



Gillette
Regional
Water
Supply
Project

Investing In Our Future



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

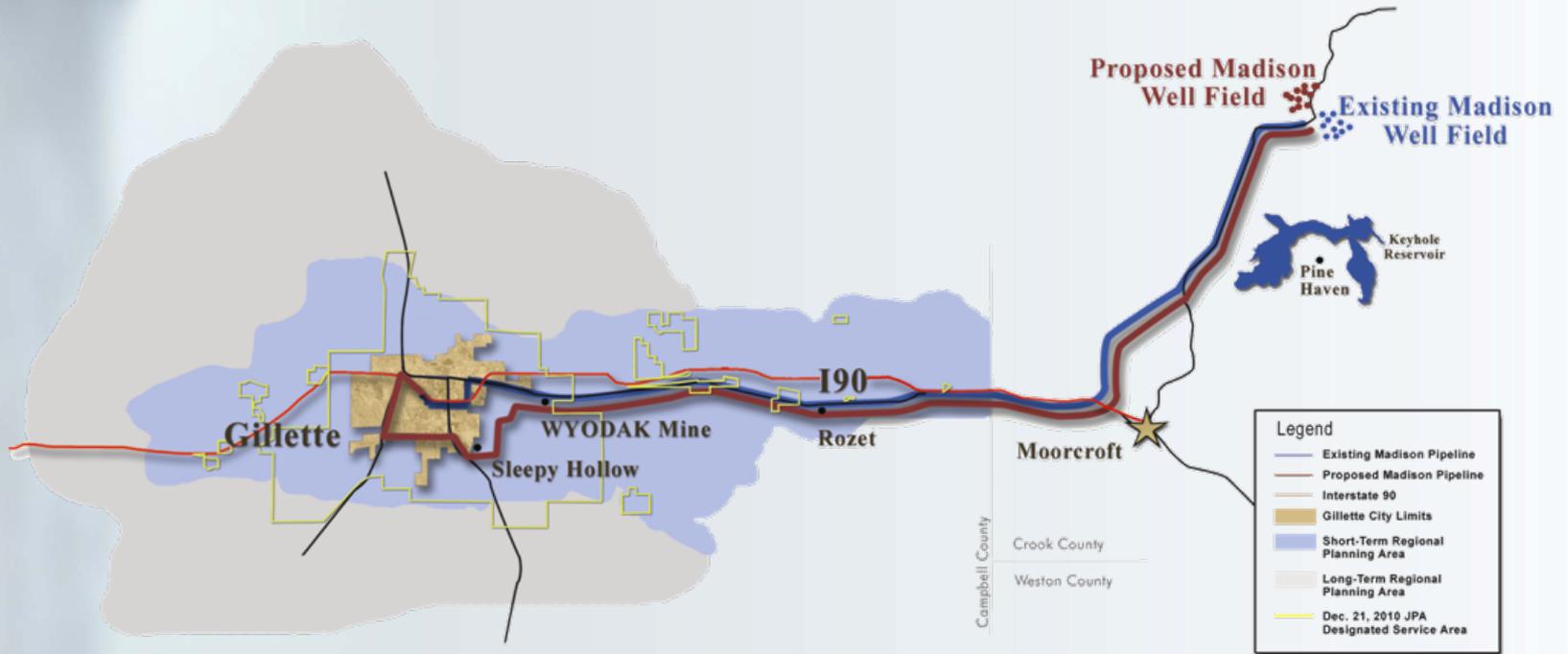
Supply System

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



Project Description

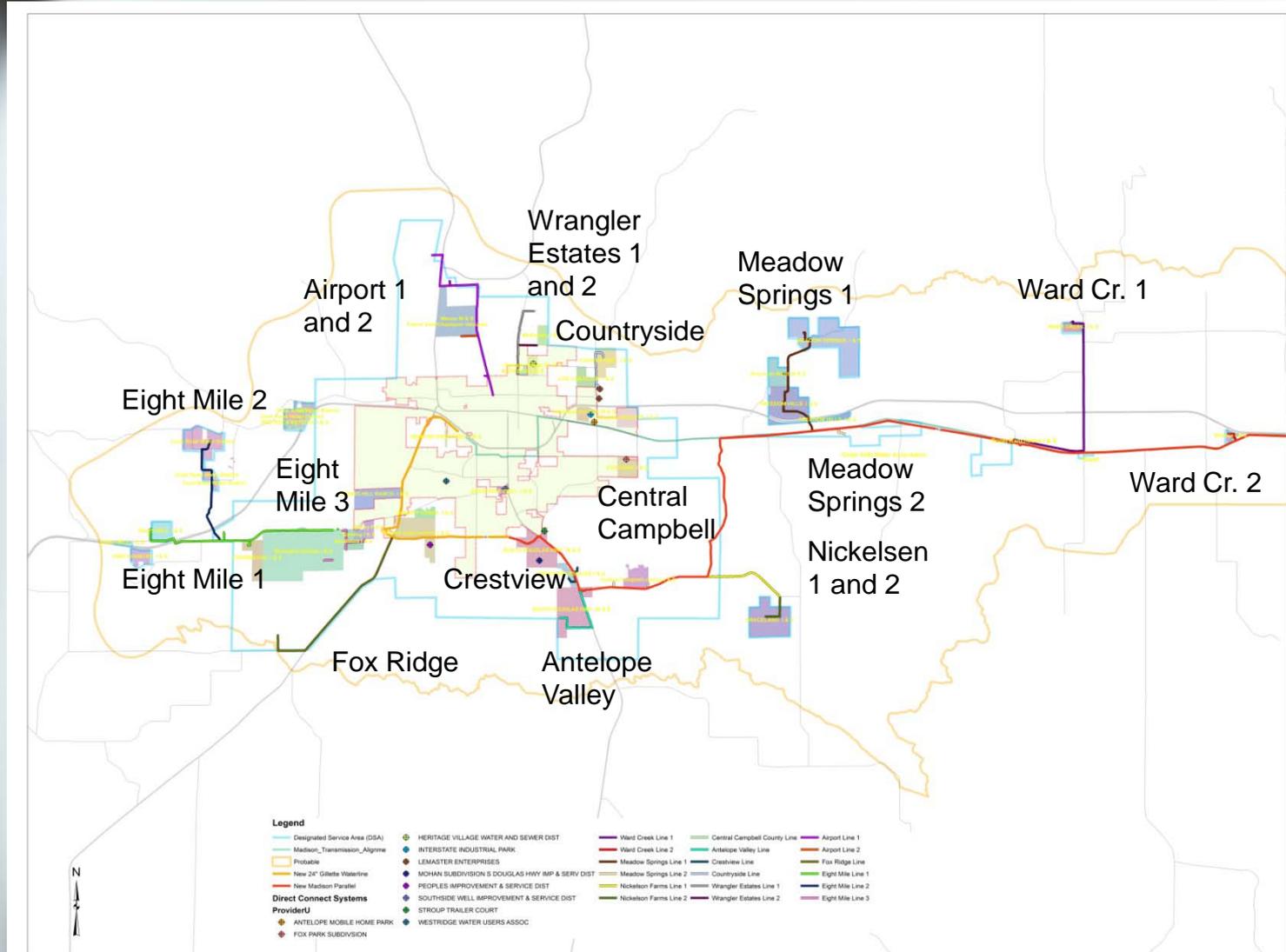
Regional Extensions

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



Impact to Residents

The Gillette Regional Water Supply Project, when fully built with regional extensions and direct connections, will:

- directly serve about 82% (~38,000) of the 46,000 people living in Campbell County.

The 1% Excise (Capital Facilities) Tax, if approved by the County voters, will:

- directly benefit about 88% (~40,500) of the 46,000 residents when you include water projects for Wright and the surrounding area.

