Special Committee of the Whole
Meeting Agenda
December 4, 2025
8:00 AM
Bentonville City Hall

Note – The public, members of the City Council, and City staff, may have the option to attend this meeting by remote means. For public health reasons, those who attend in person should keep in mind hygiene, the use of facial coverings, and social distancing.

Bentonville residents can make public comments in the following ways:

- Public comments can be made in person at the City Council Meetings, which are held on the second and fourth Tuesdays of the month.
- There is no public comment period at the City Council Informational and Committee of the Whole Meetings.
- Public comments can be made virtually by registering for the City Council meeting at the Zoom link listed below. This requires you to register with your name, address, phone number and email address. The pre-existing limitations (3 minutes) and procedures concerning oral public comments will still apply.

*If you would like to attend virtually, please register at the following link by 7:00 a.m. on December 4, 2025: Registration Link.

Council Questions/Discussion Concerning the Business Meeting

Call to Order

Pledge of Allegiance

Moment of Silence

Roll Call

I. Committee of the Whole

1. **Wastewater Development Fee**
   Discuss Wastewater Development Fee report and proposed ordinance.
2. **Wastewater Development Fee Revenue Bond**
   Discuss Wastewater Development Fee Revenue bond.

Adjournment

City of Bentonville, Arkansas Agenda Item Form

Item Details

Council Meeting Date:	12/4/2025	**Submitted By:**	Preston Newbill
Phone:	479-271-3140	**For Department(s):**	Wastewater
Email:	pnewbill@bentonvillear.com		

Item Type (Check all that apply)

☑ **Informational** ☐ **Bid Award** ☐ **Enter into an Agreement** ☐ **Change Order**

☐ **Recognizing Funds** ☐ **Budget Adjustment** ☐ **Waiver of Bid** ☐ **Emergency Clause**

☐ **Ordinance** ☐ **Resolution** ☑ **Informational**

Title, Recommendation & Justification

Title:	Wastewater Development Fee
Action Recommendation & Justification:	Discuss Wastewater Development Fee report and proposed ordinance.
Additional Comments for Consideration (Optional):	Discuss Wastewater Development Fee report and proposed ordinance as a mechanism to fund necessary wastewater sewer interceptor up sizing.
Amount for Approval:	$

Budget Impact

Is this Item Budgeted? ☐ **YES** ☐ **NO** ☐ **ITEM HAS NO COST** ☐ **OTHER:**_____

Budget Adjustment *(to be completed by Finance when applicable)*

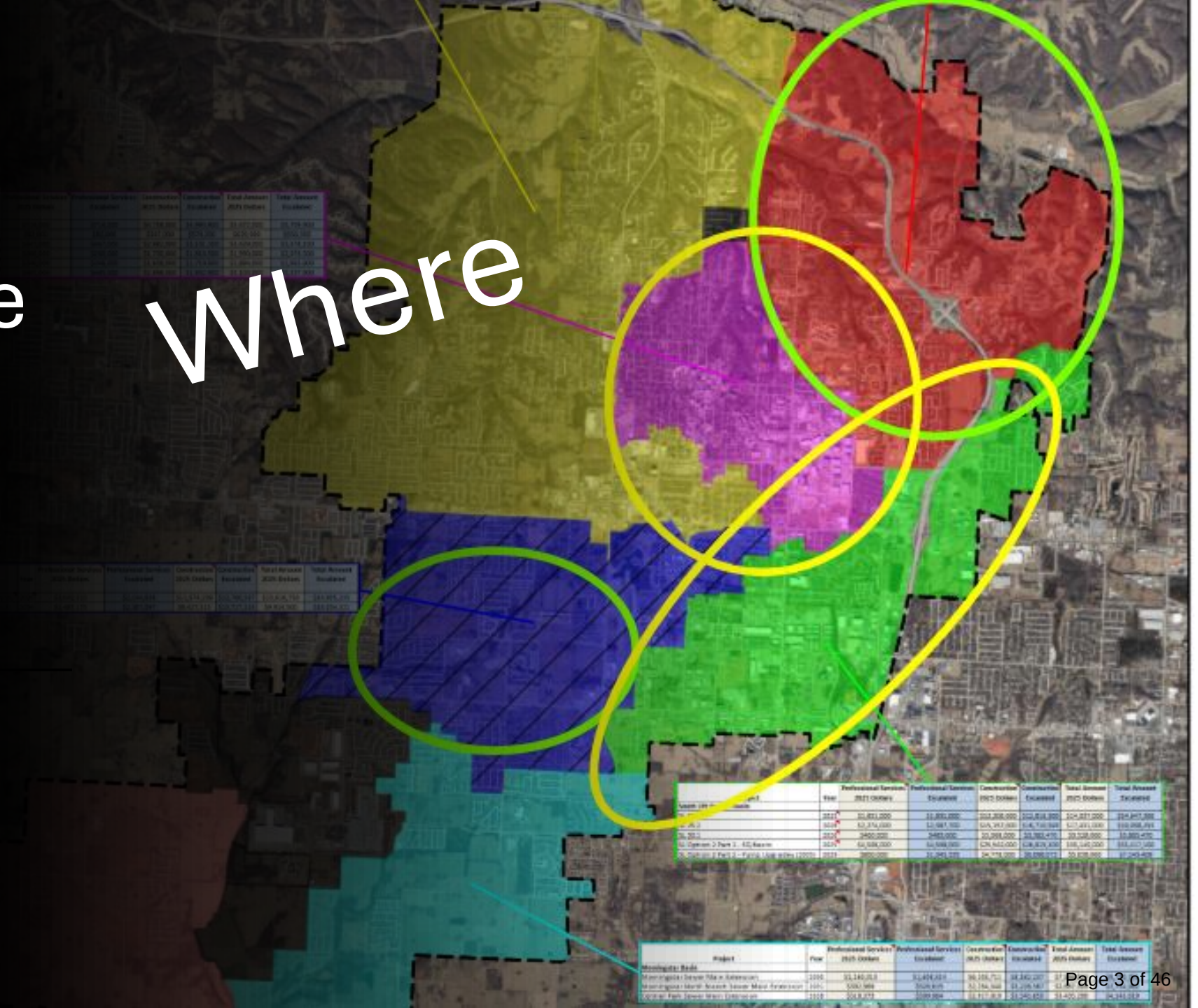
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		

Fund(s) Impacted (check all that apply) ☐ **General Fund** ☐ **Utility Fund** ☐ **Street Fund** ☐ **Other(s):**_____

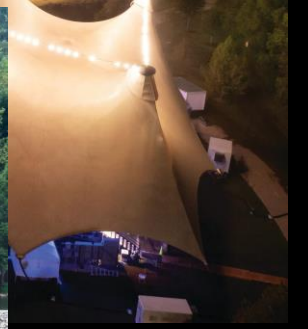
Budget Impact Notes for Consideration (Optional):

Wastewater Infrastructure Discussion

2025

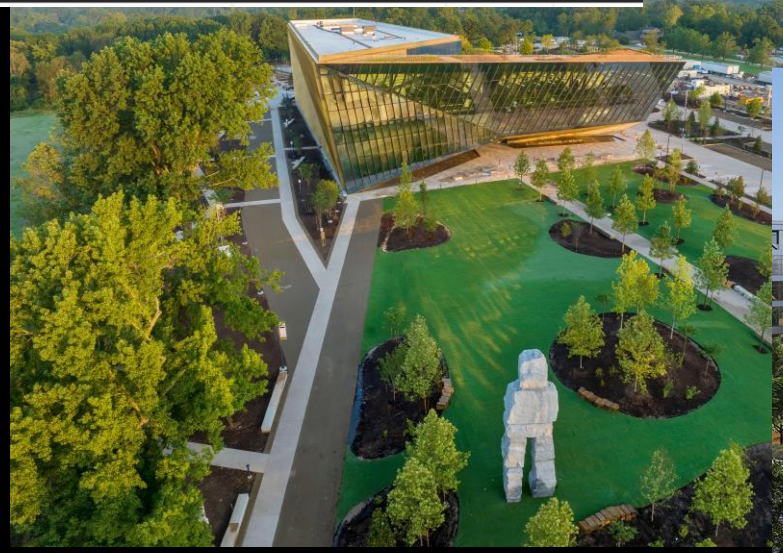



WHY




TOWN BRANCH PARK
TRAIN STATION PARK
WILDWOOD PARK
MELVIN FORD AQUATIC CENTER
MEMORIAL PARK
MERCHANTS BASEBALL PARK
OLD TIGER STADIUM
ORCHARDS PARK
CITIZENS PARK
DAVE PEEL PARK
DOWNTOWN ACTIVITY CENTER
DOWNTOWN BENTONVILLE SQUARE
DURHAM PLACE PARK
PARK RULES
BENTONVILLE
PARKS
YOUR GUIDE TO PLAY IN BENTONVILLE PARKS


BENTONVILLE
4K ULTRA HD




Walmart

HOW 4 Years of Planning

PLAN BENTONVILLE

The City of Wastewater Bentonville

FEASIBILITY STUDY TO ADDRESS CAPACITY/GROWTH FOR WASTEWATER TREATMENT

HW PROJECT No. 2103...

The City of Wastewater Bentonville

BENTONVILLE WATER RESOURCE RECOVERY FACILITY CAPITAL IMPROVEMENT PLAN

5. LANDUSE, FLOW, AND POPULATION PROJECTIONS

The City of Bentonville recently collaborated with another consulting firm to develop their Future Land Use Map (FLUM). The FLUM was the primary source utilized for estimating future sanitary sewer flows for a fully developed (ultimate buildout) condition in the year 2050.

5.1 2050 Future Land Use Plan Update

The updated FLUM provi... foundation for predicting future sanitary sewer flows. It offers a comprehensive framework for land use and development, including zoning regulations, land use categories, and development guidelines, all of which are critical for estimating future flows.

The version used in this report, dated December 18, 2024, includes residential population and commer... The pop... reflects... commer...

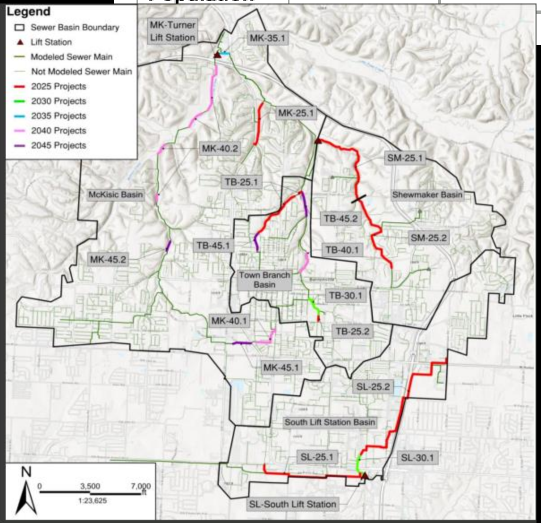
Table 4. Subbasin Totals by Users.

