

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



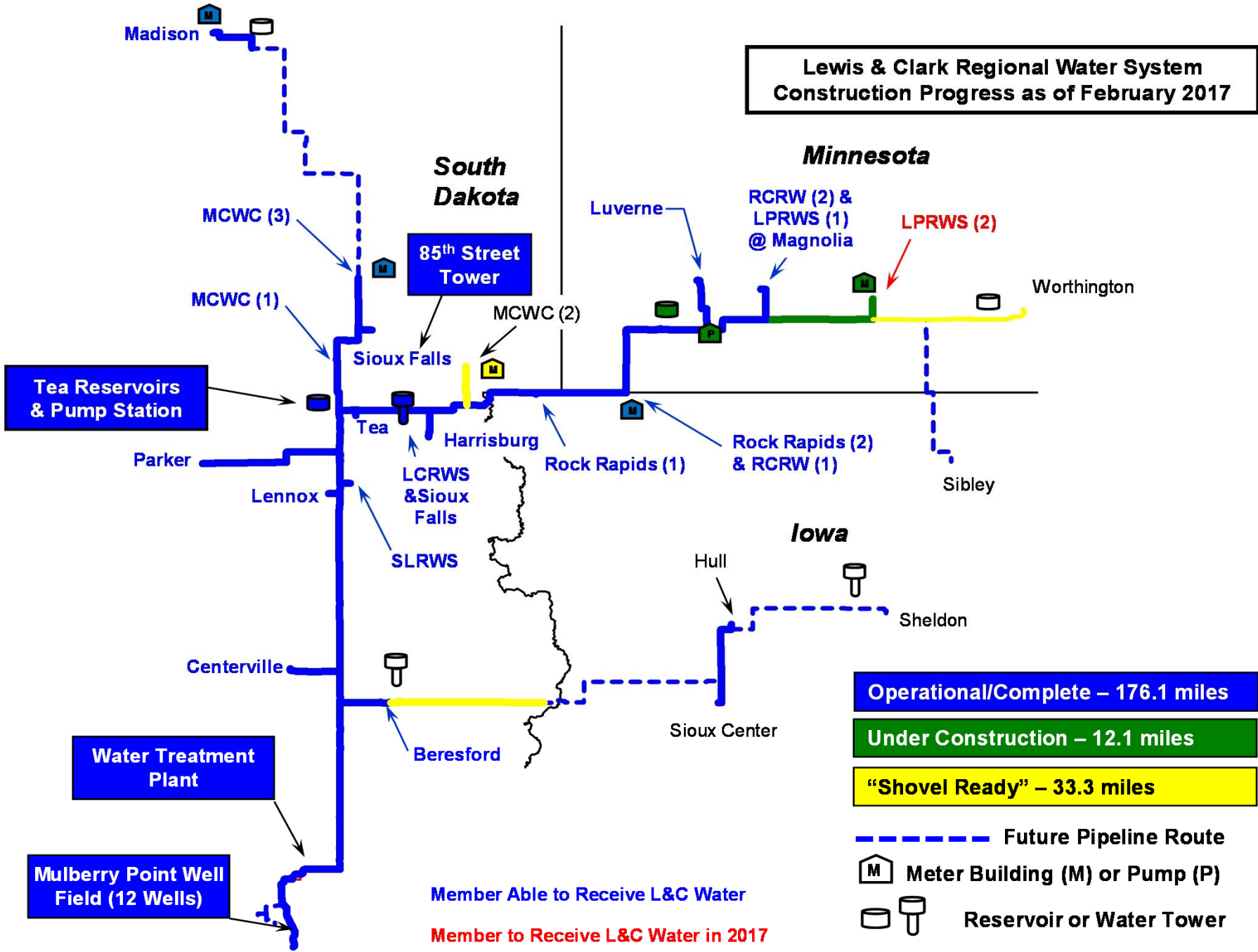
Project Background

- ◆ 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 completion will be 45 million gallons a day (MGD) with future expansion to 60 MGD

Construction Status

- ◆ **System is currently 67% complete and expects to reach 72% complete by the end of 2017**
- ◆ Treatment plant began operating on July 30, 2012
- ◆ 13 of the 20 members are receiving water
- ◆ Temporary connections are providing water to Hull, IA and Madison, SD
- ◆ Construction is ongoing to connect the remaining seven members
- ◆ Lincoln Pipestone RWS expected to be connected by the end of 2017 and Worthington by the end of 2018
- ◆ **Price tag as of September 2016 is \$584.6M**

