

Lewis & Clark Regional Water System Talking Points



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Project Background

Membership

SOUTH DAKOTA

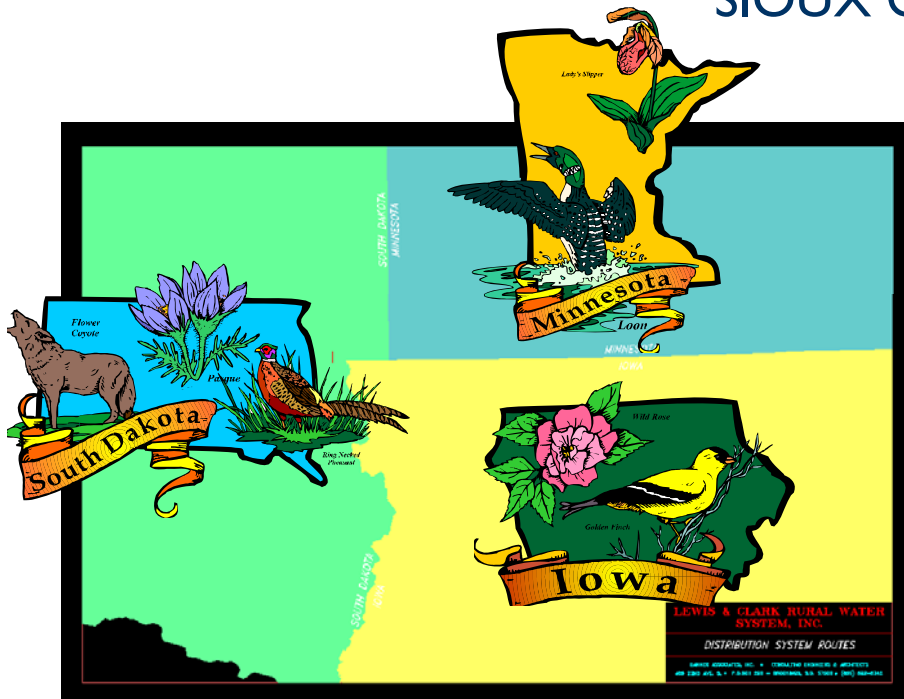
BERESFORD
CENTERVILLE
HARRISBURG
LENNOX
MADISON
PARKER
SIOUX FALLS
TEA
LINCOLN CO. RWS
MINNEHAHA CWC
SOUTH LINCOLN RWS

