



## CITY OF DICKINSON

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North Dakota Legislature  
Budget Section  
Chairman Chet Pollert

Dear Chairman Pollert and members of the Committee:

My name is Matthew Kolling. I am the City Attorney and Deputy City Administrator for the City of Dickinson. I appreciate the opportunity to address the Committee regarding Dickinson's use of hub city funding from the oil and gas production tax under North Dakota Century Code §57-51-15.

We are living through extraordinary times in Dickinson and in all of western North Dakota. The infrastructure challenges are enormous, and our cities are being stretched to meet the demand for services. We could not do it without the help and support of the State of North Dakota, and specifically the hub city funding under §57-51-15.

I am fortunate to be a lifelong resident of Dickinson. Driving around town now, I sometimes get to show my kids where I used to ride my bike to baseball practice. There was an old farmstead there, and the cows would sometimes come up to the fence and moo at me as I rode past. Today, that location is one of the more busy intersections in town. It is almost impossible for them to imagine it. It is hard for me to imagine it too.

The pace of development remains extremely rapid. One of my old teachers, who has since become a close friend, likes to tell the story of when he built his house in Dickinson in the early 1990s, then at the low-point of an economic downturn in the State. The building permit that was issued for his house was the only building permit issued by the City of Dickinson that year. In the last three years, the City of Dickinson has issued nearly \$1 billion worth building permits. And we anticipate this coming construction season to be one of our busiest yet.

This sort of rapid expansion has required large investments in our public infrastructure. Three or four years ago, the City had the luxury of excess capacity in our public infrastructure systems. We used less water than we were allocated by Southwest Water Authority; our existing lagoon sewage treatment plant easily handled wastewater our community produced; and it was fairly easy to get around town with our existing street system. Today all that that has changed. To give you just one brief example: the City is currently allocated from Southwest Water Authority about 6 million gallons of potable

water per day. Prior the recent increase in population, the most water we had ever used – through droughts and hot summer months – was a bit more than 3 million gallons. Last summer, we breached 6 million gallons per day for the first time. It was only for a short period. But with more development this year than last, we are currently making contingency plans for water shortages until our public infrastructure catches up with the growing population. In addition, we are building a new mechanical wastewater treatment plant in order to treat not only Dickinson, but the new oil refinery and other communities and industries to the west of town. Our landfill is in need of expansion, as it takes in solid waste, including oil field waste, from 39 communities around southwestern North Dakota. We need additional water tanks and pumping facilities to provide potable water service to a larger area. And our road network needs to be expanded and enlarged.

The hub cities funding, along with other assistance from the State of North Dakota, has been essential in helping us meet these extensive public infrastructure demands.

Included with my materials is a spreadsheet showing Dickinson's 2013-2014 Capital Improvement Plan. The spreadsheet identifies 28 capital improvement projects that City is working on during this legislative biennium. In total, we anticipate completing approximately \$221 million worth of public infrastructure improvements within the City of Dickinson. These projects are currently in varying stages of design, engineering and construction. However, we anticipate all of them to be completed within the biennium timeframe.

Dickinson anticipates receiving approximately \$27.3 million in HB 1358 funding this biennium. We have received just over \$8.5 million to date. This funding will make possible several projects on our Capital Improvement Plan. At present, we have allocated HB 1358 funds to four projects: the Public Works Facility which will house our water, wastewater, and street departments as well as our city mechanics; the reconstruction and realignment of Empire Road; the construction of State Avenue North; and the construction of 21st Street West.

In general, these projects provide substantial, system-wide improvements that benefit the whole of the City. The roads funded through HB 1358 allocations are trunk line roads, and we expect them to provide substantial benefits to the whole of our local transportation network, beyond just those properties immediately adjacent to the road itself.

However, the scope of the infrastructure improvements being undertaken by the City has required us to make use of a variety of funding sources available to the City in addition to HB 1358 funds. Land developers within Dickinson have made substantial commitments to help fund public infrastructure projects adjoining their properties. We have also received significant grant assistance for particular projects through the Energy Impact Grant and some recent grant funding made available through the State Water Commission. But the majority of our public infrastructure projects are funded through debt financing. Our debt financing is a combination of loans from the State Revolving Fund, revenue bond issues, bank loans, and some additional loan funding that may be

available through the Bank of North Dakota. Generally, those loans are secured by a combination of utility rates, water and sewer access charges, and city sales tax collections.

Nevertheless, the HB 1358 funding to hub cities remains an indispensable resource for the City of Dickinson to help pay for the extensive capital improvements within the City. On behalf of the City of Dickinson, I would like to thank the State of North Dakota, and particularly the members of this Committee, for your partnership with us in making the substantial investments in public infrastructure that energy development in western North Dakota requires. We appreciate the funding. And we need it.

