



**Eric Volk, Executive Director**

**ND Rural Water Systems Association**

**In Support of Senate Bill 2299**

**House Political Subdivisions Committee**

**March 21, 2025**

Chairman Longmuir and members of the House Political Subdivisions 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 maintaining and improving North Dakota's water infrastructure to support economic growth and enhance quality of life. Today, I am submitting testimony in support of Senate Bill 2299, which seeks to make changes to NDCC 61.35 (Water Districts). Initially, we opposed the bill on the Senate side because certain sections were not suitable for Water Districts as a whole. However, we worked together with the bill sponsor on amendments to ensure the bill was feasible for all Districts and their members.

During the 1995 Legislative Session, HB 1317 created NDCC 61.35, which served as a pathway for Rural Water Cooperatives and Associations to become Water Districts (Political Subdivisions of the State). There were many benefits to becoming a Water District, including certain tax incentives and access to low-interest state and federal loans. NDCC 61.35 was later changed to convert water resource district water supply systems to Water Districts. Bylaws for the newly created Water Districts were approved at a special meeting of the members. NDCC 61.35 states that the bylaws can be subsequently amended at any annual or special meeting of the participating District members. Districts were also required to hold a properly noticed annual meeting, with one vote per benefit unit. Everything else was left up to the local membership, and members have been in control of their bylaws ever since. There are currently twenty (20) 61.35 Water Districts in the state (see map), with over 54,000 participating members. A list of the Water Districts, their headquarters, and the number of connections is provided for your reference.

<b>61.35 Water Districts</b>	<b>Headquarters</b>	<b>Connections</b>
Agassiz Water Users District	Gilby	1400
All Seasons Water Users District	Bottineau	1570
Barnes Rural Water District	Valley City	2044
Cass Rural Water Users District	Kindred	9100
Central Plains Water District	Fessenden	1130
Dakota Rural Water District	Finley	1090
East Central Regional Water District	Thompson	3640
Garrison Rural Water District	Garrison	892
Greater Ramsey Water District	Devils Lake	2668
McLean-Sheridan Water District	Turtle Lake	1032
North Prairie Regional Water District	Minot	4835
Northeast Regional Water District	Cavalier	2693
Northwest Rural Water District	Williston	2761
R & T Water District	Ray	890
South Central Regional Water District	Bismarck	8566
Southeast Water Users District	Mantador	3884
Stutsman Rural Water District	Jamestown	2615
Tri-County Water District	Petersburg	1200
Upper Souris Water District	Kenmare	650
Walsh Rural Water District	Grafton	1384

**Section 1:** Audits, once every two years. We fully support this section because most, if not all, Water Districts conduct annual audits, which are considered best practices in the industry. Non-federal entities that spend \$1,000,000 or more in federal funds in a fiscal year are required to undergo a single audit. This threshold applies to audits that begin on or after October 1, 2024. Several of our Districts meet that threshold and are subject to conducting a single audit. The audits are also sent to the State Auditor’s Office for review.

**Section 2:** State Auditor Petition. District members bear the cost of additional audits and reviews, which are expensive undertakings. A higher threshold was necessary to protect the entire membership from a small percentage of non-elected members incurring costs that would affect all members. Requiring 10% or 300 participating members ensures individual voices are heard while safeguarding the rights of the entire membership.

In this section of the code, the State Auditor’s Office has the authority (may) to decide whether to audit or review the books, records, and financial accounts of political subdivisions. This will hopefully prevent District members from incurring unwarranted or unnecessary expenses for frivolous or repeated requests.

**Section 3:** Subsection 3, Election and Nomination Process. It was not easy to create uniform nomination and election language for twenty (20) Water Districts, each of which has amended its bylaws in different ways over time to suit its unique needs. Each District has developed its approach to meet its specific circumstances. The Water Districts agreed that changing state law to accommodate the requests of a small minority from one District was not in the best interest of the State's Water District members, which total over 54,000. With that said, the group collaborated with the bill sponsor to reach a compromise on the language in subsection 3. While the language does not perfectly align with the interests of all 20 Water Districts, it is a manageable solution.

**Section 4:** Subsection 3, Director Vacancies. We fully support this subsection. Many systems already adhere to this exact procedure, and it aligns well with how other elected positions handle vacancies. Subsection 4, Election Access. The language was based on the election language already in code (NDCC 16.1-05-09). It is designed to safeguard the rights of participating members and ensure the integrity of the overall election process. During open elections, observers are permitted to watch and monitor the proceedings, but they are not allowed to participate in any activities.

Thank you for allowing me to testify on behalf of the members of the NDRWSA. We respectfully request a Do Pass recommendation. Eric Volk, [ericvolk@ndrw.org](mailto:ericvolk@ndrw.org).



# Incorporated Cities on a Rural or Regional System

