



Chairman Headland
House Finance and Taxation Members

I am submitting this testimony in support of SB 2323

Thank you, Chairman Weber. I am Howard Klug, President of the Board of City Commissioners for the City of Williston. In my three terms as mayor and a member of the city commission before that, the challenges of funding a city to support world-class oil play have been a burden on our citizens and Williston's planned modest growth and development plans.

These plans laid out a clear and well-financed growth plan that was sustainable and affordable with normal impacts to those who chose to live in Williston. Expectations were reasonable, including police and fire department protection, good schools, modest government, jobs, and education opportunities, as well as the promise of funding for upgrades to streets, sewer collection, and water distribution in their neighborhoods. The plan was working, expectations met and promises kept, and without warning the Bakken Shale Play started.

As we continued to follow our growth plan, it was impossible for Williston to keep its promises to long-time residents because our city did not have the capacity to support an industry that came to western North Dakota, set up camp and said, "We're here, so deal with us."

The oil industry's plan was to get leases, secure those leases, and use whatever was available to implement their plan. It fell on Williston to support the industry and the thousands of workers that came to western North Dakota. At the beginning, our country was in a recession and the Bakken was the best area for good jobs and money-making opportunities.

Williston's options at the time were to support the industry and recoup our expenses from money collected by the state or do nothing and be overrun by those that flooded the area. Doing nothing meant our landfills would be full, our sewage systems, water systems, roads, police and fire protection would fail; and maybe the state would control this rapid expansion from Bismarck. We chose the option to support the industry and bring services that would allow this oil play to develop.

We did our best. We spent \$125 million to handle wastewater under the threat of a \$25,000 per day fine by the EPA. We worked with the Western Area Water Supply Authority (WAWSA) to provide treated water to western North Dakota and provide the industry with water to

frac their wells. Even though plant expenses are reimbursed, Williston provides the employees and gives up \$1 million of industrial water sales per year to support WAWSA.

Our landfill was subject to radioactive materials that we had to intercept and reject to prevent a toxic supersite from being created in North Dakota. With this came increased equipment and demands and labor requirements to address the issue. The Sloulin Field Airport was designed to emplane 10,000 passengers per year, but the new facility at XWA has increased that number to around 100,000 per year. We doubled our police force, created a new fire department, and equipped them to handle everything from speeding tickets and drug gangs to housefires and oilfield accidents.

In addition, we increased our ambulance staff, equipment, and training. Our ambulance service was forced to provide long-distance transfers due to the inadequate medical facilities in western North Dakota. While we tried to work with our local hospital, requests for funding were not provided, facilities were not upgraded, and healthcare has to be provided by other hospitals.

Growth that typically would happen over a 20-to-30-year period had to be addressed in five years or less. These growth issues would be at a manageable point if not for the tremendous cost Williston had to incur over the first years of the Bakken play. We took on loans to support the oil play during a time when the Bakken premium was a burden that escalated the cost of goods and services.

We have increased Enterprise Fund charges in all departments, raised property taxes at a five percent per year rate, and established sales tax to cover operational expenses of Williston Parks and Recreation. We have also established a Public Safety Sales Tax, which is now used by other North Dakota political subdivisions, to help meet the needs for police and fire protection. These funds cover the maintenance and upkeep of current services, but there is nothing left to continue the improvement of older areas of our city.

The needs are ongoing in older areas of Williston. The majority of the 150 frost boil issues in roads, water main breaks, and sewer issues are in the older areas that we had to put on hold.

Providing healthcare options is ongoing. On Jan. 23, the City agreed to backstop a fixed-wing ambulance service to our area at the cost of \$800,000 with no help from our local hospital.

My ask is to support this bill so we can retire some debt that is directly related to the oil industry. Prevent Williston from going backwards and help us continue to support the oil industry.



Howard Klug
President, Board of City Commissioners