

Pipeline Construction Update

Lennox & South Lincoln RWS Lines Installed:

Winter Brothers Underground of Sioux Falls completed installation of Lennox's 8" service line and South Lincoln RWS' 6" service line in November. Both are about one mile and connect to the main 54" trunk line. The lines were successfully pressure tested and disinfected. Some clean up and soil restoration remains, which they will do this spring.



8" PVC pipe being installed for the Lennox service line.

Parker & Centerville Lines Nearing Completion:

Nitteberg Construction of Estelline, SD has completed installation of Centerville's five mile, 6" service line. They still need to make the final connection to the main trunk line and pressure test the pipe, which they will do this spring along with clean up and soil restoration. They have constructed 10 miles of Parker's 14 mile, 10" service line. Their goal is to finish installing pipe by mid-December.



10" PVC pipe being installed on the south side of the rural Germantown Presbyterian Church near Parker.

Treated Water Pipeline – Segment 10 Construction Begins After Delay:

After waiting for a pipe coating issue to be resolved, Morgan Contracting of Albertville, MN finally started work in late September on this five mile segment of mainly 30" steel pipe southeast of Sioux Falls, ending just west of the Big Sioux River. They have completed close to three miles. Higher than expected ground water has slowed progress. This is the first segment of the "Minnesota Transmission Line."



"Cadweld" charges are ignited to weld the joint bonds that connect the pipes. A low voltage electrical current helps protect the pipe from corrosion (cathodic protection system).

Treated Water Pipeline – Segment 11 Bores Under I-29:

SJ Louis Construction of Rockville, MN started work in late August on this first segment of the "Iowa Transmission Line." They have installed about four miles of the close to five miles of 24" diameter steel pipe, including a 310' bore under I-29. This segment will connect Beresford to the main trunk line and eventually the line will continue on to Sioux Center, Hull and Sheldon.



Boring under I-29 west of Beresford.



401 East 8th Street, Suite 306
Sioux Falls, SD 57103

Delegation Holds Unprecedented Meeting with OMB to Urge Increased Funding

In an unprecedented meeting, the tri-state congressional delegation met on September 28 on Capitol Hill with Office of Management & Budget (OMB) officials. The position of OMB Director is currently vacant, so they met with Sally Ericsson, Associate Director for Natural Resources, Energy & Science; Gene Ebner, Chief of the Water Power Branch and Alyssa Fischer, Deputy to the Associate Director for Legislative Affairs. Attending were Senators Tim Johnson, Amy Klobuchar, Al Franken and Chuck Grassley, and Representatives Stephanie Herseth Sandlin, Tim Walz and Steve King. Represented by staff were Senators John Thune and Tom Harkin.