MINNESOTA

LUVERNE
WORTHINGTON
LINCOLN-PIPESTONE RW
ROCK COUNTY RW

IOWA

HULL
ROCK RAPIDS
SHELDON
SIBLEY
SIOUX CENTER



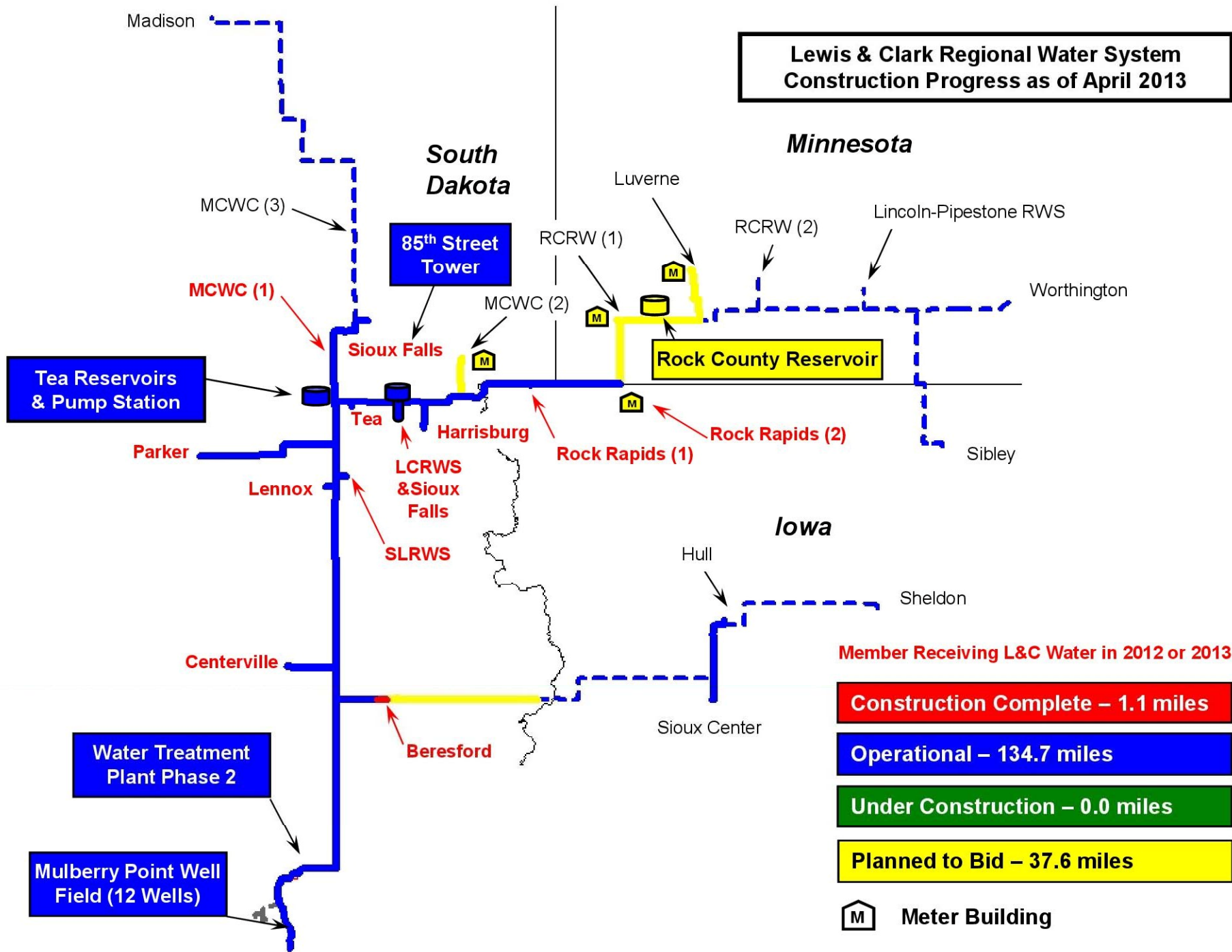
Project Background

- ◆ Non-profit, wholesale provider of water
- ◆ Incorporated in 1990, authorized by Congress in 2000 and groundbreaking in 2003
- ◆ Owned & governed by a board representing 15 cities and 5 rural water systems
- ◆ L&C water is critical to the quality of life and economic development in the region
- ◆ Over 300,000 people will be served in region
- ◆ Water drawn from a series of wells that tap into an aquifer along the banks of the Missouri River
- ◆ Members receive treated, less hard water
- ◆ Capacity at project completion will be 45 MGD with future expansion to 60 MGD

Construction Status

- ◆ System is 65% completed
- ◆ Six years behind schedule
- ◆ \$366.1M has been spent or obligated to date
- ◆ 135 miles of mainly 54” pipe completed (total of 337 miles)
- ◆ 11 wells have been drilled (total of approx. 19)
- ◆ Treatment plant began operating on 7/30/12 – 11 of 20 members are receiving water
- ◆ “Emergency connection” in operation for Hull, IA
- ◆ Due to the lack of federal funding, no construction is planned for 2013 or 2014
- ◆ Engineering work and easement acquisition has been halted

**Lewis & Clark Regional Water System
Construction Progress as of April 2013**



Funding Status

- ◆ Generally speaking 80% federal funding, 10% from the three states & 10% from the 20 local members
- ◆ Three states and 20 members have pre-paid \$153.7M (100% of non-federal cost share), which already has been fully utilized
- ◆ Schedule to connect remaining nine members is entirely dependent upon federal funding
- ◆ First members connected are paying far more for water than when all members are connected
- ◆ Delays have forced members to spend a combined \$11.5M in unplanned infrastructure improvements

Federal Funding

- \$17M FY04
- \$18.7M FY05
- \$17.5M FY06
- \$21M FY07
- \$26.5M FY08
- \$27M FY09 (plus \$59.5M in stimulus funding)
- \$10M FY10
- \$2M FY11*
- \$5.4M FY12*
- \$4.5M FY13*
- \$3.2M Proposed for FY14*
- * does not even cover inflationary increases

Funding Status

- ◆ Remaining federal cost share increased from \$194.3M on 9/30/10 to \$201.3M on 9/30/12
- ◆ \$7M increase in two years is due to federal funding not even covering the inflation
- ◆ Based on recent federal funding levels the project will never be completed – on a path to infinity
- ◆ The longer it takes to complete the more expensive it becomes due to inflation and the longer it takes to realize the economic benefits, which is a double-whammy for the taxpayers

