



2/21/2017

To: Mr. Jim Fredericks, USACE

Subject: Comments on Proposed Water Supply Rule

Docket Number: COE-2016-0016

Docket Name: Use of U.S. Army Corps of Engineers Reservoir Projects for Domestic, Municipal & Industrial Water Supply

Docket RIN: 0710-AA72

Pursuant to the Tri State Water Resource Coalition efforts with the Kansas City and Little Rock Districts of the Corps of Engineers to acquire reallocations of water storage for southwest Missouri communities, this is intended to respond to the Proposed Water Supply Rule.

Tri-State Water Resource Coalition, formed in 2003, remains viable and determined to establish water supply to meet an estimated increased demand need of 125 million gallons per day (mgd) in 2060. When currently available sources are considered, the estimated gap or deficit needed to be met by a reallocation is 53 mgd plus an allowable contingency to account for risk and uncertainty. The Coalition is participating in reallocation studies at Stockton, and pursuing same at Table Rock and Pomme de Terre lakes to determine if our projected deficit can be met.

The southwest Missouri area covered by the Coalition includes a population of well over 800,000. The Coalition has formed a separate and independent Southwest Missouri Joint Municipal Water Utility Commission for the purposes of implementing a water supply project for the region once a source of supply is secured. It is understood a contract would include a cost of storage as well as provisions for sharing in annual operation and maintenance costs of any reservoirs involved.

We feel there are potential additional Water Supply Rule provisions that would result in significant benefits to the COE, all involved stakeholders, and the Coalition. We strongly advocate for/recommend the following mutually beneficial provisions which we feel are appropriate to protect all interests in COE reservoirs as well the interests of populations and communities in need of water for a viable future.

- 1) Allowing water storage contracts to include, as appropriate and justified, the taking and using of any reallocated storage space in increments or stages as approved by the COE. This not only allows the user to take storage based on user demand, it allows the storage to continue to be available for other uses until it is actually needed. It could also provide for revenues/funds to the COE or other stakeholders through payments for that privilege of "reservation".
- 2) Allowing for payment for storage in installments or lump sum.
- 3) Allowing for installments on the storage to be paid within a reasonable time after contract approval or within a reasonable time after first use of storage depending on the increment or phase.

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- 4) Base the cost for later stages on analyses at the time of the contract subject to further cost indexing and interest rate adjustments over time. Deferral of payment would require indexing costs to the fiscal year in which first payment for a respective increment or phase occurs.
- 5) Allow potential users to pay for the ability to defer taking of and full payment for any storage until it is needed. Define a period of time after which if the storage has not been used and payments initiated that the storage is no longer available and remains available for continued use by other project purposes. This also allows the storage to continue to be used for other project purposes up until it may be taken for drinking water use.
- 6) Make any payments made by the user for the right of deferral subject to forfeiture if the storage is not used within the defined time period. These monies would be available to the COE and other stakeholders to fund other project purposes for nothing other than allowing the privilege of deferral.
- 7) Base the user share of Reconstruction, Rehabilitation, and Replacement Costs and Operation and Maintenance Costs on whatever increment of storage is in use by the user. Increase the user share as additional increments of storage are put into use.
- 8) Allow the user to pay to reserve the storage for a reasonable period of time within which design and construction can be initiated. If design and construction are not initiated within the defined time period the payment for that reservation of storage is forfeited and available to the COE for other project purposes to benefit other stakeholders.

We feel these proposed provisions allow for storage space to be optimally used for project purposes. It allows the COE to continue current uses while allowing those who need water to be assured of a future source, but only at the level demand requires. Current project purposes are made whole if the water storage is taken but also benefit if it is not taken, through receipt of the payments for the right of reservation and deferral. It protects the COE from over committing storage for drinking water and thus protecting all project purposes. In short, a win-win arrangement.

On behalf of the citizens of Southwest Missouri, we want to express appreciation for your consideration of these requests/suggestions/proposed water storage contract provisions. We look forward to working with you in the future. Please do not hesitate to call if you have questions or we can be of service.

Respectfully,

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