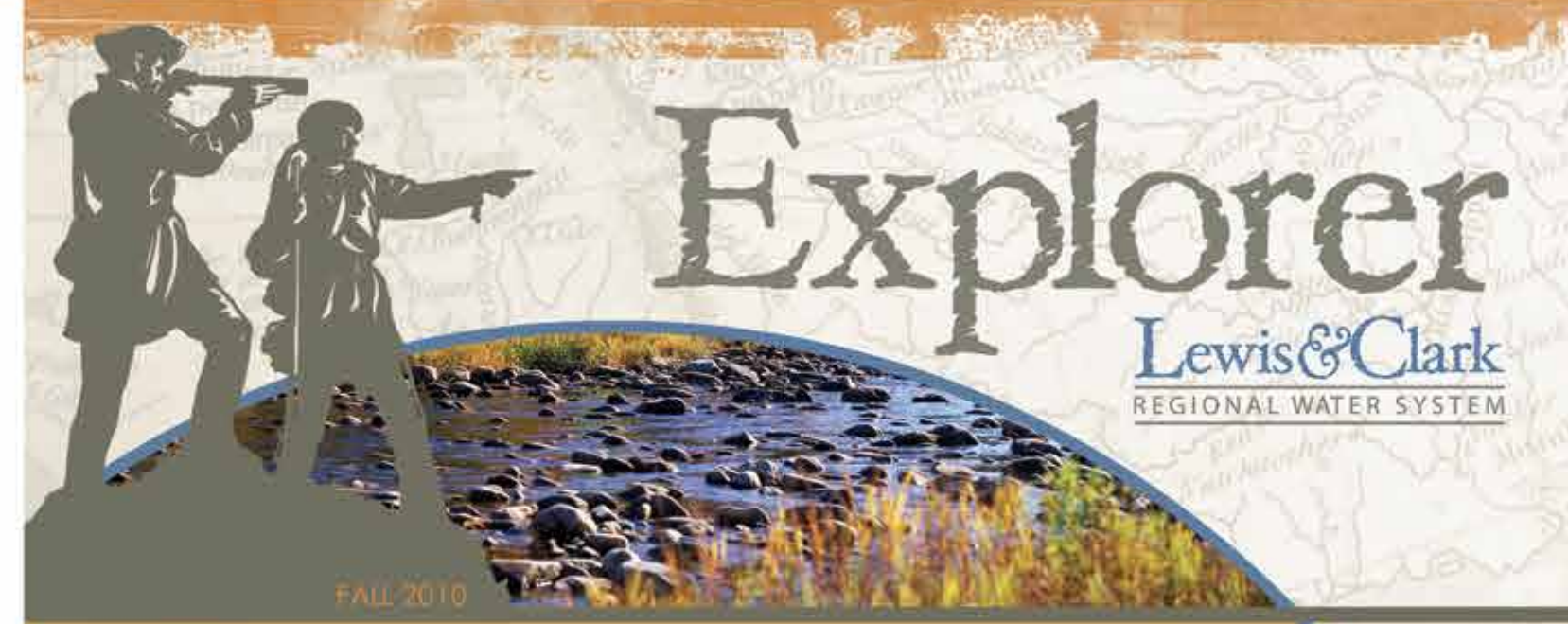


With a unified bi-partisan voice, the delegation explained the critical importance of Lewis & Clark (L&C) to the region and urged the Obama Administration to increase funding for the project in its proposed FY12 Budget, which will likely be released in early February. The Administration has proposed \$2M each of the last two years, which does not even cover the annual inflation on the federal government's remaining cost share. Klobuchar, who organized the meeting along with Herseth Sandlin and Walz, opened the

discussion and pointed out how much it took to put together this meeting, which shows the strong bi-partisan support for this project. Each member touted the importance of the project in general and the need to "better align the Administration's funding request with the needs of the project." Grassley pressed OMB on why they are funding "new starts" for water projects when "you should finish the projects already on the books before starting new ones," a point echoed by the other members. Franken hit on the fact the stimulus funding was supposed to be above and beyond normal appropriations and that there should not be any further offsets. Walz touted the economic development impacts and highlighted how the lack of water is preventing JBS Swift from expanding in Worthington. Herseth Sandlin expressed concern whether funding for water projects will be impacted now that funding for nuclear weapons treaties is being added under the energy and water budget. King talked about the role L&C

played in helping get the cheese factory to locate in Hull and the economic impact it is having on the region. Johnson highlighted how receiving only \$10M a year (the amount approved last year) would dramatically impact the construction schedule and overall cost.

Johnson and others also highlighted the pre-payments made by the members and states. The pre-payments seemed to resonate with the OMB officials, who noted the timing of the meeting was perfect since final funding recommendations will be made soon. Although as expected OMB did not make any commitments, the delegation was pleased with the meeting and felt its message had been delivered loud and clear. As one staffer said, "just the fact the meeting took place spoke more loudly than any individual points raised." Chairman Red Arndt said, "Such a meeting with OMB is virtually unheard of. Hopefully this will open the Administration's eyes. We cannot thank the delegation enough and look forward to continuing to work closely with them to ensure the federal government honors its commitment to Lewis & Clark."



Construction Hits All-Time Peak; Passes the Half Way Point
Major Slow Down in 2011 as Federal Funding to Hit Record Low



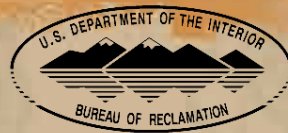
Construction activity reached an all-time peak this fall as work progressed on 11 separate projects, with work beginning soon on two new contracts (page 2). Pay requests from contractors in October alone topped \$8.1M. This peak of construction activity is due to the combined \$153.5M in pre-payments made by the members and states (99.7% of the non-federal cost share) and the \$56.5M in stimulus funding received last year. With this spurt the project is just past the half way point in terms of construction completed; and closer to sixty percent when considering the value of the contracts awarded.

Landmark Structures completed the 140' tall pedestal for the 85th Street water tower in late September. They will begin constructing the three million gallon steel bowl this spring. The tower will be 190' tall when completed in the fall of 2011.

