

ROCKY BOY'S / NORTH CENTRAL MONTANA REGIONAL WATER SYSTEM PROJECT

Bringing Safe, Sustainable Water to more than 30,000 Montana Residents

Executive Summary

March 2009

Project Goal

To ensure a safe and sustainable water supply for residents of North Central Montana through a Tribal / Authority partnership.

SYSTEM CHALLENGES

- Water Quantity
- Water Quality
- Extensive Regulatory Violations (Boil Orders)
- Possible Sunk Infrastructure
- Tribal Water System Shutdowns
- Industrial/Economic Impacts
- Extremely High Water Rates

MAKING A DIFFERENCE ACCOMPLISHMENTS

- Lake Elwell Raw Water Intake Sub-Structure
- Design of Interim Service to North Havre County Water Service from Havre
- Design of Interim Service from Tribal Reverse Osmosis Water Treatment Plant to Box Elder Vicinity

LOOKING AHEAD

- Lake Elwell Raw Water Intake Super-Structure
- A 30.9 mgd Water Treatment Plant
- Estimated 450 Miles of Transmission Pipeline
- Approximately 28,350 People Served by Initial System
- Approximately 43,800 People Served in 50 Years

STRATEGIC FUNDING PRIORITIES

- Secure Administration Budget Authority
- Secure Funding through Alternative Federal and State Programs for Expanded Service
- Work with Montana Delegation in Securing Congressional Support for the Rocky Boy's / North Central Montana Regional Water Supply Project

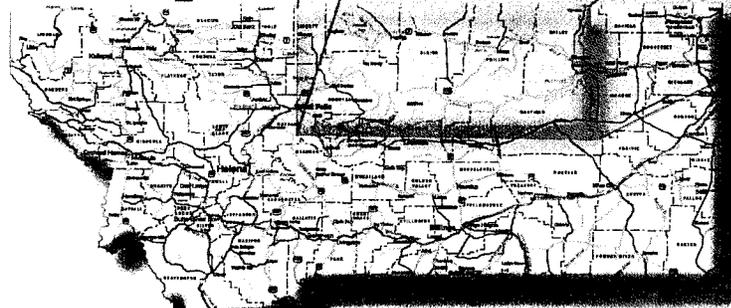
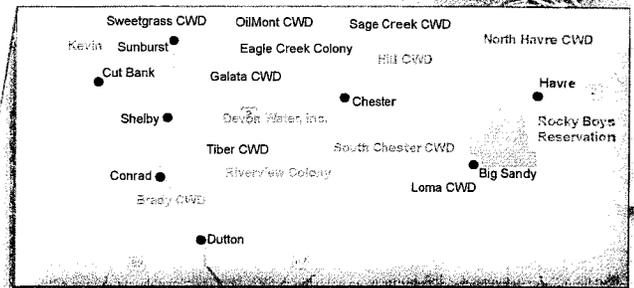
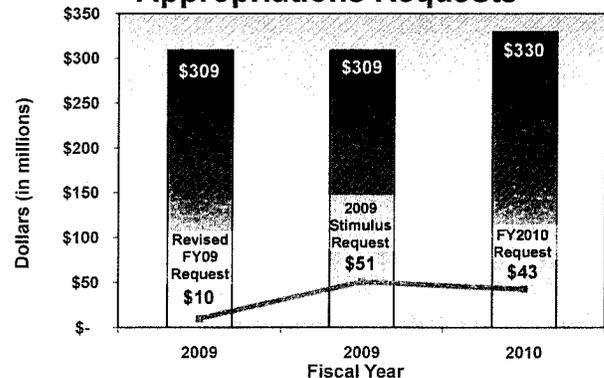


EXHIBIT 16
DATE 3/12/09
MR. G45

FUNDING REQUESTS

- FY 2009 Revised Request: \$10 million
- 2009 Stimulus Request: \$51 million
- FY 2010 Request: \$42.7 million

