

Testimony of Troy Larson, Executive Director of the Lewis & Clark Regional Water System
Senate Energy and Natural Resources Committee
July 31, 2012

Mr. Chairman, Ranking Member and Members of the Committee:

My name is Troy Larson, Executive Director of the Lewis & Clark Regional Water System. On behalf of our Board of Directors, I voice strong support for the Authorized Rural Water Projects Completion Act. Lewis & Clark is a unique regional approach to address common problems of water quality and quantity in a more effective and cost-efficient way than each of its 20 member cities and rural water systems could do alone. The project will provide a desperately needed source of quality, reliable drinking water to an estimated 300,000 people in southeast South Dakota, northwest Iowa and southwest Minnesota.

Authorized and signed into law in 2000, the project is currently 65 percent complete. Just yesterday we marked huge milestone when we began producing treated water from our treatment plant, which is being delivered to 11 of our 20 members. Lewis & Clark is now an operational system, which is the good news. However, the bad news is the schedule to connect the remaining nine members is entirely dependent upon a federal funding stream that does not even cover inflation, let alone make any meaningful construction progress. Based on federal funding levels the last two years, the project will never be completed. Even if Lewis & Clark receives \$10 million a year, our engineers estimate the project would not be completed until 2050.

The three states and 20 local members have pre-paid over \$153 million, representing 99.7 percent of the non-federal cost share. Many members pre-paid millions a decade before expecting to receive water, showcasing the strong local support and importance of Lewis & Clark to the region. By contrast the remaining federal cost share last year was \$194.3 million, but has risen to \$200.6 million this year – an increase of \$6.3 million because federal funding is not keeping up with price increases caused by inflation.

To put the remaining federal cost share of \$200.6 million into perspective, when the project was authorized in 2000 the federal cost share was \$270.1 million. The federal government to date has appropriated just over \$202 million but because of the slow pace of funding the balance has only been reduced by just under \$70 million.

This delay is a double-whammy for taxpayers. Not only does the project become more expensive, but it takes longer to realize the economic benefits. Lewis & Clark would create thousands of jobs on the front end through construction and manufacturing, and more importantly many more long-term jobs on the back end through expanded economic development. As has been noted by our tri-state congressional delegation, Lewis & Clark will pay for itself many times over.

We have a number of economic impact examples. A large pork processing plant in Worthington, Minnesota cannot expand because of the lack of water. Ethanol plants have been turned away in

northwest Iowa and southwest Minnesota. Proposed dairies have been turned away in southwest Minnesota.

The most striking example is in Hull, Iowa. Because of an emergency connection where Lewis & Clark is temporarily buying water from one member and re-selling it to Hull, a large cheese factory opened in 2008. The plant employs 135 people and processes 300,000 gallons of milk a day from area dairies, which has an enormous impact to the area. Company officials have flatly stated that without this emergency connection and the promise of future water, the plant would not have located in Hull. This cheese factory has been Lewis & Clark's poster child for the kind of economic development that can take place when there is enough water. Now the cheese factory is a poster child for how economic development can be curtailed because of the lack of water. The factory wants to double production and hire another 50 workers but cannot because it needs more water than is available. The emergency connection we have in place is maxed out. We need to get the pipeline to Hull and the other eight members!

When times get tough you go back to the basics. What is more basic than drinking water? It's the cornerstone of life and economic development. The three states and 20 local members have gone above and beyond by pre-paying their share of the project. To be perfectly frank, the members are angry and outraged that the federal government is not honoring its commitment. They feel the federal government is leaving them high and dry at a time when they need water the most.

The tri-state region is in the midst of the crushing drought. We have members who are under a total water ban for any non-essential use. During a drought people often ask the question, "How can we solve our water needs?" Here is a situation where we already have the solution, just not the funding to carry it out.

Lewis & Clark greatly appreciates the strong bi-partisan support it has enjoyed through the years. We respectfully urge Congress to pass this bill so Lewis & Clark and the other six projects that are languishing on the Bureau of Reclamation's plate can be completed in a timely manner, bringing much needed water to our nation's heartland. We strongly urge the federal government to honor its commitment and not leave Lewis & Clark's members high and dry. Thank you.