineering Design	750,000	30,000	40,000	20,000	
Improve Pump Station #1A - Construction - Wilson		2,000,000	1,300,000		1,910,000

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
ENGINEERING (Cont.)					
FACILITIES (Cont.)					
Improve Ozark Point Water Treatment Plant - Construction		3,500,000	5,750,000	1,263,000	
Replace Control Valve - Storage Tank #23		20,000			
Replace Building Roofs - Lake Winona				15,000	
TRANSMISSION MAINS - NEW CONSTRUCTION					
Participation - 16" Upsizing - West Pulaski County Water Authority - Kanis/Burlingame	200,000	425,000			
Install 42"/36" Remotely Operated Valves - Northbelt Trans. Main - Rodney Parham Rd		150,000			
Install 20" Swing Connection - Gravity System - Chicot Rd/So. University - Contr.			75,000		
TRANSMISSION MAINS - REPLACEMENTS					
Replace 16" Steel Pipe Across Cantrell Rd - Pulaski Heights East Feed - LR W3 - (CO)	50,000				
Replace 16" Asbestos-Cement Pipe - E Capitol/Rock - LR W1 - 690' Distr.	42,000				
TRANSMISSION MAINS - RELOCATIONS					
Relocate 16" Main - Capitol Drain/N. Cantrell Rd - LR W1 - 200' Contr. (CO)	100,000	100,000			
Relocate 20" Main - Across Ark. River - Broadway Bridge Attachment - AHTD	1,400,000				
Relocate 24" Main - Maryland Avenue -SHRWD- 4,400' Contr.		800,000	400,000		
Relocate 24" Main - Interstate 30 Arkansas River Bridge Crossing - 1,800' AHTD			250,000	2,750,000	1,150,000
Relocate 24"/20"/12"/8" Main - Interstate 30 Widening - AHTD			1,867,000	1,367,000	2,366,000
DISTRIBUTION MAINS - NEW CONSTRUCTION					
Developer Participation - New Mains	50,000	50,000	50,000	50,000	50,000
Install 12" Main - Pump Station #29 Suction Improvements - 2,000' Contr.			350,000		
Install 12" Main - W. Baseline - Interconnection W. Markham and Mabelvale - 2,100' Contr.		200,000	144,000		

CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

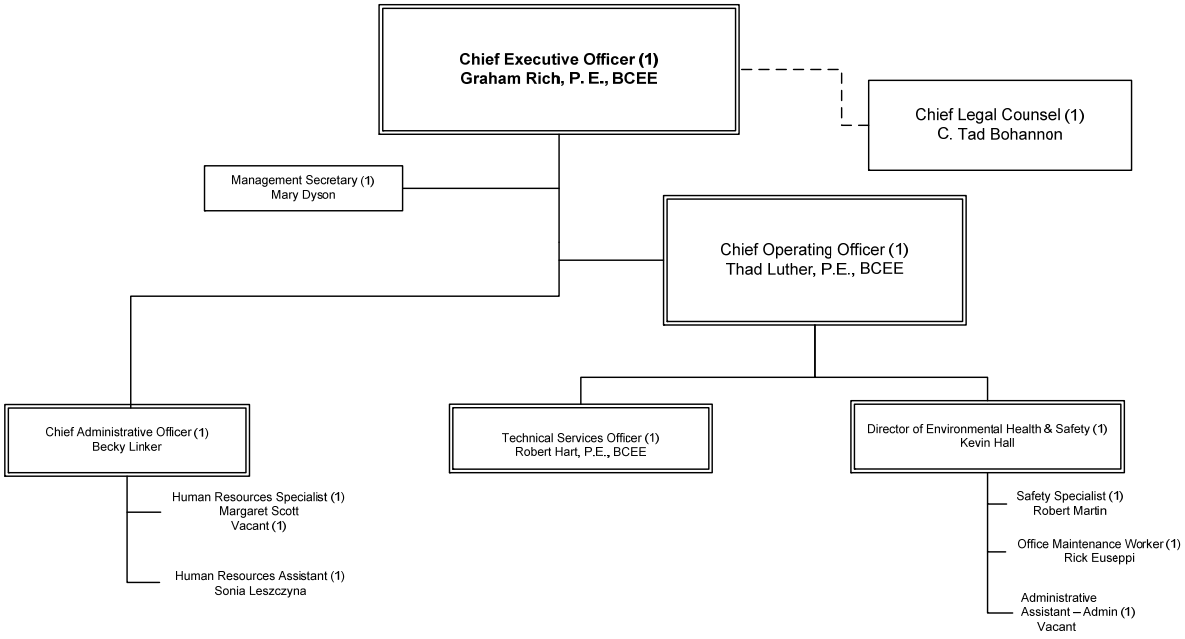
DESCRIPTION	2016	2017	2018	2019	2020
ENGINEERING (Cont.)					
DISTRIBUTION MAINS - REPLACEMENTS					
Replace 12" Asbestos Cement Main - E Roosevelt/Welch St -LR W1- 3,700' Contr. (CO)	300,000				
Replace 2" Galvanized & 6"Asbestos Cement Pipe - Dixie Addition -NLR W2- Contr. (CO)	350,000				
Replace 2" Galvanized Pipe - W 10th/Johnson -LR W1- 1,790' Distr.	38,000				
Replace 2" Galvanized Pipe - E. Capitol/Bond -LR W1- 1,065' Distr.	22,000				
Replace 2" Galvanized Pipe - Woodcliff/Ridge Park -LR W6- 1,930' Distr.	40,000				
Replace 2" Galvanized Pipe - Creekridge -SHRWD W4- 2,460' Distr. (CO)	55,000				
Replace 2" Galvanized Pipe - Cordelia/Shade Tree -SHRWD W4- 3,150' Distr.	70,000				
Replace 2" Galvanized Pipe - Ingram Rd -PulCty JP13- 2,300' Distr.	50,000				
Replace 2" Galvanized Pipe - Jericho Rd -PulCty JP13- 2,030' Distr.	40,000				
Replace 2" Galvanized Pipe - Linton/Birmingham -PulCty JP13- 1,470' Distr.	30,000				
Replace 2" Galvanized Pipe - Jackson/Rose/Elm -LR W3- 6,200' Contr.		214,000	286,000		
Replace 8" Cast Iron Pipe - River Rd -NLR W2- 350' Distr.		20,000			
Replace 2" Galvanized Pipe - Meadowcliff -LR W7- 6,400' Contr.		544,000			
Replace 2" Galvanized Pipe Undesignated/Unknown Locations		350,000	386,000	400,000	425,000
Replace 2" Galvanized Pipe and 6" Cast Iron Pipe - Warren/Arapaho -LR W2 - 6,725'			610,000		
DISTRIBUTION MAINS - RELOCATIONS					
Relocate 12" and 36" Main - Zoo Dr -LR W3- 400' Contr. (CO)	135,000				
Relocate 2" Main - S Elm/W 26th -LR W1- 100' Distr.	6,000				
Relocate 3" Main - Tyler/W 32nd -LR W1- 600' Distr.	10,000				
Relocate 8" Main - Geyer Springs Rail Separation -LR W2- 1,500' Contr.	170,000				
Relocate 8" Main - ML King/W 28th -LR W1- 750' Distr.	68,000				
Relocate 8" Main/Meters/Hydrants - Asher Btwn Oak/Woodrow -LR W1- 510' Distr.	90,000				
Relocate Meters/Hydrants - Fair Park Blvd Traffic Calming -LR W2- Distr.	11,000				
Relocate 12" and 8" Main - N Chicot Rd/Mabelvale Pike -LR W7- 2,400' Contr. (CO)	300,000				
Relocate 6" Main/Meters/Hydrants - McAdoo Drainage/H St -LR W3- Distr. (CO)	10,000				
Relocate 12" Main - Taylor Loop Rd/LaMarche to Carter -LR W5- 800' Distr. (CO)	50,000				
Relocate 2" Main - 44th St/Potter to Boyd -LR W6- 400' Distr. (CO)	25,000				
Relocate 12" Main - Potter St/W 40th to W 44th -LR W6- Distr. (CO)	25,000				
Relocate 12" Main - Pinnacle Valley Rd/Pine Mtn to Burnett -LR W4&5- Distr.	20,000				

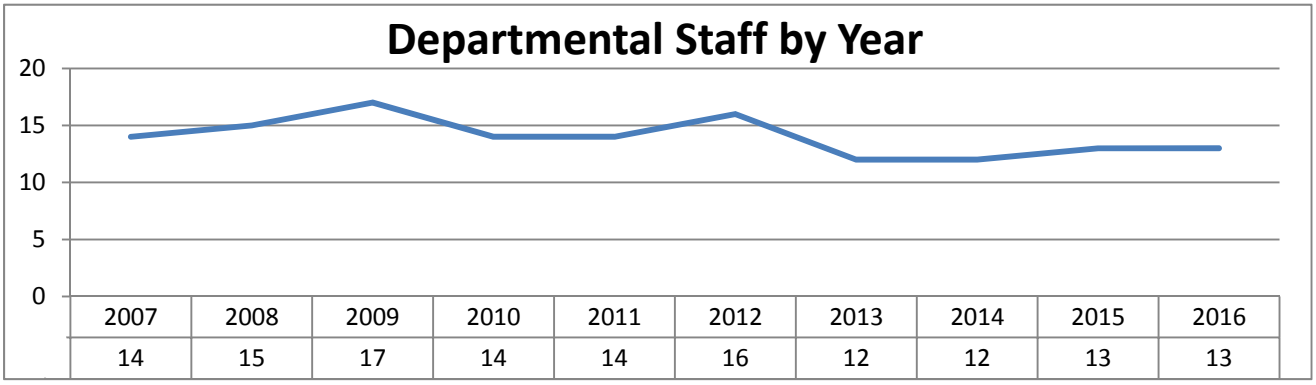
CAPITAL IMPROVEMENT PLAN - FIVE-YEAR PLAN

DESCRIPTION	2016	2017	2018	2019	2020
ENGINEERING (Cont.)					
DISTRIBUTION MAINS - RELOCATIONS (Cont.)					
Relocate 8" Main - W St/Grant to University -LR W3- 350' Contr. (CO)	45,000				
Relocate 8" Main - Russ St/Piggee -LR W4- 80' Distr.	10,000				
Relocate 8" Main - Rodney Parham/Buff Ln -LR W4- 80' Distr.	6,000				
Relocate Meters - Kingsrow/Cantrell to Ridge Rd -LR W3- Distr.	5,000				
Relocate 2" Main/Meters - White Willow Ct/Pleasant Valley Dr -LR W4- Distr.	10,000				
Relocate Meters/Hydrants - Pine Valley Roundabout/Kavanaugh -LR W3- Distr.	5,000				
Relocate 12"Main/Meters/Hydrants - Gamble Rd/Lorena to Arthur - 400' Distr.	60,000				
Relocate 3" Main - Longlea Ct/Pebble Beach -LR W4- 225' Distr.	15,000				
Relocate 6" Main/Meters - Marlborough St/ Vinewood to Brandon - Distr.	30,000				
Relocate 12"/8"/6" Main - Kanis Rd/Shackleford to Autumn -LR W6- 2,650' Contr.	300,000				
Relocate 12"/8"/6" Main - Counts Massie/Crystal Hill -NLR/Maumelle - 3,120' Contr.(CO)	380,000				
Relocate 8" Main - Poe St/Alma/Glenview -NLR W2- 100' Distr.(CO)	35,000				
Relocate 2"/6" Main - 39th St/Pike/Hays -NLR W3- 100' Distr. (CO)	20,000				
Relocate 8" Main - Oakbrooke/Woodruff -SHRWD W1-30' Distr. (CO)	5,000				
Relocate 12" Main - Crooked Creek at Interstate 30 -AHTD- 200' Distr.	10,000				
Relocate 8"/3" Main - NE Quadrant Interstate 430/Cantrell Rd -AHTD- Distr. (CO)	40,000				
Relocate 12"/8" Main - Hwy 10 Widening/I-430 to Sam Peck -AHTD- Contr.	150,000	890,000	410,000		
Relocate 12"/8" Main - Hwy 10 Widening/I-430 to Sam Peck - REIMBURSEMENT		(530,000)	(250,000)		
Relocate 12"/8"/6" Main - Kanis Rd/Shackleford to Autumn -LR W6- 4,600' Contr.		800,000			
Relocate 12" Main - S. University / 28th to Col Glenn -LR W6- 3,400' Contr.			475,000		
Relocate Undesignated/Unknown Locations	100,000	200,000	250,000	250,000	250,000
MISCELLANEOUS					
Capital Labor	400,000	360,000	360,000	360,000	360,000
Replace Vehicle(s)	25,000	26,000	26,000	27,000	27,000
Professional Services - Engineering	15,000	15,000	15,000	15,000	15,000
Professional Services - Property Appraisals	5,000	5,000	5,000	5,000	5,000
Professional Services - Land Surveying	5,000	5,000	5,000	5,000	5,000
TOTAL	$ 11,478,000	$ 10,204,000	$ 12,829,000	$ 6,577,000	$ 6,588,000
GRAND TOTAL	$ 20,660,000	$ 17,365,000	$ 18,595,000	$ 12,493,000	$ 14,360,000

Effective: August 1, 2015

ADMINISTRATION DEPARTMENT





EXECUTIVE STAFF

Chief Executive Officer

The highest-ranking officer in the organization, the CEO, reports directly to the Board of Commissioners. The CEO collaborates with the Board to establish a strategic plan for the Utility and is responsible for implementing plan initiatives throughout the organization. The CEO also is responsible for the overall management of the Utility and the organization's profile and image. As the Utility's leader, the CEO frequently fills the roles of motivator, mentor, and advocate. The CEO has direct supervision over the COO and Chief Administrative Officer (CAO), as well as day-to-day supervision of the Chief Legal Counsel (CLC).

Chief Operating Officer

The COO is responsible for managing the day-to-day activities of the Utility and ensuring the required resources and assets are in place to deliver high-quality water and dependable service. The COO is responsible for the development, design, and implementation of business processes and systems that effectively and efficiently deliver water and service to customers. The COO directly supervises the Engineering, Finance, Customer Relations & Public Affairs, and Information Services departments, as well as Environmental Health & Safety. The COO also directly supervises the Technical Services Officer covering the Distribution and Water Quality & Operations departments.

Chief Legal Counsel

The CLC reports directly to the CEO and the Board of Commissioners. The CLC will enhance CAW by providing prompt resolution of legal issues, proactive advice, and counsel to the Utility's administration. The CLC 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 CLC serves as legal advisor and counsel to the Board and staff; provides assistance in interpreting the legal ramifications of proposals, policy directives and other actions; advises, promotes and manages efforts related to federal, state or local legislation; assists the CEO with strategic initiatives and the communication of such with external stakeholders; drives decision-making that creates medium and long-term improvements in operations; and handles special projects as requested by the Board, CEO or COO.

EUM Attribute: Financial Viability

Goal: Evaluate alternative health care models in an effort to stabilize employee health care costs.

EUM Attribute: Employee and Leadership Development

Goal: Implement increased diversity and inclusion 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.

Administration Department – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 1,023,898	$ 1,036,848	$ 1,047,668
Materials, Supplies, and Maintenance	45,107	217,260	95,260
Electric and Other Utilities	80	960	960
Contract Services	236,969	181,919	198,920
Other	40,895	42,000	114,000
Total Expenses	***1,346,949***	***1,478,987***	***1,456,808***
Total Capital Expenditures	***151,523***	***250,000***	***75,000***
Total Administration	***$ 1,498,472***	***$ 1,728,987***	***$ 1,531,808***

ENVIRONMENTAL HEALTH & SAFETY

The Environmental Health & Safety Section (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 conducts intense employee training, performs routine health and safety inspections throughout the Utility, and eliminates 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, management reinforces sound practices by leading by example and wearing the proper personal protective equipment (PPE), 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.

