

October 12, 2017  
Interim Water Topics Committee  
Rep. Jim Schmidt, Chairman

Good afternoon Chairman Schmidt, members of the Committee and State Water Commissioners. For the record, Blake Crosby, North Dakota League of Cities.

HB 1374, passed in the sixty-fifth Legislative Assembly, stated in 61-02-01.4 State water commission cost-share policy "The state water commission shall review, gather stakeholder input on, and rewrite as necessary the commission's "Cost-share Policy, Procedure and General Requirements" and "Project Prioritization Guidance" documents....". It then goes on to enumerate some specific items.

Today I will talk to you about the existing cost-share policy and the effect it is having on the City of Wing, population 127.

I recalled from a meeting of cities that had submitted requests for water projects a statement made by the Mayor of Wing that their water tower had holes in it. After I contacted the cities that had been given a high-priority rank by the SWC for 2017-19 funding and saw a decrease of about \$38 million as projects were pulled for a variety of reasons, I decided to pay a visit to the mayor. I wanted to hear and see first-hand their situation to determine if a request for some of those remaining funds would be appropriate.

They had pictures of the tower roof and it does have holes in it...and not just pinholes...and also pictures of the interior that showed substantial rusting and deterioration. They had the tank regularly inspected on a 2-year cycle but it had hit the point where the inspection foreman refused to go up on the tank as it was too dangerous.

Understanding they could not afford a new water tower, even on a 60%-40% cost-share basis, they looked for alternatives and settled on an interior liner along with a new roof and exterior coating. They received a bid from H and H Coatings out of Devils Lake...a company in this business for 22 years.

In a subsequent conversation with the State Engineers Office I was told that tank liners were not eligible for cost-share funding. I just presumed it was due to some technical specs or engineering requirements. I wanted to find out first-hand so I visited face-to-face with the owners of H and H Coatings, learned that the City of Fargo had water tower coatings from H and H that were 26 years old, and heard from other cities about their satisfaction not only with the product but with the customer service. Problems with specs or engineering was obviously not the case.

Wing can get a new roof, the interior sand-blasted, repaired, and lined, and the exterior coated for \$169,550. The estimate on a new 50,000 gallon tower was \$1,050,000. You don't need very high-level math skills to figure out which is a better return on investment for a city of 127 people. At a 60%-40% split the cost to the state would be \$101,730 for a 25-30 year usable life. I was told their treatment plant, well, and transmission lines all appear to be in decent shape.

The second piece of the current cost-share policy is to not fund projects after the fact. Wing is finishing the project as we speak because it is an emergency. We have a small city, whose major water user is the local school of about 100 children, with a disaster waiting to happen. How much do you think it would cost the school if they had to live on bottled water for a number of months? The cost-share policy should accommodate reimbursement after the fact for emergency situations as this one. Certainly, a simple process can be set up so the SWC knows what is coming as far as cost.

Thank you for your time. I will try to answer any questions.