

2013 HOUSE APPROPRIATIONS

HB 1269

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1269

1/24/13

17688

☐ Conference Committee

Committee Clerk Signature

Meredith Traubolt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to the state water commission for water projects; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer opened the hearing.

Rep. Nelson: Introduced the bill and presented a proposed amendment and supporting documents, see Attachment 1.

10:15

Chairman Delzer: Your proposed amendment lowers the dollar amounts?

Rep. Nelson: That's correct, it's a change that allows them more flexibility. Those are the only projects that would be included.

Chairman Delzer: Is there any chance that one of the three would get left out?

Rep. Nelson: I haven't asked that.

Rep. Pollert: I support the bill.

12:05

Eric Volk, Executive Director of ND Rural Water: Our association is in favor of this bill for the same reasons already noted. Sometimes we get stuck in a funding dilemma and a one year project takes two or three years. These projects are ready to go. People are here today to answer any questions you may have on the specific projects.

Chairman Delzer: What do think the timing needs to be to get the bidding process done?

Volk: As soon as possible. If we had the commitment from the Water Commission with the money, we could get these bid in February-March, and ground moved as soon as the climate allows.

Rep. Monson: All of these projects listed are up and ready to go? If you got the money, you have people available to do the construction?

Volk: At the Governor's request, we worked to have shovel-ready projects to present to the budget section, and these are the same projects. If the Water Commission would have had the spending authority, they would have been funded and in the works.

Chairman Delzer: These are not bid yet, but in the past, once you went to bid, you've never had a problem getting bidders to do the job.

Volk: No. The only problem we have is if we have to bid late in the season, when everybody has already committed to other projects, which is what we're trying to avoid.

16:15

Katie Andersen, Mayor, Jamestown: Presented Attachment 2.

21:55

Rep. Skarphol: Do you have language you believe should be incorporated into the legislation?

Andersen: I have some suggestions. They're not perfect, but some of those guidelines would be to value the rural water systems outstanding debt, as calculated on a per user basis; reasonable cost for detaching any existing infrastructure; a calculation of the fixed operation and maintenance costs for the rural water system. We want to be fair to the rural water district as well as allow the city to be able to grow, annex territory, and ensure there is adequate water supply for fire protection.

Rep. Brandenburg: Titan Machinery has been trying to get water for 10 years. There is quite a gap south of Jamestown without rural water. Jamestown serves the hospital on the edge of the city. Why wouldn't you want this money?

Andersen: It's not that we don't want the rural area to be able to develop, we want to make sure there's an ability for us to serve the urban requests. That's really important for the commercial and industrial development areas of the city. It is our understanding that is something that would be now at that developer's expense, therefore hindering our growth as we don't feel comfortable annexing territory and allowing building to happen that wouldn't have adequate fire protection for that area. We're having a lot of annexation requests. We would like to have some certainty about who would be the water service provider to those areas.

26:00

Rep. Nelson: Do you serve the new hospital in Jamestown? Doesn't that sit in the rural water district?

Andersen: We do. That territory was annexed into the City of Jamestown prior to 2010.

Rep. Nelson: Does annexation remove it from the rural water district? Did the city council negotiate with the rural district before you provided service to the new hospital?

Andersen: Not specifically, no. The Stutsman rural water district was created in 1999, and in their creation documents it lists that they will serve the area except for areas within the city limits of Jamestown, Medina, and Woodworth at the time. You could argue that it was part of the rural water district. We were operating under a 2005 agreement, which we all felt everyone entered into in good faith, and it says that anything annexed within the one-mile territorial jurisdiction of the city would become part of the Jamestown system and that the rural water district would be compensated according to a schedule.

Rep. Nelson: Obviously negotiation needs to take place, but I'm not sure that this is the place to do it. HB 1440 directly addresses the issue you want to attach to this bill. The intention of this bill is to move projects along, to get them funded, bid, and built. To do that, this bill has to be as clean as possible, go through both chambers, and get signed. Attaching your proposed amendment will complicate this, and the number of possible amendments to that other bill could make this whole bill moot. Why don't we just save that debate for the other bill?

Andersen: HB 1440 would have no application to us in our immediate situation, if 1269 is passed with the emergency clause.

Chairman Delzer: We will not be discussing HB 1440, as the hearing is on 1269. If this doesn't pass, the Water Commission budget goes forward the way it is. There's no further legislation that comes up anywhere else that changes anything currently, and in July that same situation would happen.

Andersen: We knew about this project, and thought we would have until July to resolve our conflict. Now with the emergency clause, we don't. For the record, my testimony was neutral.

Chairman Delzer: Seeing no further testimony, we will close the hearing.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1269
1/29/13
Job 17914

☐ Conference Committee

Committee Clerk Signature

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to the state water commission for water projects; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer opened discussion on HB 1269. Rep. Nelson will offer an amendment.

Rep. Nelson: The amendment was handed out during the testimony, and it is 13.0640.01001. He moved the amended, seconded by **Rep. Pollert**.

Rep. Nelson: Explained the amendment.

Chairman Delzer: Do they have to do all three projects?

Rep. Nelson: Yes, it doesn't change the scope of projects, it just gives them a little needed flexibility.

Chairman Delzer asked if there was discussion on the amendment. Seeing none, a voice vote was done, motion carried.

Rep. Nelson moved Do Pass as Amended, seconded by **Rep. Pollert**.

Rep. Glassheim: The testimony from the Jamestown mayor concerned me. If we pass this bill, it increases the rural water's debt, which will then put them under protection of federal law, which may complicate the ongoing negotiations on the current outstanding legal contractual matters. I have no problem with the intention of the bill, but it seems to me that we are interfering in a legal matter on one side rather than the other.

Chairman Delzer: I don't necessarily see that. There is debt there already. There is another house bill that will deal with the 1926b issue. I have heard there has already been movement on the negotiations. These issues are out there, but I don't know that this is the bill where we should do it.

Rep. Brandenburg: The rural water users in Stutsman have been working on this for many years. This serves rural areas and provides backup to Jamestown. I think it should be resolved locally, not here.

Rep. Nelson: I think the key is the federal debt that kicks in the protections under 1926b are already in play. With the passage of this bill, that doesn't change the argument, it doesn't change anything from where they are today from a legal standpoint.

Rep. Glassheim: There is \$800,000 of debt now, but that could be refinanced and removed from the 1926b. If there is \$5M worth of debt, it removes that option.

09:00

Rep. Pollert: If this passes, there will be another \$3.1M that comes forward, but in order for all of this to take place you would have to have a judgment against 1926. I don't think that's ever been done. I understand they've met since our hearing last Thursday, and they've agreed to meet again. They're further along than they've been in two years, right now.

Rep. Glassheim: I understand the reason for getting bids out early rather than later, but can this wait 10 days to give us time to work out the issue? Otherwise, it's not being resolved locally, the state's money is getting in between local negotiations. The fact it was raised and we are moving on this pushed the negotiations faster than they had been.

Chairman Delzer: This will have to have a full hearing in the Senate; if they pass it, then it goes to the Governor, if the emergency clause carries. I would like to see this go to the floor at the same time (as SB 2176) because it's the same type of issue of expediting for bid process. It isn't the same issue, the budget stabilization fund, because this is resources trust fund money. Further discussion?

Rep. Skarphol: Can anybody tell me if the Jamestown hospital is involved in this?

Rep. Pollert: The JRMC belongs in the Stutsman Rural Water District, but the water is furnished by the city of Jamestown. That was an agreement signed between the two parties.

Chairman Delzer: Do we want to hold this until later, or hold the vote now?

Rep. Nelson called the question. A roll call vote was done. The motion carried 18 Yes, 2 No, 2 Absent. **Rep. Nelson** will be the carrier.

1/29/13
JNC

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1269

Page 1, line 5, replace "\$11,621,725" with "\$10,350,000"

Page 1, line 7, replace "assist in the local cost-share of" with "advance"

Page 1, line 8, replace the period with a colon

Page 1, line 9, remove "\$9,971,725"

Page 1, line 10, remove "\$750,000"

Page 1, line 11, remove "\$900,000"

Page 1, line 13, replace "\$30,000,000" with "\$21,000,000"

Page 1, line 14, remove "defraying the"

Page 1, line 15, replace "expenses of" with "advancing additional construction on"

Renumber accordingly

Date: 1/29/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1269

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13-0640-01001

Action Taken Amend

Motion Made By Rep. Nelson Seconded By Rep. Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarpol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

voice vote carries

Date: 1/29/13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1269

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DPA

Motion Made By Rep. Nelson Seconded By Rep. Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch		X			
Rep. Grande			Rep. Boe		
Rep. Hawken	X		Rep. Glassheim		X
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarpol	X				

Total Yes 18 No 2

Absent 2

Floor Assignment Rep. Nelson

If the vote is on an amendment, briefly indicate intent:

Motion Carried

REPORT OF STANDING COMMITTEE

HB 1269: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1269 was placed on the Sixth order on the calendar.

