

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2222

2001 SENATE NATURAL RESOURCES

SB 2222

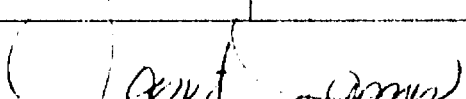
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2222

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 1-26-01

Tape Number	Side A	Side B	Meter #
I	X		Start - 9.8
Committee Clerk Signature 			

Minutes:

SENATOR FISCHER opened the committee meeting.

Attendance was taken indicating all committee members present.

SENATOR FISCHER: opened the hearing on SB 2222, RELATING TO THE MILL LEVY FOR THE SOUTHWEST WATER AUTHORITY.

SENATOR HERB URLACHER, of District 36, cosponsor of the bill, stated the bill needed to be corrected for management or operation of the Southwest Pipeline. The bill has a sunset clause that needs to be adjusted and make it in place permanently.

SENATOR AARON KRAUTER, of District 35, concurred with the testimony of Senator Urlacher.

DON FLYNN, Vice Chairman of the Southwest Water Authority testified in support of Bill 2222 (See attached testimony).

Page 2

Senate Natural Resources Committee

Bill/Resolution Number SB 2222

Hearing Date 1-26-01

R.B. "CHIP" UNRUH, Director of the Southwest Water authority testified in support of Bill 2222 (See attached testimony).

JAMES LENNINGTON, Southwest Pipeline Project Manager testified in support of Bill 2222 (See attached testimony).

There was no neutral or opposing testimony of Bill 2222.

SENATOR FISCHER: closed the hearing of SB 2222.

SENATOR TRAYNOR made a motion for a "DO PASS" of the bill.

SENATOR CHRISTMANN second the motion.

SENATOR FISCHER called for a roll call of the bill. The vote indicated 7 YAYS, 0 NAYS, 0

ABSENT OR NOTE VOTING.

SENATOR CHRISTMANN will carry SB 2222.

Date:

Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 3332

Senate **NATURAL RESOURCES**

Committee

Subcommittee on

or

☐ **Conference Committee**

Legislative Council Amendment Number

Action Taken

Motion Made By

Secondded

By

[illegible]**Total (Yes)**

No

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 26, 2001 12:03 p.m.

Module No: SR-14-1707
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2222: Natural Resources Committee (Sen. Fischer, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2222 was placed on the
Eleventh order on the calendar.

2001 HOUSE NATURAL RESOURCES

SB 2222

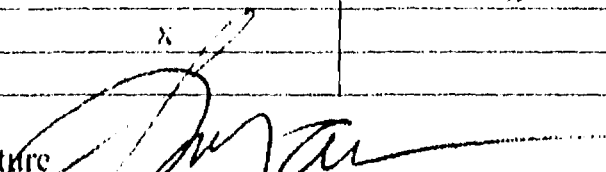
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2222

House Natural Resources Committee

☐ Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
1		x	703 to end
2	x		1 to 4319
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon C. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: I will open the hearing on SB 2222.

Sen. Urlacher - District 36: I introduced this bill on behalf of the SW Water Authority. It calls for the continuation of the mill levy. (gives history of the SW Water Authority). We have an overall plan. This one mill levy relates to the stability of the bonds and the ratings. At this point in time, it is within the plan, to have this be a permanent levy in order to address these issues. This is part of a change in making permanent the activities that address these problems. So it blends into the overall operation to make this levy permanent. It may not expire for a period of time, but I think it is important we address the need for permanency at this time. I would hope that we could keep

together the overall water plan and not splinter off from addressing the problem. We could get into a bad situation if we were to disrupt the bonding relating to the security.

Rep. Keiser: If moving to a perpetual bonding or assessment, are there any counties or cities that are currently being assessed that aren't recipients of this project?

Sen. Urlacher: In the Southwest? I don't know that. They are all included in that.

Rep. Keiser: And they are all getting water from the pipeline, now...or in the future?

Sen. Urlacher: They are all being assessed, but the management will answer that question better.

Chairman Rennerfeldt: Any further questions?

Rep. Winrich: How are the members of the SW Water Authority chosen? Are they elected or appointed?

Sen. Urlacher: They are elected. There was a need to educate the public so they started out appointed. There was a need to have an educational force out there for the public, so it was felt we needed a large board. But now that it is closer to the operational phase, it is too large of a board to be functional. This was part of the plan to decrease those numbers at a given point. I think we are following a plan.

Don Flynn - SW Water Authority: (See written testimony).

Rep. Porter: You mentioned the expenses of the board of directors are taken out of this one mill, what is the salary of a board of director member?

Flynn: The salary is set by the state through the legislature. Per diem of 62.50, mileage of 25 cents per mile, and meals are \$20 a day.

Rep. Porter: The SW Water Authority being one of the major sponsors of the ND Water Magazine, what percentage of the total expense of the magazine is the SW Water Authority paying for?

Flynn: The exact figure? I don't have that.

Rep. Porter: On the map that was provided to us, it shows a couple of areas that are never being served. Is that correct?

Flynn: There are different things that affect different areas. I think the area up North is because of the lack of people living there. They are too far apart. We have a criteria set that says the amount of money that could be expended to serve these people. When you get out in too sparse an area, it just goes way beyond that. Then you asked a question about Morton County. Morton County of course is shown on the map, we are serving Glen Ullin, Hebron, and we are serving some rural in that area. I would say probably about around 60 rural hookups there. Also in Morton County there are two hookups that are south of Flasher.

Rep. Porter: By removing the end date and making this a perpetual tax for eternity, and I know this committee doesn't like to hear the word perpetual very often, but by removing that, you will be taxing the citizens of Mandan for water that they will never receive. Or an authority they will never receive benefits for. I am wondering where you think the fairness in that tax is to the citizens of Mandan?

Flynn: In addressing your question. I understand that Mandan has their own treatment plant and this mill levy sets the mill levy on them too. When you are talking about the perpetual thing, perhaps down the line, it is within the realm of our board of directors to perhaps reduce those mill levies when things are completely developed. The other thing I should call attention to is the city of Bowman has opted not to take the water at this time, but they have not expressed any problems with continuing to pay the mill levy.

Rep. Porter: My understanding is that Mandan and Morton County have expressed a concern of not wanting to participate in this project past the 2006 deadline, which they initially agreed to. It

is my understanding also that 33% of the taxation value of the entire pipeline is coming from Mandan and Morton County. Yet very few people are being served, yet the entire city of Mandan is paying for something that they are never going to receive service for. How long do you think they should be paying for that?

Flynn: For the time being, the reason we have come forth with this bill, is the fact that in the past we had to come to the Legislature and say, we have to extend this for a couple more years. I don't think the problems that we see, with the objections you are raising from Mandan and Morton County and so forth, I think those have to be resolved between SW Authority Board and the Morton County people. I don't believe, in my opinion, that putting this mill levy on down the line has anything to do with the problems we have.

Rep. Keiser: Why was the year 2006 picked?

Flynn: I will let someone else, Mr. Dwyer address that, if I could.

Mike Dwyer - SW Water Authority Legal Council: (Puts map on board for reference). I have been asked to give a little background in addition to Sen. Urlacher's testimony. There are four joint water boards in ND (Points to map). Two regional water authorities and these rural water resources districts. I would like to give you a little background to the funding mechanism the legislature set up to provide water development across ND. On the Federal level we get money from the Corps of Engineers, Bureau of Reclamation and FEMA. Sometimes there is cost sharing on these projects. On the state level, the Legislature fund the Water Commission out of the general fund. Then you set up two funds to provide state share of these water development efforts. One is the Resource Trust Fund, created in 1981, which is 20% of the oil extraction tax. And then in 1999, the Legislature decided to be more aggressive at the state level on water development and set up the Water Development Fund which is 45% of the Tobacco Settlement

Dollars that ND receives. So our state has been very aggressive in advancing the water development objectives including water supply, distribution, irrigation, flood control and a whole host of other water development initiatives. Those funds are channeled through the State Water Commission which is the Governor, Commissioner of Agricultural and seven members appointed by the Governor. At the local level the cost share is provided by a number of means, a general mill levy of up to 4 mills as approved by the County Commission. So every county has one. The Legislature has also says that water resource districts can be more effective by working together and we are going to authorize an additional two mills for joint boards. General levy. So the four areas in red have that authority. (refers to map). These must also be approved by the County Commission. In addition to that the Legislature has created two regional authorities, the Garrison Diversion Conservancy District and the SW Water Authority. Those two elected boards can levy up to one mill. The other way that local entities can raise funds is through special assessments. So we can assess up to 7 mills. In the SW Authority the Legislature said this, if this authority levies its mill, then the West River Joint Board can only levy 1 mill, not two. So in the east if you have a joint board and you are in the Garrison Conservancy District the maximum can be 7, in the west the maximum can be 6. (See last line of SB 2222). That is what the Legislature has created to address the water needs of ND. ND does very well, we are aggressive. The system the Legislature has set up may not be fair in every instance. Cost sharing is what makes this whole thing work. Morton County has received almost \$20,000,000 in direct benefits from this scheme.

