



Gillette
Regional
Water
Supply
Project

Investing In Our Future

May 25, 2011 NE Wyoming Basin Advisory Group Mtg.

- Mike Cole, PE, Utility Project Manager, City of Gillette
- Kevin King, PE, Public Works Director, Campbell County
- Mike Kaczmarek, PG, Chief Geologist, Morrison Maierle, Inc.

Statement from Mayor Tom Murphy



“The Gillette Regional Water Supply Project is essential for quality of life and economic development to the residents of Gillette and Campbell County. The State of Wyoming will gain financial prosperity and our nation will retain and grow a vital energy sector.”

“The Gillette Regional Water Supply Project is a wise investment in our future.”

Project Description

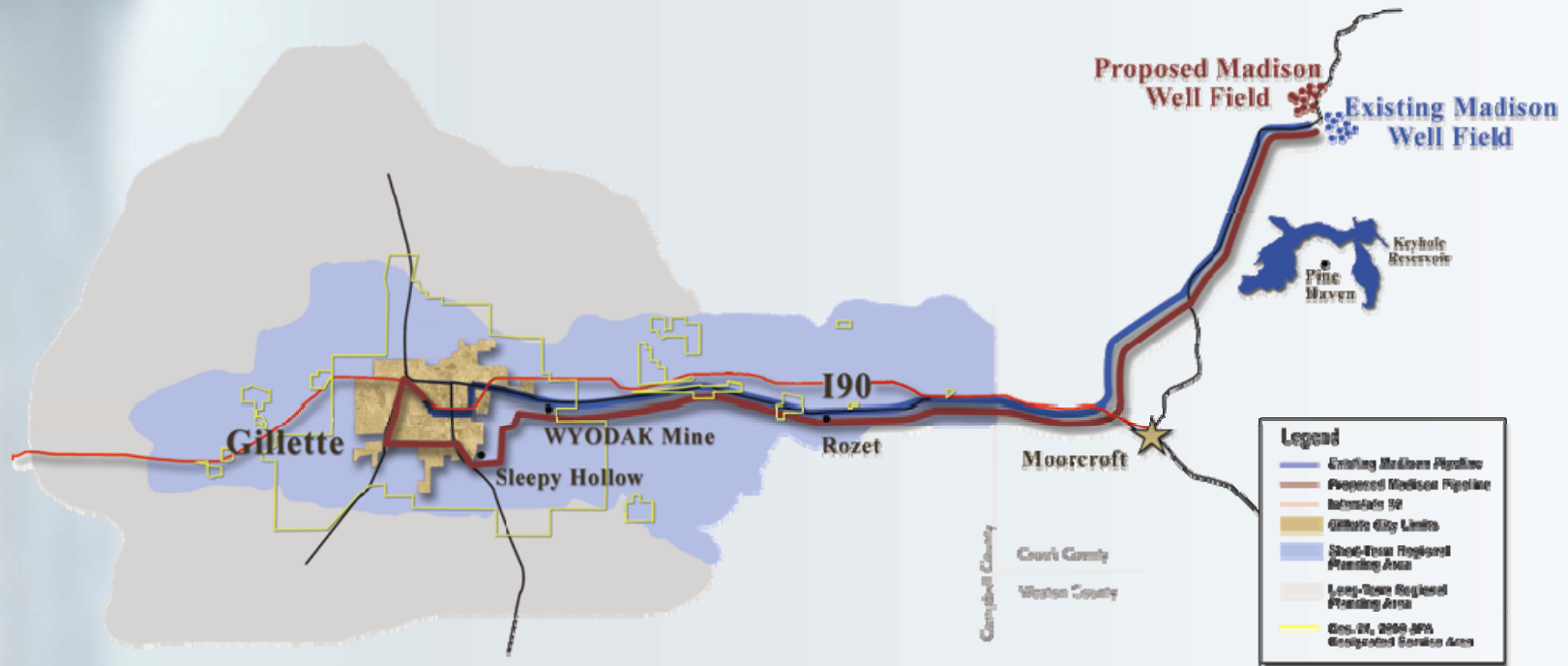
Supply System

Drill additional wells in the Madison well field and build a second 50-mile dual supply line from the Madison well field to Gillette