User	McKisic (MK)	Shewmaker (SM)	South Lift Station (SLS)	Town Branch (TB)	Total
Residential Population	35,399	25,493	35,815	19,801	**116,510**
Commercial Population	23,742	31,265	56,156	38,490	**149,654**

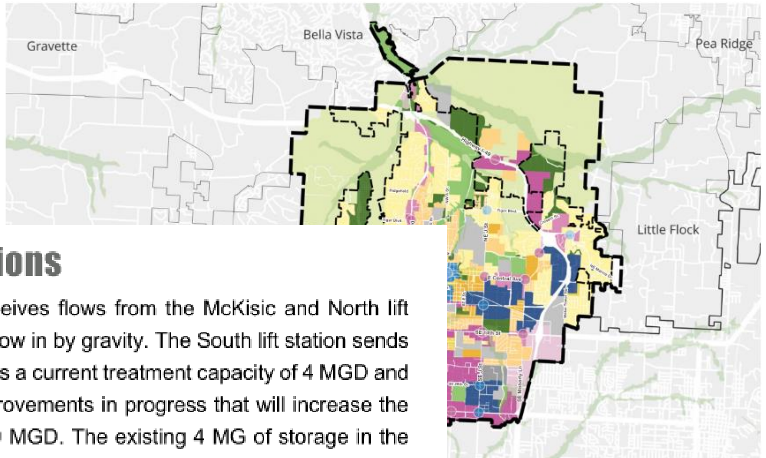
Summary of System Capacity Improvements

Capacity Improvements Included:

- 17 Projects Upsizing Existing Gravity Sewer Lines
- 1 Project increasing Storage at South Lift Station
- 2 Projects Improving Pumping Capacity at Lift Stations
  - South Lift Station
  - Turner Lift Station

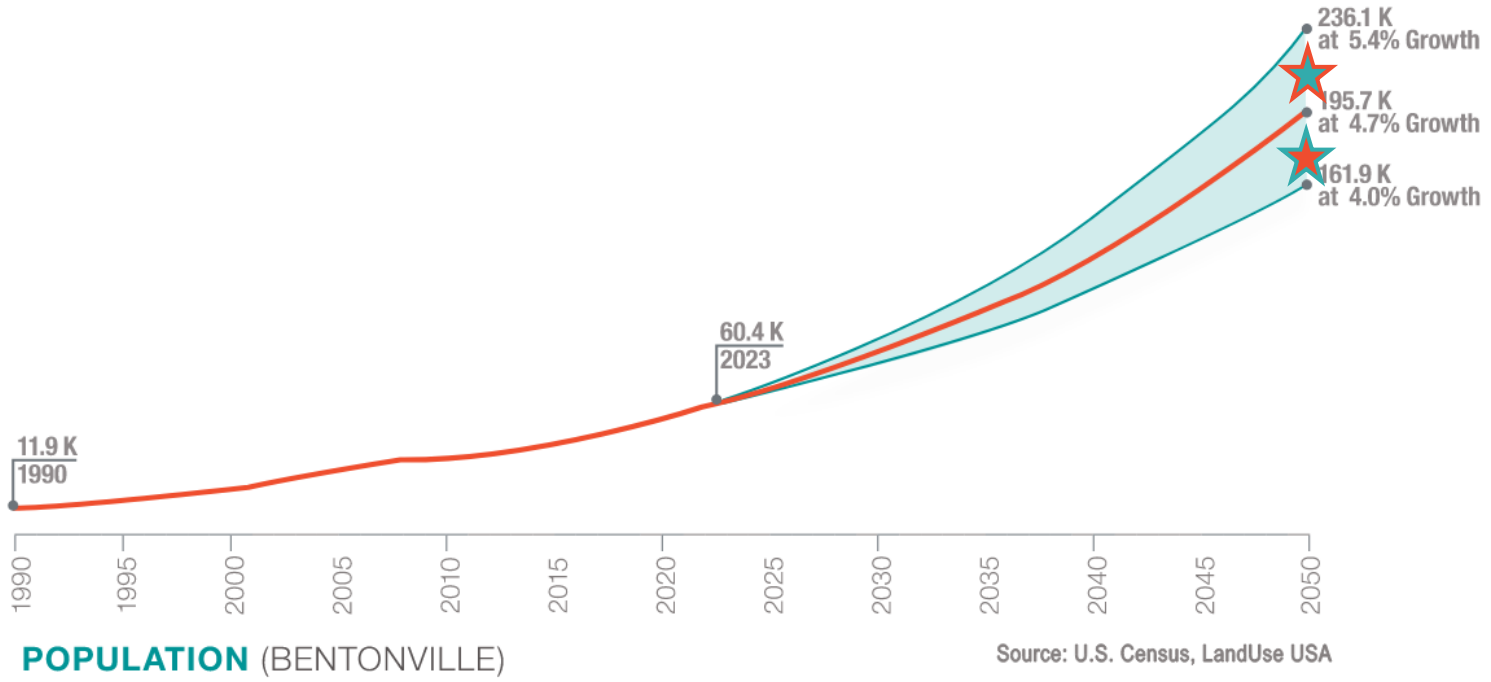


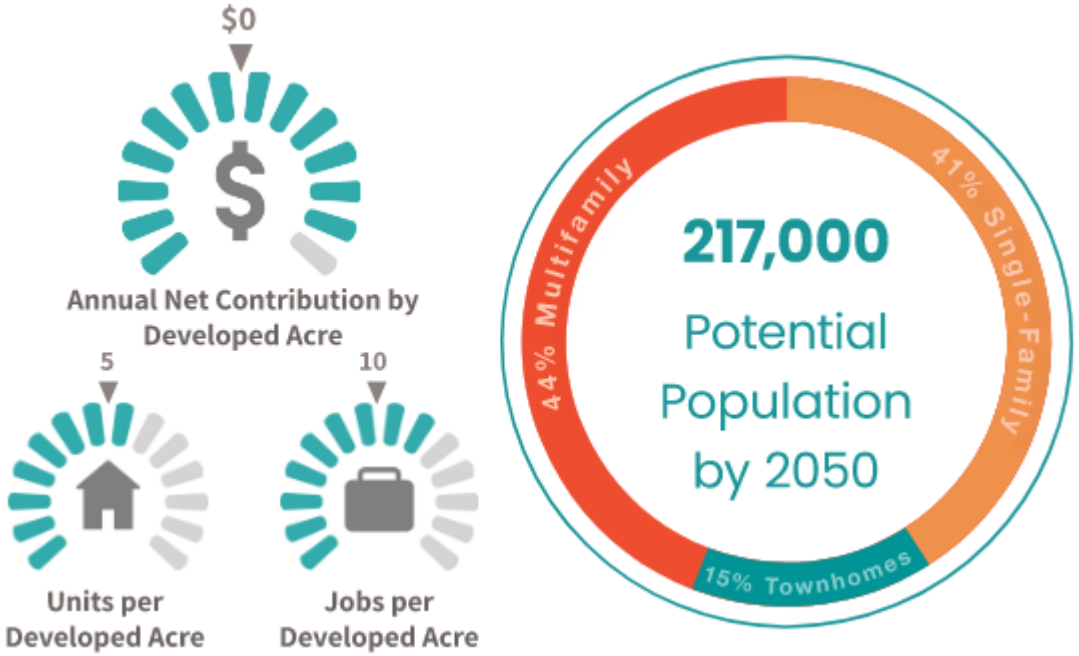
Future Land Use Map



9.3 WRRF Design Flow Projections

The City owns and operates one WRRF which receives flows from the McKisic and North lift stations in addition to the Town Branch basins that flow in by gravity. The South lift station sends its flows to the NACA WWTF. The existing WRRF has a current treatment capacity of 4 MGD and can pass a peak flow of 10 MGD. The city has improvements in progress that will increase the treatment capacity to 8 MGD with a peak flow of 30 MGD. The existing 4 MG of storage in the system at the McKisic Lift Station site is sufficient for current and future conditions.





2024 Population Estimate	Growth Rate	2050 Population Estimate	When will we hit build-out?
63,089	3.0%	132,094	**2066**
	3.5%	149,095	**2060**
	4.0%	168,185	**2056**
	4.7%	198,894	**2051**
	5.4%	234,946	**2048**