Rep. Porter: I applaud your salesmanship. But what makes it deemed necessary to be perpetual, when is enough, enough? When the Legislature first administered this project they felt 15 years

was enough. The city of Mandan and Morton County agreed that 15 years was enough. Why do you need more?

Dwyer: I don't think it is perpetual. Because there is an elected board and that board can decide in any given year whether they need revenue for development that is going on. In the case of the 45-46 year Garrison Conservancy District, they haven't levied a full mill every year. Some years that board says we don't need that full levy this year. These boards are subject to address by the Legislature at any time. You could eliminate them at any time.

Rep. Keiser: What was the agreement presented in establishing the 2006 date. Were there any statements made at the time of the original legislation. That it would be in place until that time?

Dwyer: When the SW Pipeline Project was first authorized, the projected construction was 20 years. 2006 was the ending date of construction.

Rep. Keiser: Why are we looking at this bill now, we have two more sessions before the year 2006. Why are we choosing to look at this now?

Dwyer: Two reasons, it was a judgment call, but the authority had this bill to down size the board to go from 2 elected officials from each county to 1. Since we were engaging in that discussion we thought we would engage in this one as well. The second reason is that the Dakota Water Resource Act was just passed, we have a second \$200,000,000 MR & I Grant Program and it is a sore point, this fairness thing.

Rep. Keiser: It seems to me last session when we gave you 45% of the Tobacco funds that I had some assumptions in my mind that it would provide some relief for the tax payers on the water projects rather than moving to perpetual positions?

Dwyer: I think there wasn't any discussion ever that this 45% allocation would replace the mill levy at the local level for water development. We have had these mill levy's and there was no

discussion on doing away with it. If we can provide water to eastern ND it will benefit ND economically. You have these huge events that if they are going to be solved take a tremendous amount of money. That is the basis the Legislature used to allocate these funds for water.

Rep. Keiser: But, I hope you understand that from my perspective, there also should have been some relief for the SW Pipeline Project. What we are doing with this bill is not giving relief, but we are giving perpetual assignments on an assessment.

Vice Chair Nelson: How much money is generated through the 12 county district with 1 mill?

Dwyer: About a \$140,000.

Vice Chair Nelson: Of that amount, what is Mandan's contribution.

Dwyer: About \$40,000.

Vice Chair Nelson: Including Morton County. Do you have that contribution as well?

Dwyer: Morton County is \$40,000.

Vice Chair Nelson: So Mandan's is considerably less than that? Do you have that figure?

Dwyer: If you look at William, Ward, Burleigh County, most of it comes from the cities.

Rep. Klein: You said earlier Morton County or Mandan receive approximately \$20,000,000 so far in this thing for a water treatment plant. Would they have received those funds if they weren't a member of the SW Authority?

Dwyer: Maybe?

Rep. Porter: Why you brought this to us? I know that Mandan and Morton County are waiting on the opposition to speak to this. Why couldn't you sit down and work something out in the five years you have to work something out before this thing expires. And then come to us in agreement?

Dwyer: In 1994 the chairman of the SW Water Authority and I met with the auditor of Morton County and said listen, like some of the counties in the Garrison Diversion Conservancy District there is some inequity here. Morton County is a big county with big valuation and we are only serving the Western part of the County. We agreed that because of the regional...we asked Paul, what should we do? Morton County benefits from the regional scheme. So let's just leave it as it is. When we decided to purpose removing the Sunset from the bill, on the SW Water Authority Board is a member of the Missouri West Board and also the chairman of the Morton County Commission. So, if we were to realize that this conflict would have arisen, I assure you we would have had numerous discussions and perhaps we would have had different legislation. We didn't foresee this.

Rep. Keiser: Thank you for the review of the sources of funding. I would appreciate receiving a summary of all those sources and enabling legislation. A breakdown of funds.

Dwyer: In the scheme of things, the Federal dollars, and the state dollars, the local share in terms of the mill levy is 1% or less.

Chip Unruh: I am one of the 27 board of directors on the SW Water Authority. I represent Mercer County which this year alone generates \$16,650. With the existing sunset clause it is possible that it could expire before we finish the job. We can do a lot of things with water. Much has been accomplished since this project started. There are many potential water users in Mercer County alone and we need to do a lot of things there. Much remains to be done and time and funding are the primary factors. We need to be fair and not abandon ship until all are accounted for. I urge your support of this bill.

Vice Chair Nelson: In Mercer County, when the residents shop regionally, where would they go?

Unruh: A lot of them go to Dickinson and Bismarck and Mandan.

James Lennington - NDSWC: I am the SW Pipeline Project manager and I support this bill. (See written testimony and map).

Rep. DeKrey: What happens if this bill is defeated and Morton County and the SW Water Authority cannot come to terms?

Lennington: I believe the law only allows the SW Pipeline Project to serve the counties that are in the SW Water Authority, so it would call into question those 120 users being served in Morton County.

Rep. DeKrey: If Morton County is unhappy about being in this, can they get out by default?

Lennington: I am an engineer not an attorney.

Chairman Rennerfeldt: Anyone else in favor of SB 2222? Opposed?

Sen. Tomac - District 31: Normally I would not appear in opposition to a bill that passed the Senate. I make exception on this because I am not sure that this bill had the type of hearing that you have here today. The debate wasn't there and the discussion wasn't there. I wanted to clarify what I believe happened in the Senate. There were a couple of votes against the bill on the Senate floor, but the vote of the Senate is not indicative of the current feelings of many of the Senators. I did want to address a couple of the issues I heard. What happens if we defeat this bill? If you just look at the bill and leave out all the water concerns, not that we are not concerned, but the question before us is, should we continue the authority of SW Water, should we repeal that sunset clause, should we put it into perpetuity? That is the question before you. My answer to that is it is premature. I have not been convinced by the proponents of the bill that now is the time to do this. We have two sessions before this needs to be done, we have five years of history to look at before we address this issue. What has happened here has brought all of water down. Because someone somewhere decided at a board meeting that we should repeal this sunset clause

today and now they are trying to cast the shadow and put some blame on us who raise the questions. Because they wanted the bill before its time. I submit to you, it is before its time. This is not an abandonment of this project. All this says is we are going to wait till a future session to address this sunset. Had this bill had the same discussion on the Senate side, it would be doubtful you would have heard this bill today. I think you should defeat this bill and we should reevaluate this in 2005.

Rep. Droydal: The bill is in front of us, one of things we are hearing has to do with an entity like a city that is paying for services that are only being provided in a rural area. What is your take on just that one argument?

Sen. Tomac: You can spin that argument any number of ways. The way I look at it, I think Morton County and the resolution passed by New Salem and the resolution passed by the city of Mandan say we want out. Rural water ran right by me. I can't access rural water. We are all paying this tax. I don't have any problem paying that tax till 2006, because that is part of the bigger picture. But, let's have a reevaluation in 2006 and say is this fairness, should this continue? I don't have any problem with the start up phase. This was sold to us in 1993 and they said okay we need to assess one mill levy in every county that would benefit from this.

Rep. DeKrey: The issue I asked you about is more than just water. It can be about fire protection, road construction, I want the overall.

Sen. Tomac: I didn't understand the question.

Rep. Droydal: In my situation I got taxed for sheriff department services when I pay for police department services. I got taxed for rural fire protection services when I pay for city fire protection services. That is generally the city versus rural issue.

Sen. Tomac: Another major shift it would be to is if the rural citizens didn't have to pay the city option sales tax. I pay more in city sales tax in Mandan and Bismarck than any city resident does. There is a lot of unfairness in the whole tax policy.

Vice Chair Nelson: The situation, from a regional sense, the SW Authority has strengthened the whole regional fabric of that part of the state. With that there are winners and there are losers on the particular taxing authority, but of course, you just referred to the sales tax thing. In the overall mix, aren't we all winners if we work together.

Sen. Tomac: It depends on how broad you want to paint the picture. When you look at the big picture...if in fact we are all winners, why aren't we funding this out of the general fund? Why are we doing the 1 mill? Those people paying that aren't the ones using it. The property tax payers. If we are going to equalize this, and water is that important, let's do a statewide mill levy for every property owner. Why are we having this evaluation today?

Rep. Drovdal: This one mill is not paying for water development, it is paying the administrative costs. The overall cost, is it not being paid for by the Water Resource Trust Fund?

Sen. Tomac: I am not sure of the funding. This is a good question. The question before your committee today is, do you want to extend this forever and repeal the sunset, or do you want to wait to do that? You are not abandoning water to kill this bill.

Chairman Rennerfeldt: If this bill was amended to continue until the project is completed? Would you be opposed to that?