Page 1, line 5, replace "\$11,621,725" with "\$10,350,000"

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Renumber accordingly

2013 SENATE APPROPRIATIONS

HB 1269

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1269
02-11-2013
Job # 18725

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act for an appropriation to the State Water Commission for water projects and to declare an emergency

Minutes:

See attached testimony

Chairman Holmberg: Called the committee back to order on HB 1269 on Monday, February 11, 2013 at 2:30 pm. All committee members were present except Senator Grindberg. Sheila M. Sandness from Legislative Council and Laney Herauf from OMB were present. We are looking for some minutes from the budget section. For those in the audience, we will not take action on the bill today, but this week we will take action. We have the prime sponsor of the bill.

Representative: Nelson: District 14 in the House, here to introduce HB 1269. With me today are a number of people from the rural water community that will be affected by the projects. They will speak to the number of people and how they will be provided with quantity and quality of water enhancements in their communities. Handout Testimony attached # 1. He goes over the handout (4:49-9:41)

Chairman Holmberg: This is something that has been discussed; the suggestion was because it was not spending authority there was not much that could be done until the session. There was a discussion on early bidding being a competitive bidding and if it is done prior to road restrictions, contractors can move things around easier.

Representative Nelson: In that discussion before budget section it was revealed to him that they were one month from session. This was determined to be the best alternative to allow the entire legislature to vote on this because of the size of construction. (10:48-11:48)

Senator Bowman: The question he has deals with the emergency clause; of the three water districts, only one in there that can use the emergency clause to get started in construction earlier?

Representative Nelson: The emergency clause is for all the projects in the bill.

Eric Volk, Executive Director of the North Dakota Rural Water Systems Association: Testimony attached #2.

Sue Backer: Courtenay, North Dakota and Stutsman County, Testimony attached # 3 (map) Encourages the passing of this bill so they can get their water. (18:11-18:56)

Joe Leis: Farm and ranch north of Jamestown. I farm and ranch and am on the Stutsman County Rural water board. (19:10-22:08)

Senator Wanzek: He hopes both sides work hard and it will take some extra effort on your side to get this done.

Joe: I agree 100%. Our goal as a board is composed of some very common sense people. Both parties should be able to agree in the near future. We are progressing in the right direction and no one wants to see the community divided. It is a local matter and should be settled locally.

Bonnie Steigert: A land owner in McClain County and is in support of the bill. (24:47-26:30)

Len Holmberg, Manager of McClain Sheridan Rural Water: They serve about five hundred rural users, mostly farmers and ranchers. This project will help get water to an area in need and improve the base operation. (27-27:51)

Chairman Holmberg: How far over into the county does this project cover.

Len: It starts along the Missouri river on the west side of McClain County and nearly all of Sheridan County. This project is largely the Brush Lake and Blue Lake area.

Teresa Sundsbak, General Manager of North Prairie Rural Water and Vice President of the North Central Rural Water Consortium: Testimony attached from Phillip Westgard, #4. (29:15-32:54)

Vice Chairman Bowman: If this is approved how long is this going to take for Plaza to get the water so the city planers can plan accordingly.

Teresa: We had been asked prior so they had already looked into this and done plans. They are already prepared with their plans to move forward and hoping to have water by fall at the latest.

Senator Krebsbach: Where is your source of water for Plaza coming from?

Teresa: The source for this water is coming from treatment plant in Voltaire. The 2nd phase is actually to get water from the city of Parshall. We would work with the city of Parshall to provide water in the rural users in that southern Montrail area.

Senator Krebsbach: Where is the water source from Voltaire coming from?

Teresa: We have an aquifer there.

Southwest Water:

Marie Johnson, Director of Mercer County Southwest Pipeline Project: Testimony attached # 5.

Mary Massad, Manager and CEO for the Southwest Pipeline Project: Testimony attached # 6, several maps and information sheets. Explaining the funding where it would be used and where it would come from. (37:54-41:23)

Senator Robinson: Said last fall at the water coalition meetings she reported an overview of the pipeline situation in southwest North Dakota and you had said that within the next 12 to 18 months we could be in a situation of water rationing in Dickinson, where are we at with that whole situation?

Mary: Part of the plans for this biennium is to get more water to Dickinson and to start the process of expanding treatment capacity for both Dickinson and that whole region. It could be an issue in two to three years.

Senator Robinson: You also reported you will be doubling your staff.

Mary: We are currently at about 34 and now trying to hire five and planning to add thirteen to staff this year.

Senator Robinson: You should be positioned to prevent water rationing at least for the next twenty-four months. He was told yes.

Katy Anderson, Mayor of Jamestown: Testimony attached # 7.

Senator Mathern: Do you have such amendments?

Katy: I do, the language has been included in HB1440, which is something that has been under some discussion and they have specific amendments and if it would be possible it would be the venue to use to discuss that as opposed to having to discuss the amendments specifically for this bill.

Senator Mathern: Do you want them included on this bill?

Katy: Yes, the emergency clause on this bill is what moves the discussion forward; we would have been happy to just have this discussion in HB1440.

Chairman Holmberg: But if 1440 was changed it would have passed after and could impact what happens here because it's the last past that takes precedent if there is a disagreement between two bills.

Senator Carlisle: Did you try to put the amendment on 1269 when it was in the House?

Katy: I did suggest that we work on this amendment in the House committee as well. Representative Skarphol had asked for the guidelines specifically to be sent to him and I did send the guidelines that I would suggest be included.

Senator Carlisle: But it didn't get put on this bill? He was told that was correct.

Senator Wanzek: I think you heard these sponsors say the concern with adding amendments and the potential slowdown of the project, and the project is delayed. I understand your concern, but I am trying to understand what assurance we have if we do that...I feel we are being asked to choose sides.

Katy: I am not interested in delaying the project. What's unfortunate here is we had that agreement in place and they are saying that the agreement is illegal and unenforceable because of the federal law that is protecting them from any limitation or curtailment of their territory. When there is funding involved you do have leeway to say what you would like the rural water districts to do in regards to their agreements with the neighboring municipalities.

Chairman Holmberg: Isn't that what courts are for and not the legislature, to resolve differences?

Katy: This committee is probably not familiar with 1926b that protects rural water districts territory. It has had a lot of interpretation at the circuit court level. There are eighteen circuit courts that address this.

Chairman Holmberg: This body is well aware of the battles that went on legislatively regarding the utilities and REC's and that was ugly and went on for years.

Senator Gary Lee: I am familiar with 1926b and I can tell you, you don't want this group to solve your problems because it may have strings hanging on it that don't really fit your particular needs. We solved our problems by working with the communities that surrounded us.

Katie: I applaud you for representing your rural water district and had that been the case in our situation I wouldn't be here asking for any amendments.

Vice Chairman Bowman: Is the water supply there; with the new project for rural water is it something you can tap into if you reach your agreement? I know they can expand and things change. Is the water supply enough to service the addition to Jamestown?

Katie: The city of Jamestown has plenty of capacity within its water treatment plant to sell to Stutsman rural water should they need to do that. I do believe their new contracts are with the city of Carrington. So we have capacities in our plant but they also have their own treatment plant.

Chairman Holmberg: Is there adequate water in the Stutsman County area to supply that kind of expansion to the west and east of Jamestown?

Katie: There will be enough water sources but might need to come from multiple locations.

Senator Robinson: I would only add the litigation has got to get off the table. You live with these problems for a long time. Valley City is making progress, come together and resolve the issues. I do have a question for Eric. Where will we be in the rural water community if this package is approved and the other budget for the water commission makes its way through this session in terms of satisfying the most dire needs?

Eric: I believe in the water commission budget there was about fifty-five million for rural water projects across the state. We move these forward because of the shovel readiness and they were ready to go. The one you referenced around the Minot area is on the list for 13-15. It wasn't quite ready.

Senator Robinson: Would you say that is one of the most critical that would be left after this package, in terms of the long wait and the quality of the water?

Eric: Definitely we have a way of ranking within the rural water systems. The western activity is ranked high up there.

Chairman Holmberg: We will close the hearing

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1269
02-12-2013
Job # 18764

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act for an appropriation to the State Water Commission for water projects and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee to order on Tuesday, February 12, 2013 in regards to HB 1269. All committee members were present except Senator Grindberg. Lori Laschkewitsch from OMB and Sheila M. Sandness from Legislative Council were also present.

Chairman Holmberg commented that the committee had heard this bill and stated that this committee could take action on this bill.

Senator Robinson Moved Do Pass. Seconded by Senator Wanzek.

Chairman Holmberg: Discussion. There are other issues that certainly need to be addressed by this legislature including a House Bill which we can't talk about in the House Bill but we also have the Water Commission budget coming over here the second half of the session so this is not the end of the discussion of water issues but it is the beginning of the opportunity for these 4 areas to move forward right away. Would you call the roll for a Do Pass on HB 1269.

A Roll Call vote was taken. Yea: 12; Nay: 0; Absent:1. Senator Wanzek will carry the bill.

