

Water Topics Overview Committee

Monday, February 3, 2014
Alerus Center, Grand Forks, ND
Oriole Room (Meeting Room #2)
12:30 pm

- I. **Introduction**
 - a. About myself and the recent consolidation of NVWD and LRWD into Northeast Regional Water District (NRWD)
 - b. Why the consolidation?
 - i. Main reason: viability into the future in area losing population
 - ii. Efficiencies to help hold down water rates
- II. ***Present SWC policies under consideration regarding rural/regional projects.***
 - a. Engineering
 - i. SWC recommending 35%
 - ii. Should be as is up to 75%
 - b. Loans
 - i. Legislation suggested 10% in a revolving fund
 - ii. SWC seems to want to do more?
 - c. SWC staff recommending:
 - i. Grants (up to 60%) only for water projects that:
 1. Are experiencing an imminent water supply loss to an existing multi-user system
 2. Addresses a lack of water supply for domestic use, or upgrades a water supply to primary safe drinking water standards.
 3. Supports expansion of a water system serving an area that has an average population growth >3% over 3-year average, as determined by the Chief Engineer.

NO ARGUMENT—JUST DOESN'T GO FAR ENOUGH!
- III. ***Other projects that should be eligible for the maximum allowable grant %-age:***
 - a. Those systems with little or no growth, or actually losing population, though there is a vital need for improvements.
 - i. Basis for eligibility--%-age of state MHI used for annual water costs
 - ii. Suggest using state MHI of \$56,321 and the state's project (southwest) as a baseline
 - iii. Instituting the proposed policy of >3% growth, and not also taking into account the less populated and affordability would lead to wider disparity over time in cost of water to more populated vs. less populated areas of the state.

- b. There should also be a higher priority for grant funding eligibility for rural regional systems (the original “pioneer” systems built in the 1970s and early 1980s prior to MR&I funding.
 - i. Built with very limited USDA-RD funding, resulting in multiple needed improvements to just even get close to the standards of MR&I funded systems today.
 - ii. The North Valley Branch of NRWD is a good example—due to a water source that was inadequate, a 1.0 GPM design that had to be accepted, and glued PVC pipe sized too small—12 major projects since initial construction in 1975-1976.
 - 1. After over 37 years—on my 13th and final project to address inadequate pipeline capacity.

IV. Comments on 2013-2015 project funding:

- a. NRWD is appealing for reconsideration of grant funding approved for 50% grant funding (4 of 8 projects) acted on October 7, 2013 in Bismarck by the SWC (75% requested)
- b. Reasons for the appeal:

We feel strongly that these projects were deserving of the 75% grant requested mainly because of:

 - 1. Affordability on both branches.
 - a. Both branches pay substantial monthly water bills already.
 - i. NVWD-\$66.00 (6,000 gal/month)
 - LRWD-\$82.00 (6,000 gal/month)
 - ii. 50% grant adds \$10-\$12 to members’ bills
 - b. More future work to do
 - i. Langdon project
 - 2. Final re-building of inadequate capacity on the North Valley Branch.
 - 3. Much of the work between the two branches is for the future efficiencies and viability, and the capability to add new users
 - 4. Still a major project to do in cooperation with city of Langdon
 - a. Local solution to the Red River Water Supply Project
 - 5. NRWD’s projects were ranked #7 (out of 17) by fellow managers who prioritized projects for the SWC for the 2013-15 biennium (also the 2011-13 biennium)
 - 6. The money is available in the total \$55 million earmarked and appropriated by the legislature for rural/regional water projects prioritized for the biennium. Of the \$55 million budgeted this biennium:
 - a. In February, July, and October, rural/regional projects were acted on by the SWC. \$13.4 million is left over after all eligible prioritized projects have been acted on.
 - b. However, if all projects that requested over 50% had been granted 75% at the October 7 meeting, the total extra for

8 projects would have been \$4.6 million, still leaving \$8.8 million remaining for the 2013-15 biennium. (NRWD's extra 25% local share=1.8 million)

- c. SWC staff's reason for the 50% was that they considered the 8 projects as "demand" projects with a lower priority, and arbitrarily decided on 50%. We disagree, but were never given a chance to defend our projects.

Though the project sponsors are appreciative of the action taken, they feel that their projects were deserving of the grant at 75%, and feel the funding is available to lessen the burden of added monthly costs to their members.

V. Summarizing:

- a. The proposed SWC policies are going in the wrong direction!
- b. Rural/regional water projects need grants up to 75% to be feasible—not loans!
- c. The eligibility for grants needs to be expanded, taking into account less populated areas, affordability, and the inadequate infrastructure funded in the 1970s and early 1980s prior to MR & I funding, AND there needs to be reconsideration of funding for some projects acted on in 2013.
- d. Finally, the MR & I program has been a very positive program for projects all across North Dakota for the past 25 years, improving water system infrastructure affordably. With the projected oil tax revenues continuing to come in over projections, and oil output expected to double by 2017, my hope is that we can continue to improve infrastructure all over the state.

Gordon L. Johnson
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