

Lewis
& Clark
REGIONAL WATER SYSTEM

Explorer

Spring 2024

FY24 Funding Moves Project Closer to Finish Line

Administration Again Proposes \$6.825 Million for FY25

After multiple Continuing Resolutions, the FY24 Energy & Water Appropriations Bill was finally passed by Congress on March 8. **As expected it includes \$18.825M for L&C.** This includes the \$6.825 million proposed by the Administration in its FY24 Budget, as well as a \$12 million congressionally directed spending request L&C is very thankful for that was made by Senators John Thune, Amy Klobuchar, Mike Rounds and

Tina Smith. The vast majority of the funds will be used toward construction of Phase 3 of the water treatment plant (see page 5).

L&C has been informed it will receive additional FY24 Bipartisan Infrastructure Law (BIL) funding in the coming weeks, but the amount has not yet been finalized. Whatever L&C receives will be on top of the \$7M in FY24

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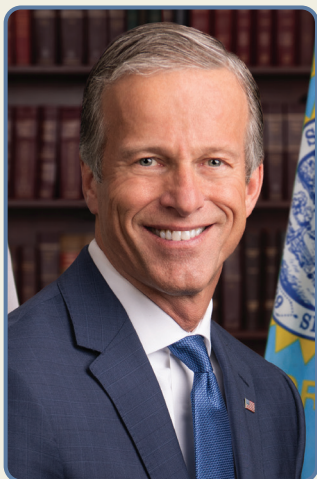
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BIL funding BoR announced last October. L&C previously received a combined \$135.5M in BIL funding in FY22 and FY23. “The infrastructure bill has been a Godsend. It is a definite game changer that has allowed us to advance several years’ worth of critically needed construction. We will definitely put any additional infrastructure funding to good use,” said Executive Director Troy Larson.

The Administration announced on March 11 it is again **proposing \$6.825M for L&C in its FY25 Budget.** The same amount as last year. “Our thanks and appreciation to the Administration and our great partners at Reclamation for the continued support,” said Larson.

An estimated \$32.1M is needed to complete the Base System as authorized by Congress. “This does not include any additional FY24 BIL funding L&C may receive, and is more than the engineers previously estimated due to the much higher than expected price tag for Phase 3. Of this amount, \$22.1M are actual bid numbers that are known and only \$10M involves estimates, so while the final number could change no big swings are expected. We are working closely with Senators Thune, Klobuchar, Rounds and Smith on another congressionally directed spending request for FY25,” said Larson.

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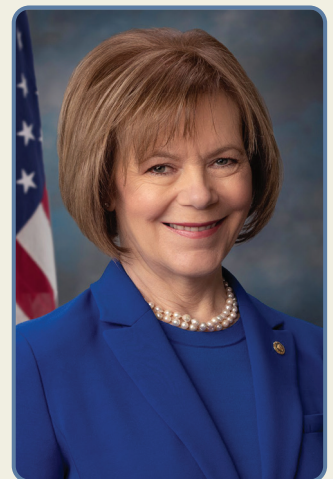
Senator Thune



Senator Klobuchar



Senator Rounds



Senator Smith

Larson Meets with Delegation and Administration Officials

With CV-19 and then later the proliferation of video meetings, on March 19 and 20 Executive Director Troy Larson was in Washington, D.C. for the first time since February 2020. Larson and lobbyists Jane Lucas and Evan Collier met with nine of L&C's ten congressional offices. Seven meetings were with staffers, four of whom Larson had never met in-person and two others he had only met once. A joint meeting with Rep. Michelle Fischbach and Rep. Brad Finstad was his first opportunity to meet them in-person. Larson and Lucas also met with four officials from the Department of the Interior and the Bureau of Reclamation (BoR). This included Michael Brain, Interior's Deputy Assistant Secretary of Water and Science who oversees BoR. "Video meetings are useful, but this was a long-overdue chance to visit with folks face to face," said Larson.



Rep. Finstad, Rep. Fischbach and Larson



Left to right: Lucas, BoR Missouri Basin Regional Liaison David Reay, BoR Senior Advisor Roque Sanchez, Assistant Secretary Brain and Larson. Not pictured is BoR Deputy Commissioner Matt Maucieri.