- Provide clean and safe water
- Serve urban and rural citizens
- Remediation of water supply and safety issues
- Reliable and redundant water supply for the next 30 plus years
- \$225 million total cost estimate

Gillette Regional Water Supply Project

\$225 million total estimated cost



Benefits of Project

- Provides long term, sustainable water supply
- Provides redundant supply
- Meets planned 2040 needs and capable of expanding as growth requires
 - Design population for the Gillette regional area: 57,562
 - City of Gillette: 45,550
 - Rural service area: 12,012

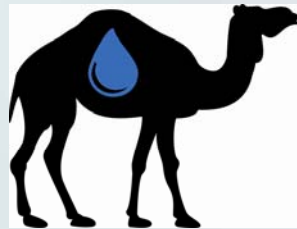
Project Milestones

2003: Rapid growth and peak demand stressed Gillette's water system

2005: Peak water demands set all time high exceeding system peak day demands

- 15.3 MGD

2006-Present: Water Conservation Plan initiated, asking Gillette Residents to "Conserve Like a Camel"



Project Milestones

2007 : Study conducted to identify alternative source of water. The City looked at the following water sources:

- Methane Wells
- Southern Well Field
- Treat Wastewater effluent for drinking water
- Drill additional in-town wells
- Drill additional Madison Wells & Build 2nd Pipeline
- Lake DeSmet
- Keyhole Reservoir

2008: Conduct a regionalization study assessing the potential for the water project to service a larger area

Project Milestones

2009: State of Wyoming funded initial project right-of-way acquisition and design

- Completed Master Plan and outline for developing a Joint Powers Agreement (JPA)to serve a larger regional community

2010: Received funding from the State to continue project design and test well construction

- City completed conceptual pipeline designs and budget level cost estimates to provide the “backbone” for a larger regional water system
- City and County sign JPA



Project Milestones

2011: With members from Campbell County's Legislative Delegation present, Governor Mead signs 2011 Enrolled Senate Act 36.



2011: By an overwhelming 84% majority, Campbell County Voters approve a \$110 million, 1% Specific Purpose Excise Tax (Cap Tax) to fund the following components:

- 33% of the cost of the new well field and transmission facilities (Cap Tax = \$75 million)
- 33% of the regional water extensions to serve 40+ rural water districts in the Gillette Area (Cap Tax = \$20 million)
- Wright Water System Improvements (Cap Tax = \$15 million)

Future Milestones

2014: City to receive final funding from State of Wyoming in accordance with the 2011 Enrolled Senate Act 36.

Date	Grant (67%)	Loan (33%)	Total (100%)	Cumulative	Budget Year
01-Sep-09	\$11,222,500.00	\$5,527,500.00	\$16,750,000.00	\$16,750,000.00	FY 09-10
01-Aug-10	16,415,000.00	8,085,000.00	24,500,000.00	41,250,000.00	FY 10-11
01-Jul-11	32,362,500.00	15,939,738.81	48,302,238.81	89,552,238.81	FY 11-12
01-Jul-12	30,000,000.00	14,776,119.40	44,776,119.40	134,328,358.21	FY 12-13
01-Jul-13	30,000,000.00	14,776,119.40	44,776,119.40	179,104,477.61	FY 13-14
01-Jul-14	25,792,000.00	12,703,522.39	38,495,522.39	217,600,000.00	FY 14-15

2016: Work on the Madison Pipeline is completed and water is delivered to customers.

2017: City to receive final funding from WWDC for Regional Extensions.

2018: Work on the Regional Extensions is completed and water is delivered to rural water districts.