The hearing was closed on HB 1269

Date: 2-12-13

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1269

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass

Motion Made By Robinson Seconded By Wanzek

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 12 No _____

Absent 1

Floor Assignment Sen. Wanzek

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1269, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1269 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1269

13.0640.01001
Title.

Prepared by the Legislative Council staff for
Representative J. Nelson
January 23, 2013

HB 1269
1/24/13

Attachment 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1269

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Renumber accordingly

ND State Water Commission
Major Project Funding Adjustments
2011-2013 Biennium

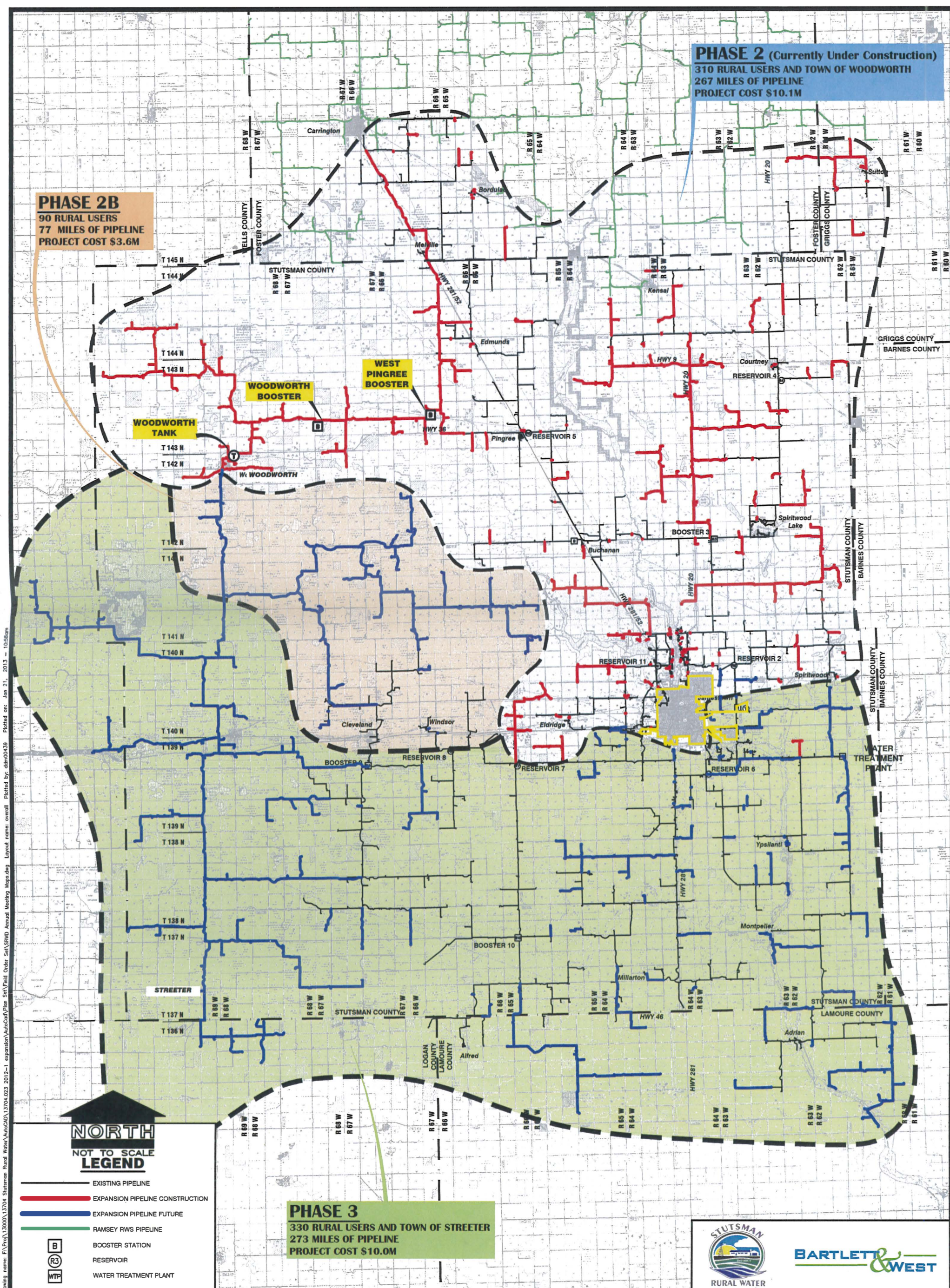
	Proposed	Current	Changes
Fargo Flood Control	30,000,000	30,000,000	0
Minot Flood Control	0	22,200,000	22,200,000
Lisbon Flood Control	0	650,000	650,000
Sawyer Flood Control	0	200,000	200,000
Wahpeton Flood Control	0	1,000,000	1,000,000
Valley City Flood Control	0	3,000,000	3,000,000
Burlington Flood Control	0	1,000,000	1,000,000
Burleigh County Flood Control	0	2,700,000	2,700,000
Ward County Flood Control	0	18,250,000	18,250,000
MR&I Water Supply	15,000,000	13,500,000	-1,500,000
Western Area Water Supply	25,000,000	25,000,000	0
Irrigation Development	5,000,000	2,300,000	-2,700,000
General Water Management	27,000,000	18,450,000	-8,550,000
Red River Water Supply	5,000,000	0	-5,000,000
Devils Lake Levee	0	13,750,000	13,750,000
Devils Lake Outlet	75,000,000	88,000,000	13,000,000
Downstream Impacts			
Fargo	15,000,000	15,000,000	0
Northwest Area Water Supply	12,000,000	12,000,000	0
Southwest Pipeline	25,000,000	17,000,000	-8,000,000
Weather Modification	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total	235,000,000	285,000,000	50,000,000

* Senate Bill 2371, passed during the special session added an additional \$50 million to the Water Commission's Budget

DRAFT \$50M Project Funding Option: Additional 2011-2013 Biennium Authority

Sponsor	Project	Detailed Description	SWC Cost	Local Cost	Total Cost
McLean Sheridan WD	Blue and Brush Lakes Expansion	250 new users in the Mercer area	\$800,000	\$800,000	\$1,600,000
NCRWC	City of Plaza	Service from North Prairie (NCRWC) to Plaza	\$250,000	\$250,000	\$500,000
Stutsman RWD	Stutsman Expansion Phase II-B* and South Phase III	Phase II-B will serve 90 new users. Phase III will serve 330 new users, including Streeter	\$9,300,000	\$3,600,000	\$13,600,000
SWC - SWPP	Dunn Center Service Area MTL Phase I	18.75 miles (10"-12"), 6 miles (6"), OMND WTP to Halliday turn-out, Halliday to 2-7C connection	\$7,698,000	\$0	\$7,698,000
SWC - SWPP	Dunn Center Service Area MTL Phase II	25.8 mi. PVC (8"-18"), Halliday turnout to 7-9I, 6 miles to Killdeer and Dunn Center	\$10,283,000	\$0	\$10,283,000
SWC - SWPP	Dunn Center Reservoir	1 MG elevated storage	\$2,590,000	\$0	\$2,590,000
SWC - SWPP	Killdeer Mtn. Elevated Tank	200K gallon elevated tank	\$850,000	\$0	\$850,000
SWC - SWPP	2nd Zap Potable Reservoir	1.67 MG ground storage	\$2,004,600	\$0	\$2,004,600
SWC - SWPP	Dickinson WTP Finished Water Pump Station	Move Dickinson High Service and Ray Christensen Pump Station pumps to new facility, Genset	\$6,000,000	\$0	\$6,000,000
SWC - SWPP	Membrane Proc. OMND WTP 1.5 MGD Upgr.	2 Ultra Filtration skids and 1 Reverse Osmosis skid	\$2,000,000	\$0	\$2,000,000
Ward Co. & Minot	Floodplain Acquisitions	Remaining amount needed beyond \$9.3M in current budget to cover Ward Co. Phases II and III and 50 additional acquisitions in Minot	\$4,974,960	\$1,658,320	\$6,633,280
Various	General Water Management	Various projects	\$3,249,440	NA	\$3,249,440
Total			\$50,000,000	\$6,308,320	\$57,008,320

* An additional \$700,000 will be provided through the Water Development and Research Fund, administered through the Garrison Diversion Conservancy District for the Stutsman RWD Phase II-B project.



Testimony on HB 1269

January 24, 2013

Katie Andersen, Mayor of Jamestown

HB 1269
1/24/13
Attachment 2

Good morning, Mr. Chairman, Committee members, thank you for your time today to hear testimony on HB1269. My name is **Katie Andersen**; I am the **Mayor of Jamestown**.

Nearly \$10 million dollars of this appropriation would fund an important expansion project for Stutsman Rural Water District. As the Mayor of the major population center in Stutsman County, I would love to fully support this bill and support the bidding and construction of this project in 2013. So that I am clear, **we are fully supportive of rural residents having the opportunity to access quality water.**

Unfortunately, Stutsman Rural Water District has chosen not to honor a water purchase contract, initiated by Stutsman Rural Water District, with the City of Jamestown, and **they are using their federal indebtedness** and the protection of United States Code Chapter 7, section 1926(b) **as legal reason to violate the agreement** that simply allows Stutsman Rural Water District to purchase water from the City of Jamestown at the same price Jamestown sells water to Jamestown residents and increases the water supply capacities for the District to allow them to serve more rural residents.