***All the congressional offices
want to continue to do whatever
they can to help secure
additional funding in FY25.***

In addition to "thank you," at all the meetings Larson provided an update on L&C's three-prong approach – completing the Base System, expanding to 60 MGD and examining a second expansion beyond 60 MGD. They also discussed the shared frustration with OMB on the Buy American waiver for the infrastructure funding. All the congressional offices want to continue to do whatever they can to help secure additional funding in FY25. This mainly involves coordinating congressionally directed spending requests with Senators Thune, Klobuchar, Rounds and Smith. The other offices will again work to increase programmatic funding for BoR's Rural Water Program.

Larson also provided an update on the Appraisal Level Study the engineers expect to complete this summer on a possible second expansion beyond 60 MGD that could potentially double the size of the system. The next step is for Congress to authorize BoR to participate in a Feasibility Study (normally a 50% federal cost share), possibly as soon as this fall. Each office voiced strong support for helping with the Feasibility Study authorization. BoR officials provided helpful feedback on the authorization process. "Really good trip with productive and informative meetings," said Larson.

Federal Funding Ceiling Increased by \$131 Million!

A federal funding ceiling was included in L&C's 2000 congressional authorization. Each year the Bureau of Reclamation (BoR) indexes the remaining balance for inflation. Compared to the remaining ceiling balance as of October 1, 2022, L&C received notification on March 20 from BoR that its federal funding ceiling has been increased by an additional \$131 million!

Project specific indexing, formerly known as repricing, is a process BoR goes through when systems are nearing completion to recalculate how much federal funding is needed to complete what Congress authorized. This takes into account the higher than expected construction costs systems have experienced through the years. Going forward BoR will now perform the project specific indexing every five years, so there will



— BUREAU OF — RECLAMATION

be more frequent but smaller adjustments for systems. “Lewis & Clark would be eligible for project specific indexing again in October 2027. It is not expected to be needed, even

with the higher than expected bid for Phase 3 (see page 5), but good to know just in case. A big thank you to our great partners at Reclamation for their advocacy and their hard work on the number crunching,” said Executive Director Troy Larson.

Cathodic Protection Systems Key to Pipeline Longevity

Carstensen reached substantial completion on March 1 on the 16.1 miles of 16-inch PVC pipeline for Madison – Segments 3B & 4. Well in advance of their August 2024 deadline. This allowed Bill Spickelmire from Rust Not in Idaho to kill three birds with one trip. On March 20, 21 and 22 he inspected and tested the cathodic protection system on Carstensen's project, as well as on Madison – Segments 2 & 3A (Halme) and Iowa – Segments 4 & 5 (Eatherly). Using a low-voltage electrical current and sacrificial manganese anodes, the cathodic protection system extends the life of the metal pipe and fittings by inhibiting corrosion. It makes the anodes rust instead of the metal components. In the case of PVC pipe it just protects the fittings.

“Bill is Banner's long-time corrosion consultant. He is a behind-the-scenes guy who has played a critical role for us. Bill has designed, inspected and tested every cathodic protection system on every segment of pipeline in the

System. The Sibley service line will be his grand finale. Big thanks to Bill for all he has done the last 20 plus years to ensure what we are constructing will outlast all of us!” said Executive Director Troy Larson.



Rust Not's Bill Spickelmire (far right)

Contract Awarded for Final Phase of Treatment Plant

Largest Ever Awarded by Lewis & Clark



Lewis & Clark's Board of Directors on March 28 awarded a \$103,669,000 contract to PKG of Fargo for the third and final phase of its water treatment plant near Vermillion, SD. Phase 3 is needed for the full buildout of the plant in order to provide the 20 member cities and rural water systems with their combined reserved capacity of 44.19 million gallons a day (MGD). "Not accounting for the time value of money, this is by far the largest contract Lewis & Clark has ever awarded. Phase 2 of the treatment plant awarded in 2009 had a \$66.6 million price tag," said Executive Director Troy Larson.