Place Type	Population and Fiscal Impact				Estimated Building Area and Jobs								Dwelling Unit Mix		
	Total Acres	Dwellings	Residential Population	Net Contribution	Multifamily	Office	Office Workers	Commercial	Commercial Workers	Industrial / Warehouse	Industrial Workers	Total Workers	Single Family Units	Townhouse Units	Multi Family Units
Parks and Public Spaces	2,149	0													
Rural and Estates	10,449	5,238	14,143 ppl	$ (26,804,976.44)	sq. ft.	sq. ft.	ppl	sq. ft.	ppl	sq. ft.	ppl	ppl	5,238 units	units	units
Suburban Neighborhood	5,766	11,806	31,876 ppl	$ (30,123,595.18)	sq. ft.	sq. ft.	ppl	sq. ft.	ppl	sq. ft.	ppl	ppl	11,806 units	units	units
Traditional Neighborhood	155	503	1,355 ppl	$ (403,611.51)	sq. ft.	sq. ft.	ppl	sq. ft.	ppl	sq. ft.	ppl	ppl	490 units	12 units	units
Walkable Neighborhood	3,066	22,617	59,662 ppl	$ 8,962,835.96	12,621 sq. ft.	sq. ft.	ppl	sq. ft.	ppl	sq. ft.	ppl	ppl	17,061 units	4,387 units	1,168 units
Urban Neighborhood	686	7,939	18,771 ppl	$ 7,097,313.26	2,365,488 sq. ft.	94,129 sq. ft.	377 ppl	418,350 sq. ft.	1,395 ppl	sq. ft.	ppl	1,772 ppl	2,965 units	2,755 units	2,218 units
Urban Corridor	1,248	16,500	31,537 ppl	$ 42,387,508.36	13,716,190 sq. ft.	4,086,288 sq. ft.	16,346 ppl	3,851,066 sq. ft.	12,837 ppl	1,132,773 sq. ft.	1,416 ppl	30,599 ppl	1,553 units	4,104 units	10,842 units
Walkable Corridor	717	7,166	15,378 ppl	$ 16,895,573.63	4,081,559 sq. ft.	670,640 sq. ft.	2,683 ppl	2,017,933 sq. ft.	6,727 ppl	1,022,685 sq. ft.	1,279 ppl	10,689 ppl	892 units	2,967 units	3,306 units
Suburban Corridor	605	350	662 ppl	$ 19,042,847.32	309,921 sq. ft.	1,192,641 sq. ft.	4,771 ppl	3,104,741 sq. ft.	10,350 ppl	2,230,184 sq. ft.	2,788 ppl	17,909 ppl	115 units	units	234 units
Neighborhood Center	129	1,499	3,493 ppl	$ 1,458,495.80	533,355 sq. ft.	21,241 sq. ft.	85 ppl	94,403 sq. ft.	315 ppl	sq. ft.	ppl	400 ppl	527 units	511 units	460 units
City Center	108	1,960	3,635 ppl	$ 4,271,649.45	1,761,070 sq. ft.	309,028 sq. ft.	1,237 ppl	312,980 sq. ft.	1,044 ppl	sq. ft.	ppl	2,281 ppl	134 units	446 units	1,379 units
Regional Center	856	24,559	36,839 ppl	$ 70,294,351.42	31,937,826 sq. ft.	7,777,882 sq. ft.	31,112 ppl	4,373,248 sq. ft.	14,578 ppl	sq. ft.	ppl	45,690 ppl	units	units	24,559 units
Employment Center	1,012	90	135 ppl	$ 15,833,532.78	119,023 sq. ft.	13,036,156 sq. ft.	52,145 ppl	1,934,129 sq. ft.	6,448 ppl	4,325,011 sq. ft.	5,407 ppl	64,000 ppl	units	units	90 units
Industry & Technology	1,420	95	143 ppl	$ 11,490,854.85	126,185 sq. ft.	2,026,840 sq. ft.	8,108 ppl	2,034,727 sq. ft.	6,783 ppl	15,043,966 sq. ft.	18,805 ppl	33,696 ppl	units	units	95 units
Civic	1,151														
Total	**29,517**	**100,322**	**217,627 ppl**	**$ 140,402,779.71**	**54,963,238 sq. ft.**	**29,214,845 sq. ft.**	**116,864 ppl**	**18,141,578 sq. ft.**	**60,477 ppl**	**23,754,618 sq. ft.**	**29,695 ppl**	**207,036 ppl**	**40,781 units**	**15,182 units**	**44,351 units**
													41%	**15%**	**44%**

UTILITY FINANCIAL SOLUTIONS, LLC

City of Bentonville – Wastewater Development Fee Analysis

Mark Beauchamp, President, Utility Financial Solutions, LLC

Wastewater Development Fee Study

- Independent review of the City's capital recovery strategy for wastewater system expansions.
  - Help ensure that new development pays its fair share of infrastructure costs required to serve growth
  - Protecting existing customers from undue financial burden.
  - Study based on accepted industry practices and aligned with the requirements of Arkansas Code § 14-56-103.

Situation

- **To meet projected growth, significant investments in wastewater infrastructure are required**
- **Interceptor expansions and extensions – $239 million**
  Planned for construction between 2025 and 2035 to support systemwide conveyance needs.
- **WRRF (Wastewater Resource Recovery Facility) upgrades and expansion – $153 million**
  Includes process improvements, capacity increases, and modernization to accommodate future flows and loadings.
- **NACA treatment plant upgrades (City share) – $68 million**
  Represents Bentonville's portion of required regional treatment upgrades.

Development Fee Eligible Costs

	Costs	Development fee eligible	Recovered through rates
Interceptor	***238,896,775***	172,593,577	66,303,198
Treatment	152,759,381	75,689,951	77,069,430
NACA Plant	68,000,000	64,600,000	3,400,000
Total	**$ 459,656,156**	***$ 312,883,528***	**$ 146,772,628**

Potential issues of placing the costs into rates or delaying improvements

Consequences of placing in wastewater rates

- **Higher wastewater rates**
- **Ratepayers subsidize new development**
- **Reduced affordability**
- **Larger future rate increases**
- **Lower economic competitiveness**

Consequences of delaying wastewater infrastructure investments

- **Possible moratoriums or delays on building permits**
- **Insufficient system capacity to support growth**
- **Higher private costs if developers must install interim solutions**
- **Reduced competitiveness compared to neighboring communities**

Financing Comparison: Traditional Borrowing vs. AWF Mechanism

Traditional Financing
General Obligation or Revenue Bonds

- **Puts upward pressure on wastewater rates to meet debt coverage ratios**
- **Reduces City borrowing capacity for other projects**
- **May delay projects if rate increases are not feasible**

Foundation Financing

- **Not included in City debt service calculations**
- **Less impact on rates, improving affordability**
- **Preserves borrowing capacity for future needs**
- **Supports timely construction of growth-related infrastructure**

Constitutional Standards & Arkansas Code

Two landmark U.S. Supreme Court cases form the foundation for development fee law nationwide:

Nexus Test (*Nollan v. California Coastal Commission*, 1987)

- There must be a direct connection between the fee or exaction and the development.

Rough Proportionality Test (*Dolan v. City of Tigard*, 1994)

- The magnitude of the fee or exaction must be roughly proportional to the burden created by the development.

Arkansas Code Requires

- A capital plan
- Level of service standards
- Fees used only for capacity-expanding capital costs
- Fees assessed in reasonable proportion to the new development
- Separate accounting and segregated from other municipal funds
- Adopted by ordinance

Development Fees

Maximum Fee Allowable

Development Fee Costs 2025 - 2040	$	338,677,423
Growth in Equivalent Residential Units		30,094
Maximum Impact Fee	**$**	**11,254**

Proposed Fees

- Residential Application

  Based on Equivalent Residential Units (ERU) $7,867

- **Non-Residential Application:**

  Projected design flow rates will be converted to ERU

- Development fee reviewed annually and adjusted based on CPI inflation index
- Complete impact fee study as needed but at least every three years

Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. City Average (CUSR0000SEHG) | FRED | St. Louis Fed

Wastewater Infrastructure Discussion

2025

City of Bentonville

Wastewater Development Fee Report

November 20, 2025

DRAFT

Corporate location:
Utility Financial Solutions, LLC
185 Sun Meadow Court
Holland, MI USA 49424
(616) 393-9722
Fax (888) 566-4430

Submitted Respectfully by:
Mark Beauchamp, CPA, CMA, MBA
President, Utility Financial Solutions, LLC
mbeauchamp@ufsweb.com
(616) 393-9722

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November 20, 2025

City of Bentonville
3200 SW Municipal Drive
Bentonville, AR 72712

We are pleased to submit the enclosed Wastewater Development Fee Study prepared for the City of Bentonville. This analysis provides a comprehensive and independent review of the City's capital recovery strategy for wastewater system expansions. The purpose of the study is to help ensure that new development pays its fair share of infrastructure costs required to serve growth, while protecting existing customers from undue financial burden. The recommended fee structure is based on accepted industry practices and aligned with the requirements of Arkansas Code § 14-56-103.

The report includes:

- A summary of eligible capital projects and system capacity needs
- Cost allocation methods and fee calculation basis
- A proposed wastewater development fee schedule
- Legal and policy considerations for implementation

The Development Fee Study was prepared for the planning period 2025 through 2040 and reflects the best available capital cost and system capacity information as of the time of analysis. Because infrastructure needs, cost estimates, financing terms, and development patterns are subject to change, it is recommended that this study be reviewed annually to determine if the impact fees need to be updated.

Regular updates will ensure that:

- New capital expenditures are incorporated,
- Unit cost calculations remain current,
- And the development fee continues to reflect fair and proportional cost recovery from new growth.

This practice helps maintain legal defensibility, aligns with Arkansas Code § 14-56-103, and supports transparent long-term utility planning.

We appreciate the opportunity to assist the city and staff in the development of this study.

Sincerely,

[redacted]

Utility Financial Solutions, LLC
Mark Beauchamp, CPA, MBA, CMA
185 Sun Meadow Ct
Holland, MI 49424

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1. Executive Summary

The City of Bentonville is experiencing rapid population growth, with its current population of approximately 63,000 projected to exceed 217,000 by 2050. This growth is placing significant pressure on the City's wastewater system, which is already nearing its capacity. Several key wastewater basins are already constrained, and the interceptor lines responsible for transporting wastewater to the treatment plant will need to be expanded. Without targeted investment and infrastructure expansion, the City will face serious limitations in its ability to accommodate new development and sustain the growing demand for wastewater services. Addressing these capacity challenges is critical to ensuring the City can continue to support its expanding population and future growth.

This report evaluates the use of wastewater development fees as a means of ensuring that growth pays for growth. The analysis reviews the legal and policy framework, outlines nationally recognized methodologies, and provides recommendations for establishing an equitable, understandable, and defensible fee structure.

The City of Bentonville should adopt a wastewater development fee program that complies with Arkansas Code § 14-56-103, ensuring a transparent and fair methodology. The program will ensure that new development contributes its equitable share to the cost of capacity-expanding improvements, which are critical to supporting the City's growth and infrastructure needs.

For 2026, it is proposed that the wastewater development fee be set at $7,867 per Equivalent Residential Unit (ERU). This fee will be adjusted annually based on the Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. Cities, ensuring that it reflects inflationary trends and operational cost increases.

The funds generated by these fees will be placed in a separate, dedicated account, specifically for capital-related expenditures. These funds cannot be used for the operation and maintenance of the wastewater plant or system, ensuring that new development contributes directly to the expansion and improvement of wastewater infrastructure.

To ensure that the fees remain aligned with evolving infrastructure needs and financial projections, it is recommended that the study be reviewed annually. The development fee should be updated at least every three years to reflect changes in construction costs, population growth patterns, and system demands.

2. Introduction

The City of Bentonville's Water Utility Department, which operates the city's wastewater system, retained Utility Financial Solutions, LLC to perform a wastewater development fee analysis. The purpose of the study is to establish a fair and legally defensible approach to recovering the cost of capacity-expanding improvements required to serve new developments.

2.1 Development Fees

Also referred to as wastewater capacity fee, sewer development fee, connection fees, system development charges, improvement charges, or capacity charges. These are one-time payments assessed on new customers.