**Lewis & Clark Regional Water System
Construction Progress as of February 2017**



Funding Status

- ◆ Generally speaking 80% federal funding, 10% from the three states & 10% from the 20 local members
- ◆ All funding is in the form of grants
- ◆ **Three states and 20 members pre-paid a combined \$154.1M** – includes 100% of the non-federal cost share and the members paid 100% of the incremental cost to upsize the System from the authorized 23.5 MGD to the current 45 MGD
- ◆ Schedule to connect remaining seven members is entirely dependent upon federal funding
- ◆ **Delays have forced the unconnected members to spend an additional \$16.7M** in unplanned infrastructure improvements to date

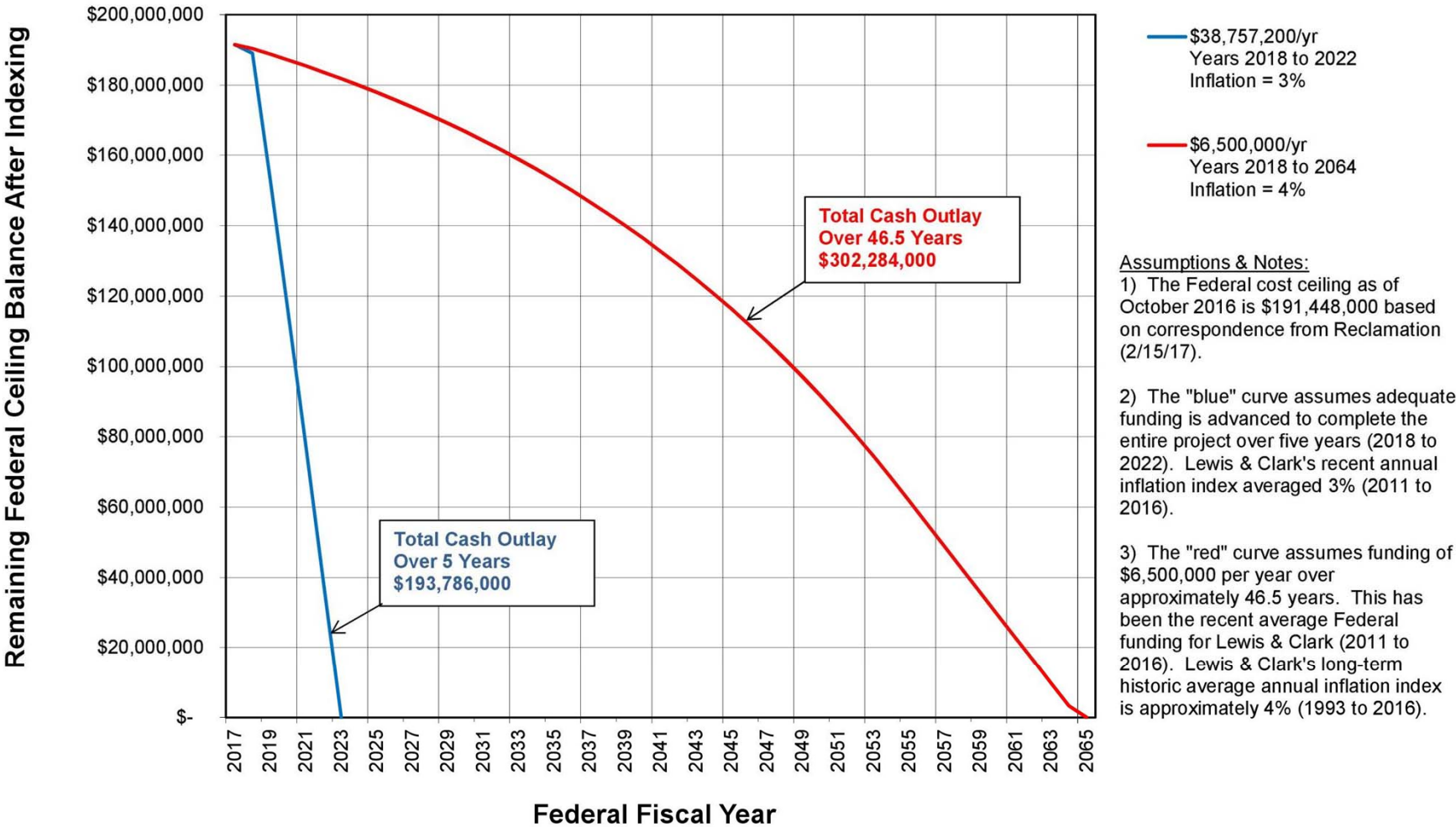
Federal Funding

•	\$1.6M	FY01	
•	\$2M	FY02	
•	\$7M	FY03	
•	\$17M	FY04	
•	\$18.7M	FY05	
•	\$17.5M	FY06	
•	\$21M	FY07	
•	\$26.57M	FY08	
•	\$27M	FY09	(plus \$56.5M in stimulus funding)
•	\$10M	FY10	(plus \$3M in stimulus funding)
•	\$2M	FY11	
•	\$5.5M	FY12	
•	\$4.5M	FY13	
•	\$8.35M	FY14	
•	\$9M	FY15	
•	\$9.54M	FY16	

Federal Funding

- ◆ Remaining federal cost share is \$191.5M as of Sept. 2016 – by comparison it was \$194.3M in Sept. 2010
- ◆ **Remaining federal cost share only decreased \$2.8M during a six year period even though \$38.9M was appropriated during that time,** demonstrating how recent federal funding is barely keeping pace with inflation
- ◆ The longer it takes to complete construction the more expensive it becomes due to inflation and the longer it takes to realize the economic benefits, so it is a double-whammy for the taxpayers