2015 Accomplishments

By the end of 2015, EHS will have provided over 100 health and safety training sessions for CAW employees. The majority of the training EHS provides is OSHA required. Examples of training include CPR, defensive driving, competent person, confined spaces, respiratory protection, hearing conservation, forklift certification, and emergency response, among others.

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

2015 Accomplishments

EHS will complete a thorough safety inspection by the end of 2015 at all CAW facilities (JTH, MAC, Clearwater, Wilson Plant, Ozark Point, Lake Maumelle, and Lake Winona) and will work with staff to ensure that all hazards identified during those inspections are corrected.

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

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

2015 Accomplishments

EHS anticipates visiting over 100 job sites by the end of 2015. During these safety inspections, EHS personnel observe the operations, evaluate possible safety concerns, OSHA compliance, public safety awareness, and note any corrections of safety issues found during jobsite visit.

Other 2015 Accomplishments

In 2015, the EHS section undertook a significant enhancement of security control systems within the Utility in order to ensure safety and security of all facilities. This work implements a number of recommendations of the Vulnerability Assessment for the Utility that was created in 2014-2015 and includes creating access control profiles for each job description throughout the Utility.

2016 Goals

EHS will continue to implement recommendations of the Vulnerability Assessment in 2016, providing additional safety and security enhancements as needed at various Utility facilities and updating or creating Emergency Action Response Plans (EARP) for a number of scenarios identified by the Vulnerability Assessment. Specifically, EHS will update and enhance bomb threat procedures. EHS-conducted training in 2016 will include training on these EARPs for all employees.

Performance Measures	2014 Actual	2015 Estimated	2016 Budget *
Safety Training Classes	91	100	100
Safety Training Hours (cumulative)	2,600	2,300	2,600
Workers' Comp Claims	7	9	10
Workers' Comp Claim Costs	$23,200	$28,700	$33,000
Workers' Comp Lost Time (days)	0	13	37
"At Fault" Vehicular Accidents	3	4	6
"Not At Fault" Vehicular Accidents	10	3	5
Perform all Facility and Vehicular Inspections	Y	Y	Y

* Based on 5-year average 2010 - 2014

Environmental Health & Safety – Expenditure Summary

	2014 ACTUAL	2015 Budget	2016 Budget
Labor and Benefits	$ 282,379	$ 332,819	$ 345,472
Materials, Supplies, and Maintenance	54,736	76,700	62,700
Electric and Other Utilities	440	740	740
Contract Services	293,145	234,100	194,100
Total Expenses	***630,700***	***644,359***	***603,012***
Total Capital Expenditures	***-***	***-***	***-***
Total Environmental Health & Safety	***$ 630,700***	***$ 644,359***	***$ 603,012***

HUMAN RESOURCES

The Human Resources Section provides services and support for all aspects of employment, employee relations, and strategic planning for each of CAW's nearly 300 dedicated employees. The section's three staff members, who collectively have over 82 years of experience in the field of Human Resources, have a wide range of diverse responsibilities that include recruitment; developing and maintaining the employee handbook and Utility-wide policies and procedures; evaluating and recommending employee benefits; overseeing the compensation program; providing training and professional development; reviewing assisting with performance evaluations; overseeing utility-wide succession planning; implementing the alcohol/drug-free workplace program; providing employee relations and assistance; leading diversity and inclusion initiatives; and providing oversight of CAW's Strategic Plan.

Human Resources is responsible for addressing many of the challenges currently faced by employers across the nation, including new IRS reporting and other new requirements under the Affordable Care Act, ever-changing and expansive employment legislation, increased turnover and knowledge/experience drain caused by retirement of the baby boomer generation, qualified labor pool shortages, and a budget restrictive economy.

Additionally, Human Resources works hard to ensure that CAW's employees enjoy a uniquely positive work environment, with opportunities for individual professional growth and the opportunity to make important contributions to the growth of the Utility. All of the programs and initiatives of the Human Resources Section focus on a single objective – ensuring that CAW has the well-educated, well-trained, and dedicated work force that the Utility requires to provide the exceptional water and outstanding service that customers expect and on which they know they can depend.

Mission

The Human Resources staff strives to provide the Utility with a well-qualified, diverse, and dedicated work force through recruitment efforts and Utility programs, is dedicated to providing CAW's nearly 300 employees with outstanding service, support, information, and assistance in regard to Utility policies, benefits, programs, and other areas of concern.

Human Resources is committed to ensuring that the Utility's recruitment programs, policies, procedures, compensation, and employee benefits programs continue to attract and retain exceptional 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, Human Resources 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: To attract and retain a workforce that is competent, motivated, and diverse in a collaborative environment dedicated to continual learning and improvement and the professional and leadership development of all employees, while maintaining competitive pay and employee benefits within the budgetary requirements of the Utility.

Objective 1: Maintain "time to fill" vacant positions at or below SHRM standard of seven weeks

2015 Accomplishments

2015 continued to be a high volume year for recruitment with 32 positions filled in the first 8.5 months of the year. One senior level managerial position, Director of Distribution, was successfully filled following a key retirement and a new upper level technical position, Chemist, was newly developed and filled. Positions were filled, on average, within 7.0 weeks.

Objective 2: Maintain annual turnover rate at or below 10%

2015 Accomplishments

CAW's turnover rate for the last five years has averaged just under 5.8%, far below the national five year average of 16% for state and local government employers. Retirements of the baby boomer generation continue to be reflected in an uptick in CAW's turnover rate for 2015 (estimated 7.35%). CAW's estimated annual turnover for 2015 still remains at half the estimated national average for state and local governments.

Objective 3: Maintain cost of benefits below the adjusted Bureau of Labor Statistics/ Society for Human Resource Management (BLS/SHRM) national average of 28.3% (2014/2015)

2015 Accomplishments

Estimated 2015 Cost of Benefits as a percent of total compensation (wages + benefits) at 28.4% is in line with the BLS/SHRM national average.

Objective 4: Implement Diversity and Inclusion training and programs

2015 Accomplishments

A strong commitment to Diversity and Inclusion initiatives continues throughout the organization. One example is the distinction held by CAW, for the fourth year in a row, of being the largest participating organization in the Just Communities of Arkansas (JCA) Walk for commUNITY, with 67 CAW walkers participating. Harassment/discrimination/ diversity and inclusion training will be conducted in three phases in 2015. First, the Diversity and Inclusion Team (DIT - 14 employees), then all supervisors/managers (40 employees), and finally all employees of the utility (281) will be trained. The DIT will roll out a new initiative to celebrate National Diversity Month in October by interviewing a diverse group of CAW employees and spotlighting one participating employee via intranet/email each day.

Objective 5: Ensure employee competency through job-related certification, tracking percentage of those meeting job certification requirement(s)

2015 Accomplishments

The number of employees holding designated certifications continues to exceed the level of job certifications required by the Utility, with job-related certifications currently at 117%.

Objective 6: Ensure employee competency through training, meeting QualServe standard of 20.0 hours of training per employee annually.

2015 Accomplishments

Employees received 22.6 hours of training on average in 2015. A similar level of utility-wide training for all employees is planned for 2016.

Objective 7: Support workforce succession preparedness through internal advancement of employees, tracking number of non-entry level positions filled internally.

2015 Accomplishments

The utility increased its internal advancement metrics in 2015, with 59% of non-entry level positions filled internally. The Utility will continue to focus on workforce succession preparedness with a goal to increase internal advancement of employees in 2016.

Other 2015 Accomplishments

In addition to the goals and accomplishments identified above, Human Resources supported the feasibility assessment of the proposed merger between CAW and MWM. Working with the COO, a preliminary study of positional matches between CAW and MWM job titles was completed, along with estimated cost projections associated with salary and benefit expenses related to a proposed merger.

2016 Goals

Human Resources will focus on implementation of a structured framework for succession planning and workforce preparedness in 2016, which will be supported by the addition of a Human Resources Specialist dedicated to succession planning, leadership development, and employee training programs.

At the start of 2016, Human Resources will ensure the Utility's timely compliance with the new IRS reporting requirements brought about by the Affordable Care Act.

Performance Measures	2014 Actual	2015 Estimated	2016 Budget
Time to Fill (Weeks)	6.7 wks	7.0 wks	7.0 wks
Turnover	8.6%	7.4%	5.8%
Cost of Benefits*	27.6%	28.4%	28.5%
Diversity and Inclusion Training	No	Yes	Yes
Job-related Certification	120%	117%	117%
Employee Training (Hours)	19.4 hrs	22.6 hrs	22 hrs
Internal Advancement	48%	59%	66%

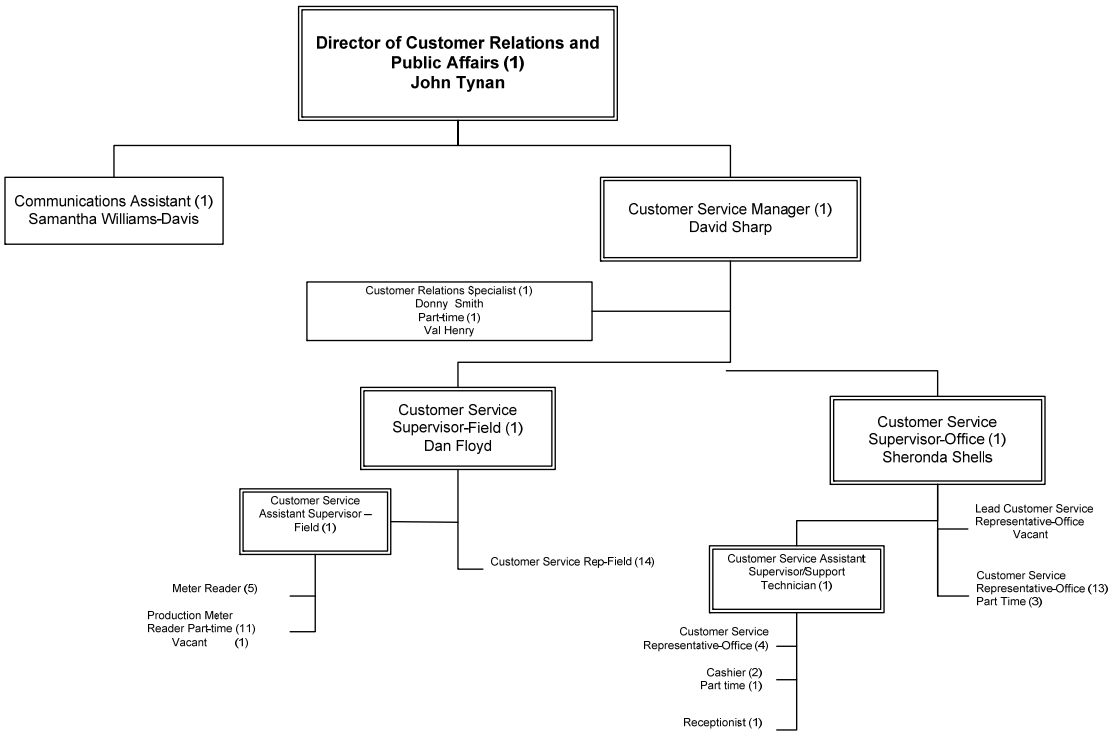
* Calculation methodology revised to provide benchmarking with BLS/SHRM Cost of Benefits Calculation as percentage of total compensation (wages and benefits), rather than percentage of wages only.

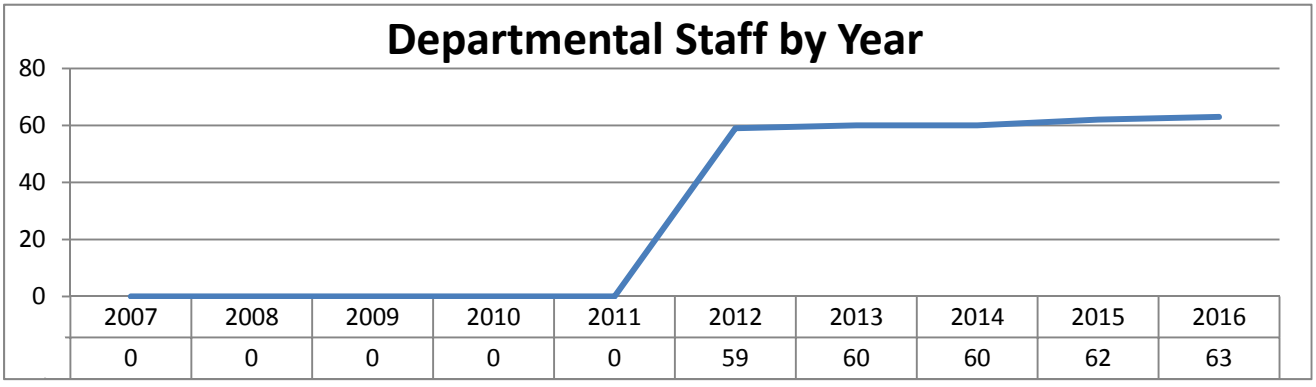
Human Resources – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 442,887	$ 440,607	$ 530,972
Materials, Supplies, and Maintenance	18,014	35,732	31,882
Contract Services	32,810	29,950	40,950
Total Expenses	***493,711***	***506,289***	***603,804***
Total Capital Expenditures	***-***	***-***	***-***
Total Human Resources	***$ 493,711***	***$ 506,289***	***$ 603,804***

CUSTOMER RELATIONS AND PUBLIC AFFAIRS DEPARTMENT

Effective: August 1, 2015





Note: Restated to match 2015 presentation.

CUSTOMER RELATIONS & PUBLIC AFFAIRS DEPARTMENT

The Customer Relations & Public Affairs Department (CRPA) was formed in late 2013 and encompasses the Communications Section, the Customer Service Section, and the Public Policy Section of the Utility. The formation of this department allows CAW to take a holistic approach to managing relationships with external and internal audiences and ensure that all interactions with the Utility provide an exceptional experience that exceeds expectations.

The Communications Section manages a comprehensive and multi-faceted corporate communications program for CAW. Responsibilities include targeted and general marketing programs, website and social media management, community support and special event representation, collateral support for all internal departments, media relations, customer education and outreach, and oversight of the H2O program. The section ensures that the Utility provides accurate, timely, and responsive information relating to service, rates, public-policy decisions, and initiatives.

The Customer Service Section is the utility's primary contact for customers. This section provides information to customers through all phases of the account management process, including the creation, metering, collection, troubleshooting, transferring, and closing of accounts. The Customer Service Section responsibilities include meter reading, customer relations, field service operations, call center operations, cashiering, and pay agents.

The Public Policy Section analyzes, develops, and advocates adoption of sound public policy at local, state, and federal levels. Work within this section is completed collaboratively with the CEO and Chief Legal Counsel.

Mission

CRPA seeks to clearly, consistently, and aggressively communicate the essential and exceptional attributes of CAW to customers, the general public and internal audiences.

CRPA is committed to providing service that not only meets but clearly exceeds external and internal customer expectations. The department accomplishes its mission through teamwork, communication, courtesy, integrity, innovation, and takes responsibility for the efficient and effective delivery of quality service.

EUM Attribute: Stakeholder Understanding and Support

Goal: Actively involve stakeholders to engender understanding, support, and disseminate information through multiple venues to optimize audience diversity and outreach

Objective 1: Expand opportunities to communicate with customers through diverse outreach venues, including leading-edge communications technology such as Facebook, Twitter, Blog, and Rich Site Summary (RSS)

2015 Accomplishments

Communications continued use of social media under the Long-Range Communications Plan, bringing the majority of these outreach efforts in-house but also partnering with local bloggers to provide content-rich materials for distribution through social media and online venues. Email-based communication continued in conjunction with paperless billing enhancements and promotions.