Future Project Schedule

New Madison Wells & Transmission System

Line No.	Target Bid Date	Construction Contract No.	Contract Description	Estimated Amount	Cumulative Amount	Budget Year
1	01-Nov-09	Various	Engineering Design, Permitting, ROW	10,750,000.00	10,750,000.00	FY 09-10
2	01-Dec-10	WYDOT-1	WYDOT Hwy. 50 Waterline (Lakeway to Westover) Dec. 2010	1,917,480.00	12,667,480.00	FY 10-11
3	01-May-11	B&M-1	Contract No. 1 (Two Madison Test Wells) ASAP	6,000,000.00	18,667,480.00	FY 10-11
4	01-Sep-11	ELEC-1	Donkey Creek PS Electrical Service (Pre-Corp) 2011	1,000,000.00	19,667,480.00	FY 11-12
5	01-Nov-11	B&M-3	Contract No. 3 (In-Town Pipeline) Fall 2011	14,042,520.00	33,710,000.00	FY 11-12
6	01-Nov-11	B&M-4a	Contract No. 4 (Transmission Pipeline from WyoDak to Southern Dr. Tank) Fall 2011	16,720,000.00	50,430,000.00	FY 11-12
7	01-Nov-11	B&M-6	Contract No. 6 (Pine Ridge Tank) Fall 2011	1,160,000.00	51,590,000.00	FY 11-12
8	01-Nov-11	B&M-7	Sodium Hypochlorite Disinfection Facility, Fall 2011	5,610,000.00	57,200,000.00	FY 11-12
9	01-Nov-11	ELEC-2	Donkey Creek PS Substation (City Electrical) 2011/12	1,000,000.00	58,200,000.00	FY 11-12
10	01-Feb-12	B&M-2a	Contract No. 2 (Three additional Madison Wells) February 2012	8,540,000.00	66,740,000.00	FY 11-12
11	01-Feb-12	ELEC-4	Pine Ridge & Well Field Power Distribution (City Electrical) 2011/12	2,500,000.00	69,240,000.00	FY 11-12

Future Project Schedule

New Madison Wells & Transmission System

Line No.	Target Bid Date	Construction Contract No.	Contract Description	Estimated Amount	Cumulative Amount	Budget Year
12	01-May-12	B&M-2b	Well Field Pipeline, Pumps, Bldgs. and Equipment, Spring 2012	19,620,000.00	88,860,000.00	FY 11-12
13	01-Jul-12	ELEC-3	Madison PS Substation (City Electrical) 2011/12	1,000,000.00	89,860,000.00	FY 12-13
14	01-Jul-12	ELEC-5	SCADA and Telemetry	1,390,000.00	91,250,000.00	FY 12-13
15	01-Sep-12	B&M-4b	Pine Ridge Cl2 Contact Piping and 8-inch Distribution	4,200,000.00	95,450,000.00	FY 12-13
16	01-Sep-12	B&M-8	18-inch extension (PS1 to WyoDak Blend Point)	6,380,000.00	101,830,000.00	FY 12-13
17	01-Sep-12	B&M-4c	Transmission Pipeline from Donkey Creek PS to WYODAK	20,830,000.00	122,660,000.00	FY 12-13
18	01-Sep-12	B&M-5	Donkey Creek Pump Station	8,160,000.00	130,820,000.00	FY 12-13
19	01-Sep-13	B&M-4d	Transmission Pipeline from Hwy. 51/"D" Road to Donkey Creek PS	35,140,000.00	165,960,000.00	FY 13-14
20	01-Sep-14	B&M-4e	Transmission Pipeline from Pine Ridge to Hwy. 51/"D" Road	34,150,000.00	200,110,000.00	FY 14-15
21	01-Sep-14	TANKS-1	In-Town Treated Water Storage Reservoirs (as needed)	6,650,000.00	206,760,000.00	FY 14-15
22	01-Sep-15	INFLATION	Contingency and Inflation Allowance	10,840,000.00	217,600,000.00	FY 15-16

Joint Powers Agreement

- The City of Gillette will own, operate and maintain all water supply & transmission facilities up to the master meter for each water district, including water system extensions from the transmission main to each district.
- The JPA identifies a “Designated Service Area” (DSA)
 - Existing Systems within the DSA may request connection and will be served upon execution of a Water Service Agreement
 - Potential wholesale customers outside the DSA may request connection through petition to the Regional Water Panel
 - The DSA includes existing Water Systems as of December 21, 2010 and the City’s growth planning area
 - All new subdivisions and developments will be required to connect to the regional water system

Joint Powers Agreement

- A “Joint Powers Board” will **not** be established
- A “Regional Water Panel” is proposed
 - 3 members appointed by the Campbell Co. Commissioners
 - 3 members appointed by the Gillette City Council
 - 1 at large member from the WWDC or their appointee
 - None of the panel members shall be serving on the governing bodies of the City/County upon appointment
- The Panel will provide the following roles:
 - Review water supply financing strategies, annual O&M budgets and annual capital budgets
 - Approve or reject “wholesale” rates and charges proposed by the City prior to adoption by the City Council
 - Provide recommendations to the City and the County regarding expansion of the DSA boundary for future wholesale customers
 - Assist with the dispute resolution process if rates are protested