PKG's base bid to complete the Base System portion of the plant was \$85,462,100. An \$18,206,900 bid alternate for a second three million gallon clearwell was also awarded, which is part of L&C's expansion to 60 MGD. Non-federal funds will be used for the clearwell. Some of the other main components of Phase 3 include two more solids contact basins, a second gravity thickener and another lime slaker.

Construction will begin this spring. There is an interim deadline for the clearwell since South Dakota ARPA funds that need to be spent by the end of 2026 will cover a portion of the cost. The substantial completion deadline for the rest of the project is October 2027.

The engineer's estimate was \$69,628,000 for the base bid and \$17,306,000 for the bid alternate; a total of \$86,934,000. "Only one bid was received and it was much higher than expected. Disappointing but not surprising given the current bidding environment where contractors have their hands full due to the influx of infrastructure bill and ARPA funding. It was hard for us to imagine being in a better spot if we rejected the bid and re-bid the project, but an excellent chance we would end up in a worse position given the other large scale projects being bid very soon in the region," said Executive Director Troy Larson.

In September 2007 L&C opened bids for the entire treatment plant – all three phases. The low bid was \$142.4M. The engineer's estimate with contingencies was \$108M. L&C rejected the bids and the members paid another three years of inflation indexing on their pre-payments because the funds could not be obligated. The plant was then divided into three phases. Adding 2% for contingencies for the base bid on Phase 3 would bring the total cost for the Base System portion of the treatment plant to \$177 million," said Larson.

Chairman's Report

L&C's 1993 Feasibility Study was based on the members' expected water needs for the next 40 years, as recommended by BoR. The 23.5 million gallons a day (MGD) system that was authorized by Congress was later increased in size to 44.19 MGD, with the members who requested additional capacity paying for 100% of the incremental upsizing. This is what we call the "Base System." Responding to member's additional needs, we are currently expanding to 60 MGD which is expected to be completed in 2030. However, we again find ourselves looking collectively at the best way to address our growing water needs for the next 40 years. In this case we are looking at what the members will need for capacity by 2070. **For some like Tea, Harrisburg and Minnehaha Community Water Corp, it is much closer to 2040 when they will need additional capacity beyond L&C's 60 MGD.**

Knowing firsthand that it can take decades to complete large scale water projects, we started looking at a second expansion of L&C beyond 60 MGD in 2019. Noteworthy because that was a record wet year, which surpassed 2018's moisture records. The current drought is highlighting long-term water planning even more, but



Chairman Murray Hulstein

the need to secure additional capacity is driven by population and economic development growth that has far surpassed projections.

Last fall the Board asked Banner to conduct an Appraisal Level Study on a possible expansion beyond 60 MGD. This is the first step BoR identified and is expected to be completed this summer. Banner recently asked the 20 members to complete a survey on how much more capacity they estimate they will need by 2070. This is above and beyond their share of the 60 MGD. The results were jaw dropping. **Collectively the members estimate they will need an additional 82.8 MGD! This would bring L&C's overall capacity to close to 143 MGD.**

We are monitoring and supporting the proposed Dakota Mainstem Regional Water System, which may be an alternative to a second expansion. It is hoped we will have two viable options from which to eventually choose. Providing for member's water needs is a daunting challenge regardless of the path chosen, but L&C has proven it can be done.

Responding to member's additional needs, we are currently expanding to 60 MGD which is expected to be completed in 2031. However, we again find ourselves looking collectively at the best way to address our growing water needs for the next 40 years.

ARPA Funds Approved for Water Projects

As proposed by Governor Kristi Noem, the SD Legislature approved SB 53 this session making an additional \$89.38M in American Rescue Plan Act (ARPA) funds available for water projects. In addition, some ARPA funds are being reallocated from the \$600M approved in 2022. **L&C was notified on April 8 it “would be eligible to receive up to \$5,000,000**



Governor Noem

in additional ARPA grant funds.” In late June the Board of Water & Natural Resources will make the final funding decisions.

207 projects were approved to receive a portion of the \$600M, including \$15M for L&C (\$7.3M in ARPA funds and \$7.7M from converting a loan into a grant that ARPA made possible). This time around a total of \$109,915,000 is being recommended to 30 projects. L&C will use any additional ARPA funding toward the second clearwell at the treatment plant.