Objective 2: Comply with and/or exceed Federal and State regulatory deadlines for issuance of the annual Water Quality Report before July 1st.

2015 Accomplishments

The Water Quality Report was posted on carkw.com on June 1, 2015, and the media was notified of its availability. Social media notices also began on June 1 and continued through June and July. Beginning June 9, 2015, postcard notices informing citizens of the electronic availability of the Water Quality Report were mailed to all customers and all ground addresses within the CAW service area. Notices on bill statements began June 1 and continued through July 31. A bill insert notifying customers of electronic availability was also included in customers' June bill. A separate Water Quality Report was mailed to all Wye Mountain Water System customers on June 8, 2015, and a separate bill message was provided to these customers.

Objective 3: Maintain frequent and regular contact with public officials and other key stakeholder groups regarding rates, water quality, and watershed protection

2015 Accomplishments

Through August 2015, CAW has issued approximately 20 press releases and has been featured in 75 different media stories or articles. CAW has notified local elected leaders and city staff about all large capital projects in areas they represent, providing an opportunity to emphasize the need for continued investment in replacement of aging infrastructure. CAW has also engaged with City of Little Rock

officials regarding upcoming land management activities that will occur on CAW property adjacent to a highly visible public park. Communications and Water Quality have worked closely on public outreach and notification regarding all forest management and prescribed fire activities on CAW property in the Maumelle Watershed, including direct mail, social media, online project notices.

Objective 4: Foster public engagement in policy and decision-making through the Utility's annual Stakeholder's Meeting and State of the Utility address, public meetings, and public hearings.

2015 Accomplishments

An abbreviated 2015 Stakeholder Meeting was held on May 14, 2015, in conjunction with a regularly scheduled CAW board meeting due to delays resulting from inclement weather earlier in the year. CAW staff worked closely with members of the General Assembly during the 2015 legislative session on issues affecting CAW and water utilities, with positive results. CAW also met numerous times with community leaders throughout 2015 to provide updates and receive feedback regarding the ExxonMobil Pegasus pipeline, the potential incorporation of Little Italy, the potential merger with Maumelle Water Management, CAW rate proposals, and other issues important to the utility.

Objective 5: Issue Annual Report DVD following Board approval of the annual audit, no later than August

2015 Accomplishments

The Annual Report was distributed electronically beginning June 1 in conjunction with the release of the Water Quality Report as part of the integration and linkage between the two efforts, reaching consumers and customers within the Central Arkansas area. CAW distributed the annual report video by USB drive on July 20, 2015, to elected officials and members of the Association of Metropolitan Water Agencies. In keeping with the Utility's commitment to sustainability throughout all facets of its operations, the video was distributed on a re-useable, eco-friendly USB drive that is manufactured with recycled materials and uses up to 40% less plastic than other models.

EUM Attribute: Customer Satisfaction

Goal: To provide customer service that exceeds expectations

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

2015 Accomplishments

A substantial number of retirements and departmental transfers resulted in significant turnover in the customer service call center in 2014 and 2015. As a result, approximately 75% of the 15 staff call center has less than 2 years of service at the Utility, resulting in lower productivity and higher abandon rates than desired. In addition, full staffing has rarely been maintained throughout 2014 and 2015. As of August 1, the YTD abandon rate is 6.4%. Full staffing was achieved on July 1, and rates have begun to improve. A new phone system with enhanced reporting and tracking capabilities as well as creation and filling of Lead Customer Service Representative positions were implemented in effort to provide improved oversight and enhance performance.

Objective 2: Maintain average call answer time at or below 30 seconds

2015 Accomplishments

See above discussion regarding call center turnover and impacts on performance. As of August 1, 2015, the average call answer time is at 64.16 seconds. After fully staffing the call center on July 1, average call answer time began to decrease and additional improvement is expected by year end.

Other 2015 Accomplishments

The Utility continued to market and promote enrollment in paperless billing and use of improved online account management features. As of August 1, 2015, approximately 5.3% of the Utility's customers are enrolled in paperless billing. Following a robust quality assurance process that reviewed a printing of every customer bill, the Utility modified the presentation of the billing statement in September of 2015 in order to more clearly convey critical billing information while modernizing the look and feel of the statement.

CAW continued to install and evaluate Advanced Meter Reading (AMR) technology, by replacing 141 failing and outdated touchread meters with advanced AMR meters. CAW also replaced one meter route with AMR meters, reducing meter reading costs significantly for the 170 meters affected. The Utility also piloted the use of cellular metering technology on 10 selected accounts with extreme inaccessibility to determine if the use of this technology may be a viable alternative in other such situations.

The Customer Service Section, in partnership with Information Services, transitioned to an electronic work-order management system in mid-2015. The transition from a paper-based system to an electronic, tablet-based system will enhance utility operations through improved tracking of work-order aging, improved customer service response times, additional information available for customer service staff, and reduced paper usage throughout the utility.

The utility also repeated its Customer Satisfaction Survey, first completed in 2012, and included questions regarding media consumption outlets for target populations. The survey provides insight into customer satisfaction but will also help to ensure marketing efforts are most effectively reaching the desired audience. The Communications section also developed marketing campaigns for various utility efforts including those to communicate the value CAW provides to the community (the "We Treat Water Better" campaign) and efforts to highlight enhanced asset management activities. Finally, the Communications section also began development and implementation of a utility-wide community education plan to ensure consistent and interactive presentation of educational information to the community from all areas within the utility. The education plan will develop a number of interactive activities as well as identify and implement opportunities for use of the Wilson Plant as a tour venue and educational resource.

Also in mid-2015, the Communications section assumed responsibility for coordinating and facilitating the sustainability efforts of the Utility. The Sustainability Team was reactivated and added 7 new members. A vision for the team was finalized and specific short and long-term goals and initiatives were identified and initiated.

CAW also modified its H2O funding structure, identifying alternative revenue sources that will provide approximately twice the annual funding for customer hardship assistance while also reducing the overhead costs and extensive time investment of the prior coupon approach. Coupon insertion stopped as of September 1, 2015, and the enhanced funding structure will begin in 2016. In addition, CAW secured commitments from Little Rock Wastewater for a minimum annual contribution of $40,000 to the H2O program, further increasing the program's potential impact.

2016 Goals

In addition to the ongoing objectives identified above, the CRPA Department will continue to implement the Long-Range Communications Plan, including enhanced and targeted media outreach on the newly created campaigns. Increased use of social media and other electronic outreach will provide cost-effective opportunities to reach a wide range of customers. Finalizing and implementing the utility's education plan and creation of a sustainability plan in 2016 will guide future work of the Communications Section.

The Customer Service Section will continue to replace old commercial meters with new electronic read meters and work in collaboration with Distribution to install AMR technology where appropriate and where existing infrastructure investments allow. In addition, the section will continue to move meters to the most cost-effective reading method. The department will work to actively anticipate retirements and maintain full staffing in advance of departures, when feasible. In addition, continued departmental restructuring will continue to be evaluated due to the planned retirement of a key leadership position and the dedicated North Little Rock Customer Service Representative in late-2015. Finally, the Customer Service section will evaluate the use of various technologies to improve efficiencies of the area, including a route re-balancing software to ensure the most cost and time effective meter readings, phone system enhancements for multi-channel customer contacts (phone, email, chat, etc.) and improved reporting and accountability, and enhanced customer notification tools including multiple contact options for bill notices, service outages, or other critical utility issues.

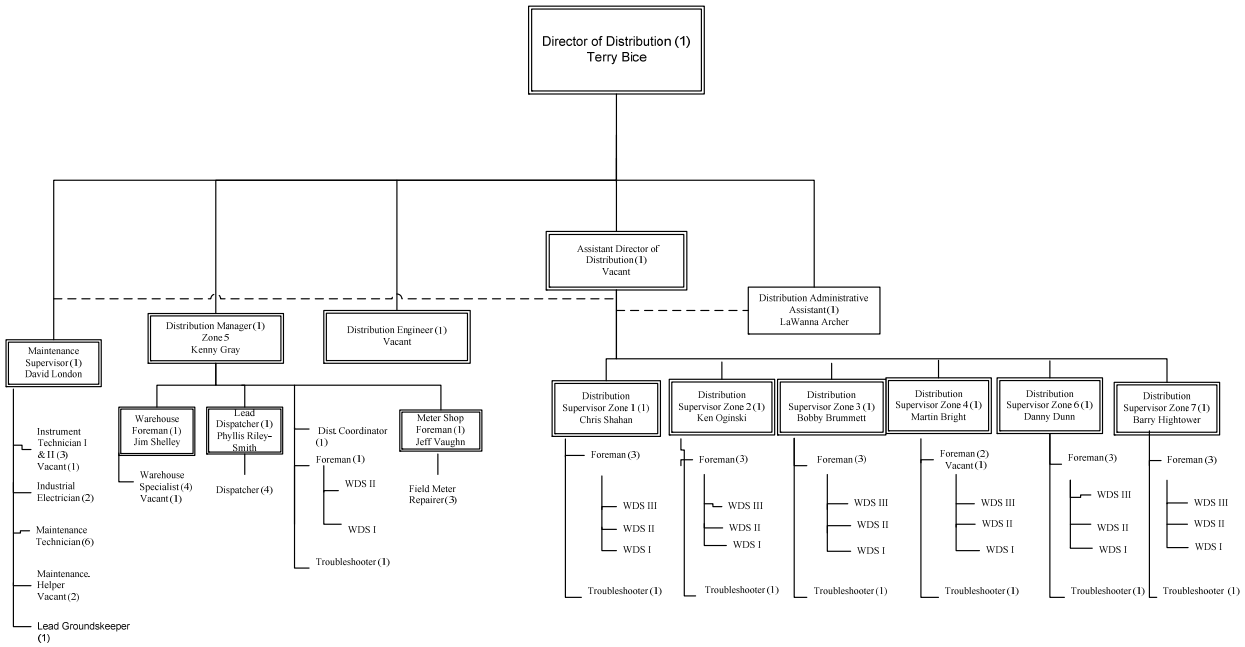
Performance Measures	2014 Actual	2015 Estimated	2016 Budget
Abandoned Calls Percentage	5.92%	4.99%	4.00%
Average Call Answer Time (in seconds)	51.73	50.09	30.00
Expand and Diversify Communications Outreach Venues	Yes	Yes	Yes
Issue Federal Water Quality Report Before July 1st	Yes	Yes	Yes
Maintain Frequent and Regular Contact with Public Officials and Other Key Stakeholder Groups	Yes	Yes	Yes
Foster public engagement in policy and decision-making through the Utility's annual Stakeholder's Meeting and State of the Utility address, public meetings, and public hearings	Yes	Yes	Yes
Issue Annual Report DVD By August Each Year	Yes	Yes	Yes
Number of Customers Receiving Assistance Through H20 Fund	427	350	650

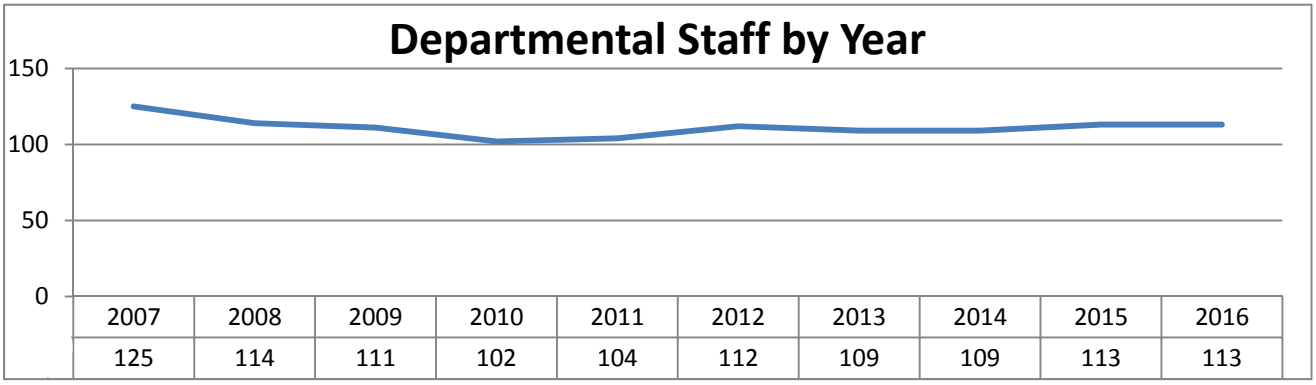
Customer Relations & Public Affairs – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 3,981,773	$ 4,024,498	$ 4,140,131
Materials, Supplies, and Maintenance	331,872	395,150	313,500
Electric and Other Utilities	14,234	18,400	18,400
Contract Services	116,094	194,109	230,883
Other	14,707	15,000	18,500
Total Expenses	***4,458,680***	***4,647,157***	***4,721,414***
Total Capital Expenditures	***34,263***	***233,000***	***230,000***
Total Customer Relations & Public Affairs	***$ 4,492,943***	***$ 4,880,157***	***$ 4,951,414***

Effective: August 1, 2015

DISTRIBUTION DEPARTMENT





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 Central Arkansas Water's distribution system is highly technical in nature, the goal of the Distribution Department is simple – to provide dependable water service and high water quality to CAW customers. In order 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 their 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.

2015 Accomplishments

The Distribution Department implemented a 2" galvanized replacement program, focusing on 2" mains with high failure rates within the distribution system. Galvanized mains account for 44% of the distribution system's annual leaks and breaks, but only 6% of the system's pipe makeup. Distribution's goal is to replace 15,000 linear feet of galvanized pipe. This program furthers the goals of CAW's asset management plan, which identifies a need to increase the amount of this type of main replaced each year. CAW's 2014 pilot study of galvanized pipe replacement determined that in-house construction crews are the most cost-effective way to increase the replacement of these problem assets.

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

2015 Accomplishments

The department continues efforts to minimize emergency outages, repair main breaks without resulting in an outage, and to pre-schedule required outages whenever possible. Distribution expects to reduce the number of unplanned outages from the prior year by 10 occurrences, from 46 in 2014 to 36 in 2015. This is based on observed trends through September 1, 2015.

EUM Attribute: Operational Optimization

Goal: Maximize resource efficiency

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

2015 Accomplishments

The Distribution Department implemented a system-wide valve inspection program in July 2013. The objective is to reduce the number of customers affected from outages and property damage by inspecting and ensuring each of the 32,000 valves in the distribution system are locatable and operable. 2015 marks the second year of valve inspection, with an anticipated inspection of 14,598 valves in 2015, for a total of 24,759 valves inspected since inception.

Objective 2: Maintain unaccounted for water below AWWA Benchmark (median = 9.5%) and Arkansas Department of Health action level > 15%

2015 Accomplishments

The distribution system is closely monitored for any increase in unaccounted for water. When significant increases occur, indicating a possible unreported leak or main break, Distribution personnel survey right-of-ways and easements that are not easily visible to locate leaks. By doing so, Distribution has maintained a 12-month rolling average of 8.3% unaccounted for water through September 1, 2015.

EUM Attribute: Financial Viability

Goal: Manage budget effectively

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

2015 Accomplishments

The Distribution Department budgets efficiently to minimize other departments' spending needs. Based on trends through September 1, 2015, Distribution anticipates completing 96% of the capital projects budgeted for 2015 with a cost of $3.57 million.

EUM Attribute:	Operational Resiliency
Goal:	Manage departmental risk

Objective 1: Keep the number of worker's compensation claims below 10.5 annually

2015 Accomplishments

The Distribution Department is the largest department in the utility with 110 employees working in the field in and around construction projects, the most potentially hazardous work environments within the Utility. The Department stresses a safe work environment and working safely by hosting monthly training sessions as well as weekly safety tailgate talks. Based on claims through September 1, 2015, and historical trends, the Department anticipates worker's compensation claims to remain unchanged from 2014 at 6 claims.

