

# SB 2233

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**Transfer of Southwest Pipeline Project  
to Southwest Water Authority**

# OUTLINE

When Will Project Be Considered Finished –  
Both SWC & SWA

Capital Repayment To Resources Trust Fund - SWA

Revenues Returned To Bond Payments - SWA

- Revenue Bonds
- USDA Loans

Payments Necessary To Meet Obligations Of Existing  
Bonds & Other Loans – SWC

# OUTLINE

## Mill Levy - SWA

- How Rates Will Be Affected If Mill Levy Goes Away
- History Of Mill Levy Income

## Ownership Of Land & Associated Facilities

## Construction Documents – SWC

## Liabilities – SWC & SWA

## Contracts With Cities, Bulk Users, Companies & Other Users – SWA

# OUTLINE

Review SWC Water Permits (3688, 5754, 6145),  
Agreement With Basin Electric, USACE, BNSF Permits,  
DOT Permits, County Permits, Transfer Of Condemned  
Property, Forest Service Permits

Review O&M Transfer Agreement – SWC & SWA

Review SWA Century Code – SWC & SWA

Review SWPP Century Code – SWC & SWA

Steps Necessary To Transfer Ownership Of SWPP From  
SWC To SWA – SWC & SWA

Report

# STUDY SO FAR...

## Project Completion

SWC & The SWA Are Working Towards Defining  
When The Project Will Be Considered Finished

# PROJECT COMPLETION

## ND Oil Boom Scenario

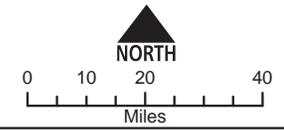
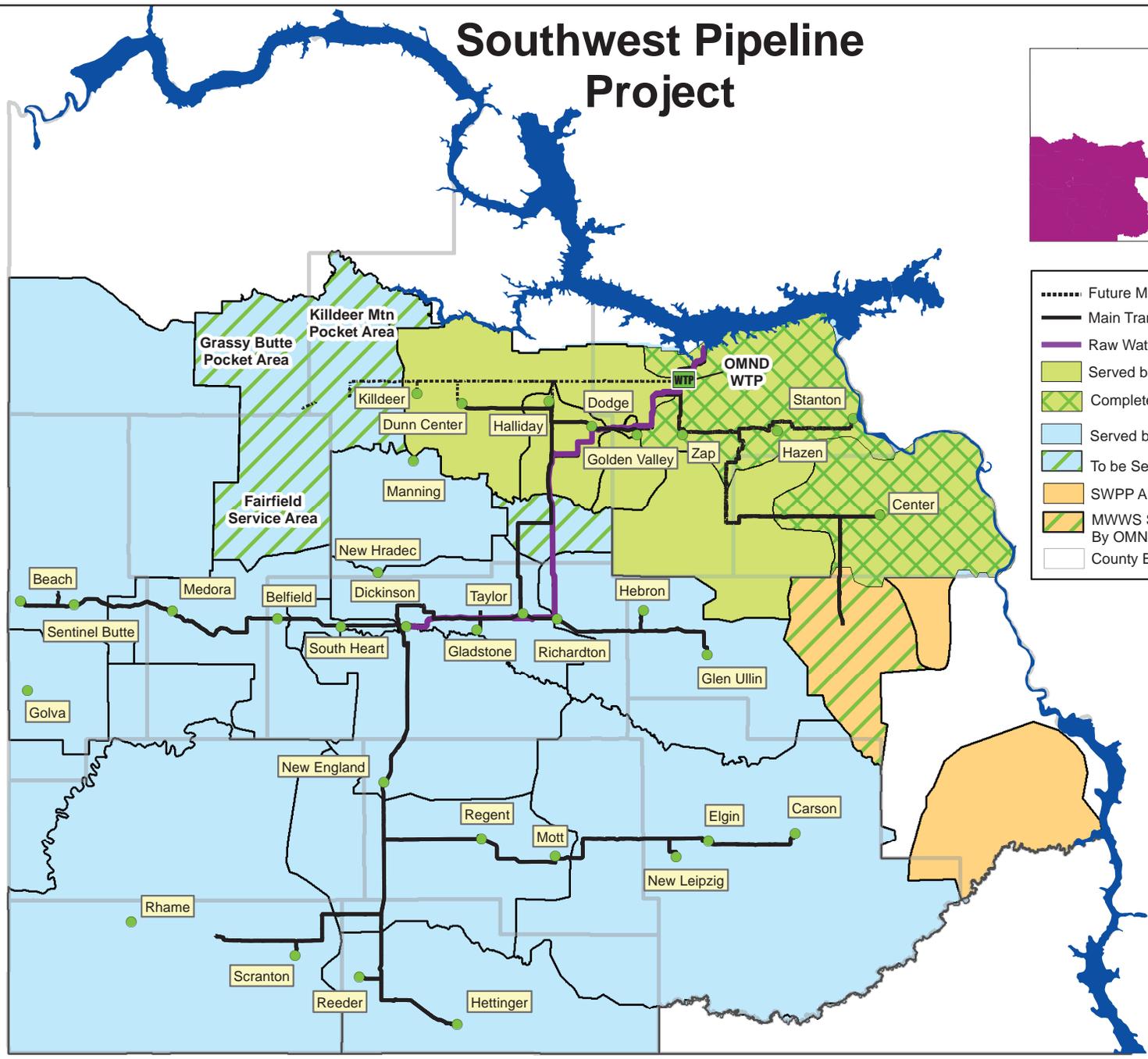
If There Was No Oil Boom & No Population Growth SWPP Would Be Near Completion