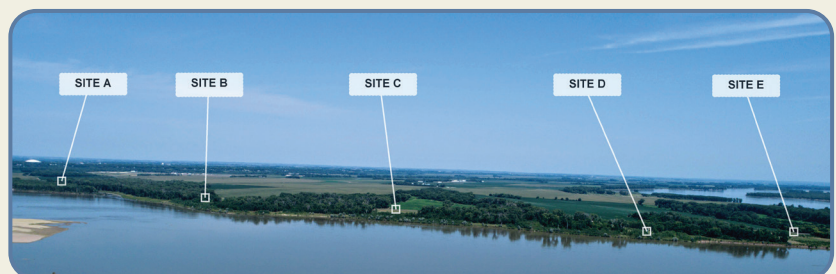
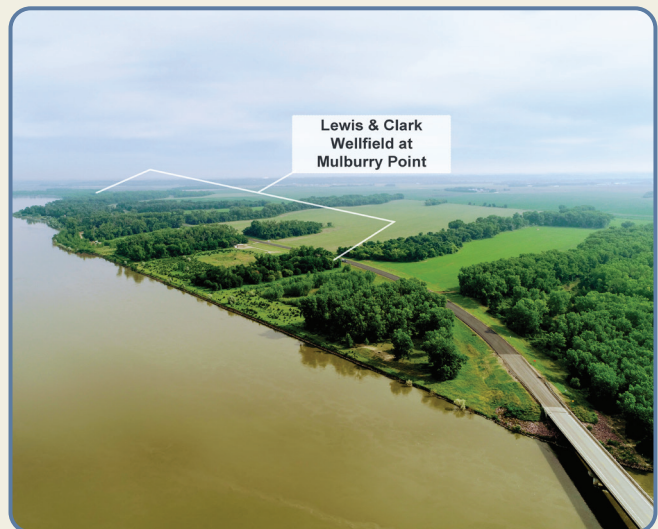
Test Wells to Determine Collector Well Locations

A \$487,460 contract was awarded to Thein Wells of Spicer, MN on March 28 for test wells to determine the best locations for two collector wells, as well as provide the engineers with geological information they need for the design. Drilling will start this spring. The substantial completion deadline is June 28, 2024.

L&C’s wellfield is located at Mulberry Point, just north of the Vermillion-Newcastle Bridge. The engineers designated areas within Mulberry Point by letters ranging from A to E. Thein’s test wells will determine the locations for future collector wells at Sites A and C.

“The collector well at Site A will replace the lost capacity of vertical wells that are steadily losing capacity and cannot be effectively rehabilitated. These vertical wells will eventually be abandoned. The collector well at Site C will be the first of the two constructed, and will mainly provide additional capacity for L&C’s expansion to 60 million gallons a day (MGD). A portion of the capacity from Site C will complete the Base System capacity needed to deliver the members’ firm capacity of 44.19 MGD. The expansion is expected to be completed in late 2030,

so we anticipate having the Site C collector well online by then. The timeline for the Site A collector well has not been set,” said Operations Manager Jim Auen.



High Service Pump Station Two Steps Forward, One Step Back...

After countless delivery delays and several follow-up issues that popped up like a game of whack-a-mole, all involving PKG's suppliers and subcontractors, substantial completion was finally reached on February 23. April 2023 was the original deadline. PKG is working on punch list items to reach final completion. This project involved adding two high service pumps, motors, check valves and variable frequency drives (VFDs) to the high service pump station at the treatment plant, as well as making improvements to the chemical feed system and adding more A/C units in the electrical room.

L&C approved a \$2.23M change order in January 2023 that added two more high service pumps, motors and

VFDs that are part of the expansion to 60 MGD. The two pumps and one of the motors have been installed, as shown in the photos below. "Unfortunately, this part of the project has been as snake-bitten as the rest. Multiple problems with the other motor that have yet to be resolved, as well as delivery delays for the VFDs and check valves. Two steps forward, one step back," said Operations Manager Jim Auen. June 14, 2024 is the substantial completion deadline for this portion of the contract.



