



600 East Boulevard Avenue, Bismarck, ND 58505

WATER TOPICS OVERVIEW COMMITTEE

Thursday, September 18, 2025
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Steve Swiontek, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Steve Swiontek, Mike Beltz, Mike Berg, Liz Conmy, Jay Fisher, Jon O. Nelson, Dan Ruby, Daniel R. Vollmer; Senators Randy A. Burckhard, Michael Dwyer, Justin Gerhardt, Larry Luick, Ronald Sorvaag, Paul J. Thomas, Mark F. Weber

Members absent: Representatives Todd Porter, Matthew Ruby

Others present: Senator Brad Bekkedahl, Williston, member of the Legislative Management
Michael Anderson, State Water Commission
See [Appendix A](#) for additional persons present.

BACKGROUND INFORMATION

Mr. Dustin A. Richard, Counsel, Legislative Council, presented memorandums entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#), [Water Topics Overview Committee - Background Memorandum](#), and [Watershed Management Study - Background Memorandum](#).

Mr. Levi Kinnischtzke, Senior Fiscal Analyst, Legislative Council, presented the memorandum entitled [Stormwater Projects Study and Wastewater Projects Fund Study](#).

DEPARTMENT OF WATER RESOURCES

Mr. Reice Haase, Director, Department of Water Resources, presented testimony ([Appendix B](#)) regarding the activities, duties, and mission of the department and an update on the agency's studies relating to regional water systems, governance and finance, cost-sharing policies, and Phase 2 of the Missouri River intake sites study. He noted:

- While the Department of Water Resources (DWR) has a variety of responsibilities and functions, the department primarily focuses on the allocation of the state's waters, cost-share applications, and functions of the regulatory division.
- During 2025, DWR has released between 66,000 and 67,000 acre feet of water from Devils Lake through the lake's west and east end outlets.
- In September 2025, the Department of Environmental Quality (DEQ) required DWR to close the Devils Lake outlets due to high sulfate levels entering the Sheyenne River from the lake.
- DWR expects the first phase of the biota treatment plant associated with the Northwest Area Water Supply Project to be completed by the summer of 2026.
- DWR discovered a defective project component during the construction of the biota treatment plant of the Northwest Area Water Supply Project. As a result, DWR executed an agreement with the manufacturer to engage an independent engineering firm to determine the severity of the defect and, subsequently, which party is responsible for the cost of remedying the defect.

- Decreased oil extraction tax collections will result in decreased state funding for water projects. The DWR is working with communities to prioritize projects.
- During the 2025 legislative session, the Legislative Assembly provided specific funding of \$15 million for water conveyance projects. Additionally, the State Water Commission (SWC) increased the cost-share percentage for water conveyance projects from a maximum of 45 percent to a maximum of 60 percent.
- The accelerated funding plan for the Red River Valley water supply project has a targeted completion date of 2032, but if DWR is unable to meet the funding obligation for the project, the completion date likely will be extended past 2032.
- The significant cost and sedimentation issues of the Williston Water Treatment Plant will be part of DWR's Missouri River intake study.
- DWR has been tasked with a number of studies this biennium relating to regional water systems governance, finance procedures for regional water systems, and the cost-share policy of SWC.

COMMITTEE STUDIES AND REPORTS

Ms. Kylee Merkel, Business Banker, Bank of North Dakota, presented testimony ([Appendix C](#)) regarding funding sources available to the Bank of North Dakota for wastewater or stormwater projects, recently approved projects, and the feasibility and desirability of establishing a wastewater project fund to provide grants for upgrading, constructing, or replacing wastewater infrastructure. She noted:

- Political subdivisions, including townships, are eligible to access the Infrastructure Revolving Loan Fund and the Legacy Infrastructure Loan Fund for road, bridge, and other infrastructure improvements.
- The Bank has loan criteria metrics to ensure smaller communities with smaller projects are competitive with larger projects and larger communities.
- As of June 30, 2025, there was approximately \$99 million of funding available in the Infrastructure Revolving Loan Fund and Legacy Infrastructure Loan Fund, and over \$200 million in outstanding loans.
- Under the Infrastructure Revolving Loan Fund and the Legacy Infrastructure Loan Fund programs, a qualified community may not exceed \$20 million in outstanding loans, regardless of the project type or number.
- The Water Infrastructure Revolving Loan Fund is funded by revenues generated by the Resources Trust Fund.
- The interest rate for the Infrastructure Revolving Loan Fund is set at 2 percent under state law, and state law requires the Water Infrastructure Revolving Loan Fund to be set at the same rate as other state revolving infrastructure loan funds.