Sen. Tomac: The answer is the same I just gave. Why are we addressing this now? What is so critical that they want to do this now?

Rep. Dennis Renner - District 31: I just want to go on record as opposing this bill.

Andy Mork - BOMMM: I am opposed to this bill. (See written testimony).

Jim Neubauer - City of Mandan: I am here opposed to SB 2222. (See written testimony).

Vice Chair Nelson: I assume the city of Mandan does levy a city wide sales tax? Does any of that sales tax revenue, is that used for the operation of city services that could be construed as lowering property taxes of the residents?

Neubauer: The sales tax in Mandan can be used for property tax relief and can be used for economic development. We do use some of our sales tax to offset expenses of our general fund. Is any of the money tied specifically to water treatment, no. We are required to make the water treatment plant a self funding operation, due to bonding purposes. If an entity has sold bonds and they don't have the taxing authority to continue to pay for those bonds, I don't know how they can justify that mill.

Vice Chair Nelson: Does the City of Mandan have an outreach program to the rural areas of Morton County as far as economic development? Or does that city sales tax revenue go out side of the city of Mandan for any special projects?

Neubauer: Yes, it does. Recently we contributed to a project in Hettinger, for Killdeer Mountain Manufacturing from our sales tax.

Vice Chair Nelson: Would you have any numbers as to the percentage of that tax money that does go out side the city of Mandan?

Neubauer: We looked at in this recent project, and provided \$2000 for that project and it was in relationship to the amount of money the city of Bismarck gave to the project and the amount of sales tax that Bismarck collected. 1-7 ratio.

Vice Chair Nelson: You see what I am getting at here. I can see a give and take in this process. I think it is fair that the City of Mandan and Morton County prepare a fact sheet as to how the sales tax is helping the surrounding area.

Neubauer: We could do something. Should we look to Bismarck and say 15,000 people come over to Bismarck and shop and pay your sales tax. Should we have a share in that sales tax or not? Every county and every city in the state could look at it this way? How do you determine that piece of the pie. The residents of Mandan currently pay a higher mill levy to the county than they do to the city.

Rep. Nottestad: When I hear the statement about this bill, it is too early. How did the Senate respond to this when this question was asked to them?

Neubauer: We were not at that hearing. Another reason to say, if SW Water Authority had come to us and said, we would like to extend this...if we would have had that discussion.

Mike Kemnitz - Manager of Missouri West Water System: I am opposed to this bill. (See written testimony).

Chairman Rennerfeldt: With that I will close the hearing on SB 2222.

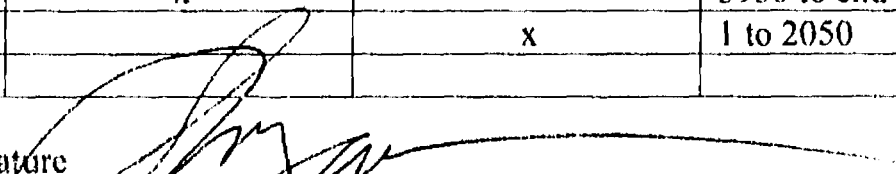
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2222

House Natural Resources Committee

☐ Conference Committee

Hearing Date March 22, 2001

Tape Number	Side A	Side B	Meter #
1	x		3930 to end
1		x	1 to 2050
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: Okay, I will call the committee back to order. We have an amendment by Frank Klein for SB 2222.

Rep. Klein: It changes the end date on the project from 2006 to 2010.

Rep. DeKrey: I second that amendment.

(Discussion on amendment).

Don Flynn was asked to answer some questions.

Rep. Wald addressed line 19 and made some comments.

Mike Dwyer answered questions how the mill levy is proportioned out by formula.

Page 2

House Natural Resources Committee

Bill/Resolution Number SB 2222

Hearing Date March 22, 2001

(More Discussion on amendment)

Chairman Rennerfeldt: The question on the amendment has been called for. Call the roll.

MOTION TO PASS AMENDMENTS OFFERED BY F. KLEIN

YES, 11 NO, 4

AMENDMENT CARRIES

Rep. Porter offers a second amendment to address the number of board members representing the SW Water Authority.

(It was discussed that that amendment would hold more water on SB 2223)

Rep. Drovdal: I move a Do Pass as Amended on SB 2222.

Rep. Klein: I second.

Chairman Rennerfeldt: I have a Do Pass as Amended on SB 2222. Call the roll.

MOTION FOR A DO PASS AS AMENDED

YES, 12 NO, 3

CARRIED BY REP. NELSON

10474.0102
Title.0200

Prepared by the Legislative Council staff for
Representative F. Klein
March 21, 2001

YR
3/22/01

HOUSE AMENDMENTS TO SB 2222

HOUSE NATURAL RESOURCES

03/23/01

Page 1, line 6, remove the overstrike over "through" and after "2006" insert "2010"

Renumber accordingly

Amendment

Date: 3/22/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2222

House Natural Resources Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Earl Rennerfeldt - Chairman	✓		Lyle Hanson		✓
Jon O. Nelson - Vice Chairman	✓		Scot Kelsh	✓	
Curtis E. Brekke	✓		Lonnie B. Winrich	✓	
Duane DeKrey	✓		Dorvan Solberg	✓	
David Drovdal	✓				
Pat Galvin	✓				
George Keiser		✓			
Frank Klein	✓				
Darrell D. Nottestad	✓				
Todd Porter		✓			
Dave Weiler		✓			

Total (Yes) 11 No 4

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Rep. Klein moves amend TO keep mill levy until project is completed!
Rep. DePuy 2nd
"2006" until "2010"

Date: 3/22/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2222

House Natural Resources

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS As Amended

Motion Made By Rep. Drovdal Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Earl Rennerfeldt - Chairman	✓		Lyle Hanson		✓
Jon O. Nelson - Vice Chairman	✓		Scot Kelsh	✓	
Curtis E. Brekke	✓		Lonnie B. Winrich	✓	
Duane DeKrey	✓		Dorvan Solberg	✓	
David Drovdal	✓				
Pat Galvin	✓				
George Keiser	✓				
Frank Klein	✓				
Darrell D. Nottestad	✓				
Todd Porter		✓			
Dave Weiler		✓			

Total (Yes) ~~11~~ 12 No ~~3~~ 3

Absent _____

Floor Assignment Rep. Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 23, 2001 7:48 a.m.

Module No: HR-51-6483
Carrier: Nelson
Insert LC: 10474.0102 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2222: Natural Resources Committee (Rep. Rennerfeldt, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 3 NAYS, ABSENT AND NOT VOTING). SB 2222 was placed on the Sixth order on the calendar.

Page 1, line 6, remove the overstrike over "~~through~~" and after "2006" insert "2010"

Renumber accordingly

2001 TESTIMONY

SB 2222

TESTIMONY ON SENATE BILL 2222

Senate Natural Resources Committee

James Lennington, Southwest Pipeline Project Manager

January 26, 2001

Mr. Chairman and Members of the Senate Natural Resources Committee, my name is James Lennington. I am the Southwest Pipeline Project Manager with the North Dakota State Water Commission and appear before you today in support of Senate Bill 2222.

Senate Bill 2222 strikes the sunset date on the Southwest Water Authority's mill levy taxing authority.

The Southwest Pipeline Project has been under construction since 1986. In that time nearly 2,100 miles of water pipelines have been constructed and the project now serves over 25,600 people in 22 cities and approximately 4,500 rural residents with high quality water. It has also been instrumental in relieving some communities of significant regulatory burdens resulting from their drinking water violations. In spite of these accomplishments, much of the project remains to be constructed. To date approximately \$125 million has been spent on constructing the Southwest Pipeline Project. Our current estimate for completing the project is approximately \$64 million. The current construction schedule, which is dependent on funding, has a target date for completion of the Southwest Pipeline Project in 2007.

The taxation authority was granted to the Southwest Water Authority by the North Dakota State legislature at least partially in recognition of the fact that the Authority would incur administrative expenses during construction of the project. Areas not yet served by the project in the twelve counties making up the Southwest Water Authority are represented on the board of directors and administrative costs are incurred for those areas. Marketing and public relations costs are also incurred for those areas not yet served. Because of this, the taxing authority should continue at least until construction is completed. Completion of the project is dependent on success in obtaining funding and there is no guarantee that the project will be completed by 2007. The present taxation authority runs through 2006.

The Garrison Diversion Conservancy District, which is similar in function and goals to the Southwest Water Authority, also has a one mill levy, but without a sunset date. SB 2222 would make the Southwest Water Authority's taxing authority consistent with that of the Garrison Diversion Conservancy District.

Your favorable consideration of Senate Bill 2222 is requested.

Thank you.