Unfortunately, a major slow down is expected next year as the project battles federal funding cuts. Lewis & Clark (L&C) expects to exhaust all its other funding sources by the end of this year. Beginning in 2011 and beyond, L&C will be entirely dependent upon federal funding to award new contracts. With federal funding for FY11 expected to hit a record low (somewhere between \$5M and \$10M) since construction began in 2004, L&C estimates it will only be able to award two small projects next year. These projects will not involve building service lines to any of the nine members who will not be connected when L&C begins operations in 2012. The remaining members include; Luverne, Rock County RWD, Lincoln Pipestone RWS, Worthington, Sioux Center, Hull, Sheldon, Sibley and Madison.



54" influent and effluent piping being installed on the west side of the pump station near Tea, SD. The pipe was encased in 10' of concrete.



Reclamation Re-Allocates \$4.5 Million to Project for FY10

The Bureau of Reclamation approved an additional \$4.5M in FY10 for Lewis & Clark (L&C). \$3M is from re-allocated stimulus funding and \$1.5M from the unused appropriations of other Reclamation projects. The funds are designated for the main water treatment plant building (Phase 2). This frees up state and local funds to be used elsewhere.

Lewis & Clark Awards Contracts for Pipeline and Meter Houses Future Contracts Will Depend on Federal Funding

In September Lewis & Clark (L&C) awarded contracts for two projects – \$7,582,150 for Morgan Contracting of Albertville, MN to construct nine miles of 24” pipeline and \$1,752,000 for Hoogendoorn Construction of Canton, SD to construct four meter houses. The pipeline bid was close to \$300,000 below the engineer’s estimate and the bid for the meter houses was \$52,000 above the engineer’s estimate. The nine miles of pipeline, known as Minnesota – Segment 1 (MN-1), runs along the South Dakota and Iowa border from just west of the Big Sioux River and ends three miles east of SD Highway 42/IA Highway 9.

MN-1 is one segment of the “Minnesota Transmission Line” that eventually will provide water to seven cities and rural water systems. Listed in the order they will be connected, these seven members include: Minnehaha Community Water Corp (second connection east of

Eleven members are now expected to be connected when the System becomes operational in the summer of 2012, with the remaining nine members connected as federal funding allows. “We are very pleased with the welcome news of the additional funding. Our sincere thanks and appreciation to Reclamation for their continued support. With our FY11 federal

Sioux Falls), Rock Rapids, Luverne, Rock County RWD, Lincoln Pipestone RWS, Worthington and Sibley. While a six mile stretch of MN-1 is planned to be operational by July 2011 as an “emergency connection” for Rock Rapids, the substantial completion deadline for the entire nine miles is November 2011. Future segments of the Minnesota Transmission Line will be built as future federal funding permits.

The four meter houses will allow Centerville, Lennox, South Lincoln RWS and Minnehaha Community Water Corp (connection west of Sioux Falls) to begin receiving water when the treatment plant is completed in the summer of 2012, along with seven other members, including: Sioux Falls, Tea, Harrisburg, Lincoln County Rural Water System, Parker, Beresford and Rock Rapids. The substantial completion deadline for the meter houses is November 2011.

funding expected to be at an all-time low, the timing could not have been better. We only hope Congress and the Obama Administration won’t use this as an excuse to cut future funding, like they did in offsetting last year’s stimulus funding,” said Chairman Red Arndt.

“Now that we have exhausted all our other funding sources, beginning in 2011 the schedule for awarding future contracts is entirely dependent upon federal funding. Lewis & Clark will now be a hand to mouth operation.”

-Chairman Red Arndt

With these two contracts, L&C has either spent or obligated all the \$153.5M pre-paid by the members and states. “Now that we have exhausted all our other funding sources, beginning in 2011 the schedule for awarding future contracts is entirely dependent upon federal funding. Lewis & Clark will now be a hand to mouth operation,” said Chairman Red Arndt.

Lewis & Clark Congratulates Noem; Thanks Herseht Sandlin



Kristi Noem

Lewis & Clark (L&C) officials extended their congratulations to Kristi Noem on being elected to the House of Representatives and look forward to working closely with her to ensure the project is completed in a timely manner. In a post-election interview, Noem described L&C as an “extremely important project.” In noting there is an annual battle for project funding as opposed to a set amount each year, she remarked,

“This is a perfect example of why we need to get our priorities straight in Washington.” L&C officials also extended their sincere thanks and appreciation to Rep. Stephanie Herseht Sandlin for her strong support these last six and a half years. “In championing the project, she regularly took a leadership role. Everyone at Lewis & Clark extends to her our best wishes,” said Executive Director Troy Larson.