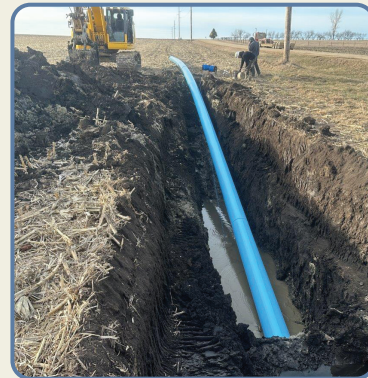
Sibley Meter Building & Service Line Progress

West Branch Construction and Metro Construction are making really good progress on the Sibley meter building and Sibley service line respectively. Both are currently ahead of schedule.

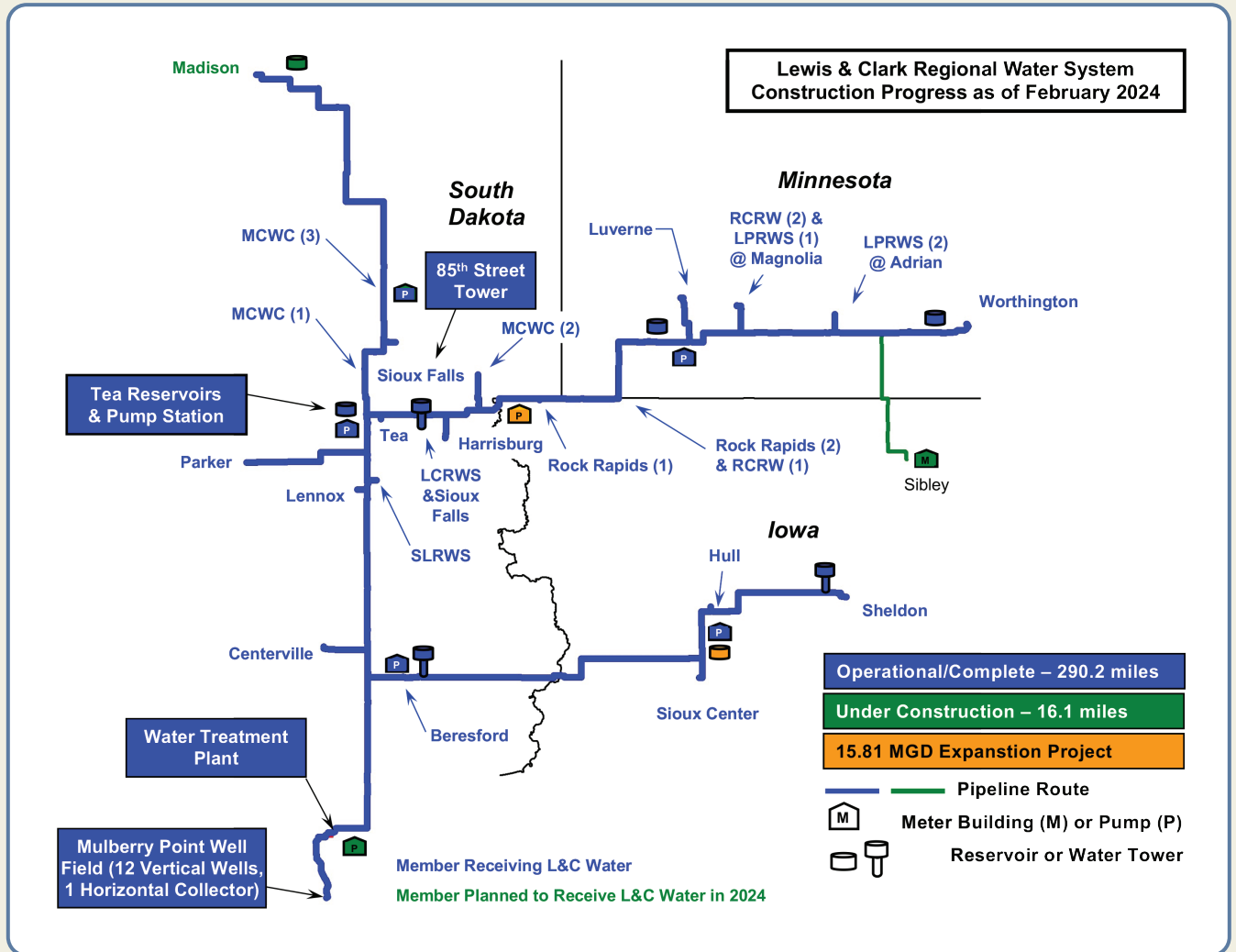
West Branch worked through the winter in a plastic enclosure to complete the masonry block walls, as well as the exterior finish block. This spring they finished the interior walls that divide the chemical and electrical rooms from the rest of the equipment, controls and process piping. Work on the roof and plumbing are both underway. October 2024 is the substantial completion deadline.

