

November 5, 2015

Water Topics Overview Committee
Municipal Water Infrastructure Prioritization Process

CHAIRMAN SCHMIDT AND MEMBERS OF THE COMMITTEE:

For the record I am Blake Crosby, Executive Director of the North Dakota League of Cities. Thank you for this opportunity to explain how cities worked together as per your instruction to produce a funding project list. Attachment 1 is the list as redone and presented to the State Water Commission by the Office of State Engineer.

In Spring of 2014 (Feb-Mar) the State Water Commission/Office of State Engineer (SWC/OSE) sent a letter of request to cities asking them to submit water infrastructure needs and the estimated cost. Working from the list of cities that responded to that request, I convened a meeting on June 30 at the North Dakota Heritage Center. As far as I am aware, this was the first time that cities had ever been called together as a group to talk about their water infrastructure needs. The intent of that meeting was to allow each city to explain project(s) to their colleagues and see if all projects could still be shovel ready for 2016 as by this time of the year the 2015 construction season was past. Total grant and loan from those requests as projected by SWC/OSE was \$154 million. The result of this first meeting was shovel ready funding requests were lowered to \$123 million.

Staffs from SWC/OSE were at that meeting Mr. Sando reviewing the funding available and Ms. Klose and Mr. Fridgen taking notes on project changes. At that time Mr. Sando expressed some concern about understanding the exact intent of language in SB 2020 and indicated he would seek clarification at the August meeting of Water Topics Overview.

The North Dakota Rural Water Association members have used a funding determination process in which they come together as a group, discuss the projects and funding, and develop a list. As NDLC became more involved in SB 2020, it was strongly suggested by legislators that we follow the same process.

Page 2

November 5, 2015

Water Topics Overview Committee

Municipal Water Infrastructure Prioritization Process

My understanding, after testifying and listening to legislator's comments, that the legislative intent in SB 2020 was cities or rural water systems affected should be the ones recommending "purpose" funding. And, during the August 6 meeting of Water Topics Overview, you reinforced that message.

On August 20, I convened another meeting of those cities who had projects remaining on the revised list from June 30, asking them to review their projects one more time and come prepared to agree to a list. Chairman Schmidt attended that meeting to explain purpose funding instead of project funding and the intent of funding decisions to be made by the cities on the list.

One of the common threads that unite cities is water infrastructure and it was very evident at this meeting. There was a lot of give and at the end of the day the total (grant and loan) amount came to about \$103 million. The larger cities in particular gave so everyone on the list could get projects bid out in early 2016. The cities did not do a ranking or a prioritization as their estimate of available funding showed sufficient appropriation for all the projects on the final list especially in light of LOC availability.

That list was provided to SWC/OSE on September 9. The list provided to SWC at their October 6 meeting was that list however; it included the priority designations as from the original list set by SWC/OSE of months before. So only the cities with that high priority designation were funded, leaving those at moderate and low priority out. This was not the intent of the cities that agreed to the August 20 list.

Thank you for your time and consideration and for recognizing that the best decisions come from those whose lives are affected by those decisions.

I will stand for any questions.

Attachment 1

Draft Project Priority List - Using Estimated Numbers from Project Sponsors (Sept 2015)