Other 2015 Accomplishments

In addition to the goals and accomplishments identified above, Distribution anticipates replacing 4,850 meters in 2015, in accordance with the meter replacement program that replaces 5/8" meters every 16 years or sooner for larger meters. An additional 1,950 5/8" meters are projected to be changed by customer service as part of routine operations, resulting in 6,800 5/8" meters changed in 2015.

2016 Goals

In 2016, Distribution will complete the initial inspection of all 34,000 valves within the distribution system. 2" galvanized pipe replacements are expected to increase to 18,000-feet, which should contribute to fewer breaks, fewer unplanned outages, and a smaller number of customers affected by breaks.

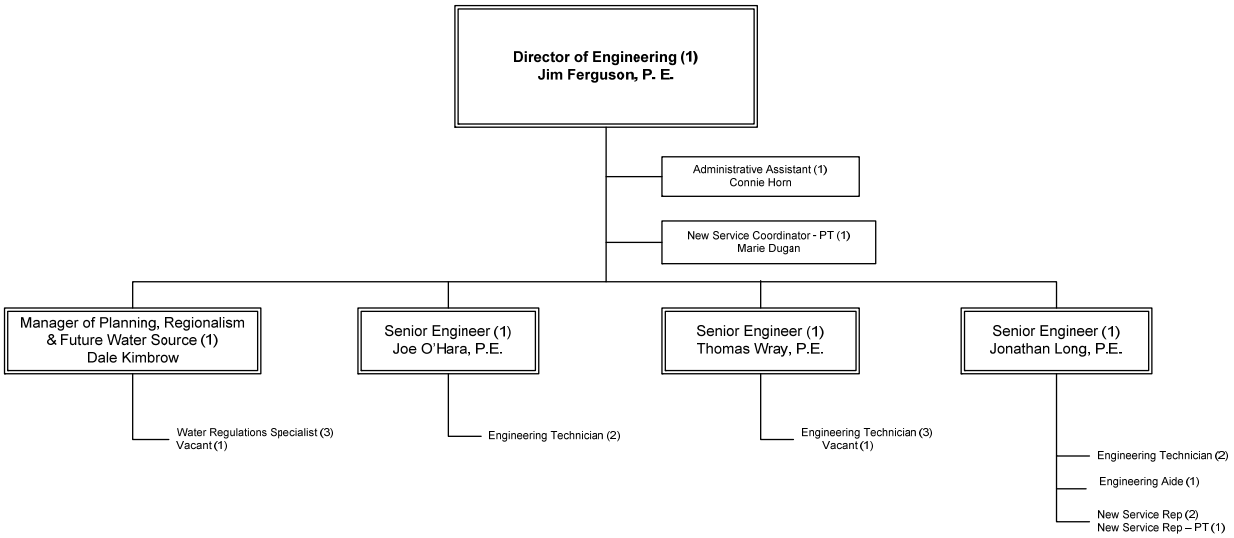
Performance Measures	2014 Actual	2015 Estimated	2016 Budget
Number of Main Breaks per 100 Miles of Pipe	23.79	22.75	22.50
Reduce the Number of Unplanned Outages	46	36	33
Reduce the Number of Customers Affected	993	844	814
Unaccounted For Water ≤ 9.5%	8.34%	8.30%	8.30%
Complete Capital Budget Projects	95.5%	96%	96%
Number of Workers Compensation Claims	6	6	6
Replace 2” Galvanized Pipe (Feet)	6,220	15,000	18,000
Inspect Valves for Operability	13,462	14,000	6,538

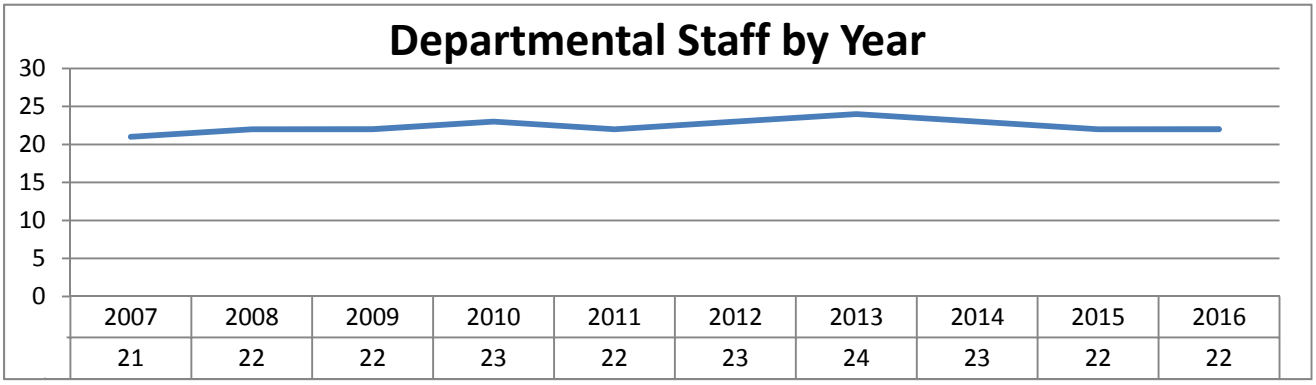
Distribution Department – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 6,854,083	$ 6,832,537	$ 7,056,508
Materials, Supplies, and Maintenance	3,148,345	2,857,300	2,853,300
Electric and Other Utilities	63,127	67,500	67,500
Contract Services	593,530	627,326	646,989
Total Expenses	***10,659,085***	***10,384,663***	***10,624,297***
Total Capital Expenditures	***3,569,248***	***3,717,000***	***3,431,000***
Total Distribution	***$ 14,228,333***	***$ 14,101,663***	***$ 14,055,297***

Effective: August 1, 2015

ENGINEERING DEPARTMENT





ENGINEERING DEPARTMENT

The Engineering Department provides careful engineering, development, review, and management of all treatment, pumping, storage, and distribution improvements and the approval of residential, commercial, and industrial 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 four sections: Engineering and Planning, Cross-Connection Control Program (CCCP), New Service, and Regionalism & Future Water Source.

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 Expenditure. The use of outside consulting engineers for design support is limited to capital projects involving specific technical matters that are beyond the staff engineers' areas of competence or time restrictions.

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

The 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 Service Information System, Cityworks work-order system, GIS mapping computer systems, and various Engineering Department databases.

The Regionalism & Future Water Source Section serves as the Utility's liaison to neighboring water systems, wholesale customers, and large volume customers to ensure that CAW is meeting the needs and reasonable expectations of major water users. The Manager of Planning, Regionalism & Future Water Source also represents CAW on the Mid-Arkansas Water Alliance Board of Directors. By establishing regular communication and managing relations with wholesale entities, large volume accounts, and water quality sensitive accounts, CAW is able to promote fairness, provide a high level of service to these classifications of customers, and be responsive to their concerns.

EUM Attribute: Operational Resiliency

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.

2015 Accomplishments

Replaced approximately 21,000 linear feet of galvanized pipe through the combination of contracted work (6,000 linear feet) and work performed in-house by the Distribution Department (15,000 linear feet).

Designed and managed the construction of one new booster pumping station in order to provide increased capacity for a rapidly growing area.

Objective 2: Continue CAW's work with MAWA, as the Alliance continues studies, investigations, and progress toward securing water rights for the entirety of Mid-Arkansas region.

2015 Accomplishments

CAW has made an official request to the U.S. Army Corps of Engineers to purchase the remaining 100 MGD DeGray Lake raw water allotment. The request is under review with the purchase expected to be completed in late 2015 or early 2016.

The ongoing water right study and corresponding request for additional water allocation from Lake Ouachita by MAWA is scheduled to be completed in late 2015.

Objective 3: Improve infrastructure to mitigate spontaneous water main failures within the system.

2015 Accomplishments

Replaced approximately 21,000 linear feet of galvanized pipe through the combination of contracted work (6,000 linear feet) and work performed in-house by the Distribution Department (15,000 linear feet).

The replacement of asbestos-cement pipe in 2015 is below the annual target due to limited funds and prioritization of replacing galvanized pipe due to the fact that most spontaneous water main failures in the system occur on galvanized pipe.

Objective 4: Replace 20,000 linear feet of galvanized pipe annually.

2015 Accomplishments

Replaced approximately 21,000 linear feet of galvanized pipe through the combination of contracted work (6,000 linear feet) and work performed in-house by the Distribution Department (15,000 linear feet).

Other 2015 Accomplishments

Engineering supported the feasibility assessment of the proposed merger between CAW and MWM. Working through consulting engineers, Engineering completed the preliminary engineering report for the merger feasibility study that identified capital needs of $11.5 million under a proposed merger between CAW and MWM and capital needs of $35.7 million for MWM without a merger.

In 2015, Engineering completed 44 relocation projects ranging in length from 50 feet to 5,400 feet and pipe size from 2" to 16" for street, road, and drainage improvement projects initiated by the Arkansas Highway and Transportation Department and the cities of Little Rock, North Little Rock, Sherwood, and Maumelle. While relocations do result in newer infrastructure, these projects are not dictated by CAW system needs or pipe that is past its 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. The Utility was able to accommodate these relocations in 2015 without a significant reduction in the replacement of galvanized pipe by using excess working capital funds.

Engineering also completed a feasibility study in 2015 of using raw water from the Arkansas River as an emergency water supply. This study is a recommendation of the Vulnerability Assessment completed in 2014-2015. The study evaluated both the quantity of water available in the river for emergency, identified a preferred location for withdrawal, and estimated costs of transporting water from the intake site to the treatment plants.

2016 Goals

Engineering will replace approximately 7,600 linear feet of asbestos-cement pipe and 45,000 linear feet of galvanized pipe in 2016. These totals are in line with the 10,000 feet of asbestos-cement pipe and 40,000 feet of galvanized pipe that Engineering strives to replace annually. While the forecasted replacement of asbestos-cement pipe in 2016 increases from the 2015 levels, it remains below the annual target due to a higher priority on replacing galvanized pipe with limited funds.

Approximately 36 additional relocation projects consisting of various pipe types are anticipated for 2016 due to street, road, and drainage improvement projects initiated by the Arkansas Highway and Transportation Department and the cities of Little Rock, North Little Rock, Sherwood, and Maumelle.

The Arkansas State Highway and Transportation Department has committed to replacing the existing Broadway Street Bridge crossing the Arkansas River. CAW has a 16" water transmission main attached to the existing structure that will be replaced with a 20" steel pipe as part of the project. Work on the new bridge and transmission main will begin in 2016 and is expected to be completed before the end of 2017.

Engineering will also initiate design in 2016 for the improvement and rehabilitation of the Ozark Point Plant and the improvement and rehabilitation of the Wilson Plant Pump Station #1A.

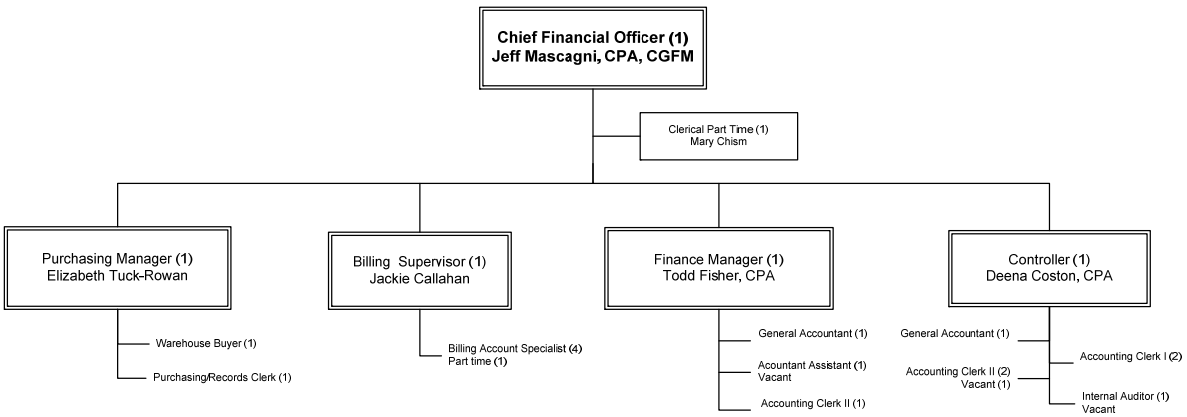
Performance Measures	2014 Actual	2015 Estimated	2016 Budget
Asbestos Cement Pipe Replacement (linear feet)	4,400	0	7,600
Galvanized Pipe Replacement (linear feet)	18,000	21,000	45,730

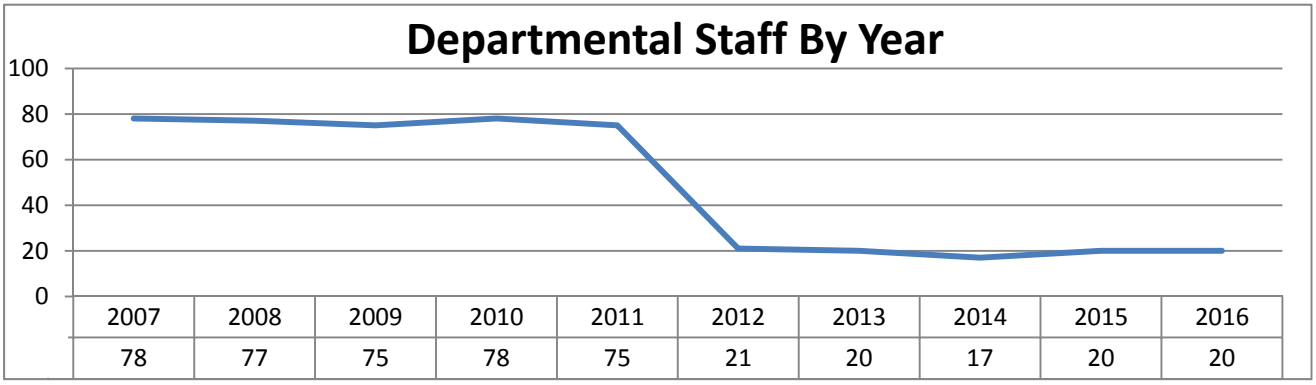
Engineering Department – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 1,686,628	$ 1,698,415	$ 1,717,784
Materials, Supplies, and Maintenance	95,020	77,060	77,060
Electric and Other Utilities	4,336	5,760	5,760
Contract Services	35,292	40,856	41,939
Total Expenses	***1,821,276***	***1,822,091***	***1,842,543***
Total Capital Expenditures	***5,362,563***	***11,321,000***	***11,478,000***
Total Engineering	***$ 7,183,839***	***$ 13,143,091***	***$ 13,320,543***