VERBAL TESTIMONY

OF

R.B. "CHIP" UNRUH
DIRECTOR
SOUTHWEST WATER AUTHORITY

SUBMITTED TO
NORTH DAKOTA SENATE NATURAL RESOURCES COMMITTEE

ON
SENATE BILL 2222 - SOUTHWEST WATER AUTHORITY - MILL LEVY

JANUARY 26, 2001

BISMARCK, NORTH DAKOTA

Good Morning. I'm Chip Unruh, a Zip to Zap survivor. I am here to support Senate Bill 2222.

I am one of 27 directors on the Southwest Water Authority Board of Directors, representing Mercer County the past four years.

It may seem somewhat unusual to have our Intake facility located in Mercer County yet provide water to only the city of Golden Valley in this county.

These counties are assessed one mill levy, that generates over \$16,000 annually in Mercer County. This money is used for administrative costs.

With the existing sunset clause, the mill levy could possibly expire before we reach our goal. It would be unfair to allow this to happen before Mercer, Oliver and North Dunn Counties' projects are completed.

There are many potential water users in this area with five cities including Pick City and the many developed areas along the south shore of Lake Sakakawea.

Much remains to be done, time and funding being the primary factors, but we must also be fair.

We urge you to support this bill with a "DO PASS" designation.

Thank you.

Good morning. I am Don Flynn from Scranton, North Dakota

I am the Vice-Chairman of the Southwest Water Authority (Authority). I come today to speak in favor of Senate Bill 2222 that will continue the one-mil levy in the 12 counties served by the Southwest Water Authority. The Legislature originally gave authority for two mills to joint boards in 1981. The West River Joint Board reduced its mil levy authority to one mil so that the Southwest Water Authority was able to use one mil for administrative purposes.

The Southwest Water Authority is actively involved in water interests throughout its 12 counties. These interests include determining the most cost effective methods to provide drinking water to the citizens of these counties as well as the best methods to meet other water needs. The Authority has met with Big Bend Irrigation District to ensure there will not be a duplication of efforts to meet water needs in Oliver and Mercer counties. The Authority has met with the city of Hazen to discuss possible improvements to the Hazen water treatment plant rather than building a new water treatment plant for the Southwest Pipeline Project. The Authority meets with the Water Resource Boards of the 12 counties in order to ensure that water needs throughout the 12 counties are represented in the State Water Commission

Water Management Plan and through the Authority's membership in the Water Coalition.

The Authority hosted Congressional staff and provided witnesses in Washington DC in support of the Dakota Water Resources Act. The passage of this Act is the path to federal funding of all water projects in this state, including the Southwest Pipeline Project.

All these things are possible because of the one-mil levy. These needs will continue throughout southwest North Dakota. These are needs of all citizens of southwest North Dakota and not just the needs of the users of water provided by the Southwest Pipeline Project. The users of the system pay the operations and maintenance costs of the project.

The expenses of the Board of Directors, who are elected by the citizens and represent the citizens of the 12 counties, are paid by the mil levy. The mil levy provides funding for engineering studies and legal costs necessary to further water development in the 12 counties, not just the development of the Southwest Pipeline Project.

When construction is complete on the Southwest Pipeline Project, today the date of completion is uncertain, the Southwest Water Authority will still be responsible for water development in southwest North Dakota.

We request favorable consideration for Senate Bill 2222.

MISSOURI WEST WATER SYSTEM

701-663-8549

P.O. Box 176
Mandan, ND 58554-0176



Chairman Rennerfeldt and members of the
House Natural Resources Committee

Testimony of: Mike Kemnitz, Manager of the
Missouri West Water System

Date: Thursday, March 15, 2001

SUBJECT: OPPOSITION TO SB-2222

SUMMARY: This testimony submits that the proposed change to the existing legislation is wrong for three reasons:

- 1. TOO MANY ARE TAXED.** The tax is applied to Morton County property owners that are served water by systems other than the Southwest Water Authority.
- 2. TOO SOON TO EXTEND.** The current legislation has 5 years of life. There are two legislative sessions remaining.
- 3. TOO LONG OF A TERM.** The tax would be authorized for too long, in fact, into perpetuity.

1) Too Many Are Taxed:

The mill levy taxes all of Morton County including Mandan even though the S.W.A. serves a minority of the citizens and land area of Morton County. The Missouri West Water System and the City of Mandan are the predominate purveyors of water to Morton County. Governing boards of the cities of Almont, Flasher, Mandan and New Salem as well the boards of the Riverview Heights Housing Coop and the Crown Butte Housing Coop have petitioned the Morton County Commission to oppose SB-2222. The Morton County Commission in turn passed a resolution of opposition to this legislation.

2) Too Soon To Extend:

The original legislation allows a mill levy through 2006. We believe we had 5 years and two additional legislative sessions to work out a equitable balance of service versus taxation. Removing the 2006 ending date from the legislation will remove any necessity to insure the organization is evaluating it's accomplishments from a perspective of satisfying all of those that it was formed to serve.

3) Too Long Into The Future:

The authors of this legislation are requesting an absolutely open ended tax that will be in place without an ending date or a review process. As sincere as the tax receiving entity may be in achieving current goals, I am concerned that new goals will be developed and insure a continued reason for collecting and spending of the funds. The responsibility would then shift to the taxed entities to lead the fight to remove the tax. Leave the burden of proving a need to the receiving entity. This tax should have a definite ending date so the Southwest Water Authority has an incentive to insure that those being taxed are satisfied with goals being achieved.

For these reasons I am asking that you give a "Do Not Pass" to this legislation.

**VERBAL TESTIMONY
OF**

**DON FLYNN
VICE CHAIRMAN
SOUTHWEST WATER AUTHORITY
SCRANTON, ND**

**SUBMITTED TO
NORTH DAKOTA HOUSE NATURAL RESOURCES COMMITTEE
SENATE BILL 2222**

MARCH 15, 2001

BISMARCK, ND

Good morning. I am Don Flynn from Scranton, North Dakota

I am the Vice-Chairman of the Southwest Water Authority (Authority). I come today to speak in favor of Senate Bill 2222 that will continue the one-mill levy in the 12 counties served by the Southwest Water Authority. The Legislature originally gave authority for two mills to joint boards in 1981. The authorizing legislation reduced the mill levy authority of the West River Joint Board to one mill so that the Southwest Water Authority was able to use one mill.

The Southwest Water Authority is actively involved in water interests throughout its 12 counties. These interests include determining the most cost effective methods to provide drinking water to the citizens of these counties as well as the best methods to meet other water needs. The Authority has met with Big Bend Irrigation District to ensure there will not be a duplication of efforts to meet water needs in Oliver and Mercer counties. The Authority has met with the city of Hazen to discuss possible improvements to the Hazen water treatment plant rather than building a new water treatment plant for the Southwest Pipeline Project. The Authority meets with the Water Resource Boards of the 12 counties in order to ensure that water needs

throughout the 12 counties are represented in the State Water Commission Water Management Plan.

SWA represents its 12 counties at Garrison Diversion Conservancy District meetings, at State Water Commission meetings, and at MR&I Committee meetings, and through the Authority's membership in the Water Coalition.

SWA is one of the major sponsors of *North Dakota Water* magazine. *North Dakota Water* magazine helps get the message of the importance of water throughout the state.

The Authority hosted Congressional staff and provided witnesses in Washington DC in support of the Dakota Water Resources Act. The passage of this Act is the path to federal funding of all water projects in this state, including the Southwest Pipeline Project.

All these things are possible because of the one-mill levy. These needs will continue throughout southwest North Dakota. These are needs of all citizens of southwest North Dakota and not just the needs of the users of water provided by the Southwest Pipeline Project. The users of the system pay the operations and maintenance costs of the project.

The expenses of the Board of Directors, who are elected by the citizens and represent the citizens of the 12 counties, are paid by the mill levy. The

mill levy provides funding for engineering studies and legal costs necessary to further water development in the 12 counties, not just the development of the Southwest Pipeline Project.

When construction is complete on the Southwest Pipeline Project, today the date of completion is uncertain, the Southwest Water Authority will still be responsible for water development in southwest North Dakota.

We request favorable consideration for Senate Bill 2222.

