

Millwood Lake Project **FAQ**

Southwest Arkansas Water District | Texarkana · Ashdown · Ogden · Hope



Communities within the Southwest Arkansas Water District are exploring a potential sale of their surplus water rights from Millwood Lake to interested parties. The opportunity could generate long-term revenue for Texarkana, Ashdown, Ogden, and Hope to support a number of potential initiatives, including infrastructure improvements, stronger financial reserves, economic development, and efforts to control water rates.

No final sale has been approved.

The project would require state review and approvals, and participating cities would retain authority over their own agreements. Each city would decide whether to participate and how to use any resulting revenue.

01 Why were the surplus water rights acquired, and how much water is available?

Millwood Lake is a federal reservoir in Southwest Arkansas and an important regional water source. Texarkana, Arkansas currently holds rights to approximately 150 million gallons per day (“MGD”) from the lake, of which ~140 MGD of water is unused today and projected to be unused in 2050.

Approximately 100 MGD of the total 150 MGD was secured in a board of directors’ vote taken in 2016, for the purpose of generating additional municipal revenue. Exploring a potential sale is consistent with that original long-term purpose.

“This will be the commodity that we can sell to those big metropolitan areas who have out lived and out spread their useful water.”

— then-Mayor Ruth Penny Bell, February 2016, when the water rights purchase was being considered

02 What is currently being done with the excess water?

Surplus water largely remains unused, flowing down the river and into the Gulf while the communities continue paying for those water rights. Approximately \$5.5 million has been paid toward the roughly 100 MGD secured in 2016 by the City of Texarkana, Arkansas, with an ongoing annual cost of about \$540,000. The rights were purchased for a lump sum amount that is to be paid back over a 50-year period. Discontinuing payments for this water is not an option.

03 Would selling this water put the region's future water supply at risk?

Current (~7 MGD) and projected (~9 MGD) local demand represents only a small portion of the water rights already available. Even if approximately 100 MGD were sold, the remaining rights would be about five times the amount projected to be needed in 2050 under the Arkansas State Water Plan (~10 MGD future need vs. ~50 MGD available).

04 Can Millwood Lake sustainably support the additional withdrawal?

An independent engineering analysis concluded that Millwood Lake can support an additional withdrawal of approximately 189.1 MGD which exceeds the proposed additional withdrawal by far. The analysis modeled historical conditions, including significant drought periods, and found that the additional withdrawal did not increase the duration of low-water conditions or delay lake refill.

05 Could this water be used by another community in Arkansas?

The District would consider any viable opportunity to put this excess water to beneficial use, but we are unaware of any source identifying any need or project to move Millwood water elsewhere in Arkansas. In fact, the 2026 Arkansas Water Plan Update finds that every planning region in the State has enough surface water to meet demand. At this point, the project being explored involves an out-of-state transfer because there is demonstrated interest for the water out-of-state and a proposed means of transporting the water. Moving large volumes of water over long distances requires significant infrastructure at significant cost, so any alternative would have to be technically and financially feasible.

06 Where would the water go?

The project being explored would involve an out-of-state transfer into Texas, intended for municipal use (not a data center). There is preliminary interest from potential municipal buyers, but no final agreement has been reached. Because discussions remain ongoing, the District is not able to identify any potential buyer at this time.

07 Has the sale already been approved?

No. Each participating city will decide independently. Any definitive sale agreement would require a separate vote by each city's governing body, even if the state approves the proposed transfer. Votes currently being considered by the Cities are solely to apply to the state for the out-of-state water transfer. This vote does not approve a sale.

08 What happens next, and how could the communities benefit?

The project must continue through multiple layers of review, application and approval before any final agreement could be reached. If ultimately approved, a sale would turn water rights that have represented an ongoing expense into a long-term revenue-producing asset for the communities involved. Decisions about the use of any future revenue would come later.

Depending on the volume sold and final agreements, potential annual revenue includes:

TEXARKANA

\$16–20 million

per year, approximate

ASHDOWN

~\$1 million

from its reserved supply of 5 MGD

OGDEN

~\$20,000

from its reserved supply of 100,000
gallons per day

Ashdown and Ogden currently rely on well systems and do not use their reserved Millwood supply. Hope could also benefit if it participates, with potential revenue dependent on the volume available for sale and its final agreement.

Revenue could support infrastructure improvements, strengthen reserves, and address other community priorities. Existing bond obligations could limit reductions in current water rates, but additional revenue could help offset future rate increases.

09 Would this proposal affect the separate Red River water project?

Dan York, former chairman of the Arkansas Red River Commission, has expressed confidence that sufficient water is available for both proposals.

"There is plenty of water for both of us."

— Dan York, to the *Arkansas Democrat-Gazette*, referring to the Texarkana proposal and the separate Red River project

Questions? We want to hear from you.

Contact the City of Texarkana, Arkansas, City Manager's Office for more information as the project moves through review. Ph: (870)779-4923 Email: tyler.richards@texarkanaar.gov