Effective: August 1, 2015

FINANCE DEPARTMENT

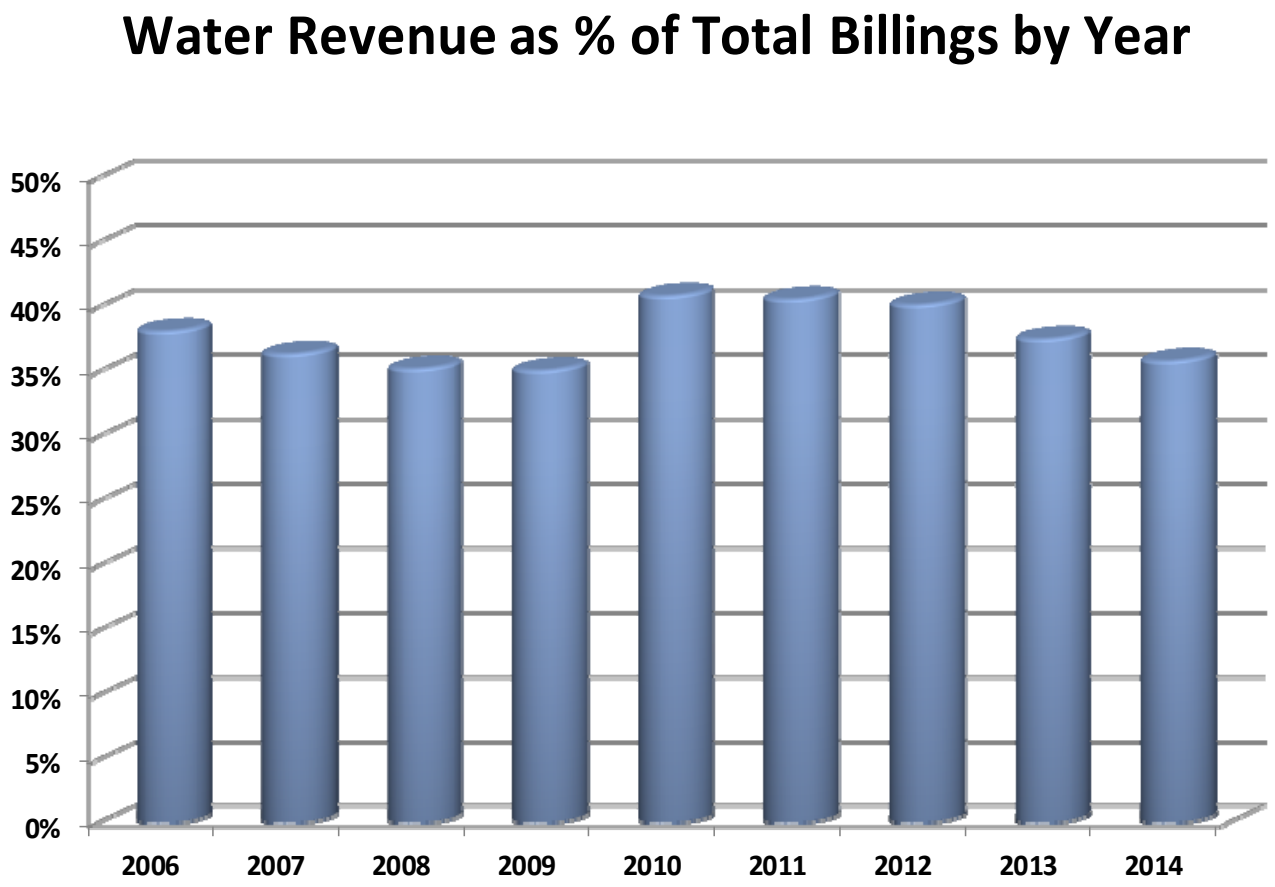




Note: 2012 forward stated as if Customer Relations & Public Affairs department separated.

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 20 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 126,000 metered accounts, 14 billing partners, and monthly billings that collectively total over $150 million annually.



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

Mission

The Finance Department is committed to providing quality service to customers in ways that are helpful, caring, and responsive. Customers include water customers, as well as the 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.

EUM Attribute: Financial Viability

Goal: To ensure the long-term financial success of the Utility through sound financial management practices

Objective 1: Distribute financial reports by the 2nd Thursday of each month for the previous month's activity

2015 Accomplishments

Finance consistently met this goal during 2015, providing the financial reports by the target deadline.

Objective 2: Receive the GFOA Distinguished Budget Award

2015 Accomplishments

Finance met this goal again in 2015, receiving the GFOA Distinguished Budget Award for the sixth consecutive year.

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

2015 Accomplishments

In 2015, CAW received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the sixth consecutive year.

Objective 4: Finalize and distribute Comprehensive Annual Financial Report (CAFR) by April 30

2015 Accomplishments

Finance met this goal in 2015, distributing the 2014 CAFR on April 17th, 2015.

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

2015 Accomplishments

Finance has met this goal each of the last five years. The 2016 Financial Plan maintains net revenue coverage at this target.

Objective 6: Maintain days cash on hand at or above 175 days

2015 Accomplishments

CAW has maintained days cash on hand at or above 175 days continuously since 2010. CAW is projected to end 2015 with 250 days cash on hand and is budgeted for 216 days cash on hand to end 2016.

Objective 7: Maintain debt utilization at or below AWWA benchmark (currently < 32%))

2015 Accomplishments

CAW has continuously maintained a debt utilization ratio well below this benchmark over its history. This continued in 2015 with a projected debt utilization of 20.7%.

Other 2015 Accomplishments

Over the last year, special emphasis was placed on training and cross-training for critical tasks. All critical tasks within the department were identified and assigned a priority level and staff members for training. The goal is to alleviate the possibility that a particular task will not get completed because an employee is out of the office on planned or unplanned leave.

Finance and Information Services staff worked successfully through upgrades for Microsoft Dynamics GP, Altec Doc-Link, and Paramount Workplace financial software systems. Microsoft Dynamics GP is used for payroll, accounts payable, project management, fixed asset management, and financial statement preparation. Altec Doc-Link is used for scanning of accounts payable documents and Paramount Workplace is the requisitioning software for purchases.

The Utility issued $7,445,000 Water Revenue Bonds to refund Series 2010B Bonds, saving approximately $709,000 over the life of the new debt.

Finance and Engineering staff reviewed and updated the insurance values assigned to booster pumping stations and transmission lines suspended on bridges. Finance staff also plans to work with MR Valuation Consulting, LLC in late 2015 or early 2016 to review and update insurance values assigned to assets at Lake Maumelle, Lake Winona, and the treatment plants.

Finance managed the financial aspects of all system mergers and acquisitions in 2015. In October 2015, CAW merged with the Frazier Pike Public Facilities Board in order to provide service to approximately 70 customers in rural Pulaski County. As part of the debt agreement of the merger, CAW assumed responsibility for preparation of any and all financial reports or audits required of Frazier Pike. Finance also managed all financial aspects of the MWM Feasibility Study and associated merger, including developing budgets and associated rates under various scenarios for both water and wastewater operations of MWM.

The department streamlined and standardized a number of processes in 2015, including improving the collection of 2016 budgetary information in order to improve efficiency and consistency of the process. The department also developed an auto transfer process for credit balances from inactive to active accounts in order to improve account management efficiencies.

2016 Goals

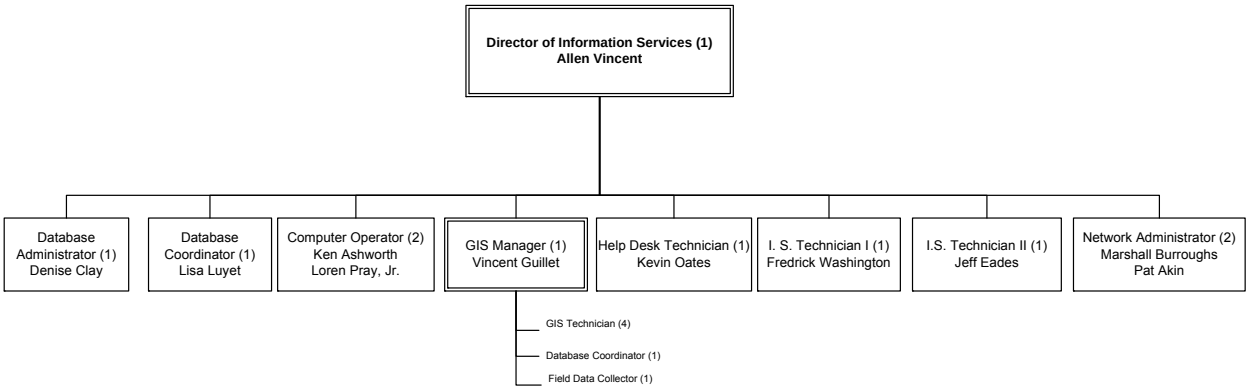
In addition to the recurring objectives above, the Finance Department will undertake a number of special projects in 2016 to improve overall financial services for the Utility. Specifically, the department will further improve the budgetary process by enhancing the newly created Capital Database to ensure streamlined submission and consistent documentation of capital projects for a five year planning horizon and evaluating replacement options for the Microsoft Forecaster budgeting software. Support for this program will be ending at the end of 2015.

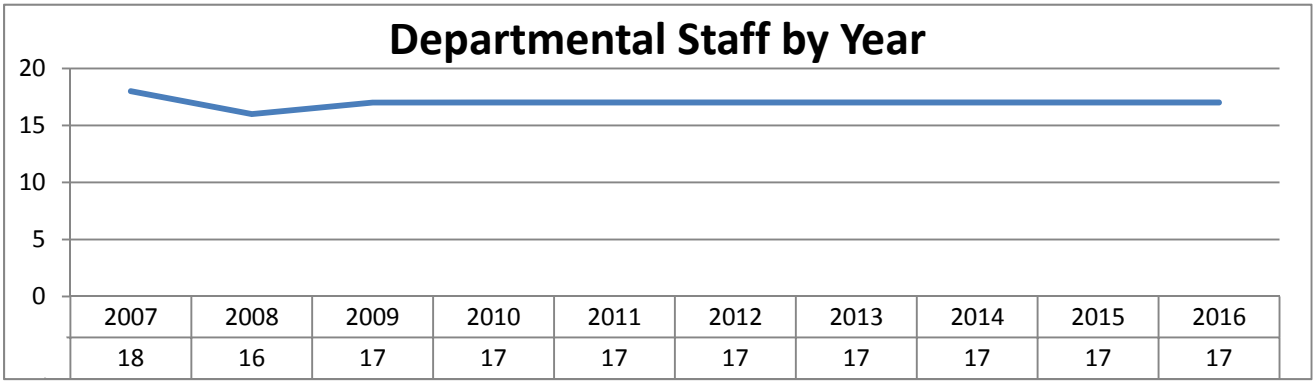
Performance Measures	2014 Actual	2015 Estimated	2016 Budget
Months Interim Financial Reports Distributed by 2nd Thursday	Yes	Yes	Yes
GFOA Distinguished Budget Award Was Received	Yes	Yes	Yes
GFOA Certificate of Achievement for Excellence in Financial Reporting Was Received	Yes	Yes	Yes
CAFR Finalized and Distributed by April 30th	Yes	Yes	Yes
Revenue Bond Coverage	1.90	2.01	1.97
Days Cash on Hand	297	250	216
Debt Utilization	21.12%	20.68%	20.22%

Finance Department – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 2,443,515	$ 2,635,147	$ 2,677,386
Materials, Supplies, and Maintenance	843,969	855,380	851,380
Electric and Other Utilities	118,294	113,536	113,536
Contract Services	802,437	853,542	793,671
Depreciation	10,786,930	11,246,710	11,679,475
Other	311,000	280,000	318,000
Total Expenses	***15,306,145***	***15,984,315***	***16,433,448***
Total Capital Expenditures	-	-	-
Total Finance	***$ 15,306,145***	***$ 15,984,315***	***$ 16,433,448***

INFORMATION SERVICES DEPARTMENT

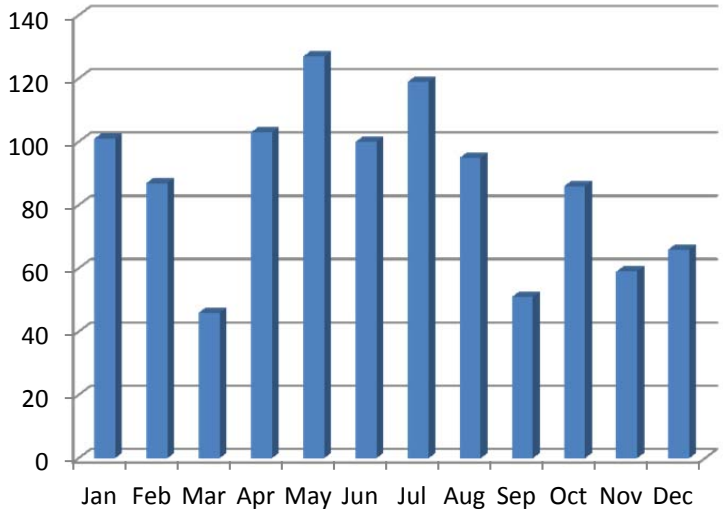


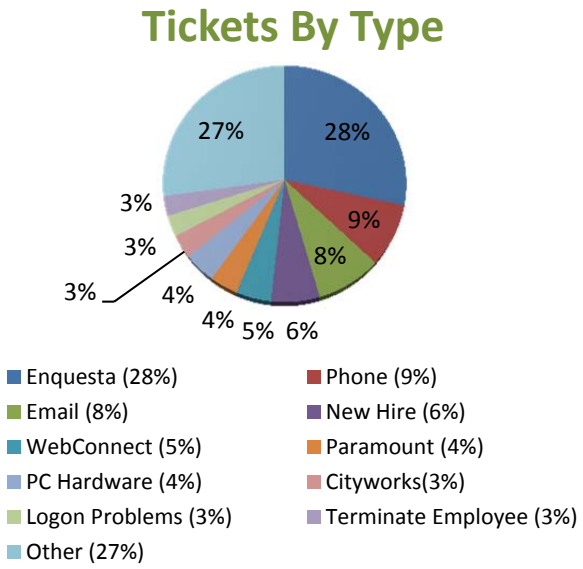


INFORMATION SERVICES DEPARTMENT

The Information Services 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 (WAN) 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.





Mission

The Information Services Department provides the Utility with leading-edge 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 remains on the leading edge of automation that will cost-effectively improve the Utility's operations, business practices, and service to customers.

Objective 1: EnQuesta – Cityworks Integration - Field Service Orders

2015 Accomplishments

In July of 2015, the integration of enQuesta and CityWorks was completed, allowing all customer service field work orders to be submitted, worked, and catalogued through an electronic process rather than a traditional paper-based process. Within 1 month of operability, over 16,621 electronic work orders were generated and 12,214 were completed. The integration will also allow for enhanced tracking and reporting of work order completion, providing additional performance indicators for Customer Service and other sections of the Utility.

Objective 2: New Bill Design

2015 Accomplishments

In September of 2015, IS and CRPA transitioned to the use of a new bill design for all customer bills. The new design provides additional information and reorganizes information in an easy-to-read format. In preparation for the new design, the CRPA and IS Departments solicited feedback from customers, employees, and billing partners on various design elements. Customer Service staff also manually reviewed over 120,000 bills in advance of the roll-out of the new design as part of a robust quality assurance effort, with IS addressing all issues identified through these reviews.

Objective 3: Cisco Phone System Upgrade

2015 Accomplishments

IS upgraded the existing phone system with a new Cisco phone system in July of 2015, as part of IS efforts to update and replace both hardware and software that is past its useful life. The new system runs the most up to date software on 2 redundant servers, providing greatly improved reliability.