Also enclosed with my materials is a short list of other expenditures that the City is facing in this biennium. Although these expenditures are not, strictly speaking, capital improvements, they are additional expenditures that are needed in order to support the various capital improvement projects we are working on. These expenditures, for such things as system modeling, landscaping, and utility relocations, help us to maintain a quality of place within our community, and to plan well into the future for what capital improvements may be needed later on. Although the next legislative session is still many months away, we are already looking to the future. And we know that additional capital improvements will be needed in order to keep up with energy development and population growth in our area. Our capital improvement plan for the next biennium is being developed now. And we anticipate having more information to share with you regarding future needs as the next legislative session comes closer.

I would be happy to address any questions you may have.

Sincerely,

Matthew Kolling

**City of Dickinson 2013 – 2014 Capital Improvement Plan**

#	Project	Total Project Cost	Funding Sources					Running Debt Total
			Third-Party Funding	Energy Impact Grant	HB 1358 Funds	State Water Commission	Debt Financing*	
1	Water Reclamation Facility	\$34,839,806		\$7,900,000			\$26,939,806	\$26,939,806
2	Influent Pump Station	\$11,149,642					\$11,149,642	\$38,089,449
3	Finished Water Pump Station	\$10,585,000	\$5,700,000 (SWA)			\$2,857,875	\$2,027,125	\$40,116,573
4	Public Works Facility	\$16,755,000		\$2,898,408	\$13,856,952		-	\$40,116,573
5	Public Safety Center	\$15,400,000	\$2,000,000 (grants)	\$1,500,000			\$11,900,000	\$52,016,573
6	West River Community Center Addition	\$23,665,000	\$4,000,000 (fundraising)				\$17,500,000	\$69,516,573
7	Intersection Signalization (5)	\$1,500,000					1,500,000	\$71,016,573
8	Empire Road (St. Joseph's Hospital)	\$3,852,929	\$1,742,276 (hospital)		\$2,110,625		-	\$71,016,573
9	West Lift Station and Forcemain	\$14,126,580					\$14,126,580	\$85,143,153
10	15th Street West	\$5,036,000	\$5,036,000 (developers)				-	\$85,143,153
11	10th Avenue West	\$3,395,805	\$1,710,000 (urban roads)				\$1,685,805	\$86,828,958
12	DPR Highway 10 Lift Station	\$4,035,000	\$2,500,000 (DPR)				\$1,535,000	\$88,363,958
13	State Avenue	\$8,550,000	\$1,500,000 (developers)		\$7,050,000		-	\$88,363,958
14	West Side 1.0 MG Water Storage	\$6,050,000				\$3,523,750	\$2,526,250	\$90,980,208
15	West Gravity Sewer (Phase I)	\$1,502,404					\$1,502,404	\$92,392,612
16	West Gravity Sewer (Phase II)	\$1,700,000					\$1,700,000	\$94,092,612
17	Lift Station #12 and Forcemain	\$12,120,000					\$12,120,000	\$106,212,612
18	West Side 24" Dedicated Water Main	\$6,380,000		\$600,000		\$3,711,750	\$2,068,250	\$108,280,862
19	East Side Water Distribution	\$5,750,000				\$3,356,250	\$2,393,750	\$110,674,612
20	River Drive Booster Station	\$1,330,000	\$100,000 (developer)			\$769,250	\$560,750	\$111,235,362
21	Lift Station #14 and Forcemain	\$3,715,000					\$3,715,000	\$114,950,362
22	State Avenue Booster Station	\$900,000				\$521,250	\$378,750	\$115,329,112
23	21st Street West	\$9,370,000			\$4,000,000		\$5,370,000	\$120,699,112
24	Lift Station #5 Upgrade	\$2,690,000					\$2,690,000	\$123,389,112
25	40th Street West	\$7,287,500	\$2,000,000 (developer)				\$5,287,500	\$128,676,612
26	East Side 1.0 MG Water Storage	\$6,275,000				\$3,636,875	\$2,638,125	\$131,314,737
27	Quiet Rail	\$1,025,000					\$1,025,000	\$132,339,737
28	Landfill Expansion – land acquisition	\$2,100,000					\$2,100,000	\$134,439,737
<b>Totals</b>		<b>\$221,085,666</b>	<b>\$26,288,276</b>	<b>\$12,898,408</b>	<b>\$27,017,577</b>	<b>\$18,377,000</b>		<b>\$134,439,737</b>

\* Debt Financing is a combination of loans from the North Dakota State Revolving Loan Fund, private bond issues, private bank loans, and Bank of North Dakota financing

**Completed Projects**

Villard St. Mill & Overlay . . . . .	\$4,314,470
12th Street West . . . . .	\$1,861,715
West Side 18" Water Tie-In . . . . .	\$314,707

**Other 2013 – 2014 Expenditures**

Highway 22 Landscaping . . . . .	\$90,000
Waste Water Modeling . . . . .	\$180,000
Water System Modeling . . . . .	\$180,000 (\$63,000 received from State Water Commission)
Storm Sewer Modeling . . . . .	\$180,000
Truck Reliever Route . . . . .	\$500,000
State Ave Overpass utility relocations . .	\$500,000
Exit 56 Interstate Exchange . . . . .	\$5,000,000
West Business Loop and Exit 59 . . . . .	\$500,000