These charges reflect the proportional share of capital improvements either previously made or needed in the future to provide available capacity for future demand. Importantly, such fees may only be used for capital investments that expand system capacity and cannot be used for ongoing operation or maintenance costs.

3. Summary of Arkansas Impact Fee Law (Ark. Code 14-56-103)

Note: UFS is not a law firm and does not provide legal advice. The following summary is provided solely for general informational and contextual purposes. The City should consult its legal counsel for statutory interpretation or legal opinions related to impact fees.

Arkansas Code § 14-56-103 provides the statutory authority for municipalities and municipal service agencies to assess development impact fees to finance public facilities needed to serve new development. The statute establishes both the procedural requirements and the substantive limitations governing impact fees.

Under the law, impact fees may be assessed only on new development and only to fund capital improvements that create additional system capacity, including the planning, design, and construction of new facilities or the recoupment of past capital investments that continue to provide capacity for future growth. Impact fees may not be used for system operation, maintenance, repair, or for improvements that do not expand capacity.

Before adopting an impact fee, the municipality must establish a capital plan and level-of-service (LOS) standards for the public facilities to be funded. The adopting ordinance must specify the facilities to be financed, the formulas used to calculate the fee, the method of assessment and collection, and the process for refunding unused fees. All collected fees must be deposited in a separate interest-bearing account and may only be expended in accordance with the statute.

The statute also requires that impact fees be assessed in reasonable proportion to the demand for additional capacity attributable to each new development. This proportionality requirement effectively establishes a maximum cost-justified fee, determined through the impact fee study. Municipalities may adopt fees at or below this maximum, but not above it.

Finally, any portion of collected impact fees that has not been expended on eligible capital improvements within seven years must be refunded to the current property owner.

3.2 Bentonville's Growth Challenge

Bentonville's population is projected to more than triple by 2050, driven by residential expansion, commercial development, tourism, and a growing non-resident workforce. While regional treatment plants are being expanded, the City's conveyance system (lift stations, interceptors, and collection lines) lacks sufficient capacity to accommodate projected growth. Without new funding sources, existing residents would bear the financial burden of necessary expansions. Implementing wastewater development fees allows the city to allocate costs more equitably, ensuring that new development pays its fair share.

4. Legal and Policy Framework

Capital cost recovery fees are governed by state laws and constitutional standards, ensuring that new development contributes fairly to the costs of expanding and maintaining infrastructure. Additionally, the **American Water Works Association (AWWA)** publishes the leading manual of practice on water and wastewater rates, fees, and charges. This comprehensive manual includes a dedicated chapter specifically focused on the **development and implementation of capital cost recovery charges**, providing guidance on best practices and industry standards.

4.1 Constitutional Standards

Two landmark U.S. Supreme Court cases form the foundation for development fee law nationwide:

1. **Nexus Test** (*Nollan v. California Coastal Commission*, 1987)
   There must be a direct connection between the fee or exaction and the development.
2. **Rough Proportionality Test** (*Dolan v. City of Tigard*, 1994)
   The magnitude of the fee or exaction must be roughly proportional to the burden created by the development.

Together, these cases establish that development-related fees must serve a legitimate public purpose and allocate costs in a fair and proportional manner.

4.2 Reasonable Relationship Requirements

Building on these principles, three reasonable relationship requirements are widely recognized in the development of development fees:

- **Need**:
  New development creates demand for additional public facilities.
- **Benefit**:
  The development paying the fee must benefit from the facilities funded.
- **Proportionality**:
  The amount of the fee must be reasonably related to the scale of the development's impact.

If capacity is not expanded to meet new demand, the quality of public services for all customers will decline. Development fees may therefore be used to recover the cost of facilities required by new growth, but only to the extent that the need arises from that growth.

4.3 Application in Practice

In practice, proportionality is addressed through the process used to identify development-related facility costs and the methods applied to calculate fees across categories of development. Demand is typically measured using objective service unit equivalents, such as average-day or maximum-day demand associated with a metered connection.

To maintain and establish a sufficient benefit relationship the revenues paid by new developments are generally:

- Segregated from other municipal funds
- Expended only on the facilities or improvements for which the fees were charged

These principles reflect national practice and align with Arkansas Code § 14-56-103.

5. General Fee Methodologies

There is no single, universally accepted method for determining capital cost recovery charges. The choice of methodology depends on system conditions, available capacity, community objectives, and planning horizons.

Three approaches are most widely recognized in the utility industry:

- System Buy-In (Equity Approach)
- Incremental Cost Pricing (Marginal Cost Approach)
- Planned Facility (Growth Approach)

5.1 System Buy-In (Equity Approach)

Under the buy-in method, new customers pay a fee representing their share of the equity in existing facilities. This equity reflects the investments already made by existing customers through rates, taxes, or debt service to build capacity that is still available for growth. In effect, new customers are "buying into" the value of capacity that has already been built.

Best Suited When:

- The utility system has substantial unused capacity in existing facilities (e.g., treatment plants, interceptors, lift stations) that can serve new development.
- Existing customers have already made significant financial contributions toward these facilities, and fairness requires that new customers pay an equivalent share.
- The utility seeks a straightforward, easy-to-explain fee structure, often calculated by dividing the replacement cost (or depreciated replacement cost) of existing facilities by system capacity and multiplying by the demand of the new connection.

Example:
A wastewater treatment plant was expanded several years ago to serve both current and future flows. With the excess capacity, new developments should pay a buy-in fee so that they contribute equitably to the costs borne by existing customers.

5.2 Incremental Cost Pricing (Marginal Cost Approach)

The incremental cost method charges new development the additional (marginal) cost of expanding facilities to serve their demand. Fees are tied directly to the cost of constructing new improvements such as interceptors, pumping stations, or treatment expansions needed because of growth.

Best Suited When:

- The system is at or near capacity, and new development will require immediate expansions.
- Growth is occurring rapidly, creating urgent demand for new projects.
- The utility wants to send a clear "growth pays for growth" signal, ensuring that existing customers are not subsidizing expansions caused by new users.

Example:
A city's interceptor is at capacity, and the next subdivision cannot be connected unless the line is upsized. An incremental fee would assign the cost of upsizing it directly to the new connections that necessitate the expansion.

5.3 Planned Facility (Growth Approach)

This method is based on a long-term Capital Improvement Plan (CIP) or master plan that outlines the facilities required to meet anticipated growth over 10–20 years. Fees are set by allocating the cost of planned growth-related projects across the projected number of new service units expected during the planning period.

Best Suited When:

- The utility has a detailed long-range master plan that identifies when and where major growth-related improvements will be needed.
- Growth is significant and sustained, requiring large, staged investments such as new treatment plants, regional interceptors, or major lift stations.
- The community seeks a comprehensive, forward-looking strategy that aligns capital improvements, land-use planning, and financial policy.

Example:
A city adopts a 20-year wastewater master plan showing phased construction of a new interceptor, lift station, and treatment expansion to accommodate projected population growth. A planned facility fee recovers the growth-related share of these projects from new development, ensuring long-term alignment between growth and infrastructure capacity.

5.4 Recommended Methodology Planned Facility (Growth Approach)

Bentonville is best suited to adopt the Planned Facility (Growth) Approach for establishing wastewater development fees. This methodology bases fees on a long-range Capital Improvement Plan (CIP) or master plan that identifies the facilities necessary to serve future growth. Given Bentonville's circumstances, this framework provides the most appropriate balance between fairness, transparency, and financial sustainability.

The City is experiencing rapid and sustained growth, with its population projected to increase from roughly 63,000 today to more than 217,000 by 2050. This growth trajectory will place extraordinary demand on the City's wastewater conveyance and treatment systems, requiring carefully planned and staged investments. Several wastewater basins are already nearing or at capacity, limiting the City's ability to approve new projects. Even as regional treatment plants are being expanded, Bentonville's internal conveyance system i.e. lift stations, interceptors, and collection lines must be significantly upgraded to handle future flows.

To address these challenges, the city has already adopted a $239 million, 10-year master-planned expansion program focused on interceptor and conveyance needs. The scale, scope, and phasing of these investments make a CIP-based methodology the most logical framework for allocating costs. By linking

development fees directly to planned projects, Bentonville ensures that development-related charges are clearly tied to the facilities needed to support growth.

Equity and fairness are also central considerations. Under the Planned Facility approach, new development contributes its fair share to the cost of facilities that directly serve its demand, ensuring that growth pays for growth. At the same time, if portions of new projects also benefit existing customers by improving service levels or reliability, that share of costs can be fairly assigned to existing customers through utility rates. This balance avoids cross-subsidization and strengthens public confidence in the fee structure.

Finally, financial sustainability reinforces the need for this approach. Traditional funding mechanisms and state assistance programs are insufficient to meet the magnitude of Bentonville's projected capital needs. Without development fees, the burden of paying for growth-driven improvements would fall disproportionately on current ratepayers. The Planned Facility approach provides a forward-looking solution by equitably distributing costs to the new development that is driving the need for capacity expansions.

In sum, the Planned Facility (Growth) Approach provides Bentonville with a transparent and defensible method for recovering wastewater capital costs. By tying fees directly to the City's adopted capital improvement plan, this approach supports long-term infrastructure planning while ensuring that new development contributes proportionally to the cost of the facilities required to serve it.

6. Common Objectives of Capital Recovery Charges

Regardless of the methodology applied, revenues from capital cost recovery charges are typically used to:

- Pay the capital costs of capacity provided for growth.
- Provide rate relief to existing users by recovering the portion of capacity-related costs (including debt service and direct asset purchases) attributable to growth.
- Accumulate reserves to finance system improvements and expansions needed to meet long-term growth demands.

7. Capital Projects for Financing

As part of this development fee analysis, a detailed review of planned capital improvement projects was conducted to identify the infrastructure investments necessary to support projected growth through the planning period. These capital projects represent a combination of treatment capacity expansions, interceptor system upgrades, and regional infrastructure contributions, each directly tied to accommodating increased wastewater flows from new development.

A significant investment is the City's proportional share of the NACA treatment plant expansion, which provides long-term treatment capacity beyond the physical constraints of the City's existing landlocked facility. The capital costs associated with growth-related portions of these projects are considered eligible for recovery through development fees, while the remainder will be recovered through user rates or other funding sources.

7.1 Interceptor Improvements

The City provided its capital plan in two formats:

1. A capital plan expressed in 2025 cost levels, and
2. A capital plan that incorporates an assumed 5% annual escalation in construction costs for future years.