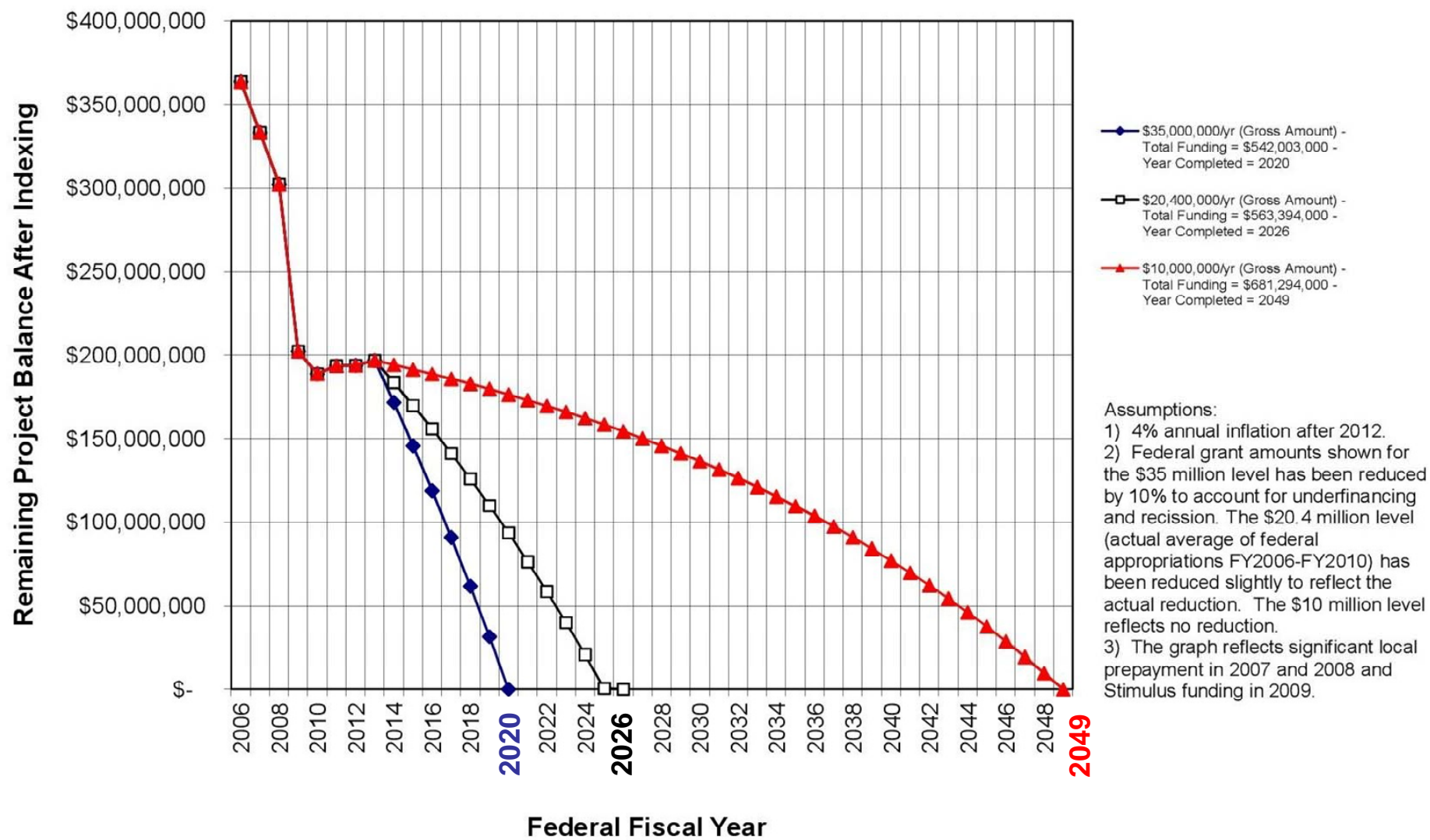
Funding Status

- ◆ Water from L&C improves quality of life and expands economic development opportunities
- ◆ Creates construction and jobs on the front end and many long-term job through economic development
- ◆ Cheese factory located in Hull, IA because of L&C's emergency connection (127 jobs and 50 truckloads of milk each day), but cannot expand (35 more jobs) without more water
- ◆ Ethanol plant in Luverne and pork processing plant in Worthington cannot expand without more water
- ◆ Recent drought highlighted critical need for L&C
- ◆ Federal government is leaving the members high and dry at a time when they need water the most

