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SPRING 2002

WORK BEGINS ON FEDERAL FISCAL YEAR 2003 FUNDING

During the dates of March 18-20, representatives of LCRWS went to Washington, DC to work on its 2003 federal funding request. When President Bush released his budget earlier this year, he included \$2 million for Lewis and Clark in 2003. Lewis and Clark has the ability to expend \$12 million over the next fiscal year. The \$12 million in federal funds will be used by the project to begin placing raw water distribution pipe along designated routes, purchase land for permanent physical features of the project, and construct wells along the Missouri River.

While in Washington, DC, project representatives met with members of the tri-state congressional delegation and their staff, Senate and House of

Continued on page 2

Twelfth Annual Membership Meeting

Lewis & Clark Rural Water System, Inc will be holding their Twelfth Annual Membership Meeting on Thursday, May 23, 2002 at 7:00 pm. It will be held in the Fontenelle Ballroom at the Sheraton Hotel, Sioux Falls, SD.

LCRWS MAKES PROGRESS IN PREPARING FOR PROJECT CONSTRUCTION

Final Engineering and Environmental Assessment Reports Nearing Completion

The first week of May is becoming a pivotal point for Lewis and Clark Rural Water System's (LCRWS) future. This is when LCRWS anticipates its completion of the Final Engineering Report (FER). Once completed, the FER is submitted to Congress for a 90-day look-back period, as required by its federal authorizing legislation. After the 90-day look-back period is completed, LCRWS can move forward with construction.

LCRWS will actually submit the report to the authorizing committees in the U.S. Senate and House of Representatives. While in Washington, DC in mid-March, project representatives met with staff of these committees to update them on the project's progress and to inform them of the anticipated timeline for submission of the FER to the committees. The lookback period is an opportunity for the authorizing committees to take a look at how projects that have received congressional

authorization are being designed for construction.

Working with LCRWS in preparing the FER for congressional submission has been the Bureau of Reclamation (BoR). LCRWS is proud of the partnership that has developed between the project and BoR. In early February, the BoR hosted a Value Engineering (VE) Study of LCRWS' draft FER. Elsewhere in this newsletter is a summary of the VE study process and recommendations that were developed for the project's consideration. The VE process proved to be a good experience that produced some ideas that are being incorporated into the FER before it is finalized. The BoR will continue to review sections of the FER as they are prepared for inclusion into the final document.

Another report being prepared at this time is the Environmental Assessment (EA). This document outlines the process that will be used by LCRWS

during construction to minimize and mitigate environmental effects resulting from construction activities. Late last summer, public scoping meetings were held throughout the project area to allow the public an opportunity to comment on the proposed project design and concept. Comments received during the public scoping process were considered in drafting the EA. The BoR is the lead agency in developing the EA.

LCRWS expects that the draft EA will be released for public comment during the last week of

BoR Commissioner John Keys, Great Plains Regional Director Maryanne Bach, and BoR Budget Director Bob Wolf listen as Executive Director Pam Bonrud updates them on LCRWS' progress.

Continued on page 3

WORK BEGINS ON FEDERAL FISCAL YEAR 2003 FUNDING CONTINUED

Representatives appropriation committees' staff members, and top officials from the Bureau of Reclamation, including Commissioner John Keys and Great Plains Regional Director Maryanne Bach. The main points of discussion focused on Lewis and Clark's progress in preparing the needed documents for submission to Congress, the project's construction timeline, and how the \$12 million in federal funds will be used.

"In each meeting, we were able to show that Lewis and Clark remains on target for hosting a project construction groundbreaking in September 2002," said Pam Bonrud, LCRWS Executive Director. "The one factor having the most influence on LCRWS' ability to hold to its projected construction timeline is how much federal funding we receive each year. The amount of federal funding in 2003 will tell us if we will remain on schedule or fall behind."

Lewis and Clark's message was well received by administration and congressional officials. Each understood the importance of the project to the tri-state area. They were encouraged by the progress made in preparing the project for construction. But, the reality is, federal funding for water projects is not unlimited. The need for federal funding of federally authorized water supply projects greatly exceeds what is available in the budget. Tough decisions will have to be made by the appropriators as to what level each project will be funded in comparison to what has been requested. LCRWS remains hopeful that it will succeed in securing its \$12 million request for 2003.

LEWIS & CLARK RURAL WATER SYSTEM TRIPLES ITS STAFF!

The first to come on board is Lori Seten as our new Office Manager. Many of you may know her from her previous employment at South Dakota Association of Rural Water Systems. She is a native of Madison and has lived in Sioux Falls for the past 8 years. She has 20 years experience in the fields of accounting and office management. Her duties with Lewis & Clark Rural Water include coordinating, performing and supervising general office duties along with managing the on-going financial operations of the rural water system. Lori enjoys bowling, volleyball, and attending her sons' sports activities. Lori and her husband John have 3 children.