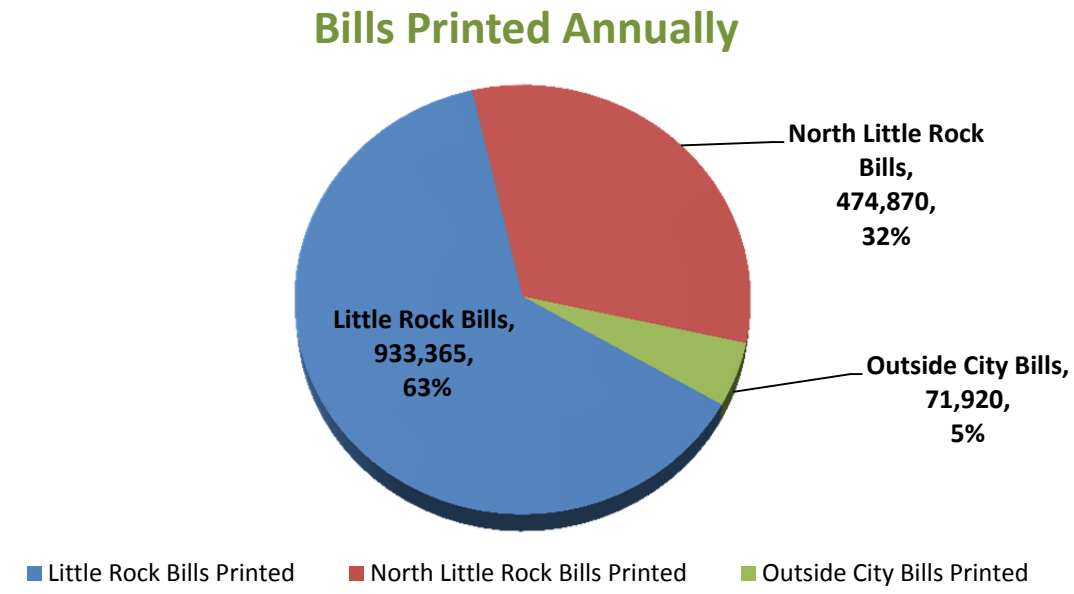
2016 Goals

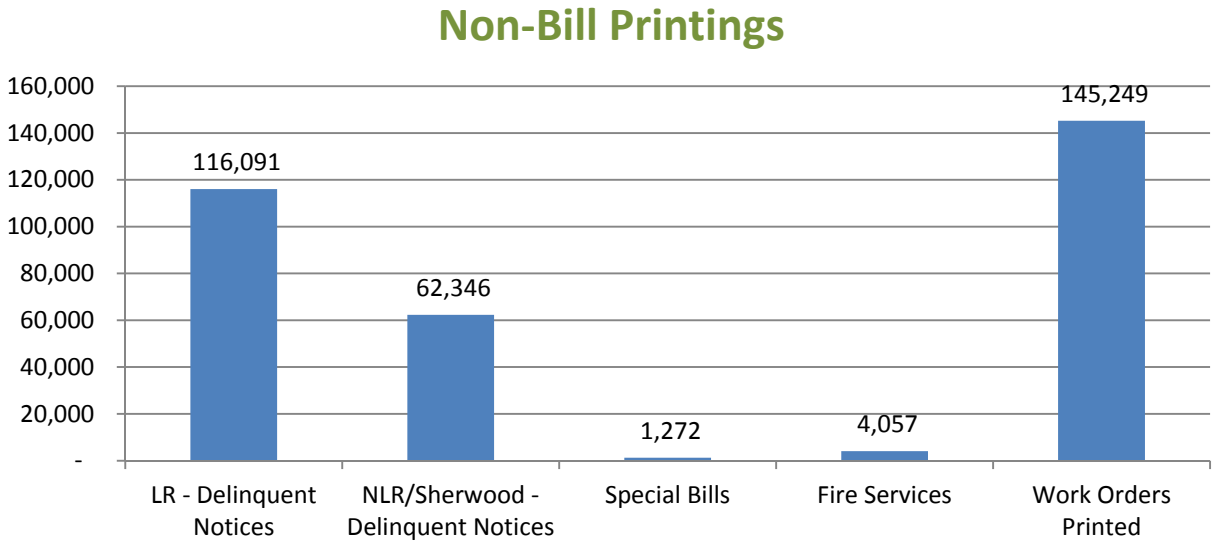
In 2016, IS will implement a number of new features and functions available as a result of the phone system upgrade in 2015. This includes a redundant phone system server running at the Clearwater location and associated phone system upgrades that will ensure customer service calls be answered with little to no downtime if a disaster occurs at the JTH location. In addition, an enhancement to the customer service center will provide multi-channel customer communication, including integration of chat, phone, and email communication into one seamless system. Additional recording options will be used for the phone system, ensuring a more accurate and reliable customer service experience.

IS will purchase a new bill printer to ensure timely printing and delivery of all customer bills. By retaining the current backup bill printer, the Utility will add redundancy to this critical function.

IS will install and maintain a new Barracuda network application that will improve throughput, increasing the speed of connections coming in and out of the CAW network.

The current server environment consists of many VMWare servers supporting daily operations. In 2016, CAW will add Site Recovery Manager, a comprehensive set of tools that increases efficiency and management of all VMWare servers. These tools will dramatically reduce downtime should we have an outage or loss of the JTH location. After installation of the Site Recovery Manager, remote site VMWare servers will be able to be brought online within hours, compared to days without these tools.



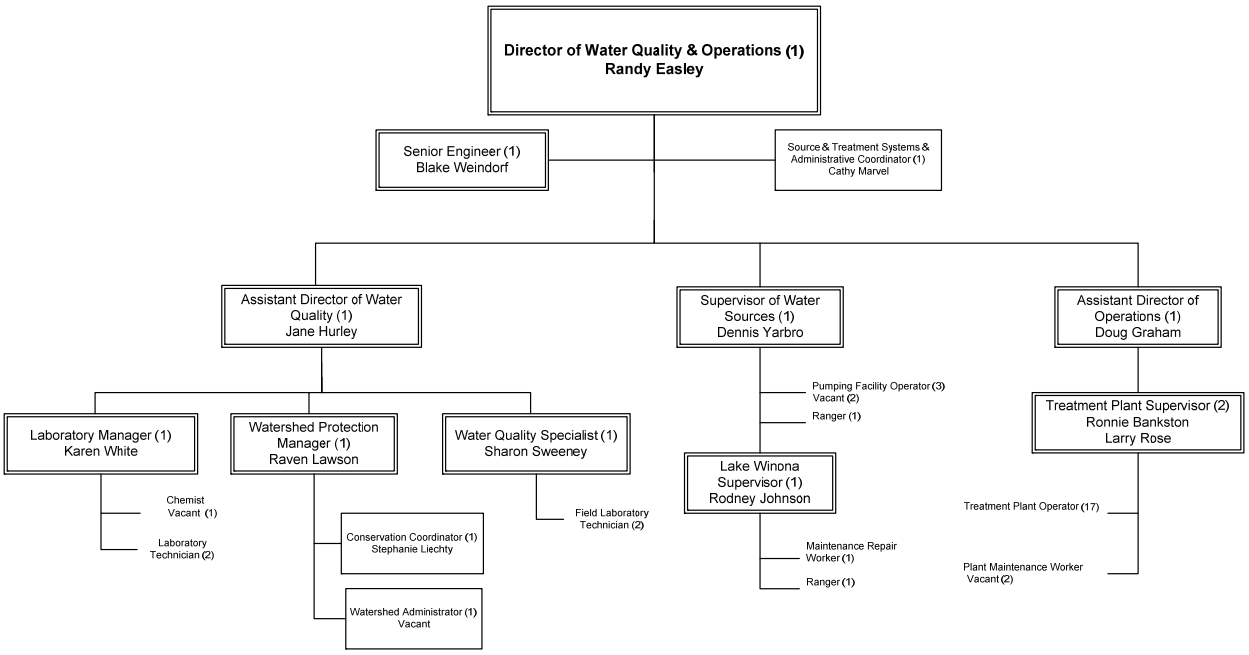


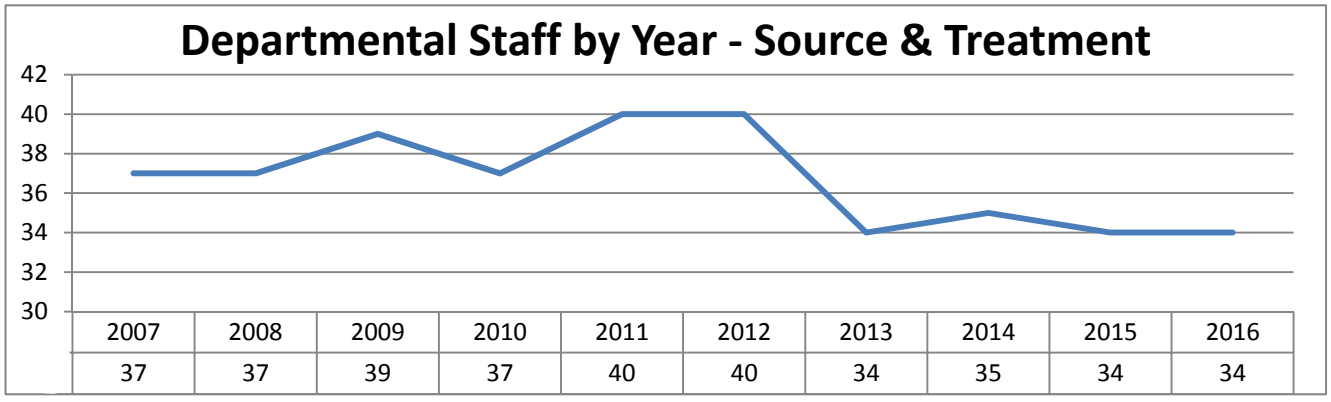
Information Services Department – Expenditure Summary

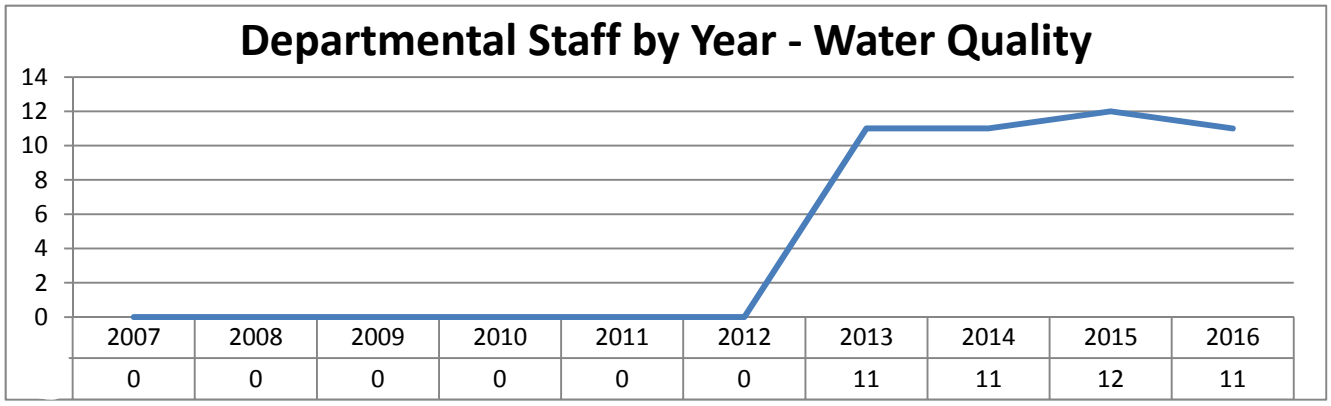
	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 1,690,945	$ 1,640,192	$ 1,698,874
Materials, Supplies, and Maintenance	987,769	967,204	988,319
Electric and Other Utilities	439,071	435,000	412,500
Contract Services	16,036	15,000	15,000
Total Expenses	***3,133,821***	***3,057,396***	***3,114,693***
Total Capital Expenditures	***175,043***	***346,000***	***170,000***
Total Information Services	***$ 3,308,864***	***$ 3,403,396***	***$ 3,284,693***

WATER QUALITY & OPERATIONS DEPARTMENT

Effective: August 1, 2015







Water Quality & Operations

In July 2014, the Water Quality Department and Source & Treatment Departments were merged into the Water Quality & Operations Department under one Director. For financial tracking and accounting purposes, Water Quality and Source & Treatment continue to be reported separately.

The Source & Treatment section of the department monitors and operates the water treatment and delivery facilities, ensures cost-effective performance in all facets of operation, and maintains awareness of water quality information, regulations, and operational technology development. On a day-to-day basis, the section manages and administers operations of the treatment plants, distribution system pumping stations, storage tanks and SCADA system. The treatment plants produce an average of 62 million gallons of potable water per day, with a peak daily level of 126 million gallons on July 30, 2012. The 34 staff members stay informed of and ensure compliance with Safe Drinking Water Act (SDWA) regulations and the State of Arkansas' Rules and Regulations Pertaining to Public Water Systems. All staff members, with the exception of three, are required to obtain a State of Arkansas Water Operator's License. Supervision staff and additional Operations staff also hold wastewater licenses from the Arkansas Department of Environmental Quality (ADEQ) for discharging water through a regulated discharge site with a National Pollutant Discharge Elimination System (NPDES) permit.

Source & Treatment's responsibilities include operation of the treatment plants and high-service pumping stations; operation of the distribution system booster pumping stations, storage tanks, and intersystem valves; SDWA compliance monitoring and monitoring and treatment of discharge water.

The Water Quality section encompasses the Utility's work related to watershed management, watershed stewardship, water quality monitoring, and the analytical laboratory. The Water Quality section allows CAW to take a holistic approach to water quality management from the source to the tap.

The Utility's watershed management efforts include all source water protection programs for Lake Maumelle and Lake Winona, CAW's two water supply reservoirs. Responsibilities include implementation of the Lake Maumelle Watershed Management Plan, conducting a robust water quality monitoring program for both lakes and select tributaries, partnering with county and state government for implementation of regulatory programs, and inspection of activities in the watersheds that may pose a water quality risk.

The Utility's watershed stewardship activities ensure CAW is cognizant of and attentive to the impacts its watershed decisions have on current and long-term watershed health. The responsibilities of this area include managing operations, infrastructure, and investments to protect, restore, and enhance the natural environment while evaluating and implementing 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.

CAW's water quality monitoring efforts provide water quality protection through monitoring the watersheds, source water, 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.

The analytical laboratory serves a support role to the entire Utility. Through detailed analyses for a wide range of chemical and physical parameters in samples obtained both from the environment and CAW's treatment and distribution system, the laboratory provides sound data that serves as the basis for evaluating drinking water quality compliance, watershed and source water health, treatability, and long term monitoring initiatives. Assessment of water quality data assures the entire CAW system meets regulatory compliance, protects public health, and prevents nuisance episodes related to taste, odor, and discoloration.

Mission

The Water Quality & Operations Department protects public health and promotes the economic vitality of Central Arkansas by providing customers uninterrupted service of high-quality drinking water that meets all State and Federal 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

2015 Accomplishments

Through continued monitoring and operation of treatment processes, the distribution system, and other Utility facilities, CAW maintained 100% SDWA compliance through September 1, 2015, 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 ≤ 0.3 Nephelometric Turbidity Units (NTUs)

2015 Accomplishments

Through continuous monitoring of raw water quality and the treatment process, the Department has successfully managed both the Wilson Plant and Ozark Point Plants to remain in 100% compliance for turbidity limits identified above through September 1 and the Department does not foresee any issue that would cause the Utility to deviate from this compliance trend.

Objective 3: 95% of monthly filtered water compliance monitoring samples ≤ 0.1 NTUs

2015 Accomplishments

The results of a Comprehensive Performance Evaluation (CPE) completed in partnership with the Arkansas Department of Health were finalized in January of 2015. The evaluation identified a number of opportunities to optimize water system operations, including the treatment process, to allow CAW to meet stretch goals that are beyond those required by regulations, including the stretch goal of Objective 3. Department staff began implementation of recommendations from the evaluation, including piloting the use of a catalyst to evaluate if this change could improve flocculation and settling of solids, ultimately reducing finished water turbidity.

Objective 4: Maintain SDWA regulated contaminant levels ≤ 80% of allowable Maximum Containment Level (MCL)

2015 Accomplishments

As discussed in Objective 3 above, implementation of the results of the CPE will allow CAW to optimize performance and provide higher quality water than that required by regulations. One such example in 2015 is the continued monitoring, evaluation, and modification of operational elements associated with the granulated activated carbon caps at the Ozark Point Plant in order to optimize the filtration process and address a wide variety of contaminants.