For purposes of this impact fee study, UFS utilized the version of the capital plan that includes the 5% annual construction cost escalation. This approach is consistent with industry practice, as development impact fees are intended to recover the future cost of constructing capacity-related improvements needed to serve new development. Using escalated costs ensures that the fee calculation reflects the expected cost of facilities when they are actually constructed, rather than the cost in current-year dollars.

Construction inflation has been significant in recent years, and wastewater infrastructure particularly treatment facilities, collection system expansions, and major extensions often experiences cost growth that exceeds general inflation. Incorporating the 5% escalation factor provides a more realistic representation of long-term infrastructure costs and supports a more accurate projection of the maximum cost-justified fee.

The City's capital plan includes capacity upgrades to interceptor sewers (collection lines equal or greater than 12 inches), with several projects also replacing existing segments. Using the City-provided current replacement cost and original in-service dates, the analysis separates capacity (growth) costs from like-for-like replacement costs. For projects that retire existing pipe, the growth share excludes renewal cost and adds the acceleration cost equal to the undepreciated remaining value of the asset being replaced.

Formula:

Total Growth-Related Cost =
(Total Project Cost – Like-for-Like Replacement Cost) + Undepreciated Remaining Value

- **Like-for-Like Replacement Cost (LFR)**
  Cost to replace the existing pipe with the **same size/material** at projected **unit costs** (no upsizing/betterment)
- **Undepreciated Remaining Value (URV)**
  The remaining value of the existing asset, measured against the current replacement cost **(Remaining Life ÷ Total Life)**

Table 1 summarizes each project's total cost and the portion eligible for development-fee recovery. The detailed breakdown for each project is shown in Appendix A.

Table 1 – Project Cost and Development Fee Eligible

Year	Project Cost	Development Fee Eligible
2025	$ 49,936,540	$ 37,341,831
2026	$ 65,342,924	$ 46,830,218
2027	$ 37,667,174	$ 27,627,377
2028	$ 2,011,109	$ 1,208,284
2029	$ 14,468,194	$ 8,688,244
2030	$ 9,047,959	$ 8,677,870
2031	$ 18,128,385	$ 15,458,557
2032	$ 5,664,761	$ 4,651,842
2033	$ 16,263,091	$ 8,993,882
2034	$ 2,839,202	$ 1,854,480
2035	$ 17,527,436	$ 11,260,991
2036	-	-
2037	-	-
2038	-	-
2039	-	-
2040	-	-
Total	**$ 238,896,775**	**$ 172,593,577**

* The detailed breakdown by project is listed in Appendix A.

7.2 Interceptor Financing

The intent is to finance the interceptor improvements via a $239 million draw-down line of credit at a fixed 5.00% interest rate (interest accrues daily). The lender intends for the loan to be fully repaid by 2040 but no later than 2045. It is the City's intent to use the development fees to repay the interceptor financing.

Key Terms (as proposed):

- **Facility:** $239,000,000 draw-down line of credit
- **Rate:** 5.00% per annum, accruing daily (day-count convention to be specified)
- **Draw Period / Schedule:** Multi-phase draws from 2025 through 2035
- **Maturity / Final Payoff:** 2045 (all outstanding principal and accrued interest due)

7.3 Bentonville WRRF Upgrades

The City plans major upgrades to increase capacity from 4 MGD to 7.9 MGD at a projected cost of $152.7 million. The project will be constructed over several years and the debt service associated with the Bentonville WRRF can be found in Table 4.

Table 2 summarizes the issuance year, tranche amount, term, and assumed interest rate for each borrowing.

Table 2 – Treatment Plant Upgrades (Finance Phases)

Phase	Amount	Term	Rate (APR):	Year
City Plant Rehab Phase I	97,759,381	20	1.750%	2025
City Plant Rehab Phase II	55,000,000	20	4.000%	2025
Total	$ 152,759,381			

The total planned treatment plant improvements amount to $152.8 million. These investments were classified into two primary categories:

1. Capacity-Related Assets – Projects that expand the treatment plant's ability to serve additional flow or population growth; and
2. System Renewal Assets – Projects that replace or rehabilitate existing infrastructure to maintain reliable operations and regulatory compliance.

The breakdown presented in Table 3 identifies the portion of costs attributable to capacity improvements associated with the Bentonville Wastewater Resource Recovery Facility (WRRF) and related treatment plant upgrades. These allocations form the basis for determining the share of project costs recoverable through development (impact) fees.

Table 3 –Development-Related Treatment Plant Upgrades (Bentonville WRRF)

		Amount	Percents
Gain Capacity	$	75,689,951	49.55%
Maintain Existing Capacity		77,069,430	50.45%
Total	**$**	**152,759,381**	**100.00%**

As shown in Table 3, approximately $75.7 million of the total $152.8 million investment is attributable to capacity-related improvements. These costs represent the incremental portion of the treatment plant and related facilities necessary to accommodate future growth in flow and loadings.

The remaining balance, associated with system renewal, regulatory compliance, or maintenance of existing service levels, is considered non-growth related and is funded through existing user rates or other non-development revenue sources.

7.4 Northwest Arkansas Conservation Authority (NACA) Treatment Plant Improvements

The Northwest Arkansas Conservation Authority (NACA) wastewater treatment plant, which serves the City of Bentonville and other surrounding communities, was recently expanded from 3.6 million gallons per day (MGD) to 7.2 MGD. This 3.6 MGD capacity increase, completed in 2025, had a total project cost of $80.0 million.

The City of Bentonville's proportional share of this capacity and cost is 85%, or $68.0 million. The city is responsible for repayment through take-or-pay obligations, based on a 30-year financing structure with a 1.5% fixed interest rate and level annual debt service. Although the City does not carry this debt directly on its balance sheet, the debt service charges from NACA are contractually binding.

Under current Generally Accepted Accounting Principles (GAAP), the city records the NACA debt service payments as an operating expense. However, for purposes of this development fee analysis, the debt service portion is treated as a capital recovery payment, since it directly relates to the expansion of treatment capacity used to serve future growth.

This treatment ensures that new development bears its proportional share of the capital investment in regional treatment facilities, consistent with the principles of cost causation and ratepayer equity.

7.5 Combined Development Related Capital and Debt Service Payments

The combined annual debt service payments projected over the next 15 years for interceptor costs, treatment plant upgrades, and the NACA expansion are summarized in Table 4.

Table 4 – Development Fee Related Annual Costs

Year	Interceptor Draw Schedule: Interceptor Costs	Debt Service Payments: NACA Plant Expansion	City Plant Rehab Phase I	City Plant Rehab Phase II	Total
2025	$ 37,341,831	$ 1,695,750	$ -	$ -	$ 39,037,581
2026	46,830,218	2,681,980	100,981	129,857	49,743,036
2027	27,627,377	2,681,980	427,408	549,628	31,286,393
2028	1,208,284	2,681,980	691,393	889,102	5,470,759
2029	8,688,244	2,681,980	831,083	1,068,736	13,270,042
2030	8,677,870	2,681,980	2,880,896	1,992,410	16,233,156
2031	15,458,557	2,681,980	2,880,896	1,992,410	23,013,842
2032	4,651,842	2,681,980	2,880,896	1,992,410	12,207,128
2033	8,993,882	2,681,980	2,880,896	1,992,410	16,549,168
2034	1,854,480	2,681,980	2,880,896	1,992,410	9,409,766
2035	11,260,991	2,681,980	2,880,896	1,992,410	18,816,277
2036	-	2,681,980	2,880,896	1,992,410	7,555,286
2037	-	2,681,980	2,880,896	1,992,410	7,555,286
2038	-	2,681,980	2,880,896	1,992,410	7,555,286
2039	-	2,681,980	2,880,896	1,992,410	7,555,286
2040	-	2,681,980	2,880,896	1,992,410	7,555,286
Total	$ 172,593,577	$ 41,925,443	$ 33,740,725	$ 24,553,832	$ 272,813,576

8. Projected Growth

The City completed a 2050 capacity plan that projected an annualize growth rate of 5.07% and Northwest Arkansas Regional Planning Commission (NWARPC) projected a growth rate for Bentonville of 2.75%.

- **Bentonville Future Land Use Plan**
  – Projection year end 2050; Annualized growth rate 5.07%
  This is a build-out capacity figure, an upper bound showing what the land-use plan could accommodate if market and infrastructure allow. It is not a probability-weighted forecast, but it is indispensable for sizing long-lived utilities (interceptors, plants) against plausible peak buildout.
- **Northwest Arkansas Regional Planning Commission (NWARPC)**
  – Projection year end 2045; Annualized growth rate 2.75%
  The region's baseline planning forecast from the MPO, conservative by design, tied to regional transportation/land-use modeling, and widely used for interagency coordination.
- **Development Fee Study**
  – Projection year end 2040; Annualized growth rate 4.33%
  A moderate-high growth trajectory between the MPO baseline and the City's capacity upper bound. It reflects current development momentum (plats/entitlements, employment growth) while remaining below full buildout to avoid overstating demand.

8.1 Method Used in Development Fee Analysis

- The growth projections used in this study are consistent with those applied in the City's wastewater cost of service study, providing alignment across financial and rate planning efforts. In UFS's professional opinion, this growth rate put greater weight on NWARPC for defensibility and some weight on the capacity plan for infrastructure prudence (e.g., ≈ 2/3 MPO, 1/3 capacity yields a population near the study value).
- The compound growth rates are computed from the stated endpoints and horizon years; the study uses 4.33% to represent a realistic path.
- This approach satisfies development fee principles of rational nexus and rough proportionality: it avoids understating growth (which could shift costs to existing users) and avoids overstating it (which could over-assign costs to new growth).

8.2 Application of Growth Projections

The projected 2045 service population of 147,117 using the 4.33% growth is a key driver in determining the proportional share of growth-related capital projects. This growth rate is consistent with the currently completed wastewater rate study.

This population basis informs several allocation tests, including:

- **Capacity Projects** – such as interceptor expansions and treatment plant upgrades.
- **Equivalent Residential Unit (ERU) Counts** – used as a standardized measure of demand across residential, commercial, and industrial customers.
- **Debt-Sizing Tests** – ensuring that projected user growth supports the level of borrowing required to finance system expansions.

