

Water line money in trouble

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Gillette's hoped-for second Madison pipeline project will be delayed at least another two years" and possibly as long as four years" as a result of the economic recession facing the nation and the corresponding sharp decrease in oil prices, Mayor Duane Evenson said Tuesday.

Evenson said the city got word Tuesday that the state will, at most, possibly be able to give Gillette \$11 million toward the \$226 million 42-mile-long proposed Madison pipeline project this winter when the request hits the state Legislature. That \$11 million is two-thirds of the \$17 million needed to get the first phase of the project going. Gillette is expected to pay the other \$6 million under a formula set up by the state for water projects like the Madison.

That's a far cry from the \$100 million that Gov. Dave Freudenthal previously had said he would request from the state Legislature this month.

The delay, and the uncertainty about the \$11 million that still has to be approved by the state Legislature could mean Gillette will face higher costs for the project and possibly even some water-related development limits in the future, Evenson said.

"This is certainly nobody's fault. It's a result of the financial state of the nation, but there's no question it's been pushed out two years and it's going to be more expensive when we do build it," he said.

"We are going to probably have to talk about future large developments. I'm not talking about a moratorium on building, or small subdivisions, but we may need to really consider that if three large developments come out at the same time, can we do all three, or will we need to maybe do only one," he said.

The issue here is one of both timing and growth.

Gillette is going to need an additional 10.2 million gallons of water a day by the year 2017, according to a water source feasibility study done by the city. This need is based on a population growth that is expected to give Gillette 50,018 residents by 2037. In 2037, the city will need another 6.1 million gallons a day.

The Madison pipeline project is expected to take four to eight years to complete. But Tuesday's news already pushes the project back another two years" and possibly more" meaning getting the project done and delivering water by 2017 is possible, but certainly not assured.

Sen. John Hines, R-Campbell County, hopes to get the Legislature to approve the \$11 million so it can be used to pay for the preliminary project planning and for acquiring rights of way as soon as possible.

That will keep the project going until the Legislature meets again in 2010, which will be a budget session when the project could be more thoroughly considered, he said.

"By then, we'll have a better idea of where we are as a state," he said.

Hines also is sponsoring a bill that would request to set up a loan process for the full \$226 million from the Permanent Mineral Trust Fund.

Then there's the \$6 million that Gillette still has to pay for its one-third share of the \$17 million.

Evenson said there may be some difficulties getting that money.

"We had talked about doing a facilities tax to raise our share, but we cannot go out and ask for this tax this year unless we know what the costs are," he said.

Those costs will change as time passes and inflation increases the total cost of the project.

Evenson said water conservation had played a big role in the willingness by the state and governor to consider paying for the Madison pipeline project, and Gillette is going to need to continue to conserve to stave off water shortages in the future.

There is some good news for Gillette's water situation. On Monday, Freudenthal sent a letter to President-elect Barack Obama that included a request for \$7 million in economic stimulus money for re-drilling five of Gillette's old wells. The re-drilling process increases water production.