Funding Status

- ◆ Earmark ban wrongly includes authorized projects such as L&C
- ◆ Took close to 10 years of hearings and meetings to receive congressional authorization
- ◆ L&C is not “new spending” and should be excluded from the earmark ban
- ◆ Now relying on Administration/BoR for funding, but they unfortunately are not making L&C a priority
- ◆ When money is tight, you focus on your priorities – what is more basic than drinking water?
- ◆ Even if L&C were to receive \$10M a year, the project would not be completed until about 2050

Lewis & Clark Regional Water System Effects of Inflation vs. Federal Funding Level



January 2013

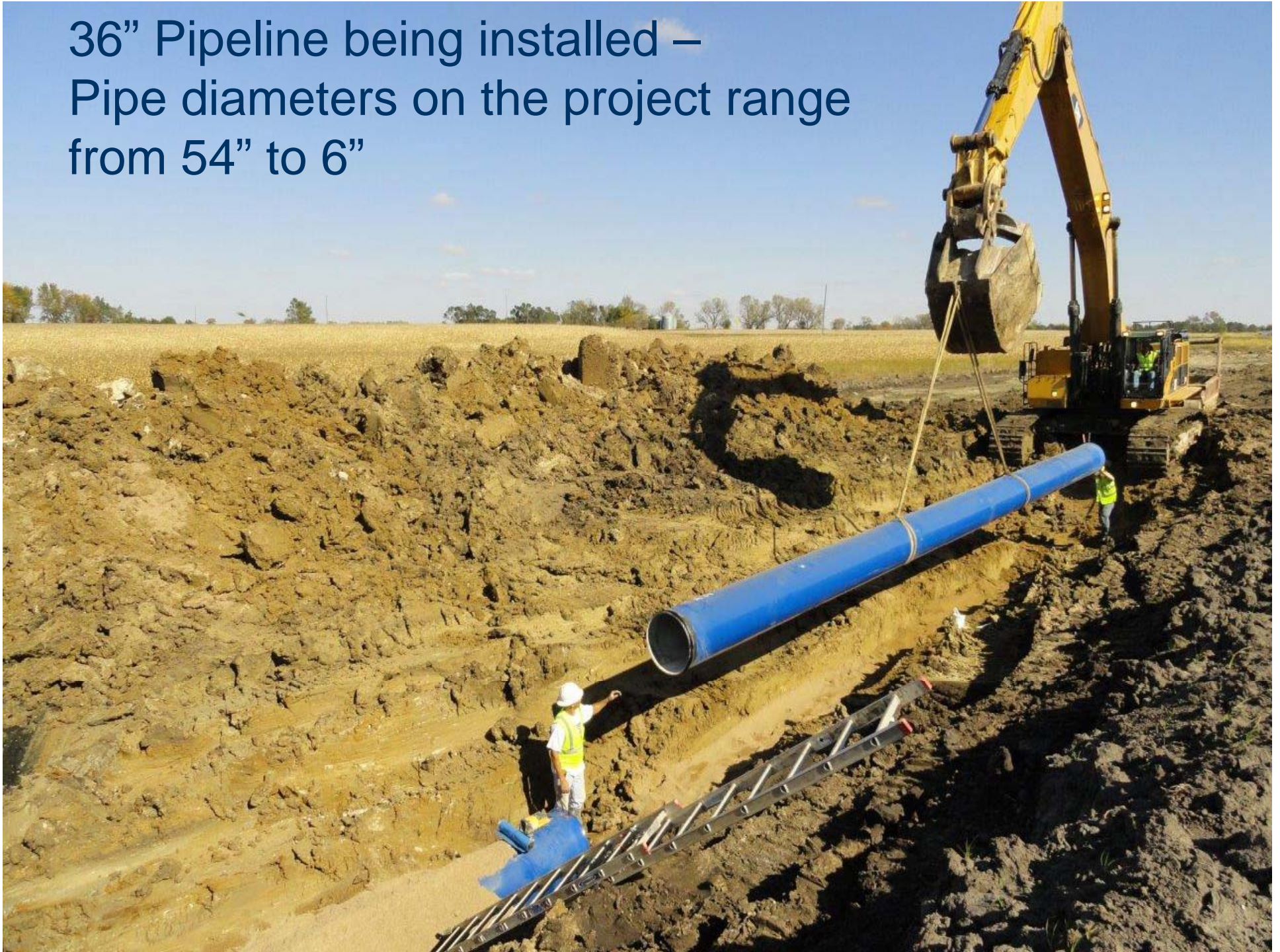
54" Main Trunk Line: Between the Missouri River and Sioux Falls