Only 2 Rural Distribution System Contracts (Part Of Oliver County & Dunn County) & Some Deferred Construction Items (5 Tanks & Two Pump Upgrades) Remain To Be Completed

# Southwest Pipeline Project



- ..... Future Main Transmission Pipeline
- Main Transmission Pipeline
- Raw Water Line
- Served by OMND WTP
- Completed or Under Construction
- Served by Dickinson WTP
- To be Served by OMND WTP in Future
- SWPP Area Served by MWWS
- MWWS Supplemental Service By OMND WTP
- County Boundaries



# PROJECT COMPLETION With Oil Boom

10 Out Of The 33 (30%) Of The Cities Served By The SWPP Has Greater Than 3% Per Year Growth In Their Population In The Last 3 Years & Expecting That To Continue

Largest City Served By SWPP – Dickinson

When Dickinson Was Served By SWPP In 1991 – Their Population 16,000

Current Dickinson's Population – 25,000  
(Estimated)

# PROJECT COMPLETION With Oil Boom

Capacity Allocated To Dickinson from SWPP – 6 MGD Which Will Serve A Design Population Of 24,000

Dickinson Expects Their Population To Stabilize At 42,500 People By 2036

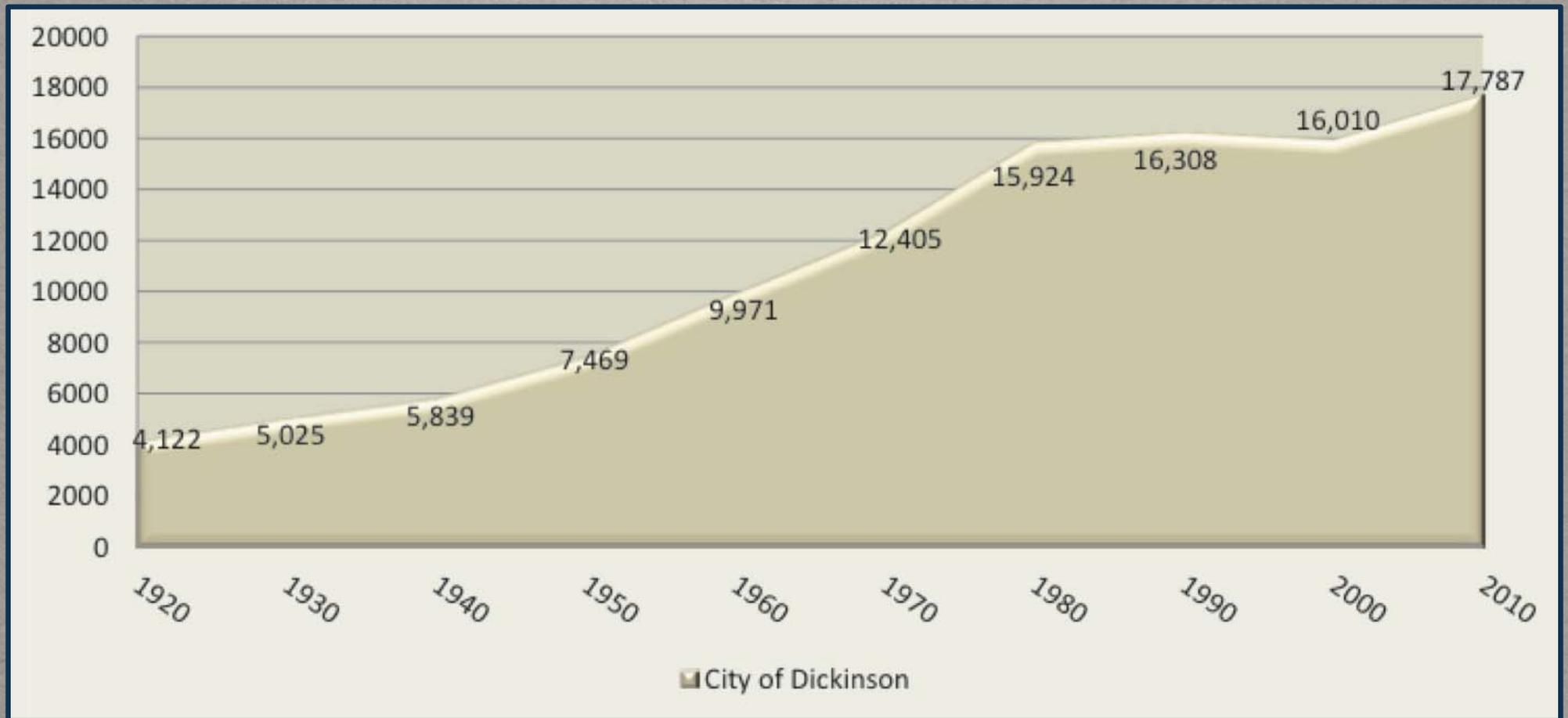
Dickinson Is Currently Reevaluating Their Population Projections

