

**Testimony of Duane DeKrey, General Manager of Garrison Diversion
House Bill 1425 - Legacy Infrastructure Revolving Loan Fund
Finance and Taxation Committee
Bismarck, North Dakota – February 2, 2021**

My name is Duane DeKrey and I am the General Manager of the Garrison Diversion Conservancy District (Garrison Diversion). Garrison Diversion is a cosponsor of the Red River Valley Water Supply Project along with the Lake Agassiz Water Authority (Lake Agassiz). This testimony is submitted in support of HB 1425.

Essential Project for the State of North Dakota

The Red River Valley Water Supply Project is a plan to safeguard water for North Dakota communities and rural water systems in times of moderate and severe droughts. A 10-year drought similar to the 1930s drought would have a \$27 billion impact on the entire state of North Dakota. Even a moderate drought similar to what North Dakota experienced in the 1980s would have more than a billion-dollar impact.

The Project, which started construction this year, will deliver water from the Missouri River to central and eastern North Dakota via a buried pipeline. 35 cities and rural water systems signed up for the development portion of the Project.

Investing in North Dakota

Garrison Diversion strongly supports HB 1425 as it prioritizes critical infrastructure in our State. As stated in the bill, the goal of investment for the Legacy Fund is principal preservation, while investing a portion of the principal to the benefit of the State. Further, the bill notes that the Bank of North Dakota shall provide loans to political subdivisions, the Garrison Diversion Conservancy District, and the Lake Agassiz water authority for essential infrastructure projects. The RRVWSP is the very definition of an essential project.

The RRWSP will protect nearly half the State of North Dakota from the health and economic threats of drought for this generation and beyond.

Affordability is Critical for RRWSP Users

Beyond the current construction, there will be another \$200 million in construction work shovel ready for 2021 to 2023. However, the Project is dependent on what the 35 communities and rural water systems can afford. Garrison Diversion and Lake Agassiz see the opportunity of a long-term, low-interest loan from the State as a critical step to provide affordable and predictable financing for the local users of the Red River Valley Water Supply Project.

Having access to long-term, low-interest loans not only ensures affordability for smaller communities and rural water systems, it also keeps the Project on pace. Any delays in the Project drive up construction costs and puts central and eastern North Dakota at risk. Therefore, it is extremely important that HB 1425 receive a do pass.