

SENATE FILE NO. SF0073

Gillette Madison pipeline project.

Sponsored by: Senator(s) Hines and Representative(s)
Lubnau

A BILL

for

1 AN ACT relating to water development; authorizing the
2 Gillette Madison pipeline project as specified; providing
3 conditions; providing appropriations; providing for
4 reversion of unexpended funds; and providing for an
5 effective date.

6

7 *Be It Enacted by the Legislature of the State of Wyoming:*

8

9 **Section 1.** W.S. 99-3-1401 is created to read:

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11

ARTICLE 14

12

GILLETTE MADISON PIPELINE PROJECT

13

14 **99-3-1401. Gillette Madison pipeline project;**
15 **definitions; description; purposes; authorization;**
16 **finances; conditions.**

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2 (a) As used in this section:

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4 (i) "Commission" means the Wyoming water
5 development commission;

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7 (ii) "Sponsor" means the city of Gillette,
8 Wyoming;

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10 (iii) "Project" means the Gillette Madison
11 pipeline project as described in subsection (b) of this
12 section.

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14 (b) Description: Design, groundwater exploration and
15 drilling, permit procurement, project land procurement,
16 construction engineering and construction of municipal
17 wells, transmission pipelines, pump stations and
18 appurtenances necessary to make the project function in the
19 manner intended.

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21 (c) Purposes: The designated project purposes are
22 municipal and rural domestic water supply.

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1 (d) General authorization: The following shall
2 apply:

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4 (i) The commission shall contract with the
5 sponsor for the design, groundwater exploration and
6 drilling, permit procurement and project land procurement
7 for the project in a manner consistent with this section
8 and to administer the contract on behalf of the state of
9 Wyoming;

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11 (ii) Upon execution of the contract outlined in
12 paragraph (i) of this subsection, the sponsor may complete
13 design, groundwater exploration and drilling, permit
14 procurement and project land procurement for the project in
15 a manner consistent with the terms and conditions outlined
16 in the contract.

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18 (e) Project financing: The following shall apply:

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20 (i) Project budget:

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22 (A) Total project budget: Two hundred
23 twenty-six million six hundred thousand dollars
24 (\$226,600,000.00);

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(B) Partial budget authorized by this section: Sixteen million seven hundred fifty thousand dollars (\$16,750,000.00).

(ii) Project grant: The state of Wyoming shall grant to the sponsor from the budget reserve account through the commission for the design, groundwater exploration and drilling, permit procurement and project land procurement for the project an amount not to exceed eleven million two hundred twenty-two thousand five hundred dollars (\$11,222,500.00) or sixty-seven percent (67%) of the actual costs, whichever is less;

(iii) Project loan: The state of Wyoming shall loan to the sponsor from the permanent Wyoming mineral trust fund through the commission for the design, groundwater exploration and drilling, permit procurement and project land procurement for the project an amount not to exceed five million five hundred twenty-seven thousand five hundred dollars (\$5,527,500.00) or thirty-three percent (33%) of the actual development costs, whichever is less, for a term of thirty (30) years from the date the

1 commission determines project benefits accrue to the
2 sponsor, at an annual rate of four percent (4%);

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4 (iv) Appropriations:

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6 (A) There is appropriated from the budget
7 reserve account to the commission eleven million two
8 hundred twenty-two thousand five hundred dollars
9 (\$11,222,500.00) or as much thereof as is necessary to
10 carry out the purpose of this section. Unexpended funds
11 appropriated under this subparagraph shall revert to budget
12 reserve account on July 1, 2015;

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14 (B) There is appropriated from the
15 permanent Wyoming mineral trust fund to the commission five
16 million five hundred twenty-seven thousand five hundred
17 dollars (\$5,527,500.00) or as much thereof as is necessary
18 to carry out the purpose of this section. Unexpended funds
19 appropriated under this subparagraph shall revert to
20 permanent mineral trust fund on July 1, 2015.