# PROJECT COMPLETION With Oil Boom

SWPP Is Dickinson's ONLY POTABLE WATER  
SUPPLY

All Cities Served By The SWPP Use SWPP As  
Their Sole Source For Their Potable Water Supply  
Needs

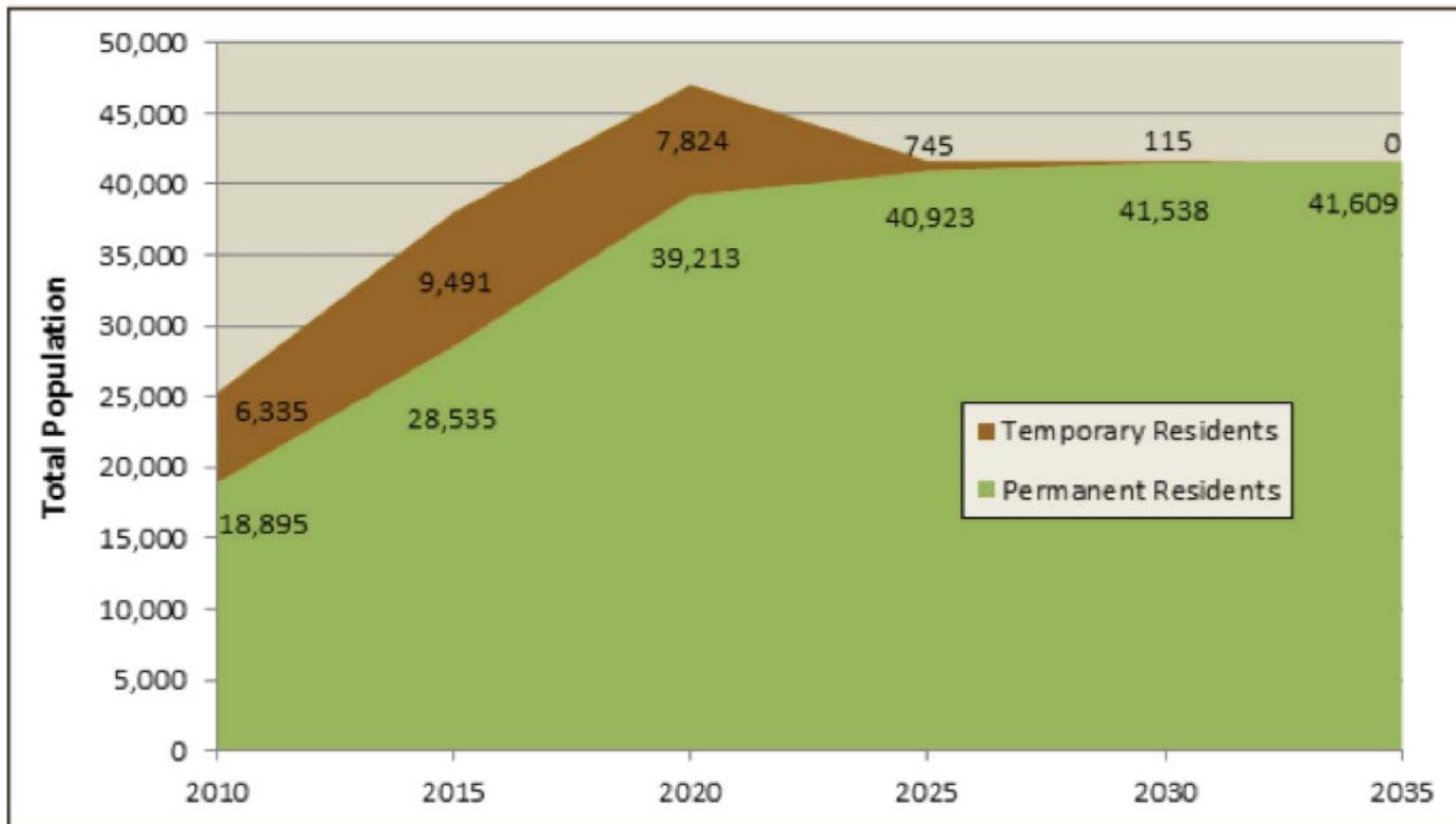
# CITY OF DICKINSON'S Historic Population Data