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



March 2017

Economic Development

- ◆ 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, but cannot expand without more water
- ◆ Dairy located in Lincoln County, SD because of members' access to L&C water
- ◆ Pork processing plant in Worthington cannot expand without more water
- ◆ Shrimp "harbor" proposed for Luverne because of access to L&C water

Earmark Ban

- ◆ 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 to date they have not made L&C a priority
- ◆ When money is tight, you focus on your priorities – what is more basic than drinking water?
- ◆ **If L&C received \$6.5M a year (average from FY11 – FY16), the project would not be completed until 2064 assuming 4% inflation**

State Advances

- ◆ Due to the slow pace of federal funding, officials turned to the states for “federal funding advances”
- ◆ These are zero interest unsecured loans to be paid back with future federal funding at some point in time when the 20 members are connected
- ◆ Advances approved through FY18 include: \$44.5M from MN, \$8.7M from SD and \$2.25M from IA with another \$4.75M “programmed” for FY19
- ◆ States’ willingness to provide advances above and beyond their cost share shows how important L&C is to the quality of life and economic development of the region

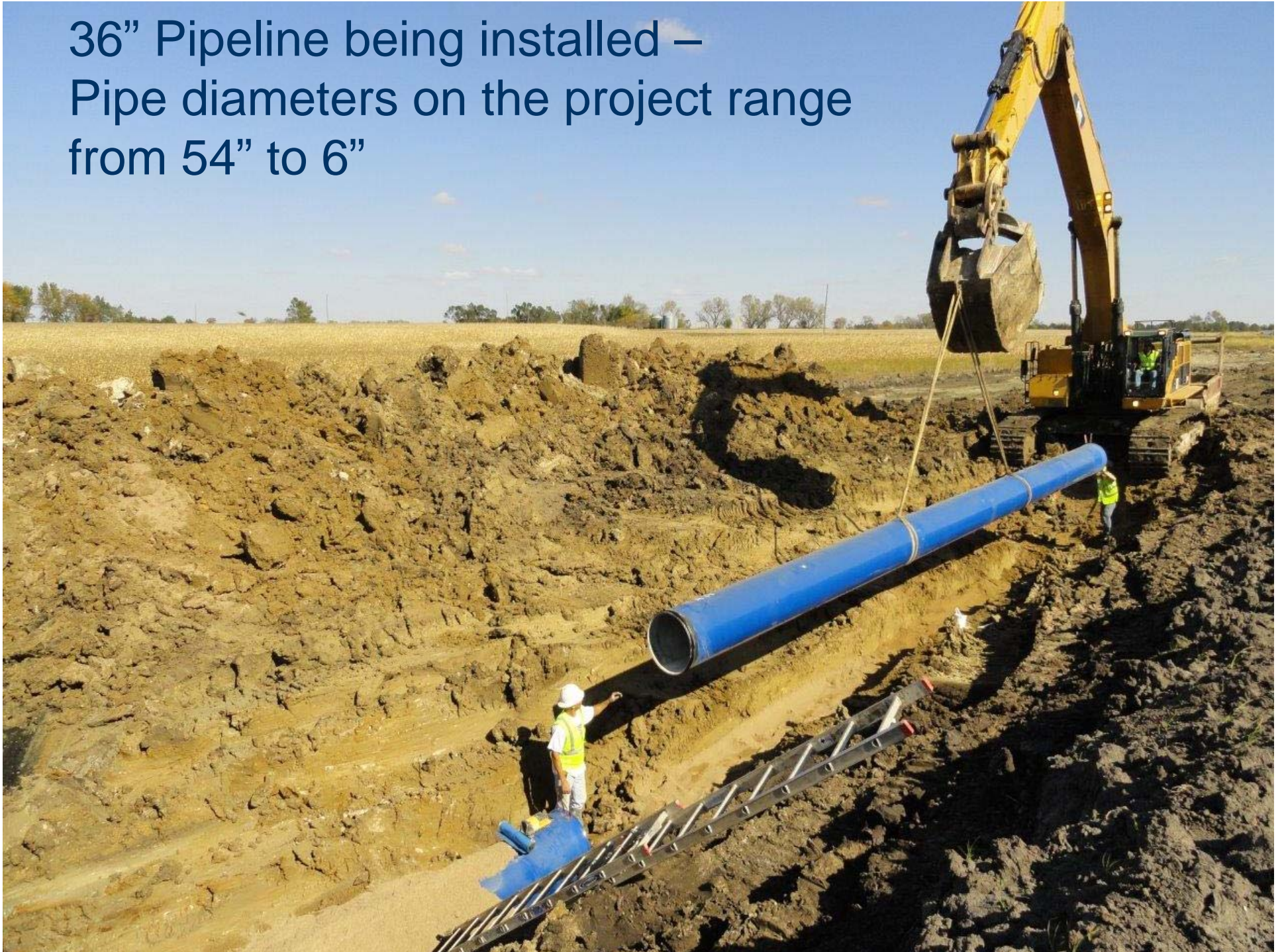
54" Main Trunk Line: Between the Missouri River and Sioux Falls