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22 (f) General conditions: The following shall apply:

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1 (i) Except as otherwise specifically provided,
2 the project identified in this section shall be subject to
3 the following general conditions:

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5 (A) The sponsor shall offer security for
6 the project loan as deemed adequate and acceptable to the
7 attorney general;

8
9 (B) The commission shall establish
10 repayment schedules for project loans in accordance with
11 the conditions prescribed in this section;

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13 (C) The sponsor shall establish a sinking
14 fund for repair and maintenance of the project as deemed
15 appropriate by the commission;

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17 (D) The sponsor shall supervise the design
18 and construction of the project and submit all requests for
19 payment to the commission for approval;

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21 (E) The sponsor shall not make any
22 construction funding commitment until after the commission
23 has reviewed and approved the construction budgets and
24 construction plans;

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2 (F) The commission shall make payments
3 directly to the sponsor;

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5 (G) The sponsor shall be responsible for
6 operation and maintenance of the project;

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8 (H) The sponsor shall be responsible for
9 all project expenditures in excess of the total project
10 appropriation;

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12 (J) If the commission determines that the
13 sponsor has, without good cause, abandoned completion of
14 the project, the sponsor, in addition to being required to
15 repay the loan, shall be obligated to immediately repay the
16 full amount of all grant funds actually expended plus
17 interest as established by the state auditor in an amount
18 equal to the interest that would have accrued on the
19 expended grant funds in the water development account I
20 from the date of expenditure;

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22 (K) Repayments of principal on the loan
23 shall be deposited in the permanent Wyoming mineral trust

1 fund and interest payments made in repayment of loans shall
2 be deposited into the general fund;

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4 (M) There shall be no lease, sale,
5 assignment or transfer of ownership of water from the
6 project for purposes other than the designated project
7 purpose without prior written approval of the commission
8 and the state engineer or board of control. If such a
9 transaction is approved, the revenues generated by the
10 lease, sale, assignment or transfer of ownership of water
11 from the project shall be utilized to retire principal on
12 the project loan. After that loan is paid in full, the
13 sponsor shall receive a proportionate share of the revenues
14 generated by the lease, sale, assignment or transfer of
15 ownership of water from the project equal to the percentage
16 of the project loan and the state of Wyoming shall receive
17 a proportionate share of the revenues generated by the
18 lease, sale, assignment or transfer of ownership of water
19 from the project equal to the percentage of the project
20 grant;

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22 (N) There shall be no lease, sale,
23 assignment or transfer of ownership of the project until
24 the project loan is paid in full, and until prior written

1 approval is obtained from the commission. If these
2 conditions are met, the sponsor shall receive a
3 proportionate share of the revenues generated by the lease,
4 sale, assignment or transfer of ownership of the project
5 equal to the percentage of the project loan and the state
6 of Wyoming shall receive a proportionate share of the
7 revenues generated by the lease, sale, assignment or
8 transfer of ownership of the project equal to the
9 percentage of the project grant. Before the sponsor may
10 lease, sell, assign or transfer ownership of the project,
11 the state of Wyoming shall be given a one (1) year first
12 right of refusal option to purchase the sponsor's interest
13 in the project for an amount equal to the principal,
14 interest, maintenance and replacement costs incurred by the
15 sponsor at the date the option is exercised;

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17 (O) After the project loan is paid in full,
18 the sponsor may purchase the position of the state of
19 Wyoming, as described in subparagraphs (K) and (M) of this
20 subsection, for the amount of the project grant plus the
21 interest that would have accrued on the grant amount in the
22 water development account from the date the project was
23 substantially completed as defined by the commission. The

1 interest that would have accrued on the grant amount shall
2 be established by the state auditor;

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4 (P) Any revenues generated by the state
5 from the lease, sale, assignment or transfer of ownership
6 of any project or project water shall be deposited in water
7 development account I.

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9 **Section 2.** This act is effective immediately upon
10 completion of all acts necessary for a bill to become law
11 as provided by Article 4, Section 8 of the Wyoming
12 Constitution.

13

14 (END)