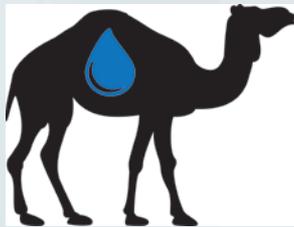
Project Milestones

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 the Gillette Madison Water Project Bill



2014: City receives final funding from State of Wyoming.

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

Local Cost Share Funding Options

- 1% Excise (Capital Facilities) Tax
 - Requires approval by the voters of Campbell County on May 3
 - Tax would end in 4 years if current sales tax collections continue.
 - Would commence on October 1, 2011 and would be removed at the end of the nearest quarter after tax is collected. (i.e. 12-21, 3-31, 6-30, 9-30)

Local Cost Share Funding Options

- Loans or other funding sources
 - If the 1% Excise Tax fails, the City, Town of Wright and Rural Water Districts will have to seek loans and other funding to pay the 33% match.

Project Cost and Funding

	City of Gillette	Rural Water Districts	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
If 1% Excise Tax PASSES **	\$30/month for 4 years	\$30/month for 4 years	\$30/month for 4 years
If 1% Excise Tax FAILS	\$50/month for 30 years	\$30/month*** for 30 years	\$70/month for 30 years

* \$110 million 1% Excise Tax proposed to pay for match. By statute, the tax must sunset once \$110 million is raised (estimated to be 4 years).

** Estimated increase in monthly household costs due to 1% sales tax. Would require a household to spend \$3000 per month on taxable items.

*** Ranges from \$4 to \$347 per month depending on District. Average is \$30 per month per tap for 3300 taps based on 4% loan over 30 years.

Sales Tax Distribution in Campbell County



Sales Tax in Surrounding Communities

- Casper/Natrona County – 5%
- Cheyenne/Laramie County – 6%
- Sheridan/Sheridan County – 6%
- Rapid City/South Dakota – 7%
- Gillette/Campbell County – 5% now
- 6% with Excise (Cap) Tax

District Benefits of Project

- What the 1% Excise Tax means to Rural Water Districts:
 - If 1% Excise Tax passes, \$20 million will be available to pay back the match portion of 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
 - If the 1% Excise Tax fails, District citizens will have to pay the loans back, with monthly payments for each TAP estimated as follows:

Cost of District Extensions

Line	Serves	Cost*	30-year Loan**
Ward Creek 1	Rozet Ranch., Ward Creek, Rozet	\$8 million	\$120/mo
Ward Creek 2	Wessex	\$0.8 million	\$189/mo
Meadow Springs 1	Freed. Hills, Amer. Rd, Mead. Spr., Cedar Hills	\$5.6 million	\$35/mo
Nickelsen 1&2	Graceland (Rodeo Flats)	\$3.6 million	\$100/mo
Central Campbell	Central Campbell (Sleepy Hollow)	\$1.1 million	\$4/mo
Antelope Valley	Ant. Valley Bus. Park/Antelope Valley	\$4.1 million	\$19/mo
Crestview	Crestview	\$1.5 million	\$15/mo
Countryside	Countryside	\$1.6 million	\$16/mo
Wrangler Est. 1	Wrangler Estates	\$2.5 million	\$21/mo
Wrangler Est. 2	Buckskin Meadows	\$1.8 million	\$347/mo
Airport 1	Lakeview, Hoy, Section 4, Airport	\$6.7 million	\$82/mo

Cost of District Extensions

Line	Serves	Cost*	30-year Loan**
Airport 2	Means Water	\$0.7 million	\$10/mo
Fox Ridge 1	Fox Ridge	\$5.5 million	\$201/mo
Eight Mile 1	Rafter D, Overbrook, Bennor, Eight Mile	\$8.8 million	\$124/mo
Eight Mile 2	Cook Road	\$3.6 million	\$82/mo
Eight Mile 3	Stonegate, South Fork, Force Road JPB	\$1.7 million	\$15/mo
Direct Connect	Lemaster, Antelope MHP, Peoples, Stroup MHP, Mohan, Southside Well, Interstate Industrial, Westridge, Fox Park, Heritage Village	\$2.2 million	\$4/mo

*Cost shown is total cost (total system = \$60 million). The 30-year loan portion is 33% of this total (\$20 million).

