



Eric Volk, Executive Director
ND Rural Water Systems Association
House Appropriations Committee
In Support of Senate Bill 2345

November 9, 2021

Chairman Delzer and members of the House Appropriations Committee, my name is Eric Volk. I am the executive director of the North Dakota Rural Water Systems Association (NDRWSA). Our vision is to ensure all of North Dakota has access to affordable, ample, and quality water. NDRWSA is committed to completing and maintaining North Dakota's drinking water infrastructure for economic growth and to improve the quality of life of our residents. Today, I am submitting testimony in support of the \$75M in Water Funding (Section 1: subsection 3) that is included in SB 2345.

Rural/Regional Additional Funding Need:

The Rural/Regional Water (RW) industry has seen a significant rise in material and construction costs. This might be the new normal for the near future. The Rural Water bucket for the 21-23 biennium is at about \$60M. As things stand today, that budgeted amount will not be enough to complete the projects we presented during the 21-23 session. **(List/Map of 2021-23 Projects is Attached)**.

If drought conditions persist, our RW Systems will play an ever-increasing roll in our state. Whether it is to replace a failing home well, to assist a city supply issue or to make sure our livestock/crop industry has an ample supply of water; we need to be ready to seamlessly fulfill these needs.

The RW Group worked with the Department of Water Resources and came up with a 10-year need for Rural Water that totaled \$230M in state funding. This is a combination of individual hook-ups, **servicing cities (Map of Cities Not Served is Attached)** and upgrading facilities to provide adequate pressure & flow. Funding these projects now will protect the state and local customers from rising costs and inflation. **(Estimated 10-year Water Project Funding Needs, 2021-2031 & Revenue Comparisons is Attached)**.

Looking at the “BIG WATER” picture, if funds were allocated to larger water projects (Billion Dollar Projects), such as the Mouse River Flood Control, this would have a similar affect as the bonding bill did this last session. It will take pressure off of the Resources Trust Fund (RTF) and allow for other important projects to be funded.

RTF Stabilization Fund

All water projects would love to receive additional funding now, but the long-term sustainability of the Resources Trust Fund must also be discussed, maybe not today, but someday. The State Water Commission (SWC) currently funds water projects with “projected” budget numbers. In 2020, when oil prices went negative and production dropped, the SWC (with consultation of the Water Topics Interim Committee) scaled back the funding of projects to almost zero. In essence, an entire construction season was lost for a significant number of projects. Material and construction prices were very attractive in 2020. The 2021 construction season was just the opposite. Funds were available, but materials and construction prices skyrocketed. If the SWC had the cash on hand, we would not have lost a construction season in 2020. Saving the end users and the state millions of dollars.

If a stabilization fund was created (moving from budget projections to funding with cash on hand), the Legislature/SWC would know exactly what dollar amount could be spent in the biennium. Whatever funds were generated during the biennium would be allocated to the next and so forth. This would also give assurance for projects receiving funding. Every cost-share contract states, *this approval is contingent on available funding for the 2021-2023 biennium*. Funding could be discontinued midstream if we ran into another situation like 2020 (negative/low oil prices or lack of production). Like I stated above, all projects would like to have additional funding now, but the overall sustainability of the Resources Trust Fund should be heavily considered at some point in time.

Thank you for your time and effort. It is greatly appreciated. Please contact me, Eric Volk, Executive Director, ND Rural Water with any Water questions. 701-391-5080 or ericvolk@ndrw.org .

ESTIMATED 10-YEAR WATER PROJECT FUNDING NEEDS (2021-2031) & REVENUE COMPARISONS

PROJECT	STATE	LOCAL	FEDERAL	TOTAL 10-YEAR COST
Agency Operations	\$320,000,000	\$-	\$-	\$320,000,000
Water Supply	\$2,029,100,000	\$781,800,000	\$30,000,000	\$2,840,900,000
Southwest Pipeline Project	\$206,000,000	\$-	\$-	\$206,000,000
Red River Valley Water Supply Project	\$892,000,000	\$298,000,000	\$-	\$1,190,000,000
Western Area Water Supply	\$93,000,000	\$38,000,000	\$-	\$131,000,000
Northwest Area Water Supply*	\$69,200,000	\$9,300,000	\$82,000,000	\$160,500,000
Municipal Water	\$537,400,000	\$358,200,000	\$-	\$895,600,000
Rural Water	\$229,700,000	\$76,600,000	\$-	\$306,300,000
Flood Control	\$952,400,000	\$929,000,000	\$737,000,000	\$2,618,400,000
Mouse River Enhanced Flood Protection	\$418,000,000	\$216,400,000	\$40,000,000	\$674,400,000
Valley City	\$66,400,000	\$16,900,000	\$-	\$83,300,000
Fargo-Moorhead Area Diversion Project	\$435,500,000	\$687,000,000	\$697,000,000	\$1,819,500,000
Lower Heart (Mandan) Flood Risk Reduction	\$13,000,000	\$8,700,000	\$-	\$21,700,000
Other Flood Control & Conveyance	\$98,300,000	\$121,800,000	\$8,000,000	\$228,100,000
General Water	\$50,000,000	\$35,000,000	\$74,000,000	\$159,000,000
TOTAL	\$3,428,500,000	\$1,865,900,000	\$901,000,000	\$6,195,400,000

At \$200 Million Per Biennium		At \$300 Million Per Biennium		At \$400 Million Per Biennium	
Resources Trust Fund	\$1,000,000,000	Resources Trust Fund	\$1,500,000,000	Resources Trust Fund	\$2,000,000,000
STATE SHORTFALL	\$2,428,500,000	STATE SHORTFALL	\$1,928,500,000	STATE SHORTFALL	\$1,428,500,000