*From: City of Dickinson's Comprehensive Plan Report*

# CITY OF DICKINSON'S Projected Growth

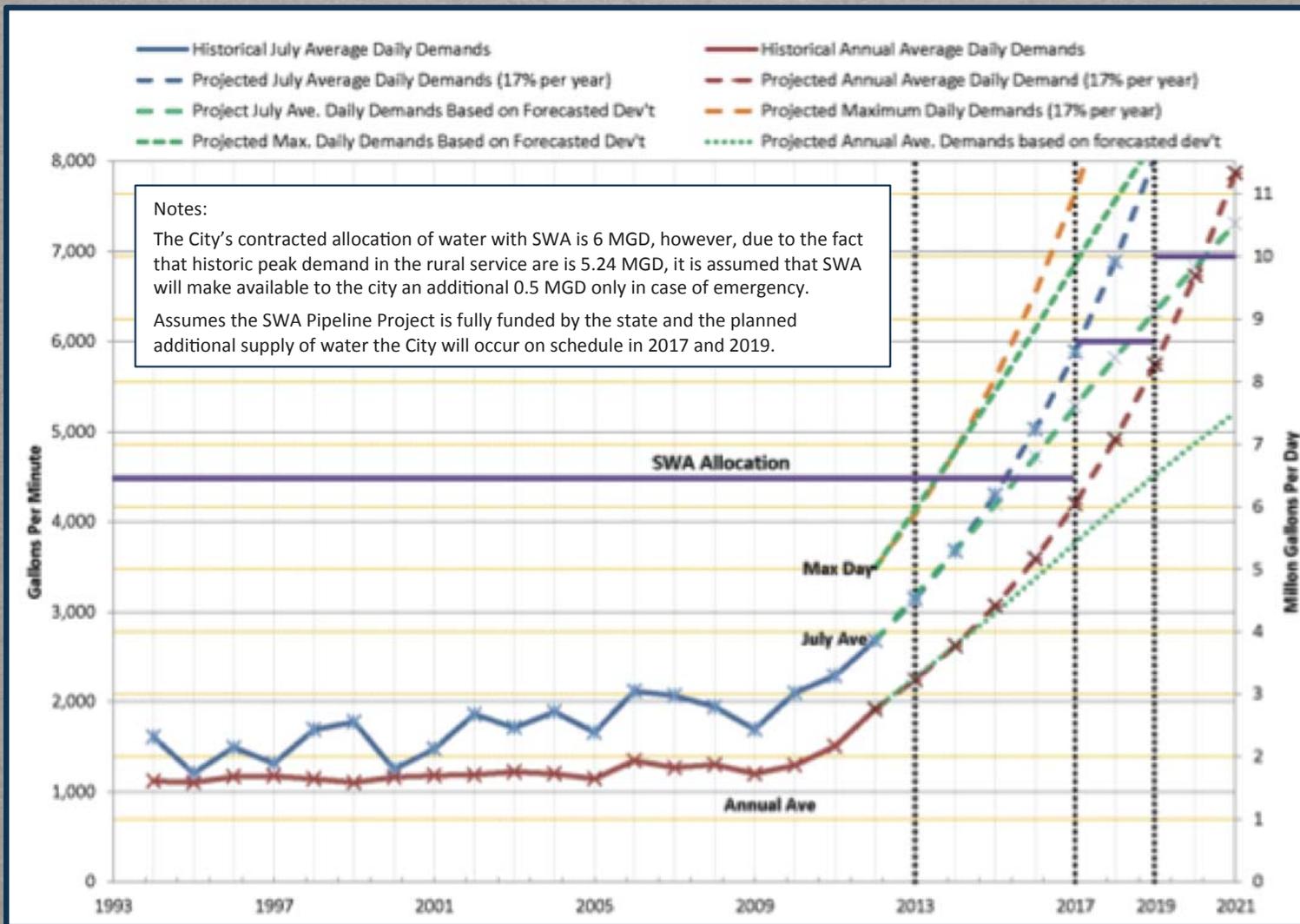
Figure 2-5: Forecasted Permanent and Temporary Population, City of Dickinson, 70 Percent Housing, 2010-2035