FACT SHEET

*James
Hennington
NOSWC*

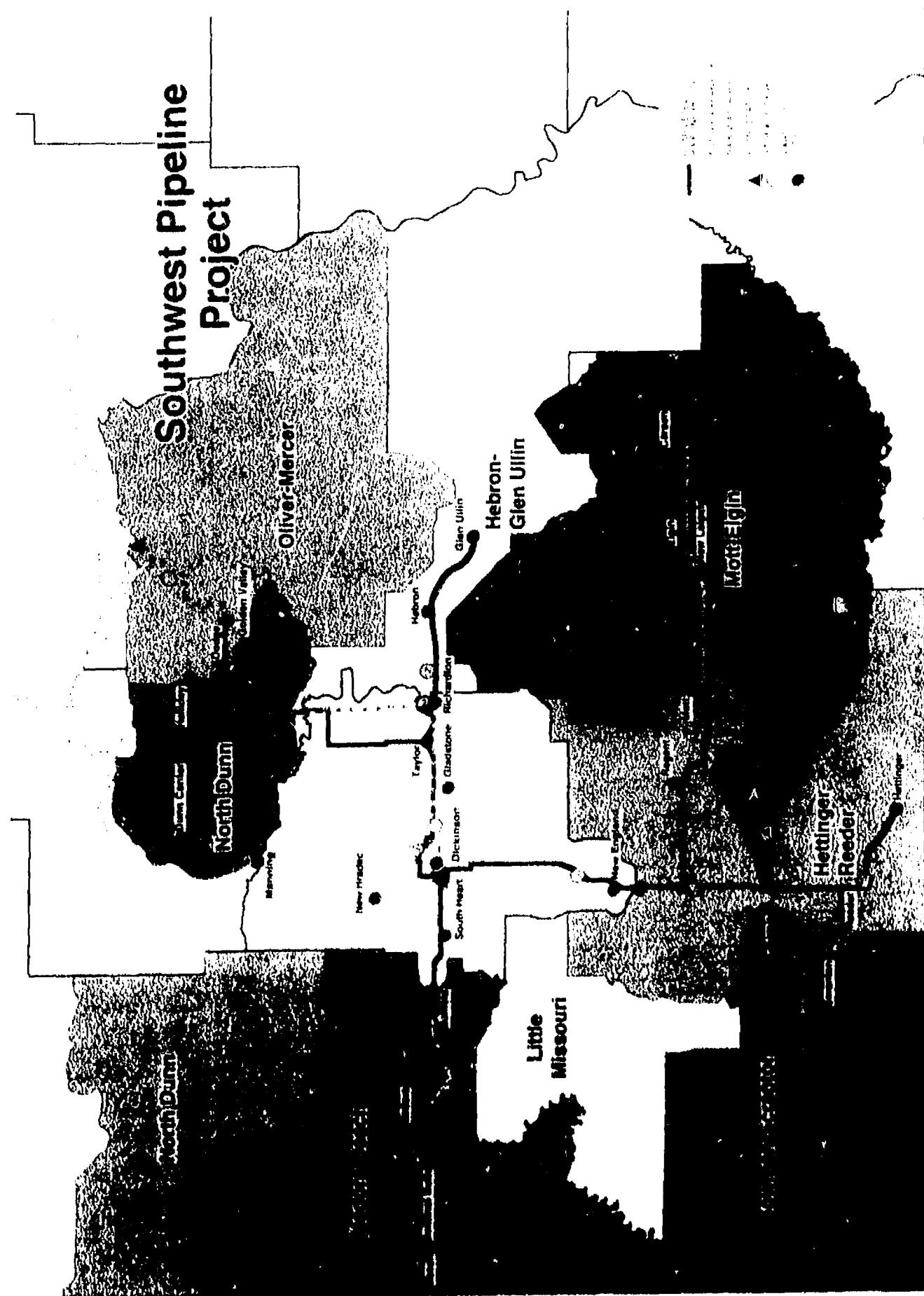
**SOUTHWEST WATER AUTHORITY TAX LEVY
COMPILED BY ANDY MORK, CHAIRMAN
MORTON COUNTY WATER RESOURCE DISTRICT
FEBRUARY 15, 2001**

1. One mill tax levy was authorized by the 1991 Legislature on 12 counties in southwest North Dakota (Included Morton County and the City of Mandan).
2. Purpose of Levy -- To promote water delivery to 12 counties. Funds to be used for administrative purposes only.
3. 2000 taxable valuation of the 12 counties: \$142,800,000.00.
4. 1 mill levy raises per year: \$142,000.00.
5. Morton County is 33% of the total valuation.
6. Morton County taxes:

2000	\$46,747.00	1999	\$47,420.00
1998	\$42,105.00	1997	\$41,987.00
1996	\$62,336.00	1995	\$38,092.00
1994	\$37,939.00	1993	\$50,547.00
7. Total Morton County taxes to date: \$367,170.00. Total projected taxes through 2006: \$590,000.00.
8. Present authorization is scheduled to terminate in 2006. SB2222 introduced now requests this levy to be made permanent.
9. Funds received from SWA by Missouri West Water System: None.
10. Benefits received by Morton County from SWA:
 - A. Glen Ullin and Hebron and the west end of Morton County received SWA water in 2000;
 - B. SWA has lobbied for rural water programs (MWWS has also, with their own funds, contributed to this lobbying effort).

11. Account of funds from this levy and reports to the 12 counties: None Known.
12. MWWS received no outside funds during the preliminary phases of its project. Funds were loaned to them from Morton County Water Resource District. These loans have been repaid and all administrative expenses of MWWS, past and present, are derived from the members' water bills.
13. During construction and operation, MWWS was not allowed MR&I grant funds for offices, paper clips or pick-ups. Again, these were also funded by loans from Morton County Water Resource District.
14. SWA, being a part of state government, did receive all these necessities. How much of these paper clips, pick-ups, offices, pre-tax levy and administrative costs will be assessed to the SWA is unclear.
15. Morton County has 2 directors and Stark County has 5 directors on the SWA Board. A bill has been introduced to reduce the number of SWA directors, but Stark would still have a disproportionate number of directors.
16. The proceeds of the one mill levy are intended to be used for investigation, sign ups, feasibility studies and securing financing of water delivery to towns and rural areas.
17. The proceeds of the levy are not intended to be used for the final engineering, construction, operation, maintenance and the administration of the water delivery systems.
18. Therefore the need of the one mill levy was the greatest at the beginning of the SWA project and should theoretically approach zero when the entire system is complete.
19. Since all of Morton County is paying this levy and since Missouri West Water System and the city of Mandan are also in the process of enlarging and refining their systems, they also should share in the proceeds of this levy.
20. The conclusion is that a permanent levy is not needed nor should it be allowed.

30



SOUTHWEST WATER AUTHORITY
Response to
Morton County Water Resource District "Fact Sheet"

Words from Morton County Water Resource District "Fact Sheet" (MCWRD)
Response from Southwest Water Authority (SWA)

1. *MCWRD: One mill tax levy was authorized by the 1991 Legislature on 12 counties in southwest North Dakota (Included Morton County and the City of Mandan).*

SWA: The 1991 Legislature created the Southwest Water Authority and authorized the Southwest Water Authority (SWA) to levy up to one mill. SWA also includes Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Oliver, Slope, and Stark counties. Cities of Hazen, Beach, Medora, Zap, Scranton, Center, Killdeer have not been served. The counties began payments of the mil levy in 1993.

2. *MCWRD: Purpose of Levy – To promote water delivery to 12 counties. Funds to be used for administrative purposes only.*

SWA: NDCC 61-24.5-10 states mil levy can be used "...for the payment of administrative expenses of the authority, including per diem, mileage, and other expenses of directors, expenses of operating the office, engineering, surveying, investigations, legal, administrative, clerical, and other expenses of the authority".

3. *MCWRD: 2000 taxable valuation of the 12 counties: \$142,800,000.00*

SWA: This is the approximate 2000 taxable valuation.

4. *MCWRD: 1 mill levy raises per year: \$142,000.00*

SWA: One mill levy raises various amounts each year: 1995: \$125,000; 1996: \$125,000; 1997: \$131,000; 1998: \$132,294; 1999: \$132,000; 2000: \$142,340.

5. *MCWRD: Morton County is 33% of the total valuation.*

SWA: In 2000, Morton County payments January through December, for current year taxes were \$43,403 or 30.5%.

6. *MCWRD: Morton County taxes:*

2000 \$46,747.00	1999 \$47,420.00
1998 \$42,105.00	1997 \$41,987.00
1996 \$62,336.00	1995 \$38,092.00
1994 \$37,939.00	1993 \$50,547.00

SWA: These amounts include taxes for previous years and state aid distribution.

7. *MCWRD: Total Morton County taxes to date: \$367,170.00. Total projected taxes through 2006: \$590,000.00*

SWA: Not certain how projections are estimated.

8. *MCWRD: Present authorization is scheduled to terminate in 2006. SB2222 introduced now requests this levy to be made permanent:*

SWA: Congress authorized the Dakota Water Resources Act in December 2000. SWA has pledged to assist Garrison Diversion Conservancy District obtain appropriations for use throughout the state. Southwest North Dakota has benefited from the 1986 Garrison Reformulation Act. Southwest North Dakota, including Missouri West Water System and the city of Mandan, has received approximately \$80 million of the first \$200 million MR&I funds. The counties in eastern North Dakota have been paying one mill to assist Garrison Diversion since 1955. The southwest counties have been paying one mill since 1991. Parts of these funds are used to help secure statewide and federal funding.