Objective 5: 100% monthly water compliance monitoring samples with Total Coliform Monitoring Rule (TCR)

2015 Accomplishments

Staff reviewed the location and status of bacteriological monitoring sites for TCR compliance monitoring. Staff has replaced 10 of the 198 monitoring sites with dedicated sampling stations that will provide more consistent compliance monitoring data.

Objective 6: Continue land acquisition per Watershed Management Plan to provide greater source water protection

2015 Accomplishments

CAW purchased its first conservation easement on approximately 300 acres in the watershed, demonstrating the viability of an additional cost-effective tool for water quality protection.

CAW also purchased 40 acres of forestland in Perry County at approximately $1,000 per acre, consisting of some of the most cost-effective conservation property acquired to date.

Staff developed an evaluation matrix for property acquisition in order to better evaluate and rank properties for purchase. Over six properties were evaluated using the matrix, leading to acquisition of 80 acres in 2015 and budgeted acquisitions in 2016.

In partnership with the Arkansas Forestry Commission, CAW submitted a Forest Legacy grant application to the U.S. Forest Service (USFS) for the purchase of 388 acres in the Reece Creek drainage area.

Objective 7: Maintain or increase Lake Water Quality Monitoring

2015 Accomplishments

Research collaborations that examine disinfection by products and algal toxin management were continued with: Dr. Paul Simone, Univ. Memphis (RR-TTHM) and Dr. Alan Wilson, USGS/Auburn Univ. (Algal Toxins).

Objective 8: Maintain or increase Tributary Water Quality Monitoring

2015 Accomplishments

Under an ongoing agreement with USGS, long term, ongoing water quality and flow monitoring continues for Lake Maumelle and its tributaries. As a part of the program, staff contributed $22,500 of in-kind services for work associated with the 2015 monitoring plan, thereby reducing costs associated with relying solely on USGS personnel.

Water Quality staff continues consolidation and streamlining of the data review process and informational databases. This more integrated data management system will allow historical, current, and future data to be presented in a more efficient manner.

In partnership with Arkansas Tech University, CAW initiated additional biological monitoring in the major tributaries to Lake Maumelle in an effort to provide better understanding of the health of the watershed. This monitoring will help in watershed and water quality management decisions.

Objective 9: Comprehensive Ecology Management

2015 Accomplishments

Reforestation of CAW property impacted by the April 27, 2014 tornado in western Pulaski County occurred in the spring of 2015.

Controlled burns were conducted on approximately 500 acres in the Lake Maumelle watershed. The use of controlled fire reduces risk of catastrophic wildfire, improves water quality by reducing the amount of decaying woody debris, and increases the herbaceous understory.

CAW approved the development of a Recreation Management Plan for Lake Maumelle, Lake Winona, and adjacent CAW-owned property. This plan will provide a strategic approach for completing recreation improvements that are compatible with water quality protection, as well as providing a clear and consistent process for evaluating and responding to future requests for recreation in these areas.

Other 2015 Accomplishments

CAW joined the Partnership for Safe Drinking Water in 2015 as part of the Utility's continued commitment to provide the highest quality water to customers. The mission for the Partnership is to improve the quality of water delivered to customers by optimizing water system operations. This Partnership, as well as the completion of the CPE discussed above, will allow CAW to further its goals of enhancing treatment capabilities through plant optimization. In addition to those items discussed above, the CPE identified additional opportunities that could be implemented to optimize treatment capabilities and others that require mechanical plant modification. The CPE closely examined maintenance and operation of the treatment plants in order to identify potential efficiencies.

2016 Goals

In 2016, the Source & Treatment section will continue work on the goal of enhancing treatment capabilities and system operation through optimization of treatment, system operation, and personnel. The section will undertake additional training as well as more advanced training for operators and other personnel in order to realize additional efficiencies in operations. The section will continue to identify strengths that can be improved upon and opportunities for change that will result in a more efficient and effective operation. Specifically, a SCADA Human-Machine Interface (HMI) upgrade is scheduled to be completed in 2016, providing staff enhanced ability to operate, respond, log, retrieve and view data for operating and compliance.

Water Quality will continue to build relationships with local, state, and federal agencies and 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 develop and implement a long-range plan for forest management, building off of the existing fire management plan and silviculture plans completed in 2013 and 2014. These plans, in combination with the recreation management plan and watershed management plan, will create a road map for management activities, as well as enhance budget planning.

Staff will continue to focus on increasing property holdings in key watershed areas. Most notably, application has been submitted to the Forest Legacy program to aid CAW in purchasing additional acreage in the Reece Creek Tract of the Wye Mountain Headwaters, which is on one of the largest tributaries on the north side of Lake Maumelle.

Water Quality will also implement additional biological monitoring. Monitoring of biological indicators will support planning efforts, and provide the basis necessary to develop metrics guiding future watershed planning while providing better understanding of the health of the watersheds and source waters.

Performance Measures	2014 Actual	2015 Estimated	2016 Budget
100% SDWA Compliance	NO	YES	YES
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Wilson Plant	100%	100%	100%
Months 100% of Filtered Turbidity ≤ 0.3 NTUs – Ozark Point Plant	100%	100%	100%
Months 95% of Filtered Turbidity ≤ 0.1 NTUs –Wilson Plant	83%	71%	100%
Months 95% of Filtered Turbidity ≤ 0.1 NTUs – Ozark Point Plant	83%	71%	100%
≤ 80% of All MCL	100%	100%	100%
100% TCR Monitoring	100%	100%	100%
Land Acquisition (cumulative acres of fee-simple and conservation easements)	240	380	200
Lake Water Quality Monitoring	YES	YES	YES
Tributary Water Quality Monitoring	YES	YES	YES
Implementation of Ecology Management	YES	YES	YES
Acres Treated with Prescribed Burning (cumulative acres)	400	500	1200
Acres Treated with Ecological Thinning (cumulative acres)	0	0	420

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Source & Treatment – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 2,735,467	$ 2,911,379	$ 2,964,248
Materials, Supplies, and Maintenance	261,777	211,160	211,560
Electric and Other Utilities	2,579,695	2,797,920	2,795,760
Contract Services	775,594	872,608	918,342
Chemicals	1,364,471	2,296,000	2,262,550
Total Expenses	***7,717,004***	***9,089,067***	***9,152,460***
Total Capital Expenditures	***297,661***	***144,000***	***1,140,000***
Total Source & Treatment	***$ 8,014,665***	***$ 9,233,067***	***$ 10,292,460***

Water Quality – Expenditure Summary

	2014 Actual	2015 Budget	2016 Budget
Labor and Benefits	$ 1,025,340	$ 1,242,136	$ 1,160,467
Materials, Supplies, and Maintenance	252,514	305,520	303,970
Electric and Other Utilities	1,440	3,500	3,500
Contract Services	631,873	831,490	784,900
Total Expenses	***1,911,167***	***2,382,646***	***2,252,837***
Total Capital Expenditures	***490,185***	***3,850,000***	***4,136,000***
Total Source & Treatment	***$ 2,401,352***	***$ 6,232,646***	***$ 6,388,837***

Statistical Information

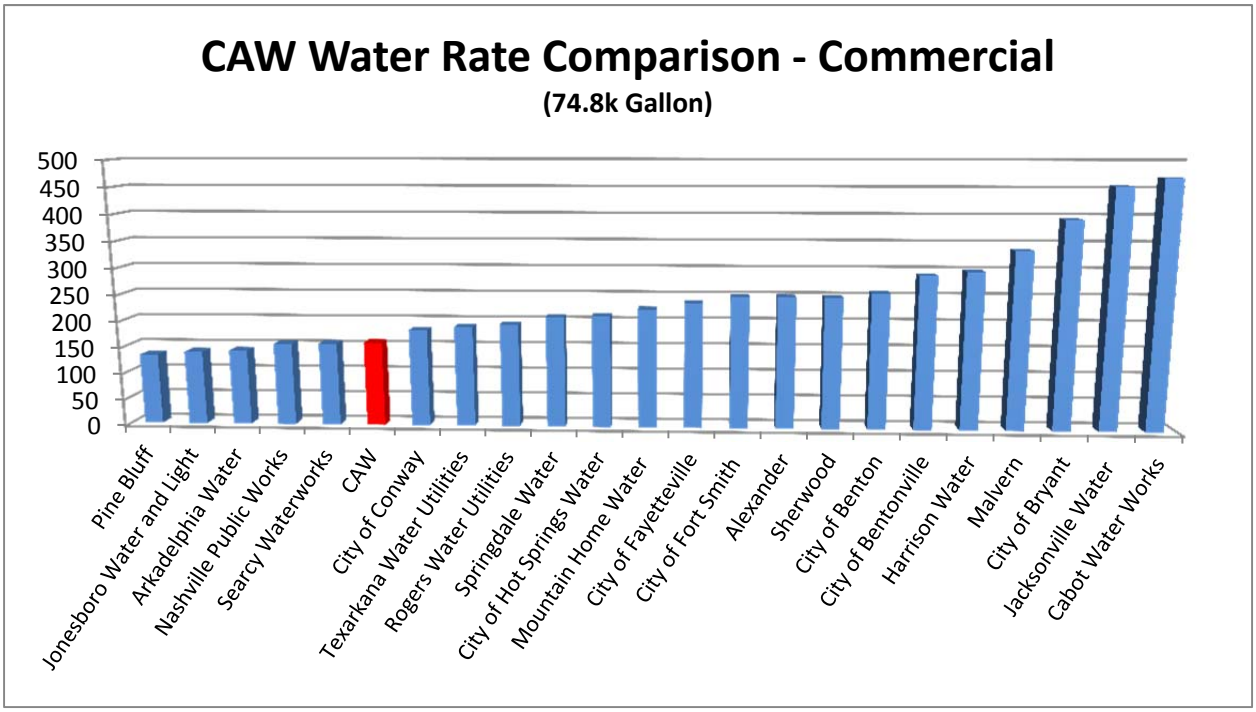
Pulaski County is the largest county by population in the State of Arkansas, with a population of approximately 390,000. Its county seat is Little Rock, which is also the State's capital and largest city. Pulaski County forms the core of the Little Rock-North Little Rock-Conway Metropolitan Statistical Area, which accounted for approximately 700,000 people in the 2010 census. According to the U.S. Census Bureau, Pulaski County has a total area of 808 square miles, of which 771 square miles are land and 37 square miles are water.[1]

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 facilities employers in particular have kept the local economy relatively stable during the recent downturn. 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.

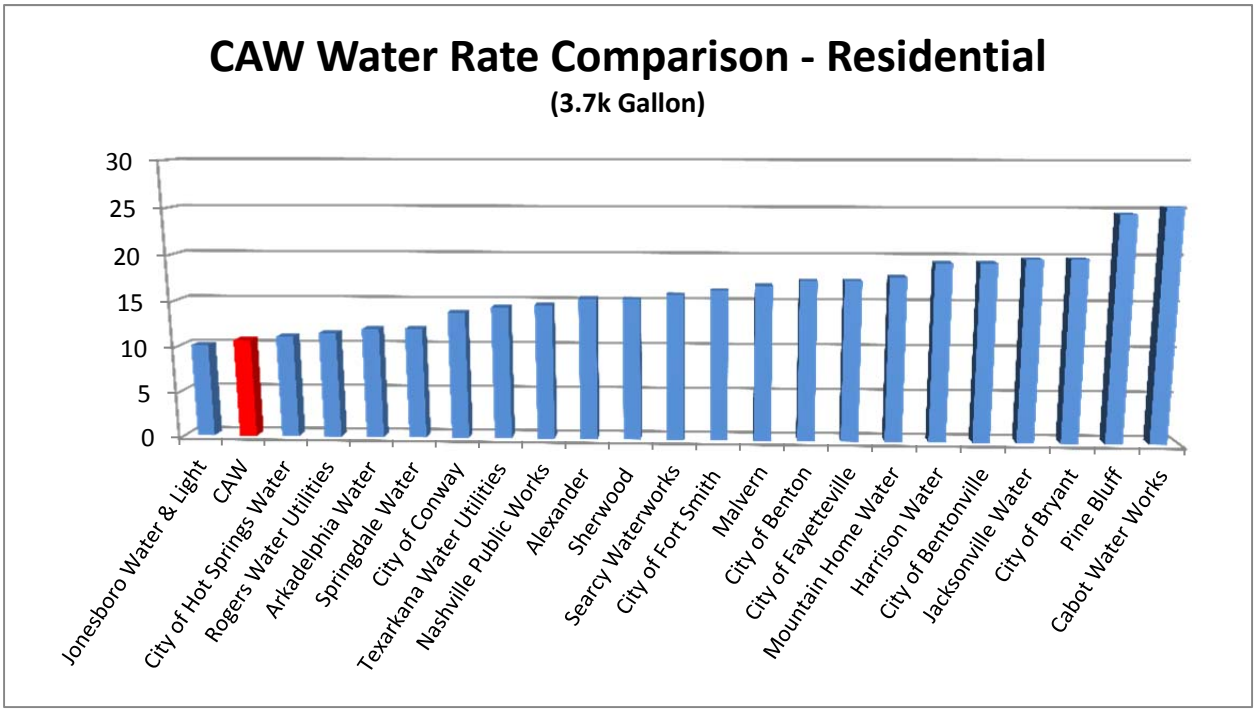
Demographics	
Pulaski County	
Population Est. (2014)[2]	392,702
Per Capita Income (2013)[3]	$ 27,414
Median Household Income (2013)[3]	$ 46,526
Unemployment Percentage Rate (2015)[2]	5.1%
Median Age (2010)[11]	36.0
Race (2010)[11]	
• White	55.3%
• Black or African-American	34.8%
• American Indian	0.3%
• Asian	1.9%
• Hispanic	5.8%
• Other	1.9%

Little Rock	
Population (2013)[3]	197,357
Per Capita Income (2013)[3]	$ 29,294
Median Household Income (2013)[3]	$ 44,896
Unemployment Percentage Rate (2015)[2]	5.1%
Median Age (2010)[5]	35.1
Race (2010)[5]	
• White	46.7%
• Black or African-American	42.2%
• American Indian	0.3%
• Asian	2.6%
• Hispanic	6.8%
• Other	1.4%
North Little Rock	
Population (2013)[3]	66,075
Per Capita Income (2013)[3]	$ 23,282
Median Household Income (2013)[3]	$ 40,170
Unemployment Percentage Rate (2015)[4]	5.7%
Median Age (2010)[6]	35.9
Race (2010)[6]	
• White	51.6%
• Black or African-American	39.6%
• American Indian	0.3%
• Asian	0.9%
• Hispanic	5.7%
• Other	1.9%
CAW Service Area	
Square Miles	515
Miles of Public Water Distribution Pipe (2014)	2,358
Number of Meters in Service (2015)	
• Residential	108,927
• Commercial	11,386
• Large Volume	50
• Sprinkler	24,960
• Wholesale	17
Total Consumption (2014) (in billion gallons)	17.34
Average Daily Consumption (2014) (in million gallons)	47.50
Max. Day Consumption (2014) (in million gallons)	88.3
All-Time Max. Day Consumption (2012) (in million gallons)	126.0