The **City of Jamestown** and Stutsman Rural Water District **are trying to negotiate a new agreement to resolve water territory service areas** and allow for "equitable territory transfer." This would **allow the City of Jamestown to accommodate growth**, to provide for **public safety** through **fire protection** and attract and accommodate other economic opportunities through **reasonable water costs**.

One significant element in the negotiations for "equitable territory transfer" is the Rural Water District's protection of the federal law 1926(b). It is Jamestown's understanding that Stutsman Rural Water District currently has federal debt of only \$814,000, but the project that is proposed in HB 1269 would allow them to secure additional federal debt well into the millions of dollars. This will complicate our negotiations because the federal protection of 1926(b) will be nearly impossible to remove through refinancing.

To clarify, the federal debt of only \$814,000 can be refinanced, therefore removing the protection of federal law 1926(b). The effect of HB 1269, the additional federal debt of over \$5 million for Stutsman Rural Water District, is not easily refinanced. Therefore, 1926(b) protection is secured for forty years. This negatively impacts the legal negotiation position of the City of Jamestown and further complicates the ability of Jamestown to accommodate growth.

If **HB 1269** passes without Stutsman Rural Water having "equitable territory transfer" agreements in place with the other water utility providers in their district, it will be difficult for the **City of Jamestown to negotiate an agreement** and **further delays the ability for Jamestown to grow.**

The **conflict between federally indebted rural water districts** and the sustainability and growth of cities is **not unique to Jamestown**. The City of **Valley City** recently annexed land for industrial

development and is fighting a legal battle to provide water service. **Devil's Lake** also recently annexed land for an industrial park, and has received legal correspondence from Greater Ramsey Rural Water District that the City of Devil's Lake cannot provide water to this annexed area. The City of **Minot** is actively working to negotiate an agreement with North Prairie Water District (a member of the North Central Consortium) to allow for more growth area for the City of Minot. The City of **Surrey** is currently in a lawsuit with North Prairie Water District, the district they use to supply their municipal water distribution system. The Cities of **Grand Forks, Fargo, Bismarck, Dickinson and Williston** have also dealt with, are dealing with or anticipate dealing with water service area disputes with their adjacent rural water districts. As you can see, **this problem is not just small cities like Surrey or Big Cities like Minot. It is not East or West or Oil Patch or I-29 corridor.** The conflict of rural water districts and municipal water service territory is a problem all across the state.

North Dakota needs state law that would help provide guidelines for **"equitable territory transfer", and make funding contingent upon equitable territory transfer agreements.** A law like this could do a lot toward resolving the issue of water service territory throughout the state. **Jamestown is asking that a contingency of an equitable territory transfer agreement apply to HB 1269.** **We would like to work together** with legislators, rural water representatives, municipalities, the state water commission and any other interested parties to develop the language and bill amendments that would guide and support the negotiations and creation of equitable territory transfer agreements.

As soon as an equitable territory transfer agreement is in effect, Jamestown and any other effected municipalities can be fully supportive of these important rural water projects moving forward.

As state legislators, we do not expect you to solve an individual dispute between two political subdivisions, nor could we expect you to change the federal debt and subsequent law that has caused, is causing and will continue to cause problems for municipalities to adequately accommodate growth. However, we do ask that the appropriation of state funds not be used to create and add to the problem or negotiating water service territory. Rural Water Districts, like municipalities, are political subdivisions and creations of state law. As state legislators, you can make a difference in how these disputes are **resolved fairly for both political subdivisions** and the state residents they represent.

In closing, I would like to restate that I and the City of Jamestown are **fully supportive of rural residents' access to clean, quality water sources.** Jamestown is excited to **be attracting growth and economic development that will ultimately benefit our entire region, rural and urban.** We simply want to accommodate that growth with **reasonable water costs to the consumer and fire protection and public safety.** To accomplish this goal, we ask that **guidelines for equitable territory transfer apply to HB1269 and the bill be amended to reflect that intent.** **We look forward to working together to create guidelines that are fair and accurately reflect the states desire to foster healthy growth for all political subdivisions.**

Thank you for your time this morning. I would be happy to respond to any questions or comments the committee may have at this time or anytime in the future.

DRAFT \$50M Project Funding Option: Additional 2011-2013 Biennium Authority

Sponsor	Project	Detailed Description	SWC Cost	Local Cost	Total Cost
McLean Sheridan WD	Blue and Brush Lakes Expansion	250 new users in the Mercer area	\$800,000	\$800,000	\$1,600,000
NCRWC	City of Plaza	Service from North Prairie (NCRWC) to Plaza	\$250,000	\$250,000	\$500,000
Stutsman RWD	Stutsman Expansion Phase II-B* and South Phase III	Phase II-B will serve 90 new users. Phase III will serve 330 new users, including Streeter	\$9,300,000	\$3,600,000	\$13,600,000
SWC - SWPP	Dunn Center Service Area MTL Phase I	18.75 miles (10"-12"), 6 miles (6"), OMND WTP to Halliday turn-out, Halliday to 2-7C connection	\$7,698,000	\$0	\$7,698,000
SWC - SWPP	Dunn Center Service Area MTL Phase II	25.8 mi. PVC (8"-18"), Halliday turnout to 7-9I, 6 miles to Killdeer and Dunn Center	\$10,283,000	\$0	\$10,283,000
SWC - SWPP	Dunn Center Reservoir	1 MG elevated storage	\$2,590,000	\$0	\$2,590,000
SWC - SWPP	Killdeer Mtn. Elevated Tank	200K gallon elevated tank	\$850,000	\$0	\$850,000
SWC - SWPP	2nd Zap Potable Reservoir	1.67 MG ground storage	\$2,004,600	\$0	\$2,004,600
SWC - SWPP	Dickinson WTP Finished Water Pump Station	Move Dickinson High Service and Ray Christensen Pump Station pumps to new facility, Genset	\$6,000,000	\$0	\$6,000,000
SWC - SWPP	Membrane Proc. OMND WTP 1.5 MGD Upgr.	2 Ultra Filtration skids and 1 Reverse Osmosis skid	\$2,000,000	\$0	\$2,000,000
Ward Co. & Minot	Floodplain Acquisitions	Remaining amount needed beyond \$9.3M in current budget to cover Ward Co. Phases II and III and 50 additional acquisitions in Minot	\$4,974,960	\$1,658,320	\$6,633,280
Various	General Water Management	Various projects	\$3,249,440	NA	\$3,249,440
Total			\$50,000,000	\$6,308,320	\$57,008,320

* An additional \$700,000 will be provided through the Water Development and Research Fund, administered through the Garrison Diversion Conservancy District for the Stutsman RWD Phase II-B project.

11/9/12

#1
2-11-13
AB 1269

ND State Water Commission
Major Project Funding Adjustments
2011-2013 Biennium

	Proposed	Current	Changes
Fargo Flood Control	30,000,000	30,000,000	0
Minot Flood Control	0	22,200,000	22,200,000
Lisbon Flood Control	0	650,000	650,000
Sawyer Flood Control	0	200,000	200,000
Wahpeton Flood Control	0	1,000,000	1,000,000
Valley City Flood Control	0	3,000,000	3,000,000
Burlington Flood Control	0	1,000,000	1,000,000
Burleigh County Flood Control	0	2,700,000	2,700,000
Ward County Flood Control	0	18,250,000	18,250,000
MR&I Water Supply	15,000,000	13,500,000	-1,500,000
Western Area Water Supply	25,000,000	25,000,000	0
Irrigation Development	5,000,000	2,300,000	-2,700,000
General Water Management	27,000,000	18,450,000	-8,550,000
Red River Water Supply	5,000,000	0	-5,000,000
Devils Lake Levee	0	13,750,000	13,750,000
Devils Lake Outlet	75,000,000	88,000,000	13,000,000
Downstream Impacts			
Fargo	15,000,000	15,000,000	0
Northwest Area Water Supply	12,000,000	12,000,000	0
Southwest Pipeline	25,000,000	17,000,000	-8,000,000
Weather Modification	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total	235,000,000	285,000,000	50,000,000

* Senate Bill 2371, passed during the special session added an additional \$50 million to the Water Commission's Budget

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Testimony of Eric Volk, Executive Director

ND Rural Water Systems Association

House Bill 1269

Senate Appropriations Committee – February 11, 2013

Chairman Holmberg and Members of the committee, my name is Eric Volk. I am the executive director of the North Dakota Rural Water Systems Association (NDRWSA) which serves a membership of more than 250 cities, 28 rural/regional water systems, and four tribal systems. The NDRWSA is committed to ensuring North Dakota's residents receive affordable drinking water of excellent quality and sufficient quantity. NDRWSA is committed to completing North Dakota's water infrastructure for economic growth and quality of life. Today I am submitting testimony in support of House Bill 1269, which would provide timely funding for several rural/regional water projects across the state.