To assess reasonableness, sensitivity analyses were conducted. These compare the base population forecast against scenarios prepared by NWARPC (representing a lower-growth outlook) and a capacity-constrained scenario (representing higher growth). This range of outcomes demonstrates that the resulting fees remain within a reasonable band under credible future conditions. A comparison of the average annual growth projections under each scenario is provided in Table 5 below.

Table 5 – Summary of Growth Rate Projection

	Population	Compound Growth Rate
Bentonville Future Land Use Plan	217,000	5.07%
NWARPC	113,658	2.75%
Used in Impact Fee Study	147,117	4.33%

8.3 Recovery Period of Investments

Planned capital improvements will more than double the treatment plant's rated capacity from 7.06 MGD to 14.02 MGD. Determining the appropriate recovery period for these investments requires balancing the projected growth trajectory with the timing of capacity additions.

- **Growth Alignment** – If population and flow growth proceed as projected, cost recovery can be spread across a steadily expanding customer base, enhancing long-term affordability.
- **Capacity Step-Increases** – Because treatment expansions are constructed in large increments, there will be interim periods when excess capacity exists before it is fully utilized.
- **Financial Stability** – The recovery horizon must also account for debt service obligations and bond coverage requirements, ensuring that rates remain sufficient to protect system finances, even if growth underperforms.

By comparing projected growth rates with the staged capacity additions, this study identifies a recovery period that equitably distributes costs between current and future users while maintaining rate stability.

The annualized growth rate of 4.33% aligns with the need for expanded capacity by 2040, at which time projected treatment plants demand reaches 13.36 MGD nearly the full 14.02 MGD design capacity. Consistent with good wastewater treatment plant (WWTP) planning practices, capacity expansions should be considered once usage approaches 80% of design capacity.

The City's existing wastewater treatment plant (WWTP) is landlocked, limiting the potential for further on-site expansion. As a result, future capacity needs are expected to be met through additional investment in the regional Northwest Arkansas Conservation Authority (NACA) treatment facility.

Table 6 below illustrates current and projected capacity needs under this growth trajectory:

Table 6 – Projected Wastewater Treatment Plant (WWTP) Capacity

Plant Capacity - MGD	Current	Projected WWTP Capacity - MGD	% of Capacity
NACA Plant	3.06	6.12	
Bentonville's Plant	4.00	7.90	
Total	**7.06**	**14.02**	
2040 Capacity Needed	**2040**	**13.36**	**95%**
2045 Capacity Needed	**2045**	**16.49**	**118%**

9. Determination of Development Fees

Development fees are designed to ensure that new development pays its proportionate share of the costs associated with expanding system capacity. These fees directly fund growth-driven capital improvements such as treatment plant expansions, interceptor upgrades (Collection lines equal or greater than 12 inches), and major lift stations.

9.1 Maximum – Not to Exceed Development Fees

Establishing maximum, not-to-exceed Development Fees provides a transparent upper limit on the amount that can be charged to new development for growth-related infrastructure. This ceiling is calculated based on the full cost of capacity expansion attributable to new development, including construction, financing, and associated carrying costs. The utility or jurisdiction retains the flexibility to adopt lower fees for policy reasons, such as encouraging economic development, phasing in increases over time, or aligning with regional competitiveness.

This approach also creates a defensible legal framework by clearly documenting the rational nexus between the development fee and the infrastructure costs it recovers, helping to ensure compliance with applicable statutory and case law requirements governing development charges.

To support this methodology, Equivalent Residential Units (ERUs) were defined using meter equivalents, which were provided to UFS by the City. Meter-based ERUs offer a practical and widely accepted basis for allocating costs, grounded in engineering standards and consistent with water & wastewater system fee practices.

Based on the capacity-related cost allocations summarized in Table 7, the maximum cost-justified wastewater development fee was calculated at $11,254 per Equivalent Residential Unit (ERU).

Impact Fee Costs 2025 - 2040	$	338,677,423
Growth in Equivalent Residential Units		30,094
Maximum Impact Fee	**$**	**11,254**

During discussions with City staff, it was recognized that implementing the full fee immediately could impose significant near-term impacts on new developments and may not fully reflect changes in future costs. To balance cost recovery with affordability, future changes in costs and economic growth objectives, the City elected to implement a reduced rate that would phase in the capacity fee.

To help ensure that infrastructure investments are fully funded an initial Development Fee of $7,867 per equivalent residential unit (ERU) was established. ***Moving forward this fee will be adjusted annually by the actual CPI index which can be*** found within the following website:

([Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. City Average (CUSR0000SEHG) | FRED | St. Louis Fed])

This initial fee was established to recover costs by 2040, based on the following assumptions:

- A 5% annual interest rate on unrecovered balances (carrying cost of unfunded expenditure).
- A 4% annual increase was assumed in the analysis and based on the historical CPI indexes between 2015 – 2025.

Date	Index
2025-09-01	319.87
2015-09-01	216.14
Average Annual	4.0%

- The future increases would be based on the CPI index listed above.

Table 7 – Projected Cash Outflows and Inflows

1	2	3	4	5	6	7	8
Year	Impact Fee Expenditures	Interest Cost	Total Impact Fee Costs	Rate	Equivalent Growth	Impact Fee Revenue	Unrecovered Total
2025	$ 39,037,581	$ -	$ 39,037,581	$ 7,867	1,120	$ 8,814,407	$ 30,223,174
2026	49,743,036	1,511,159	51,254,194	8,181	1,151	9,419,185	72,058,184
2027	31,286,393	3,602,909	34,889,302	8,509	1,199	10,198,970	96,748,516
2028	5,470,759	4,837,426	10,308,185	8,849	1,268	11,222,787	95,833,914
2029	13,270,042	4,791,696	18,061,738	9,203	1,321	12,159,911	101,735,741
2030	16,233,156	5,086,787	21,319,943	9,571	1,399	13,387,078	109,668,605
2031	23,013,842	5,483,430	28,497,273	9,954	1,942	19,325,745	118,840,133
2032	12,207,128	5,942,007	18,149,134	10,352	2,002	20,726,401	116,262,866
2033	16,549,168	5,813,143	22,362,311	10,766	2,069	22,278,883	116,346,295
2034	9,409,766	5,817,315	15,227,081	11,197	2,137	23,923,126	107,650,249
2035	18,816,277	5,382,512	24,198,789	11,645	2,213	25,764,373	106,084,665
2036	7,555,286	5,304,233	12,859,519	12,111	2,286	27,689,795	91,254,389
2037	7,555,286	4,562,719	12,118,005	12,595	2,367	29,810,731	73,561,663
2038	7,555,286	3,678,083	11,233,369	13,099	2,449	32,082,704	52,712,328
2039	7,555,286	2,635,616	10,190,902	13,623	2,540	34,607,022	28,296,209
2040	7,555,286	1,414,810	8,970,096	14,168	2,630	37,266,305	(0)
Total	$ 272,813,576	$ 65,863,847	$ 338,677,423		30,094	$ 338,677,423	

Explanation of Table Columns

1. **Projected Year** – The year in which expenditures and revenues are tracked.
2. **Development Fee Expenditures** – Growth-related capital costs scheduled for that year.
3. **Interest Costs on Unrecovered Balances** – Carrying costs applied at 5% to any expenditures not yet recovered.
4. **Total Development Fee Costs** – The sum of capital expenditures plus accumulated interest.
5. **Development Fee Rate per Meter Equivalent** – The unit charge applied to new development for that year, starting at $7,867 in 2025 and increasing annually by 4%. This study should be updated periodically to revisit the annual adjustment needed.
6. **Projected Meter Equivalent Growth** – The number of new ERUs (or equivalent 5/8-inch meters) expected to connect in that year.
7. **Projected Revenues from Development Fees** – Annual revenues generated by multiplying the fee per ERU by the number of new ERUs.
8. **End-of-Year Unrecovered Total** – Remaining balance of growth-related costs still to be recovered after accounting for that year's revenues.

Non-Residential Application:

For non-residential users, the ERU based fee will be converted to a daily cost per gallon to allow proportional assessment based on projected design flow rates. This conversion provides a consistent and equitable method for applying the fee to users whose demands differ from a typical residential connection.

10. Supplemental Information

The City designs wastewater system capacity in accordance with the Ten States Standards and Arkansas Department of Health (ADH) requirements. A key assumption embedded in these standards is a design flow of 100 gallons per person per day. For informational purposes, UFS was requested to develop a table illustrating the average cost per gallon of capacity for each year of the planning period. The analysis assumes an average household of 2.64 people served by a 5/8 inch meter and an average daily usage of 100 gallons per person. The initial rate of $7,867 per ERU was used in the calculation.

Table 8 – Formula Used to Convert ERU to "Rate per Daily Gallon"

2025 Impact Fee 5/8" Meter		$ 7,867
Design Capacity (per person, per day) - Gallons	100	
Number of People per Home	2.64	
Estimated Gallons per Home		264
Rate per Gallon		**$ 29.80**