Ms. Elizabeth Tokach Duran, Program Manager, Department of Environmental Quality, and Ms. DeAnn Ament, Executive Director, Public Finance Authority, presented testimony ([Appendix D](#)) regarding the department's current wastewater activities, projects, and funding, and the feasibility and desirability of establishing a wastewater project fund to provide grants for upgrading, constructing, or replacing wastewater infrastructure. They noted:

- DEQ funds political subdivision projects under the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, and has invested approximately \$1.6 billion in drinking water and water infrastructure projects since 1990.
- Loan proceeds under the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are generated from state match bond proceeds, federal capitalization grants, and leveraged bond proceeds.
- Despite loan forgiveness options under the Clean Water State Revolving Loan Fund and Drinking Water State Revolving Loan Fund programs, political subdivisions often cannot begin

construction on an identified project because the community has not secured the local share of funding under these programs.

- Several wastewater and stormwater projects funded by DEQ are approved to replace existing infrastructure, while others are approved to expand infrastructure.
- A community seeking to replace lead-lined drinking water pipes is eligible for loan forgiveness under the Drinking Water State Revolving Loan Fund.

Mr. Haase presented testimony ([Appendix E](#)) regarding the committee's study on the feasibility and desirability of establishing a wastewater project fund to provide grants for upgrading, constructing, or replacing wastewater infrastructure and the committee's study on the funding for stormwater projects in the state, including current funding sources, related statutes, and the policies of SWC. He noted:

- Historically, wastewater and stormwater projects have not been eligible for the SWC's cost-share program unless wastewater is being used for a beneficial use or a flood control project creates a need to implement stormwater infrastructure for flood mitigation.
- Water supply and flood control projects are eligible for cost-share funding under the SWC's cost-share policy.
- DEQ primarily focuses on water quality in the state including managing wastewater and stormwater, and DWR primarily focuses on water quantity in the state.
- The cost-share program is facing sustainability issues, which may require the state to implement budgetary and policy changes to ensure the program's sustainability.

Mr. Aaron Carranza, Director, Regulatory Division, Department of Water Resources, presented testimony ([Appendix F](#)) regarding the committee's study on the feasibility and desirability of assigning management authority for the waters of the state to the area located in the naturally occurring watershed, rather than assigning management authority based on political subdivision boundaries. He noted:

- DWR reviewed the management, advisory, and dispute resolution practices of Minnesota, Iowa, and Utah for comparison of practices that may work in North Dakota.
- The United States Geological Survey created hydrologic unit codes, which are used to define and manage drainage basins in the state.
- DWR considers watershed and drainage basin boundaries when determining whether to issue a drainage permit.

Mr. Michael Anderson, Commissioner, State Water Commission, presented testimony regarding the activities of SWC and the commissioner's role and policy relating to the economic analysis formula for assessment drain projects. He noted:

- The economic analysis tool aims to establish the proper scope of projects, return on investment, and cost overruns to ensure proper stewardship of the state's waters.
- The original threshold for this economic analysis tool was applied to projects costing \$1 million or more, and was implemented for project analysis during the 2019-21 biennium.
- In December 2019, SWC adopted a \$200,000 threshold to conduct an economic analysis after consulting with the Chairman of the Water Topics Overview Committee.
- The increase in the maximum cost-share rate from 45 to 60 percent for rural conveyance projects likely will incentivize participation in the program and benefit more landowners.

No further business appearing, Chairman Swiontek adjourned the meeting at 3:12 p.m.

Dustin A. Richard
Counsel

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:6