Meeting the demands of repairing & replacing aging infrastructure and complying with rules & regulations are taking its toll on many small and rural water systems. Another major challenge facing rural and small water systems is the ever increasing rural to urban migration, which continues to decrease the population base and which adds to the cost to the individual consumer. This does offer a challenge in finding affordable ways to bring quality water to rural areas. These projects are expensive to fund and without significant state funding, the cost to the consumer is just too much for the average family to afford.

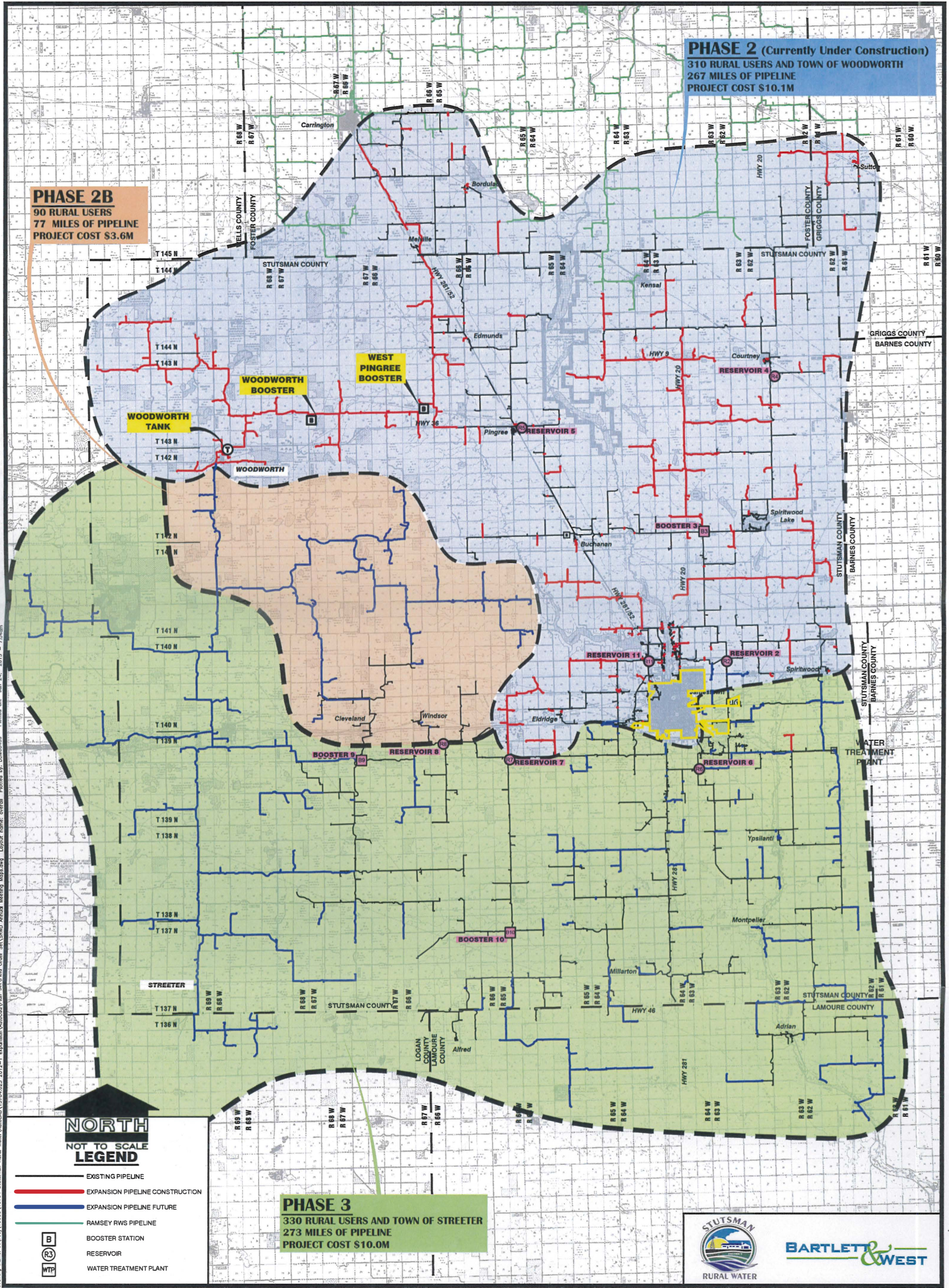
Our systems have worked very hard over the last several years to get their projects as shovel ready as possible. If state funding for these specific projects was available relatively soon(emergency clause), these projects could go to bid this winter (which is the optimal time to bid a water project), started when the ground was ready this spring and have a great chance to be

completed this year. These projects will bring a much needed quality and quantity of water to several thousand rural and city residents across the state. Remember, no extra money is included in this bill; just the timing of the funding is accelerated.

Passage of this clean bill will allow these projects to be completed in a more economical fashion, ultimately saving the state and the end customer a significant amount of money. If funding is delayed, we also stand to possibly lose another construction season. That simply is not an option for some residents who have been waiting many years for a source of safe, reliable water.

With that said, the NDRWSA and its members are very excited to support House Bill 1269. Thank you for giving me the opportunity to provide testimony on behalf of the members of the NDRWSA.

HB
1269
2-11-13
#



Drawing name: F:\Proj\13000\13704\Stutsman Rural Water\AutoCAD\13704-023 2012-1 expansion\AutoCad\Plan Set\Final Order Set\SPWD Annual Meeting Maps.dwg Layout name: overall Plotted by: DDM00439 Plotted on: Jan 24, 2013 - 7:04am

February 11, 2013

Good morning, Mr. Chairman, and Members of the Committee. My name is Phillip Westgard and I am a City Council Member from the City of Plaza. I am sorry I am not here to give this testimony today in person. Dale Butterfield, a long time Plaza City Council Member passed away last week and his funeral is this morning. Teresa Sundsbak from North Prairie Rural Water District has graciously accepted to read this testimony for us today.

This message is to request financial assistance from the State to help the citizens of Plaza and the surrounding farms to get better water. I would like to thank the members of this committee in advance for their consideration of this matter.

Like most rural towns in North Dakota, we have relied on well water, with mixed results. We have had issues with both quantity and quality since our system was put in back in the 1950's. We have tried to dig new wells, but have only come up with dry holes or poorer water than we already have. We put in a small water treatment plant in the late 1980's to increase the quality of water, but that system is at the end of its lifespan and needs to be replaced.

Our small town is growing, mostly as a result of the oil boom. We have already added a smaller housing development to our city and are watching as houses are going up. The new apartment units in the development are fully rented and there are several entities interesting in building more. We were approached last summer about a large scale addition to our town but had to tell them that we were unable to provide them with adequate services at that time. We know that we cannot provide services to any new developments without a new water source and/or the replacement of our old treatment plant.

A rural water source has always been the solution to our water problems, and hooking up with the North Prairie Rural Water District is the easiest, fastest, cheapest, and best option.

We need a better source of good water, in greater quantity then we can currently provide. Rural water can provide both for us. Rural water is the best source of water for our residents today and in the future, but we need help in getting it to our town. With financial help from the State of North Dakota, we can do just that.

Thank you again for your time and consideration of this matter.

Phillip Westgard
City Council Member, City of Plaza

AB 1269
2-11-13
#4

Testimony by Marie Johnson, Southwest Water Authority
Board Member for Mercer County
On behalf of the
Southwest Pipeline Project
to the
Senate Appropriations Committee
Hearing on House Bill 1269

Bismarck, ND
February 11, 2013

Good afternoon Mr. Chairman, members of the committee. My name is Marie Johnson. I am the director for Mercer County on the Southwest Water Authority Board of Directors. I am from the Oliver, Mercer, North Dunn (OMND) Regional Service Area of the Southwest Pipeline Project. We have waited a long time to receive quality water. I am here this afternoon to ask for your support in funding the Southwest Pipeline Project in southwest North Dakota.

Development in our region would not be where it is today without the existence and the promise of Southwest Pipeline Project water. The poor quality water in the Oliver, Mercer, North Dunn counties hampers many projects across our counties. We need the Southwest Pipeline Project for quality water for the residents of these counties, and for the sustainability and economic development of southwest North Dakota.

Construction is underway in Mercer County for the Oliver, Mercer, North Dunn Regional Service Area. The OMND water treatment plant north of Zap now supplies water to the cities of Hazen, Stanton, Center, and Zap, two energy sector users which include: Leland Olds and Great River Energy power plants, and will soon supply Lakeshore Estates, which is where I live.

The cities of Golden Valley, Dunn Center, Halliday, and Dodge are currently being served by the Southwest Pipeline Project from the Dickinson water treatment plant, and will be switched over to the new OMND water treatment plant once the necessary facilities have been constructed. The funding in this bill will do just that.

A good water supply is definitely needed in southwest North Dakota. We ask that you continue to support the construction of the Southwest Pipeline Project. With your support, the many families who live and work in southwest North Dakota will one day have a reliable source of quality water available right from their tap!