Appendix A – Projected Interceptor Capital

Project	Total Projected Amount	2025	2025 Eligible Cost	2026	2026 Eligible Cost	2027	2027 Eligible Cost	2028	2028 Eligible Cost
McKisic Basin									
MK 25.1	$4,430,803								
MK 35.1	$1,531,538								
MK 40.1	$3,451,112							$431,794	$194,534
MK 40.2	$13,491,982								
MK 45.1	$7,837,237							$979,351	$413,786
MK 45.2	$1,982,985								
MK-Turner Lift Station (2025)	$643,884								
Town Branch Basin									
TB 25.1	$5,709,900	$714,000	$148,783	$4,995,900	$1,041,042				
TB 25.2	$656,350	$82,000	$15,078	$574,350	$105,607				
TB 30.1	$3,578,100	$447,000	$389,076	$3,131,100	$2,674,641				
TB 40.1	$2,076,500	$260,000	$58,424	$1,816,500	$408,182				
TB 45.1	$1,965,900	$246,000	$51,904	$1,719,900	$362,886				
TB 45.2	$3,237,900	$405,000	$86,740	$2,832,900	$606,732				
Shewmaker Basin									
Shewmaker	$41,236,040	$41,236,040	$30,916,867						
South Lift Station Basin									
SL 25.1	$14,647,300	$1,831,000	$985,963	$12,816,300	$6,697,401				
SL 25.2	$19,098,293			$2,387,700	$1,321,237	$16,710,593	$8,998,035		
SL 30.1	$3,865,470			$483,000	$253,767	$3,382,470	$1,723,634		
SL Option 2 Part 1 - EQ Basin	$31,417,100	$4,598,000	$4,598,000	$26,819,100	$26,819,100				
SL Option 2 Part 2 - Pump Upgrades (2035)	$7,143,409								
Morningstar Basin									
Morningstar Sewer Main Extension	$9,790,751								
Morningstar North Branch Sewer Main Extension	$3,754,982								
Central Park Sewer Main Extension	$4,145,619							$599,964	$599,964
Haxton Road Basin									
Haxton Sewer Basin	$5,207,503								
Spring Creek/Vaughn Basin									
Soutwest Regional Airport Blvd Basin Alt. 1	$4,975,686	$117,500	$90,996	$4,858,186	$3,723,199				
Old Farm LS -NWA National Airport Basin East Improvements Alt. 2 (New L.S., FM, Gravity)	$3,693,428			$528,150	$528,150	$3,165,278	$3,165,278		
NWA National Airport Basin, Southbound Gravity Line (Old Farm Gravity)	$1,883,438			$235,200	$143,635	$1,648,238	$979,834		
Opal Road Basin	$2,838,578								
NWA National Airport Basin, Southwest	$1,316,102								
South of South West Regional Airport Blvd Basin	$2,349,331								
Shell Drainage Basin									
Shell Drainage Basin - West of 443-5263 (Thornberry LS)	$14,905,235			$2,144,638	$2,144,638	$12,760,597	$12,760,597		
Shell Drainage Basin - East of 443-5263 (Thornberry LS)	$16,034,321								
Totals	**$238,896,775**	**$49,936,540**	**$37,341,831**	**$65,342,924**	**$46,830,218**	**$37,667,174**	**$27,627,377**	**$2,011,109**	**$1,208,284**

Appendix A – Projected Interceptor Capital

Project	Total Projected Amount	2029	2029 Eligible Cost	2030	2030 Eligible Cost	2031	2031 Eligible Cost	2032	2032 Eligible Cost
McKisic Basin									
MK 25.1	$4,430,803			$553,906	$297,222	$3,876,897	$2,022,360		
MK 35.1	$1,531,538			$191,442	$78,037	$1,340,096	$524,804		
MK 40.1	$3,451,112	$3,019,318	$1,312,875						
MK 40.2	$13,491,982							$1,687,113	$674,194
MK 45.1	$7,837,237	$6,857,886	$2,784,379						
MK 45.2	$1,982,985								
MK-Turner Lift Station (2025)	$643,884			$94,445	$94,445	$549,439	$549,439		
Town Branch Basin									
TB 25.1	$5,709,900								
TB 25.2	$656,350								
TB 30.1	$3,578,100								
TB 40.1	$2,076,500								
TB 45.1	$1,965,900								
TB 45.2	$3,237,900								
Shewmaker Basin									
Shewmaker	$41,236,040								
South Lift Station Basin									
SL 25.1	$14,647,300								
SL 25.2	$19,098,293								
SL 30.1	$3,865,470								
SL Option 2 Part 1 - EQ Basin	$31,417,100								
SL Option 2 Part 2 - Pump Upgrades (2035)	$7,143,409	$1,045,335	$1,045,335	$6,098,073	$6,098,073				
Morningstar Basin									
Morningstar Sewer Main Extension	$9,790,751			$1,608,514	$1,608,514	$8,182,237	$8,182,237		
Morningstar North Branch Sewer Main Extension	$3,754,982					$526,615	$526,615	$3,228,367	$3,228,367
Central Park Sewer Main Extension	$4,145,619	$3,545,655	$3,545,655						
Haxton Road Basin									
Haxton Sewer Basin	$5,207,503							$749,281	$749,281
Spring Creek/Vaughn Basin									
Soutwest Regional Airport Blvd Basin Alt. 1	$4,975,686								
Old Farm LS -NWA National Airport Basin East Improvements Alt. 2 (New L.S., FM, Gravity)	$3,693,428								
NWA National Airport Basin, Southbound Gravity Line (Old Farm Gravity)	$1,883,438								
Opal Road Basin	$2,838,578			$343,320	$343,320	$2,495,258	$2,495,258		
NWA National Airport Basin, Southwest	$1,316,102			$158,259	$158,259	$1,157,843	$1,157,843		
South of South West Regional Airport Blvd Basin	$2,349,331								
Shell Drainage Basin									
Shell Drainage Basin - West of 443-5263 (Thornberry LS)	$14,905,235								
Shell Drainage Basin - East of 443-5263 (Thornberry LS)	$16,034,321								
Totals	**$238,896,775**	**$14,468,194**	**$8,688,244**	**$9,047,959**	**$8,677,870**	**$18,128,385**	**$15,458,557**	**$5,664,761**	**$4,651,842**

Appendix A – Projected Interceptor Capital

Project	Total Projected Amount	2033	2033 Eligible Cost	2034	2034 Eligible Cost	2035	2035 Eligible Cost
McKisic Basin							
MK 25.1	$4,430,803						
MK 35.1	$1,531,538						
MK 40.1	$3,451,112						
MK 40.2	$13,491,982	$11,804,869	$4,535,661				
MK 45.1	$7,837,237						
MK 45.2	$1,982,985			$248,213	$87,715	$1,734,773	$585,684
MK-Turner Lift Station (2025)	$643,884						
Town Branch Basin							
TB 25.1	$5,709,900						
TB 25.2	$656,350						
TB 30.1	$3,578,100						
TB 40.1	$2,076,500						
TB 45.1	$1,965,900						
TB 45.2	$3,237,900						
Shewmaker Basin							
Shewmaker	$41,236,040						
South Lift Station Basin							
SL 25.1	$14,647,300						
SL 25.2	$19,098,293						
SL 30.1	$3,865,470						
SL Option 2 Part 1 - EQ Basin	$31,417,100						
SL Option 2 Part 2 - Pump Upgrades (2035)	$7,143,409						
Morningstar Basin							
Morningstar Sewer Main Extension	$9,790,751						
Morningstar North Branch Sewer Main Extension	$3,754,982						
Central Park Sewer Main Extension	$4,145,619						
Haxton Road Basin							
Haxton Sewer Basin	$5,207,503	$4,458,222	$4,458,222				
Spring Creek/Vaughn Basin							
Soutwest Regional Airport Blvd Basin Alt. 1	$4,975,686						
Old Farm LS -NWA National Airport Basin East Improvements Alt. 2 (New L.S., FM, Gravity)	$3,693,428						
NWA National Airport Basin, Southbound Gravity Line (Old Farm Gravity)	$1,883,438						
Opal Road Basin	$2,838,578						
NWA National Airport Basin, Southwest	$1,316,102						
South of South West Regional Airport Blvd Basin	$2,349,331			$283,893	$283,893	$2,065,438	$2,065,438
Shell Drainage Basin							
Shell Drainage Basin - West of 443-5263 (Thornberry LS)	$14,905,235						
Shell Drainage Basin - East of 443-5263 (Thornberry LS)	$16,034,321			$2,307,097	$1,482,873	$13,727,224	$8,609,868
Totals	**$238,896,775**	**$16,263,091**	**$8,993,882**	**$2,839,202**	**$1,854,480**	**$17,527,436**	**$11,260,991**

Appendix B – Bentonville Treatment Plant Capital Expenditures

Recommended Improvements	Projected Cost
Headworks	$ 45,773,400
Bioselector	$ 17,310,429
Aeration Basin Modifications	$ 2,008,908
Surface Wasting	$ 1,167,712
Secondary Clarification	$ 18,597,052
Secondary Clarification- Intensification Enhancements	$ 3,702,812
Tertiary Filter, UV Disinfection, and Post-Aeration	$ 20,629,607
Dual Use Filters	$ 5,726,690
Effluent Pump Station	$ 10,298,354
Administration/Laboratory Building	$ 5,873,457
Electrical Building Improvements	$ 4,004,915
Standby Power Improvements	$ 2,315,485
Digester Valve Vaults	$ 1,934,710
Maintenance Building Improvements	$ 5,361,800
Vehicle And Equipment Storage Building Improvements	$ -
Site Paving and Ancillary Site Improvements	$ 5,512,382
Potable/Non-Potable Water Distribution Systems Improvements	$ 2,541,668
Total	**$ 152,759,381**

	Amount
Gain Capacity= 50.45% of the project	$ 75,689,951.00
Maintain Existing Capacity= 49.55%	77,069,430
	$ 152,759,381

Appendix C – City Plant Rehab Phase I

City Plant Rehab Phase I

					Project Cost	97,759,381
		Issuance Cost:	0.000%		Deferral (P):	10
Term (Yrs):	20	Rate (APR):	1.750%		Deferral (I):	1
Pmt	Year	Principal	Interest	Draws	Total	Balance
						97,759,381
1	2025	-	-	-	-	-
2	2025	-	-	6,899,686	-	6,899,686
3	2026	-	60,372	9,492,310	60,372	16,391,996
4	2026	-	143,430	21,331,952	143,430	37,723,948
5	2027	-	330,085	23,135,658	330,085	60,859,606
6	2027	-	532,522	12,957,037	532,522	73,816,643
7	2028	-	645,896	11,839,613	645,896	85,656,256
8	2028	-	749,492	8,795,788	749,492	94,452,044
9	2029	-	826,455	2,788,721	826,455	97,240,766
10	2029	-	850,857	518,615	850,857	97,759,381
11	2030	2,051,755	855,395		2,907,149	95,707,627
12	2030	2,069,707	837,442		2,907,149	93,637,919
13	2031	2,087,817	819,332		2,907,149	91,550,102
14	2031	2,106,086	801,063		2,907,149	89,444,016
15	2032	2,124,514	782,635		2,907,149	87,319,502
16	2032	2,143,103	764,046		2,907,149	85,176,399
17	2033	2,161,856	745,293		2,907,149	83,014,543
18	2033	2,180,772	726,377		2,907,149	80,833,771
19	2034	2,199,854	707,296		2,907,149	78,633,918
20	2034	2,219,102	688,047		2,907,149	76,414,815
21	2035	2,238,519	668,630		2,907,149	74,176,296
22	2035	2,258,106	649,043		2,907,149	71,918,190
23	2036	2,277,865	629,284		2,907,149	69,640,325
24	2036	2,297,796	609,353		2,907,149	67,342,528
25	2037	2,317,902	589,247		2,907,149	65,024,626
26	2037	2,338,184	568,965		2,907,149	62,686,443
27	2038	2,358,643	548,506		2,907,149	60,327,800
28	2038	2,379,281	527,868		2,907,149	57,948,519
29	2039	2,400,100	507,050		2,907,149	55,548,420
30	2039	2,421,100	486,049		2,907,149	53,127,319
31	2040	2,442,285	464,864		2,907,149	50,685,034
32	2040	2,463,655	443,494		2,907,149	48,221,379
33	2041	2,485,212	421,937		2,907,149	45,736,167
34	2041	2,506,958	400,191		2,907,149	43,229,210
35	2042	2,528,894	378,256		2,907,149	40,700,316
36	2042	2,551,021	356,128		2,907,149	38,149,295
37	2043	2,573,343	333,806		2,907,149	35,575,952
38	2043	2,595,860	311,290		2,907,149	32,980,093
39	2044	2,618,573	288,576		2,907,149	30,361,519
40	2044	2,641,486	265,663		2,907,149	27,720,034
41	2045	2,664,599	242,550		2,907,149	25,055,435
42	2045	2,687,914	219,235		2,907,149	22,367,521
43	2046	2,711,433	195,716		2,907,149	19,656,087
44	2046	2,735,158	171,991		2,907,149	16,920,929
45	2047	2,759,091	148,058		2,907,149	14,161,838
46	2047	2,783,233	123,916		2,907,149	11,378,605
47	2048	2,807,586	99,563		2,907,149	8,571,019
48	2048	2,832,153	74,996		2,907,149	5,738,866
49	2049	2,856,934	50,215		2,907,149	2,881,932
50	2049	2,881,932	25,217		2,907,149	0