54" main trunk line between the Missouri River and Sioux Falls completed in 2010



36" Pipeline being installed –
Pipe diameters on the project range
from 54" to 6"



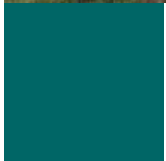


Isolation valve vault on 30" line

Water Treatment Plant - current capacity is 36 MGD but will be at 45 MGD when all members are connected (ability to expand to 60 MGD in the future)



Water Treatment Plant is located two miles north of Vermillion, SD along Highway 19



Traditional lime softening treatment process



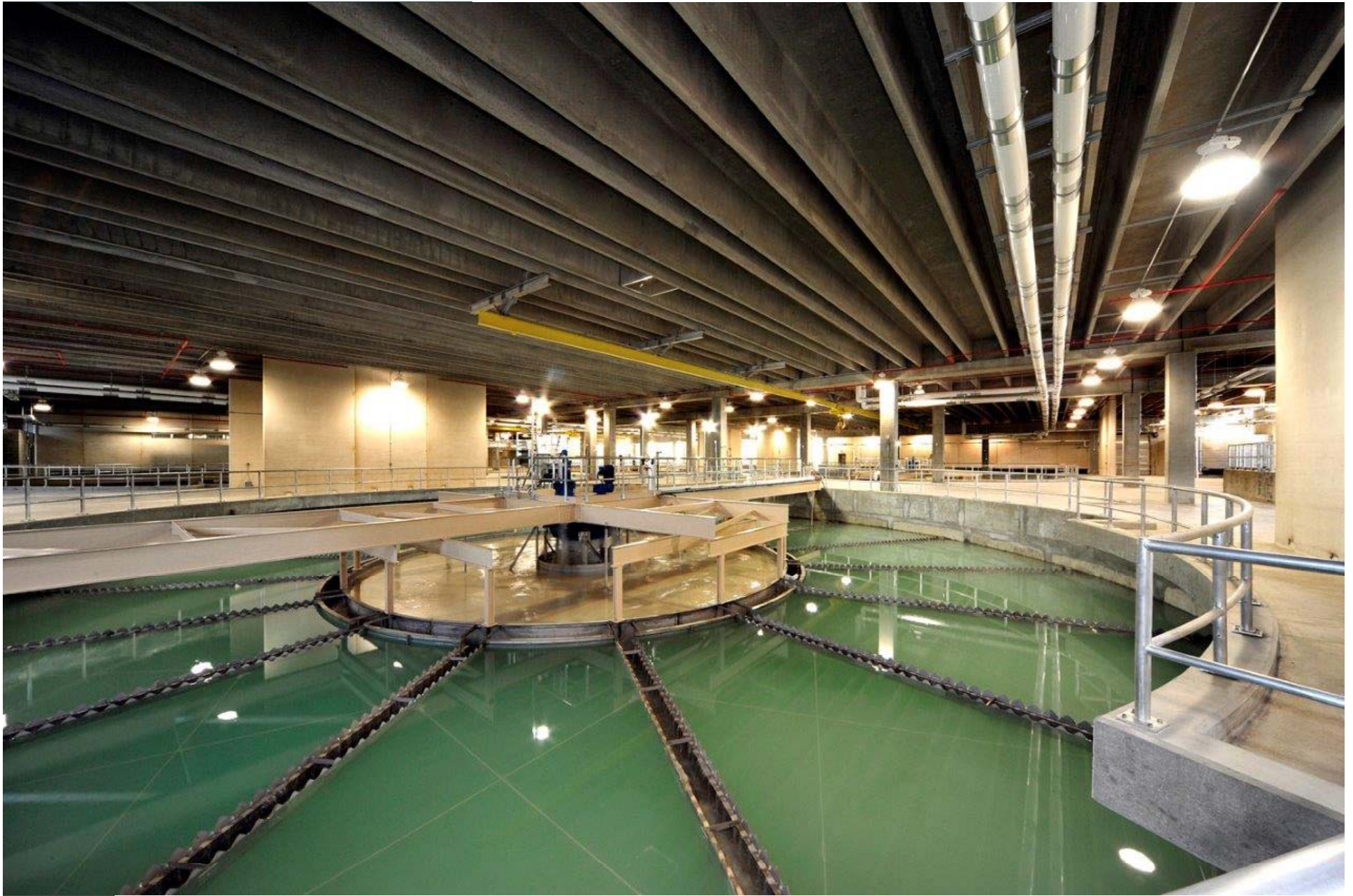


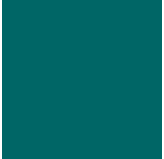


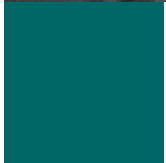
Thank You!