Reservoir Construction “Amazing to Watch” Work Continues on Pump Station

A great deal of progress has been made on the two 7.5 million gallon reservoirs near Tea. “It has been amazing to watch the unique construction,” said Executive Director Troy Larson. Dome and wall panels were erected with the shoring providing support (photo #1). The sides were then sprayed with “shotcrete,” which is concrete without the aggregate (photo #2). NATGUN then began winding “pre-stressing wire” around the reservoirs at a tension of 6,800 to 7,100 psi (photo #3). There are seven layers of wire around each reservoir, with shotcrete sprayed over each layer. Each reservoir will include about 200 miles of wire and roughly 450 cubic yards of shotcrete.

The wire winding and shotcrete spraying were completed on Ground Storage Reservoir (GSR) - 2 in mid-November.



Shotcrete cannot be sprayed in cold weather so NATGUN will need to wait until spring before finishing up the wire winding and shotcrete on GSR-1, which is about two weeks behind GSR-2 as a result of the July wind storm. Also part of this contract, 2,057 feet of mainly 54” diameter steel pipe is being constructed to connect the reservoirs to the pump station and main trunk line (photo #4). NATGUN is well ahead of the September 2011 substantial completion deadline.

Eriksen Construction of Blair, NE continues to make progress on the pump station, which is located between the two reservoirs. There have been some delays getting the pumps, piping and surge tank, but other activities like the masonry work are ahead of schedule. Overall, the contractor believes they are on schedule to meet the September 2011 substantial completion deadline. The aerial photo below shows GSR-1 on the right with the pump station in the middle.



John Buss Receives Lewis & Clark’s Highest Honor

At the 20th Annual Membership Meeting, Director John Buss of the Minnehaha Community Water Corp was presented with the Lyle Trautman Trailblazer Award. In presenting the award, Chairman Red Arndt remarked, “In a year when we added the word “Trailblazer” to Lewis & Clark’s highest honor, it is only fitting that it be given to honor a person who truly epitomizes the definition of a trailblazer. When the idea

of a regional water system was discussed in 1989, John was one of the first to jump on board and took a leadership role to make it happen. John’s signature is on the Articles of Incorporation and he was elected as an original board member in January 1990. During the past 20 years, John has played a key leadership role in helping to guide the project through its formative years and now during construction. John has long served on



John and Sharon Buss

the Executive Committee as Treasurer. He also serves on the Construction, Budget and Personnel Committees. Congratulations John on this well deserved recognition!”



Jason McBride Hired as Plant Supervisor

Jason McBride started as Plant Supervisor in September. He worked the last six

years as a plant operator in Bloomington, MN which has a 14.5 MGD lime softening plant. Lewis & Clark (L&C) will also use lime softening. During his shift Jason was solely responsible for the plant’s

operation, including times when storms knocked out power. He also worked as a water operator in the small ND towns of Minto and Langdon (two years each).

Jason grew up in a military family so he moved around quite a bit. He spent his high school years in rural northeast Montana near the small town of Dagmar. Although he comes to L&C from the “big

city” he is a small town boy at heart. In addition to spending time with his fiancé and 7 year old son, he enjoys hunting, fishing and golf. “Jason brings to us a great deal of knowledge and experience. We are very pleased to have him on board,” said Operations Manager Jim Auen.

Water Treatment Plant Taking Shape

Foley Company of Kansas City, MO plans to reach substantial completion on Phase 1 in December. This includes a three million gallon underground reservoir, pump station, electrical switchgear building and back-up generators. Good progress is being made, despite needing to install new roofs over the hole-filled ones on the

reservoir, pump station and electrical switchgear building after tennis ball sized hail fell in September. They are testing the underground reservoir, pumps and are electrical equipment.

The treatment plant building (Phase 2) is really taking shape with the columns, beams and interior walls going up for the

main floor and equipment being installed in the solids contact basins. Masonry work around stairwells and process piping installation has started. Foley continues to place concrete for the floors and walls in other areas of the plant.

View of the progress on Phase 1 (background) and Phase 2.



The final 54” tie-in to connect the underground reservoir and pump station with the main trunk line.



Columns and beams being set for the main floor walls of the solids contact basin area.



Mixing equipment being placed in one of the four solid contact basins.