Joint Powers Agreement

The JPA also addresses the following:

- Types and Levels of Service
- Water Service Agreements
- Financing and Budget
- Wholesale Rate Calculations
(AWWA M-1 Manual)

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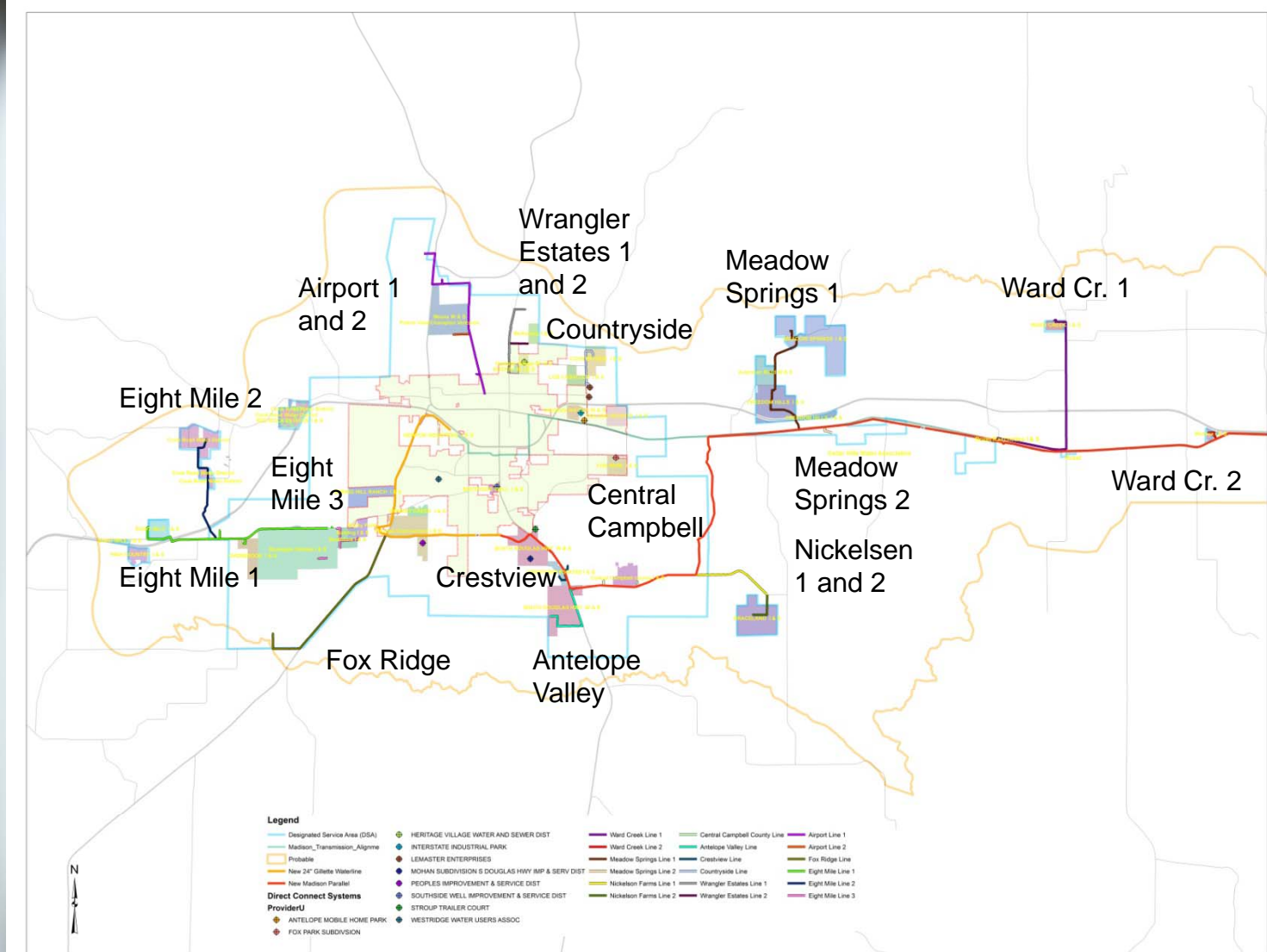
Regional Extensions

Construct regional connection pipelines from the Madison transmission line to Rural Water Districts.

