

ARKANSAS · WATER UTILITIES · CAPITAL BRIEFING

Arkansas is spending like never before on water. Your capital plan has to keep pace.

A depleting alluvial aquifer, explosive growth in the northwest, a near-\$800M consent decree in Fort Smith, and the largest wave of state and federal funding in a generation. For a utility CFO or capital lead, every one of those forces reshuffles the projects on your list. Invizion helps Arkansas utilities re-sequence a capital portfolio in a click — and defend every decision.

~\$800M¹ Full cost of Fort Smith's federal sewer consent decree, now extended to 2038 — the single largest utility obligation in the state.	71%² Share of Arkansas water use drawn from groundwater, where the eastern alluvial aquifer keeps declining under irrigation demand.	\$500M+³ Beaver Water District's planned investment this decade to keep up with Northwest Arkansas growth.	\$241.4M⁴ Federal Bipartisan Infrastructure Law water funding to Arkansas since 2022.
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THE ARKANSAS LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

SUPPLY — GROUNDWATER

An alluvial aquifer that can't keep giving

Groundwater supplies about 71% of Arkansas's total water use, and roughly 80% of statewide demand is crop irrigation — a load concentrated on the Mississippi River Valley alluvial aquifer in eastern Arkansas.² The state's 2024 groundwater report found water levels fell an average of 1.35 feet over the prior year, with 75% of monitored wells declining, and concluded withdrawal in eastern and southern Arkansas “remains unsustainable.”²

For rural and agricultural-belt systems, a shrinking groundwater backstop turns supply into a capital question — new wells, surface-water conversions, and interconnections all compete for the same dollars.

DEMAND — NWA GROWTH

Northwest Arkansas is growing faster than the pipes

Beaver Water District — the wholesale supplier for Fayetteville, Springdale, Rogers, and Bentonville — saw water sales climb 33.6% between fiscal 2020 and 2024, and is investing more than \$500 million this decade, anchored by a roughly \$348 million new treatment plant.⁵³

Its 2023 master plan steps treatment capacity from 140 MGD toward a 220 MGD buildout, with an 80 MGD expansion and a slate of projects running into the 2030s.⁶ Every new connection downstream is a capacity commitment that competes with renewal for the same budget.

COMPLIANCE — WASTEWATER

Consent decrees and aging plants, on the same clock

Fort Smith's sewer consent decree with EPA and the Department of Justice now runs to June 30, 2038, at a full cost approaching \$800 million; the city had spent about \$136 million through 2024 and pushed water-and-sewer bills up 167% between 2015 and 2022.¹

The largest systems face the same renewal math. Central Arkansas Water is midway through a roughly \$230 million rehabilitation of its Jack H. Wilson treatment plant inside a \$120.3 million 2026 capital plan,⁷ while Little Rock Water Reclamation Authority maintains more than 1,400 miles of sewer across three treatment facilities.⁸

COMPLIANCE — SMALL SYSTEMS & PFAS

Hundreds of small systems, new mandates on top

Arkansas has 677 community water systems, and 625 of them — more than 90% — serve 10,000 people or fewer.⁹ These are the systems with the least capacity to absorb new capital, and the new obligations are landing on them first.

EPA has sent Arkansas \$18.9 million through its Emerging Contaminants in Small or Disadvantaged Communities program to address PFAS and other contaminants,¹⁰ and lead service line inventories add to the load. New mandates don't replace the renewal backlog — they stack on top of it.

WHO RUNS ARKANSAS'S WATER

A municipal-dominated system, with a thin private tier

Arkansas water is overwhelmingly run by cities, districts, and public authorities. Only a handful of investor-owned utilities are rate-regulated by the Public Service Commission; most of the state's private pressure sits in small acquired systems. The pressures are shared; the accountability path differs.

Municipal & public utilities

Rates set by city councils, boards & commissions

Central Arkansas Water	~450,000 served · 140,681 connections · 2,697 mi of line7
Beaver Water District	Wholesale to 4 NWA cities · 400,000+ served · 140 MGD11
City of Fort Smith Utilities	Under a ~\$800M federal consent decree to 20381
Little Rock Water Reclamation Authority	1,400+ mi of sewer · 3 treatment plants8
Fayetteville, Springdale, Rogers, Bentonville	Fast-growing NWA municipal retail systems

Investor-owned & private utilities

Rates for the largest regulated by the APSC

Liberty Utilities (Arkansas Water & Pine Bluff Water)	The two APSC-rate-regulated water utilities12
Central States Water Resources (CSWR)	Acquires small failing systems · 900+ systems in 11 states incl. AR13
Numerous small & rural systems	625 of 677 community systems serve ≤10,000 people9

The APSC regulates only investor-owned water utilities and does not regulate any sewer utilities in Arkansas.12

Every capital dollar has to be defensible

Whether you answer to the Public Service Commission, a city council, or a federal court, the question is the same: why this project, why now, why at this cost? Arkansas's oversight bodies are asking it harder than ever.