We, the Board of Directors, thank and honor the people who made significant contributions to turn a dream into a reality. Echoing the spirit of our namesake explorers, their service, teamwork, determination, dedication and perseverance through years and in the face of many obstacles was truly inspiring. Without all of you this critically needed water would not be here. This stone artwork is dedicated to you.

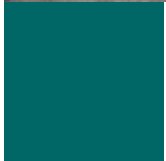
Chairman Lennis "Red" Arrie
Water Cutting Ceremony, Aug 2011

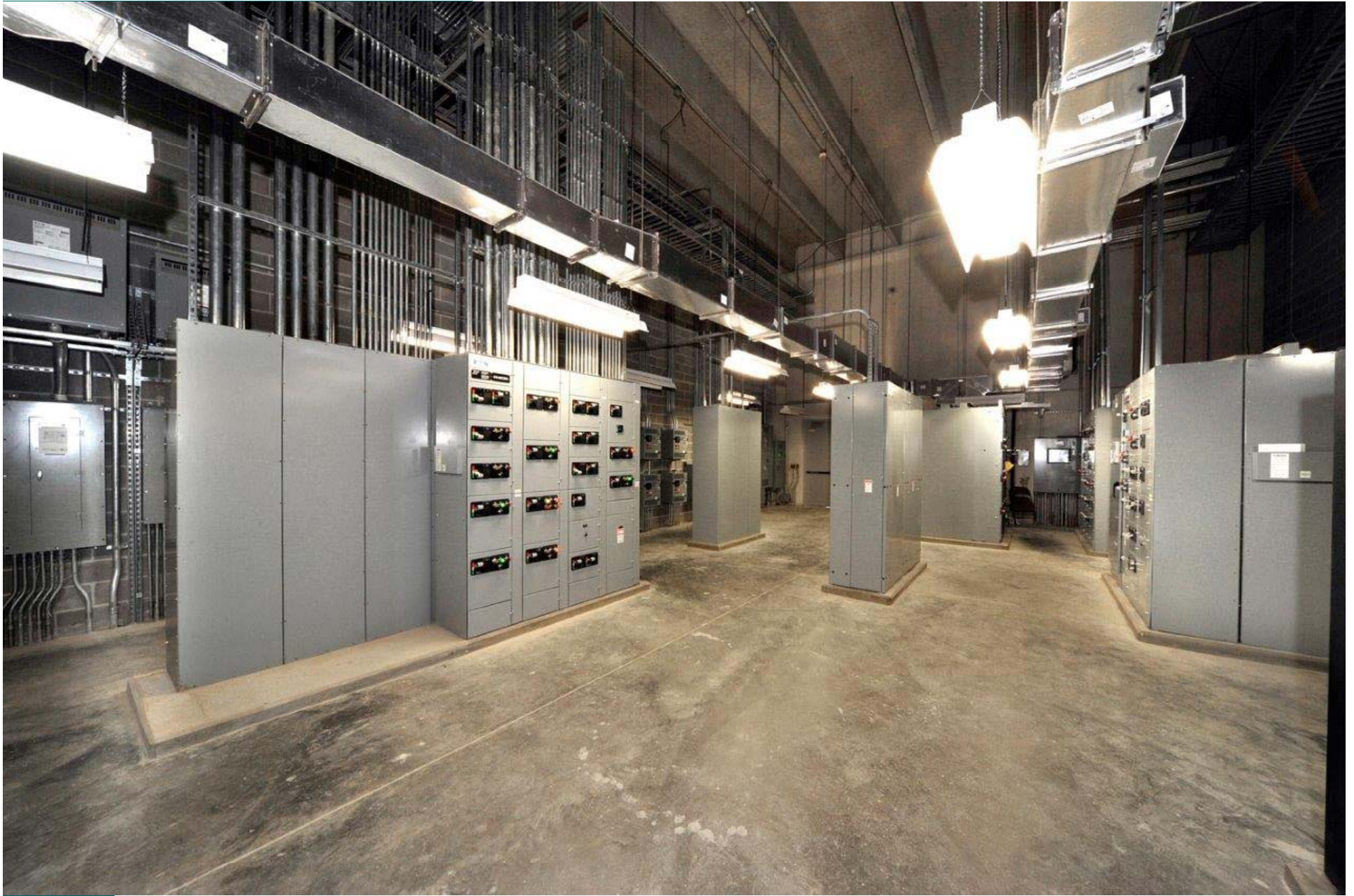


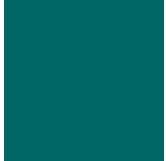


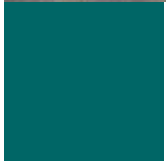








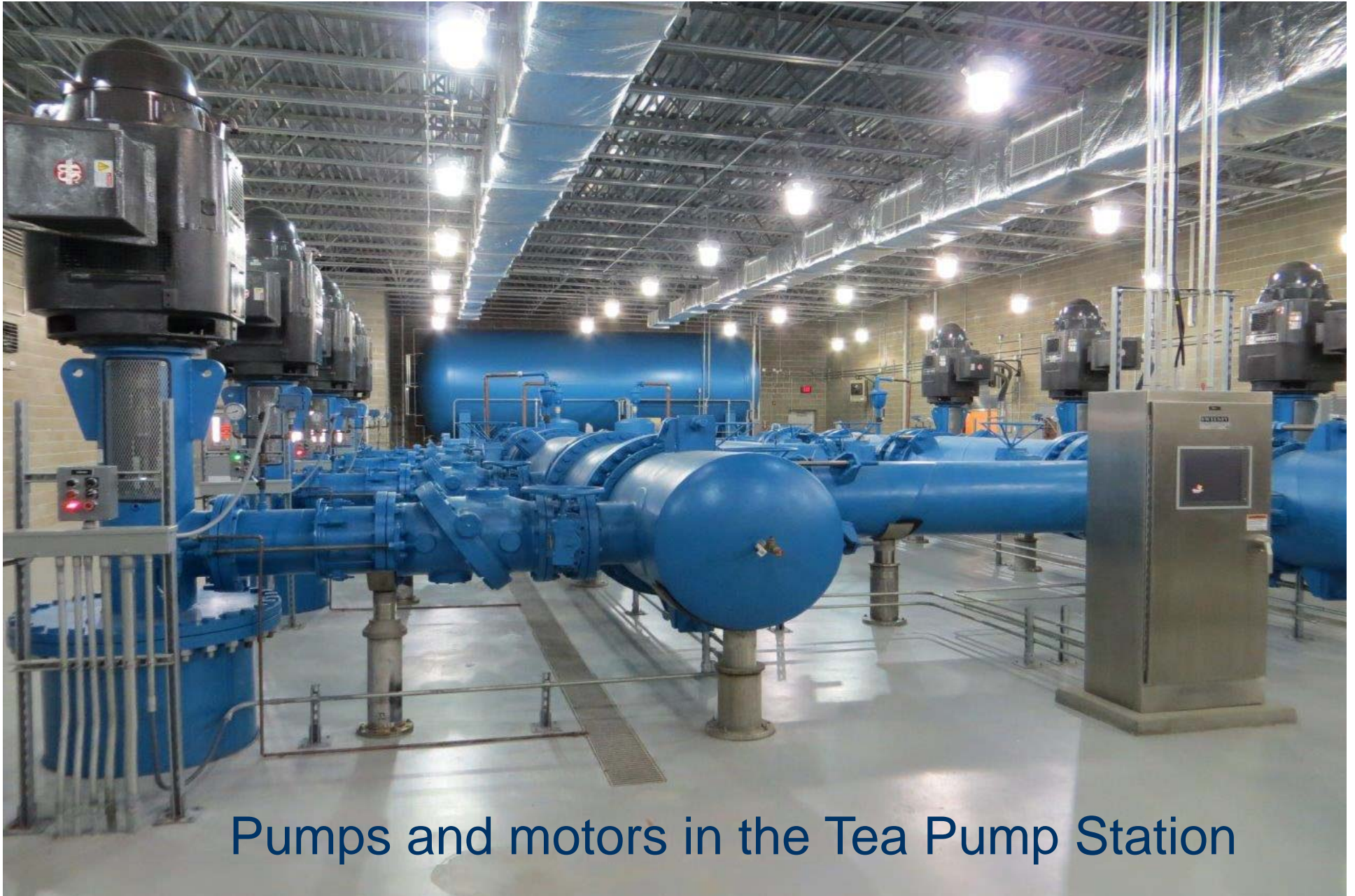






Two 7.5 million gallon reservoirs and pump station near Tea, SD. Each reservoir is 65' tall & 169' in diameter