- Sixteen (16) regional connection pipelines serving twenty nine (29) Districts/Associations
- Ten (10) direct connections serving ten (10) Districts/Associations.
- Approximately 3300 TAPS will be initially served by the project when fully built
- \$60 million total cost estimate

District Extensions

\$60 million total estimated cost



District Benefits of Project

- \$20 million will be available as a 33% match for the \$60 million project to extend regional water pipelines to Rural Water Districts.
- Potentially, the cost to bring water to the master meter of each District could be \$0
- directly serve 8,000 (+/-) residents residing in water districts within the DSA, located outside the City of Gillette

Cost of District Extensions

Line	Serves	Cost*
Ward Creek 1	Rozet Ranch., Ward Creek, Rozet	\$8 million
Ward Creek 2	Wessex	\$0.8 million
Meadow Springs 1	Freed. Hills, Amer. Rd, Mead. Spr., Cedar Hills	\$5.6 million
Nickelsen 1&2	Graceland (Rodeo Flats)	\$3.6 million
Central Campbell	Central Campbell (Sleepy Hollow)	\$1.1 million
Antelope Valley	Ant. Valley Bus. Park/Antelope Valley	\$4.1 million
Crestview	Crestview	\$1.5 million
Countryside	Countryside	\$1.6 million
Wrangler Est. 1	Wrangler Estates	\$2.5 million
Wrangler Est. 2	Buckskin Meadows	\$1.8 million
Airport 1	Lakeview, Hoy, Section 4, Airport	\$6.7 million

Cost of District Extensions

Line	Serves	Cost*
Airport 2	Means Water	\$0.7 million
Fox Ridge 1	Fox Ridge	\$5.5 million
Eight Mile 1	Rafter D, Overbrook, Bennor, Eight Mile	\$8.8 million
Eight Mile 2	Cook Road	\$3.6 million
Eight Mile 3	Stonegate, South Fork, Force Road JPB	\$1.7 million
Direct Connect	Lemaster, Antelope MHP, Peoples, Stroup MHP, Mohan, Southside Well, Interstate Industrial, Westridge, Fox Park, Heritage Village	\$2.2 million

- Total District Extension Cost = \$60 million.
- Distribution costs downstream of master meter are not included.

Project Cost and Funding

	City of Gillette Madison Wells & Transmission	District Extensions	Town of Wright
Total Project Cost	\$225 million	\$60 million	\$15 million
Grant Funded	\$150 million	\$40 million	-
Match Funded*	\$75 million	\$20 million	\$15 million

- Total Gillette Regional Water Supply Project Budget = \$225M + \$60M = \$285M
- \$110 million 1% Excise Tax will be used to pay for the 33% match (\$95M)
- \$15M for Town of Wright Water System Improvements

Next Steps

In terms of Regional Water Extensions:

- Districts will be surveyed by the City and County in early June to get an indication of their desire and/or need to hook on to Regional Water
- City and County will prioritize the planning and funding requests for regional extensions based on the survey.

It's a Wise Investment

- The State of Wyoming has funded the Gillette Regional Water Project for the following reasons:
 - Gillette and the surrounding area needed an efficient and effective water supply to meet existing and future water demands.
 - Funding a large regional system is more cost-effective than funding an expanded system for Gillette and several small systems for Districts.
 - Water levels in the Fort Union aquifer are dropping. Current discharges are exceeding the recharge. We need to manage this resource more effectively.

It's a Wise Investment

For these reasons:

- The WWDC has suggested that new subdivisions and other new developments in the Designated Service Area (DSA) be required to connect to the regional system.

It's a Wise Investment

- Continuation of State funding is necessary for Gillette to commence construction for the project.
- Delays to construction bidding will increase project costs and continue to place Gillette in a water deficit situation that could result in a moratorium on new development and growth.
- Any moratorium on new development and growth will have a negative effect on State and Local revenues.
- ***Continued financial support for this project from the State of Wyoming will ensure basic water service will be available to meet Gillette's anticipated growth and sustain Wyoming's dominance as a national energy provider. . . .it's a wise investment!***

Questions?

Please contact:

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- Kevin King, PE, County Public Works Director
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Next Presenter:

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