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)



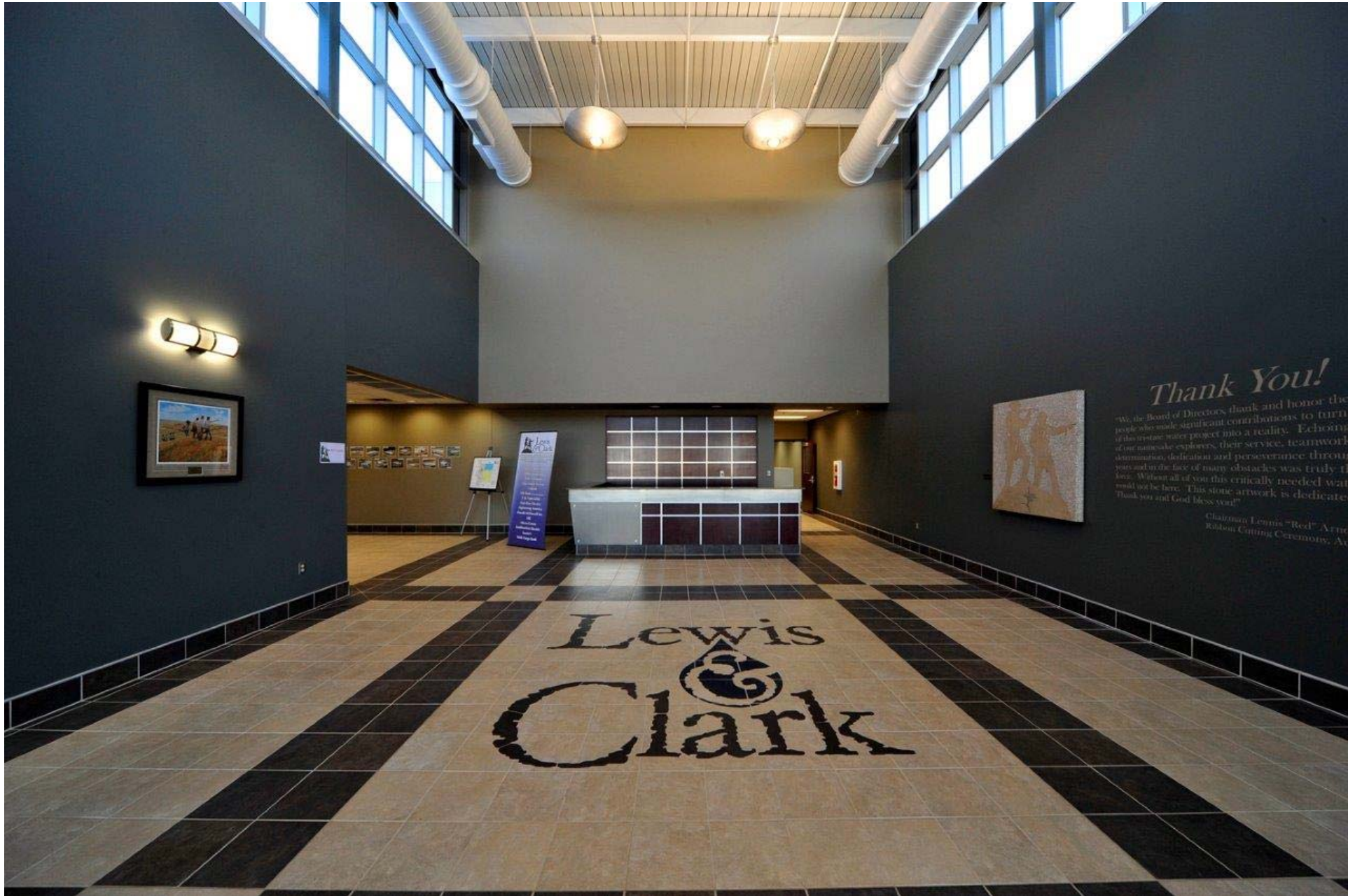
In FY16 L&C delivered 5.34 billion gallons
for a daily average of 14.58 million gallons