CAW Rate Comparison - Commercial (2015)[8] 1" - Meter			
Water Provider	*Commercial (74.8k Gallons)*	*Commercial (187.5k Gallons)*	*Commercial (374.0k Gallons)*
Pine Bluff	133.27	297.81	572.03
Jonesboro Water and Light	139.33	341.29	583.93
Arkadelphia Water	141.99	288.97	533.94
Nashville Public Works	155.54	338.43	643.24
Searcy Waterworks	156.67	378.83	749.09
CAW	**158.72**	**385.22**	**762.72**
City of Conway	183.48	400.69	755.99
Texarkana Water Utilities	189.87	464.76	922.91
Rogers Water Utilities	195.08	454.84	875.59
Springdale Water	210.06	520.85	1,026.44
City of Hot Springs Water	212.62	515.56	1,020.46
Mountain Home Water	226.14	506.64	974.14
City of Fayetteville	238.56	585.26	1,138.67
City of Fort Smith	249.98	609.98	1,209.98
Alexander	250.24	611.74	1,214.24
Sherwood	250.24	611.74	1,214.24
City of Benton	258.47	636.25	1,265.87
City of Bentonville	291.55	699.96	1,380.64
Harrison Water	299.17	725.53	1,443.93
Malvern	337.93	826.00	1,639.45
City of Bryant	394.45	976.77	1,947.30
Jacksonville Water	454.85	1,061.85	2,073.52
Cabot Water Works	470.26	1,165.90	2,325.30



CAW Rate Comparison - Residential (2015)[8] 5/8" - Meter			
Water Provider	*Residential (3.7k Gallons)*	*Residential (7.5k Gallons)*	*Residential (11.2k Gallons)*
Jonesboro Water and Light	10.11	16.95	23.61
CAW	**10.68**	**18.73**	**26.78**
City of Hot Springs Water	11.13	16.17	26.34
Rogers Water Utilities	11.53	21.18	30.58
Arkadelphia Water	11.97	20.18	27.80
Springdale Water	12.04	22.76	33.19
City of Conway	13.87	23.56	32.99
Texarkana Water Utilities	14.44	26.90	39.04
Nashville Public Works	14.71	24.82	34.66
Alexander	15.40	28.30	41.20
Sherwood	15.40	28.30	41.20
Searcy Waterworks	15.90	23.42	30.75
City of Fort Smith	16.37	31.17	45.97
Malvern	16.90	33.43	49.52
City of Benton	17.47	30.27	42.73
City of Fayetteville	17.48	31.84	45.83
Mountain Home Water	17.90	27.40	36.65
Harrison Water	19.41	35.45	51.06
City of Bentonville	19.44	33.13	48.60
Jacksonville Water	19.83	43.58	66.70
City of Bryant	19.90	39.63	58.83
Pine Bluff	24.59	34.04	43.50
Cabot Water Works	25.34	40.00	55.54

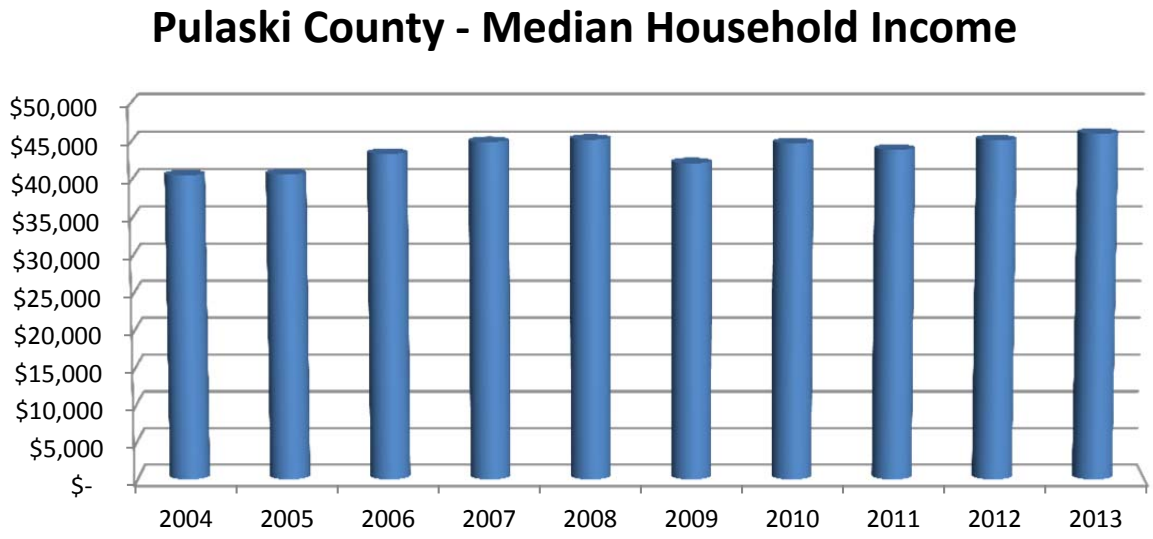


Pulaski County Largest Employers (2013)[7]	
State of Arkansas	Government
Federal Government	Government
University of Arkansas for Medical Sciences	Health Care/University
Little Rock Air Force Base	Government
Baptist Health System	Medical Services
Little Rock School District	Public School
Arkansas Children's Hospital	Health Care
Central Arkansas Veterans Health Care Systems	Health Care
Pulaski County Special School District	Public School
Wal-Mart	Retail

Arkansas' Ten Largest Cities by Population Unemployment Percentage Rate (2014)[9]	
Little Rock	6.0%
Fort Smith	6.2%
Fayetteville	5.3%
Springdale	4.4%
Jonesboro	5.9%
North Little Rock	6.2%
Conway	5.6%
Rogers	4.9%
Pine Bluff	10.6%
Bentonville	4.6%

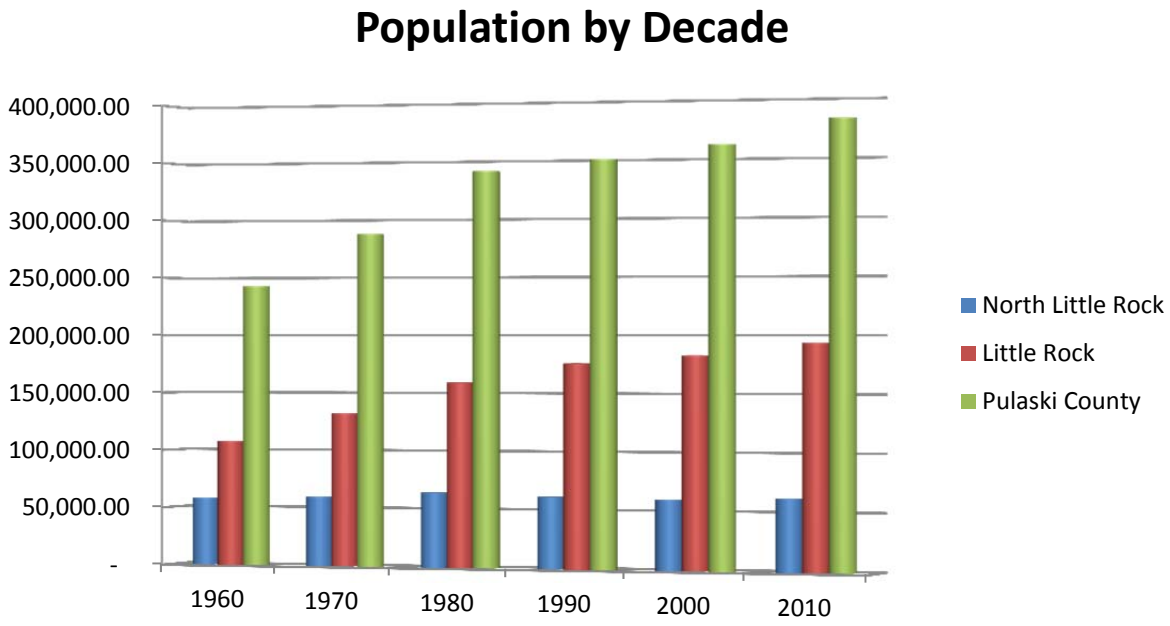
Pulaski County – Median Household Income[3]	
Year	*Per Capita Income*
2004	40,499
2005	40,629
2006	43,338
2007	44,909
2008	45,215
2009	42,107
2010	44,733
2011	43,898
2012	45,135
2013	46,013

Median Household income is a direct reflection of the local economy and resident's ability to pay water billings. During improving economic times, CAW expects to have fewer and smaller write-off accounts.



County and State Unemployment[2]		
Year	*Pulaski County*	*State of Arkansas*
2004	5.1	5.6
2005	4.7	5.1
2006	4.9	5.3
2007	4.7	5.2
2008	4.6	5.3
2009	6.3	7.4
2010	7.1	7.9
2011	7.2	7.9
2012	6.6	7.3
2013	6.0	7.5
2014	5.6	6.1

Population by Decade			
Year	*Little Rock*	*North Little Rock*	*Pulaski County*
1960	107,813	58,032	242,980
1970	132,483	60,040	287,189
1980	159,151	64,388	340,597
1990	175,795	61,741	349,660
2000	183,133	60,433	361,474
2010	193,524	62,304	382,748



CAW's Ten Largest Customers Percent of Revenues (2014)	
Jacksonville Water Works	2.63%
Bryant Water and Sewer	1.71%
Salem Water Alliance	1.60%
North Pulaski Waterworks	0.69%
University of Arkansas for Medical Sciences	0.44%
Arkansas Department of Corrections	0.32%
Sage V Foods LLC	0.31%
Cabot Waterworks	0.30%
Shannon Hills Water Department	0.29%
Baptist Health System	0.25%

Sources:

[1] Wikipedia, *Pulaski County, Arkansas*, 9-9-13, http://en.wikipedia.org/wiki/Pulaski_County,_Arkansas

[2] Discover Arkansas, *Data Analysis*, 7-2-15, http://www.discoverarkansas.net/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE

[3] United States Census Bureau, *Little Rock (city) QuickFacts from the US Census Bureau*, 7-2-15, http://quickfacts.census.gov/qfd/states/05/05119.html

[4] City-Data, *Pulaski County, Arkansas*, 7-20-15, http://www.city-data.com/county/Pulaski_County-AR.html

[5] Metroplan, *Little Rock Demographic Fact Sheet*, 9-10-12, http://www.metroplan.org/files/53/LittleRock_FactSheet2010.pdf

[6] Metroplan, *North Little Rock Demographic Fact Sheet*, 9-10-12, http://www.metroplan.org/files/53/NorthLittleRock_FactSheet2010.pdf

[7] Arkansas Economic Development, *Largest Employers for Pulaski County*, 7-27-15 http://www.arkansasedc.com/data/reports

[8] CAW Survey, Arkansas Water Rates, May 2015

[9] City-Data, *Arkansas Bigger Cities (over 6000 residents), Arkansas*, 7-28-15, http://www.city-data.com/city/Arkansas.html

[10] Demographics USA, Nielson Caritas

[11] Metroplan, *Pulaski County Demographic fact Sheet 2010*, 7-31-14, http://www.metroplan.org/files/53/PulaskiCo-FactSheet2010.pdf

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 Governmental Accounting Standards Board (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 expenditures do not exceed estimated financial resources available for a specified period.

Board of Commissioners – the seven-member board that governs Central Arkansas Water.

Biota – the total collection of organisms in a region, or a time period. The biota of the Earth make up the biosphere.

Bonds – certificates of indebtedness issued by an entity that guarantees payment of principal and interest at a future date.

Budget – an annual financial plan that identifies revenue sources and amounts, services to be provided, and amounts of money to fund said services.

Capital Assets – assets that have an initial value or cost greater than or equal to $5,000 and an estimated useful life greater than one year.

Capital Outlay – fund disbursements for the purchase of capital assets, such as furniture, vehicles, machinery, and building improvements.

Clean Water Act – the Federal law that establishes how the United States will restore and maintain the chemical, physical, and biological integrity of the country's waters (oceans, lakes, streams and rivers, ground water, and wetlands.) The law provides protection for the country's waters from both point and non-point sources of pollution.

Commercial Customers – all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and that are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a State or

Federal government agency; or (iv) a non-domestic customer that does not fit the definition of an Industrial 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 – expenditures 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 expenditures of the current fiscal period.

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

Expenditures – decreases in net financial resources under the current financial resources measurement focus; pertains to payment of normal operating and capital outlays.

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.

Fund Balance – the accumulation of total revenues less total expenses since the beginning of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Raw Water – untreated water.

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

Retail Water Sales – includes Domestic, Commercial, Industrial, Sprinkler, and Raw Water Metered Services, as well as Private Fire Services.

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

Senior Debt – debt that takes priority over other debt securities sold by the issuer. Senior debt includes the Series 2004 and Series 2007 Bonds.

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

Subordinated Debt – debt that ranks below other debt with regard to claims on revenues. Subordinated debt includes the Series 2010A, Series 2010B, Series 2010C, Series 2011A, Series 2011B, Series2012A, and future Series 2015 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

ADH	Arkansas Department of Health
ADEQ	Arkansas Department of Environmental Quality
AED	Automatic External Defibrillator
AGFC	Arkansas Game & Fish Commission
AHTD	Arkansas Highway and Transportation Department
AMR	Advanced Meter Reading
ANRC	Arkansas Natural Resources Commission
AOSH	Arkansas Occupational Safety and Health
APERS	Arkansas Public Employees Retirement System
AWWA	American Water Works Association
BCEE	Board Certified Environmental Engineer
BLS	Bureau of Labor Statistics
CAFR	Comprehensive Annual Financial Report
CAW	Central Arkansas Water
CCCP	Cross-Connection Control Program
CCF	Hundred Cubic Feet

CEO	Chief Executive Officer
CF	Cubic Feet
CFO	Chief Financial Officer
CIC	Capital Investment Charges
CLC	Chief Legal Counsel
CO	Carryover
CONN	Connection
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPE	Comprehensive Performance Evaluation
DBP	Disinfection Byproducts
DROP	Deferred Retirement Option Plan
DIAM	Diameter
DIT	Diversity and Inclusion Team
DVD	Digital Video Disc
DVR	Digital Video Recorder

EARP	Emergency Action Response Plans
EFT	Electronic Funds Transfer
EHS	Environmental Health & Safety
EPA	Environmental Protection Agency
EUM	Effective Utility Management
EWC	Excess Working Capital
FDIC	Federal Deposit Insurance Corporation
GAAP	Generally Accepted Accounting Principles
GAC	Granular Activated Carbon
GALV	Galvanized
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPS	Global Positioning System
H2O	Help to Others
HWY	Highway

IC	Ion Chromatograph
ICP/MS	Inductively Coupled Plasma Mass Spectroscopy
IS	Information Services
JCA	Just Communities of Arkansas
JTH	James T. Harvey Administration Building
KW	Kilowatt (1,000 Watts)
KWH	Kilowatt Hours
LCD	Liquid Crystal Display
LR	Little Rock
MAWA	Mid-Arkansas Water Alliance
MCL	Maximum Contaminant Level
MG	Million Gallons
MGD	Million Gallons per Day
MPH	Miles per Hour
NGO	Non-Governmental Organization
NLR	North Little Rock

NPDES	National Pollutant Discharge Elimination System
NTU	Nephelometric Turbidity Unit
OPEB	Other Post-employment Benefits
OSHA	Occupational Safety & Health Administration
PC	Personal Computer
P.E.	Professional Engineer
pH	Potential Hydrogen
Ph.D.	Doctor of Philosophy
PILOT	Payment-in-lieu-of-taxes
PPE	Personal Protective Equipment
P/T	Part-Time
RSA	Rate Stabilization Account
RSS	Rich Site Summary
SCADA	Supervisory Control and Data Acquisition System
SDC	System Development Charge
SDWA	Safe Drinking Water Act
SHRM	Society for Human Resource Management

SR	Senior
TCR	Total Coliform Rule
TOC	Total Organic Carbon
TTHM	Total Trihalomethanes
UALR	University of Arkansas at Little Rock
USFS	U.S. Forest Service
USGS	U.S. Geological Survey
WAN	Wide Area Network
WPF	Watershed Protection Fee