9. *MCWRD: Funds received from SWA by Missouri West Water System: None.*

SWA: the Morton County Water Resource District manages Missouri West Water System. The water resource district is authorized to levy up to four (4) mills. There is no legal authorization for a water resource district to receive more than 4 mills or for SWA to pay a portion of its mill levy to Missouri West. SWA did assist with Missouri West by helping during the years Missouri West had cash flow problems. SWA employed the Missouri West manager for a project in order to pay part of the manager's salary during periods of low cash flow. SWA has also provided the services of its Master Electrician to Missouri West at no cost. SWA has also provided the use of equipment to Missouri West at no cost.

10. *MCWRD: Benefits received by Morton County from SWA:*

- A. *Glen Ullin and Hebron and the west end of Morton County received SWA water in 2000;*
- B. *SWA has lobbied for rural water programs (MWWSs has also, with their own funds, contributed to this lobbying effort).*

SWA: The Southwest Pipeline Project delivered water to the city of Hebron in 1998 and the city of Glen Ullin in 1999. Other benefits to Morton County through the SWA:

- A. Support of 11 other counties in meeting its water needs.
- B. Representation at Garrison Diversion Conservancy District meetings.
- C. Representation at State Water Commission meetings.
- D. Representation at MR&I Committee meetings.
- E. SWA is one of the major sponsors of North Dakota Water magazine. North Dakota Water magazine helps get the message of the importance of water throughout the state.

F. Lobbying in Washington, DC for the Dakota Water Resources Act. SWA also supported higher annual appropriations for the 1986 Garrison Reformulation Act.

G. SWA also hosted major committee Congressional staff in southwest North Dakota.

H. Membership in ND Water Coalition, at no extra cost.

I. Missouri West has received over \$10 million in grant funds from the Garrison Diversion Conservancy District Municipal, Rural, & Industrial program (MR&I).

11. MCWRD: Account of funds from this levy and reports to the 12 counties: None Known.

SWA: The SWA issues an annual report. Included in this annual report is an audited financial report that accounts for all SWA funds. NDCC 61-24.5-20 and NDCC 61-24.5-22 require SWA to have separate accounts for operation and maintenance and replacement. Mill levy funds received are not only in a separate fund, but also in a separate bank. The annual report goes to each county commission through its auditor, each county water resource district through its chairman, as well as all entities listed on the attached list. The chairman of the Morton County Water Resource District receives this annual report each year. In addition to the annual report, SWA issues an annual Progress Report and the 12 county commissions receive an annual update with the request for the mill levy. This annual update offers an in person report if the county commission requests one. A copy of the 2000 letter to Morton County is attached.

12. MCWRD: MWWS received no outside funds during the preliminary phases of its project. Funds were loaned to them from Morton County Water Resource District. These loans have been repaid and all administrative expenses of MWWS, past and present, are derived from the members' water bills.

SWA: SWA received funds from the city of Dickinson and the West River Joint Board for start up funds. Water user fees pay all SWA operation expenses.

13. MCWRD: During construction and operation, MWWS was not allowed MR&I grant funds for offices, paper clips or pick-ups. Again, these were also funded by loans from Morton County Water Resource District.

SWA: During construction and operation, SWPP was not allowed MR&I grant funds for offices, paper clips or pick-ups.

14. MCWRD: SWA, being a part of state government, did receive all these necessities. How much of these paper clips, pick-ups, offices, pre-tax levy and administrative costs will be assessed to the SWA is unclear.

SWA: SWA, like the Morton County Water Resource District, is a political subdivision of the state of North Dakota. The SWA directors are elected. The Morton County Water Resource District members are appointed. The Southwest

Pipeline Project is owned by the state of North Dakota through the State Water Commission. The state Resources Trust Fund paid for initial operation expenses. SWPP owes the state of North Dakota approximately \$30million for state assistance. There is no loan term or end to repayment. The SWPP water users pay to the state for bonds and Resources Trust Fund assistance a perpetual payment that is annually indexed to the Consumer Price Index. Since SWPP started delivering water, the water rates for users have increased annually.

15. MCWRD: Morton County has 2 directors and Stark [Stark] County has 5 directors on the SWA Board. A bill has been introduced to reduce the number of SWA directors, but Stark would still have a disproportionate number of directors.

SWA: The Legislature patterned SWA after the Garrison Diversion Conservancy District. Each county has equal representation; currently two elected directors per county, with a bill introduced requesting one elected director per county. The city of Dickinson is expected to always be the largest individual user of water from SWPP (about 60%), so separate representation is given to the city of Dickinson. The representatives from Stark County may not live in the city of Dickinson. The counties within GDCD do not receive representation based on the amount of mill levy funding or population.

16. MCWRD: The proceeds of the one mill levy are intended to be used for investigation, sign ups, feasibility studies and securing financing of water delivery to towns and rural areas.

SWA: SWA uses the one mill levy as permitted in NDCC 61-24.5-10 "....for the payment of administrative expenses of the authority, including per diem, mileage, and other expenses of directors, expenses of operating the office, engineering, surveying, investigations, legal, administrative, clerical, and other expenses of the authority". NDCC 61-24.5-11 states: "Such resolution must levy in mills, but may not exceed one mill, and must be sufficient to meet the administrative, engineering, surveying, investigations, legal and related expenses, obligations, and liabilities of the district as provided in the budget". One mill does not cover these expenses. SWA must raise funds from other sources to provide these services for 12 counties, including Morton County.

17. MCWRD: The proceeds of the levy are not intended to be used for the final engineering, construction, operation, maintenance and the administration of the water delivery systems.

SWA: The State Water Commission pays for final engineering and construction through grant funds or bonds that SWPP water users will repay. The system water users pay operation, maintenance, and administration of the water delivery system. Office, engineering, legal, and clerical expenses attributed to system operation and maintenance are paid by the system water users.

18. MCWRD: Therefore the need of the one mill levy was the greatest at the beginning of the SWA project and should theoretically approach zero when the entire system is complete.

SWA: Even though the SWPP has been under construction for 15 years in April, the system is only 2/3 complete. SWA has the same responsibility to complete construction to the remaining counties (Slope, Bowman, Billings, Golden Valley, Oliver, Mercer, and Dunn), as it has honored to the counties that now have water, including most of Morton County. The SWA Board can levy up to one mill. As construction throughout the 12 counties is completed and as the Century Code responsibilities are completed, the SWA Board of directors can levy less than one mill or no mill.

19. MCWRD: Since all of Morton County is paying this levy and since Missouri West Water System and the city of Mandan are also in the process of enlarging and refining their systems, they also should share in the proceeds of this levy.

SWA: SWA has assisted Missouri West Water System in meeting the needs of its members through operational assistance, helping obtain grant funding in expanding its system, and it lending personnel and equipment at no cost when needed. The city of Mandan used MR&I grant funds to help upgrade its treatment plant in order to serve Missouri West Water System. Serving MWWS allows the city of Mandan to better use its treatment plant. The MR&I grant funds used for this upgrade were part of the funds SWA assisted MWWS obtain. SWA has told both MWWS and the city of Mandan that SWA will assist in obtaining more grant funds, if possible.

20. MCWRD: The conclusion is that a permanent levy is not needed nor should it be allowed.

SWA: The Legislature charged the SWA Board of Directors with broader responsibilities besides supplying water through SWPP. (NDCC 61-24.5-09). The SWA Board of Directors has pledged to support statewide water efforts even when SWPP construction is completed. Completion of SWPP does not have a date. Even in a best-case scenario, completion will not occur by 2006. The Dakota Water Resources Act was authorized, but no funds are appropriated. SWA will make trips to Washington, DC, as needed, to obtain funding for all of North Dakota, even after SWPP is completed.

Twenty-six counties in eastern North Dakota are paying a mill levy to help build the state's water infrastructure for all of North Dakota. The Legislature has created the SWA to serve as a similar regional authority. Does not southwest North Dakota have the same responsibility as the counties in the Garrison Diversion Conservancy District?

If Morton County thinks it has not benefited and should not be included in this mill levy, the Legislature has provided a procedure in Century Code for Morton County to petition out of its membership in the Southwest Water Authority.



CITY OF MANDAN

MANDAN CITY HALL -- 205 2nd Ave. N.W.
MANDAN, NORTH DAKOTA 58554

MARCH 15, 2001

CITY DEPARTMENTS	
ADMINISTRATION	667-3210
ASSESSING/BUILDING INSPECTION	667-3230
ENGINEER/PLANNING	667-3225
FINANCE	667-3213
FIRE	667-3288
PERSONNEL	667-3217
POLICE	667-3250
PUBLIC WORKS	667-3240
SPECIAL ASSESSMENTS	667-3211
WASTE WATER PLANT	667-3278
WATER BILLING	667-3219
FAX	667-3223

CHAIRMAN RENNERFELDT, MEMBERS OF THE HOUSE NATURAL RESOURCES COMMITTEE, MY NAME IS JIM NEUBAUER, I AM THE CITY ADMINISTRATOR FOR MANDAN, AND AM HERE ON BEHALF OF THE MANDAN BOARD OF CITY COMMISSIONERS IN OPPOSITION TO SENATE BILL 2222.

