

i. EXECUTIVE SUMMARY & CONCLUSION

The general purpose for which the DRWA was formed is to own and operate a regional water system that will provide a high quality water supply to the users in the service area. It is the long term solution to provide good quality and quantity of household and livestock water to the service area. The DRWA is responsible for the financial administration of the system, operation and maintenance of the billing and collection and all other duties and or items required for and in the operation of a regional water authority in the State of Montana. A Feasibility Study was completed in June of 2006 that indicated that this system is financially, environmentally and operationally feasible.

The Board of Directors of DRWA wanting to further explore the implementation of this project commissioned Interstate Engineering, Inc. to prepare an addendum to the original feasibility study that would determine the most advantageous location for an intake structure, pump house and water treatment facility to serve their regional water system. Determining the source of the water supply is the first step needed to clear environmental concerns and allow for the actual construction of the regional water system to begin.

A secondary task was completed in this addendum that addressed the large number of additional users that had signed up after completion of the original feasibility study. The map labeled Figure i.1 below shows the new study area which extends to the area west of Glendive and into northern and eastern Richland County.

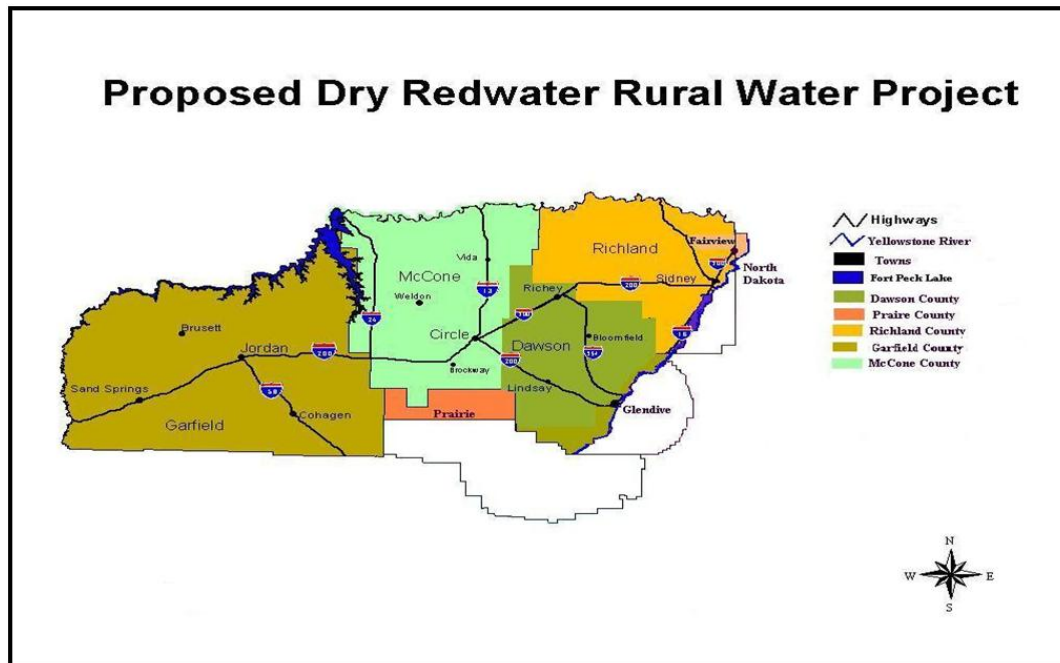


Figure i.1
DRWA Addendum Study Area

Dry-Redwater Regional Water Authority - Feasibility Study

February 2007 Addendum

The addendum report studied five (5) potential intake / water treatment locations and in working closely with the USACOE, the CMR-NWR and the DRWA Board members; selected a site for the intake structure that is usable down to the minimum lake pool elevation of 2160, that is accessible by existing roads or trails and has privately owned land nearby to locate a water treatment facility. The aerial photograph following page 3-5 shows the final intake / water treatment plant location (Option D).

The second task of this addendum updated the overall project capital costs, operational, maintenance and replacement costs based on the new user list. The paragraphs below summarize the findings in this addendum.

The opinion of probable costs of the intake structure, water treatment facility and expanded service area is \$115,116,000 (up from \$82,148,000) for the complete build out of the study area.

The total Equivalent Dwelling Units (EDU) through February 2007 in the study area is 2,908 (up from 1,849). The capital cost of the complete full build out of the project per EDU in the study area is \$39,585 (down from \$44,430).

The O & M for the selected alternate is estimated to be: \$710,000 (up from \$484,500) for operation of the water treatment facility and booster station operation and \$212,000 (up from \$170,000) for the maintenance of the rural pipeline.