| Project Name | Water Plan Priority | Sponsor | Cost Est | Cost Share % | CURRENT Policy | SWC Loan \$ | Deliberation Policy | Cost Share % | |
|--|---------------------|----------------------|--------------|--------------|-----------------------|---------------|---------------------|---------------|--|
| | | | | | 35/60/75% | | 60/75% No Loan | | |
| | | | | | COST-SHARE Grant | | COST-SHARE Grant | | |
| Watermain to North Annexation | High | City of Dickinson | \$1,800,000 | 60% | \$1,035,000 | \$405,000 | \$1,080,000 | 60% | |
| North Tank Water Storage | High | City of Dickinson | \$4,000,000 | 60% | \$2,300,000 | \$900,000 | \$2,400,000 | 60% | |
| High Service Pump Optimization Phase 1 | High | City of Mandan | \$3,236,203 | 60% | \$1,872,722 | \$708,241 | \$1,935,722 | 60% | |
| Instrumentation & Control Upgrades | High | City of Mandan | \$278,000 | 60% | \$161,813 | \$60,188 | \$166,500 | 60% | |
| Sunset Booster Station Pumps | High | City of Mandan | \$442,130 | 60% | \$255,641 | \$95,264 | \$263,178 | 60% | |
| NE Water Transmission Line 30th Ave, 13th St, 46th St (16") | High | City of Minot | \$2,027,276 | 60% | \$1,189,455 | \$432,366 | \$1,216,366 | 60% | |
| NE Elevated Tank (1.5MG replace 500k) | High | City of Minot | \$4,167,262 | 60% | \$2,444,546 | \$889,264 | \$2,500,357 | 60% | |
| 12th St NE Watermain (Highway 23 and 17th Ave N) | High | City of Watford City | \$771,845 | 60% | \$443,811 | \$173,665 | \$463,107 | 60% | |
| 12th St E Watermain (24th Ave SE and 11th Ave SE) | High | City of Watford City | \$670,328 | 60% | \$385,439 | \$150,824 | \$402,197 | 60% | |
| Southeast Water Tower | High | City of Watford City | \$4,163,387 | 60% | \$2,393,948 | \$936,762 | \$2,498,032 | 60% | |
| Highway 23 Bypass Loop | High | City of Watford City | \$416,416 | 60% | \$239,439 | \$93,694 | \$249,850 | 60% | |
| 24th Ave SE Watermain | High | City of Watford City | \$1,262,476 | 60% | \$725,924 | \$284,057 | \$757,486 | 60% | |
| 17th Ave NW Watermain (Main St and 14th St NW) | High | City of Watford City | \$776,589 | 60% | \$446,539 | \$174,733 | \$465,953 | 60% | |
| 14th St W Watermain (Highway 85 and 17th Ave S) | High | City of Watford City | \$328,731 | 60% | \$189,020 | \$73,964 | \$197,239 | 60% | |
| 14th St W Watermain (Highway 85 and 4th Ave N) | High | City of Watford City | \$350,958 | 60% | \$201,801 | \$78,966 | \$210,575 | 60% | |
| 14th St W Watermain (10th Ave NW and 17th Ave NW) | High | City of Watford City | \$407,432 | 60% | \$234,273 | \$91,672 | \$244,459 | 60% | |
| 14th St W Watermain (4th Ave N and 10th Ave N) | High | City of Watford City | \$304,163 | 60% | \$174,894 | \$68,437 | \$182,898 | 60% | |
| Water Supply Improvements - South Water Tower (2 MG) | High | City of West Fargo | \$4,781,650 | 60% | \$2,868,990 | \$956,330 | \$2,151,743 | 60% | |
| Water Supply Improvements - Sheyenne St-52 Ave W (16") | High | City of West Fargo | \$928,700 | 60% | \$557,220 | \$185,740 | \$557,220 | 60% | |
| 11th St Water Main (32nd Ave to 139th Ave - West Side) | High | City of Williston | \$704,639 | 60% | \$405,167 | \$158,544 | \$422,783 | 60% | |
| 16th Ave Water Main (50th-58th St) | High | City of Williston | \$817,370 | 60% | \$469,988 | \$183,908 | \$490,422 | 60% | |
| High School Water Line (New School) | High | City of Williston | \$1,633,204 | 60% | \$939,092 | \$367,471 | \$979,922 | 60% | |