Appendix D – City Plant Rehab Phase II

City Plant Rehab Phase II
2025

					Project Cost	55,000,000
		Issuance Cost:	0.000%		Deferral (P):	10
Term (Yrs):	20	Rate (APR):	4.000%		Deferral (I):	1
Pmt	Year	Principal	Interest	Draws	Total	Balance
						55,000,000
1	2025	-	-	-	-	-
2	2025	-	-	3,881,804	-	3,881,804
3	2026	-	77,636	5,340,429	77,636	9,222,233
4	2026	-	184,445	12,001,481	184,445	21,223,714
5	2027	-	424,474	13,016,257	424,474	34,239,971
6	2027	-	684,799	7,289,705	684,799	41,529,676
7	2028	-	830,594	6,661,035	830,594	48,190,711
8	2028	-	963,814	4,948,562	963,814	53,139,273
9	2029	-	1,062,785	1,568,951	1,062,785	54,708,224
10	2029	-	1,094,164	291,776	1,094,164	55,000,000
11	2030	910,566	1,100,000		2,010,566	54,089,434
12	2030	928,777	1,081,789		2,010,566	53,160,656
13	2031	947,353	1,063,213		2,010,566	52,213,303
14	2031	966,300	1,044,266		2,010,566	51,247,003
15	2032	985,626	1,024,940		2,010,566	50,261,377
16	2032	1,005,339	1,005,228		2,010,566	49,256,039
17	2033	1,025,445	985,121		2,010,566	48,230,593
18	2033	1,045,954	964,612		2,010,566	47,184,639
19	2034	1,066,873	943,693		2,010,566	46,117,766
20	2034	1,088,211	922,355		2,010,566	45,029,555
21	2035	1,109,975	900,591		2,010,566	43,919,580
22	2035	1,132,175	878,392		2,010,566	42,787,405
23	2036	1,154,818	855,748		2,010,566	41,632,587
24	2036	1,177,914	832,652		2,010,566	40,454,673
25	2037	1,201,473	809,093		2,010,566	39,253,200
26	2037	1,225,502	785,064		2,010,566	38,027,698
27	2038	1,250,012	760,554		2,010,566	36,777,686
28	2038	1,275,012	735,554		2,010,566	35,502,674
29	2039	1,300,513	710,053		2,010,566	34,202,161
30	2039	1,326,523	684,043		2,010,566	32,875,638
31	2040	1,353,053	657,513		2,010,566	31,522,585
32	2040	1,380,114	630,452		2,010,566	30,142,470
33	2041	1,407,717	602,849		2,010,566	28,734,754
34	2041	1,435,871	574,695		2,010,566	27,298,882
35	2042	1,464,588	545,978		2,010,566	25,834,294
36	2042	1,493,880	516,686		2,010,566	24,340,414
37	2043	1,523,758	486,808		2,010,566	22,816,656
38	2043	1,554,233	456,333		2,010,566	21,262,423
39	2044	1,585,318	425,248		2,010,566	19,677,105
40	2044	1,617,024	393,542		2,010,566	18,060,081
41	2045	1,649,365	361,202		2,010,566	16,410,717
42	2045	1,682,352	328,214		2,010,566	14,728,365
43	2046	1,715,999	294,567		2,010,566	13,012,366
44	2046	1,750,319	260,247		2,010,566	11,262,047
45	2047	1,785,325	225,241		2,010,566	9,476,722
46	2047	1,821,032	189,534		2,010,566	7,655,690
47	2048	1,857,452	153,114		2,010,566	5,798,238
48	2048	1,894,601	115,965		2,010,566	3,903,637
49	2049	1,932,493	78,073		2,010,566	1,971,143
50	2049	1,971,143	39,423		2,010,566	(0)

Appendix E – NACA Plant Expansion

NACA Plant Expansion Treatment Capacity 3.6 MGD to 7.2 MGD

Bentonville is 85% of the total flow making our share of the plant expansion $68,000,000 of that 95% of the expense is related to gaining treatment capacity.

NACA Plant Expansion
2023

		Issuance Cost:	0.000%		Project Cost	68,000,000
					Deferral (P):	6
Term (Yrs):	30	Rate (APR):	1.500%		Deferral (I):	1

Pmt	Year	Principal	Interest	Draws	Total	Balance
						68,000,000
1	2023	-	-	17,000,000	-	17,000,000
2	2023	-	127,500	17,000,000	127,500	34,000,000
3	2024	-	255,000	17,000,000	255,000	51,000,000
4	2024	-	382,500	17,000,000	382,500	68,000,000
5	2025	-	510,000	-	510,000	68,000,000
6	2025	-	510,000		510,000	68,000,000
7	2026	901,568	510,000		1,411,568	67,098,432
8	2026	908,330	503,238		1,411,568	66,190,102
9	2027	915,142	496,426		1,411,568	65,274,960
10	2027	922,006	489,562		1,411,568	64,352,954
11	2028	928,921	482,647		1,411,568	63,424,033
12	2028	935,888	475,680		1,411,568	62,488,145
13	2029	942,907	468,661		1,411,568	61,545,238
14	2029	949,979	461,589		1,411,568	60,595,259
15	2030	957,104	454,464		1,411,568	59,638,155
16	2030	964,282	447,286		1,411,568	58,673,873
17	2031	971,514	440,054		1,411,568	57,702,359
18	2031	978,800	432,768		1,411,568	56,723,558
19	2032	986,141	425,427		1,411,568	55,737,417
20	2032	993,538	418,031		1,411,568	54,743,879
21	2033	1,000,989	410,579		1,411,568	53,742,890
22	2033	1,008,496	403,072		1,411,568	52,734,394
23	2034	1,016,060	395,508		1,411,568	51,718,334
24	2034	1,023,681	387,888		1,411,568	50,694,653
25	2035	1,031,358	380,210		1,411,568	49,663,295
26	2035	1,039,093	372,475		1,411,568	48,624,201
27	2036	1,046,887	364,682		1,411,568	47,577,315
28	2036	1,054,738	356,830		1,411,568	46,522,576
29	2037	1,062,649	348,919		1,411,568	45,459,927
30	2037	1,070,619	340,949		1,411,568	44,389,309
31	2038	1,078,648	332,920		1,411,568	43,310,660
32	2038	1,086,738	324,830		1,411,568	42,223,922
33	2039	1,094,889	316,679		1,411,568	41,129,033
34	2039	1,103,100	308,468		1,411,568	40,025,933
35	2040	1,111,374	300,195		1,411,568	38,914,559
36	2040	1,119,709	291,859		1,411,568	37,794,850
37	2041	1,128,107	283,461		1,411,568	36,666,744
38	2041	1,136,568	275,001		1,411,568	35,530,176
39	2042	1,145,092	266,476		1,411,568	34,385,084
40	2042	1,153,680	257,888		1,411,568	33,231,404
41	2043	1,162,333	249,236		1,411,568	32,069,072
42	2043	1,171,050	240,518		1,411,568	30,898,021
43	2044	1,179,833	231,735		1,411,568	29,718,188
44	2044	1,188,682	222,886		1,411,568	28,529,507
45	2045	1,197,597	213,971		1,411,568	27,331,910
46	2045	1,206,579	204,989		1,411,568	26,125,331
47	2046	1,215,628	195,940		1,411,568	24,909,703
48	2046	1,224,745	186,823		1,411,568	23,684,957
49	2047	1,233,931	177,637		1,411,568	22,451,026
50	2047	1,243,185	168,383		1,411,568	21,207,841

City of Bentonville, Arkansas Agenda Item Form

Item Details

Council Meeting Date:	12/4/2025	**Submitted By:**	Preston Newbill
Phone:	479-271-3140	**For Department(s):**	Wastewater
Email:	pnewbill@bentonvillear.com		

Item Type (Check all that apply)

☑ **Informational** ☐ **Bid Award** ☐ **Enter into an Agreement** ☐ **Change Order**
☐ **Recognizing Funds** ☐ **Budget Adjustment** ☐ **Waiver of Bid** ☐ **Emergency Clause**
☐ **Ordinance** ☐ **Resolution** ☑ **Informational**

Title, Recommendation & Justification

Title:	Wastewater Development Fee Revenue Bond
Action Recommendation & Justification:	Discuss Wastewater Development Fee Revenue bond.
Additional Comments for Consideration (Optional):	Discuss Wastewater Development Fee Revenue bond as a funding source to complete projects associated with up sizing our wastewater sewer interceptors.
Amount for Approval:	$

Budget Impact

Is this Item Budgeted? ☐ **YES** ☐ **NO** ☐ **ITEM HAS NO COST** ☐ **OTHER:**_____

Budget Adjustment *(to be completed by Finance when applicable)*

		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		
		$ Expense	$ Revenue
Account Number (ORG-OBJECT)	Account Description		

Fund(s) Impacted (check all that apply) ☐ **General Fund** ☐ **Utility Fund** ☐ **Street Fund** ☐ **Other(s):**_____

Budget Impact Notes for Consideration (Optional):