** Based on 4% WWDC loan with a 30-year term. Distribution costs downstream of master meter are not included.

Wright Benefits of Project

- What the Capital Facilities Tax means to Wright:
 - If the tax doesn't pass, Town of Wright water customers will pay an extra \$70/month for 30 years to fund the \$15 million in improvements.
 - If the tax passes, Town of Wright water customers will pay an extra \$30/month in additional sales tax for approximately four years.

Gillette Benefits of Project

- For Gillette
 - 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

Could the 1% Optional Sales Tax be used instead?

- Optional 1% Sales Tax survey was the basis for determining the priorities for the City, County and Wright.
- Use of the Optional 1% Tax for the Gillette Regional Water Supply Project will substantially reduce available dollars for Street, Water, Wastewater, Electric, Park, landfill, road and other important prioritized infrastructure improvements.

What Happens Next?

In terms of Regional Water Extensions:

- 1% Excise Tax vote on May 3, 2011
- Districts will be surveyed by the City and County after the vote in May 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.

What Happens Next?

In terms of Regional Water Extensions:

- Districts with highest priority will be asked to pass a resolution of support for the project.
- City will apply to the WWDC for Level III (67% grant) engineering and construction funds for extensions in August 2011.
- WWDC staff will review prioritized list and will recommend a phased funding plan to the WWDC.

What Happens Next?

In terms of Regional Water Extensions:

- WWDC Staff will also be looking at when water will be available (through the new regional system or from existing City system) for extensions when making funding recommendations.
- WWDC Commissioners provide a final recommendation to the Legislative Select Water Committee who in turn may sponsor the funding request through the Wyoming Legislature.

What Happens Next?

In terms of Regional Water Extensions:

- After July 1, 2012, if funding is approved, the WWDC will execute a contract (project funding agreement) with the City.
- Once the contract is in place, the City will hire the engineering firm(s) (in concurrence with the WWDC) to design the associated extensions.
- The schedule for securing the \$40 million grant will be phased based on available funding of the WWDC.

What Happens Next?

In terms of District internal distribution
Improvements downstream of master meter:

- Districts that need internal improvements to accommodate regional water can submit a Level II application to the WWDC prior to August 1, 2011.
- WWDC/City/County will assist Districts in the application process. WWDC will consider the priorities in scheduling Level II studies.

What Happens Next

District internal improvements

- If application is approved by WWDC, they will fund the Level II studies.
- If Level III funding is approved in the future, WWDC will only pay for the transmission line from the master meter to the tank, plus any storage upgrades.
- WWDC does not fund any internal distribution or meters. Water meters will be required for each tap location.

What Happens Next

District Internal improvements

- Districts will need to apply to SLIB or other sources for assistance with distribution and meters
- WWDC funding is generally a 67% grant and 33% match. Districts will be responsible for funding the 33% match portion of distribution upgrades. Costs for these upgrades will be identified in the Level II study.

Closing Thoughts:

- 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.

Closing Thoughts:

- Water levels in the Fort Union aquifer are dropping. Therefore, current discharges are exceeding the recharge. We need to manage this resource more effectively.

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.

Closing Thoughts:

- Those existing subdivisions and Districts in the DSA seeking state funding for improvements to their water supplies will need to convince the funding agencies that those proposed improvements are more effective than connecting to the regional system.

A close-up, slightly blurred photograph of a water faucet with water flowing out. The faucet is on the left side of the frame, and the water stream is vertical. The background is a light, neutral color.

Gillette Regional Water Supply Project

We Are All In This Together!

Questions?