The impact on a potential rate schedule and cost of water based on the additional users is:

	Original Rate	Addendum Rate
Base Rate (All Users)	\$26.50 / month	\$24.50
Water Treatment / Booster Station (All Users)	\$2.05 / 1000	\$1.80/1000
Pipeline Maintenance (Rural Users)	\$1.45 / 1000	\$1.21/1000
Existing Water System Maintenance (Community Users)	*	*

* This fee will be set by the individual community based on their operating budget. The study will use the same rate for illustration purposes.

Example Bills for 8000 and 5000 gallons per month.

		Original Study		Addendum to Study	
		8,000	5,000	8,000	5,000
Rural / City User	Base Rate (minimal)	\$26.50	\$26.50	\$24.50	\$24.50
	Water Treatment/Booster	\$16.40	\$10.25	\$14.40	\$9.00
	Pipeline Maintenance or				
	Water Maintenance Fee	<u>\$11.60</u>	<u>\$7.25</u>	<u>\$9.68</u>	<u>\$6.05</u>
	Total Monthly Bill:	\$54.50	\$44.00	\$48.58	\$39.55

Example Pasture Tap Bills for 100 head of livestock (48,000 gallons/month, based on 16 gal / 1 day / head)

Dry-Redwater Regional Water Authority - Feasibility Study
February 2007 Addendum

	Original Study	Addendum to Study
Base Rate (minimal)	\$26.50	\$24.50
Water Treatment/Booster	\$98.40	\$86.40
Pipeline Maintenance	<u>\$69.60</u>	<u>\$58.00</u>
Total Monthly Bill per 100 Head:	\$194.50	\$168.90

FINANCIAL

The funding being considered for the DRWA is a 75% grant from the Federal Government under Municipal, Rural and Industrial Water Supply Program (MR & I Program) or a direct Federal appropriation. The remaining 25% would be pursued in the form of a low interest loan from RUS (Rural Utility Service) for 12½% and a 12½% grant from the Treasure State Endowment Regional Water Program. The original feasibility report indicated that without the grant component of the financial package this system would not be affordable. The addendum to the original report indicates the capital cost per EDU has been reduced, but in order to be affordable the grant component of the financial package is still required.

SITE AVAILABILITY

The USACOE, CMRNWF and the affected land owner have all provided documentation that the site selected for the intake structure; water treatment plant and the pipeline are available. The USACOE and CMRNWF were actively involved in the decision process for the site selection. The full size copies of the letters shown below are found in the appendix of this addendum.


March 11, 2006
 Dry-Redwater Regional Water Authority
 Mike McKeever
 Box 14
 Jordan, Montana 59337

Dear Mike,

I am writing this letter to inform you that I own land in Section 9-23-43 and Section 16-23-43. I would be interested in selling enough land for your water treatment plant and ponds. I would be especially interested in any excess water to be used for livestock or irrigation. There is a power line on the east side of this property. I would strongly oppose any use of land that would interfere with our airstrip.

I am looking forward to working with you in the future.

Thank you in advance for your interest in this.

Sincerely,

 Darlyne Dascher
 184 N. Rock Creek Road
 Fort Peck, Montana 59223
 406-485-2522



United States Department of the Interior



FISH AND WILDLIFE SERVICE
 Charles M. Russell National Wildlife Refuge
 P.O. Box 110
 Lewistown, Montana 59457

April 23, 2007

Mr. Brian Milne
 Interstta Engineering, Inc.
 P.O. Box 648
 Sidney, MT 59270-0648

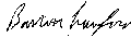
Dear Mr. Milne,

Thanks for the opportunity to comment on the proposed location of the intake structure and pipeline for the Dry Redwater Regional Water Authority. The proposed location, according to the map supplied in your letter dated March 14, 2007, is acceptable to the U. S. Fish and Wildlife Service (FWS), Charles M. Russell NWR staff. As stated during the conference call and in our letter dated November 14, 2007, the FWS will need to issue a Right of Way for all improvements that cross the Charles M. Russell NWR. Before a Right of Way can be issued the FWS will need to conduct a Compatibility Determination to ensure that this project is compatible with the mission of the FWS and the purpose of the refuge. We look forward to receiving the necessary information to proceed with developing the Compatibility Determination and processing your request for a Right of Way.

Again I want to thank you and the Board members for working closely with us on determining the best possible location for the pipeline and intake structure. I look forward to working with your staff on developing the necessary environmental documents to ensure this project will not impact any resources of the refuge. By working cooperatively I believe we can mitigate any potential impacts to refuge resources.

Please feel free to contact me at 406-538-8706 ext. 221 if you have any questions or would like to schedule another meeting to discuss this project. I look forward to hearing from you in the near future.

Sincerely,


 Barron Crawford
 Refuge Manager

RECEIVED
 APR 24 2007

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DZ	<input type="checkbox"/>
JH	<input type="checkbox"/>
DS	<input type="checkbox"/>
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cc: Ron Daggert, US Army Corps of Engineers, Ft. Peck Lake Project



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Executive Summary & Conclusion