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



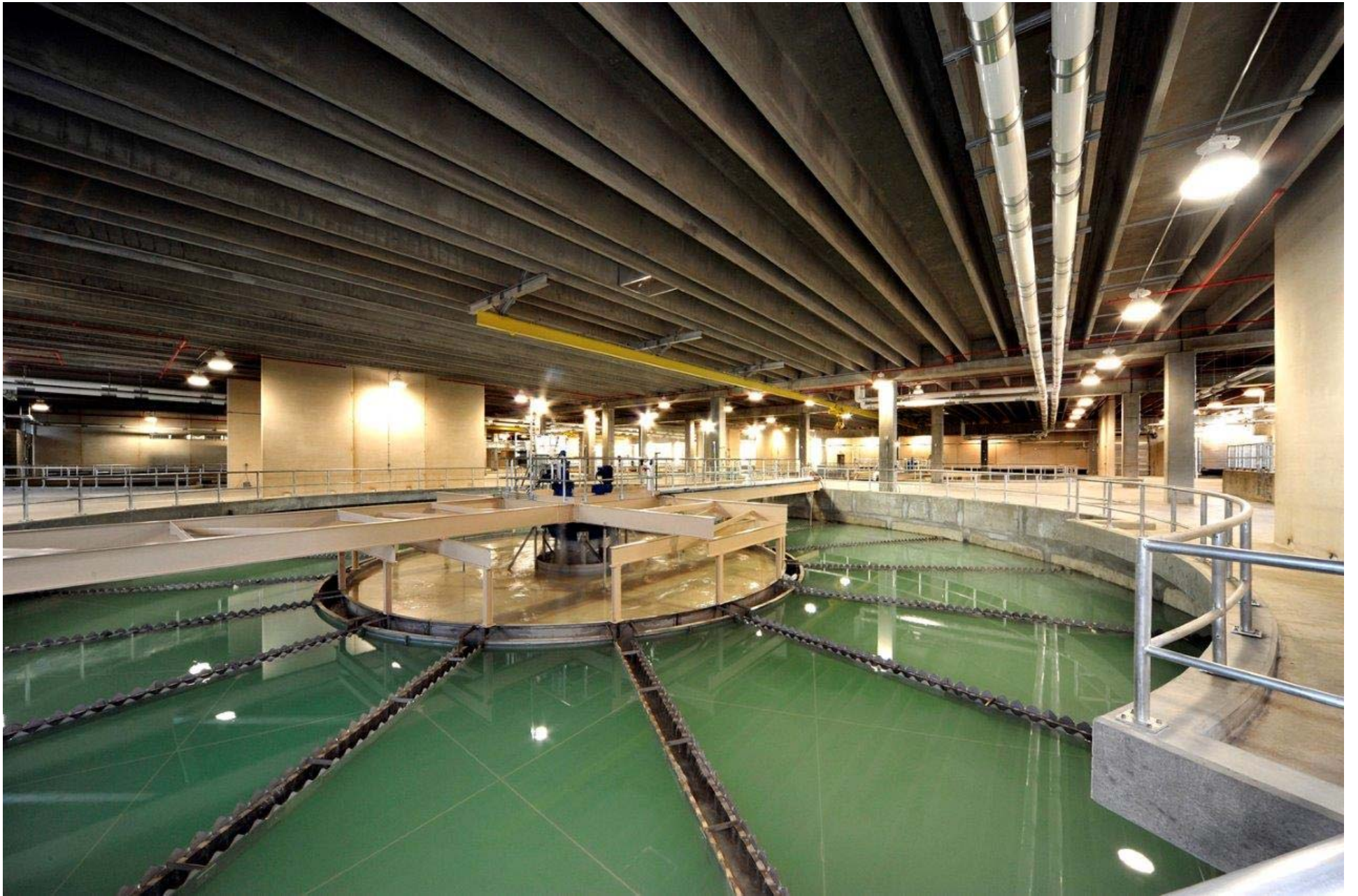




Thank You!