Pumps and motors in the Tea Pump Station

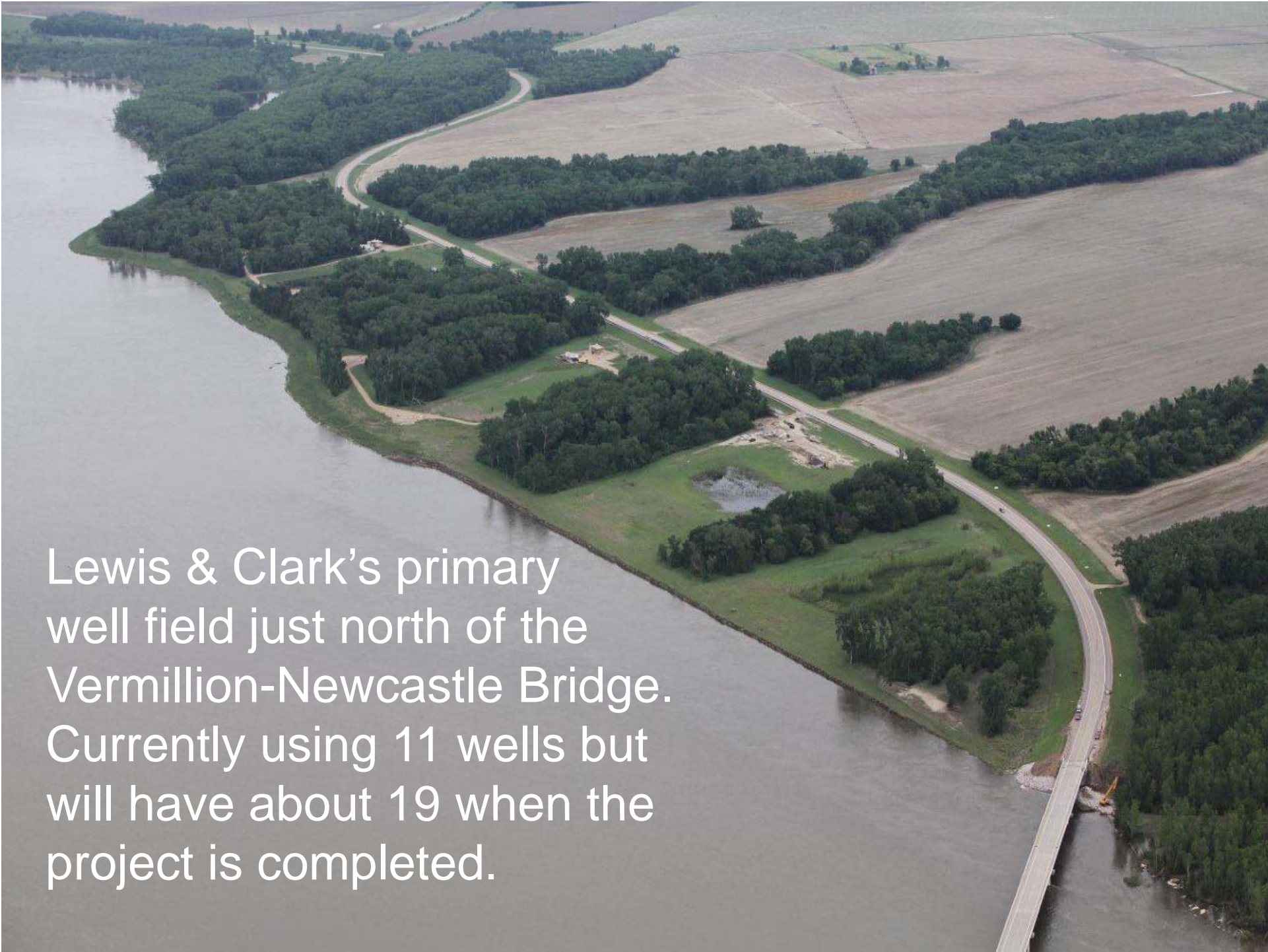


3 million gallon composite water tower along 85th St. in southern Sioux Falls.

At 190' tall it's the tallest 3 million gallon tower in the nation. The concrete pedestal is 61' diameter.

“Pig” cleans and flushes out the pipe as part of the pipeline commissioning



An aerial photograph showing a wide river curving to the left. A paved road follows the inner curve of the river. To the right of the road are large, flat agricultural fields, some of which appear to be recently plowed or harvested. A dense line of green trees runs parallel to the riverbank. In the lower right, a bridge crosses the river. The overall scene is a mix of natural and agricultural landscapes.

Lewis & Clark's primary well field just north of the Vermillion-Newcastle Bridge. Currently using 11 wells but will have about 19 when the project is completed.



Angle well being drilled

Angle well being equipped





Well house with back up generator