Arkansas Public Service Commission (APSC) sets rates and approves capital recovery for the state's investor-owned water utilities — the two Liberty Utilities water companies — but does not regulate municipal utilities or any sewer utility¹²

City councils, boards & commissions approve municipal capital plans and rates in public. Central Arkansas Water is raising rates 8% in 2026 under a multi-year model reviewed with the Little Rock city board.⁷

Arkansas Department of Health holds Safe Drinking Water Act primacy and oversees the state's public water systems, including PFAS monitoring and lead service line inventories¹⁴

Federal consent decrees are their own rate driver — Fort Smith's EPA/DOJ decree dictates a fixed schedule of sewer work and rate increases through 2038.¹

The money is moving — can your plan absorb it?

Arkansas utilities have more capital funding available than they've had in a generation. The constraint is no longer only dollars — it's readiness: which projects are shovel-ready, which qualify, and how the timing lines up with everything else on the list.

Arkansas Natural Resources Division (Department of Agriculture) administers the Clean Water and Drinking Water State Revolving Funds. In November 2025 the Natural Resources Commission approved nearly \$154 million across 52 entities — about \$81.4M from the Clean Water fund and \$54.6M from the Drinking Water funds¹⁵

\$241.4M in Bipartisan Infrastructure Law water funding has flowed to Arkansas since 2022, including a \$53.1 million SRF round announced in early 2024.⁴

Lead service lines — Arkansas's SFY2024 Drinking Water SRF carried a \$42.65 million BIL Lead Service Line Replacement allotment on top of a \$25.2 million BIL general capitalization grants⁹

PFAS & emerging contaminants — \$18.9 million in dedicated EPA funding for small and disadvantaged communities¹⁰

ARKANSAS WATER, IN BRIEF

Questions Arkansas utility leaders are asking

Short, sourced answers — the same facts we'll dig into on a call, in the context of your system.

How serious is groundwater depletion in Arkansas?

Groundwater supplies about 71% of Arkansas's water use, and roughly 80% of statewide demand is crop irrigation. The state's 2024 report found water levels down an average of 1.35 feet year-over-year, with 75% of monitored wells declining, and judged withdrawal in eastern and southern Arkansas “unsustainable.” The Mississippi River Valley alluvial aquifer is under the most pressure²

What is the Fort Smith consent decree and what does it cost?

Fort Smith operates under a federal EPA/DOJ consent decree to fix its sewer overflows. A 2026 modification extended the deadline to June 30, 2038, at a total cost approaching \$800 million. The city had spent about \$136 million through 2024 and raised water-and-sewer bills 167% between 2015 and 2022, with further increases scheduled¹

Why is Northwest Arkansas such a capital pressure point?

Beaver Water District, the wholesale supplier for Fayetteville, Springdale, Rogers, and Bentonville, saw water sales rise 33.6% between fiscal 2020 and 2024 and plans to invest more than \$500 million this decade, including a roughly \$348 million treatment plant. Its master plan steps capacity from 140 MGD toward a 220 MGD buildout.³

Who sets water rates in Arkansas?

The Arkansas Public Service Commission regulates rates for investor-owned water utilities — the two Liberty Utilities water companies — but not municipal systems or any sewer utility. Cities such as Little Rock, Fort Smith, and the Northwest Arkansas metros set their own water and sewer rates through councils, boards, and commissions.¹²

What funding is available to Arkansas water systems right now?

The Arkansas Natural Resources Division administers the Clean Water and Drinking Water State Revolving Funds; it approved nearly \$154 million for 52 entities in November 2025. Arkansas has also received \$241.4 million in Bipartisan Infrastructure Law water funding since 2022, including a \$42.65 million lead service line allotment and \$18.9 million for PFAS and emerging contaminants.¹⁵

How does Invizion help Arkansas water utilities plan capital?

Invizion is scenario-based capital portfolio optimization for water utilities. It lets you model how a groundwater constraint, a growth surge, a consent-decree deadline, or a funding award reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every decision for the APSC, your board, or a federal court. The best next step is a short first meeting to look at it against your own program.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for water and wastewater utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See what a defensible Arkansas capital plan looks like — book a 20-minute first meeting.

Book your first meeting →