SB 2222 REMOVES THE EXPIRATION DATE OF THE MILL LEVY FOR THE SOUTHWEST WATER AUTHORITY. CITIZENS OF MORTON COUNTY INCLUDING THE CITY OF MANDAN ARE SUBJECT TO THIS LEVY. THE CITIES OF HEBRON AND GLEN ULLIN ARE SERVED BY THE SOUTHWEST WATER AUTHORITY WITH NO PLANS THAT I KNOW OF TO EXTEND FURTHER TO THE EAST.

THE CITY OF MANDAN HAS RECEIVED NO BENEFIT FROM THIS LEVY. IN FACT, UNTIL RECENTLY, I DO NOT KNOW OF ANY DISCUSSIONS THAT HAVE OCCURRED BETWEEN THE SWA AND THE CITY OF MANDAN.

THE CITY OF MANDAN HAS ITS OWN WATER TREATMENT PLANT AND I BELIEVE IT IS UNREASONABLE TO EXPECT CITIZENS OF MANDAN CONTINUE TO BE SUBJECT TO THIS LEVY IN PERPETUITY. I AM NOT ASKING THE EXPIRATION DATE OF THIS LEVY BE MADE SOONER THAN 2006, HOWEVER, DO BELIEVE IT IS UNREASONABLE TO ASK THE CITIZENS OF MANDAN, WITH THEIR OWN WATER TREATMENT FACILITY, TO CONTINUE TO SUPPORT THE ADMINISTRATION EXPENSES OF THE SWA.

THANK YOU.

TESTIMONY ON SENATE BILL 2222

House Natural Resources Committee

James Lennington, Southwest Pipeline Project Manager

March 15, 2001

Mr. Chairman and Members of the House Natural Resources Committee, my name is James Lennington. I am the Southwest Pipeline Project Manager with the North Dakota State Water Commission and appear before you today in support of Senate Bill 2222.

Senate Bill 2222 strikes the sunset date on the Southwest Water Authority's mill levy taxing authority.

The Southwest Pipeline Project has been under construction since 1986. In that time nearly 2,100 miles of water pipelines have been constructed and the project now serves over 25,600 people in 22 cities and approximately 4,500 rural residents with high quality water. It has also been instrumental in relieving some communities of significant regulatory burdens resulting from their drinking water violations. In spite of these accomplishments, much of the project remains to be constructed. To date approximately \$125 million has been spent on constructing the Southwest Pipeline Project. Our current estimate for completing the project is approximately \$64 million. The current construction schedule, which is dependent on funding, has a target date for completion of the Southwest Pipeline Project in 2007.

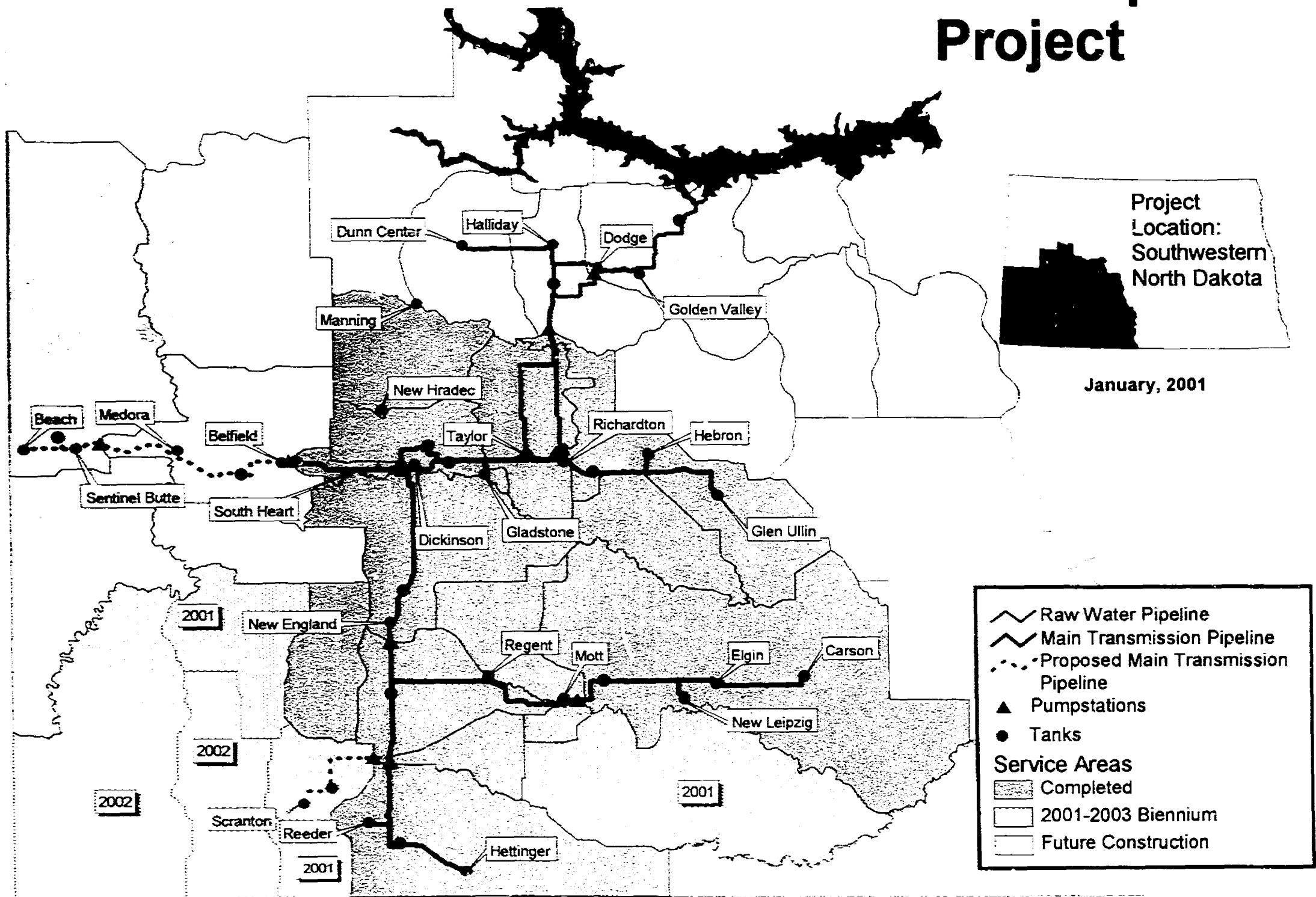
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The Garrison Diversion Conservancy District, which is similar in function and goals to the Southwest Water Authority, also has a one mill levy, but without a sunset date. SB 2222 would make the Southwest Water Authority's taxing authority consistent with that of the Garrison Diversion Conservancy District.

Your favorable consideration of Senate Bill 2222 is requested.

Thank you.

Southwest Pipeline Project





SOUTHWEST WATER AUTHORITY

SOUTHWEST PIPELINE PROJECT BUILDING

West Industrial Park

4665 2nd Street SW

Dickinson, ND 58601-7231

(701) 225-0241 • Fax (701) 225-4058

Toll Free: 1-888-425-0241

July 5, 2000

Commissioners: Richard Bendish
Matt Erhardt
Henry Gustin
Bob Christenson
Tony Schirado
Auditor: Paul Trauger

Morton County
210 2nd Ave. NW
Mandan, ND 58554

Dear Commissioners and Auditor:

July 3, 2000, the Southwest Water Authority Board of Directors unanimously passed a motion to continue the one mill levy for purposes of funding a part of the operations of the Southwest Water Authority through the next fiscal year.

The Southwest Water Authority is a political subdivision of the State assigned the responsibility to operate, maintain, and manage the Southwest Pipeline Project (SWPP) and provide water to cities and rural residents throughout southwest North Dakota. The Authority was created in 1991, and effective January 1, 1996, the State Water Commission transferred the operation, maintenance, and management of the Southwest Pipeline Project to the Southwest Water Authority.

At the present time, we are delivering water to 19 cities, Assumption Abbey, Sacred Heart Monastery, and more than 1750 rural hookups. We are also providing service to four raw water hookups.

In 2000, the Southwest Pipeline Project will provide water service to New Leipzig, Elgin, Carson and approximately 100 farms and ranches. Construction will include two new tanks; one between Richardton and Hebron, the other north of Burt. These projects are possible because the 1999 Legislative Assembly approved bills that will ensure water development projects throughout the state. These are projects included in the State Water Commission 1999 State Water Management Plan. The Southwest Pipeline Project was fortunate to be included in the first phase of funding.

The State will provide \$4.5 million during the 1999-2001 biennium. The State Water Commission will provide an additional \$1.5 million through the ND Department of Health State Revolving Fund.