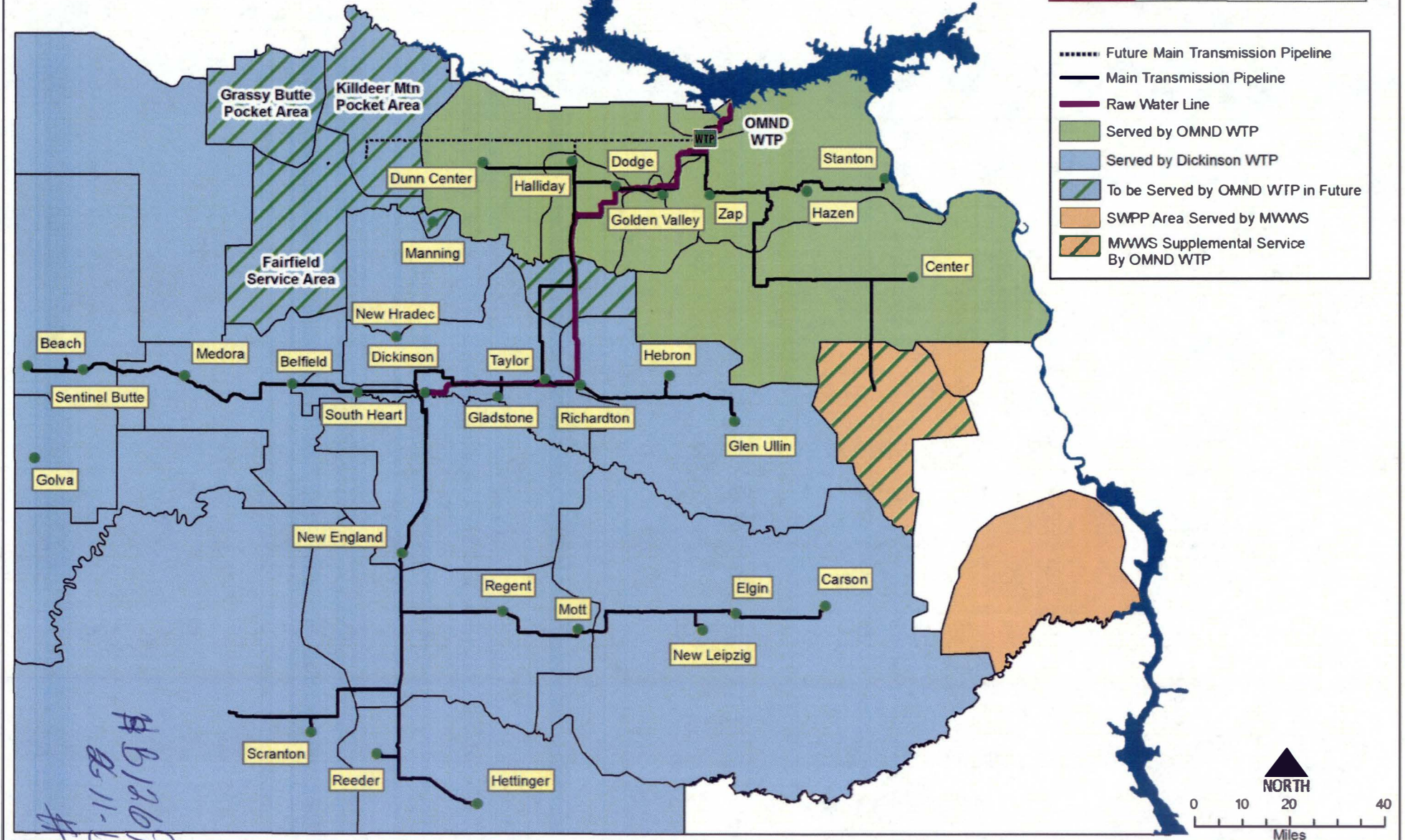
Please support House Bill 1269.

NB 1269
2-11-13
#5

Southwest Pipeline Project

Project
Location:
Southwestern
North Dakota

- Future Main Transmission Pipeline
- Main Transmission Pipeline
- Raw Water Line
- Served by OMND WTP
- Served by Dickinson WTP
- To be Served by OMND WTP in Future
- SWPP Area Served by MWWs
- MWWs Supplemental Service By OMND WTP

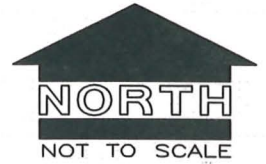


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SOUTHWEST PIPELINE PROJECT



Oliver-Mercer-North-Dunn Regional Service Area Progress



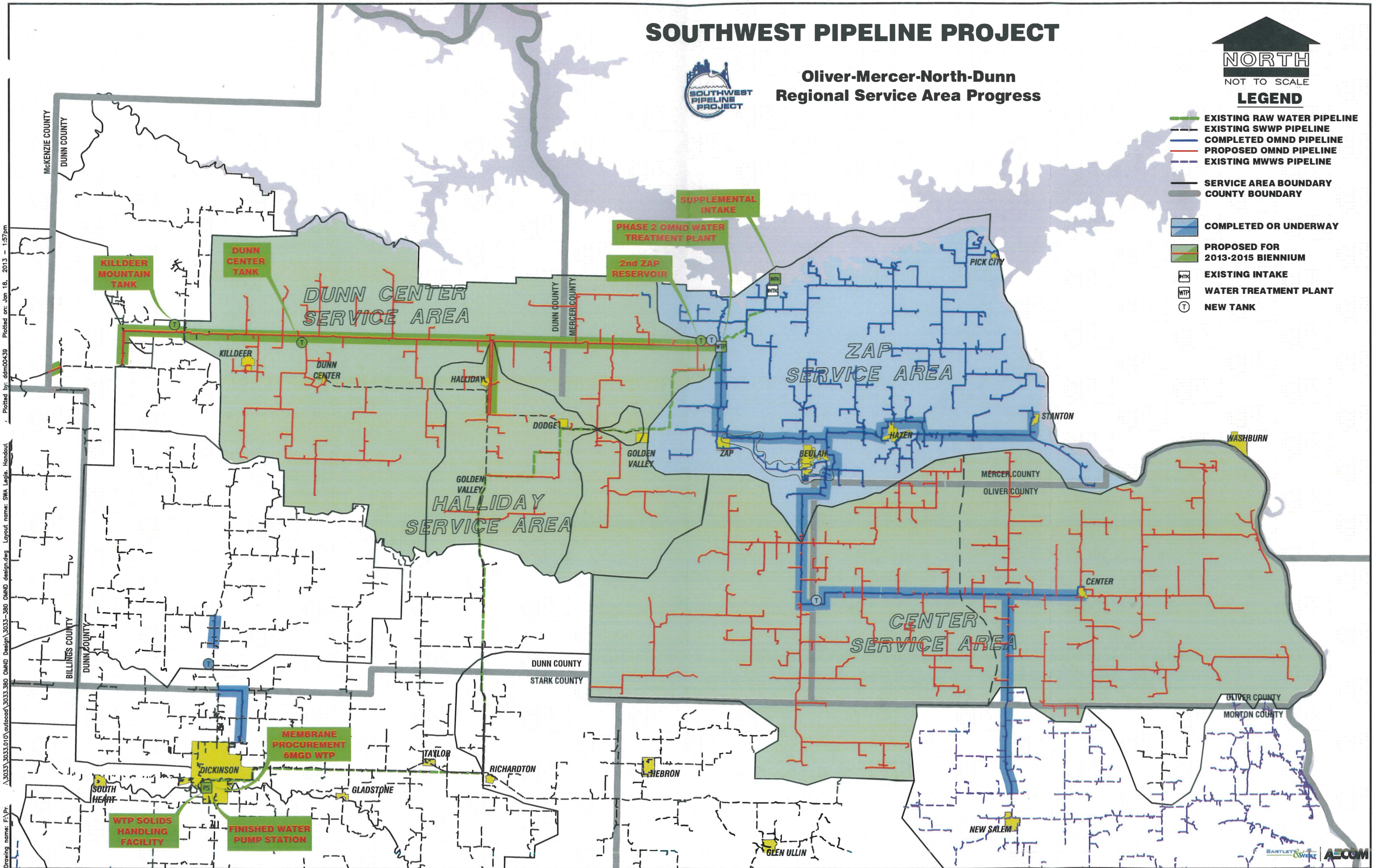
LEGEND

- EXISTING RAW WATER PIPELINE
- EXISTING SWWP PIPELINE
- COMPLETED OMND PIPELINE
- PROPOSED OMND PIPELINE
- EXISTING MWWS PIPELINE
- SERVICE AREA BOUNDARY
- COUNTY BOUNDARY
- COMPLETED OR UNDERWAY
- PROPOSED FOR 2013-2015 BIENNIUM
- EXISTING INTAKE
- WATER TREATMENT PLANT
- NEW TANK

Plotted by: ddmd0439 Plotted on: Jan 18, 2013 - 1:57pm

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It's More Than a Pipeline... It's a Lifeline

The Southwest Pipeline Project (SWPP) is North Dakota's largest multi-county regional rural water project. Today, the SWPP brings quality water to over 50,000 people which includes 31 communities, more than 4,600 rural locations, 22 contract customers, 21 raw-water customers, and two rural water systems. In the energy sector, the SWPP provides raw water for two depots, an ethanol plant and two crew camps. The OMND (online 2012) water treatment plant currently serves the communities of Zap, Hazen, Stanton, and Center. Construction is now underway for the Oliver, Mercer, North Dunn (OMND) counties.