Federal Authorized Ceiling & Current Appropriations Requests

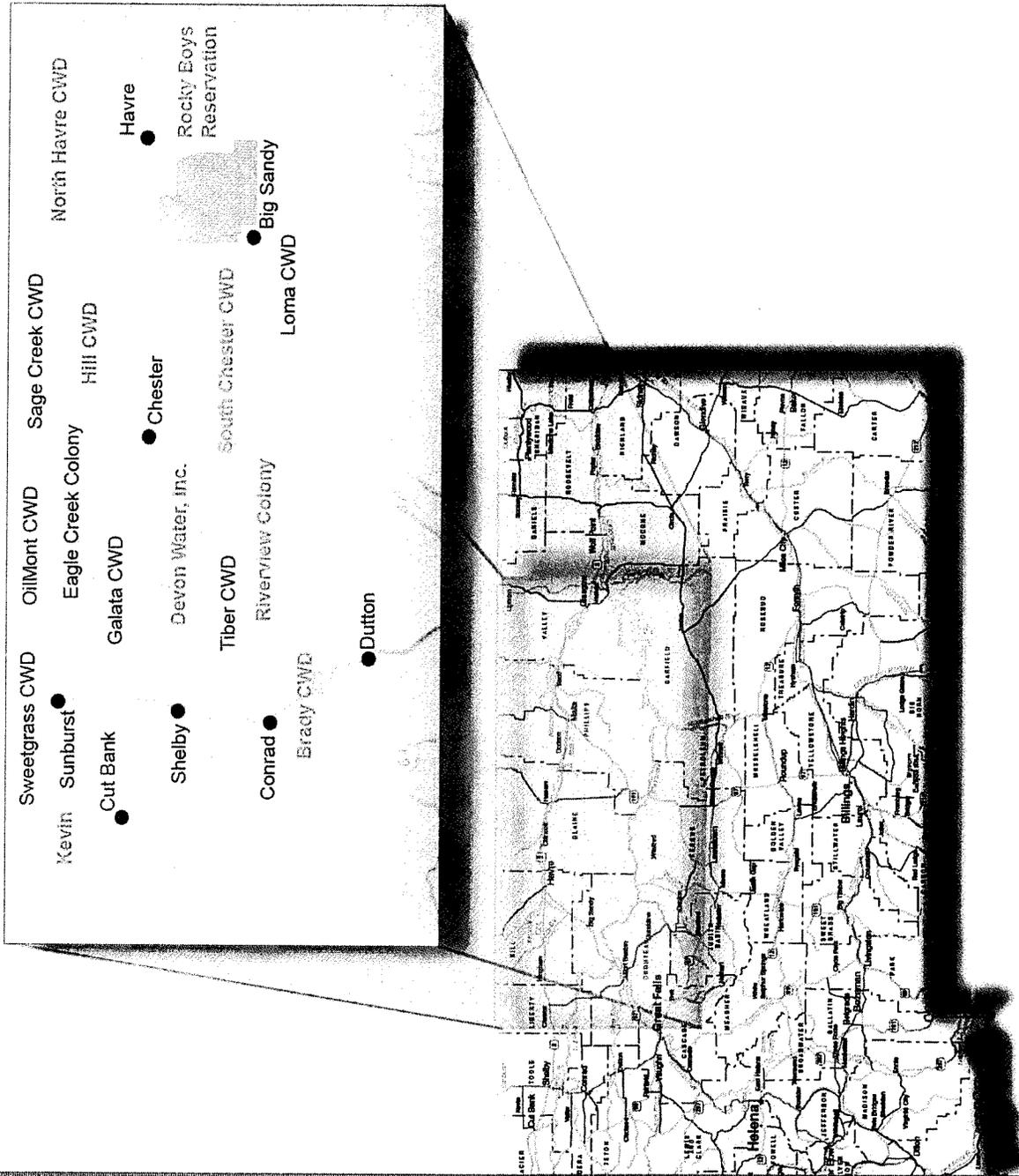


THANK YOU

Thanks to the outstanding efforts of the Montana Congressional Delegation the future for north central Montana is very promising. Population is expanding and opportunities for economic development are promising.

Continued Congressional support in securing the funding to create the catalyst that will have significant financial impacts and improve the quality of life for thousands of our citizens is appreciated.

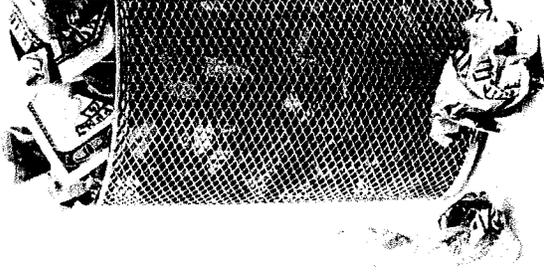
Small communities both on and off the reservation cannot afford to maintain independent water supply systems. Their hope for a safe, sustainable water supply is the Rocky Boy's / North Central Montana Regional Water Supply Project



SIGNIFICANT DEQ VIOLATIONS MAY FORCE \$MILLIONS OF WASTED

EXPENDITURES

- 5 Systems Facing DEQ Compliance Orders
 - North Havre County Water District
 - South Chester County Water District
 - Town of Brady
 - Town of Kevin
 - Riverview Colony
- Proposed Project Would Eliminate Problems
- Independent System Improvements are not Affordable and will be Sunk Infrastructure when Project is Completed



January 20, 2009

Chippewa Cree Construction Corp.
Attn: Tony Belcourt, CEO
P.O. Box 3008
Box Elder, MT 59521

**Re: State of Montana Financial Commitment
Rocky Boy's/North Central Montana Regional Water System (NCRMWS) Project**

Dear Tony:

Per your request for information regarding the State of Montana's financial commitment for the Rocky Boy's/NCRMWS Project, please consider the following information in support of legislation to secure funding and manage the impact of project cost indexing on an annual basis:

- **State of Montana Original Financial Commitment:** As authorized, the Rocky Boy's/NCRMWS Project was estimated to cost \$229 million (2002 dollars). Based on the authorized amount, the State of Montana is committed to funding its share, which is \$13,060,000 (2002 dollars).
- **State of Montana Current Financial Commitment:** The authorized ceiling of the Rocky Boy's/NCRMWS Project is indexed on an annual basis by the Bureau of Reclamation to keep pace with the impact of inflation and rising costs of construction. According to correspondence received from the Bureau of Reclamation dated May 6, 2008, the cost ceiling is approximately \$312 million (2008 dollars). Based on the indexed cost ceiling, the State of Montana's share of the project is \$18,362,000 (2008 dollars).
- **Average Annual Cost of Indexing:** Since the Rocky Boy's/NCRMWS Project was authorized, the average annual cost indexing factor has been approximately 5.8 percent. Assuming similar indexing factors moving forward, the current cost ceiling, and the current financial commitment by the State of Montana, it is anticipated that the financial commitment by the State of Montana could increase by approximately \$1.1 million on an annual basis.

AE2S greatly appreciates the opportunity to be of assistance. If you have any questions or require additional information, please do not hesitate to contact me or Nate Weisenburger at (406) 268-0626.

Sincerely,

AE2S

Deon M. Stockert, PE
Drinking Water Group Manager