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

Chairman Dennis "Red" Arnt
Ribbon Cutting Ceremony, Aug 2011











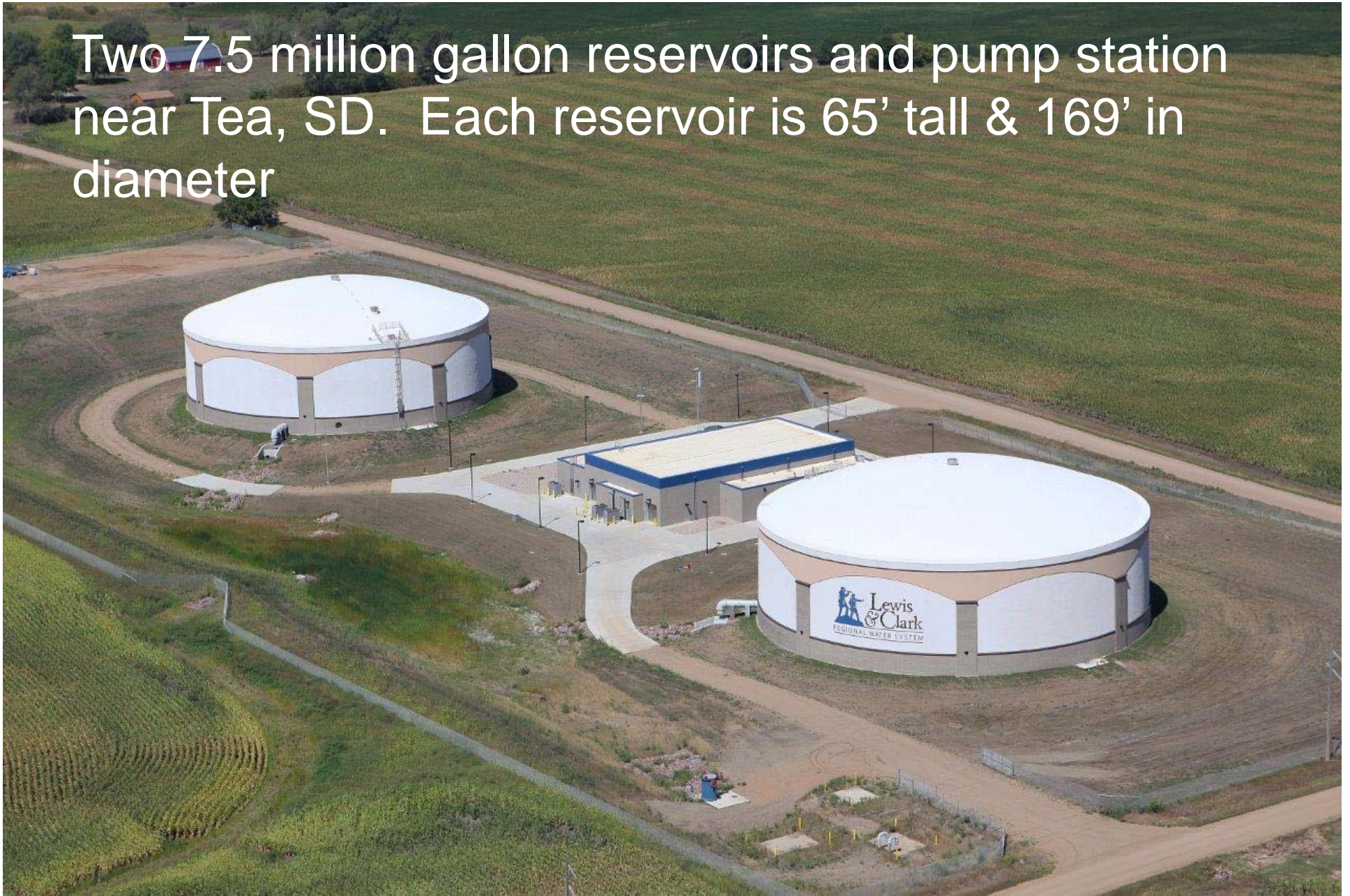


