

**TESTIMONY**

Senate Appropriations – Education and Environment Division

Tuesday, March 11, 2025

By: James Odermann

Good afternoon Mr. Chairman and members of Senate Appropriations – Education and Environment Division regarding Engrossed House 1020.

My name is James Odermann. I am a retiring beef producer from Billings County who has had a lifelong interest in water. I have served in various capacities with the Southwest Water Authority (SWA) since 1992 and currently serve as the chairperson of the publicly elected board. I was also appointed to the State Water Commission representing the Little Missouri, Upper Cannonball and Upper Heart river watersheds effective August 2021 by then governor Doug Burgum.

I come to you today in solid support of House Bill 1020 as passed by the House of Representatives because it accomplishes a number of things that are very positive for North Dakota and the water community. They are as follows:

1. HB 1020 in its current form appropriates dollars to the State Water Commission based on projected income into the Resources Trust Fund.

2. The biggest issue is dollars to construct the infrastructure needed to support our rural areas, communities and industry within the state. The current version of HB 1020 provides the necessary funding for the “buckets” to get the dollars needed to meet long-range strategic goals for water development.

3. Another key issue of the current HB 1020 is the recognition of time needed for water infrastructure construction. Finding experienced contractors with the staff and equipment to build treatment facilities, install main transmission and distribution lines, erect tanks, assemble components, etc. compounds time issues.

4. A recent comprehensive review by the DWR staff from the historical cost-share database revealed the following:

<b>TABLE 1</b>	
<b>Construction Type</b>	<b>Avg. Construction Time (Months)</b>
Municipal Water Distribution Lines -----	16
Rural Water Distribution Lines -----	19
Storage Tanks -----	24
Rural Water Conveyance (Drains) -----	18
Dam Safety Improvements -----	21
Bank Stabilizations -----	16
Snagging and Clearing -----	6

5. Water infrastructure construction resembles a marathon. Project needs, engineering, bidding, contract awarding and construction do not follow biennial schedules. The resulting carryover cash is deceiving but progress continues because of the allocation of construction dollars.

6. Cash management is addressed in HB 1020 with some innovative ways for managing contracted cash and getting higher returns for the state while, at the same time, accelerating funding for our largest water projects to ensure that our money is generating revenue while construction is underway. The proposed symbiotic partnership between the Bank of North Dakota, the Department of Water Resources and the State Water Commission is a win-win. We get appropriations and allocations to ensure water infrastructure projects will be built in a timely manner and our cash is working for us all.

7. There are needs of \$3.4 billion in water needs over the next seven biennia (14 years). Reaching this goal is attainable with the current financial support of 20.5% from the oil extraction fund. Changing the distribution formula would greatly impact North Dakota's ability to provide much-needed financial support.

I would like to switch gears for just a minute to talk about the Southwest Pipeline Project (SWPP), a state-owned project that provides service to over 58,000 users, 34 North Dakota communities, over 7,700 rural users and multiple businesses and industries in the 13-county and two-state served area.

The SWA is managed and operated by the 43-member staff and 15-member board of which I have the privilege of serving as board chairperson. You heard earlier about some of the details of how the SWPP and the SWA interact. As you might believe, there are family squabbles but, when the dust settles, the vision of quality water in quantity for the people of region, like cream, rises to the top.

The pioneers who lobbied for the SWPP risked much and the Resources Trust Fund is reaping the rewards. You heard SWA manager/CEO speak of the \$100 million paid back, about 33% of the state funds invested in the project. And that figure grows by \$550,000-\$600,000 a month—all money that can be reinvested in water infrastructure.

A new generation of leaders is emerging, bringing fresh ideas and priorities. Water, power and technology are ingredients which affect the size of the waiting list. As the desire for quality water increases, the sheer reality is North Dakotans have never built a water pipeline too big. More importantly, however, water is needed for the families of our state, for the strength of our economy and for the generations that follow.

And that, Mr. Chairman and members of the committee, brings me back to the importance of continuing the success of providing 20.5% of the oil extraction income tax into the Resources Trust Fund (RTF).

This constitutionally protected fund is a blessing for all North Dakotans and has been instrumental in constructing critical infrastructure that sustains quality of life, public health and safety, economic development and growth. Any decrease would be negative to all water projects—municipalities, conveyance, flood control, rural water, etc.

North Dakota population has increased over 17% since 1981. Where would we be without the RTF?

You heard earlier today about needs throughout the state. Suggestions to reduce the amount to 15.5% (~25% reduction) means cutting current funding requests across the board. All of North Dakota will suffer: Red River Valley Water Supply Project, Mouse River Flood Control, South Bismarck Flood Control, irrigation development, and conveyance projects. Future economic opportunities could well be stymied as energy, agriculture and primary sector manufacturing would feel the impacts of reduced water infrastructure funding.

I stand before you today asking you to at least sustain (or increase) Engrossed HB 1020 funding. And, most importantly, I urged you the Senate Appropriations – Education and Environment Division Committee to uphold the status quo at 20.5% funding level for the Resources Trust Fund.

I would like to end by saying southwest North Dakota paid back \$100 million one glass at a time. We need to do this to build a quality of place and a quality of life.

Thank you. I would be happy to stand for any questions.