| Wegley Green Acres Water Supply - from city (Annex twm subdiv) | High | City of Williston | \$1,813,740 | 60% | \$1,042,901 | \$408,092 | \$1,088,244 | 60% | |
| Williston Park Water Supply - from city (Annex twm subdiv) | High | City of Williston | \$983,800 | 60% | \$565,685 | \$221,355 | \$590,280 | 60% | |
| Hi-Land Heights Water Supply | High | City of Williston | \$5,087,200 | 60% | \$2,925,140 | \$1,144,620 | \$3,052,320 | 60% | |
| West Reservoirs 5 MG | High | City of Williston | \$6,500,000 | 60% | \$3,737,500 | \$1,462,500 | \$3,900,000 | 60% | |
| 26th St Watermain | High | City of Williston | \$1,400,000 | 60% | \$805,000 | \$315,000 | \$840,000 | 60% | |
| Water Treatment and Supply | Mod | City of Garrison | \$7,800,000 | 35% | \$227,500 | \$6,012,500 | \$4,680,000 | 60% | |
| Water Main and Tower (200,000 Gallon) | Low | City of New England | \$1,980,000 | 35% | \$57,750 | \$1,526,250 | \$1,188,000 | 60% | |
| Water Tower 100,000 Gallon (100 yr Old) | Low | City of Ellendale | \$1,500,000 | 35% | \$30,199 | \$1,169,801 | \$900,000 | 60% | |
| Water Treatment Plant Improvements | Low | City of Langdon | \$8,500,000 | 35% | \$- | \$- | \$- | 60% | |
| Water Treatment Plant Improvements | Low-4 | City of Beulah | \$5,800,000 | 35% | \$190,138 | \$4,449,863 | \$3,480,000 | 60% | |
| Water Tower 300,000 Gallon | Low-4 | City of Burlington | \$1,750,000 | 35% | \$190,138 | \$1,209,863 | \$1,050,000 | 60% | |
| Water Tower 500,000 Gallon | Low-4 | City of Carrington | \$2,730,000 | 35% | \$65,897 | \$2,118,103 | \$1,638,000 | 60% | |
| Water Storage System Expansion (500,000 Gallon) | Low-4 | City of Casselton | \$2,000,000 | 35% | \$48,276 | \$1,551,724 | \$1,200,000 | 60% | |
| Finished Water Storage (Replace 500,000 Gallon Reservoir) | Low-4 | City of Drayton | \$1,600,000 | 35% | \$46,667 | \$1,233,333 | \$960,000 | 60% | |
| Water Supply, Treatment, and Storage Expansion | Low-4 | City of Enderlin | \$11,000,000 | 35% | \$320,833 | \$8,479,167 | \$6,600,000 | 60% | |
| Water Treatment Plant Improvements | Low-4 | City of Rugby | \$1,200,000 | 35% | \$35,000 | \$925,000 | \$720,000 | 60% | |
| New Ground Water Supply | Low-4 | City of Wahpeton | \$600,000 | 35% | \$17,500 | \$462,500 | \$360,000 | 60% | |
| Water Treatment Plant Capacity Improvments | Low-4 | City of Wahpeton | \$5,500,000 | 35% | \$160,417 | \$4,239,583 | \$3,300,000 | 60% | |
| Water Supply Improvments | Low-4 | City of Westhope | \$425,000 | 35% | \$12,396 | \$327,604 | \$255,000 | 60% | |
| | | | | | Pending Request | \$ 30,413,654 | \$ 44,725,941 | \$ 55,637,452 | |
| | | | | | Budget | \$ 40,000,000 | \$ - | \$ 40,000,000 | |
| | | | | | Approved | \$ 9,031,750 | \$ - | \$ 9,031,750 | |
| | | | | | Balance After Request | 554,596 | | -\$24,669,212 | |

12

*

| Water Infrastructure and Flood Funding earmarks as per SB 2020 | | | | | | |
|--|--|--|--|----------------|----------------------------|--|
| | | | | | | |
| Total in SB 2020 | | | | \$644 million | | |
| Estimated Carry-Over | | | | \$350 million | | |
| sub-total | | | | \$294 million | | |
| | | | | | | |
| Less estimated RTF revenue | | | | \$240 million* | (\$10 million X 24 months) | |
| sub-total | | | | \$54 million | | |
| | | | | | | |
| Less LOC | | | | \$200 million | | |
| Ending balance | | | | \$146 million | | |
| | | | | | | |
| *OMB estimate \$347 million | | | | | | |