



CITY OF RAPID CITY

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MEMORANDUM

TO: City Council

FROM: Robert Ellis, Public Works Director

SUBJECT: Public Hearing Information for Water Treatment Plants

DATE: February 17, 2009

This project is necessary to resume the use of the Jackson Springs Infiltration Gallery as a water source for the City of Rapid City. Historically, Jackson Springs has been the source for roughly ½ of the City's potable drinking water.

Several studies were conducted to determine the best method to resume use of Jackson Springs. These studies evaluated each of the following alternatives:

- Conforming to the EPA's filtration avoidance criteria,
- Utilizing the existing Mountain View Water Treatment Plant,
- Renovating the existing Mountain View WTP,
- Building a new treatment facility at the existing Mountain View WTP site,
- Dividing treatment between the existing (or a new) Mountain View WTP and a new water treatment facility,
- Seven possible locations for a new water treatment facility,
- And membrane vs. conventional filtration technologies at these facilities.

The project will consist of a new 8 million gallon per day water treatment plant at the existing Cleghorn School site and a new raw water intake and pump station near the existing Jackson Springs location. The new raw water pump station will replace the existing pump station and relocate it outside the 100-yr flood plain.

The Jackson Springs project is expected to be funded using a \$6 million State Revolving Fund Loan and by \$35 million of water revenue bonds issued by the City. The SRF loan is expected to have a 3.25% interest rate and 20 year repayment term.

The City has recently revised its water utility rate structure to include repayment of this proposed debt. Repayment of the SRF Loan is included in the meter fees and unit rate



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fees established by the new water utility rate structure. This SRF Loan will not result in an increase in water user rates beyond those recently established by the City of Rapid City.

The average annual increase in user fees to cover ALL anticipated debt (not just SRF Loan), O&M costs and capital improvements is approximately 10% annually.