Commissioners and Auditor

Page 2

July 5, 2000

Additionally, USDA-Rural Development will provide \$7 million as a match. The USDA-Rural Development funds include \$5.1 million grant and \$1.9 million loan.

Currently there are no Garrison Diversion Municipal, Rural, and Industrial (MR & I) funds available for the Southwest Pipeline Project. The Dakota Water Resources Act that provides for the completion of Garrison Diversion also includes an additional \$200 million for MR&I projects. Some of these additional funds would be available for completion of the Southwest Pipeline Project. Please support the Dakota Water Resources Act.

Through 1999, Garrison Diversion MR & I Fund has provided \$70 million for SWPP. The North Dakota Resources Trust Fund has provided \$29.8 million. USDA - Rural Development has provided a \$5.7 million in grants and \$4.9 million in loans. The 1997 Legislature approved bonding has provided \$7.8 million. The 1999 legislation approved Water Development Trust Fund provided \$4.5 million. The total cost through 1999 has been \$122.7 million.

The 210 foot Jung Lake Tank, south of New England, won the 1999 Excellence in Concrete Award from the North Dakota Ready-Mix and Concrete Products Association. This award was shared by the Southwest Water Authority, State Water Commission, Bartlett and West/Boyle Engineering, Dickinson Ready Mix, and Landmark Structures, Inc.

At the present time, we have 13 staff members to carry out the task of operating and maintaining the Southwest Pipeline Project, making sure that concerns are promptly and adequately addressed, and that water delivery is provided without interruption. We are also working vigorously with other entities across the state to help ensure completion of the Southwest Pipeline Project. In 1999, the first operations person outside of Dickinson has been permanently assigned to the Mott, New England, and Hettinger area. He is currently located in Regent. A person will be assigned to Grant County in 2001.

Enclosed you will find a certified copy of the budget for the Southwest Water Authority for 2001. Also, enclosed is a certified copy of the resolution making a levy of one mill on all taxable property within the Southwest Water Authority to provide necessary funds for this budget. Both the budget and the resolution making the one mill levy were approved and adopted by the Board of Directors of the Authority on July 3, 2000.

We are committed to providing water service to the residents of southwest North Dakota in the most efficient, cost-effective, and responsible manner possible. We provide reliable service at the lowest cost consistent with sound business principles. We appreciate your support in this endeavor. If you would like for me to appear before you to further explain this Project, please call our office. Thank you.

Sincerely,



Pinkie Evans-Curry

Manager/CEO

Southwest Water Authority

PEC/clb



SOUTHWEST WATER AUTHORITY

SOUTHWEST PIPELINE PROJECT BUILDING

West Industrial Park

4665 2nd Street SW

Dickinson, ND 58601-7231

(701) 225-0241 • Fax (701) 225-4058

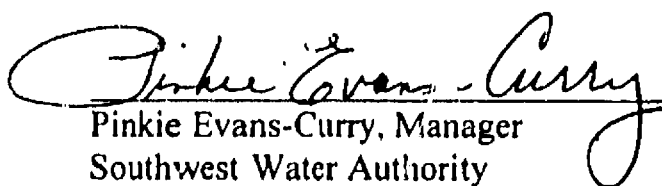
Toll Free: 1-888-425-0241

SOUTHWEST WATER AUTHORITY ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31, 2001

TOTAL REQUIREMENTS	\$311,021
LESS ESTIMATED REAL ESTATE TAX	<u>\$144,000</u>
AMOUNT TO COME FROM OTHER SOURCES	<u>\$167,021</u>

CERTIFICATE

I, Pinkie Evans-Curry, the manager of the Southwest Water Authority, do hereby certify and return that the within and foregoing instrument is a true and correct copy of the budget covering the administrative budget covering the estimated necessary expenditures of the district for the twelve-month period beginning January 1, 2001, and ending December 31, 2001, approved by the Board of Directors of the Southwest Water Authority at a meeting on the third of July 2000.


Pinkie Evans-Curry, Manager
Southwest Water Authority



Management, Operation, and Maintenance of the Southwest Pipeline Project



SOUTHWEST WATER AUTHORITY

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West Industrial Park

4665 2nd Street SW

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RESOLUTION

**Adopted July 3, 2000, by the Board of Directors
of the Southwest Water Authority
Approving its Administrative Budget for the
Period January 1, 2001 through December 31, 2001
Making a One-Mill Levy on all Property within the Authority**

WHEREAS, the Southwest Water Authority, a governmental agency established by the North Dakota Legislature by virtue of Chapter 61-24.5 of the North Dakota Century Code, as amended, is authorized to make a tax levy to finance its operations in accordance with said Chapter 61-24.5 of the North Dakota Century Code, as amended, did, in July 1991 make a one-mill levy on all taxable property located within the Southwest Water Authority to pay its administrative expenses and obligations of the district and establish such reserves necessary to meet its contractual obligations and to carry out its purposes as provided by law—said tax levy to be continued through 2006 unless modified or reduced by appropriate action of the Board of Directors of the Southwest Water Authority; and

WHEREAS, the Board of directors of the Southwest Water Authority, as required by Section 61-24.5-11 of the North Dakota Century Code, has duly considered an administrative budget for the period beginning January 1, 2001, and ending December 31, 2001; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southwest Water Authority, at a meeting regularly assembled this third day of July 2000 at Dickinson, North Dakota, that this Board approved an administrative budget for the fiscal year January 1, 2001, through December 31, 2001, requiring an amount of \$311,021 for its Administrative Fund; and

BE IT FURTHER RESOLVED that this Board hereby makes a one-mill levy on each dollar of taxable valuation on all taxable property located in each of the counties in the Southwest Water Authority, to-wit:

Adams	Dunn	Hettinger	Oliver
Billings	Golden Valley	Mercer	Slope
Bowman	Grant	Morton	Stark

Such levy, together with the estimated balance on hand January 1, 2001, interest from investments in reserves, and anticipated real and personal property replacement revenue, has been found necessary by the Board of Directors of the Southwest Water Authority to provide the



Management, Operation, and Maintenance of the Southwest Pipeline Project

RESOLUTION

**Adopted July 6, 1999, by the Board of Directors
of the Southwest Water Authority**

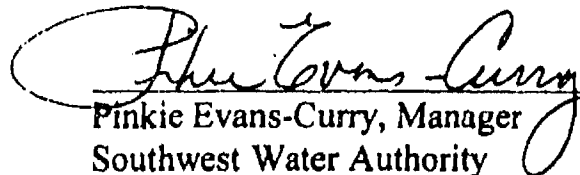
sum of \$311,021 required to meet the necessary Authority expenditures for its administrative operations, contractual obligations, and reserves for the period January 1, 2001 through December 31, 2001; and

BE IT FURTHER RESOLVED that the county auditor of each county in the Southwest Water Authority, as set forth above, be and is hereby notified to take appropriate action in accordance with Section 61-24.5-13 of the North Dakota Century Code and spread on the records for tax levy a levy upon the taxable property in the county of one mill as is authorized under the provisions of Chapter 61-24.5 of the North Dakota Century Code; and

BE IT FURTHER RESOLVED that the manager of the Southwest Water Authority be, and is hereby, directed to mail to the county auditor of each county in the Southwest Water Authority, as set forth above, a copy of this resolution, duly certified by her and bearing the seal of the Authority, and a copy of the administrative budget covering the expenses estimated by the board of Directors of said Authority as necessary for the period of January 1, 2001, through December 31, 2001, and a copy of this resolution and budget to the North Dakota Tax Commissioner.

CERTIFICATE

I, Pinkie Evans-Curry, the manager of the Southwest Water Authority, do hereby certify and return the within and foregoing instrument is a true and correct copy of a resolution approving the administrative budget for the Southwest Water Authority for the period January 1, 2001 through December 31, 2001, and making a one-mill levy on all property within said Authority, duly approved and adopted by the Board of Directors of the Southwest Water Authority at a meeting on the third day of July 2000.


Pinkie Evans-Curry, Manager
Southwest Water Authority

181023

COMPARISON OF WATER RATES
October 28, 1999

<u>CITY</u>	<u>MINIMUM COST</u>	<u>MINIMUM GALLONS</u>	<u>COST PER 1000 GALLONS</u>	<u>COST PER 6000 GALLONS</u>
Bismarck	\$7.20	2,244	\$1.74	\$13.74
Devils Lake	\$2.80	2,000	\$3.73	\$17.72
Dickinson	\$8.00	0	\$3.45	\$28.70 ✓
Fargo	\$6.60	2,000	\$3.30	\$19.80
Grand Forks	\$4.23	0	\$2.43	\$18.81
Jamestown	\$8.20	2,992	\$1.20	\$11.81
Mandan	\$1.45	0	\$1.93	\$13.03
Minot	\$7.53	0	\$1.48	\$16.41
Wahpeton	\$7.00	2,000	\$2.90	\$18.60
Williston	\$3.15	0	\$1.80	\$13.95