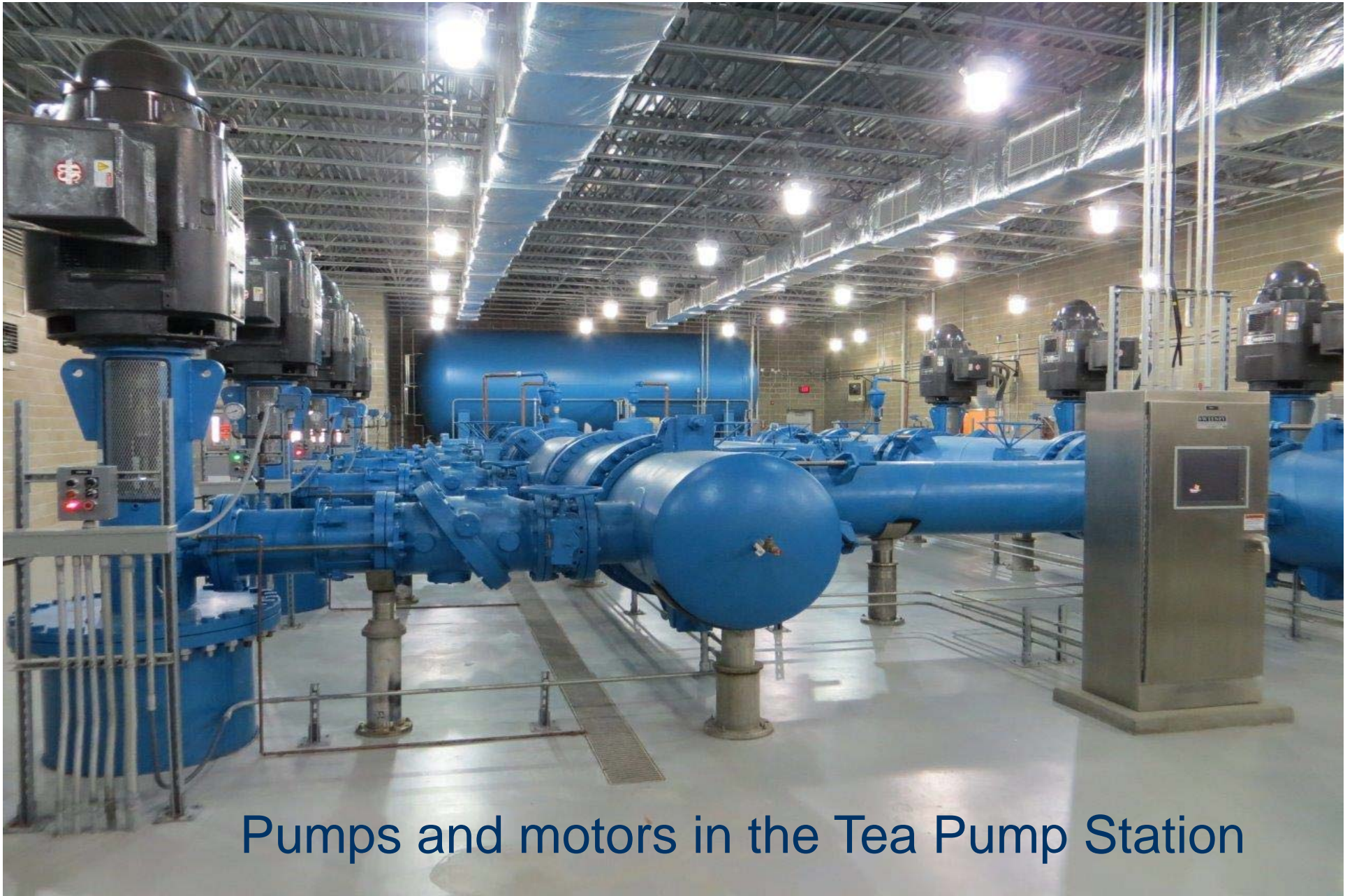






Two 7.5 million gallon reservoirs and pump station near Tea, SD. Each reservoir is 65' tall & 169' in diameter