Terry Pellman joined the staff in April as our Land Acquisition

Specialist. Terry comes to us from US Bank where he was assistant vice
president in farm and ranch management. His experience includes management of trust farm assets and promoting client relationships including
farm management, commodity marketing, estate planning and settlement.

His primary responsibilities with Lewis & Clark Rural Water will be
obtaining necessary easements and land purchases to proceed with the
system construction. Terry is a native of North Dakota and received his
degree in Agricultural Economics from North Dakota State University in
Fargo. Terry and his wife Michelle live in Sioux Falls.



Terry Pellman Land Acquisition Specialist



Lori Seten Office Manager

LEWIS AND CLARK RWS-ENGINEERING UPDATE

The Final Engineering Report for the Lewis and Clark project is nearly complete. One of the steps in the process of developing the Final Engineering Report is a Value Engineering (VE) review of the proposed project at the design report stage. A VE review at this time serves as an opportunity for an independent review of the design concept and criteria proposed for the system and a chance to identify and explore alternatives other than those listed in the draft Final Engineering Report.

The VE review was conducted by the US Bureau of Reclamation February 4-8, 2002. The VE team included four individuals from Reclamation, two individuals



from State Government, and five engineers representing Banner, HDR, and Bartlett and West. One of the comments from the VE review team was that they did not find any major items that should be changed. The proposals they offered were alternate concepts for the design of some of the components, some of which would be less expensive to construct.

The VE Team developed ten proposals for consideration by the Lewis and Clark Board of Directors and design team. Three of the proposals were proposals to modify the design concepts and details for the collection well system, two proposals were modifications to the design concept for water treatment, and five proposals were modifications to the location and arrangement of the water distribution system.

After the VE team presented its report, the Banner/HDR Design Team evaluated the various proposals and prepared recommendations on each of the them. Proposed revisions to the pipeline routes were reviewed in the field in order to select the most appropriate routing.

The Design Team met with the Construction Committee to discuss its evaluations and recommendations regarding the VE proposals. The Construction

Committee recommended further consideration of VE Proposals 2, 3, 7 and 8 which resulted in an estimated cost avoidance of approximately \$9.8 million. The proposals accepted are changes to the well system design and some changes to pipeline routes and reservoir locations.

At a special board meeting on March 12, 2002, the Lewis and Clark Rural Water System's

Board of Directors voted to accept the recommendations of the Construction Committee. The accepted changes to the system design that came from the VE study have been incorporated into the Final Engineering Report.

David Odens Banner Assoc. Inc.

IN PREPARING FOR PROJECT CONSTRUCTION CONTINUED

April. A 30-day comment period for additional public input will follow the draft EA's release. Once the 30-day comment period has ended, the BoR will take all comments received under consideration and develop appropriate responses. If the BoR determines that the project will have no significant impact to the environment during construction, a Finding of Non-Significant Impact (FONSI) is issued and the EA can be finalized. After a FONSI is issued, the project will be eligible to begin project construction using federal funds. If a FONSI is not issued, then LCRWS will need to develop an Environmental Impact Statement (EIS) that could set back project construction for a number of years.

LCRWS is hopeful that the EA process will result in the issuance of a FONSI. Great care has been taken by LCRWS in preparing the EA to locate and avoid all possible environmentally sensitive areas, where possible. Every mile of the proposed distribution route has been walked or driven. If a situation arises where LCRWS is left no choice but to cause some disturbance to an environmentally sensitive area, appropriate mitigation measures will be taken that have been identified in the EA and agreed to by the appropriate state and federal governing agencies. The same process will hold true for areas of historical significance.

With the completion of the FER and EA, the stage is set for project construction to begin. LCRWS is expecting to host a project ground-breaking during the later part of September 2002. This will be a historic day in the development of LCRWS. Once construction is begun, it will take another 10-12 years to complete the project.

Lewis & Clark Rural Water System

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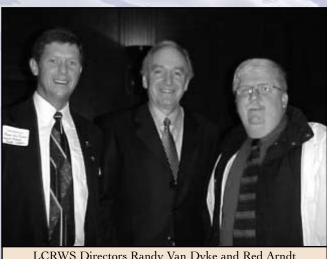
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Rebuilding of the Pentagon.

Scenes from LCRWSs trip to Washington.



LCRWS Directors Randy Van Dyke and Red Arndt visit with Senator Tom Harkin (IA) about LCRWS funding needs in FFY 2003.