SOURCE: US CENSUS BUREAU, ND STATE DATA CENTER, NDSU, KLI

*From City of Dickinson Comprehensive Plan Report*

# CITY OF DICKINSON'S Forecasted Water Demand



*From City of Dickinson's Comprehensive Plan*

# CITIES SERVED BY SWPP POPULATION DATA

S.No	NAME	CENSUS 2010 POP	POP ESTIMATE 2011	POP ESTIMATE 2012	2010 to 2012 3 Year Change	2010 to 2012 3 Year Average
1	Medora	112	122	131	●	16.96%
2	Dunn Center	146	154	169	●	15.75%
3	Dodge	87	92	99	●	13.79%
4	South Heart	301	305	340	●	12.96%
5	Halliday	188	199	209	●	11.17%
6	Dickinson	17,787	18,533	19,697	●	10.74%
7	Golva	61	64	67	●	9.84%
8	Gladstone	239	245	262	●	9.62%
9	Sentinel Butte	56	58	61	●	8.93%
10	<b>Killdeer</b>	<b>751</b>	<b>789</b>	<b>818</b>	●	<b>8.92%</b>
11	Taylor	148	149	158	●	6.76%
12	Belfield	800	805	842	●	5.25%
13	Richardton	529	533	553	●	4.54%
14	Regent	160	164	165	●	3.13%
15	Zap	237	236	244	●	2.95%
16	Mott	721	726	742	●	2.91%
17	New England	600	614	617	●	2.83%
18	<b>Rhame</b>	<b>169</b>	<b>168</b>	<b>173</b>	●	<b>2.37%</b>
19	Scranton	281	279	284	●	1.07%
20	Hazen	2,411	2,411	2,420	●	0.37%
21	Center	571	572	571	●	0.00%
22	Golden Valley	182	181	182	●	0.00%
23	Stanton	366	364	365	●	-0.27%
24	Reeder	162	159	160	●	-1.23%
25	Hettinger	1,226	1,204	1,204	●	-1.79%
26	Hebron	747	743	732	●	-2.01%
27	New Leipzig	221	216	215	●	-2.71%
28	Glen Ullin	807	801	783	●	-2.97%
29	Carson	293	287	284	●	-3.07%
30	Bucyrus	27	26	26	●	-3.70%
31	Elgin	642	625	615	●	-4.21%
32	New Hradec					
33	Manning					

Not served by SWPP yet  
Not Incorporated Cities

**3 Year Change**  
● Percentage Change > 10%  
● Percentage Change > 5% and < 10%  
● Percentage Change < 5%

# STUDY SO FAR...

## Capital Repayment

The Water Rate For The SWPP Customers Set By SWA & SWC Includes Capital Repayment, Which Is Paid Back To The State For Bond Payments & Excess Goes To Resources Trust Fund

Capital Repayment Rate Was Set At \$0.44/1,000 Gallons In 1982. The Capital Repayment Is Indexed Every Year Based On CPI. The Current Capital Repayment Rate Is \$1.12/1,000 Gallons For Contract Customers.

# STUDY SO FAR...

## Capital Repayment

Capital Repayment Rate For Rural Customers Was Set At \$20 In 1991 & Is Included In The Minimum. The Current Capital Repayment Rate For Rural Customers Is \$34.30/Month.