Pumps and motors in the Tea Pump Station

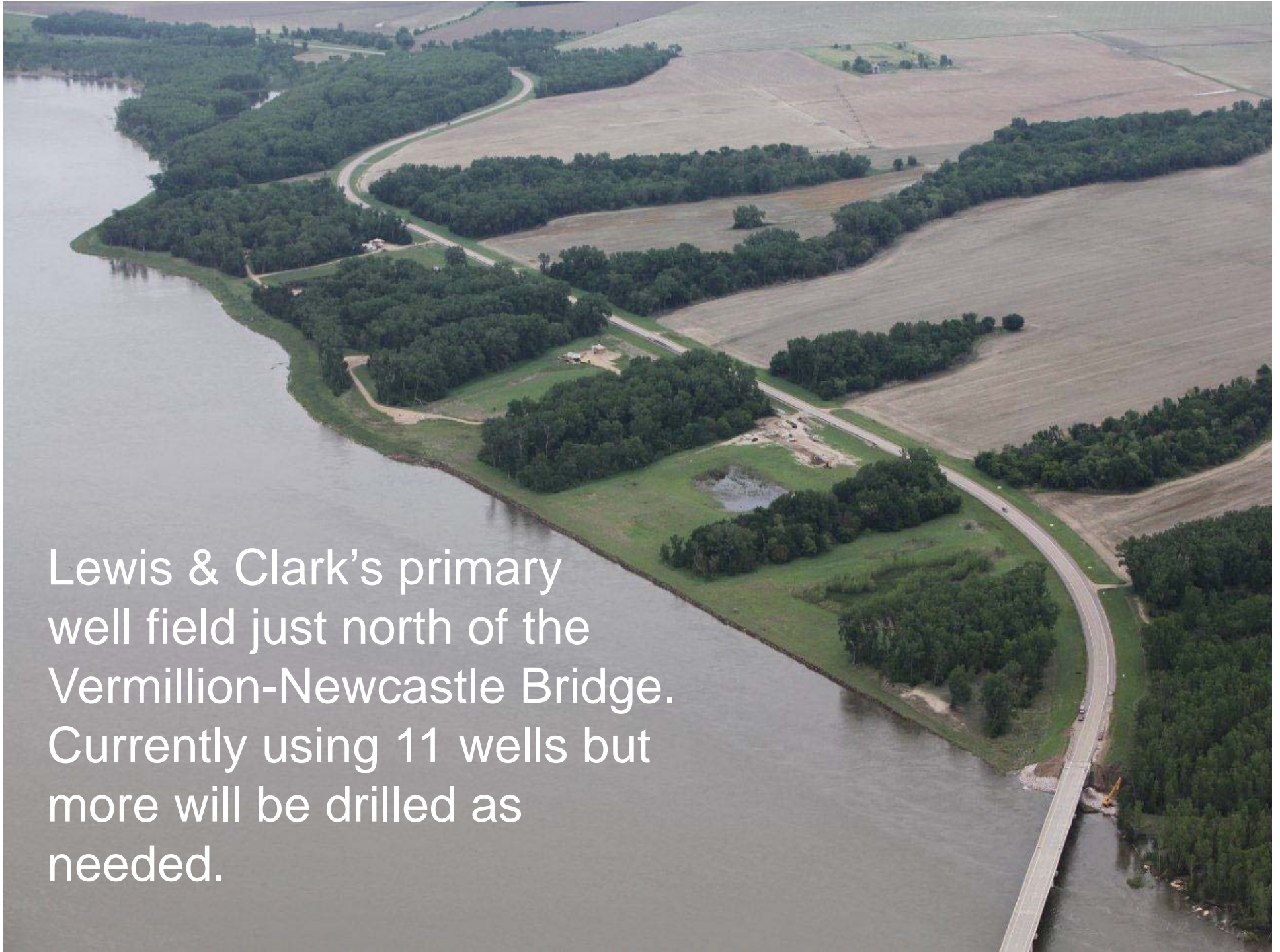


3 million gallon composite water tower along 85th St. in southern Sioux Falls.

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





Lewis & Clark's primary well field just north of the Vermillion-Newcastle Bridge. Currently using 11 wells but more will be drilled as needed.



Angle well being drilled

Angle well being equipped





Well house with back up generator