The need for quality water in southwest North Dakota is greater than ever. Given 1,417 rural customers continue waiting for water, southwest North Dakota's population is growing at an unprecedented rate, the raw-water needs of the energy industry, and it's easy to see why the continued funding for the SWPP is so important to the economic development of ALL of North Dakota. To date, SWPP has paid back to the state of North Dakota over \$33 million.

ECONOMIC VIABILITY. The communities and rural areas currently being served by the Southwest Pipeline Project (SWPP) are basing their current and future growth on the availability of quality water. That's a fact!

UNPRECEDENTED GROWTH. Here we are experiencing doubling populations due to the oil and energy industries. The communities receiving quality water from the Southwest Water Authority are literally doubling their populations with no sign of slowing down. All of the projections are for continued population growth and incoming businesses.

FUNDING OF THE SWPP IS VITAL. The requested funding for 2013-2015 will not only help ensure water quality for southwest North Dakota, but will strengthen the economic viability of the entire State. With \$79 million in funding over the next two years, the SWPP can continue to meet the water quality needs of existing customers and the growing needs of communities it serves. Together with the funding support of the SWPP, North Dakota will remain a State people want to do business with and a place they want to raise their children.

WATER QUALITY. With a mission of quality water for southwest North Dakota, the Southwest Pipeline Project continues to meet and/or exceed all of the Environmental Protection Agency (EPA) and North Dakota Department of Health's stringent water quality laws and requirements.

PAYING BACK TO NORTH DAKOTA. Through 2012, **over \$33 million has been paid back** from the Southwest Pipeline Project to the State of North Dakota.

Quality Water for Southwest North Dakota

Learn More by Visiting www.SWwater.com



CURRENTLY SERVING QUALITY WATER TO:

- More than 50,000 Southwest ND Residents
- 31 Southwest ND Communities
- Over 4,600 farms, ranches & small businesses
- 22 contract customers
- 21 Raw Water customers
- Missouri West Water Rural Water System
- Perkins County Rural Water System
- Red Trail Energy Ethanol Plant
- Two Oil & Gas Crew Camps
- Two Raw Water Depots for Oil & Gas Industry

WATER SALES GROWTH:

- 698,867,870 gallons (1995)
- 2,373,063,380 gallons in 2012
- 2013 Projection: 2,622,595,000 gallons 67% INCREASE from 2010

EMPLOYMENT:

Current staff – 34
Hiring – additional 13 in 2013

CURRENT POPULATION:

50,208 Southwest North Dakota

POPULATION GROWTH:

Unprecedented population projected growth over the next 10 years

REPAYMENT TO NORTH DAKOTA:

Through 2012 over \$33 million has been paid back to the State
In 2013, nearly \$5 million in capital repayment budgeted

TOTAL WATER REVENUES:

2013 Projected Revenue: \$15 million (60% increase over 2012 budget)
Revenue generated through November 2012 is over \$12 million (\$9.9 million budget)

OPERATIONS & MAINTENANCE:

Two Water Treatment Plants
12 MGD and 3.5 MGD capacities
21 Water Storage Reservoirs, vary in size from 197,000 - 6,000,000 gallons

"Your efforts are critical towards providing water for residential, agricultural, and industrial use during this time of rapid growth in western North Dakota. Thank you for your hard work and best wishes as you continue to expand the Southwest Pipeline Project."

*– Jack Dalrymple,
Governor of North Dakota*

"As a member of the State Water Commission, I have followed the progress of this project, and consider it a landmark in the development of the Southwest Pipeline Project that will bring fresh, treated water to thousands of people."

*– Doug Gochring,
North Dakota
Agriculture Commissioner*

People and Business Succeeding with Quality Water

Southwest Water Authority does not discriminate on the basis of race, color, national origin, sex, religion, age, marital status or disability in employment or the provision of services.

Learn More by Visiting www.SWwater.com



Mission Statement for Southwest Water Authority

Quality Water for Southwest North Dakota

Vision Statement for Southwest Water Authority

People and Business Succeeding with Quality Water



Learn More by Visiting www.SWwater.com

Southwest Water Authority does not discriminate on the basis of race, color, national origin, sex, religion, age, marital status or disability in employment or the provision of services.

frequently Asked Questions

Is there a waiting list for water from SWPP to other service areas?

Yes! The southwest region of North Dakota is seeing unprecedented growth with the oil and energy industries. Communities and rural areas being served are in need of much more water. A second intake for the Project is now a bigger need than ever. Expansion of treatment at the water treatment plant in Dickinson is needed for the growth in Dickinson and the region. Upgrades to the Project are needed to meet this fast growth and high demand. There are people today who cannot drink the water from their tap because they are not yet connected to the SWPP. In some cases, people signed up for water and paid their fees more than 20 years ago. There are also people on waiting lists in the areas currently served as the Project is at capacity.

With the energy industry having a big economic impact on all of ND, how does SWPP help?

Quality water is essential to keep the State's economic engines growing and moving forward. That's why the SWPP continues to stay true to its vision to help the people and business of southwest North Dakota succeed with quality water.

Who funds the Southwest Pipeline Project?

As a State owned project, we are 100% funded by State and federal loan programs. With our customers paying capital repayment, there is no local cost share. The Garrison Diversion Conservancy District's, Municipal, Rural and Industrial (MR&I) Water Supply Grant program, provides up to 75% of the cost for development of water supply projects. The legislation that created the program gives cost-sharing credit for the funds the State had previously expended on the project. Through November 2012, \$69.84 million from North Dakota's Resources Trust Fund, \$8.47 million from the Water Development Trust Fund and \$100.62 million in MR&I funding has been spent on the SWPP.

What funds are needed in the next biennium for the SWPP to continue its mission?

The Southwest Pipeline Project is requesting \$79 million in the next (2013-2015) biennium.

What does the needed funding mean to the people and businesses of Southwest ND?

First, it means building more than 462 miles of pipeline, increasing SWA's pumping capacity of water by the end of 2015, economic development for all of ND, water for the workers coming to ND, and allowing for the ability to serve the citizens who are continuing to repay the State of North Dakota.



What happens if Southwest Water Authority does NOT receive all of its needed funding?

Drinking water will need to be rationed to the detriment of existing southwest North Dakota residents. The people already signed up and waiting for quality drinking water will continue to wait. Temporary workers will not want to become permanent residents. Cities will not be able to build the homes needed for incoming workers.

What has been accomplished by the Southwest Pipeline Project to date (2012)?

Currently (2013) 31 communities, over 4,600 rural service locations, 22 contract customers, 21 raw water customers in North Dakota, and two rural water systems, are served by this pipeline. Two raw water depots also serve the oil industry, an ethanol plant and drinking water for two energy-related crew camps. The current population exceeds 50,000 in North Dakota, up from 35,000 a little more than a year ago.

What is Southwest Water Authority?

The North Dakota State Legislature established Southwest Water Authority (SWA), a political subdivision in 1991. SWA was created to supply and distribute water to the people of southwestern North Dakota through a pipeline transmission and delivery system for purposes including domestic, rural water, municipal, livestock, light industrial, mining, and other uses, with primary emphasis on domestic, rural water, and municipal uses. SWA is also to provide for the future economic welfare and prosperity of the people of ND, particularly the people of southwestern North Dakota.

What has Southwest Water Authority accomplished since its inception?

For over 27 years, the SWC has been constructing an efficient network of pipelines, pump stations, reservoirs and treatment facilities to bring southwest North Dakota an adequate supply of quality water. To date, (2012), 31 communities and more than 4,600 rural-service locations are being served by the Pipeline. The SWPP also serves 22 contract customers, 21 raw water customers, as well as two rural water systems. The Pipeline also has two raw water depots serving the oil industry, an ethanol plant and serves potable water to two crew camps.

Southwest Water Authority

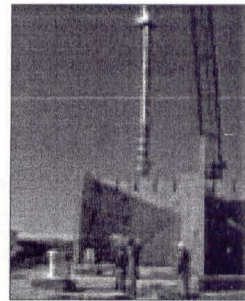


What is the Southwest Pipeline Project (SWPP)?

The SWPP is the first large multi-county regional rural water project developed in the State of North Dakota. The SWPP is to provide for the supply and distribution of water to the people of southwestern North Dakota through a pipeline transmission and delivery system. While the SWPP is State owned and administered by the North Dakota State Water Commission (SWC), it has been managed by SWA since 1996.

What is the primary focus of the Southwest Pipeline Project?

The SWPP was designed to allow for the transportation of raw water from Lake Sakakawea (the third largest man-made lake in the United States) to the OMND WTP and the Dickinson WTP where it is treated and delivered to the Project's customers in southwest North Dakota and Perkins County, South Dakota.



Why did the State Water Commission (SWC) create the Southwest Pipeline Project (SWPP)?

With an annual rainfall of less than 15 inches in southwest North Dakota, there was not enough water to keep wells in the area from running dry and streams and reservoirs from emptying out. Also, the groundwater was, and remains, extremely poor quality.