Through March 2014, SWA Has Paid \$38.6 Million In Capital Repayment

2013 Capital Repayment - \$4.5 Million

2014 Capital Repayment (Budgeted) - \$5.2 Million

# STUDY SO FAR...

## Capital Repayment

Total SWPP Funding  
(Through December 2013) - \$235.64 Million

Federal Grants - \$119.17 Million

State Funds - \$ 92.23 Million

Bonds To Be Repaid By State Funds - \$24.24 Million

# STUDY SO FAR...

## Bond Obligations

Out Of The \$38.6 Million, \$20.4 Million Is Returned To The Resources Trust Fund

The Remaining Amount \$18.2 Million Was Used For The Bond Payments

Based On The Current Amortization Schedule We Will Have To Pay An Average Of \$890,000 Every Year Through 2049. That Would Total Approximately \$40 Million Dollars.

The SWC Anticipates Paying Off All The Outstanding Bonds By The End Of The Current Biennium. The Anticipated Pay Off Is \$22 Million Dollars.

# STUDY SO FAR...

## Mill Levy

The Annual Mill Levy Income To The SWA Historically From 1995-2013 Averaged \$221,500

Based On The Projections Received From The Counties It Is Estimated The Average Annual Mill Levy Income To SWA For The Years 2014 Through 2019 Will Be \$510,000

# STUDY SO FAR...

## Mill Levy

If The Mill Levy Revenue Was Not Available For The SWA During 1995-2013, The SWA Should Have To Increase Their Water Rate On An Average By \$0.16/1,000 Gallons

For The Years 2014-2019, The Water Rate Would Have To Increase On An Average \$0.18/1,000 Gallons

# STUDY SO FAR...

## Ownership Of Facilities

SWC As The Owner Of The SWPP, Owns The Pump Stations, Water Treatment Plants, Water Tanks And Pipelines

If The Project Is Transferred To SWA, The Ownership Of All Facilities Owned By The SWC Would Need To Be Transferred To SWA

SWA Owns Field Offices, A Water Depot & An O&M Building. Ownership Will Not Need Any Change With Transfer Of The SWPP.

# STUDY SO FAR...

## Construction Contracts

SWC Has 14 Construction Contracts Currently Underway With Plans To Award At Least 3 More Contracts In The Next Few Months

# STUDY SO FAR...

## Warranty

Pipeline Contracts Typically Have One Year Of Fully Bonded Warranty & Three Years Of Maintenance Bond Warranty. The Warranty Starts On The Date Of Substantial Completion.

For Pump Stations, Water Treatment Plant Buildings, Reservoirs, The Warranty Is Defined Differently

Future Contracts Will Have Language To Facilitate Transfer Of The Warranty To SWA

# STUDY SO FAR...

## Liabilities

Construction Contracts Signed By The SWC Needs To Be Completely Paid Out Before The Transfer Happens

SWA Liabilities – If The Project Is Transferred Before Construction Is Complete, The SWA May Have To Hire Additional Staff To Perform The Responsibilities Of The SWC Staff

SWA Water Rates Would Increase

# STUDY SO FAR...

## Water Service Contracts

SWC Is A Party On Water Service Contracts With Communities, Industries & Some Bulk Water Users

If Transferred, All Contracts Would Need To Be Amended To Remove SWC From Being A Party To The Contracts

# STUDY SO FAR...

## Easements, Permits

The Easements For All The Main Transmission Lines (MTL) For The SWPP Are Recorded Under The SWC. Each Easement Needs To Reviewed Amended & Recorded Within The Respective Counties. There Are Over 1,200 MTL Easements.

The SWC Is The Water Permit Holder For The SWPP. It Will Need To Be Transferred.

SWC Is The Party On The Agreement With Basin Electric Cooperative For Using Their Intake For The SWPP. This Agreement Will Need To Be Amended.

# STUDY SO FAR...

## Easements, Permits

The SWC Has An Easement From The USACE For The Intake Pump Station Building, Main Transmission Lines & Rural Transmission Lines Located On USACE Property. This Will Need To Be Amended & Transferred.

The Railroad Permits For The SWPP Is With SWC & These Permits Will Have To Be Transferred. The Project Has 60 Railroad Permits.

# STUDY SO FAR...

## Easements, Permits

The Project Uses WAPA Power & SWC Is The Party To The Agreement With WAPA & 5 Electric Cooperatives For Wheeling WAPA. These Agreements Will Need To Be Amended.

WAPA, Bureau Of Reclamation And USACE Need To Be Involved To Discuss The Eligibility Of The Project To Receive WAPA Power If Transfer Happens.

SWC Is The Party On Numerous DOT Permits, County Permits, Forest Service Permits. All Those Permits Will Have To Be Transferred & Amended.