Metro has installed 6.5 miles of 12-inch PVC pipe of the 17-mile segment that will connect the Minnesota Transmission Line with Sibley as of early April. They have also installed numerous blow off hydrants, air relief valves and cathodic test stations. Most of the bores for the 16 crossings have been completed. Horizontal directional drilling was used for 11 of the crossings as shown in two of the photos to the right, where pipe is then pulled through the bore. Five larger crossings will be jacked and bored. This is where a protective steel casing is pushed through the bore and then the PVC carrier pipe will be installed through it. They will also open cut 11 township road crossings. July 2025 is the substantial completion deadline.

“It has been a long time coming, so I know the good folks of Sibley are excited to see all the construction activity and progress being made. Much depends on Metro’s schedule and whether they will need to focus on projects elsewhere this summer, but there is a good chance Sibley could be connected by the end of this year,” said Executive Director Troy Larson.



FROM THE PIPELINE



At the invitation of Sioux Metro Growth Alliance, on February 28 Executive Director Troy Larson gave a L&C/Dakota Mainstem/Pick Sloan presentation to a group of Lennox community leaders who are focused on long-term economic development opportunities. Water availability now and in the future is a big part of their planning. Left to right: Councilman Chad Swier, Larson and City Administrator/Director Nate Vander Plaats.



Before the spring blizzard in late March, Rice Lake mobilized equipment, a job trailer and formed up the driveway for the Larchwood pump station site. They will resume construction when conditions allow. This project is part of the expansion to 60 MGD and the cost is being covered by ARPA funding from the State of Iowa.



Sibley Mayor Jerry Johnson (left) and Director Larry Pedley



L&C's 15th annual Hot Mess Chili Cook-Off was held in conjunction with the February 22 Board meeting. Industrial HVAC Technician Roger Adam took home the trophy (shown above). In the lower right photo are (left to right) Director Scott Hain of Worthington, Director Jerry Lonnenman of Lincoln Pipestone RWS, Director Jim Hoye of Rock Rapids, lead engineer Kristin Bisgard of Banner and Director Pat Baustian of Luverne.



1800 Monty Street
Tea, SD 57064

Operations Update

Water Operator Mike Rath's last day was on February 23 after 9 1/2 years of dedicated service, becoming L&C's first retiree. Mike was recognized at the Board of Directors meeting on February 22, as well as a lunch at the plant with some of the staff on his last day. He was also given a parting gift that hopefully will help his golf game. "Mike did a super job for us and we were incredibly blessed to have him on the operations team. Our very best wishes to him in whatever he has planned for the next chapter," said Operations Manager Jim Auen.

This time of year staff work on cleaning various basins. In February and March this included removing lime buildup in two solids contact basins (a.k.a. softening basins) and sludge removal in two filter backwash water reclaim basins (a.k.a. equalization basins). Sacrificial anodes were also replaced to preserve the submerged piping.



Left to right: Electronics Maintenance Technician Shain Becker, Plant Supervisor Mike Duchscher, Water Operator Jim Andersen, Maintenance Foreman Todd Giffin, Distribution Operator Justin "JD" Walsh, Maintenance Mechanic Jamey Hult, Rath, Construction Administrator Clint Koehn, Water Operator Jon Anderson, Water Operator Jeremy Hult, Industrial HVAC Technician Roger Adam, Distribution Operator Jay Nelson and Operations Manager Jim Auen.



Mike Rath



Cody Schultz