When did the SWA take over management of the SWPP?

SWA took over the management, operations and maintenance on January 1, 1996 from the State Water Commission. SWA also began managing the City of Dickinson's water treatment plant on April 1, 2000.

What does the Southwest Pipeline Project provide to North Dakota?

The Southwest Pipeline Project brings water from Lake Sakakawea to provide clean, safe, quality water supply for residents of the southwestern portion of the State. Without access to the Southwest Pipeline Project, many residents of this region would otherwise have to carry drinking water from elsewhere because their drinking water is unsafe. Currently (2012) 31 communities, more than 4,600 rural-service locations, 22 contract customers, 21 raw water customers, and two rural water systems are served quality water by the Pipeline. Two raw water depots also serve the oil industry, an ethanol plant and drinking water for two energy-related crew camps.

Where would North Dakota be today without the vision of leaders who believed in the SWPP?

It would have remained a rural, barren land. Farmers and ranchers were moving out due to lack of quality water. Drought was encompassing this part of the State. Mayors could not get people or businesses to move in. Oil and gas companies couldn't get raw water. Thanks to the vision of the North Dakota Legislature, state and local leaders, the Southwest Pipeline Project became a reality.

Who manages the Southwest Pipeline Project?

The SWPP is managed by the Southwest Water Authority 15-member Board of Directors representing the following counties: Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope and Stark, as well as the cities of Dickinson and Mandan.



What construction for expansion of the SWPP is currently underway?

A second intake, raw water upgrades, and expanded treatment capacity at both water treatment plants are necessary to meet the exponential growth in our region. The OMND (Oliver, Mercer, North Dunn) Regional Service Area is under construction and is essential to meet the growing demand for quality water. Also, there are more than 1,000 rural customers and all energy sector users, including the power plants, plants and the oil industry, waiting for water in this region.

Does the SWPP generate a revenue stream sufficient to repay the revenue bonds issued for construction?

Yes. To date, more than \$33 million in capital repayment has been paid back to the state of North Dakota. The 2013 budget includes nearly \$5 million in repayment fees, an increase of 63% from the 2012 budget.

Southwest Water Authority Pays Back 47% to the Resources Trust Fund

Amount Paid back in the form of Capital Repayment

YEAR	TOTAL	YEAR	TOTAL
1991	\$ 11,166.00		
1992	\$ 212,899.00		
1993	\$ 195,973.00	2004	\$ 1,621,239.25
1994	\$ 300,472.00	2005	\$ 1,706,958.33
1995	\$ 504,179.00	2006	\$ 1,948,480.26
1996	\$ 734,994.15	2007	\$ 2,308,065.86
1997	\$ 857,913.00	2008	\$ 2,455,506.88
1998	\$ 915,791.37	2009	\$ 2,618,988.11
1999	\$ 1,025,997.24	2010	\$ 2,776,546.59
2000	\$ 1,146,779.77	2011	\$ 3,076,416.44
2001	\$ 1,308,267.93	2012*	<u>\$ 4,287,275.86</u>
2002	\$ 1,432,224.68	Total	<u>\$ 33,033,598.25</u>
2003	\$ 1,581,284.21		

*Through December 31, 2012

SOUTHWEST PIPELINE PROJECT (SWPP) FUNDING SOURCES

State Funding (in millions of dollars)

Resources Trust Fund	\$ 69.84
Water Development Trust Fund.....	\$ 8.47
Subtotal	\$ 78.31

Grants

Garrison Diversion Conservancy District

Municipal Rural & Industrial Fund.....	\$ 100.62
United States Department of Agriculture - Rural Development.....	\$ 15.09
Natural Resources Conservation Service PL566	\$ 0.93
Subtotal	\$ 116.64

State Bonds Repaid by Users

Public Revenue Bonds	\$ 7.04
United States Department of Agriculture - Rural Development.....	\$ 15.70
ND Drinking Water Revolving Loan Fund	\$ 1.50
Subtotal	\$ 24.24

Total Funding.....**\$219.19**

SWPP FUNDING SOURCE

\$219.19 Million as of November 30, 2012

Senate Appropriations, 2:30PM

Testimony on HB 1269 from Katie Andersen, Mayor of Jamestown

Good afternoon, Mr. Chairman, Committee members, thank you for your time today to hear testimony on HB1269. My name is **Katie Andersen**; I am the **Mayor of Jamestown**.

Nearly \$10 million dollars of this appropriation would fund an important expansion project for Stutsman Rural Water District. As the Mayor of the major population center in Stutsman County, I would love to fully support this bill and support the bidding and construction of this project in 2013. So that I am clear, **we are fully supportive of rural residents having the opportunity to access quality water.**

We would ask that the **bill be amended to include** language that would require an **equitable territory transfer agreement** to be signed by both the rural water district and any municipal water utilities adjacent to the district before funds are released.

As Cities across the state grow, annexations may include territory served by the surrounding rural water district. Some cities and their surrounding rural water district have already created agreements as to how an equitable territory transfer will occur when the city grows.

The City of Jamestown and Stutsman Rural Water District had such an agreement. In 2005 Stutsman Rural Water District came to the City of Jamestown to purchase water, and Jamestown agreed to sell water to the district as the same price as it is sold to the residents of Jamestown, and as additional consideration for the sale of water, when territory was annexed into the City of Jamestown, Jamestown would assume the area. The rural water district would be compensated for the customers in that area on a per member debt calculation and infrastructure investments would be reimbursed on a depreciation schedule.

Unfortunately, Stutsman Rural Water District has chosen not to honor this water purchase contract. Stutsman Rural Water District is **using their federal indebtedness** and the protection of United States Code Chapter 7, section 1926(b) **as legal reason to violate this agreement.**

The **City of Jamestown** and Stutsman Rural Water District **are trying to negotiate a new agreement to resolve water territory service areas** and allow for "equitable territory transfer." This would **allow the City of Jamestown to accommodate growth**, to provide for **public safety** through **fire protection** and attract and accommodate other economic opportunities through **reasonable water costs.**

If **HB 1269** passes without Stutsman Rural Water having "equitable territory transfer" agreements in place with the other water utility providers in their district, it will be difficult for the **City of Jamestown to negotiate an agreement** and **further delays the ability for Jamestown to grow.**

The **conflict between federally indebted rural water districts** and the sustainability and growth of cities is **not unique to Jamestown.** The City of **Valley City** recently annexed land for industrial

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development and is fighting a legal battle to provide water service. **Devil's Lake** also recently annexed land for an industrial park, and has received legal correspondence from Greater Ramsey Rural Water District that the City of Devil's Lake cannot provide water to this annexed area. The City of **Minot** is actively working to negotiate an agreement with North Prairie Water District (a member of the North Central Consortium) to allow for more growth area for the City of Minot. The City of **Surrey** is currently in a lawsuit with North Prairie Water District, the district they use to supply their municipal water distribution system. The Cities of **Grand Forks, Fargo, Bismarck, Dickinson and Williston** have also dealt with, are dealing with or anticipate dealing with water service area disputes with their adjacent rural water districts. As you can see, **this problem is not just small cities like Surrey or Big Cities like Minot. It is not East or West or Oil Patch or I-29 corridor.** The conflict of rural water districts and municipal water service territory is a problem all across the state.

North Dakota needs state law that would help provide guidelines for **"equitable territory transfer", and makes funding contingent upon equitable territory transfer agreements.** A law like this could do a lot toward resolving the issue of water service territory throughout the state. **Jamestown is asking that a contingency of an equitable territory transfer agreement apply to HB 1269.** **We would like to work together** with legislators, rural water representatives, municipalities, the state water commission and any other interested parties to develop the language and bill amendments that would guide and support the negotiations and creation of equitable territory transfer agreements.

As soon as an equitable territory transfer agreement is in effect, Jamestown and any other effected municipalities will be fully supportive of these important rural water projects moving forward.

As state legislators, we do not expect you to solve an individual dispute between two political subdivisions, nor could we expect you to change the federal debt and subsequent law that has caused, is causing and will continue to cause problems for municipalities to adequately accommodate growth. However, we do ask that the **appropriation of state funds not be used to create and add to the problem** or negotiating water service territory. Rural Water Districts, like municipalities, are political subdivisions and creations of state law. As **state legislators**, you **can** make a difference in how these disputes are **resolved fairly for both political subdivisions** and the state residents they represent.

In closing, I would like to restate that I and the City of Jamestown are **fully supportive of rural residents' access to clean, quality water sources.** Jamestown is excited to **be attracting growth and economic development that will ultimately benefit our entire region, rural and urban.** We simply want to accommodate that growth with **reasonable water costs to the consumer and fire protection for public safety.** To accomplish this goal, we ask that **guidelines for equitable territory transfer apply to HB1269 and the bill be amended to reflect that intent.** **We look forward to working together to create guidelines that are fair and accurately reflect the states desire to foster healthy growth for all political subdivisions.**

Thank you for your time this afternoon. I would be **happy to respond to any questions or comments** the committee may have at this time or anytime in the future.